

WORK POOR OR WORKING POOR? A COMPARATIVE PERSPECTIVE ON NEW ZEALAND'S JOBLESS HOUSEHOLDS

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Abstract

In recent years, researchers have identified a growth in both “work-poor” and “work-rich” households in several OECD countries, including New Zealand, indicating an increasing concentration of paid employment at the household level. Changes in household structure, in the economy, and in the employment patterns of men and women have contributed to these trends, which present new challenges to social policy makers concerned about the costs and benefits of various models of welfare provision and labour market regulation. Drawing on the international literature and on a newly developed household database from the New Zealand Household Labour Force Survey, we contrast New Zealand’s household employment patterns with those of the United States and the United Kingdom. In particular, we consider whether New Zealand’s relatively high level of household joblessness (or “work poverty”) would, in the United States policy context, be translated instead into high levels of working poverty. A high and growing proportion of New Zealand’s jobless households are child-rearing households, and increasingly include two-parent households. These trends reinforce the importance of contrasting the costs of household joblessness with the benefits not of employment per se, but of employment that generates sufficient income to support the individuals and families living within these households.

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INTRODUCTION

Both nationally and internationally, scholars and policy makers have been engaging in ongoing debate about the costs and benefits of various models of welfare provision and labour market regulation (e.g. Easton 1997, Esping-Andersen 1996, Dickens and Ellwood 2001, Nickell 1997, Preston 1996, Siebert 1997). The debate includes discussions of issues such as: levels of national and regional employment and unemployment; income distribution and poverty; the effect of income support on work effort; mothers, paid work and the effect on children; and, depending on which country is being analysed, concepts such as social exclusion and the underclass. In the United Kingdom, a country sometimes considered part of the "European model" of social welfare (Nickell 1997) but also deemed at times as a "third way" (Giddens 1999), research by Gregg and Wadsworth (1994, 1998) has identified a growth in the proportion of households that could be considered "work poor" with no adults of working age in paid employment. In contrast, within the "United States model" (Nickell 1997), much research attention since the welfare reforms of the mid-1990s has been given to determining whether there has been a rise in the number of working poor – those who might have been work-poor prior to reforms but are now in low-paid employment (e.g. Blank 2002, Morris et al. 2002).

In this paper we use this contrast between the work poor and the working poor as a context for understanding New Zealand's patterns of household-level employment. We explore three issues:

- Are household joblessness and the unequal distribution of paid work across households issues that social policymakers need to be concerned about?
- How do New Zealand patterns of household joblessness and employment inequality compare to patterns in the United States and the United Kingdom?²
- What are the social policy implications of the changing distribution of work across households?

To answer these questions we draw both on international literature and on a newly developed household database from the New Zealand Household Labour Force Survey for the years 1986 to 2002. In addition, the research is part of a wider international comparative analysis of the development of work-poor and work-rich households co-ordinated by Paul Gregg, an economist with the University of Bristol and the Centre for Economic Performance at the

² Although Australia is part of the wider international study of the polarisation of paid work among households, we do not include the available Australian data in this paper because the Australian study is not yet complete and recent data are not available. However, data for the late 1980s and early 1990s show patterns similar to those of New Zealand (Dawkins et al. 2001).

London School of Economics.³ This will allow us to make direct comparisons of trends in household employment across a range of OECD countries.

ECONOMIC AND FAMILY CHANGES CONTRIBUTING TO HOUSEHOLD EMPLOYMENT INEQUALITY

In recent years researchers have identified a growing gap between individual-based and household-based measures of joblessness in certain OECD countries, including the United Kingdom, Australia, and, during the 1980s and 1990s, New Zealand (Callister 1998, Gregg and Wadsworth 1994, 1998, 2002, OECD 1998). This trend represents a growth in both work-poor and work-rich households, indicating an increasing concentration of paid employment at the household level. Several inter-related changes in the economy and the family are likely to have contributed to these trends.

