Luxembourg Income Study Working Paper Series

Working Paper No. 67

Cross-National Trends in Income Poverty and Dependency: The Evidence for Young Adults in the Eighties

Timothy Smeeding and Lee Rainwater

August 1991

(scanned copy)

Luxembourg Income Study (LIS), asbl

DRAFT

August 7, 1991

CROSS-NATIONAL TRENDS IN INCOME POVERTY AND DEPENDENCY: THE EVIDENCE FOR YOUNG ADULTS IN THE EIGHTIES*

Timothy M. Smeeding
Syracuse University and LIS

Lee Rainwater
Harvard University and LIS

Prepared for the JCPS Conference
Poverty and Social Marginality
September 20, 21, 1991
Washington, DC

*All figures and results reported here are tentative and unofficial and should be treated as such. The authors would like to thank the Russell Sage Foundation for financial support; Bjorn Gustafson, Sheldon Danziger and Greg Duncan for helpful comments; John Coder, Mary Daly, Inge O'Connor and Karen Gardiner for assistance in data preparation; and Yvonne DeGouff, Esther Gray and Laura Sedelmeyer for helping prepare the manuscript. We hold all parties, except ourselves, harmless for the presentation and interpretation presented here.

CROSS-NATIONAL TRENDS IN INCOME POVERTY AND DEPENDENCY: THE EVIDENCE FOR YOUNG ADULTS IN THE EIGHTIES

1. Introduction

The purpose of this paper is to examine the effect of changes in poverty, joblessness and dependency on social protection benefits in the United States of America, Europe and other selected countries during the 1980s. It will provide basic comparative social statistics on poverty among population supgroups, across countries and over time to provide a broad framework which can be used to integrate the individual country studies which follow. Our particular interest is in the economic fortunes of nonaged families (head aged 20-55 years old) over this period. These families include childless and childful couples, single parents and single individuals in each country, but exclude the elderly and those at or near retirement age in order to concentrate on the younger age groups.

The questions addressed in a comparative context are the following:

a. How have poverty rates changed over the 1980s in each country studied and how has this change affected the composition of the poor among the age groups of interest?

b. How much of this change is associated with the following causes:

   -- demographic change
   -- economic change, especially in joblessness and/or low earnings
   -- policy change, especially changes in tax and social protection benefit policy

c. Has dependence on public transfers increased over this period, and if so, by how much?

The answers to these questions will be drawn from the Luxembourg Income Study (LIS) database which is described in the next section of this paper.

II. Data, Measures and Methods

LIS Database. The Luxembourg Income Study (LIS) project began in 1983 under the joint sponsorship of the government of Luxembourg and the Center for Population, Poverty, and Policy Studies (CEPS) in Walferdange. It is now funded by the Luxembourg Government and by the national science foundations of its members countries.

Objectives of this project are to test the feasibility for creating a database containing social and economic data collected in household surveys from different countries and to promote comparative research on the social and economic status of various populations and subgroups in different countries. The database now contains information for 11 countries with data for 1979 or 1981 and second wave data for 11 countries (1984-87 period). The LIS database consists of similar subsamples of country household income survey datafiles, each containing detailed information concerning the level and composition of household incomes, the structure of the household and the net effect of tax and transfer programs on these incomes. Hence, it is ideally suited to our task.

The set of countries and data years to be studied are listed in the Appendix Table A-1. They include two North American countries (United States and Canada), and five European nations: (the former West) Germany, United Kingdom, Netherlands and France from the European Community, and Sweden. These countries were selected for three main reasons: (a) income and poverty trend data availability; (b) unique economic, demographic and social policy features which shed light on the poverty debate in both the United States and Western Europe; and (c) countries involved in additional studies being presented as part of this project. Data availability concerns led us to exclude European countries such as Italy, Luxembourg, Switzerland and Norway, for which only one wave of LIS data is currently available. The

uniqueness criterion led us to exclude Australia and Israel. Eastern European countries for which LIS has data from the 1980s (Poland, Hungary, Czechoslovakia) were excluded due to their recent economic upheaval.

The reader should be forewarned that not all of these datasets are completely and strictly comparable. For instance, the LIS data for West Germany came from two different datasets making trend analysis tenuous; the French data is unique in that it is based on a survey of income tax records to which transfer data have been imputed and take-up rates estimated, the United Kingdom dataset underwent some substantial changes in the method used for measuring annual income over the 1979-1986 period and in survey coding of several key income variables. Some of the datasets are taken from nationally representative income surveys, others are taken from expenditure surveys which also contain detailed income source questions. While there are therefore some minor differences of which we should be aware, the fact remains that the core of the data remain comparable enough to provide us with estimates of significant differences and similarities in results over time and across countries.

One major issue which we are not able to deal within this paper is the issue of minorities. The U.S. dataset can differentiate significant minorities such as blacks and Hispanics. But most European datasets do not contain minority populations which are large enough to be statistically significant, even if all minorities are lumped together. Since different minorities are treated quite differently in various countries, even this "lumping together" possibility is quite limited to begin with. The 1984 German tape contains information on minorities as well as majorities, while the 1981 tape contains only German born household heads. However, the inclusion or exclusion of minorities made less than a 200 DM difference in median annual income and less than a .2 percentage point difference in overall poverty rates in 1984. Hence, we have included them in

the analyses which follow. For the only published LIS-based research on minority-majority in LIS countries differences see Smeeding, Torrey and Rein (1988).

Measurement Issues. In order to concentrate on the major substantive issues, our discussion of measures and methods will be brief. While it is important that we are clear about the choices we have made in constructing the measures that follow, and while sensitivity to these choices will be observed and noted where possible, our major purpose is to capture comparative trends in poverty, dependency and joblessness over the period in question.

The periodicity is given by data availability and the capacity of the LIS staff to produce comparable datasets. The definitions of units are controlled by this same process. For most countries studied (France, Netherlands, Germany) we are limited to persons sharing incomes according to the "household" definition--all persons sharing the same living quarters, whether related or not. In some countries (United Kingdom, United States) families--all persons living together and related by blood marriage or adoption--could be used as well. In others, we must use families because households are not available (Canada, Sweden). The Canadian unit definition presents few if any problems for the group with which we are working. The Swedish "household" definition is much closer to tax units, however. Thus, young single adults living with their parents are classified as single person households, when indeed they may be living with other adults. The bias is to therefore understate their incomes (see also Table A-1).

One final problem with the "units" definition deals with our inability to locate young single parents who are living with relatives or other individuals. Our definition of single parent households is one adult plus children. In most countries--indeed even in the United States Current Population Survey dataset before 1983--it was not possible to separate these subfamilies from other groups within a multi-generational household. In the United States births to unmarried teenage mothers without partners accounts for a large part of the growth in single

parent families in the 1980s (Green Book, 1991). Because most of these mothers live with an older relative (mother, father, sibling), we cannot separately identify this important group in our dataset. On the other hand, according to several European economic demographers (e.g., Ermisch, 1987; O'Higgins, 1987; Blundell and Walker, 1988), many of the younger unmarried mothers in the United Kingdom, Sweden France and the Netherlands are living with both parents, albeit unmarried parents. Because marriage often follows childbirth, these "lone" parents are less a concern for public policy than are divorcees, separated mothers with children, and other household units where indeed there is only one adult parent in the household to handle both the childrearing and income earning tasks that parents face (Ellwood, 1988).[1] Hence, our definition while narrow for some tastes, does help isolate our attention on true single parent families. Table A-2 presents weighted distributions of the entire population and an explanation of differences among them.

The other concepts employed in this analysis were chosen in consultation with other members of the project. They include the following definitions:

1. income. Disposable income (or post-tax and transfer income) includes all forms of regular cash income (and near cash income) net of direct (income and payroll) taxes. Gross income include all forms of cash and near cash income, gross of direct taxes. Pre-tax and transfer income, referred to as Pre in some tables, includes only market income (earnings, property income), private transfers (alimony, child support), and deferred earnings (occupational pensions). Hence, the difference between disposable (or "post") and "pre" income is government taxes and transfers.[2]

2. equivalence scales. The number of equivalent adults per household is determined by a weight of 1.0 for the first adult, .7 for each subsequent adult, and .5 for each child.

3. joblessness. Because complete labor force participation data are not available for all LIS countries zero earnings (wages, salaries or self employment income) is used as a proxy for joblessness.

4. dependency. Households receiving more than half of their gross money income from public transfers are considered dependent on the social welfare system.

5. poverty. Households with equivalence adjusted incomes, less than 50 percent of the median adjusted household income of the 20-55 year old household head group being studied.

Poverty Definition. The issue of poverty definition is an important one. In arriving at our choice definition in 5 above, several variations were considered. Should poverty be defined on a relative or on an absolute basis? Should a relative poverty line be relative to overall household median income or to only the median household incomes of the 50-55 year old middle age group being considered? Our choices came down to three:

a. a relative poverty line based on the incomes of the middle age group (our choice definition given above);

b. a relative poverty line in year 1, but price adjusted to year 2 to become an "absolute" poverty line in that sense; and

c. a relative poverty line based on the incomes of the entire population.

These choices are portrayed in Table 1, columns 2, 5 and 6, respectively. The final two columns compare the second and third definition (b and c above) to the chosen definition. These comparisons indicate that in all cases the alternate poverty lines are within 10 percentage points of the chosen line. Hence, for this purpose, the results of all three definitions should roughly coincide.

