Doing Better for Single-Parent Families

Redistribution and Work-Family Policy across 45 Countries

** Draft for LIS/LWS User's Conference**

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Abstract

Inequality and poverty are on the rise in many countries. Single-parent families, and other households at the bottom of the income distribution, are often left behind. Not only are single parents likely to be poor, but with increased competition with dual earners – there is risk of greater inequality between single-parent and coupled-parent families. This study examined both redistribution and family policy and how they differently affect the poverty rates of single-parent and coupled-parent families across countries. For the most part, previous cross-national studies have focused on OECD countries. However, this study includes 45 diverse countries– which brings new and important insights to the research on policies that reduce poverty for families. It examined 373,032 households with children in 45 countries, using household-level data from the Luxembourg Income Study database and country-level policy indicators from The WORLD Policy Analysis Center. The findings are descriptive and show that the United States has the highest percentage of single-parent families in poverty of all countries, even among many middle-income countries; including South Africa, China, Panama, and Brazil. Approximately 1 in 3 single-parent families experience poverty; and 1 in 4 experience deep poverty in the US and South Africa. Redistribution through taxes and transfers is very effective in reducing poverty for both single- and coupled-parent families for all countries. Most countries redistribute income to cut their poverty rates by half or more. Even countries that are traditionally known for less redistribution in general, for instance South Korea, still redistribute income to single-parent families. Not only is redistribution effective, family transfers are particularly important for single-parent families. Ireland and the UK have high amounts of family transfers. Some countries have lower poverty rates to begin with, but still effectively use family transfers to reduce poverty by more than half. The poverty and policy associations show that higher amount of parental leave is associated with lower poverty rates for single- and coupled-parent households. In addition, higher amounts of working time regulations are associated with lower likelihood of poverty, but perhaps less so than leave for parents to care for their children.

Background

Many scholars have found that redistributive policies have been a very effective strategy in reducing poverty for single-parent families across countries (McLanahan, Casper, & Sørensen, 1995; Cornia & Danziger, 1997; Bradbury & Jäntti, 1999; Gornick & Meyers, 2003; Rainwater & Smeeding, 2004; Heuveline & Weinshenker, 2008; Gornick & Jäntti, 2009; Gornick & Jäntti, 2012; Brady & Burroway, 2012; Maldonado & Nieuwenhuis, 2015). However, up to this point, the research has been focused on redistributive policies that directly affect income. Anthony Atkinson (2015) brought this issue to the forefront in his recent book, which argues that cross-

national variation in poverty is not only based on the effectiveness of redistribution but also on market inequalities. Therefore, this study examined not only redistribution but also work-family policies that perhaps render the work place more equal for families with children. It aims to answer:

1. To what extent does relative poverty (near-poor, poor, very-poor thresholds) of single-parent households vary across 45 countries over time?
2. To what extent does the relative poverty of single-and coupled-parent households vary across 45 countries over time?
3. What is the precise impact of redistribution and family transfers on reducing poverty of single-parent and coupled-parent households?
4. What is the association between work-family policies and reducing poverty of single-parent and coupled-parent households?

Data and methods

The study used the micro data from Luxembourg Income Study (LIS) database. The LIS Database provides income data from a large number of countries which are harmonized into a common template for cross-national research. These data include socio-economic background characteristics, which allows for the identification of single- and coupled-parent households. The person-level data was merged with the household-level data. The unit of analysis is the household, as poverty is typically considered a household concept. Along with the household-level data from LIS, I used country-level data from The WORLD Policy Analysis Center. The WORLD Policy Analysis Center has globally comparative data available on laws and policies.

The analysis included 45 countries (Austria, Australia, Belgium, Brazil, Canada, Switzerland, China, Colombia, Czech Republic, Germany, Denmark, Dominican Republic, Estonia, Egypt, Spain, Finland, France, Georgia, Greece, Guatemala, Hungary, Ireland, Israel, India, Israel, Italy, Japan, South Korea, Luxembourg, Mexico, Netherlands, Norway, Panama, Peru, Poland, Paraguay, Serbia, Russia, Sweden, Slovenia, Slovak Republic, United Kingdom, United States, Uruguay, South Africa). These countries were selected based on diverse set of countries that include both high and middle income, both OECD and non-OECD countries, and the availability of country-level data. This analysis includes the latest data available for each country.

Dependent variable (household-level)

The dependent variable Poverty is coded as binary variable: 0 refers to individuals living in households that are not poor, 1 refers to individuals living in households that are poor. The conventional approach in cross-national studies is to define poverty relatively as households that earn below 50 percent of the median equivalized disposable household income. Equivalized means that household income is adjusted for family size by using equivalence scale in which adjusted income equals unadjusted income divided by the square root of household size. The median household income is determined based on the entire sample of households available in the data, before the subsample is defined. Disposable household income is total monetary and non-monetary current income net of income taxes and social security contributions. It accounts for a variety of country-differences in the redistributive effects of countries' tax-benefit systems (EITC), child support legislation, among others. I calculated two other poverty thresholds to show the near-poor (<60% of median equivalized disposable household income) and very-poor (<40% of median equivalized disposable household income).

Independent variables (household-level)

Single parenthood: a binary independent variable, indicating single parenthood (coded 1), the reference category represents coupled-parent households (coded 0). This definition of single-parent households includes a head of the household that has at least one child under the age of 18 that lives in the household. Other adults can be present in the household, except that there are no partners that live in the household. This definition includes both single mothers and a limited number of single fathers.

Employment: a binary variable indicating whether the head of the household is currently employed (coded 1).

Education: highest level of education of the head of household, recoded for country-comparability to 1=low, 2=medium, and 3=high. This interval-level variable is used as a control variable.

Age: age of head of the household

Number of children in household under age of 5: Interval variable representing number of children under age of 5 (coded 1 = 1 child, coded 2 = 2 children, coded 3=3 children, etc.).

Transfer income are monetary and non-monetary transfers from the state, private, and other households. This includes all social security transfers such as work-related insurance transfers, universal benefits, assistance benefits, and private transfers.

Family transfers are monetary and non-monetary transfers specifically for families and children from the state and private including inter-household transfers. This includes both universal and means-tested programs such as payments for maternity, paternity, or parental leave, child benefit. This includes transfers between households such as child support and

alimony payments. This also includes child tax credits, such as the Earned Income Tax Credit (EITC) in the United States.

Independent variables (country-level)

Paid Maternity Leave: paid leave available to mothers of infants. A categorical variable coded as 0- no paid leave; 1- < 14 weeks, 2- 14-25.9 weeks, 3-26 -51.9 weeks, 4- 52 weeks or more.

Leave for both parents: Is paid leave structure to incentivize working fathers to share infant caregiving responsibilities? A categorical variable coded as 0- no paid parental leave; 1- parental leave but no incentives; 2- 2 weeks or fewer reserved for fathers; 3-more than 2 weeks reserved for fathers; 4-leave length or payment bonus for fathers sharing leave.

Leave to care for a sick child: Are parents given guaranteed paid leave for the health needs of their children? A categorical variable coded as 0- no leave; 1- unpaid leave for both parents; 2-only paid available to mothers; 3- yes paid leave for both parents.

Rest Day: Are workers guaranteed a weekly day of rest? A continuous variable that is the number of hours a week of rest.

Annual Leave: A continuous variable that is the maximum days of paid annual leave available to workers.

Sick Leave: A categorical variable that is the maximum weeks available for paid sick in a year. Coded as 0- no paid sick leave; 1- 1-3.9 weeks; 2- 4-25.9 weeks; 3- 26 weeks or more.

Descriptive statistics are shown in Table 1.

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Analyses

There are three types of analyses. (1) Descriptives with the household-level data. I calculated the prevalence of single-parent families, and poverty rates at different poverty thresholds. (2) Decomposition on all taxes and transfers, as well as a specific family transfers for single and coupled-parent families. This decomposition analysis was done with the LIS microdata. I first calculated poverty *before* the benefit and then *after* the benefit was added. The impact of the benefit on reducing poverty is the *difference* between the two- the before and after benefit. (3) Policy and poverty associations. Here, I chart the value of the policy and the association with single-and coupled-parent poverty rates at the 50% poor threshold.

