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Not Working: A Preliminary Look at Households with no Earners in the U.S., Canada, Germany and Sweden

Katherine McFate, and Ingo Fischer

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Katherine McFate
Joint Center for Political Studies
1301 Pennsylvania Ave. NW
Washington, DC 20004

Ingo Fischer
University of Frankfurt FB2
Sonderforschungsbereich 3
17 Mertonstrasse
6000 Frankfurt am Main 1

Introduction

During the 1980s, demographic trends, fiscal pressure and a strengthened conservative political presence encouraged policy makers to critically re-examine social support programs for the able-bodied, non-elderly. The 'aging' of the populations of American and European countries (due to the universal improvement in the health and living conditions of the elderly and low birth rates) has created anxiety about the burden that public pension programs may create in the years to come for younger cohorts of workers (Palmer, et.al.: 1988). Slower growth rates and mounting budget deficits have raised questions about the ability of postwar welfare states to continue to provide the scope and level of social protection coverage that was available in the 1960s and 1970s. The conservative critique of the welfare state that emerged in the 1980s has exploited both these concerns, but is fundamentally moral. Conservatives argue that the welfare state's "control over the means of consumption" has undermined the connection between individual effort and individual reward, and by so doing, decreased the commitment and imperative to work.

Even in countries where conservatives have not captured the levers of power, policy makers of various ideological hues are increasingly concerned with the causes and consequences of heavy (and possibly long-term) dependence on public support among the able-bodied. Questions regarding the kind and level of public support that should be available to able-bodied, non-working adults are at the core of current debates about social equity, individual efficacy and economic efficiency. We can learn much about a society's social values by examining assistance to working age adults; these programs are based on assumptions about the importance of work as a social activity among the young, the elderly, and women (especially mothers), and on judgments about levels of income inequality that labor markets should be allowed to produce.

This paper examines the characteristics of and relative income position of households with no earners in five advanced industrial democracies (the United States, the United Kingdom, Canada, West Germany and Sweden) using data from the Luxembourg Income Study. We originally planned and will eventually complete a study of the changes in the characteristics and relative status of no earner households between 1979/81 and 1985/86. However, the second time point of LIS data is not available as we write; thus, this paper provides only the first phase of a larger analysis.

The dataset.

The Luxembourg Income Study (LIS) began in 1983, under the sponsorship of the government of Luxembourg. Sophisticated microdata sets containing comprehensive measures of income and demographic variables for ten modern industrialized welfare states were gathered together in a central location--the Center for Population, Poverty and Policy Studies, and International Networks for Studies in Technology, Environment Alternatives and Development (CEPS/INSTEAD) in Luxembourg. A basic description of the dataset can be found in the "LIS Information Guide" and the basic procedure used to prepare the datasets is described in Smeeding et al. (1985).

The database that emerged consists of national income microdata sets prepared to a common plan, based on common definitions of income sources (including several sources of taxes and transfers) and family and household characteristics. The LIS database has been used to examine income poverty, the relative economic status of one parent families and the elderly, and the overall distribution of government cash transfers vs. direct taxes (Smeeding, O'Higgins, and Rainwater (1988); Smeeding, Torrey, and Rein (1988)).

Table 1 contains an overview of the datasets used for this analysis: country, dataset name and size, income year, data sampling frame and representativeness of the population. A second time point is being added for each of the ten countries in the LIS database, and the number of countries in the study has expanded.

Table 1. An Overview of the LIS Datasets used

Country	Dataset Name Income Year and Size[1]	Population Coverage	Basis of Household Sampling Frame
Sweden	Income Distribution Survey 1981 (9,600)	98.0[2]	Tax Records
U.S.A.	Current Population Survey 1979 (65,000)	97.5[3]	Dicennial Census
Canada	Survey of Consumer Finances 1981 (37,900)	97.5[4]	Dicennial Census
U.K.	Family Expenditure Survey[5] 1979 (6,800)	96.5[6]	Electoral Register
Germany	Transfer Survey[7] 1981 (2,800)	91.5[8]	Electoral Register and Census

[1] Dataset size is the number of actual household units surveyed.

[2] Excludes institutionalized and homeless populations. Also some far northern rural resident may be undersampled.

[3] Excludes institutionalized and homeless populations. Also some far northern rural resident may be undersampled.

[4] Excludes institutionalized and homeless populations. Also some far northern rural resident may be undersampled.

[5] The U.K. and German surveys collect subannual income data which is normalized to annual income levels.

[6] Excludes those not on the electoral register, the homeless, and the institutionalized.