Table 1 here

As one might expect, the adjusted median income of the entire population in period 2 is less than the adjusted median of the 50-55 year old group (column 6). This can only be true if the incomes of the 55 and over group are below those of the 20-55s whom we are studying. This is particularly true in Sweden and the United Kingdom. In other nations, the adjusted incomes of the over-55 group are almost the same as the incomes of the 20-55's.[3]

Table 1: Alternative Adjusted[a] Median Income Based Poverty Lines in Own Currency
Household with Head Age 20-55

		Only Households with Head Age 20-55			ALL HOUSEHOLDS	Comparisons	
Country	Years (Year 1, Year 2)	Half Adjusted Median Income in Year 1 (1)	Half Adjusted Median Income in Year 2 (2)	Half Adjusted Median Income in Year 1 Price Adjusted to Year 2 (3)	Half Median Income in Period 2 (4)	3/2[b].100 (5)	4/2[c].100 (6)
United States	(1979, 1986)	$US 7,942	12,270	11,992	11,964	97.7	97.5
Canada	(1981, 1982)	$C 11,473	15,561	15,833	14,899	101.7	95.7
Sweden	(1981, 1987)	Kr. 48,930	75557	72906	69157	96.4	91.5
West Germany	(1981, 1984)	Dm 18034	18810	19387	18662	105.5	99.2
France	(1979, 1984)	FF 31.290	55,221	52,880	53,875	95.7	97.6
Netherlands	(1983, 1987)	Dfl. 15.339	17182	16,106	16,838	93.7	98.0
United Kingdom	(1979, 1986)	£ 2946	4649	5086	4216	109.4	90.7

Notes:
a. Median disposable income adjusted using an equivalence scale of 1.0 for the first adult, .7 for the second adult, and .5 for children and normalized to a family of three persons.
b. Ratio of median from period 1 price adjusted to period 2 (column 3) to actual median for households with 20-55 year old heads in period 2 (column 2)
c. Ratio of adjusted median for the entire population in period 2 (column 4) to actual median for households with 20-55 year old heads in period 2 (column 2)

The ratios in column 5 of Table 1 chart relative real income changes. If prices grew faster than incomes between periods, with no demographic change in household composition or size, the ratio in column 5 will exceed 100 percent. If real incomes grew, that is, if nominal median income changed by more than prices, the ratio is less than 100 percent. Real incomes appeared to grow fastest in the Netherlands and France and lease rapidly in England and Germany.[4]

While the definitional band around our chosen poverty level is therefore roughly 10 percent in either direction, we will explore the sensitivity of poverty levels and trends to choice of poverty measure by constructing 20 percent poverty "bands," i.e., using 40 and 60 percent of median adjusted income as poverty lines. These wider bands also make sense because of country specific measures of income adequacy. The United States and United Kingdom poverty lines are roughly 40 percent of median family income, while the Swedish standard is about 60 percent of the median. Other nations' poverty or low income lines lie in between these boundaries (Buhmann, et al., 1988; Rainwater, 1990). Differences in trends using each of these measures will also be noted, though we will concentrate on the 50 percent figure in most of our analyses.

No sensitivity of our analyses to choice of equivalence scale will be made. While equivalence scales are known to effect levels of poverty across age groups (e.g., children versus elderly) due to systematic differences in family size at one point in time (e.g., see Buhmann, et al., 1988), our focus on trends among the nonaged lessen these concerns.

III. The Economic and Demographic Context

While the main purpose of this paper is to concentrate on the effect of public policy--taxes and transfers--on the level and trend in poverty, economic and demographic forces can also

be expected to have a large impact on the results. Hence, we must describe the basic socioeconomic context within which poverty changed over this period.

The major economic factors are identified in Table 2, with highlighted figures indicating the years for which we have the LIS microdata which underlies the analyses which follow. Economic growth, consumer price change and unemployment are each liable to have large and somewhat independent effects on the outcome of our analysis. Economic growth and unemployment will affect the level and trend in earnings, while inflation is liable to have some effect on the real value of public income transfer benefits which are not indexed. Each of these factors can affect the results presented here.

Table 2 here

For instance, most nations experienced a substantial recession between the years for which we have LIS microdata. The 1980-83 period was marked by recession in all nations except for France and Sweden. The first period for which we have Netherlands data is the year that they emerged from a deep recession. The United States had a large recession in 1982 and a small dip in 1980, but then experienced a long period of sustained growth between 1983 and 1986. Thus, real incomes were quite volatile over this period in most of the nations studied.

The annual rate of consumer price inflation declined in every nation studied from the first to the second period. In most cases this decline was from a double to a single digit level. In the Netherlands consumer prices actually fell in 1987. These price changes accompanied a mild worsening of levels and trends in unemployment. In some nations--Netherlands, Sweden--unemployment lessened over the period of observation. Yet these two countries had vastly different levels of unemployment in both periods. Unemployment became substantially worse in other nations--especially in France, Germany, and the United Kingdom where unemployment reached 11.2 percent in 1986. The United States and Canada experienced mild increases in

TABLE 2: THE ECONOMIC CONTEXT, 1979-1989 (a)

	France	Canada	Germany	Netherlands	Sweden	United Kingdom	United States
(i) ECONOMIC GROWTH (b)							
1979	**3.2**	3.6	4.0	2.1	4.0	**2.8**	**2.5**
1980	1.6	1.1	1.5	1.2	1.4	(1.9)	(0.2)
1981	1.2	**3.4**	0.0	(0.7)	0.0	(1.1)	1.9
1982	2.5	(3.2)	(1.0)	(1.4)	1.1	1.6	(2.5)
1983	0.7	3.2	1.9	**1.3**	1.8	3.6	3.6
1984	**1.3**	6.3	**3.3**	2.9	4.0	2.1	6.8
1985	1.9	4.7	1.9	2.4	2.2	3.6	3.4
1986	2.5	3.3	2.3	2.7	2.3	**3.9**	**2.7**
1987	2.2	**4.0**	1.6	**0.4**	**2.9**	4.7	3.4
1988	3.8	4.4	3.7	2.7	2.3	4.6	4.5
1989	3.6	3.0	3.9	4.1	2.1	2.2	2.5
(ii) CONSUMER PRICE INFLATION (c)							
1979	**11.3**	9.2	4.1	4.2	7.2	**13.4**	**11.3**
1980	13.6	10.2	5.5	6.5	13.7	18.0	13.5
1981	13.4	**12.5**	**6.3**	6.7	12.1	11.9	10.4
1982	11.8	10.8	5.3	6.0	8.6	8.6	6.1
1983	9.6	5.9	3.3	2.8	8.9	4.6	3.2
1984	7.4	4.3	**2.4**	3.3	8.0	5.0	4.3
1985	5.8	4.0	2.2	2.2	7.4	6.1	3.5
1986	2.7	4.2	(0.1)	0.1	4.3	**3.4**	**1.9**
1987	3.1	**4.4**	0.2	(0.7)	**4.2**	4.2	3.7
1988	2.7	4.0	1.3	0.7	5.8	4.9	4.1
1989	3.6	5.2	2.9	1.2	6.5	7.7	4.6
(iii) UNEMPLOYMENT (d)							
1979	**5.9**	7.4	3.2	5.4	2.1	**5.6**	**5.8**
1980	6.3	7.4	3.0	6.0	2.0	6.9	7.0
1981	7.4	**7.5**	**4.4**	8.6	**2.5**	10.6	7.5
1982	8.1	10.9	6.1	11.4	3.1	12.3	9.5
1983	8.3	11.8	8.0	**13.7**	3.5	13.1	9.5
1984	**9.7**	11.2	**7.1**	11.8	3.1	11.7	7.4
1985	10.2	10.4	7.2	10.6	2.8	11.2	7.1
1986	10.4	9.5	6.4	9.9	2.7	**11.2**	**6.9**
1987	10.5	8.8	6.2	9.6	1.9	10.3	6.1
1988	10.0	7.7	6.2	9.2	1.6	8.5	5.4
1989	9.4	7.5	5.6	8.3	1.4	6.9	5.2

Notes:	(a) Figures shown in bold indicate the year to which the income survey data refer. (b) Annual percentage change in real GNP/GDP in the OECD area. (c) Annual percentage change in consumer prices. (d) Percentage of total labor force: standardized basis.
Sources:	OECD Economic Outlook No. 48, December 1990, Tables R.1, R.18 OECD Main Economic Indicators, Jan. 1990 p. 44-45

unemployment over the period. Because both the level and trend in unemployment can affect the absence or presence of earnings and their level, and because earnings are the primary determinant of pre-tax and transfer poverty, unemployment rates are quite important in the analyses which follow.

Demographic change was also occurring in these nations. While birth rates were fairly stable, several studies indicate that lone or single parent families as a percent of all families with children increased by 15-25 percent in the nations studied (Ermisch, 1987; Blundell and Walker, 1988). Still the United States with lone parent families making up 26 percent of all families with children, and Sweden with 23 percent, far outdistanced the 12-14 percent estimates in France, Germany, Canada, and the United Kingdom according to these studies. However, according to our definition of single parents with children--children living alone with one parent--the percentage of all 20-55 year old households which are single parent is much smaller than these studies suggest (see Table A-2). Even when compared to all households with children, our narrow definition produces a much less prevalent set of single parent households (Table A-2, bold line). Moreover, the trend in single parents is inconsistent across countries. In Canada and Germany the percentage actually decline. Sweden's percent of single parents outweighs the U.S. percent. While at a fairly low level as defined here, single parent units did increase substantially in the UK, Netherlands and France over this period. While any number of explanations can reconcile these findings, it appears that single parent poverty, as defined here, is less prevalent than we would expect given the demographic literature on the topic (Durbin, 1990).

Population aging and retirement age did not change substantially enough to outweigh economic and other policy changes over this period. Moreover, these factors only indirectly affect the populations under study here.

IV. Trends in Poverty

The population of household heads aged 20-55 form the basis for this analysis. We begin by concentrating on poverty trends among four all inclusive subgroups. These include two groups with children:

a. couples with children (two or more adults with children under age 18)

b. single parents (one adult in the household) with children (under 18)

and two without children:

c. childless couples or couples with no young children (two or more adults and no children under age 18)

d. single persons (single adults living alone, except in Sweden)

We begin by presenting three basic tables (3, 4, 5). Each table presents the initial poverty rate and the change from wave 1 to wave 2 of the data. Table 3 concentrates on the 50 percent median rate, while Table 4 compares these to the 40 and 60 percent rates. Table 5 breaks the analysis down for younger vs. older family heads within each grouping.