Single parent and coupled parent relative poverty rates

Poverty rates are calculated by 50 percent below the median equivalized disposable household income. Median equivalized disposable household income for an adult are reported in Table 2. There are high median incomes in Norway ($36,385), Luxembourg ($36,323), and the US ($31,955). To translate this into a relative poverty rate, a household would be poor if the income was below 50% of the median equivalized disposable household income in that country. For the US that would mean that the poverty threshold for an adult is about $15, 976, which is a higher threshold than the official US poverty line which reports figures for the same year as $12,119 (US Census Bureau 2013). For a single parent with two children the relative poverty threshold would be $27,671, and the official US poverty for same family is $18,769. Whereas the relative poverty threshold would be slightly higher in Norway and Luxembourg than in the US. The same is true for countries with lower median incomes such as South Africa and India. Relative poverty is higher in South Africa and India than in the US, but these are relative rates in that country.

Figures 1 show the comparison in poverty trends of single-parent and coupled-parent households in 45 countries from 1978-2013. Here, shows the inequality between the family types. Across countries, single-parent households have higher poverty rates than coupled-parent families. On one extreme, the US has much wider gap between single and coupled parent poverty. The US has the highest single parent poverty rates of about 35 percent and much lower coupled parent poverty rates of 11 percent. Similarly, more inequality between family types in Luxembourg, Canada, Germany, Czech Republic, France, Iceland, Ireland, Japan, South Africa, and South Korea.

Denmark, on the other hand, has low poverty rates in general and a small poverty gap between families. Denmark has 7 percent of single-parent families and 2 percent of coupled-parent families in poverty. Sweden, Switzerland, and Finland have similar low poverty gaps. Interesting are some of the other countries with perhaps medium to high poverty, but with lower gap between single and coupled parent poverty: Mexico, Colombia, India, Egypt, China, Guatemala, Georgia, Panama, Peru, Paraguay, Slovak Republic, and Serbia. Surprisingly in Guatemala and India the single parent poverty rates are slightly lower than the coupled parent poverty rates.

 In the UK, there is a major decline in both single parent poverty and the single and coupled parent poverty gap.

There is much variation in poverty rates between countries, and this difference is in large part due to policies that redistribute income, through taxes and transfers, to families. The next section will examine redistribution, family transfers, child support and policies that partly explain these differences across countries.

Across most countries, single-parent families are more likely to be poor than coupled-parent families. The US has high inequality between single and coupled-parent families. Coupled parents have low poverty rates (11%) and single parents have very high poverty rates (36%). In the other countries, the gap is much less pronounced.

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Single-parent families and near and deep poverty thresholds

Figures 2 show the trends in poverty rates of single-parent families at different poverty thresholds. The thresholds are poor (below 50 percent median equivalized disposable household income), near-poor (60 percent) and very poor (40 percent).

The US stands out with the highest poverty. At the 50 percent threshold, the US along with South Africa, Japan, Canada, Germany, Israel, Luxembourg, Spain, China, Panama, and Brazil– have poverty rates above 25 percent. The US and South Africa have the highest poverty rates at the 40 percent threshold, with more that 23 percent of single-parent families experiencing deep poverty.

The trends show that poverty is increasing in some countries while decreasing in others. For example, poverty is increasing in Finland and Iceland which are Nordic countries with typically have lower poverty rates but here the rates for single parent poverty have been increasing in recent years. Finland, especially at the near-poor threshold is increasing over time.

Ireland and the UK have drastically reduced their poverty rates over time. The Netherlands also shows a notable trend in decreasing poverty over time, especially declines at the 60 percent threshold, near-poverty.

Approximately 1 in 4 single parents and their children experience deep poverty in both US and South Africa. The American story is told in Edin and Shaefer's "$2.00 a Day Living on Almost Nothing in America". The rise of deep poverty and material deprivation have put families in dire consequences without adequate support from a social safety net. South Africa has high single parent poverty for different reasons; in part, due to the legacy of AIDs that orphaned children and the apartheid (Scott, Wilcox, Ryberg, DeRose, 2015).

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Single-parent families in the United States –Worst Off in 45 countries.

The United States has the highest percentage of single-parent families in poverty of all countries. More than 1 in 3 single-parent families is poor in the US. Not only does the US stand out as the "Worst-Off" for single parents in high-income countries (Casey & Maldonado, 2012), but it deserves this same deployable title among many middle-income countries as well; including South Africa, China, Panama, and Brazil.

Single-parent families have lower poverty rates (less than 14%) in the Denmark, Sweden, Slovak Republic, Finland, Switzerland, UK, and the Netherlands.

The main difference between countries with high poverty and low poverty: countries with low poverty effectively use redistribution. Before all taxes and transfers are accounted for, the US poverty rate is quite similar to countries like Denmark and Sweden. But –after all taxes and transfers are accounted for, these countries effectively redistribute income and the US is left behind with persistently high poverty rates. Whereas the United States only reduced poverty from 58% to 36%, for a total of 22 percentage points, it remains the highest percentage of single

parent in poverty of all countries. Denmark reduced poverty from 50% to 7%, a total of 43 percentage points. UK and Ireland have significantly reduced poverty by 57 and 52 percentage points, respectively.

Redistribution of taxes and transfers

Figures 3 shows the redistributive impact of taxes and transfers reducing poverty for families. The medium blue bars are the poverty rate before the taxes and transfers are included. The taxes and transfers are accounted for in the orange bars which are lower poverty rates. The difference between the medium blue and orange bars– light gray bars– shows the effectiveness of taxes and transfers reducing poverty for families.

Figure 3A shows all taxes and transfers reducing poverty for single-parent families. Here, the poverty rates before redistribution are all high, above 30 percent. The US single parent poverty rate before taxes and transfers (58%) is quite similar to countries like Denmark and Sweden. However, there is much difference between countries poverty rates after taxes and transfers are accounted for. Whereas the United States only reduced poverty from 58% to 36%, for a total of 22 percentage points, it remains the highest single parent poverty rates. Denmark reduced poverty from 50% to 7%, a total of 43 percentage points. UK and Ireland have significantly reduced poverty by 57 and 52 percentage points, respectively.

Figure 3B, shows all taxes and transfers reducing poverty for coupled-parent families. Here, taxes and transfers reduce poverty as well for coupled parents. Some countries have lower amounts of redistribution: China, Peru, India, Dominican Republic, Colombia, Egypt, Japan, South Korea, Panama, Belgium. Others have higher amounts Ireland, Sweden, Luxembourg. Luxembourg is more effective in reducing coupled parent poverty than single parent poverty. In Luxembourg, redistribution reduces single parent poverty from 56% to 25% for a total of 31

percentage points; and reduces coupled parent poverty from 28% to 21% for a total of 7 percentage points. The US is less of an outlier, as it cuts coupled parent poverty by half from 21% to 11% for a total 10 percentage points.

South Korea is generally known for less redistribution, however here the country effectively redistributes income to single-parent families and cuts their poverty rate by half.

An important insight: all 45 countries redistribute income to reduce poverty. Most countries redistribute income to cut their poverty rates by half or more. Even countries that are traditionally known for less redistribution in general, for instance South Korea, still redistribute income to single-parent families. Redistribution through taxes and transfers is very effective in reducing poverty for both single- and coupled-parent families for all countries.

Not only is redistribution effective, family transfers are particularly important for single-parent families. Ireland and the UK are effective in redistributing income to single-parent families, they do so by way of family transfers. Ireland and UK reduce poverty substantially with family transfers, by 33 and 31 percentage points respectively. Some of these countries have lower poverty rates to begin with, but still effectively use family transfers to reduce poverty by more than half.

The United States through the Temporary Assistance for Needy Families (TANF), and Earned Income Tax Credit (EITC), child support, and child tax credits does reduce poverty by a total of 9 percentage points. However, the US has high poverty to begin with and the amount of (redistribution) family transfers are inadequate to substantially reduce poverty.