Household Structural Changes

Across English-speaking industrialised countries, increases in divorce and non-marital childbearing, and shifts in the living arrangements of young adults and families have led to increases in single parenthood and single adults living alone, as well as to a decline in the extended family (e.g. Fields and Casper 2001, Snooks 1994). The extended family provides a form of welfare support and risk sharing. For example, in a study of non-employment and jobless households across several OECD countries, Gregg and Wadsworth (1998) report that while Spain had nearly three times the rate of unemployment in 1994 as the United Kingdom, the jobless household rates of the two countries were comparable at about 20%. In a similar way, two-parent households have lower risks of non-employment (and reliance on state income support) than single-parent households because there are two potential income earners and caregivers within the household.⁴ Using this logic, the recent United States Personal Responsibility, Work, and Family Promotion Act of 2003 aims to encourage and support “healthy marriages” as a goal of welfare reform. One strategy is to assist separated fathers in finding paid work and to encourage the mothers of their children to marry them.⁵

³ A work-rich household is one in which all working-age adults are in paid work. In a work-poor household no working-aged adults are in paid work. In this study we do not measure the actual hours of paid work in work-rich households and we do not include unpaid work. Australian research indicates that a polarisation of hours of work has also been occurring within work-rich households (Burbidge and Sheehan 2001).

⁴ In some single-parent households a non-resident parent will be providing either, or both, income and caregiving support (Callister and Hill 2002).

⁵ A key part of the 1996 United States welfare reforms was the strengthening of child support enforcement (Blank and Ellwood 2002). However, there has been a recognition in both the United States and New Zealand that a significant number of non-custodial parents are themselves work poor and may need assistance in finding paid work (Callister 2000).

Changes in Gender Relations and Employment Patterns

Over the last several decades there has been a decline in employment among prime working-age men, particularly low-skilled and older workers (Dixon 1999). Over the same period, women's employment rates have risen dramatically as a result of changes in gender norms, increases in their real wage rates, decreased fertility, and postponed childbearing (Blau et al. 2001, Davey 1998). Although cause and effect are difficult to separate, changes in women's employment have occurred alongside changes in their family roles: from full-time caregivers to family wage earners and, increasingly, to *primary* family wage earners (Winkler 1998), in part due to changes in men's employment prospects.

Although women have made great advances in the labour market, on average they continue to earn considerably less than men. Thus, the parent most likely to retain custody of children in the case of divorce faces a labour market that is still largely structured according to the male breadwinner / female homemaker model (Singley 1995). The lower wage rates that women generally earn in the labour market – coupled with other labour market disadvantages that many single mothers face (e.g. Briar and Rowe 2003, Levine et al. 1993) – affect the perceived trade-offs of full-time employment versus full-time caregiving and contribute to high levels of joblessness among single-parent households. In addition, norms and values surrounding the importance of full-time maternal care of children – especially infants and preschoolers – are in flux and often contradictory, especially for single mothers. A lack of affordable, flexible, and high-quality childcare, and health problems affecting either sole parents or their children, are other potential barriers to employment (Baker and Tippen 2003, Department of Labour 1999). In contrast, among couple households, the increase in women's employment has meant a rise in the proportion of all-work households, which has had a positive effect on gender equality but may be contributing to household employment inequality overall.

Differential Effects of Economic Restructuring

The economic restructuring of the 1980s and 1990s, particularly in New Zealand but elsewhere as well, had differential effects on workers depending on their education level, age, gender, ethnicity, and geographic location (Melville 1998). For example, particularly during the economic restructuring of the 1980s and early 1990s, unskilled or low-skilled workers lost jobs at a much higher rate than other workers as a gap widened in the employment prospects and earnings of low-skilled and high-skilled workers (Dixon 1998, Maani 1995, O'Dea 2000). Population sub-groups over-represented in some of the hardest-hit occupations and industries, such as Māori workers in New Zealand, also experienced much higher levels of employment dislocation (Winklemann and Winklemann 1997). These effects may have been even more pronounced at the household level because individuals tend to live with other individuals

with similar characteristics. One characteristic that tends to differ within households is gender. Among opposite-sex couple households (still the dominant household type, despite changes in household structure), differential effects of economic restructuring by gender may have actually prevented some concentration of household joblessness. For example, in a study of United States couples, Singley (2000) found that, during the 1980s, within-household employment losses among husbands located in declining blue-collar occupations were offset by employment gains in the growing service sector by their wives.

HOUSEHOLD EMPLOYMENT INEQUALITY: DEFINING THE SOCIAL POLICY ISSUE

Thus, a combination of interconnected changes in the economy and the family have heightened concerns about household-level joblessness and created new challenges for social policymakers. For social policy purposes, high and/or increasing levels of household joblessness and employment inequality may be a concern for reasons related to the following social policy goals:

- conferring the benefits of employment to individuals;
- social equality;
- poverty alleviation; and
- reducing costs to the state

We consider each of these below.