Tables 3, 4, 5

The most basic and obvious result in Table 3 is that the overall poverty rate increased in all countries except Netherlands (.3 percentage point decline) and France (no change)--two of the three nations which did not experience an economic downturn over this period. In Sweden--the other "recession free" country--the major factor which underlies their increase in poverty is the large and somewhat specious increase among younger single person households. Were we to ignore this group, the household poverty rate in Sweden would show little if any change over this period, with the decline in childful households offsetting the increase in childless couple poverty. The major points to note at first glance are two: (1) poverty among this age group appears to

TABLE 3

POVERTY RATES AND CHANGES[a] IN POVERTY[b] AMONG NON-AGED HOUSEHOLDS AT 50 PERCENT ADJUSTED MEDIAN INCOME DURING THE 1980s

Household Type	UNITED STATES			CANADA			WEST GERMANY			SWEDEN			UNITED KINGDOM			NETHERLANDS			FRANCE			Average		
	1979	1986	Change	1981	1987	Change	1981	1984	Change	1981	1987	Change	1979	1986	Change	1983	1987	Change	1979	1984	Change	Period One	Period Two	Change
Total (All Households)	15.6	18.1	2.5	13.4	13.9	.5	5.5	6.8	1.3	6.6	8.6	2.0	8.5	12.5	4.0	7.9	7.6	-0.3	9.9	9.9	0.0	9.6	11.1	1.5
All Units With Children:	20.2	23.7	3.5	16.2	15.7	-.5	6.0	7.9	1.9	6.6	5.1	-1.5	10.6	16.8	6.2	6.5	7.3	0.8	10.7	10.4	-0.3	11.0	12.4	1.4
Couples with Children[c]	14.5	17.9	3.4	12.4	12.6	.2	5.6	7.1	1.5	6.0	5.0	-1.0	na	16.6	na	6.6	7.2	0.6	10.3	10.0	-0.3	9.2	10.9	1.7
Single Parents with Children	50.6	53.3	2.7	45.0	45.4	.4	12.3	25.5	13.2	8.1	5.5	-2.6	na	18.0	na	5.5	7.5	2.0	17.9	15.8	-2.1	23.2	24.4	1.2
All Units Without Children:	10.0	11.9	1.9	9.9	12.3	2.4	4.8	5.8	1.0	6.6	10.0	4.0	4.9	6.9	2.0	9.8	7.9	-1.9	8.7	9.1	0.4	7.8	9.1	1.3
Childless Couples[c]	5.5	7.2	1.7	4.7	5.8	1.1	2.0	5.0	3.0	1.3	3.4	2.1	1.9	6.4	4.5	6.6	2.0	-4.6	7.6	6.8	-0.8	4.2	5.2	1.0
Single Persons	13.6	17.2	3.6	14.8	18.5	3.7	7.4	7.9	.5	7.8	13.3	5.3	10.7	8.2	-2.5	15.6	13.3	-2.3	10.8	12.8	2.0	11.5	13.0	1.5

[a]Change is the actual change in percentage points of poverty. Thus, 2.5 in the first entry indicates that poverty among this group in the U.S.A. increased by 2.5 percentage points, from 15.6 to 18.1 percent between 1979 and 1986. A negative change indicates a drop in poverty of the given number of points.

[b]Poverty is defined as percent of households with heads aged 20-55 having incomes below 50 percent of median income for households aged 20-55.

[c]Couples include all families with more than one adult present.

Revised
August 6, 1991

TABLE 4

POVERTY RATES AND CHANGES[a] IN POVERTY[a] RATES AMONG NON-AGED HOUSEHOLDS DURING THE 1980s:
SENSITIVITY ANALYSES AT 40 AND 60 PERCENT ADJUSTED MEDIAN INCOME

Household Type	UNITED STATES			CANADA			WEST GERMANY			SWEDEN			UNITED KINGDOM			NETHERLANDS			FRANCE			Average		
	1979	1986	Change	1981	1987	Change	1981	1984	Change	1981	1987	Change	1979	1986	Change	1983	1987	Change	1979	1984	Change	Period One	Period Two	Change
A. 40 Percent Poverty[b]																								
Total (All Households)	10.8	13.6	2.8	8.6	8.3	-.3	2.1	3.2	1.1	4.3	5.9	1.6	3.6	7.0	3.4	6.0	5.7	-0.3	5.4	6.1	0.7	5.8	7.1	1.3
All Units With Children:	13.5	17.5	4.0	10.0	9.3	-.7	1.7	3.1	1.4	3.6	2.9	-0.7	4.3	8.6	4.3	4.2	3.9	-0.3	5.2	5.3	0.1	6.1	7.2	1.2
Couples with Children	8.9	12.0	3.1	6.8	7.1	.3	1.6	2.6	1.0	3.4	2.8	-0.6	na	8.8	5.5	4.4	3.8	-0.6	4.9	4.9	0.0	5.0	6.0	.5
Single Parents with Children	37.9	44.9	7.0	34.1	29.4	-4.7	3.4	12.5	9.1	4.5	3.6	-0.9	na	7.7	-7.2	.7	5.1	4.4	11.6	10.7	-0.9	15.4	16.3	2.3
All Units Without Children:	7.6	9.3	1.7	6.9	7.3	.4	2.6	2.9	.3	4.8	6.7	2.9	2.6	4.8	2.2	8.5	7.4	-1.1	5.6	7.2	1.6	5.5	6.7	1.2
Childless Couples	3.8	5.1	1.3	3.1	3.7	.6	2.1	2.0	-0.1	1.6	2.2	0.6	0.9	4.3	3.4	5.6	1.4	-4.2	4.1	4.6	0.5	3.0	3.3	.3
Single Persons	10.5	13.5	3.0	10.5	10.9	.4	3.4	4.1	.7	5.8	9.6	3.8	5.9	6.0	0.1	14.2	12.9	-1.3	8.6	11.3	2.7	8.4	9.8	1.3
B. 60 Percent Poverty[c]																								
Total (All Households)	21.6	23.9	2.3	18.7	19.6	.9	11.5	14.1	2.6	10.7	12.6	1.9	14.5	20.0	5.5	12.6	12.6	0.0	16.3	16.9	0.6	15.1	17.1	2.0
All Units With Children	28.4	31.6	3.2	23.4	23.2	-.2	15.6	18.2	2.6	13.1	10.4	-2.7	19.1	27.5	8.4	13.2	16.0	2.8	19.4	20.1	0.7	18.9	21.0	2.1
Couples with Children	22.3	25.8	3.5	19.5	20.3	.8	15.5	19.5	4.0	12.7	10.1	-2.6	na	25.9	na	12.8	16.1	3.3	19.1	19.8	0.7	14.6	19.7	1.4
Single Parents with Children	60.6	61.7	1.1	53.4	60.3	6.9	17.3	34.9	17.6	15.1	12.0	-3.1	na	38.6	na	19.2	15.5	-3.7	23.7	24.5	0.8	27.0	35.4	2.8
All Units Without Children	13.4	15.6	2.2	12.9	16.3	3.4	6.7	10.5	3.8	9.0	13.9	4.9	6.6	10.1	3.5	11.7	9.4	-2.3	11.4	12.4	1.0	10.2	12.6	2.4
Childless Couples	7.6	9.8	2.2	7.1	9.0	1.9	3.6	6.7	3.1	4.4	4.7	0.3	2.8	9.5	6.7	9.5	3.0	-6.5	10.7	10.1	-0.6	6.5	7.5	1.0
Single Persons	17.9	20.4	2.5	18.5	23.4	4.9	11.1	15.2	4.1	10.4	17.1	6.7	14.2	11.5	-2.7	16.0	15.3	-0.7	12.7	16.0	3.3	14.4	17.0	2.6

[a]Change is the actual change in percentage points of poverty. Thus, 2.8, in Panel A for the U.S.A. indicates that poverty measured by 2.8 points from 10.8 to 13.6 percent over the 1979-1986 period. A negative change indicates a drop in poverty of the given number of points.
[b]Poverty is defined as percent of households with heads aged 20-55 having incomes below 40 percent of median incomes for households aged 20-55.

[c]Poverty is defined as percent of households with heads aged 20-55 having incomes below 60 percent of median incomes for households aged 20-55.

[d]Couples includes all families with more than one adult present.

Revised
August 7, 1991

TABLE 5

CHANGES[a] IN POVERTY[b] AMONG YOUNGER AND OLDER
NON-AGED HOUSEHOLDS DURING THE 1980s

	UNITED STATES			CANADA			WEST GERMANY			SWEDEN			UNITED KINGDOM			NETHERLANDS			FRANCE			Average		
Household Type	1979	1986	Change	1981	1987	Change	1981	1984	Change	1981		Change	1979	1986	Change	1983	1987	Change	1979	1984	Change	Period One	Period Two	Change
Age 20-29																								
Total (All Households)	17.4	25.2	7.8	14.8	19.7	4.9	8.6	13.4	4.8	7.0	14.0	7.0	9.8	15.0	5.2	11.4	15.3	3.9	8.0	9.1	1.1	11.0	16.0	5.0
All Units With Children:	27.2	39.5	12.3	22.8	29.4	6.6	6.9	18.8	11.9	5.8	5.3	-0.5	14.2	23.2	9.0	4.2	13.1	8.9	8.2	9.1	0.9	12.8	19.8	10.0
All Units Without Children:	10.7	16.0	5.3	10.6	18.1	7.5	9.4	11.8	2.4	7.2	15.5	8.3	5.0	8.9	3.9	13.7	15.8	2.1	7.8	9.1	1.3	9.2	13.6	4.4
Childless Couples	4.1	8.5	4.4	4.6	7.4	2.8	4.3	7.3	3.0	1.5	3.3	1.8	na	8.1	na	3.3	2.7	-0.6	6.7	5.6	-1.1	3.5	6.1	2.6
Single Persons	13.7	20.3	6.6	14.1	20.5	6.4	13.6	14.3	0.7	8.3	17.5	9.2	na	10.3	na	28.3	23.9	-4.4	9.2	11.9	2.7	12.4	17.0	4.6
Age 30-55																								
Total (All Households)	14.8	15.7	0.9	12.8	11.7	-1.1	4.7	5.1	0.4	6.4	5.9	-0.5	8.0	11.8	3.8	6.7	4.8	-1.9	10.4	10.1	-0.3	9.1	9.3	.2
All Units With Children	18.1	20.0	1.9	14.7	13.3	-1.4	5.9	6.7	0.8	6.6	5.1	-1.5	9.6	15.4	5.8	6.8	6.5	-0.3	11.2	10.7	-0.5	10.4	10.0	-0.7
Couples with Children[c]	14.0	16.0	2.0	12.0	10.7	-1.3	5.7	6.2	0.5	6.3	5.1	-1.2	na	15.2	na	7.0	6.4	-0.6	10.8	10.5	-0.3	8.0	10.0	2.0
Single Parents with Children	45.4	44.1	-1.3	37.7	41.8	4.1	na[c]	na[c]	na[c]	7.5	5.0	-2.5	na	17.2	na	3.9	8.5	4.6	18.8	13.5	-5.3	16.1	18.6	2.5
All Units Without Children	9.6	10.0	0.4	9.3	10.0	0.7	2.8	3.4	0.6	6.2	5.6	0.6	4.8	6.0	1.2	6.5	2.2	-4.3	9.0	9.1	0.1	6.9	6.6	.3
Childless Couples[c]	6.0	6.8	0.8	4.8	5.2	0.4	2.6	3.7	1.1	4.0	3.4	-0.6	2.5	5.5	3.3	8.6	1.7	-6.9	7.9	7.2	-0.7	5.2	4.8	.4
Single Persons	13.5	14.1	0.6	15.6	16.5	0.9	3.3	2.9	-0.4	7.3	8.5	1.2	10.3	6.7	-3.6	1.3	2.8	1.5	11.7	13.4	1.7	9.0	9.3	.3

[a]Change is the actual change in percentage points of poverty.