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Family transfers

Figures 4 take a closer look at the taxes and transfers. It focuses on one specific type of redistribution: family transfers. Family transfers are particularly important to reducing family poverty. Family and children transfers are monetary transfers from the state, private, and other households. This includes maternity, paternity, parental leave, family benefit (also referred to as child benefit), means-tested social assistance for families, child support and advance maintenance, and inter-household transfers. There are some countries that have family transfer policies, however, there was no specific information on the monetary amounts available in the microdata and therefore some countries were excluded from the analyses.

Figure 4A shows the redistributive impact of family transfers reducing poverty for single-parent families. The medium blue bars are the poverty rate before the family transfers are added. Very high poverty rates above 45% from Ireland, South Africa, the US Australia, Germany, South Korea, before accounting for the family transfer. The transfer is accounted for in the orange bars which are lower poverty rates. The difference between the bars, the light gray bars shows the effectiveness of family transfers reducing poverty for single-parent families. In Ireland, the family transfers reduce poverty from 54% to 21% for a total of 33 percentage points, in the UK the reduction is 31 percentage points, and in Iceland and Denmark 25 and 24 percentage points, respectively. The United States through the TANF, EITC, child support, and child tax credits does reduce poverty by a total of 9 percentage points. South Africa reduced poverty from 50% to 34% for a total of 16 percentage points, 9 of these percentage points were due to a family benefit. Many countries have family benefit policy at the national level, the US does not. The UK and Ireland have similar poverty rates as the US before accounting for family benefit, but greatly reduced their poverty by more than half through family benefit, so much so that UK has low poverty rates akin to the Nordic countries. Some of these countries have very

slight effects– reducing poverty by less than 5 percentage points– but not adequate to make substantial reductions to poverty (especially if had high poverty to begin with).

South Africa is an interesting case as it has reduced poverty from family transfers for a total of 16 percentage points, 9 of these percentage points were due to a family benefit, also known as the child benefit. Many countries have child benefit policy at the national level, providing a monthly amount to families to offset the cost of raising a child. The US is among the few countries that does not have a child benefit. Although the US does provide child tax credits, many of these countries provide child tax credits in addition to the child benefit.

Figure 4B shows that family transfers also effectively reduce poverty for coupled-parent households –to a much lesser degree as compared with single-parent families. Luxembourg reduced poverty from 18% to 7%, by a total of 11 percentage points. This is consistent with the literature as Luxembourg has more generous allowances for coupled-parent families than for single-parent families (Chzhen & Bradshaw, 2012). The UK, South Africa, France, Australia, Finland, and Israel reduce poverty by 7 or more percentage points. Many of the Nordic countries cut their poverty down by half. The US is more in the middle of the pack in terms of poverty rates and poverty reduction by family benefit for coupled-parent families.

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Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Italy, Luxembourg, The Netherlands, Norway, Poland, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom (OECD, 2011). However, the schemes vary between countries. For example,

the Nordic countries (Denmark, Finland, Sweden, Iceland) are more generous while France and Germany are less generous (OECD, 2011).

Work-Family Life Policies

The next part of the analyses, is the association between various policies –family benefit, maternity leave, leave for both parents, leave to care for the health needs of children, leave for rest, and annual leave, sick leave– and poverty across countries. The below graph is the country's value of the policy on the x-axis with the poverty rates for single-parent families (left) and poverty rates for coupled-parent families (right) on the y-axis.

Family Benefit

Figure 5 shows the association with family benefit and poverty. Family benefit includes whether and to what extent families receive income support. The value is from 0-3, 0- no known cash benefits; 1- provided in certain circumstances; 2 -provided only to a means tested; 3- provided without a means test/universal. The average for all countries is that families receive income support provided with a means test. For example, the US provides support in certain circumstances, while the Nordics provide income without a means test, but to all families. Here, the more the family benefit (the policy design from target to universal), shows a decline in poverty. The slope appears to be more steep for coupled-parent families than for single-parent families, suggesting that the benefit might be more consequential in reducing coupled parent poverty, of course without any controls.

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Leave for mothers

Figure 6 shows that higher amounts of leave for mothers to care for their infant is associated with lower poverty rates for single- and coupled-parent households, and perhaps more so for coupled parents. The Nordic countries have higher amounts of paid maternity leave and low poverty rates. Many countries have generous maternity leave – 52 weeks or more –including Japan, South Korea, Germany, Serbia, Estonia, Slovak Republic, Russia, Poland, Czech Republic, and Hungary. There is a strong evidence in the literature that finds that there are some unintended consequences with leave that is too long on lowering mothers' employment (Pettit & Hook, 2009; Keck & Saraceno, 2013). There are many countries, among them UK and Ireland, that have leave from 26 to 51.9 weeks. There are also countries that have leave from 14 to 25.9 weeks, among them are Colombia and South Africa. There are even some countries with leave less than 14 weeks including Egypt and India.

Of 45 countries, only the United States lacks paid maternity leave. The US is one of the wealthiest countries in the world and that it does not have a national paid leave policy for mothers to care for their newborns is a concern of global proportions. There are many countries that have long leave (UK and Ireland), others have medium length (Colombia and South Africa) and a few with less than 14 weeks of leave (Egypt and India).

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Leave for both parents

Figure 7 show leave policies that incentivize both fathers and mothers to share in the caregiving of infants. Higher amount of leave for both parents is associated with lower poverty among coupled-parent households, while less so for single parents. Sweden and Finland have the

lowest poverty rates and also offer fathers a bonus for sharing the infant care with mothers. Austria, Italy, Germany Japan also provide a bonus or longer leave for fathers. Some countries provide more than 2 weeks reserved for fathers, including Slovenia and Iceland. Many others provide 2 weeks or fewer reserved for fathers including Denmark, UK and South Africa. Some countries provide parental leave but no incentives.

Most countries provide leave for mothers and fathers to share in the caregiving of their infants. Some even provide "dad" bonuses to incentivize fathers to be involved in the caregiving of their children. For the most part, countries either provide more than 2 weeks reserved for fathers (such as South Africa, Colombia, UK) or fewer than 2 weeks. The US is among the countries (including China, Peru, India, Switzerland) that offers no paid leave for fathers.

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Leave to care for sick child

Figure 8 shows that paid leave to care for a sick child is associated with lower poverty, especially for coupled-parent families.

Many countries provide paid leave to both parents to care for a sick child. Some provide leave that is unpaid for both parents (the US), while other provide no leave to care for the health needs of children (China, Guatemala, Panama, Mexico, Paraguay, Dominican Republic, Colombia, Brazil, India, Uruguay and South Korea).

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Working time regulation: Rest leave

The majority of the countries have either 24 or 35 hours of rest leave. United States, Australia, Georgia, and India are among the only countries in the sample that do not have leave for rest. Most countries have more than 12 days of paid annual leave. United States and India are without a national paid annual leave policy. Most countries have more than 26 weeks of sick leave. United States, South Korea, India have no paid sick leave.

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Working time regulation: Annual Leave

Figure 10 shows the association between paid annual leave and poverty. More days of paid annual leave is associated with lower poverty rates among single and coupled-parent households. The majority of countries have more than 12 days of paid annual leave, and the Nordic countries, Austria, Luxembourg, France, Germany, Spain, Peru, Brazil, Panama all have more than 21 days of paid annual leave. United States and India are without a national paid annual leave policy.

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Working time regulation: Sick Leave

Figure 11 shows the association between sick leave and lower poverty for single-parent families and more so for coupled-parent families. The majority of countries have more than 26 weeks of sick leave. China, Brazil, Uruguay, and Mexico have no paid sick leave.

The US does have paid sick leave in some states and cities, however does not have a national paid sick leave policy.

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For all families

Countries implement policies – to varying degrees – which are associated with lower poverty. Most all countries provide some type of income support to families. On average, families receive income support that is at the very least means-tested. The US only provides support in certain circumstances to families, for example TANF, whereas the Nordic countries provide income universal to all families, child benefit to all families irrespective of income.

Limitations

There are some limitations to this pre and post analyses. For example, one benefit such as family transfers combined with another transfer might be enough to move a family above the poverty line, but in isolation the family transfer might be inadequate to reduce poverty (Nelson, 2013). This analysis does not account for other factors as a regression model, and should not be interpreted as causation. However, this method does show the precise impact of family transfers on reducing poverty, without holding constant other factors. There are also limitations to the policy and poverty associations, as these are associations and causal inference should not be inferred. Although these associations are helpful in seeing the direction of the relationship between the policy and poverty.