Conferring the Benefits of Employment to Individuals

Among individuals, being in paid work can be important for the following reasons.

- In market economies a person's paid work status, including the hours worked and hourly rates of pay, is usually a critical factor in determining their total individual income as well as family and household income (Statistics New Zealand 1999).
- For women, participation in paid work, and especially working the same hours for the same pay as men in similar occupations, has been seen as a critical factor in gaining economic independence and as a crucial step towards achieving equality with men (Bergmann 1986).
- Being in paid work may facilitate family formation, particularly for men (Wilson 1987).
- Paid-work status is strongly and positively associated with health status (Statistics New Zealand 1993).
- Being in paid work is associated with higher social status (Kalmijn 1994).

Sen (1999:21), taking a wide perspective on the costs and benefits of being in paid work, argues that a lack of paid work leads to deprivations that go beyond a lack of market income:

Unemployment is not merely a deficiency of income that can be made up through transfers by the State (at heavy fiscal cost that can itself be a serious burden); it is also a source of far-reaching debilitating effects on individual freedom, initiative, and skills. Among its manifold effects, unemployment contributes to "social exclusion" of some groups, and it leads to losses of self-reliance, self-confidence and psychological and physical health.

Richardson and Miller-Lewis (2002:30), in a review of literature on low-paid work, suggest that having a job not only provides a current wage but also an expected future wage in that job, an expected future probability of being employed, and potentially an expected future wage in a different job. In addition, they suggest that having a job provides "an imposed structure to the use of time" and "an obligation to undertake tasks at the direction of someone else".

However, the authors also raise questions as to whether for some groups in society having a low-paid job is better or worse than having no job at all. For example, a low-paid job might not be beneficial if the job does not serve as a stepping stone to a better job, if the costs of work (such as transport and childcare) are high, and if an alternative use of the person's time (such as taking care of children) would be more valuable to society. While low-income jobs can be a good entry point for some workers, such jobs may be problematic for older workers who have lost their previous job, for those who have lower levels of education, and, as we discuss in more detail below, for sole parents.

Social Equality

The concentration of joblessness at the household level can potentially exacerbate any existing inequalities among individuals. For example, work-poor households will often have diminished social networks to employment and, given patterns of residential segregation, may be geographically isolated from labour markets as well (Morrison et al. 2002).

However, low-income jobs also present a challenge for social equality. For example, a low-wage, part-time job may be an appropriate entry point to the labour market for someone in a household where there is already one steady income, but such a job is not suitable for someone who is the sole adult in a household or who has a partner who is unable to work. When low-wage, dead-end jobs are the main source of potential wage earnings for a household, they have a potential to exacerbate inequalities similar to joblessness. At a societal level, social mobility pathways for individuals in low-wage jobs are critical for reconciling societal goals of full employment and social equality (Esping-Andersen 1996). The development of such pathways requires social investments in areas such as education, especially given that many low-paid jobs offer minimal on-the-job training.

Another social equality issue related to household employment inequality involves gender equality. The rise in partnered women's employment has led to decreases in women's economic dependency within the home and has been central to women's gains in the labour market relative to men (Blau 1998, Sorenson and McLanahan 1987). However, the rise in all-work households has also been driven by increases in partnered women's employment. Thus, some portion of rising employment inequality *across* households may be linked to greater employment equality *within* households.

Poverty Alleviation

One of the key social policy concerns surrounding household joblessness is tied to associated levels of poverty, particularly among child-rearing households. Research on joblessness carried out in New Zealand, the United Kingdom and Australia (Callister 2001, Gregg and Wadsworth 2000) shows that in the late 1990s all three countries had relatively low individual non-employment rates, relatively high household jobless rates, but very high jobless rates among child-rearing households. In all three countries these employment patterns have been linked to relatively high rates of child poverty. As with the other social policy issues discussed in this section, the relationship between household joblessness and poverty must be examined concurrently with the relationship between low-income employment and poverty.