[b]Poverty is defined as percent of households with heads aged 20-29 (Panel A) and 30-55 (Panel B) having incomes below 50 percent of the median in the overall 20-55 years old group.

[c]Sample size too small to separately identify single parents (see Table A-3).

Revised
August 6, 1991

be correlated with economic change; and (2) on average, household poverty rose from 9.6 to 11.1 percent or by 1.5 percentage points across the two periods for which we have data.

Among households with children, the experience was more mixed. On average poverty rose by 1.4 percentage points. In the United Kingdom and the United States child poverty increased by a large amount while it fell in Canada, Sweden, and France.[5] Because of the mixed economic experience of these countries it is difficult to pin these changes on economic factors alone. For instance, in the United States and Canada show opposite trends in child poverty. While both experienced a deep recession in 1982, both nations followed with a strong economic recovery. Unemployment rose over the period in both nations: Canada from 7.5 percent in 1981 to 8.8 percent in 1987, compared to 5.8 and 6.9 percent rate in the United States in 1979 and 1986 respectively. Hence, while economic factors are correlated with changes in poverty rates, they alone do not explain the result. Public antipoverty policy and particularly tax and transfer policy also have a large effect on the final outcome.

Single parent poverty was very high in the United States and in Canada. Only the Dutch, the Swedes, and the British seemed able to keep their single parent household poverty rate close to the two parent household poverty rate, and only in the Netherlands and Sweden did they stay in the single digit range. Single parent households with children are therefore the group most likely to be poor in virtually every nation. Only in Sweden and Netherlands do we find poverty rates for single parents which are less than poverty rates for other groups--single individuals in both cases--and the high poverty rates among the single persons living alone can be explained by other causes, definition related (Sweden) and policy related (Netherlands).

The effect of rising and falling unemployment on poverty is most clear among childless units. Here poverty rates and unemployment rates increased in all nations except Netherlands where both rates fell between the first and second period of observation. Interestingly, the

absence or presence of children makes a large difference in poverty only in the United States, Canada and the United Kingdom. In other nations the childful and the childless suffered relatively equal poverty rates in both periods.

Finally, while the experience of most nations was mixed over the periods in question, with some poverty rates rising and others falling, the United States had the singular experience of having the highest poverty rates in both periods overall, and for households with children. It was also the only country in which poverty increased among all subgroups from period one to period two. While the 1980 and 1982 recessions provide some explanation of this outcome, the long and robust growth of 1983-1986 lead us to expect a better outcome based on economic causes alone.

The figures in Table 4 are designed to place bands around the basic poverty estimates in Table 3, and to check the results for sensitivities to measurement differences. With few exceptions, the patterns of level and trend in poverty rates in Table 4 are very similar to those in Table 3. At the lower bound 40 percent poverty level, United States and Canadian poverty rates are far above those in the European Community and Sweden, with the possible exception of the United Kingdom. Still, on average poverty increased by 1.3 percentage points over the two periods studied here. Child household poverty in the United States at the 40 percent of poverty level was almost twice as high as the rate in the next nearest country (Canada) in the latter period. Moreover, Canadian child poverty fell while that in the United States increased over this period at the 40 percent and 60 percent levels as well as at the 50 percent level.

At the higher 60 percent band, poverty rose on average by 2.0 percentage points, with poverty increasing in all nations studied, except on the Netherlands where there was no change. Child poverty rose by 2.1 points an average, but it fell in both Canada and Sweden.[6]

There are consistent differences among nations in the effect of age on poverty (Table 5) as well. While we are somewhat constrained by sample size restrictions (see Appendix Table A-3 and discussion), the group of household headed by 20-29 year olds do worse than the 30-55 year olds in both periods. On average poverty rates for the younger groups rise from 11.0 to 16.0 percent, while only from 9.1 to 9.3 percent for the 30-55 year olds. In general, the countries with the strongest economic growth--Netherlands, France, Sweden--do better than those experiencing weaker economic growth over the period. In many nations--Canada, Sweden, Netherlands, France--poverty among the older group of household heads decreased from the first to the second period, while the opposite trend can be found among younger units. Clearly economic growth and unemployment had a large and differential effect between the two age groups shown here.

Summary. The blizzard of numbers in these tables can be summarized by noting that the United States had the highest overall household poverty rates and child poverty rates in both periods at the 40, 50, and 60 percent poverty lines. The United Kingdom had the largest change--a substantial increase in overall and child poverty--over the two periods studied at all three poverty lines. Yet still in 1986, United States households with children experienced poverty rates (23.7 percent rate in 1986) far above those in the United Kingdom (16.8 percent rate in 1986). The large and growing literature on child poverty in the United States can now add the reference that no other modern nation, for which we have comparable data, has tolerated the same high level of child poverty as that found in the United States in the 1980s, even those with much higher unemployment and much weaker economic expansion over this period. Among units without children the situation was much less consistent, with Canada, Netherlands, or the United States having the highest rate. With the exception of the United Kingdom, European (European

Community and Sweden) poverty rates are generally much lower than those found in the United States or Canada.

It also appears that the youngest age group is bearing the brunt of the worsening economic situation in many nations, especially in Europe where overall poverty rates are fairly low for other groups and for the population at large. German, Dutch, and British poverty rates among households age 20-29 were between 13.4 and 15.3 percent in the second period studied, much higher than for the 30-55 year old group where they were between 5.1 and 11.8 percent. The overall unemployment rates in these nations were 7.1, 9.6, and 11.2 percent, respectively, in the second period which we observe.

Compositional Change. The result of these changes in poverty rates was to shift the composition of the poor in all nations towards greater numbers of childless poor units and fewer poor households with children (Table 6). Even in the United States where child poverty was highest and in the United Kingdom where it increased the most households with children became less prevalent among the poor. Interestingly, the net effect of poor economic performance in most nations, was to reduce the fraction of poor households made up by single parents with children in most nations. Single parents living alone are an important subgroup of the poor in the United States and Canada, but, as argued above and as shown in Table 6, they are no more than 10 percent and closer to 5 percent of poor middle age households in European countries.

Table 6 Here

V. The Changing Anti-Poverty Effectiveness of Social Protection Systems

One of the main aims of this paper is to chart the effectiveness of the tax and transfer systems in Europe and North America over the 1980s. While poor economic performance--low rates of economic growth, economic recession, high unemployment--can produce large changes

TABLE 6

CHANGES[a] IN THE COMPOSITION OF POVERTY[b] AMONG NON-AGED HOUSEHOLDS DURING THE 1980's

Household Type	UNITED STATES			CANADA			WEST GERMANY			SWEDEN			UNITED KINGDOM			NETHERLANDS			FRANCE			Average		
	1979	1986	Change	1981	1987	Change	1981	1984	Change	1981		Change	1979	1986	Change	1983	1987	Change	1979	1984	Change	Period One	Period Two	Change
Total (All Households)	100.0	100	na	100.0	100	na	100.0	100	na	100.0	100	na	100.0	100	na	100.0	100	na	100.0	100	na	100	100	na
All Units With Children:	70.7	68.1	-2.6	66.8	55.0	-11.8	59.6	53.4	-6.2	41.5	22.7	-18.8	79.0	76.1	-2.9	47.5	46.3	-1.2	66.3	61.3	-5.0	62.0	55.0	-7.0
Couples with Children[c]	42.6	42.8	0.2	45.3	38.5	-6.8	52.7	45.9	-6.8	31.1	18.3	-12.8	na	65.7	na	44.8	41.8	-3.0	60.8	54.6	-6.2	46.2	44.0	2.2
Single Parents with Children	28.1	25.5	-2.6	21.5	21.0	-.5	6.9	7.5	.6	10.4	4.4	-6.0	na	10.4	na	2.7	4.6	1.9	5.5	6.7	1.2	12.5	12.0	.5
All Units Without Children:	29.2	31.8	2.6	33.2	45.0	11.8	40.4	46.6	6.2	58.5	77.3	18.8	21.0	23.8	2.8	52.5	53.7	1.2	33.7	38.7	5.0	38.4	45.4	7.0
Childless Couples[c]	6.9	9.5	2.6	7.7	10.4	2.7	14.7	19.6	4.9	7.3	6.2	-1.1	5.5	15.3	9.9	23.7	6.3	-17.4	19.5	18.0	-1.5	12.2	12.2	0.0
Single Persons	22.3	22.3	0.0	25.5	34.6	9.1	25.7	27.0	1.3	51.2	71.1	19.9	15.5	8.5	-7.0	28.8	47.0	18.2	14.2	20.6	6.4	26.2	33.0	6.8

[a]Change is the actual change in percentage points of the composition of the poor. Thus, -2.6 in the first entry indicates that among the poor in the United States, this group decreased by 2.6 points, from 70.7 to 68.1 percent between 1979 and 1986. A positive change indicates an increase in the percentage of each type among the poor by the given number of points.

[b]Poverty is defined as percent of households with heads aged 20-55 having incomes below 50 percent of median income for households aged 20-55.

[c]Couples include all families with more than one adult present.

Revised
August 7, 1991

in pre-tax and transfer or market income poverty, the role of tax and transfer programs is to mitigate these changes. The purpose of Table 7 is to capture these changes. Here we use

Table 7 Here

two basic income concepts: "pre" and "post" tax and transfer poverty. The "pre" figures include poverty measured on the basis of private market incomes: earnings, property income and private transfers such as alimony and child support. The net effect of the direct (income and payroll) tax and public transfer system then generates the "post" estimates which are identical to those found in Table 3. The "change" in poverty rates therefore captures the net effects of the tax and transfer system.[7]

The first place to look is the top panel (A), far right-hand side where the overall average impacts are charted. Poor economic conditions for households headed by middle age families, coupled with some growth in single parents results in higher average pre-tax and transfer poverty rates in the second period studied. Only in Sweden (with very low unemployment) and in the Netherlands (with strong economic growth) do we find a net decline in the pre-government poverty rates. In some countries, e.g., United Kingdom and Germany, growth in pre-government poverty was very large. The United States experienced a below average increase in pre-tax and transfer poverty. The second and third lines in panel A capture the net effect of the tax and transfer system on household poverty. Because, on average, the change post-tax and transfer poverty rates (1.5 percentage points) is less than the change in pre-tax and transfer rates (2.5 percentage points), the tax and transfer systems in most nations helped cushion the blow of economic and demographic change on national poverty rates

The net effects of the tax-transfers systems differ substantially across nations, however. The United States system apparently lost whatever positive effect it had on poverty over the 1979-86 period. The expansion of the Earned Income Tax Credit (EITC) was not enough to

offset the weakening of the rest of the United States safety net between 1979 and 1986 so that the post-tax and transfer poverty rate was largely the same as the pre-tax and transfer rates. Subsequent expansions in the EITC in 1988 and 1990, and the reduction in income taxes on the poor in the 1986 Tax Reform Act are not reflected in these figures, but might have improved the situation since 1986. In contrast, the Canadian system did a much better job in reducing poverty in both periods. The Canadian system became more effective as the 1980s moved on according to Hanratty and Blank (1990), and was the primary cause of poverty reduction over this period in Canada.