[7] The U.K. and German surveys collect subannual income data which is normalized to annual income levels.

[8] Excludes foreign-born heads of households, the institutionalized, and the homeless.

The characteristics of households without earners

When the number of jobs created fails to keep pace with growth in the potential labor force, governments make choices about whether to intervene to deliberately encourage/discourage active labor market participation among particular groups in the population or to do nothing and let the market choose the "most employable." A government may, for example, institute policies that encourage early retirement, invest in education in order to delay entry into the labor force or heavily tax the earnings of a second worker in a family to discourage spouses from working. Such policies affect the composition of the nation's labor force and its overall size. We assume the choices made reflect social norms and the political clout of the groups involved.

Table 2 shows the percentage of households with no earners, grouped by the age of the household head. We see that the percentages are very close for prime-age workers (25 to 54 years of age) across all five countries. The early retirement of Germany's 55 to 64 year olds stands out, the result of both public and private pension policy. The U.S. seems to have significantly more elderly households with earners and their continued participation in the labor force may be negatively correlated with the prospects of new entrants.

There seems to be great variation in the proportion of no earners among households with heads under 25 years old. However, Garner and Short (1989) suggest that strong societal differences exist regarding the propensity (and perhaps ability) of young people to form households independent of parents and other relatives. (In Germany and the U.K., young people form independent households later.) The Swedish figure may actually overestimate the percentage of young households with no earners because the tax survey counts each person over 18 as an independent households even if the person is living with parents or relatives.

According to OECD statistics, the official unemployment rates for each of the five countries examined (for the year in which the survey was taken) spanned a fairly broad range--from a high of 5.8 percent of the U.S. labor force to Sweden's low of 2.5 unemployment. The percentage of non-elderly households with no earners in these countries shows less variation than unemployment rates; Sweden and the U.S. and U.K. have very similar proportions of non-elderly households without earners despite being on opposite ends of the unemployment spectrum. In three of the five countries, individual unemployment rates are higher than the proportion of households with no earners. This is what one would expect if unemployed persons are unable to afford to live alone; they would double up with working friends or relatives (then the number of households that contain an unemployed person would be significantly higher than the number of households in which no earner resides). Only in Sweden is there a higher percentage of households without earners than workers without jobs. This may be a reflection of Sweden's policy of job creation for the able-bodied and commitment to income equality, or it may simple be a consequence of the tax survey treating young people as independent households.

Table 3 paints a slightly different picture of the distribution of joblessness among households. It confirms the relatively disadvantaged condition of households headed by individuals under 25 years old in the U.S. and U.K. However, the proportion of young people among the long-term unemployed in Canada suggests that youths there may be in more difficult straits than Table 2 suggested. Long-term unemployment may be preventing more Canadian young people from forming independent households. Young household heads in Germany appear to be participating in the labor force to the same degree as their older cohorts; and they suffer disproportionately from long-term unemployment.

When we examine non-elderly (head under 55 years of age) households without earners by family type (Tables 4), we find, not surprisingly, that a higher percentage of single parent households have no earners than other kinds of households. However, the percentage varies enormously--over four times more non-elderly, single parent household heads are jobless in the U.K. than in Sweden. Sweden and Germany, despite more generous provisions for single mothers, have the lowest percentage of single-parent household heads who do not work.

In fact, Table 5 shows that there are more able-bodied single person household heads <u>without</u> children not working than single parents not working (although we again caution about the problems with the Swedish tax survey). This may be surprising, given recent emphasis on the growth of lone parent families. Even in the U.S., U.K. and Canada, lone parents make up less than half of all able-bodied, non-elderly households without earners. As Table 6 shows, childless individuals are more likely to be young than old and more likely to be male than female. In the U.K., Canada and Germany, a high percentage of childless female household heads are 45 to 54, and we assume these women are young widows. In the U.S., U.K., and Canada, two thirds to three quarters of single parent households with no earners were headed by individuals under 35; however, in the U.S. and U.K., the same was true of single male and single female no earner households. Single young people, with or without children, were over-represented in the ranks of no earner households.

Youthful households without earners are particularly troublesome to policy makers. Young people haven't "earned" social benefits through work, nor have they accumulated private savings to tide them over in periods without work. This means young, able-bodied adults are depending on support paid for by the earnings of others. Their claim to public assistance is based on their <u>status</u> as citizens or parents, not on their <u>contribution</u> to the well-being of the collective society. Although pro-natalists argue that motherhood in and of itself is a contribution to society, it is difficult to argue that parenthood justifies public subsidies <u>in lieu of</u> wages as more and more mothers enter the labor force and increasingly work full-time.