The problem for children living in work-poor households has been demonstrated by some recent New Zealand research. Krishnan et al. (2002) show that since 1988 the proportion of dependent children in New Zealand families reliant on government transfers as their main source of income has increased, while the proportion reliant on market income has declined. Also in New Zealand, Ball and Wilson (2002), using benefit data, show that a significant number of children spend some time in a work-poor and, as a result of relatively low benefit payments, low-income household.⁶

The New Zealand research, as with research in most other OECD countries, indicates that sole-parent households (primarily sole mothers) are particularly at risk of being in poverty, and this has the potential to disadvantage their children. Stephens (2000) notes that policies around single mothers are a major issue in welfare reform for both New Zealand and the United States. He demonstrates that these two countries have the highest proportion of single-mother families and households in the OECD, and in both countries single mothers have a relatively high poverty rate, lower educational attainment, a strong ethnic bias, and high unemployment rates.

⁶ These data do not provide information on low-income families in paid work.

In his comparative study Stephens reports that there are also significant differences in the outcomes for single mothers between the two countries. The United States has a relatively high employment rate compared to other OECD countries, while New Zealand has one of the lowest employment rates. Even though employed single parents have far lower poverty rates than those receiving welfare benefits in both countries, the United States has a very high poverty rate for single parents regardless of employment status, while New Zealand has a more moderate poverty rate for single parents overall compared to the United States. Stephens suggests several reasons for this. First, compared to the United States, welfare benefit levels in New Zealand are substantially higher, being close to the international poverty line of 50% of median disposable income. The United States benefit levels are generally below even the meagre United States poverty level. Second, the relatively high United States employment levels among single mothers have been based largely on low wages, with the national minimum wage being below the poverty level for a single mother with children. He notes that although income inequality in New Zealand has increased, New Zealand has had a more egalitarian wage structure.

Stephens goes on to suggest that in some respects, the operation of the United States welfare system, especially since the implementation of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), is along lines similar to that of Sweden. Both countries argue that employment is the first and preferred option, and both have developed extensive case management approaches to ensure employment. However, he notes that in Sweden there is a more egalitarian economy overall with high wages for women, and extensive government provision of childcare and paid parental leave. Poverty relief and child development are the prime concerns, and this is reflected in outcomes for children.

Citing the work of Burström et al. (1999) and Whitehead et al. (2000), Whitehead and Holland (2003) suggest that most Swedish lone-parent households cannot be considered to be in financial hardship compared with their United Kingdom counterparts. In these studies, which compare Sweden and the United Kingdom, less than 10% of Swedish lone-mothers were classified as poor (measured as below 50% of median income, standardised for family size). Most Swedish sole mothers were employed and were not working poor. In addition, these studies suggest that among those who were not employed, only a few were considered as poor. Whitehead and Holland conclude that the Swedish welfare system has "largely protected lone mothers from poverty and unemployment, in stark contrast with the United Kingdom situation, in which most lone mothers were still poor, even with the help of welfare benefits" (p.271).

The level of benefit payments relative to low-wage jobs, along with the overall strength of the economy, are clearly very important in determining the proportion of working-age households that are work poor as well as the poverty levels in both working-poor and work-poor

households. In their study comparing the United Kingdom and the United States, Dickens and Ellwood (2001) argue that social policies appear to have increased incomes but reduced work in the United Kingdom, but may have had the opposite effect in the United States. Their research shows large differences between the United States and the United Kingdom benefit systems. As an example, in the period studied, single-parent households with zero market earnings in the United Kingdom got 62% of the relative poverty standard. In the United States this figure was just 19%, and two-parent households and single adults got even less. They argue that incentives to be in paid work have always been stronger in the United States than in Britain, and for single parents have become even stronger recently in the United States.

Research in the United States suggests that the benefits of paid employment with sufficient earnings go beyond the avoidance of income poverty. Studying the effects of welfare reform on families, Morris et al. (2002) found that programmes that increased *both* parental employment and income by providing a supplement to the earnings of welfare recipients (primarily sole mothers) when they took up employment improved the school achievement of their elementary school-age children. The study emphasised that for many families simply having a paid job was not sufficient to improve family wellbeing. The paid job, through income supplements, needed to bring in sufficient income to lift families out of poverty. However, the study did provide some evidence of negative effects on adolescents as a result of the “childcare problem” associated with maternal employment. Not only were many adolescents left unsupervised as their parents increased their employment, but they also appeared to be caring for younger siblings and working more than part time. While these households would be classified as work rich, the wellbeing of family members may be compromised.