Discussion

Employment matters a great deal to reduce poverty for all families. Atkinson's book on inequality proposes strategies to focus less on transfers and more on the inequalities of the labor market. While this is an important way forward, and much of the literature is moving in this direction, family transfers are also important in reducing poverty for single-parent families. Social investment strategies to stimulate employment through education, training, child care and so forth are indeed valuable (Morel et al., 2012). Although, employment alone is simply not enough to reduce poverty. Many single parents are the working poor and in jobs characterized by low pay and limited employment protections. Strategies to increase employment (adequate employment with decent wages and supports) are essential, but not without also increasing income transfers. Jaehrling, Kalina, and Mesaros (2014) find that activation strategies, to increase single mother employment, alone, fail to reduce poverty rates.

Countries need both redistribution and employment to reducing poverty for vulnerable populations. Redistribution, especially family transfers, is extremely effective in reducing poverty for all countries. A very important insight is that all 45 countries redistribution income. Even countries known less for redistribution in general still transfer income to single-parent families (South Korea).

Table 1: Number of observations per country (N-household 373,032 from 45 countries)

Country	Year	Number of household observations	% of observations	Country	Year	Number of household observations	% of observations
Austria	2013	1692	0.45	India	2011	25643	6.87
Australia	2010	5726	1.53	Israel	2012	4131	1.11
Belgium	2000	797	0.21	Italy	2014	1918	0.51
Brazil	2013	49903	13.38	Japan	2008	1101	0.3
Canada	2010	7748	2.08	South Korea	2012	5338	1.43
Switzerland	2013	1892	0.51	Luxembourg	2013	1426	0.38
China	2002	12323	3.3	Mexico	2012	4823	1.29
Colombia	2013	6976	1.87	Netherlands	2013	3362	0.9
Czech Rep	2013	2312	0.62	Norway	2013	65981	17.7
Germany	2013	6581	1.76	Panama	2013	5669	1.52
Denmark	2013	23859	6.4	Peru	2013	15243	4.09
Dom Rep	2007	4320	1.16	Poland	2013	14392	3.86
Estonia	2013	1895	0.51	Paraguay	2013	2925	0.78
Egypt	2012	7349	1.97	Serbia	2013	1253	0.34
Spain	2013	3995	1.07	Russia	2013	2138	0.57
Finland	2013	3570	0.96	Sweden	2005	3473	0.93
France	2010	6054	1.62	Slovenia	2012	1473	0.39
Georgia	2013	808	0.22	Slovak Rep	2013	2134	0.57
Greece	2013	2239	0.6	UK	2013	6428	1.72
Guatemala	2006	9141	2.45	US	2013	20065	5.38
Hungary	2012	300	0.08	Uruguay	2013	18146	4.87
Ireland	2010	1587	0.43	South Africa	2012	3516	0.94
Iceland	2010	1387	0.37	**Total**		**373,032**	**100**

Table 2: Median Equivalized Income

Country	Year	median equivalized income in country currency	median equivalized income USD	Country	Year	median equivalized income in country currency	median equivalized income USD
Austria	2013	25702	$17,021.19	India	2011	35363	$2,017.00
Australia	2010	41996	$29,953.52	Israel	2013	78798	$19,811.26
Belgium	2000	672691	$25,169.76	Italy	2014	14708	$18,409.83
Brazil	2013	13444	$7,498.40	Japan	2008	2945654	$26,479.55
Canada	2010	36712	$30,483.16	South Korea	2012	21255420	$25,331.86
Switzerland	2013	52578	$32,861.25	Luxembourg	2013	38502	$36,322.64
China	2002	4733	$1,728.42	Mexico	2012	47678	$6,435.99
Colombia	2013	5295826	$4,352.98	Netherlands	2013	23013	$26,697.22
Czech Rep	2013	228173	$17,021.71	Norway	2013	359843	$36,384.53
Germany	2013	21230	$27,174.40	Panama	2013	4947	$8,419.63
Denmark	2013	236619	$28,002.25	Peru	2013	10461	$6,480.57
Dom Rep	2007	71580	$4,626.44	Poland	2013	23520	$13,517.24
Estonia	2013	8100	$15,083.80	Paraguay	2013	18259280	$7,691.47
Egypt	2012	7200	$3,860.91	Serbia	2013	339470	$8,659.95
Spain	2013	15025	$20,060.08	Russia	2013	256344	$17,320.54
Finland	2013	25894	$27,214.59	Sweden	2005	189476	$22,966.67
France	2010	21021	$25,786.63	Slovenia	2012	13336	$20,846.46
Georgia	2013	3446	$4,301.13	Slovak Rep	2013	8107	$16,161.71
Greece	2013	9005	$12,700.99	UK	2013	18219	$24,787.76
Guatemala	2006	13336	$4,766.15	US	13	31955	$31,955.00
Hungary	2012	1466500	$12,329.89	Uruguay	2013	198768	$10,679.11
Ireland	2010	22320	$24,867.40	South Africa	2012	19516	$3,786.57
Iceland	2010	3563843	$29,776.01				

Figure 1A

Single and Coupled Parent Poverty Rates ▪ Couples 50% Relative Poverty   ▪ Single Parent 50% Relative Poverty
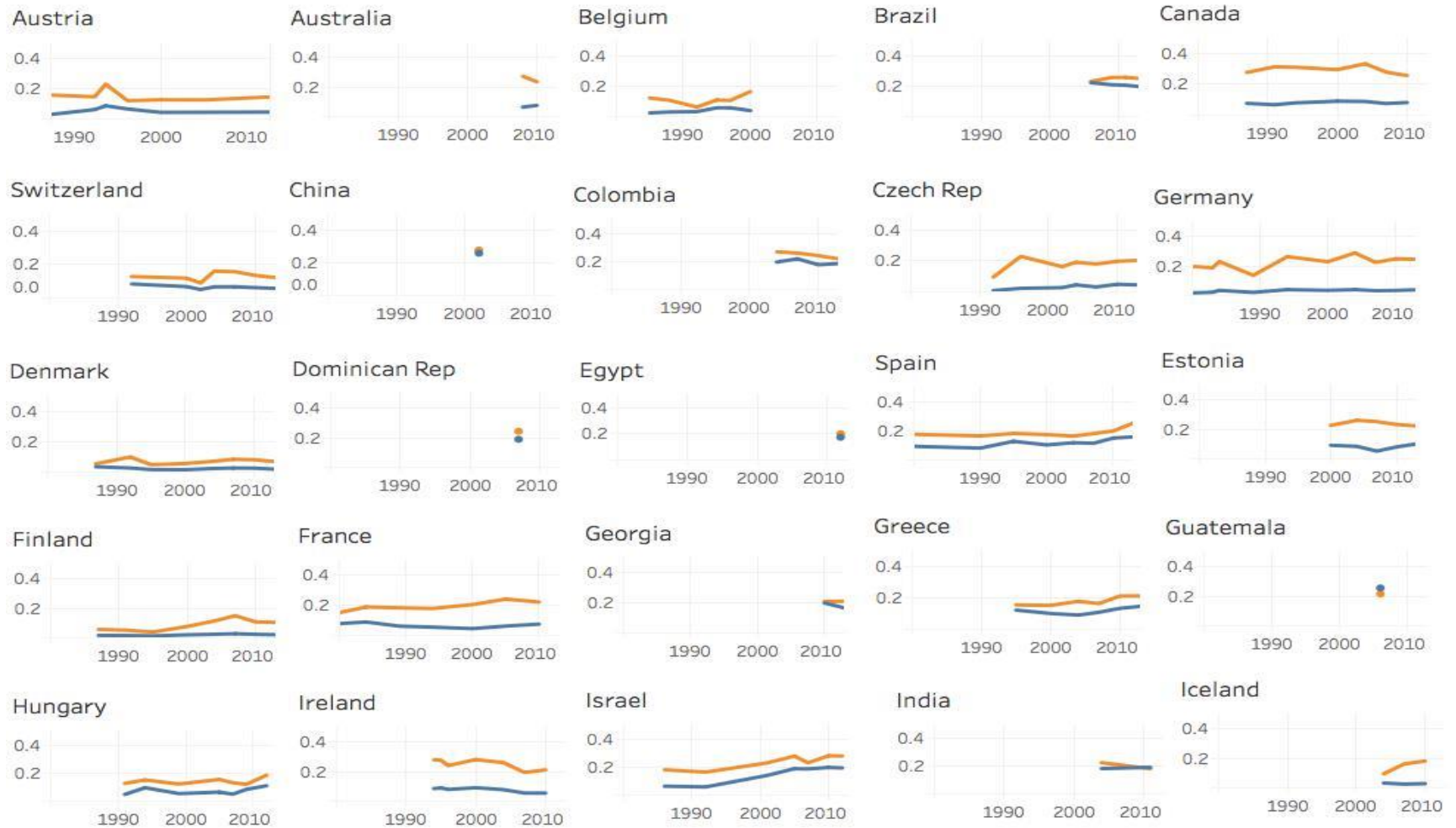
Figure 1B

