Luxembourg Income Study Working Paper Series

Working Paper No. 351

Feminist Explanations for the Feminization of Poverty

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February 2003

Luxembourg Income Study (LIS), asbl

FEMINIST EXPLANATIONS FOR THE FEMINIZATION OF POVERTY

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I. INTRODUCTION

It is well known that women are much more likely to be poor than men. This is true in the US (Pearce 1978; Pressman 1988) and in most developed nations (Casper, McLanahan & Garfinkel 1994; Pressman 2002). But the causes of this phenomenon remain a matter of dispute. In a previous paper (Pressman 2002), I examined demographic and human capital explanations for the feminization of poverty and found them both lacking in empirical support. Instead, the impact of fiscal policy on the distribution of income was found to be the main reason that women in the US are more likely to be poor than women in other countries.

This paper looks at two feminist explanations for the feminization of poverty. First, there is the issue of household structure. Parenthood, it is well known, leads to lower earnings for women (Budig & England 2001; Folbre 1987; Waldfogel 1997). There are many reasons for this. Female parents will have care-giving responsibilities for their children. This takes away from the time that they have available to earn

incomes. It may also prevent women from taking jobs that require longer hours and substantial travel. These jobs, of course, are likely to come with higher pay. Furthermore, families headed by a single mother are likely to have just one adult earner. This not only reduces household income, but also makes household income susceptible to large fluctuations as a result of either a bad labor market or bad luck. When there is only one earner, and that earner gets laid off, gets sick, or gets reduced hours due to an economic slowdown, the household is more likely to wind up in poverty because there is no one else in the household who can make up for the lost income.

Second, there is the issue of occupational sex segregation. If women are systematically excluded from higher paying occupations, their wages and incomes will be lower than the wages of men (Bergmann 1986; Hudson & England 1986; Zellner 1972). In a series of controlled experiments, Rich and Riach (1995) found that women were systematically excluded from higher-paying jobs at the same time that men were excluded from lower-paying jobs. Because women are relegated to poorly paying jobs, households headed by women should stand a greater chance of being poor.

This paper seeks to examine if either household structure or occupational sex segregation can help explain the relatively high poverty rates experienced by female-headed families. As

noted above, these are not two separate and distinct theses. Single motherhood may relegate women to certain low-paying occupations; likewise, occupational sex segregation may reduce the opportunities women have to meet men who might become their partner.

The empirical work below relies on the Luxembourg Income Study, (LIS), an international database containing comparable socio-economic data for more than two dozen nations.[1] Poverty is defined as having an adjusted household disposable income that is less than 50% of the median adjusted disposable income of one's country.[2] Income adjustments are necessary when measuring poverty to account for different income needs of households of different sizes. In the empirical work that follows we use the household adjustments suggested by Ruggles (1990), where household disposable income is divided by the square root of the number of people in the household.[3]

II. GENDER POVERTY GAPS

Table 1 presents data on poverty rates for female-headed households (FHHs) and all other households whose head is under 60 years old. We focus exclusively on non-elderly households in order to net out the impact of national retirement systems on our results. If the problem facing FHHs is occupational sex segregation, we need to restrict our attention to women who are employed rather than collecting retirement income. In many

developed countries, eligibility for retirement programs begins at around the age of 60 (Blöndal & Pearson 1995: Table 6). Even in the US, it is possible to begin collecting Social Security benefits at age 62.

Table 1 is broken down into two parts. Looking at disposable income, 19.8% of non-elderly FHHs are poor, while 8.7% of other non-elderly households are poor. The difference between these two figures, "the gender poverty gap" shows that FHHs are around 11 percent more likely to be poor than other households on average.

But gender poverty gaps vary considerable from country to country. First, there are three countries where non-elderly FHHs are about as likely to be poor as other families (Poland) or are slightly more likely to be poor (Hungary and Russia). Most countries fit into the second grouping, where FHHs are around 10 percent more likely to be poor than other households. Third, in a few countries, non-elderly FHHs are more than 15 percent more likely to be poor than other families. These countries are Australia (17.2%), Canada (21.5%), Germany (17.5%), and the US (21.9%).