Overall, the research by Dickens and Ellwood (2001), Morris et al. (2002) and Stephens (2000) points to a need to look at both increasing work effort and increasing wages of low-paid (or potentially low-paid) parents in any efforts to address household joblessness.

Reducing Costs to the State

Finally, jobless households may be a policy concern because of their financial costs to society. Rather than being supported by within-household income transfers, jobless households must be supported by the wider community (i.e. taxpayers). However, these costs must be weighed against both the financial costs of supporting low-income employment, and the potential societal costs of employment for certain households (e.g. single mothers with young children or teenagers). As Dickens and Ellwood (2001) note, social policy initiatives that raise the incomes of the *working* poor are also costly. They demonstrate that the United States now spends more on in-work benefits than it ever did on cash benefits for the non-working poor.

The Swedish research also indicates that while there is a significant fiscal cost involved in ensuring that child-rearing families, whether employed or not, are not poor, there are also major benefits to this approach in terms of child outcomes (Whitehead and Holland 2003).

A COMPARATIVE PERSPECTIVE ON HOUSEHOLD JOBLESSNESS

In the context of the social policy concerns outlined above, we use internationally comparable data to explore differences in household jobless rates between the United States and New Zealand, with the United Kingdom included for further comparisons. For all countries the starting point of the analysis is 1986. For New Zealand and the United Kingdom the end point is 2002, while for the United States it is 2000.⁷ Although Sweden is not part of the comparative study being carried out by Gregg and Wadsworth (see e.g. Gregg and Wadsworth 2002), we also include some data from this country. For all countries, we define as jobless any household in which all working-age adults (15–64) are either unemployed or out of the labour force. Full-time students of working age are not included as jobless or in the count of working-age adults in a household.

Analysis

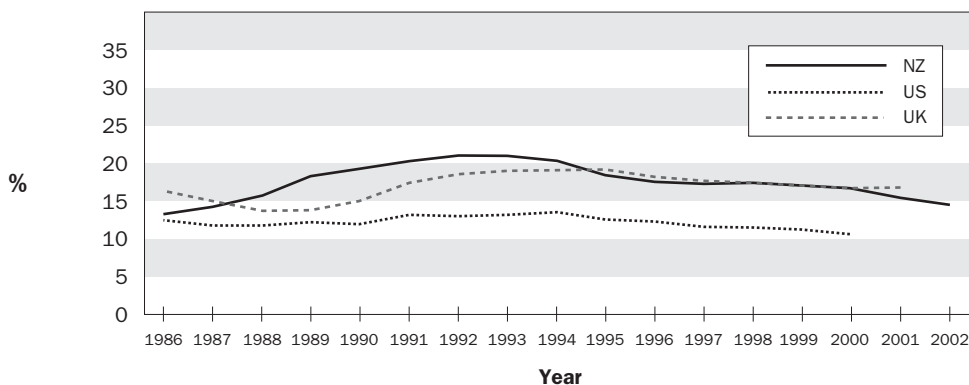
An initial exploration of household employment data from the United States, New Zealand and the United Kingdom through to the year 2000 showed that the United States stands out in several interconnected ways (Singley and Callister forthcoming). The United States has had the lowest and steadiest rate of household employment inequality. The United States' steady and slightly declining polarisation measure has been the result of declining mixed-work households combined with slightly declining jobless household rates and high and rising all-work household rates.⁸ New Zealand and the United Kingdom also show a dramatic decline in mixed-work households but an increase in both jobless and all-work households. Because of the decline in all countries in mixed-work households (representing the decline in the traditional male breadwinner and female homemaker family) the low jobless rate and high all-work rate differentiate the United States from the other countries, leading to lower levels of household employment inequality.

⁷ Data for New Zealand are from the Household Labour Force Survey, which covers approximately 15,000 households and 30,000 individuals from the civilian, non-institutionalised, usually resident population aged 15 years and over. Similar data sets are used for the United States (the Current Population Survey), and the United Kingdom (Labour Force Survey).

⁸ A mixed-work household is one in which some working-age adults are employed and others are not. The main type of mixed-work household involves a child-rearing couple in which the male partner is employed and the female partner is not in the labour force.