Single and Coupled Parent Poverty Rates

Couples 50% Relative Poverty   Single Parent 50% Relative Poverty
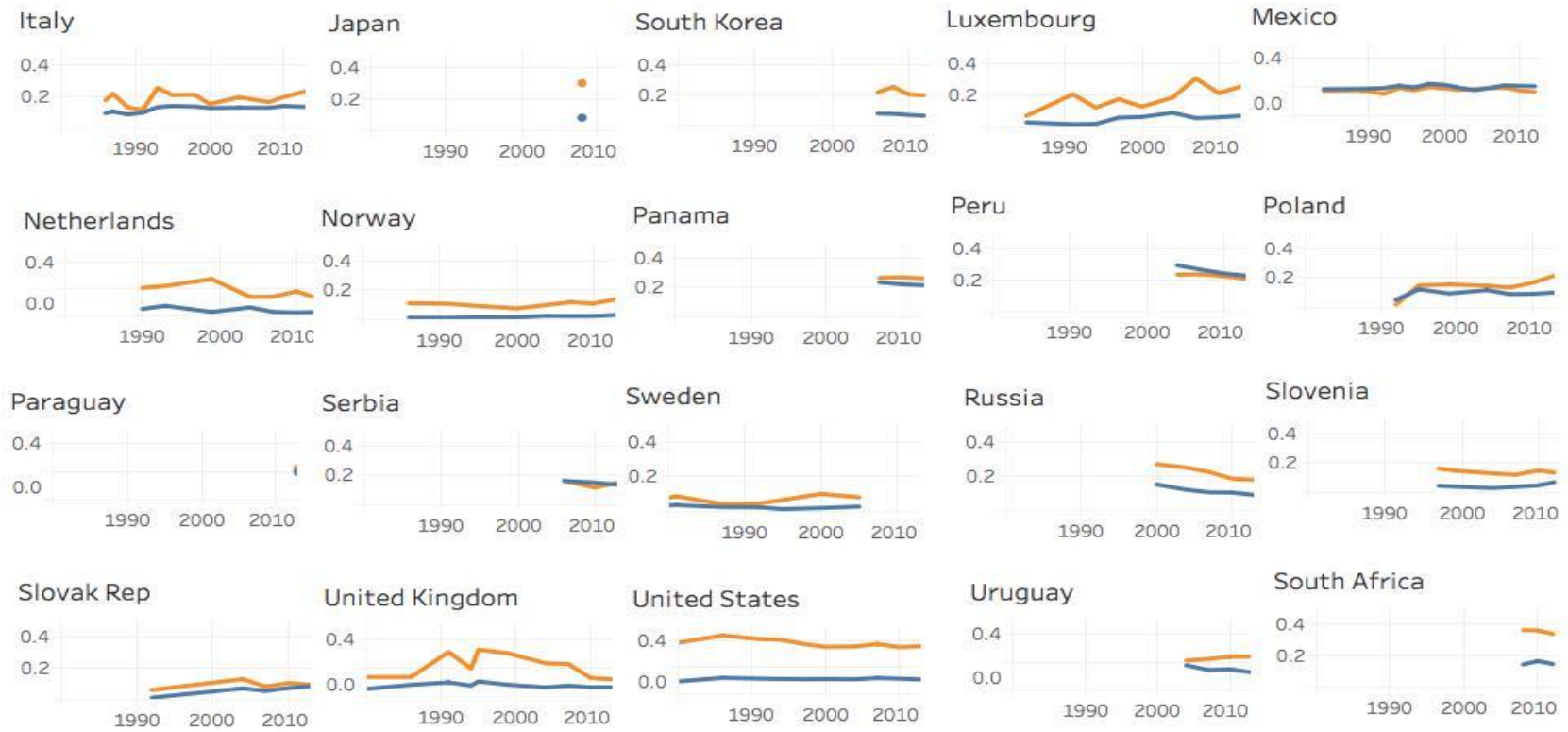
Figure 2A

Single Parent Poverty Rates   ■ Relative 40% Poverty   ■ Relative 50% Poverty   ■ Relative 60% Poverty

Figure 2B

Single Parent Poverty Rates

Relative 40% Poverty   Relative 50% Poverty   Relative 60% Poverty

Figure 3A

Redistribution reducing poverty for single-parent families

	Before redistribution	After redistribution	The Difference

Country	Difference	After	Before
us13	-22%	36%	58%
za12	-23%	34%	57%
jp08	-11%	30%	42%
cn02	-8%	28%	36%
il12	-23%	28%	51%
pa13	-14%	26%	40%
ca10	-29%	26%	54%
es13	-31%	25%	56%
lu13	-31%	25%	56%
br13	-21%	25%	46%
de13	-35%	25%	60%
it14	-23%	24%	47%
do07	-18%	24%	43%
uy13	-25%	24%	48%
au10	-36%	24%	60%
ee13	-29%	22%	52%
fr10	-34%	22%	56%
py13	-11%	22%	34%
co13	-16%	22%	37%
pl13	-42%	22%	64%
gr13	-30%	21%	52%
ie10	-52%	21%	74%
ge13	-28%	21%	49%
pe13	-9%	21%	30%
cz13	-27%	20%	48%
eg12	-24%	20%	44%
kr12	-25%	20%	45%
hu12	-24%	18%	43%
in11	-18%	18%	36%
is10	-38%	18%	56%
ru13	-22%	18%	40%
mx12	-19%	17%	36%
be00	-28%	17%	45%
at13	-36%	15%	52%
rs13	-29%	15%	44%
no13	-35%	14%	49%
si12	-30%	14%	43%
nl13	-38%	13%	51%
uk13	-57%	12%	69%
ch13	-38%	12%	50%
fi13	-40%	10%	50%
sk13	-24%	9%	33%
se05	-49%	8%	57%
dk13	-43%	7%	50%

Figure 3B

Redistribution reducing poverty for coupled-parent families

	Before redistribution	After redistribution	The Difference
cn02	-4%	26%	30%
pe13	-4%	23%	27%
pa13	-8%	22%	30%
mx12	-10%	21%	31%
br13	-10%	20%	30%
py13	-3%	20%	23%
il12	-10%	19%	29%
in11	-5%	19%	24%
do07	-5%	19%	24%
co13	-5%	18%	24%
eg12	-5%	17%	22%
ge13	-19%	17%	36%
es13	-16%	16%	31%
za12	-15%	15%	30%
gr13	-20%	15%	34%
rs13	-18%	14%	32%
it14	-11%	13%	24%
uy13	-12%	13%	25%
us13	-10%	11%	21%
hu12	-12%	11%	23%
pl13	-17%	10%	28%
ee13	-10%	10%	20%
ru13	-10%	9%	19%
sk13	-11%	8%	20%
jp08	-8%	8%	16%
ca10	-13%	8%	21%
fr10	-17%	8%	25%
au10	-12%	8%	19%
si12	-14%	7%	21%
uk13	-18%	7%	24%
lu13	-21%	7%	28%
kr12	-2%	6%	9%
ch13	-13%	6%	19%
ie10	-27%	5%	32%
at13	-16%	5%	20%
cz13	-10%	5%	15%
be00	-9%	4%	13%
de13	-14%	4%	18%
no13	-15%	3%	18%
se05	-21%	3%	24%
is10	-12%	3%	15%
nl13	-11%	3%	14%
fi13	-17%	2%	20%
dk13	-15%	2%	17%