In Germany both the relatively low pre-tax and transfer poverty rates and the social protection system generate low post-government poverty rates. In the rest of the countries the large and sustained impact of European social protection systems can be easily seen. Even in Britain, where post-government poverty rates increased the most, the net impact of the tax and transfer system was very large. In short, without such systems the end results could have been much worse indeed.

Panels B and C separate out households with and without children. On average, the effect of taxes and transfer on households with children is larger than the effect on units without children. Unfortunately, the United States' systems effect is to produce a negative change in child poverty.[8] With the exception of the Netherlands, other systems of tax and transfer have a lesser effect on the childless than the childful.

In addition to the measured impacts of government tax and transfer systems on poverty, we must be mindful of the behavioral effects which they might have for prime age, jobless individuals. For instance, the generosity of the Netherlands disability and unemployment benefit system is well known (Wolfe, et al., 1984; Burkhauser, Halberstadt and Haveman, 1984). It

TABLE 7

TRANSFER SYSTEM EFFECTIVENESS AMONG NON-AGED POPULATION (20-55): PRE- AND POST-TAX AND TRANSFER POVERTY RATES*

															Averages	
	US79	US86	CN81	CN87	GE81	GE84	SW81	SW87	UK79	UK86	NL83	NL87	FR79	FR84	1st Wave	2nd Wave
PANEL A: All Households																
Pre	16.1	18.0	16.4	17.4	6.9	10.7	16.0	15.3	12.8	23.2	20.6	19.9	18.4	20.4	15.3	17.8
Post	15.6	18.1	13.4	13.9	5.5	6.8	6.6	8.6	8.5	12.5	7.9	7.6	9.9	9.9	9.6	11.1
Change	0.5	-0.1	3.0	3.5	1.4	3.9	9.4	6.7	4.3	10.7	12.7	12.3	8.5	10.5	5.7	6.7
PANEL B: Households with Children																
Pre	19.8	23.0	19.1	19.2	6.0	9.5	12.3	13.0	15.4	28.9	17.6	15.1	23.0	25.2	16.2	19.1
Post	20.2	23.8	16.2	15.7	6.0	7.9	6.5	5.1	10.6	16.8	6.5	7.3	10.7	10.4	11.0	12.4
Change	-0.4	-0.8	2.9	3.5	0.0	1.6	5.8	7.9	4.8	12.1	11.1	7.8	12.3	14.8	5.2	6.7
Couples with Children																
Pre	13.7	16.4	14.9	14.8	4.8	8.2	7.2	9.5	11.9	22.6	13.3	9.0	22.3	24.2	12.6	15.0
Post	14.5	17.9	12.4	12.2	5.6	7.1	6.0	5.0	8.2	16.6	6.6	7.2	10.3	10.0	9.1	10.9
Change	-0.8	-1.5	2.5	2.6	-0.8	1.1	1.2	4.5	3.7	6.0	6.7	1.8	12.0	14.2	3.5	4.1
Single with Children																
Pre	52.3	55.9	50.8	60.0	26.1	38.5	35.2	29.1	52.3	72.0	77.0	71.2	37.8	38.3	47.4	52.1
Post	50.6	53.3	45.0	48.4	12.3	25.5	8.9	5.5	35.1	18.0	5.5	7.5	17.9	15.8	25.0	24.9
Change	1.7	2.6	5.8	11.6	13.8	13.0	26.3	23.6	17.2	54.0	71.5	63.7	19.9	22.5	22.3	27.3
PANEL C: Households without Children																
Pre	11.6	12.5	13.1	15.7	8.0	11.6	18.7	16.8	8.2	15.7	24.6	24.4	11.1	13.7	13.6	15.8
Post	10.0	11.9	9.9	12.3	4.9	5.8	6.6	10.6	4.9	6.9	9.7	7.9	8.7	9.1	7.8	9.2
Change	1.6	0.6	3.2	3.4	3.1	5.8	12.1	6.2	3.3	8.8	14.9	16.5	2.4	4.6	5.8	6.5
Couples no Children																
Pre	7.0	7.6	7.4	9.0	3.5	8.1	5.8	4.2	3.5	9.8	15.7	8.4	10.1	11.9	7.6	8.4
Post	5.5	7.2	4.7	5.8	3.0	4.3	3.3	3.4	1.9	6.4	6.6	2.0	7.6	6.8	4.7	5.1
Change	1.5	0.4	2.7	3.2	0.5	3.8	2.5	0.8	1.6	3.4	9.1	6.4	2.5	5.1	2.9	3.3
Single no Children																
Pre	15.2	17.4	18.5	22.1	14.2	16.4	23.1	21.1	17.6	28.9	42.1	39.0	13.1	16.8	20.5	23.1
Post	13.6	16.6	14.8	18.5	7.4	7.9	7.8	13.1	10.7	8.2	15.6	13.3	10.8	12.8	11.5	12.9
Change	1.6	0.8	3.7	3.6	6.8	8.5	15.3	8.0	6.9	20.7	26.5	25.7	2.3	4.0	9.0	10.2

*Pre-tax and transfer poverty rates are formed by comparing the market incomes of households to the poverty line; post-tax and transfer poverty rates are computed by adding all government transfers and subtracting direct taxes from pre-tax and transfer income and comparing this income to the poverty line. The post-tax and transfer poverty rates are identical to those found in Table 3.

would be difficult to argue that the very large pre-tax and transfer poverty rates among childless households in the Netherlands are independent of this system.[9]

Age Effects. Tables capturing the effect of taxes and transfers by age are presented in the appendix (Tables A-3, A-4). The main results are summarized below where we calculate the average impact of taxes and transfers on poverty across our seven countries for the 20-29 and 30-55 year old groups:

	Heads Age 20-29			Heads Age 30-55		
	Period One	Period Two	Period Change	Period One	Period Two	Period Change
Pre	18.5	23.8	5.3	14.3	14.6	.3
Post	11.0	16.0	5.0	9.1	9.3	.2
Policy Change	7.5	7.8		5.2	5.3	

As with the overall results above, the average effect of the tax and transfer system in the average country improved over the period. In terms of percentage point change, effects were stronger for the young than for the older middle age group. However, the effects were not large enough to offset increases in pre-tax and transfer poverty. The major difference between age groups is that pre-government poverty increased by 5.3 points among the 20-29 group and by only .3 points among the 30-55 age group. Hence, the young were, on average, positively impacted by government policy, yet they still bore the brunt of economic adversity during the 1980s.

VI. Joblessness and Earnings Change

The primary driving force behind pre-tax and transfer poverty is earnings change. Slow economic growth, high unemployment, and single parenthood can each adversely effect the ability of households to earn enough to escape poverty. Gottschalk and Joyce (1991) and Green, Coder, and Ryscavage (1990) have used the LIS data to indicate that earnings inequality

increased in each of the countries studied over this period, a finding consistent with the patterns of poverty and economic change observed above. Here we attempt to capture the effect of two specific aspects of earnings change on poverty: (a) households without earnings and (b) households with either no earnings or with low earnings as measured by earnings as a percent of the poverty line.

Given our previous results, we expect to find increases in households without earnings among the pre-transfer poor this period. In fact, this is what we observe (Table 8, Panel B). In all countries but

Table 8 Here

Sweden, where unemployment was only 2.9 percent in 1987, the percentage of pre-transfer poor without earnings increased over this period. The increase was very large in the United Kingdom (though data differences may overstate this change). The differences across countries are also very large. With the exception of France, these zero earnings rates correlate fairly well with the unemployment rates in Table 2. The very high Dutch rates of zero earnings are no doubt affected in part by their social insurance transfer system rules. As expected, families with children are less likely to be jobless than are households without children. Swedish and French single mothers are more likely to have jobs than are those in other nations, perhaps reflecting their emphasis on child care provisions for working mothers.

Interestingly, in Panel B (Table 8) we find that there is no systematic "age" bias to joblessness. Younger pre-transfer poor households are more likely to have zero earnings in the European Community countries (West Germany, United Kingdom, Netherlands, and France) than are older households. In the United States, Canada, and Sweden younger households are, in general, slightly less likely to have zero earnings.

TABLE 8
PERCENT OF PRE-TAX AND TRANSFER POOR[a] WITH NO EARNINGS

Total Population Age 20-55

Panel A

Household Type	United States		Canada		Germany		Sweden		United Kingdom		Netherlands		France	
	1979	1986	1981	1987	1981	1984	1981	1987	1979	1986	1983	1987	1979	1984
Total	28.5	30.0	25.6	27.1	49.3	49.6	23.1	18.7	34.3	67.5	84.2	87.8	9.8	16.9
All with children	25.0	26.3	20.3	25.5	20.1	38.6	12.8	8.0	24.9	61.4	77.9	78.3	5.0	9.4
Couples w/children	11.0	10.4	7.4	13.7	6.7	28.9	5.1	3.9	na	51.4	71.5	66.2	3.8	6.8
Single w/children	44.6	49.7	49.3	52.4	61.1	84.2	20.0	14.1	na	83.0	93.2	92.3	18.3	31.0
All no children	35.5	37.3	35.0	29.0	75.4	57.3	28.0	23.7	64.8	82.4	90.2	93.3	25.8	35.8
Couple no children	20.9	25.8	18.1	18.4	62.7	42.8	17.7	7.4	37.1	69.0	81.0	72.6	17.6	21.0
Single no children	40.7	42.2	41.3	33.1	79.8	66.8	28.9	24.8	75.9	92.6	96.8	97.3	38.2	53.6

Population 20-29

Panel B

Household Type	United States		Canada		Germany		Sweden		United Kingdom		Netherlands		France	
	1979	1986	1981	1987	1981	1984	1981	1987	1979	1986	1983	1987	1979	1984
Total	26.1	27.6	26.8	22.0	68.3	62.8	15.1	10.1	47.6	79.9	93.3	96.5	1.3	20.5
All with children	30.5	30.2	30.1	31.4	45.1	53.0	9.5	6.7	34.9	74.9	94.7	92.5	1.4	13.9
All no children	19.1	23.2	23.5	15.8	71.9	65.4	16.2	11.0	80.5	91.2	92.8	97.6	1.3	30.9
Couple no children	7.2	8.8	7.7	6.3	62.3	63.7	1.8	0.0	50.0	81.3	79.9	81.1	0.0	14.9
Single no children	21.4	26.3	27.1	18.2	na	65.9	17.0	11.3	82.1	96.6	95.8	99.3	2.4	38.6

Notes [a]Pre-transfer poverty is defined as in Table 7.