Figure 1 shows the household jobless rate for the three countries. Despite the strong decline in the jobless rate for New Zealand households from the mid-1990s to the early part of the new century, it is still well above that of the United States. This is in contrast to the beginning of the period, when the household jobless rates for New Zealand and the United States were similar. In 2000 the United States had a household jobless rate six percentage points lower than the United Kingdom and New Zealand.

Figure 1 Household Jobless Rates for NZ, US and UK, 1986–2002



Sources: New Zealand Household Labour Force Survey; United States Current Population Survey; British Labour Force Survey

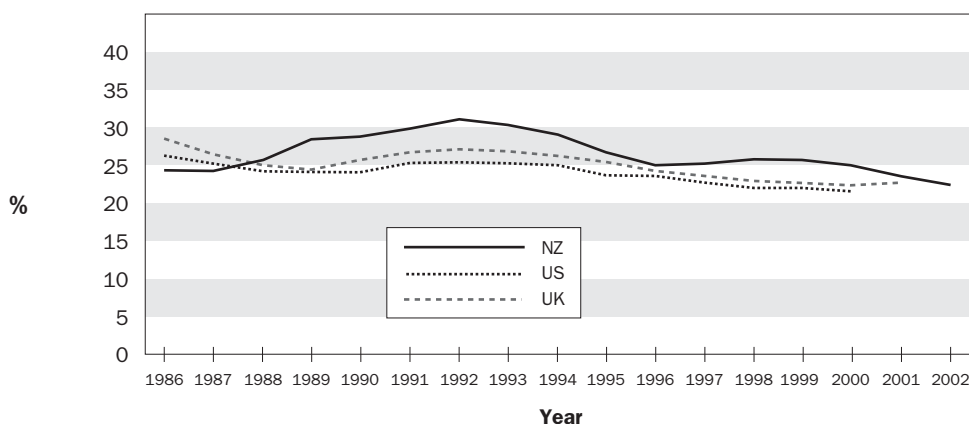
As noted above, differences in household structure could influence differences in the household jobless rate. Table 1 does show some differences among the three countries, but New Zealand and the United States have similar levels of one-adult households, and New Zealand has the highest rate of 3+ adult households – the household type most likely to be employed. Thus, these differences in household shares cannot explain New Zealand’s higher household jobless rates compared to the United States.

Table 1 Share of Household Types According to Number of Working-Age Adults, 2000

	NZ	US	UK
1 adult	30.1	30.7	36.8
2 adults	55.1	59.0	53.7
3+ adults	14.8	10.4	9.5

Another possible underlying reason for the divergence in jobless household rates across countries could be differences in population ageing, with older workers (those 50 and above) less likely to be employed than younger workers. However, the age structure of the working-age population in the United States, United Kingdom, and New Zealand is similar (see Singley and Callister 2003). New Zealand has a higher proportion of the population in the 20–29 age group, while the United States has a higher proportion in the 35–49 categories. However, on their own these slight differences in age structures within the prime working ages are unlikely to contribute significantly to differences in jobless rates.

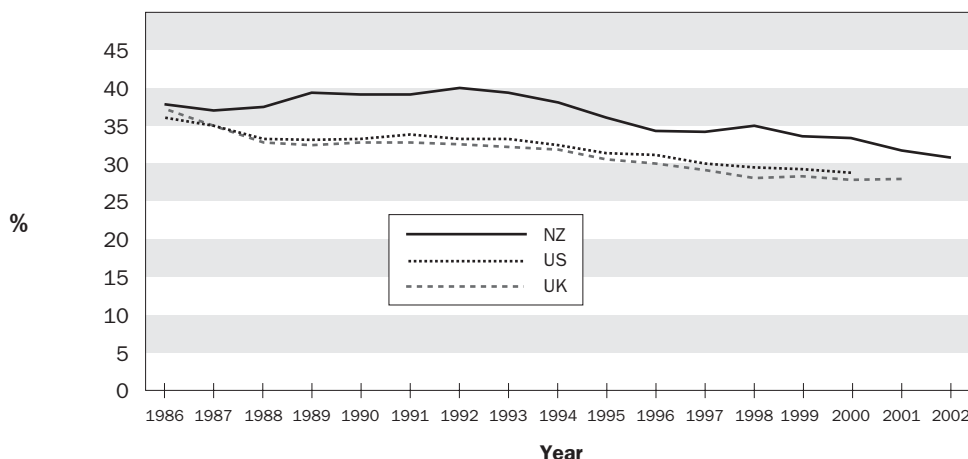
Figure 2 Individual Jobless Rates for Working-Aged Adults in NZ, US and UK, 1986–2002