Figure 4 A

Family transfers reducing poverty for single-parent families

	The difference	After family transfers	Before family transfers
us13	-9%	36%	45%
za12	-16%	34%	50%
jp08	-2%	30%	32%
cn02	-3%	28%	31%
il12	-4%	28%	32%
pa13	-4%	26%	30%
ca10	-12%	26%	37%
es13	-5%	25%	30%
lu13	-11%	25%	37%
br13	0%	25%	25%
de13	-21%	25%	45%
it14	-1%	24%	26%
do07	-17%	24%	41%
uy13	-8%	24%	31%
au10	-22%	24%	46%
ee13	-4%	22%	26%
fr10	-16%	22%	38%
py13	-8%	22%	30%
co13	-9%	22%	31%
pl13	-9%	22%	31%
gr13	-5%	21%	26%
ie10	-33%	21%	54%
ge13	-4%	21%	25%
pe13	-6%	21%	27%
cz13	0%	20%	20%
eg12	-11%	20%	31%
kr12	-22%	20%	42%
hu12	-12%	18%	30%
in11	-11%	18%	30%
is10	-25%	18%	43%
ru13	-5%	18%	23%
mx12	-9%	17%	26%
be00	-7%	17%	24%
at13	-19%	15%	34%
rs13	-4%	15%	19%
no13	-10%	14%	24%
si12	-5%	14%	18%
nl13	-16%	13%	29%
uk13	-31%	12%	44%
ch13	-20%	12%	32%
fi13	-19%	10%	29%
sk13	-5%	9%	14%
se05	-8%	8%	17%
dk13	-24%	7%	31%

Legend:
- Before family transfers
- After family transfes
- The difference.

Figure 4B

Family transfers reducing poverty for coupled-parent families
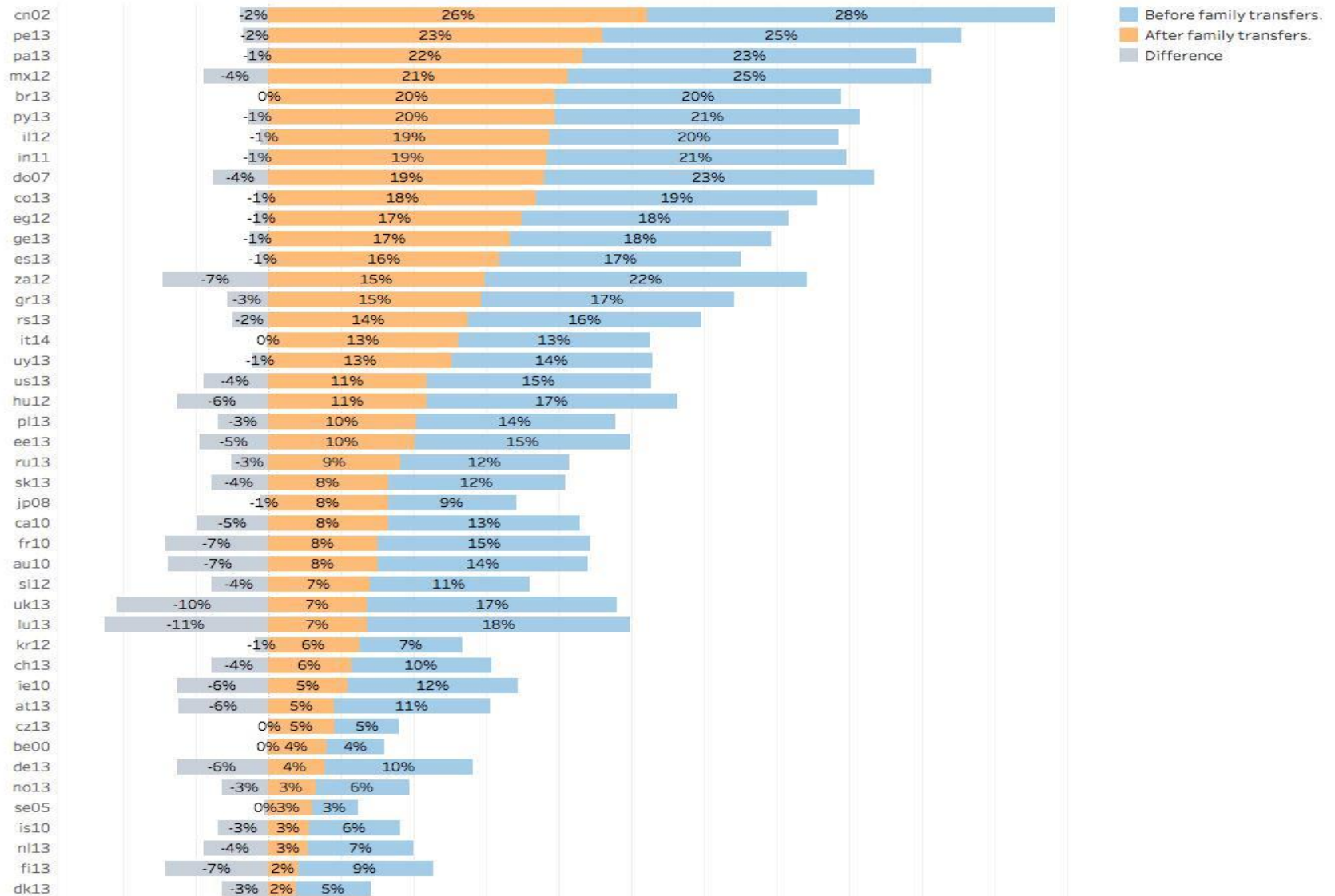
Figure 5

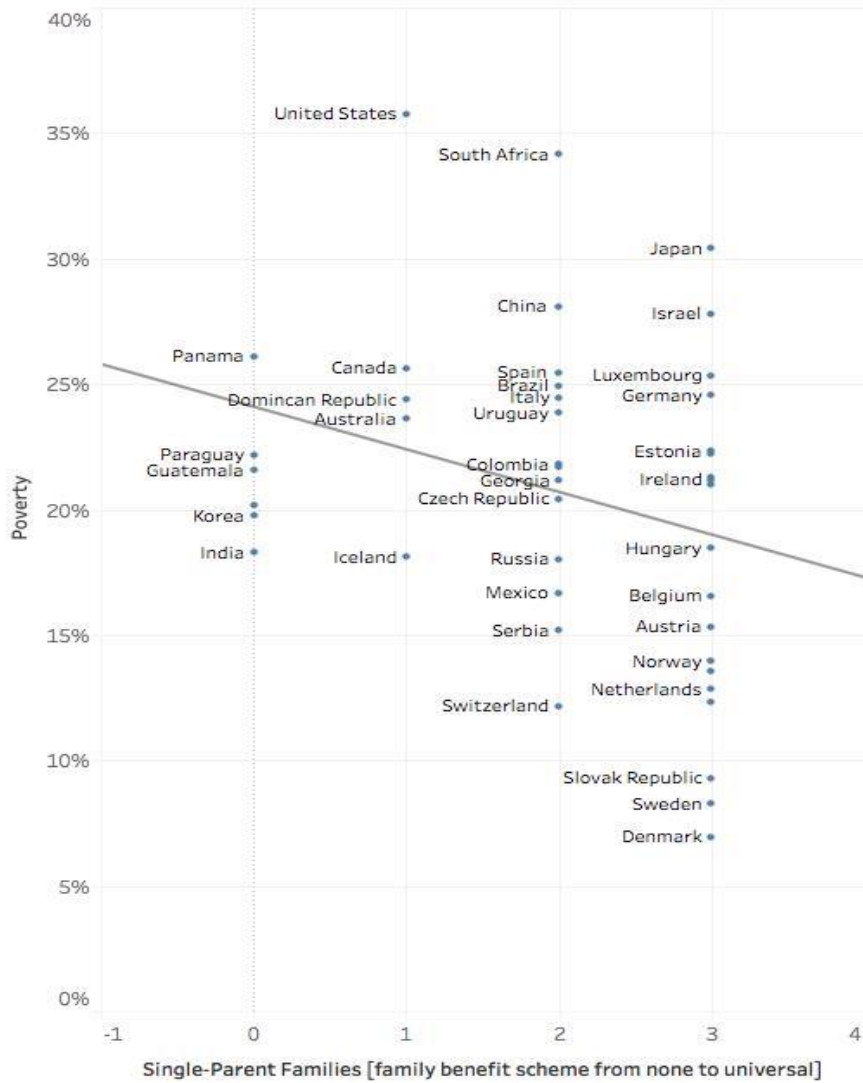Association between family benefit design and reducing poverty