While high unemployment can increase zero earnings among pre-transfer poor households, it may also have some effect on overall levels of earnings--including earnings of those who are forced to accept part-time work or lower paying jobs. In fact, average earnings as a percent of median income fell among the pre-transfer poor in every nation studied over the periods we observe (Table 9). The levels and trends

Table 9 Here

differed substantially across countries and types of households, but the effects were quite consistent. On average earnings fell from 18.7 to 15.0 percent of adjusted median income or from 37.4 to 31.0 percent of the half median poverty line, thus putting added pressure on the transfer systems in all nations. With the exception of the United Kingdom, France, and the Netherlands, levels of average adjusted earnings were fairy consistent across the nations studies. Again Swedish and French single parents had higher average earnings than did other single parents, while the childful were generally more likely to have higher earnings than the childless.

VII. Dependence

The final piece of this overview deals with the changing dependence of households on public transfer programs. While longitudinal data is better suited to studying this phenomena than is cross-sectional data (e.g., see Duncan et. al., 1991), we can get some handle on dependence by asking how many households within this age group received more than half of their gross incomes from public transfers.[10] A further question deals with the issue of dependence among various groups. It is not intuitively obvious whether one wants to examine dependence of the pre- or post-government poor or of the whole population. Differences in these estimates will reflect not only dependence but also the generosity of the nations' transfer systems. The percentage of post-tax and transfer poor dependent on transfers may be very high if the

transfer system is not very generous; it may be high for the pre-tax and transfer poor but low for the post-government poor if the system is so generous that it removes large numbers of otherwise poor from the poverty polls. And so we have decided to look at trends in dependence for two groups: all households and the pre-tax and transfer poor (Table 10).

Table 10 Here

In every country studied, with the exception of Sweden, dependence on transfers among the entire population increased from the first to the second period. Among families with children, it increased everywhere but among the Dutch where there was no overall change.[11] Among the pre-transfer poor (Panel B), dependence increased among all major groups except for Sweden, and among the childless in Canada and Germany. Low unemployment rates in Sweden helped reduce their otherwise high dependency rate while the Dutch dependency rate stayed high regardless of their improved unemployment situations between 1983 and 1987. In the United Kingdom dependence increased by a very large extent over this period. Though we cannot yet separately identify them, this finding is consistent with the Duncan, et al., (1991) findings of low rates of turnover among British single parents receiving welfare benefits.

VIII. Summary and Conclusions

This paper has presented the first LIS evidence on levels and trends in poverty among middle age households in the 1980s. We find that poverty rates among middle age households increased in almost all nations studied during the 1980s. The United States had the highest poverty rates overall and among households with children. The largest increases in overall and childful household poverty over the periods were found in the United Kingdom.

Economics conditions, particularly high unemployment, produced higher pre-government poverty in almost every nation studied. Public tax and transfer programs offset much but not all

TABLE 9
AVERAGE ADJUSTED EARNINGS OF PRE TAX AND TRANSFER POOR[a]
AS A RESULT OF MEDIAN ADJUSTED HOUSEHOLD INCOME

Household Type	United States		Canada		Germany		Sweden		United Kingdom		Netherlands		France	
	1979	1986	1981	1987	1981	1984	1981	1987	1979	1986	1983	1987	1979	1984
Total	18.6	17.1	19.7	19.3	17.7	14.7	20.9	20.2	20.9	8.7	4.7	3.3	28.4	25.4
All with children	19.5	18.7	21.4	19.8	28.0	18.5	25.1	25.6	24.1	11.0	6.6	5.6	30.7	28.7
Couples w/children	25.8	23.9	27.0	24.4	34.0	21.8	30.4	32.1	na	14.2	8.6	8.8	31.6	30.2
Single w/children	10.8	11.0	8.8	9.4	9.6	3.0	20.3	16.1	na	4.0	1.8	1.9	20.7	16.7
All no children	21.9	14.0	16.8	18.6	8.5	12.1	18.9	17.6	10.5	3.2	2.9	2.0	20.9	16.9
Couple no children	14.8	18.4	21.8	21.3	11.4	16.5	21.1	12.4	19.9	6.6	5.3	8.8	20.9	21.5
Single no children	14.8	12.1	14.9	17.5	7.5	9.1	18.7	18.0	6.8	0.5	1.1	0.7	18.7	11.7

(a) Earnings adjusted using the JCPS Equivalence Scale, pre tax and transfer poverty as defined in Table 7.

TABLE 10

DEPENDENCY RATIOS PERCENT OF NON-AGED POPULATION (20-55) WITH TRANSFERS/GROSS INCOME > 50 PERCENT[a]

Household Type	US79	US86	CN81	CN87	GE81	GE84	SW81	SW87	UK79	UK86	NL83	NL87	FR79	FR84	Average		
															Period One	Period Two	Change
Panel A: Total Population																	
Total Population	6.1	7.5	6.1	7.3	4.5	8.1	13.5	11.4	8.7	19.1	16.7	16.9	4.6	6.7	8.6	11.0	2.4
Total with Children	7.8	10.0	6.6	8.2	2.7	5.6	9.7	11.3	9.5	23.2	14.4[c]	14.4[c]	5.0	7.2	8.0	11.5	3.5
Couples with Children	3.1	4.4	3.2	4.9	1.3	4.1	5.1	6.7	na	15.6	9.5	8.3	4.3	5.8	3.8	7.1	3.2
Single with Children	33.0	37.6	32.8	38.8	24.5	39.7	30.4	32.6	na	74.9	81.7	70.9	18.3	25.4	31.5	45.7	14.2
Total no Children	4.1	4.9	5.5	6.4	6.6	10.2	16.2	11.5	7.3	10.8	19.9	19.3	4.1	5.9	9.1	10.3	1.2
Couples no Children	2.5	2.9	2.8	3.6	2.9	5.2	5.2	5.0	na	5.5	15.1	9.7	4.1	5.7	4.7	5.7	1.0
Single no Children	5.4	6.8	8.0	9.0	11.7	16.9	20.0	13.7	na	22.9	29.2	28.0	4.0	6.3	11.2	15.4	4.2
Panel B: Pre-Tax and Transfer Poor[b]																	
Total Population	35.4	39.7	37.0	41.3	60.5	66.7	72.7	60.7	56.4	76.2	72.4	78.4	24.7	30.8	51.3	56.3	5.0
Total with Children	37.3	42.0	34.4	42.6	40.2	55.8	64.6	71.7	51.0	75.6	75.8	88.6	21.5	27.8	46.4	57.8	11.4
Couples with Children	21.2	26.3	20.8	32.9	25.4	48.1	50.6	57.8	na	66.1	66.1	84.5	19.1	23.4	29.0	48.4	19.4
Single with Children	59.9	65.1	64.6	64.6	85.3	91.7	77.5	92.3	na	90.6	99.1	93.4	48.1	63.7	62.0	80.1	18.1
Total no Children	31.3	35.2	41.7	39.9	78.8	74.2	76.5	55.5	73.8	77.5	69.1	72.5	35.6	38.4	58.1	56.1	-2.0
Couples no Children	33.6	36.7	38.2	38.2	75.7	62.3	70.8	65.6	68.6	67.5	73.0	90.9	39.0	41.3	57.0	57.5	0.5
Single no Children	30.5	34.6	43.0	40.5	79.8	82.1	77.0	54.8	75.9	85.3	66.4	68.9	30.6	35.0	57.6	57.3	-0.3

[a]Transfers equal the sum of all types of government transfers: child allowances, social insurance and means tested welfare benefits.
[b]Poverty is defined as having pre-tax and transfer incomes below 50 percent of adjusted median income.
[c]Because the numbers of individuals in each subgroup change over time, the weighted averages for combined groups will differ. For instance, in the Netherlands, 14.4 percent of households with children are defined as dependent in both periods even though the components in period 2--couples and single parent households--both experienced a decline in their dependency rates. Similar reweighing can affect these and other numbers in the table.

of this change. There were also differential impacts of these changes by age; younger (20-29) households suffered more than did older (30-55) ones. Families with children were differentially poorly treated in only a few nations, with the United States being the worst. Poverty rates among households with children in the United States were nearly twice as high as the overall average, while anti-poverty policy was least effective in the United States compared to Canada, Sweden, or to any of the European Community countries.

Endnotes

1. The reader should be warned that this problem does not exist with respect to unmarried individuals living together as married in the LIS dataset. These units are classified as couples in the United Kingdom, Sweden and Netherlands where the practice is most common.

2. For this reason we sometimes refer to pre-tax and transfer income as pre-government income in the text. However, because government tax and transfer programs can and do affect market incomes via behavioral response, one must be careful to interpret this term correctly.

3. There is also a very small number of units age 18 or 19 in our dataset. These are included with the 55 and over. However, the number of 18 and 19 year olds heading their own households are too small to affect the results or interpretation presented here.

4. Note however, that the period to period comparisons of real income and other trend variables are most difficult in England and Germany because of possible data inconsistencies. In Germany two different surveys were used in each period while in England the survey was the same, but there were large differences in the methodology used to calculate annual income in the United Kingdom in the latter vs. the former period. Also, German and British data were collected on a sub-annual basis. Hence, the month or quarter for which income is collected need be compared to the price index in that month or quarter. We have the former information, but not the latter.

5. Changes in the coding of the British Family Expenditure Survey dataset and in procedures for measuring income components which are important for single parents (i.e., housing allowances) preclude a trend comparison within this group at this time. LIS is preparing a 1979 dataset which is as close to 1986 as is possible, but the database is not yet ready. However, recent analysis by Atkinson (1990) using the Family Expenditure Survey indicate that child poverty in the United Kingdom almost doubled over the 1979-1987 period. While Atkinson measures child poverty (not poverty among households with children) relative to half the average (mean not median) income, and while he measures poverty both before and after housing costs, his trend results over the 1979-1987 period are even more pronounced than are ours.

6. Dooley (1988), Blank and Hanratty (1990) and Smeeding (1990) reach the same conclusions comparing the United States and Canada.

7. Because of the growing integration of the tax and transfer systems in most western nations, it is not possible to separately estimate the "tax" or "transfers" portions. Similarly the distinction among universal (e.g., child allowances), social insurance (unemployment, disability), and welfare (means-tested) benefits is blurred by government efforts at integrating these elements of anti-poverty policy. Finally, many LIS datasets do not allow us to separate the impacts of one type of system from another. For instance, the LIS Swedish dataset lumps together some social insurance and some means-tested benefits in the same category of income. Other datasets combine unemployment benefits with other types of social insurance (e.g., short-term disability) making separation of

programs most difficult. Hence, the total effect of the tax and transfer system is therefore the only reasonable way to summarize it in most nations.