Sources: New Zealand Household Labour Force Survey; United States Current Population Survey; British Labour Force Survey

A third possibility for differences in household jobless rates are differences in the jobless rate for individuals. Figure 2 does show that over much of the period the individual jobless rate for New Zealand was above that of the United States. However, the gap between individual jobless rates has been lower than that of household rates. For instance, in 2000 the individual jobless rate for New Zealand was just over three percentage points above that of the United States, compared with a six-percentage-point difference in household jobless rates. Given rising unemployment in the United States in recent years it is likely that in 2002 the overall individual jobless rate for New Zealand will be lower than that for the United States.

Figure 3 Jobless Rates for Women in NZ, US and UK, 1986–2002

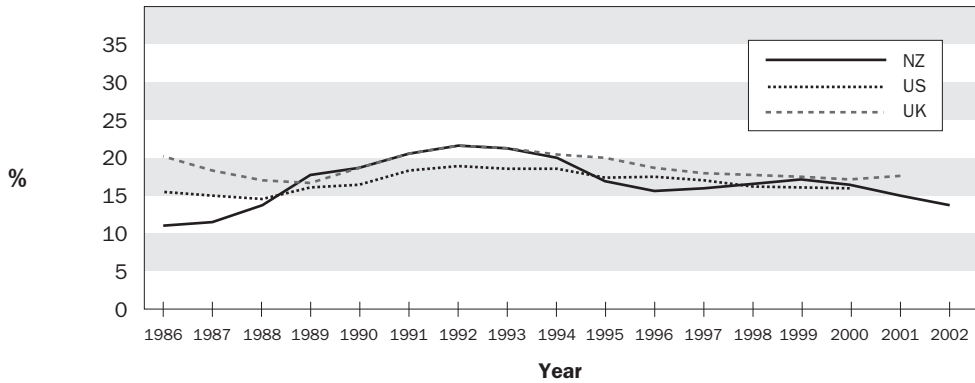


Sources: New Zealand Household Labour Force Survey; United States Current Population Survey; British Labour Force Survey

Individuals can be jobless but be living in a household with another adult in paid work. A key group of such individuals are non-employed mothers with an employed partner. As discussed above, a high level of joblessness among women may indicate a high level of joblessness among single-mother households, a high level of mixed-work households among couples, or both. Therefore, it is useful to compare countries' individual jobless rates by gender. Figure 3 shows that the jobless rate for New Zealand women was higher than both the United States and the United Kingdom rates over almost all of the period studied. This may be an indication of higher levels of joblessness among sole mothers in New Zealand compared to the United States – an issue explored more below.

Twice over the 1986–2000 period jobless rates for New Zealand men have been lower than those of United States men (Figure 4). New Zealand jobless rates were significantly lower at the beginning of the period, and also dipped below the United States rate in the late 1990s (a time when the United States economy was at its peak of economic expansion). Given recent trends in United States employment, the jobless rate for New Zealand men is likely to be lower than that of the United States in 2002. Thus, male employment patterns do not help explain differences in household jobless rates between the United States and New Zealand.

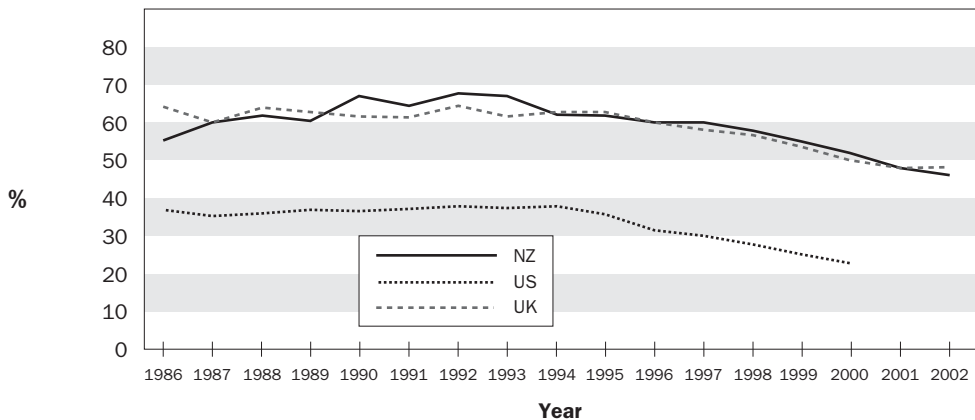
Figure 4 Jobless Rates for Men in NZ, US and UK, 1986–2002