Figure 6

Association between maternity leave and reducing poverty

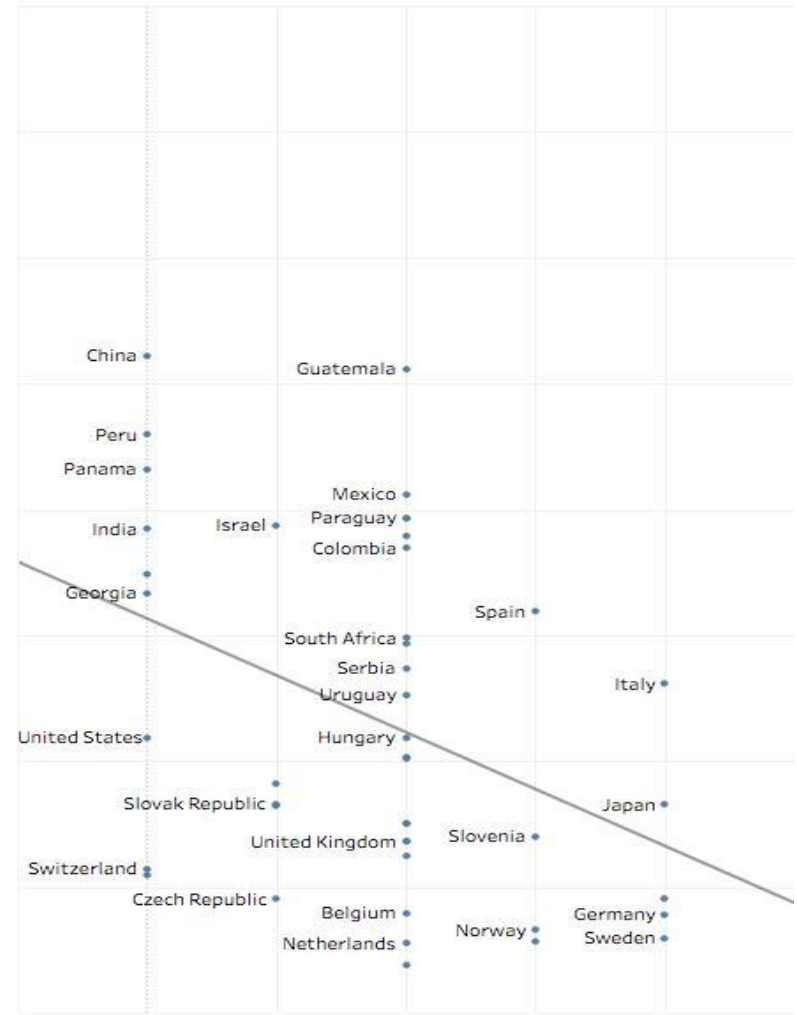Single-Parent Families [shorter to longer weeks of paid leave]

Coupled-Parent Families [shorter to longer weeks of paid leave]

Figure 7

Association: Leave for both parents and reducing poverty
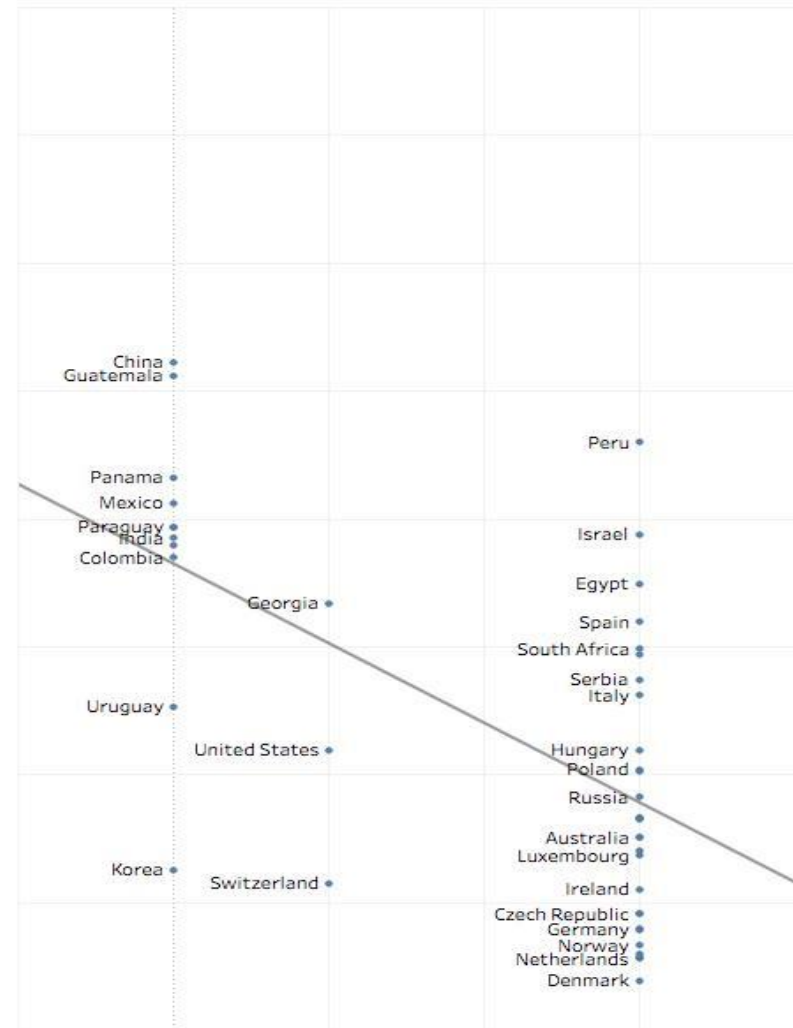
Single-Parent Families [Leave for fathers: from none to dad bonus/ long leave]

Coupled-Parent [Leave for fathers: from none to dad bonus/ long leave]

Figure 8

Association: Leave to care for sick child and reducing poverty

Single-Parent Families [Leave: none, unpaid, paid]