Sweden is the only country in which the concept of social solidarity really justifies a status-based notion of entitlements, yet a larger percentage of lone parent household heads work in Sweden than in any other country. The right to <u>work</u> rather than the right to simply receive income is at the heart of the Swedish system. Likewise, in Germany and the U.K., the welfare state is designed to provide protection against market uncertainties, but there is an assumption of labor market involvement of some kind for some period of adulthood.[1] The U.S. offers no federal system of support for single people who have not entered the labor force.

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[1] This attachment through to the labor market may come via a working spouse.

Table 2. Age of Head of Households with No Earners

Age of Head	Percent of Households with No Earners				
	U.S.	U.K.	Canada	Germany	Sweden
under 25	10.7	14.4	6.4	9.1	5.4
25 to 34	3.4	3.7	3.7	2.9	3.6
35 to 44	2.5	1.6	3.4	1.2	3.2
45 to 54	2.1	2.2	4.7	2.3	3.7
55 to 64	11.4	12.8	14.2	29.3	14.4
65 and over	66.5	78.5	71.1	87.0	77.9
All Heads Under 65	4.0	3.8	4.2	2.7	3.9
Unemplymt Rate	5.8	5.6	4.2	4.4	2.5

Source: Authors' calculations from LIS Database. Unemployment rate from the year in which LIS survey taken as reported by OECD in Main Economic Indicators.

Table 3. Distribution of Able-bodied Households Heads under 55 years old With No Earners

Country	Percentage share of no earner households1			Percentage share of Longterm unemployed2	
	<25	25>44	45>54	lt 25	25>44
U.S.	41.3	47.0	11.6	27.8	39.4
U.K.	38.5	46.3	15.2	16.8	32.1
Canada	21.1	53.6	25.4	33.3	32.1
Germany	28.4	44.9	26.7	11.5	39.2
Sweden	31.4	49.3	19.3	15.6	23.4

Sources:
1) Authors' calculations from LIS Database.
2) Percentage share of long-term unemployment from OECD (1988a).

Table 4. Percent of Non-elderly, Able-bodied Households with No Earners in Each Family Type

	Percent of Households with No Earners				
Family Type	U.S.	U.K.	Canada	Germany	Sweden
Single male	5.4	10.7	7.5	10.3	7.2
Single female	7.5	13.8	7.5	6.9	5.8
Single parent	24.3	32.5	29.2	15.9	7.5
Couple, no kids	.5	.5	.9	.0	.7
Couple, w/ kids	.4	.3	.9	.1	.4
Other	1.3	.8	1.1	2.0	---

Source: Authors' calculations from LIS database.

Table 5. Distribution of Nonelderly, Able-bodied Households with No Earners across Family Types

	Family Type					
Country	Single Male	Single Female	Single Parent	Couple no kids	Couple w/ kids	Other
U.S.	21.4	20.6	47.4	1.6	3.2	5.8
U.K.	22.4	21.0	47.0	2.3	2.6	3.7
Canada	22.9	20.0	40.2	3.1	8.7	4.2
Germany	39.8	22.9	16.1	.0	2.0	16.3
Sweden	56.3	24.9	13.3	2.4	3.1	- -

Source: Authors' calculations with LIS Database.

Table 6. Age Distribution of Non-elderly, Able-bodied Households with No Earners across Family Types

UNITED STATES

Age Cohort	Single Male	Single Female	Single Parent	Couple no kids	Couple w/ kids	Other
Under 25	65.8	67.7	27.2	.0	.0	8.9
25 to 34	21.3	6.4	47.6	34.5	60.2	3.1
35 to 44	6.2	3.9	22.4	.0	5.8	43.7
45 to 54	6.6	21.9	2.8	65.5	2.9	44.3
n	445	428	978	34	66	120

UNITED KINGDOM

Age Cohort	Single Male	Single Female	Single Parent	Couple no kids	Couple w/ kids	Other
Under 25	82.8	54.8	15.9	.0	.0	20.0
25 to 34	10.3	.0	65.1	66.7	33.1	.0
35 to 44	6.9	6.5	14.3	.0	50.6	30.0
45 to 54	.0	38.7	4.8	33.3	16.3	50.0
n	122	114	236	12	20	20