The results for Australia, Canada and the US are not surprising, given previous work on the issue of women and poverty in an international context. But the results for Germany stand in sharp contrast to estimates of FHH poverty

using other LIS waves. These results may be due to the more rapid changes in the eastern half of Germany following the end of socialism.

My previous work (Pressman 2002) found fiscal policy to be a key cause of gender poverty gaps across nations. The right-side columns of Table 1 support this result. These figures were derived using factor incomes alone, ignoring any impact of government redistributive effects through taxes and transfers. They also ignore any inter-household transfers, which turn out to be minimal for most households. The figures show what fraction of households do not have poverty-level disposable income based on their factor income alone, and support several conclusions. First, without any government redistributive efforts poverty rates are much higher for both FHHs and other households. Second, poverty gaps are much larger without fiscal policy; fiscal policy cuts the gender poverty gap in half. Third, poverty rates and poverty gaps are relatively uniform across countries when measured in terms of factor incomes. Therefore, differences in government tax and spending policy account for the large cross-national differences in the gender poverty gap that we saw in Table 1.

III. SOME FEMINIST EXPLANATIONS OF THE GENDER POVERTY GAP

We now examine the two feminist explanations of the gender poverty gap discussed in Section I.

Table 2 employs shift-share analysis to examine the impact of the number of earners on poverty rates the gender poverty gap. FHHs generally have just one adult to work and earn income while a large fraction of other households have two adults. For this reason FHHs should be greatly disadvantaged when it comes to earnings and factor incomes. Moreover, as noted above, females heading up a household have child-rearing responsibilities which limit the number of hours they can work and the sort of incomes they can earn.

The results of Table 2 appear in two parts. First we look at disposable incomes, and then we look at factor incomes. Column 2 repeats the results of Table 1. Column 3 examines the extent to which poverty for FHHs is due to their lack of earners. It recalculates poverty rates for FHHs as the weighted average of poverty rates for households with different numbers of earners, but assumes that the distribution of the number of earners for FHHs is the same as that for other households. The poverty rate for FHHs of each type is assumed to remain constant in this shift-share exercise; only the distribution of the number of earners changes. The results in Column 4 show the change in the poverty gap had FHHs had the same number of earners as other households.

The results of this exercise are quite striking. The poverty rate for FHHs in most all countries approach the poverty

rate for other households and the gender poverty gap virtually disappears in most countries. The main exceptions are the US and Canada, the two countries that began with the largest gender poverty gaps.

The last columns of Table 2 repeat this analysis using factor income instead of disposable income. Again, the results are quite striking. Had FHHs been able to work as much as other families, the gender poverty gap would have been around two-thirds lower. Since the poverty rates for other families remains the same in this analysis, the entire decline is the result of lower poverty rates for FHHs as a result of these families having more earners.

Table 3 employs shift-share analysis to examine the impact of occupational sex segregation on poverty rates across our LIS countries. One key question here concerns the level at which occupational sex segregation applies, and thus the level at which shift-share analysis should be employed. At one extreme, it is possible to view every job as a separate occupation. This makes the theory trivially true. Occupations with women, by definition, have only women in those jobs and occupations with men have only men in them. In this case, if women were shifted to men's jobs and received the same income that men receive at these jobs, they would have higher incomes and poverty rates approaching those of non-FHHs. At the other extreme, however,

it is possible to view everything as just a job or occupation. This makes the theory of occupational sex segregation trivially false. Women do not have their own occupations, since all occupations are one. This being the case, shift-share analysis is impossible to do and no occupational shifting would effect women's earnings or their poverty rates. As we move from one extreme to the other, as we define occupations more and more broadly, the occupational sex segregation hypothesis will turn out to be false to a greater and greater extent. Further complicating matters, there is no agreed upon convention on where to draw occupational boundary lines, and theory cannot help whatsoever in resolving this question.

In what follows I attempt to steer a middle course between these two extreme positions. Ten or so broad occupational categories are distinguished for each country. The categories used for Australia are fairly standard across countries-- (1) managers and administrators, (2) professionals, (3) para-professionals, (4) trade persons, (5) clerks, (6) salespersons and personal service workers, (7) plant and machine operators, (8) laborers, (9) other, (10) not applicable. We now ask what would happen if FHHs were distributed among these occupations as male household heads are distributed among them.