8. Simulations performed by the Congressional Budget Office reprinted in the Green Book (1991, Table 8, p. 1166) indicate that on a percent of persons poor basis, using official United States poverty thresholds and equivalence scales, making some adjustment for underreporting of market income, and including housing benefits, the United States tax and transfer system reduced pre-tax and transfer poverty among families with related children by 6.0 percent points in 1979 and by only 3.7 points in 1986. The post-tax and transfer poverty rates calculated by CBO and presented in the Green Book are 10.5 and 15.8 percent in 1979 and 1986, respectively. Several factors can account for the differences between these and our estimates. In particular, the different level of the poverty line and implicit equivalence scales explain a large part of the story.

At the 40 percent poverty line, the United States figures for post-tax and transfer poverty rates for households with children in Table 4 are 13.5 and 17.5 percent in 1979 and 1986. Hence, on a persons basis the CBO estimated rates increased by 5.3 points (15.8 minus 10.5). Our household based estimates for 20-55 year olds with children increased by 4.0 points (17.5 minus 13.5) over this period.

In a recent paper (Smeeding, 1991, Table 3) which used the same LIS dataset and definitions as those used here, we found that taxes and transfers had the following effect on the extent of poverty among children in the United States:

50 Percent Line		
	1979	**1986**
Pre	23.0	26.8
Post	22.5	27.3
Change	.5	-.5
40 Percent Line		
Pre	19.0	22.3
Post	14.7	20.4
Change	4.3	1.9

These results are reasonably consistent with the CBO results from the Green Book and the results in Table 7 of this paper.

9. See also Duncan, et al., 1991 on this topic. The Dutch disability system has a replacement rate of 71 percent of average wages.

10. It would be preferable to separate dependence on means or income tested benefits from dependence on other transfers. However, such a differentiation cannot be accomplished in enough countries to warrant further study. Similarly a comparison of transfers to disposable after-tax income would be preferable to a comparison to gross income. However, the taxability of transfers makes such a comparison very difficult.

11. See also footnote C in Table 10 to explain subgroups vs. overall changes in dependence rates over time.

References

Atkinson, A. 1990. "The Department of Social Security Report on Households Below Average Income 1981-87," Welfare State Programme Research Note No. 22, London School of Economics, December.

Blundell R. and I. Walker. 1988. "The Changing Structure of the Labor Force: Married Women and Lone Parents," presented to the Symposium on Population Change and European Society, Florence, Italy, December 8.

Buhmann, B., et al. 1988. "Equivalence Scale, Well-Being, Inequality, and Poverty: Sensitivity Estimates Across Ten Countries Using the Luxembourg Income Study (LIS) Database," Review of Income and Wealth.

Burkhauser, R., V. Halberstadt and R. Haveman. 1984. Public Policy Toward Disabled Workers: A Cross-National Analysis of Economic Imports, (Ithaca: Cornell University Press).

Dooley, M. 1989. "Demography of Child Poverty in Canada: 1973-1986," presented to the Population Association of America, Baltimore, MD, March 28.

Duncan, G., et al. 1991. "Poverty and Social Assistance Dynamics in the U.S., Canada, and Europe," (University of Michigan) mimeo, May 20.

Duskin, B. 1990. Lone Parents and Their Children, (Paris: Office of Economic Cooperation and Development).

Ellwood, D. 1988. Poor Support (New York: Basic Books).

Ermisch, J. 1987. "Demographic Aspects of the Growing Number of Lone Parent Families," presented to the OECD Conference on Lone Parents: The Economic Challenge of Changing Family Structures, (Paris: OECD) December 8.

Gottschalk, P. and M. Joyce. 1991. "Changes in Earnings Inequality--An International Perspective," LIS--CEDS Working Paper No. 66, June.

Green, G., J. Coder and P. Ryscavage. 1990. "International Comparisons of Earnings Inequality for Men in the 1980s," LIS/CEPS Working Paper No. 58, October.

Hanratty, M and R. B. Blank. 1990. "Down and Out in North America: Recent Trends in Parenting Rates in the U.S. and Canada," (Evanston: Northwestern University) mimeo, September.

O'Higgins, M. 1987. "Lone Parent Families in OECD Countries: Numbers and Socio-Economic Characteristics," presented to the OECD Conference on Lone Parents: The Economic Challenge of Changing Family Structures, (Paris: OECD) December 8.

Rainwater, L. 1990. "Changing Inequality Structure in Europe: The Challenge to Social Science," LIS-CEPS Working Paper No. 46, March.

Smeeding, T. 1990. "Poverty in the United States and Other Nations: Toward a Fund for American Children and their Families," FORUM for Applied Research and Public Policy, Vol. 5, No. 2:65-70, Summer.

_____. 1991. "Briefing: Cross-National Perspectives on Trends in Child Poverty and the Effectiveness of Government Policies in Preventing Child Poverty in the 1980s: First Evidence from LIS," presented to the George Washington University Forum, Washington, DC, February 25.

Smeeding, T., B. B. Torrey and M. Rein. 1988. "The Economic Status of the Young and Old in Eight Countries," in Palmer, Torrey, and Smeeding, eds., The Vulnerable (Washington: Urban Institute Press, October).

Smeeding, T. and B. B. Torrey. "Poor Children in Rich Countries," Science, Vol. 242,:873-877, November 11 (copy attached).

Wolfe, B., et al. 1984. "Income Transfers and Work Effort: The Netherlands and the United States in the 1970s," Kyklos, Vol. 37, No. 4:609-632.

Appendix

Tables A-1 thru A-3 explain the LIS dataset, the demographics of LIS households headed by persons age 20-55, and the actual number of survey records on which these analyses rest. Table A-1 covers the datasets and units definitions used in this paper. Table A-2 presents the demographic sub-composition of households according to the breakdowns used in this paper. It contains an extra row on single parent households as a function of other households with children.

Table A-3 presents the raw unit count of the data used in LIS. Note that the unit count of households in the U.S. and Canada are smaller than the actual number of units on the survey because LIS was forced to reduce the U.S. and Canadian samples to increase computing efficiency and speed. Using a sample size of 65 as a cutoff point, the reader can see why we were unable to separate single parent households among the 20-29 year old units and why single parents are also not identified among the 30-55 year olds in Germany.

Appendix Tables A-4 and A-5 present further age-specific analyses of the anti-poverty effects of taxes and transfers.

TABLE A-1

AN OVERVIEW OF LIS DATASETS AND UNITS DEFINITIONS

Country	Dataset Name, Income Year (and Size)[a]	Population Coverage[b]	Basis of Household Sampling Frame[c]	Unit of Analysis[d]
Canada	*Survey of Consumer Finances*, 1981 and 1987 (37,900)	97.5[e]	Decennial Census	Economic Family[j]
United States	*Current Population Survey*, 1979 and 1986 (65,000)	97.5[e]	Decennial Census	Household[k]
Sweden	*Swedish Income Distribution Survey*, 1981 and 1987 (9,600)	98.0[e]	Income Register	Administrative Unit[l]
Germany	*Transfer Survey*, 1981[f] (2,800)	93.5[g]	Electoral Register and Census	Household[k]
Germany	*German Panel Survey*, 1984 (4,900)	96.8[e]	Electoral Register and Census	Household[k]
Netherlands	*Survey of Income and Program Users*, 1983 and 1987 (4,850)	99.2	Address Register of the Postal and Telephone Companies	Household[k]
France	*Survey of Individual Income Tax Returns*, 1979 and 1986 (11,000)	97.0[h]	National Tax Register and Household Survey	Household[k]
United Kingdom	*Family Expenditure Survey*,[f] 1979 and 1986 (6,800)	96.5[i]	Electoral Register	Household[k]

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

[b]As a percent of total national population.

[c]Sampling Frame indicates the overall base from which the relevant household population sample was drawn. Actual sample may be drawn on a stratified probability basis, e.g., by area or age.

[d]Unit definition used in this paper. All unit definitions are the same in both periods.

[e]Excludes institutionalized and homeless populations. Also some far northern rural residents (Inuits, Eskimos, Laps, etc.), may be undersampled in Sweden.

[f]The United Kingdom and Germany surveys collect subannual income data which is normalized to annual income levels.

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

[h]Excludes the homeless, institutionalized, and those living in mobile homes.

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

[j]The economic family in Canada includes all related members which share resources. Unrelated persons living in the same unit are considered as separate units even though they share the same household.

[k]All persons living together and sharing the same living arrangements (housing unit).

[l]Persons age 18 or over plus related children, if there are any, are regards as one unit. Older children living with their parents are therefore treated as separate units and not as cohabitating members of a single household.