CANADA

Age Cohort	Single Male	Single Female	Single Parent	Couple no kids	Couple w/ kids	Other
Under 25	24.9	30.8	19.1	.0	16.9	1.6
25 to 34	19.7	14.0	46.9	49.2	29.0	25.1
35 to 44	22.5	13.1	23.3	.0	45.7	7.4
45 to 54	32.9	42.1	10.6	50.8	8.4	65.9
n	58	51	102	8	22	2

GERMANY

Age Cohort	Single Male	Single Female	Single Parent	Couple no kids	Couple w/ kids	Other
Under 25	38.7	34.3	1.7	.0	29.8	29.8
25 to 34	34.1	19.3	33.3	.0	33.2	33.2
35 to 44	20.2	.0	42.9	.0	.0	.0
45 to 54	10.5	46.3	22.1	.0	.0	37.0
n	132	76	53	0	0	54

SWEDEN

Age Cohort	Single Male	Single Female	Single Parent	Couple no kids	Couple w/ kids
Under 25	36.6	38.5	9.8	--	--
25 to 34	25.5	23.2	44.8	.6	17.0
35 to 44	23.6	12.3	32.9	3.8	66.8
45 to 54	14.3	25.9	12.5	89.1	16.2
n	57	25	23	2	3

Source: Authors' calculations from LIS Database.

Reliance on transfer income

Most households without earners in the five countries examined have low incomes. (In all countries except Canada over 90 percent of households without earners are in the lowest income quartile.) However, Table 7 shows large differences in the degree to which public transfers support various kinds of households with no earners. In each of the five countries, the percentage of lone mother households heavily dependent on public transfer income is larger than the percentage of lone mother families who are not working. In other words, public support appears to provide coverage to all non-working single mothers and, in Germany and Sweden is extended to working single mothers as well. Table 8 shows the source of this public support, and confirms the well-established difference between the U.S. and other countries: the U.S. relies entirely on means-tested programs while others mix universal family benefits and needs-based programs to provide for female-headed households with children. (Kahn and Kammerman: 1983; Smeeding and Torrey: 1988)

The situation of single able-bodied heads of households shows much more variation. Sweden is the only country that provides major support to a pool of non-working men and women larger than the pool of households with no earners. Sweden provides more than two-thirds of the disposable family income of a quarter of all lone female households, yet in four-fifths of these households, the head worked (presumably part-time). Similarly, one in seven single male household heads was heavily dependent on social transfers, but only half that number were jobless. The more extreme dependence on state transfers among jobless women in Sweden compared to jobless men can be seen in Table 8; non-working single males typically receive some money from private sources as well as public.

In Germany, Canada, and the U.K., there are more able-bodied single household heads with no earners than households heavily dependent on public transfers: government support of non-earners is apparently not very complete. It is clear that in the U.S., social transfers offer little support to single men and women who aren't working. The state provides better support for single household heads in the U.K. and Canada. In the U.K., almost as many single female household heads as single mothers who don't work rely heavily on social transfers. However, in the U.K., a smaller proportion of single mothers are heavily dependent on public support than in the U.S. and Canada. More seem to be receiving significant support from private sources, perhaps from their parents, given the relatively young age of single mothers in Britain. In Canada, we see a heavy dependence on social transfer income among lone mothers, as in the U.S., and a relatively heavy reliance on public support by single household heads too. The difference between single male and female nonworking houshold heads may be the result of slightly different age structures of the two groups. Certainly, this is a big facter in the gender differences in public support between German single household heads.

In each of these countries, nonworking males rely on means-tested programs for support more than nonworking females. (See Table 8) The higher percentage of income from social insurance transfers among single women would imply that more female households were at some point linked to the labor market--through their own earnings or a relative's--than was true for single male households with no earners. Predictably, the U.S. provides support for only minuscule proportions of single non earners, and the support available is primarily from means-tested programs.

When we examine sources of support among households without earners by age (Table 9), we see heavy reliance on means-tested transfers among younger groups in Europe that falls with age. Older workers are more likely to have 'earned' support from social insurance programs. Canada and the U.S. do not exhibit the pattern of shifting source of support (from means-tested to social insurance programs) as groups age that is evident in Europe. In Canada, there is a fairly constant mix of social insurance and means-tested income among heads over 25 years old. Reliance on means-tested and social insurance programs is lower among 45 to 54 year olds because they have more income from private sources (presumably private pensions). In the U.S., only 45 to 54 year olds rely on social insurance transfers to any large degree, and, contrary to the pattern in the other four countries, dependence on means-tested programs <u>increases</u> is highest among citizens of prime work (and childbearing) age. A majority of U.S. households with no earners between 25 and 44 years old are lone mother, and we know that the program design of Aid to Families with Dependent Children does not encourage participants from mixing work and assistance. These are, of course, the only kind of families eligible for public support in all areas of the country.