Table 3 shows the results of this analysis for the 10 LIS countries where sufficient data exists for such an analysis.

Table 3 shows that occupational sex segregation does make some difference, but it does not make as much of a difference as the number of earners per household. Looking at disposable income, the gender poverty gap would have been nearly 3 percentage points (or about 20 percent) lower had women household heads been employed in the same occupations as male household heads. The decline is especially pronounced in two countries with very large gender poverty gaps. In the US, the gender poverty gap falls by around one-third, while in Australia the gender poverty gap falls by nearly two-thirds.

The last three columns of Table 3 focus on factor incomes rather than disposable incomes. It shows that the gender poverty gap would have been 5.7 percentage points (or about 25 percent) lower had women household head been employed to the same extent as male household heads in high-paying occupations. Again, the decline is most pronounced in the US and Australia. As with Table 2, the declines in Table 3 result from lower poverty rates due to better jobs held by FHHs.

IV. CONCLUSION AND POLICY IMPLICATIONS

We have seen that three inter-related factors can explain the gender poverty gap for non-elderly households. First, for a number of reasons, the labor force participation of FHHs is not likely to be the same as that of other households. This reduces the household income of FHHs and increases the chance the FHHs

will be poor. This was found to have a major impact on female poverty and to be a major cause of the gender poverty gap. Second, women household heads work in different sorts of mobs than male household heads. Had this not been the case, female poverty rates and the gender poverty gap would each have been around 20-25 percent lower on average across several countries.

Finally, due to these labor market facts, FHHs must rely on government support and assistance to stay out of poverty. This requires that the government assure inter-household transfers to single parents or sufficient transfers themselves through government tax and spending policy. In many countries throughout the world, this has not occurred. The result is high poverty rates for FHHs and large gender poverty gaps.

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ENDNOTES

1. For more information about the Luxembourg Income Study see Smeeding (2002) and the LIS website at www.lisproject.org.

2. This relative definition of income is preferable in cross-national studies for a number of reasons (see Pressman, 2002, pp. 19-22).

3. Sensitivity analyses, using different equivalence scales such as that proposed by the OECD, finds no change in the over (relative) results; however, individual numbers will differ based upon the equivalence scale chosen.

Table 1. Poverty Rates of Non-Elderly Households

	Based on Disposable Income			Based on Factor Income		
Country	Poverty Rate of Female-Headed Households	Poverty Rate of Other Households	Gender Poverty Gap (Female Poverty Rate Minus Othe Poverty Rates)	Poverty Rate of Female-Headed Households	Poverty Rate of Other Households	Gender Poverty Gap (Female Poverty Rate Minus Other Poverty Rates)
Australia (1994)	27.6	10.4	17.2	42.0	17.1	24.9
Austria (1995)	22.0	8.5	13.5	N.A.	N.A.	N.A.
Belgium (1997)	16.5	6.0	10.5	42.1	14.2	27.9
Canada (1994)	32.1	10.6	21.5	45.8	18.1	27.7
Czech Republic (1996)	15.9	2.5	13.4	30.2	7.7	22.5
Denmark (1995)	22.2	9.3	12.9	44.2	18.2	26.0
Finland (1995)	11.4	4.9	6.5	42.3	21.3	21.0
France (1994)	18.9	6.6	12.3	43.0	19.4	23.6
Germany (1994)	22.8	5.3	17.5	37.1	11.2	25.9
Hungary (1994)	11.7	8.8	2.9	44.4	30.4	14.0
Israel (1997)	23.5	10.5	13.0	48.3	17.8	30.5
Italy (1995)	19.4	13.6	5.8	41.0	21.6	19.4
Luxembourg (1994)	11.9	2.5	9.4	31.9	13.1	18.8
Netherlands (1994)	20.5	7.5	13.0	48.2	16.1	32.1
Norway (1995)	17.3	6.6	10.7	41.7	13.7	28.0
Poland (1995)	11.2	11.4	-0.2	50.9	36.9	14.0
ROC Taiwan (1995)	12.4	3.8	8.6	26.5	7.7	18.8
Russia (1995)	23.2	21.0	2.2	50.1	33.8	16.3
Sweden (1995)	18.7	9.8	8.9	47.0	24.4	22.6
United Kingdom (1995)	21.7	9.6	12.1	55.9	20.6	35.3
United States (1994)	34.8	12.9	21.9	40.3	15.9	24.4
AVERAGES (unweighted)	19.8	8.7	11.1	42.6	19.0	23.7