TABLE A-2

JCPS Demographic Table

Weighted Population Percentages

	US79	US86	CN81	CN87	GE81	GE84	SW81	SW87	UK79	UK86	NL83	NL87	FR79	FR84
Total Households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Households with Head Age 20-55	65.9%	66.1%	68.3%	69.8%	58.4%	59.2%	57.1%	58.1%	58.7%	59.7%	65.5%	67.0%	61.3%	62.3%
Other Households	34.1%	33.9%	31.7%	30.2%	41.6%	40.8%	42.9%	41.9%	41.3%	40.3%	34.5%	33.0%	38.7%	37.7%
Households with Head Age 20-55	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
With Children	54.6%	51.9%	55.3%	48.8%	54.4%	45.8%	41.6%	35.7%	63.3%	57.0%	57.3%	48.5%	61.5%	58.1%
Married	45.9%	43.3%	48.9%	44.0%	51.3%	43.8%	34.1%	28.8%	57.8%	49.7%	53.4%	43.7%	58.5%	53.9%
Single	8.7%	8.6%	6.4%	4.8%	3.1%	2.0%	7.6%	6.9%	5.5%	7.3%	3.8%	4.8%	3.1%	4.2%
Without Children	45.4%	48.1%	44.7%	51.2%	45.6%	54.2%	58.3%	64.3%	36.7%	43.0%	42.7%	51.5%	38.5%	41.9%
Married	19.8%	23.8%	21.7%	25.1%	26.6%	31.0%	15.0%	17.2%	24.5%	29.9%	28.2%	24.6%	25.4%	26.0%
Single	25.6%	24.2%	23.0%	26.1%	19.0%	23.3%	43.3%	47.1%	12.2%	13.2%	14.5%	26.9%	13.0%	15.9%
(Single Parents as a Percent of all Households with Children)	(15.9)	(16.6)	(11.6)	(9.8)	(5.7)	(4.4)	(18.3)	(19.3)	(8.7)	(12.8)	(6.6)	(9.9)	(5.0)	(7.2)
Persons in Families (20-55)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Head Age (20-29)	31.1%	25.4%	30.8%	26.4%	20.3%	20.1%	32.3%	33.0%	24.8%	23.1%	24.5%	27.0%	20.2%	20.4%
With Children	12.7%	9.9%	10.3%	7.2%	6.5%	4.5%	5.5%	4.2%	12.9%	9.8%	6.2%	5.4%	10.1%	8.9%
Without Children	18.4%	15.5%	19.3%	19.2%	13.8%	15.6%	26.8%	28.8%	11.9%	13.3%	18.3%	21.6%	10.1%	11.5%
Married	5.7%	5.7%	7.2%	6.6%	6.2%	5.5%	4.4%	4.5%	6.9%	8.1%	10.6%	8.3%	5.4%	5.1%
Single	12.7%	9.8%	12.2%	12.6%	7.6%	10.1%	22.4%	24.2%	5.0%	5.2%	7.7%	13.4%	4.7%	6.4%
Head Age (30-55)	68.9%	74.6%	70.4%	73.6%	79.7%	79.9%	67.7%	67.1%	75.2%	76.9%	75.5%	73.0%	79.8%	79.6%
With Children	41.9%	42.0%	45.0%	41.6%	47.9%	41.3%	36.1%	31.5%	50.4%	47.2%	51.0%	43.1%	51.4%	49.2%
Married	36.4%	36.0%	40.3%	38.0%	45.4%	39.7%	29.9%	26.0%	46.3%	42.3%	48.2%	39.5%	49.0%	45.6%
Single	5.5%	6.0%	4.7%	3.5%	2.5%	1.6%	6.2%	5.5%	4.1%	4.9%	2.8%	3.6%	2.4%	3.6%
Without Children	27.0%	32.6%	25.4%	32.0%	31.8%	38.6%	31.6%	35.6%	24.8%	29.7%	24.5%	29.9%	28.4%	30.4%
Married	14.1%	18.1%	14.5%	18.4%	20.4%	25.5%	10.6%	12.7%	17.6%	21.8%	17.6%	16.3%	20.0%	20.9%
Single	12.9%	14.5%	10.8%	13.6%	11.4%	13.1%	21.0%	22.9%	7.2%	8.0%	6.9%	13.6%	8.4%	9.6%

TABLE A-3
UNWEIGHTED HOUSEHOLD COUNT

Total Non-Aged Households Head Age (20-55)

	US79	US86	CN81	CN87	GE81	GE84	SW81	SW87	UK79	UK86	NL83	NL87	FR79	FR84
All Households	10045	8038	10103	7822	1775	3597	6698	6532	4042	4285	3276	2929	7113	8401
Married with Children	4716	3563	5372	3842	1050	1899	3611	2705	2336	2130	1754	1450	4264	4746
Single with Children	877	704	594	496	67	105	706	288	222	311	132	102	181	291
Married no Children	1993	1876	2094	1802	458	1005	1230	1542	990	1280	897	723	1818	2145
Single no Children	2459	1895	2043	1682	200	588	1151	1997	494	564	493	654	850	1219

Households Head Age 20-29

	US79	US86	CN81	CN87	GE81	GE84	SW81	SW87	UK79	UK86	NL83	NL87	FR79	FR84
Total Head, 20-29	3178	2031	3038	1975	307	658	1019	1632	1003	988	811	762	1192	1352
Married with Children	1011	596	1012	587	127	210	371	237	464	316	181	164	574	547
Single with Children	312	207	186	131	12	22	128	56	56	102	31	19	40	42
Married no Children	602	459	684	444	103	200	183	365	280	347	348	259	290	314
Single no Children	1253	769	1156	813	65	226	337	974	203	223	251	320	288	449

Households Head Age 30-55

	US79	US86	CN81	CN87	GE81	GE84	SW81	SW87	UK79	UK86	NL83	NL87	FR79	FR84
Total Head, 30-55	6867	6007	7065	5847	1468	2939	5679	4900	3039	3297	2465	2167	5921	7049
Married with Children	3705	2967	4360	3255	923	1689	3240	2468	1872	1814	1573	1286	3690	4199
Single with Children	565	497	408	365	55	83	578	232	166	209	101	83	141	249
Married no Children	1391	1417	1410	1358	355	805	1047	1177	710	933	549	464	1528	1831
Single no Children	1206	1126	887	869	135	362	814	1023	291	341	242	334	562	770

TABLE A-4
Transfer System Effectiveness
Total Non-Aged Population (20-29)
Pre and Post TT Poverty Rates

Category	US79	US86	CN81	CN87	GE81	GE84	SW81	SW87	UK79	UK86	NL83	NL87	FR79	FR84
Total														
Pre	17.8	24.4	17.7	23.9	12.1	18.5	21.3	20.6	14.7	29.8	27.6	31.3	14.1	18.3
Post	17.4	25.2	14.8	19.7	8.6	13.4	7.0	14.0	9.8	15.0	11.4	15.3	8.0	9.1
Change	0.4	-0.8	2.9	4.2	3.5	5.1	14.3	6.6	4.9	14.8	16.2	16.0	6.1	9.2
Total with Children														
Pre	26.8	39.2	25.8	34.9	5.1	17.6	19.7	27.8	20.4	48.6	29.0	35.4	19.3	26.1
Post	27.2	39.5	22.8	29.5	6.8	18.8	6.3	5.3	14.2	23.2	4.3	13.1	8.2	9.1
Change	-0.4	-0.3	3.0	5.4	-1.7	-1.2	13.4	22.5	6.2	25.4	24.7	22.3	11.1	17.0
Total no Children														
Pre	11.6	14.9	13.3	19.8	15.3	18.7	21.7	19.3	8.5	16.0	27.2	30.3	8.8	12.2
Post	10.7	16.0	10.5	16.0	9.4	11.8	7.2	15.5	5.0	8.9	13.8	15.8	7.8	9.1
Change	0.9	-1.1	2.8	3.8	5.9	6.9	14.5	3.8	3.5	7.1	13.4	14.5	1.0	3.1
Couples no Children														
Pre	6.1	7.2	6.7	11.5	5.6	13.3	7.0	3.5	0.7	9.2	8.9	7.1	7.9	10.0
Post	4.1	8.5	4.6	7.4	4.3	7.3	1.5	3.3	0.4	8.1	3.3	2.7	6.7	5.6
Change	2.0	-1.3	2.1	4.1	1.3	6.0	5.5	0.2	0.3	1.1	5.6	4.4	1.2	4.4
Single no Children														
Pre	14.0	19.4	17.3	24.1	na	21.7	24.5	22.0	19.2	26.5	52.2	44.6	10.0	14.0
Post	13.7	20.3	14.1	20.5	na	14.3	8.3	17.5	11.3	10.3	28.3	23.9	9.2	11.9
Change	0.3	-0.9	3.1	3.6	na	7.4	16.2	4.5	7.9	16.2	23.9	20.7	0.8	2.1

Notes: (a) Couples include all families with more than one adult present.

TABLE A-5

Transfer System Effectiveness
Total Non-Aged Population (30-55)
Pre and Post TT Poverty Rates

Category	US79	US86	CN81	CN87	GE81	GE84	SW81	SW87	UK79	UK86	NL83	NL87	FR79	FR84
Total														
Pre	15.3	15.8	15.9	15.0	5.6	8.7	13.5	12.8	12.1	21.2	18.3	15.7	19.5	21.0
Post	14.8	15.7	12.8	11.9	4.7	5.1	6.4	5.9	8.0	11.8	6.7	4.8	10.4	10.1
Change	0.5	0.1	3.1	3.1	0.9	3.6	7.1	6.9	4.1	9.4	11.6	10.9	9.1	10.1
Total with Children														
Pre	17.7	19.2	17.6	16.5	6.1	8.7	11.2	10.8	14.1	24.8	16.2	12.6	23.8	25.1
Post	18.1	20.0	14.7	13.3	5.9	6.7	6.5	5.1	9.6	15.4	6.8	6.5	11.2	10.7
Change	-0.4	-0.8	2.9	3.2	0.2	2.0	4.7	5.7	4.5	9.4	9.4	6.1	12.6	14.4
Couples with Children														
Pre	13.3	14.7	14.7	13.1	4.9	7.7	6.9	8.6	na	20.6	13.1	7.8	23.0	24.3
Post	14.0	16.0	12.0	10.7	5.7	6.2	6.3	5.1	na	15.2	7.0	6.4	10.8	10.5
Change	-0.7	-1.3	2.7	2.4	-0.8	1.5	0.3	3.5	na	5.4	6.1	1.4	12.2	13.8
Single with Children														
Pre	46.8	46.0	42.6	52.7	na	na	31.5	22.3	na	61.7	69.4	64.5	39.9	35.4
Post	45.4	44.2	37.7	41.8	na	na	7.5	5.0	na	17.2	3.9	8.5	18.8	13.5
Change	1.4	1.8	4.9	10.9	na	na	24.0	17.3	na	44.5	65.5	56.0	21.1	21.9
Total no Children														
Pre	11.6	11.4	13.0	13.2	4.8	8.8	16.2	14.7	8.1	15.5	22.8	20.2	11.9	14.3
Post	9.6	10.0	9.4	10.0	2.9	3.4	6.2	6.8	4.8	6.0	6.6	2.2	9.0	9.1
Change	2.0	1.4	3.6	3.2	1.9	5.4	10.0	7.9	3.3	9.5	16.2	18.0	2.9	5.2
Couples no Children														
Pre	7.3	7.7	7.7	8.1	2.8	7.0	5.3	4.4	4.6	10.1	19.7	9.0	10.7	12.3
Post	6.0	6.8	4.8	5.2	2.6	3.7	4.0	3.4	2.5	5.8	8.6	1.7	7.9	7.2
Change	1.3	0.9	2.9	2.9	0.2	3.3	1.3	1.0	2.1	4.3	11.1	7.3	2.8	5.1
Single no Children														
Pre	16.3	16.1	20.0	20.1	8.2	12.3	21.7	20.2	16.5	30.5	30.7	33.6	14.8	18.7
Post	13.5	14.1	15.6	16.5	3.3	2.9	7.3	8.5	10.3	6.7	1.3	2.8	11.7	13.4
Change	2.8	2.0	4.4	3.6	4.9	9.4	14.4	11.7	6.2	23.8	29.4	30.8	3.1	5.3

Notes: (a) Couples include all families with more than one adult present.