Coupled-Parent Families [Leave: none, unpaid, paid]
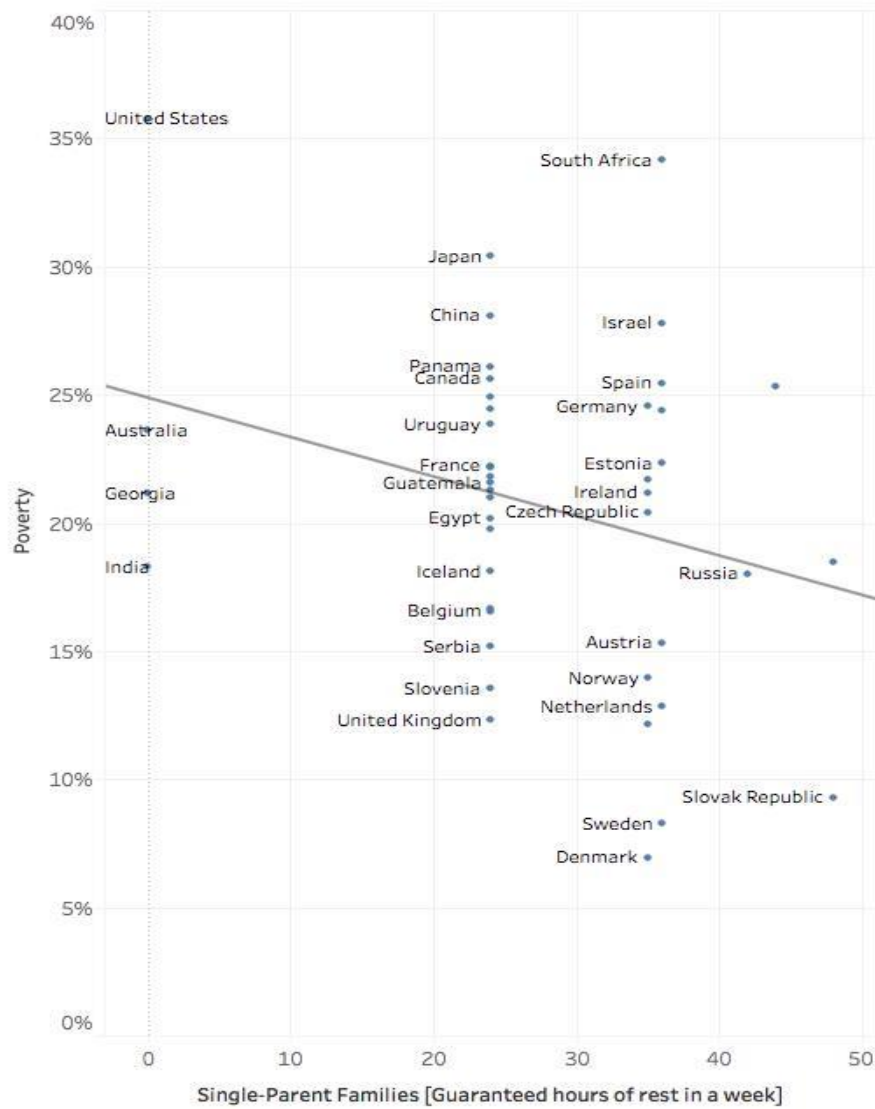
Figure 9

Association: Rest leave and reducing poverty

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Figure 10
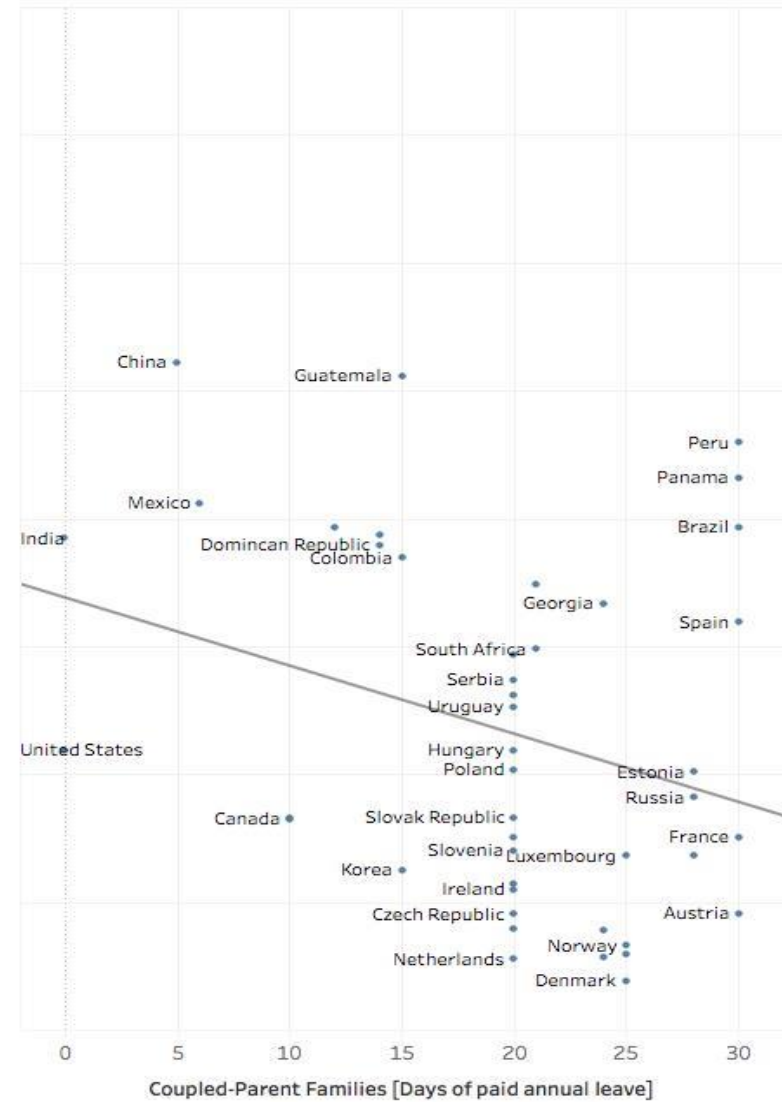

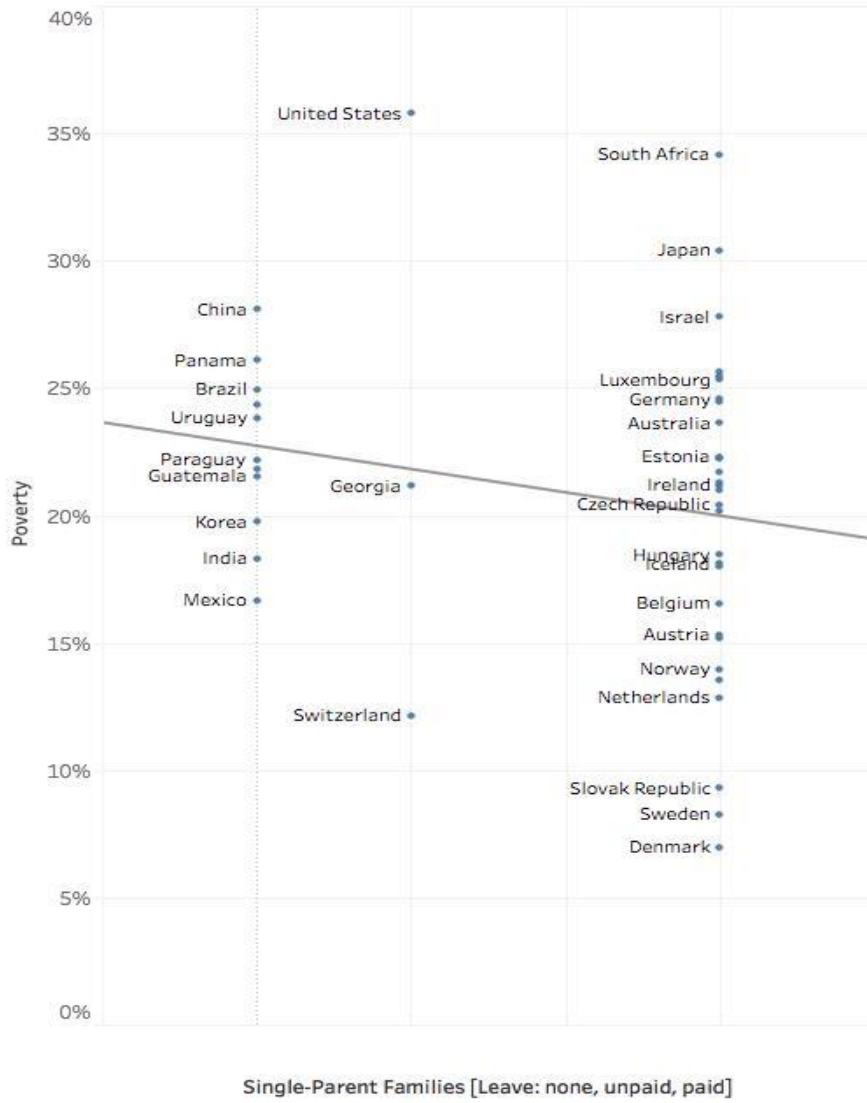Association: Annual leave and reducing poverty

Figure 11

Association: Sick leave and reducing poverty

Single-Parent Families [Leave: none, unpaid, paid]

Coupled-Parent Families [Leave: none, unpaid, paid]

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