Source: Luxembourg Income Study, Wave IV

Table 2. The Impact of Household Earners on the Gender Poverty Gap

Country	Gender Poverty Gap (using disposable)	Gender Poverty Gap with other # Earners	Change	Gender Poverty Gap (using factor income)	Gender Poverty Gap with other # Earners	Change
Australia (1994)	17.2	4.5	-12.7	24.9	8.4	-16.5
Austria (1995)	13.5	1.5	-12.0	N.A.	N.A.	N.A
Belgium (1997)	10.5	1.3	-9.2	27.9	0.1	-27.8
Canada (1994)	21.5	7.6	-13.9	27.7	10.9	-16.8
Czech Republic (1996)	13.4	3.2	-10.2	22.5	2.0	-20.5
Denmark (1995)	12.9	2.9	-10.0	26.0	10.2	-15.8
Finland (1994)	6.5	-0.1	-6.6	21.0	3.5	-17.5
France (1994)	12.3	5.7	-6.6	23.6	14.8	-8.8
Germany (1994)	17.5	5.5	-12.0	25.9	9.0	-16.9
Hungary (1994)	2.9	2.9	0.0	14.0	-3.7	-17.7
Israel (1997)	13.0	0.4	-12.6	30.5	9.0	-21.5
Italy (1995)	5.8	0.8	-5.0	19.4	8.4	-11.0
Luxembourg (1994)	9.4	4.3	-5.1	18.8	5.8	-13.0
Netherlands (1994)	13.0	4.6	-8.4	32.1	17.5	-14.6
Norway (1995)	10.7	1.0	-9.7	28.0	9.6	-18.4
Poland (1995)	-0.2	-3.8	-3.8	14.0	-0.7	-14.7
ROC Taiwan (1995)	8.6	4.1	-4.5	18.8	11.1	-7.7
Russia (1995)	2.2	-5.5	-7.7	16.3	0.7	-15.6
Sweden (1995)	8.9	0.5	-8.4	22.6	11.6	-11.0
United Kingdom (1995)	12.1	-1.2	-13.3	35.3	5.6	-29.7
United States (1994)	21.9	10.5	-10.4	24.4	10.8	-13.6
AVERAGES (unweighted)	11.1	2.4	-8.7	23.7	7.2	-16.5

Source: Luxembourg Income Study, Wave IV

Table 3. The Impact of Occupational Sex Segregation on the Gender Poverty Gap

Country	Gender Poverty Gap (using disposable)	Gender Poverty Gap with Male Occupational Distributions	Change	Gender Poverty Gap (using factor income)	Gender Poverty Gap with Male Occupational Distributions	Change
Australia (1994)	17.2	6.3	-10.9	24.9	9.7	-15.2
Canada (1994)	21.5	18.0	-3.5	27.7	24.0	-3.7
Czech Republic (1996)	13.4	9.7	-3.7	22.5	14.0	-8.5
Finland (1994)	6.5	4.3	-2.5	21.0	11.6	-9.4
France (1994)	12.3	9.2	-3.1	23.6	20.8	-2.8
Germany (1994)	17.5	16.8	-0.7	25.9	18.8	-7.1
Hungary (1994)	2.9	1.2	-1.7	14.0	12.8	-1.8
Poland (1995)	-0.2	2.3	+2.5	14.0	11.5	-2.5
ROC Taiwan (1995)	8.6	9.7	+1.1	18.8	19.5	+0.7
United States (1994)	21.9	14.8	-7.1	24.4	17.3	-7.1
AVERAGES (unweighted)	12.2	9.2	-2.9	21.7	16.0	-5.7

Source: Luxembourg Income Study, Wave IV