In future work we will further de-compose 'social transfer' income to get a more detailed analysis of the sources of program support available to different family types and age groups.

Table 7. Percent of Different Family Types who Rely on Transfers for at Least Two Thirds of their Disposable Income.

Country	Percent of households with no no earners	Percent of Households recvg 66% + of DPI income from social transfers	Percent of Households w/ no earners recvg 66% + of income from social transfers
U.S.			
lone mother	24.3	26.6	80.6
single male	5.4	1.8	22.9
single female	7.5	2.1	23.7
U.K.			
lone mother	32.5	35.6	68.3
single male	10.7	8.5	55.2
single female	13.8	12.9	64.5
Canada			
lone mother	29.2	33.0	82.9
single males	7.5	7.6	69.5
single female	7.5	6.0	56.7
Germany			
lone mother	15.9	20.5	93.1
single males	10.3	9.4	91.5
single female	6.9	2.9	42.5
Sweden			
lone mother	7.5	28.1	100.0*
single males	7.2	16.1	76.2*
single female	5.8	24.8	96.7*

Source: Authors' calculations from LIS database.
Able-bodied Households with Heads under 55 years old.
See Appendix A for more detailed breakdowns of level of dependency by family type.

*The Swedish survey has a total of only 102 households without earners; the numbers on which these percentages are based are too small to be very reliable.

Table 8. Source of Support for Non-elderly, Able-bodied Households with No Earners by Family Type

Country	private sources	means-tested transfers	social insurance transfers
	Average percent of disposal family income from:		
U.S.			
Single male	.15	.17	.07
Single female	.05	.21	.04
Single mother	.08	.79	.01
U.K.			
Single male	.27	.60	.03
Single female	.25	.46	.18
Single mother	.29	.50	.21
Canada			
Single male	.03	.43	.28
Single female	.04	.37	.20
Single mother	.02	.57	.28
Germany			
Single male	.14	.76	.12
Single female	.39	.24	.31
Single mother	.09	.35	.55
Sweden			
Single male	--	.29	.55
Single female	--	.32	.71
Single mother	--	.43	.65

Source: Authors' calculations from LIS database.
Households with heads under 55 years old only.

Table 9. Source of Support for Households with No Earners by Age

Country	Average percent of disposal family income from: private sources	means-tested transfers	social insurance transfers
U.S.			
Under 25	.07	.42	.01
25 to 34	.13	.65	.03
35 to 44	.05	.67	.03
45 to 54	.09	.22	.37
U.K.			
Under 25	.23	.64	.06
25 to 34	.30	.49	.18
35 to 44	.30	.35	.19
45 to 54	.23	.29	.39
Canada			
Under 25	.01	.29	.31
25 to 34	.01	.55	.30
35 to 44	.01	.53	.23
45 to 54	.09	.47	.21
Germany			
Under 25	.37	.66	.01
25 to 34	.19	.67	.15
35 to 44	.01	.43	.57
45 to 54	.04	.18	.68
Sweden			
Under 25	--	.54	.30
25 to 34	--	.28	.58
35 to 44	--	.18	.86
45 to 54	--	.08	.89

Source: Authors' calculations from LIS.
Able-bodied household heads only.

The redistributional effects of transfers

Because this analysis is concerned with the relative position of households with workers and those with none, we use half of median earnings rather than half median income (often used as a relative poverty line in Europe) as a reference point or threshold. Median earnings creates a higher threshold than half median income because it excludes households without earnings income from the calculation; it is also higher than the U.S. poverty line. Nonetheless, we believe that people judge the generosity of public assistance for non-workers in relation to the wages or take-home pay on which they rely. We are concerned with the way the welfare state redistributes market income (primarily earnings) from certain groups to others in the name of social equity, solidarity or societal self-interest.

Table 10 shows three things. First, the level of earnings inequality varies tremendously across these countries. In Sweden only households with no earners have pre-tax and transfer incomes of less than half of median earnings. In the U.S. and Canada, fully a quarter of all households with a working member make less than half the median. Even more surprising is the fact that, in the U.S. and Canada, almost the same percentage of households with two earners have incomes below half median earnings as the percentage of German households with one earner. In the U.S. and Canada, there are households with three earners that report incomes less than half of median earnings.[2]

Second, all tax and transfer systems improve the circumstances of households with no earners, but the degree to which they do so at a cost to households with earners varies greatly. The U.S., Germany and Sweden transfer enough money from single earner households to no earner households to push some of these households below the median earnings line. This indicates that, at least in the U.S. and Germany, there are a good number of households with incomes very near this line. But the Table 10 also shows that a trade-off between improvement in the circumstances of earners as a group and non-earners is not necessary: in the U.K. and Canada, tax and transfer policies pulled everyone closer to the median earners mark.

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2 We obviously need to do some work examining full-time and part-time employment patterns. Preliminary explorations in this area indicate that the current LIS codings are not very helpful; countries vary tremendously in the amount of detail they keep on part-time and full-time work among heads of households and spouses.

Table 11 shows that all countries are more concerned with providing support for lone mothers than in taking care of single household heads. In fact, all countries except Sweden reduce the after tax and transfer income of single workers to support this reduction. The difference in the increase in the percentage of single women with incomes below half median earnings after taxes and transfers compared to men is not insignificant.

In the U.K. and Germany, tax and transfer policies left a greater number of childless female households with less than half median earnings than lone mother households, reversing the relative positions of the two groups before state intervention. In other words, more single female households than lone mother households had less than half median earnings after tax and transfers as a direct result of government transfer policies. In the U.S., U.K., and Canada, tax and transfer policies reduced the difference in the percentage of single females and single mothers with less than half median earnings. Income support policies are reducing the disposable income of single females fairly dramatically at the same time they improve the condition of lone mothers. We assume that the gender differences evident result from the higher average earnings made by men--i.e., there is no deliberate policy that disadvantages women. **However, the market and tax policy push more single women beneath the median earnings threshold than single men everywhere except Sweden.**

Tax and transfer policies in the U.K. and Germany leave a greater percentage of lone females with less than half the median earnings than lone mothers, making work a less (economically) rewarding alternative than single motherhood for women with low earnings potential. In the U.S. and Canada, taxes and transfers reduce the gap between single women and single mothers that market produces (primarily through self-earnings). **Thus, in all countries but Sweden, the redistributive system reduces the cost of lone motherhood and simultaneously reduces the returns that single women (especially young women) receive through labor market activity.** This is not to suggest that single mothers are treated so generously in the U.S. and Canada that women are induced to have children; rather, the earnings and tax structure make it less likely that single women will forego single motherhood because a reduction in their standard of living would ensue.

Table 10. Percent of Households Receiving Half the Median Earnings or Less Before and After Taxes and Transfers by Number of Earners in the Household

Country and Family Type	Percent w/ Less than Median Earnings Pre-tax&tran	Percent w/ Less than Median Earnings Post-tax&tran	Change in Percent w/ Less than Half Median Earnings
U.S.			
No earners	94.6	87.6	- 7.0
One earner	25.5	29.3	+ 3.8
Two earners	4.8	4.4	- .4
Three earners	2.3	1.8	- .5
Four or more	1.8	1.6	- .2
U.K.			
No earners	81.7	69.0	-12.7
One earner	12.5	9.7	- 2.8
Two earners	1.4	.7	- .7
Three earners	.5	.0	- .5
Four or more	.0	.0	
Canada			
No earners	95.1	87.9	- 7.2
One earner	25.9	24.8	- 1.1
Two earners	4.5	2.7	- 1.8
Three earners	2.9	1.4	- 1.5
Four or more	.4	.1	- .3
Germany			
No earners	92.4	74.5	-17.9
One earner	5.1	9.1	+ 4.0
Two earners	.7	.9	+ .2
Three earners	.0	.0	
Four or more	.0	.0	
Sweden			
No earners	100.0	39.7	-60.3
One earner	.0	15.5	+15.5
Two earners	.0	.0	
Three earners	.0	.0	

Source: Authors' calculations with LIS Database.

Table 11. Percent of Households Receiving Half the Median Earnings or Less Before and After Taxes and Transfers by Family Type

Country and Family Type	Percent w/ LT Half Median Earnings Pretax&tran	Percent w/ LT Half Median Earnings Posttax&tran	Change in percent w/ LT Half Med. Earnings
U.S.			
Single male	28.8	33.8	+ 5.0
Single female	36.1	47.6	+11.5
Single mother	58.3	57.3	- 2.0
Couple, no kids	5.0	4.8	- .2
Couple, w/ kids	5.0	4.8	- .2
Other	9.2	7.2	- 2.0
U.K.			
Single male	16.9	19.8	+ 2.9
Single female	30.3	37.9	+ 7.6
Single mother	51.0	31.4	-19.6
Couple, no kids	1.5	1.1	- .4
Couple, w/ kids	3.5	1.1	- 2.4
Other	3.4	.8	- 2.4
Canada			
Single male	34.3	35.6	+ 1.3
Single female	38.5	42.6	+ 4.1
Single mother	57.1	49.0	- 8.1
Couple, no kids	6.1	5.1	- 1.0
Couple, w/ kids	7.6	4.7	- 2.9
Other	6.5	3.7	- 2.8
Germany			
Single male	17.6	27.0	+ 9.4
Single female	19.5	31.9	+12.4
Single mother	29.0	18.7	-10.3
Couple, no kids	1.2	1.5	+ .3
Couple, w/ kids	.6	.8	+ .2
Other	3.1	2.2	- .9
Sweden			
Single male	29.6	22.7	- 6.9
Single female	33.7	17.1	-16.6
Single mother	27.0	5.3	-21.7
Couple, no kids	3.7	1.3	- 2.4
Couple, w/ kids	3.0	1.0	- 2.0

Source: Authors' calculations with LIS Database.
Household head under 55 years old.

Discussion

Sweden creates an interesting paradox for conservative policy makers. The country has the highest level of labor force participation. (Only a small proportion of single mothers do not work, although many work part-time.) Policy makers from other countries now often use Sweden as a model of how government policies can help integrate of women (and mothers) into the labor market. The Swedish system also shows that a redistributive system that dramatically reduces labor market inequalities does not necessarily undermine work effort.

However, despite this labor force activity, Sweden has the highest percentage of households (of all family types) that rely on public transfers for at least two thirds of their disposable income. Sweden proves that there need be no trade-off between work and dependency; it is quite possible to have both. Thus, the Swedish model does not appear relevant to countries concerned with reducing dependency on the welfare state among the non-elderly.

In most welfare systems, the state assumes responsibility to provide 'insurance' against joblessness for those who have been attached to the workforce in some way for some time. The level and length of support, we would argue, reflects policy makers' perceptions of the degree to which individual vs. market factors are responsible for joblessness. The only group of able-bodied non-elderly adults that states have unambiguously provide long-term support for are lone mothers. But as more married mothers enter the labor force, and the percentage of lone mother families that results from widowhood declines, this commitment is becoming more ambivalent and conditional.

Indeed, the characteristics of households with no earners in the other four countries should give us pause. Households with no earners are predominantly headed by young, single adults--with or without children. No earner households are individuals without ties to family or the workforce. (This characterization may apply to the non-working 45 to 54 year old women in Germany and England, as well as to young people.) Their social isolation should be of as much concern as their lack of income.

Young people who do not have a work history to link them to more generous social insurance structures can only find support in means-tested programs. But such programs contain disincentives to mix work with public support insofaras transfer income is reduced as earnings increase. Thus, means-tested programs tend to encourage recipients to either work or rely almost entirely on public assistance (Kahn and Kammerman: 1983; Blundell: 1988; Ellwood: 1988). Total withdrawal from the labor market in one's early adult years reduces one's lifetime earning capacity.

Because young households without earners tend to be involved in means-tested programs rather than social insurance programs, they have a weaker claim to social support. They claim support on the basis of their status as citizen or parent, not on the basis of the contribution they have made to the society as a whole. This means that households without earners, cut off workplace and the social support of families, tend to be politically isolated as well.

These individuals are caught between changing social institutions and expectations. We expect young people to go out and form their own households and support themselves by work. What happens if they cannot or do not? Is it the responsibility of an individual's family or the state to provide support during periods of joblessness? There seems to be a sense in western societies today, that it is unreasonable to expect middle-aged parents to support non-working adult children for long periods of time. But if the state is to intervene, for how long, and with what levels of support? And what happens if the family is financially unable to provide such support?

As we said at the outset, this paper will eventually examine changes in the characteristics and relative position of households without earners over between 1979/81 and 1985/86. We expect to find that the situation of these households has deteriorated. In the three European countries, unemployment was higher in the mid-1980s than in the years that the surveys were taken. We believe we will find an increase in the number of non-working individuals under 35 who head households with no earners--even in the U.S. and Canada where unemployment has gone down (Sum: 1988).

During this period conservative parties came into power in U.S., U.K. and Germany. They 'tightened' eligibility for unemployment benefits and shortened the period during which unemployment benefits may be received. In the U.S., between 1979 and 1986, the percentage of unemployed persons who were actually receiving unemployment fell by at least 10 percent points in 20 states. (Greenstein: 1988) In Germany and the U.K., "high unemployment and dualist tendencies in the economy have brought about a significant restructuring of unemployment benefits, involving the erosion of contributory insurance protection and greatly increased reliance on inferior forms of means-tested assistance." (Lawson: 1986) Thus, we expect the availability of certain social protection programs to have declined at the same time that need has increased. The relative impact of these changes on family types and age cohorts will be the subject of future analysis.

Appendix A. Level of Social Transfer Dependency By Family Type

Percent of Households who rely on Transfers for Varying Portions of their Disposable Income:

Country Family Type	0 %	<33%	34%>66%	67%+
U.S.				
Single male	83.8	12.2	2.2	1.8
Single female	88.0	8.5	1.4	2.1
Single mother	51.8	14.3	7.3	26.6
Couple, no kids	82.9	14.3	1.9	.8
Couple, w/ kids	81.5	16.4	1.5	.6
Other	66.6	25.8	4.5	3.1
U.K.				
Single male	62.4	21.8	7.4	8.5
Single female	60.4	19.6	7.1	12.9
Single mother	1.5	46.9	16.0	35.6
Couple, no kids	60.3	34.9	4.0	.8
Couple, w/ kids	1.1	85.0	11.8	1.9
Other	15.9	72.1	10.5	1.6
Canada				
Single male	56.9	31.1	4.5	7.6
Single female	63.2	27.5	3.3	6.0
Single mother	.7	57.1	9.2	33.0
Couple, no kids	62.9	33.4	2.3	1.4
Couple, w/ kids	1.1	93.6	3.8	1.5
Other	13.4	78.2	6.1	2.3
Germany				
Single male	85.8	2.0	2.9	9.4
Single female	89.9	2.3	4.8	2.9
Single mother	2.7	68.5	8.3	20.5
Couple, no kids	92.6	6.5	.9	0
Couple, w/ kids	2.4	95.3	1.9	.5
Other	23.8	59.5	14.0	2.6
Sweden				
Single male	23.3	50.7	9.8	16.1
Single female	10.8	45.8	18.6	24.8
Single mother	0	38.7	33.2	28.1
Couple, no kids	10.3	71.7	12.2	5.8
Couple, w/ kids	0	78.4	17.1	4.6

Source: Authors' calculations with LIS Database.

Appendix B. Level of Social Transfer Dependency Among Households with No Earners by Family Type

Country Family Type	Percent of Households with No Earners who rely on Transfers for Varying Portions of their Disposable Income: 0 %	<33%	34%>66%	67%+
U.S.				
Single male	74.1	1.3	1.6	22.9
Single female	70.4	.3	5.6	23.7
Single mother	17.0	.6	1.9	80.6
U.K.				
Single male	17.2	6.9	20.7	55.2
Single female	32.3	0	3.2	64.5
Single mother	1.6	27.0	3.2	68.3
Canada				
Single male	19.3	10.6	.7	69.5
Single female	29.1	9.4	4.8	56.7
Single mother	1.8	12.3	3.1	82.9
Germany				
Single male	8.5	.0	.0	91.5
Single female	34.3	.0	23.2	42.5
Single mother	.0	.0	6.9	93.1
Sweden				
Single male	23.8	.0	.0	76.2
Single female	3.3	.0	.0	96.7
Single mother	.0	.0	.0	100.0

Source: Authors' calculations with LIS Database.

Appendix C. Dependency on Means-tested Social Transfers Among Households with No Earners by Family Type

Country Family Type	Percent of Households with No Earners who rely on Transfers for Varying Portions of their Disposable Income: 0 %	<33%	34%>66%	67%+
U.S.				
Single male	81.3	1.9	.0	16.8
Single female	77.9	.3	.0	21.8
Single mother	18.3	.6	2.0	79.2
U.K.				
Single male	20.7	6.9	20.7	51.7
Single female	45.2	3.2	9.7	41.9
Single mother	31.7	1.6	15.9	50.8
Canada				
Single male	51.2	6.9	.0	42.0
Single female	56.7	2.3	4.9	36.0
Single mother	9.8	24.6	10.1	55.6
Germany				
Single male	20.2	.0	.0	79.8
Single female	69.1	11.6	.0	19.3
Single mother	42.3	15.5	.0	42.2
Sweden				
Single male	46.6	22.1	8.6	22.7
Single female	16.2	57.1	1.5	25.2
Single mother	12.7	15.0	48.4	23.8

Source: Authors' calculations with LIS Database.

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