Sources: New Zealand Household Labour Force Survey; United States Current Population Survey; British Labour Force Survey

Next we examine comparative jobless rates in four household types: single-adult households, with and without children, and two-adult households, with and without children. Households with three or more adults are not considered in the analysis below.

Figure 5 Jobless Rates for Single-Adult Households with Children, 1986–2002



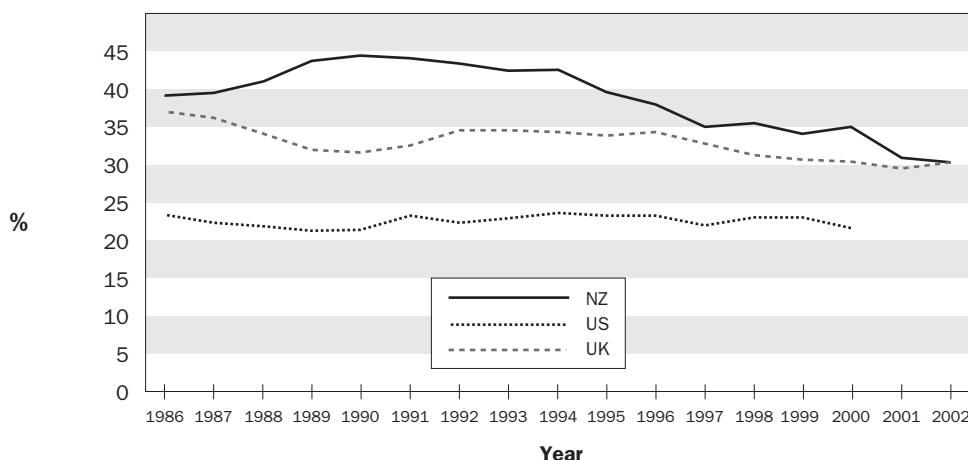
Sources: New Zealand Household Labour Force Survey; United States Current Population Survey; British Labour Force Survey

Figure 5 shows a particularly large gap between the trends for single-adult child-rearing households in the United States and those of New Zealand and the United Kingdom. Differences at specific points in time have already been highlighted by Stephens (2000), but these data show that the differences observed are part of a longer-term trend. Stephens attributes this gap to differences in social policies and in economic growth. While the overall jobless rate among single-parent families is higher in New Zealand than the United States, all countries show a decline from the mid-1990s. In the United States, the latter part of the

decline coincides with both the strong growth in the United States economy and the welfare reforms undertaken in the mid-1990s, although the decline begins prior to the passing of the 1996 PRWORA legislation. In New Zealand, the decline has been attributed to increasing work requirements for beneficiaries and a strengthening economy (Goodger 2001, Stephens 2000).

While much policy attention in New Zealand is given to single adults raising children, Figure 6 shows a gap between jobless household rates for single adults without children in the United States relative to both New Zealand and the United Kingdom. This could be tied to differences in the living arrangements and age-specific employment rates of the working-age, single-adult household population, although our data do not allow us to explore this in more detail. For example, New Zealand's single-adult households may have an older age structure, with more young adults in the United States living alone than in New Zealand. Such differences in age-specific living arrangements could lie behind some of the difference in household jobless rates between New Zealand and the United States.

Figure 6 Jobless Rates for Single-Adult Households without Children, 1986–2002



Sources: New Zealand Household Labour Force Survey; United States Current Population Survey; British Labour Force Survey

When Figures 5 and 6 are compared, in 2000 there was little difference in the jobless rate for single-adult households in the United States with and without children. In contrast, in the United Kingdom and New Zealand the presence of children in single-adult households is associated with a higher jobless rate. As already discussed, Sweden provides an example of a country with a high employment rate for sole parents, but a low level of working poor among this group (Whitehead and Holland 2003). Table 2 demonstrates that employment rates for sole mothers were similar in the United States and Sweden.

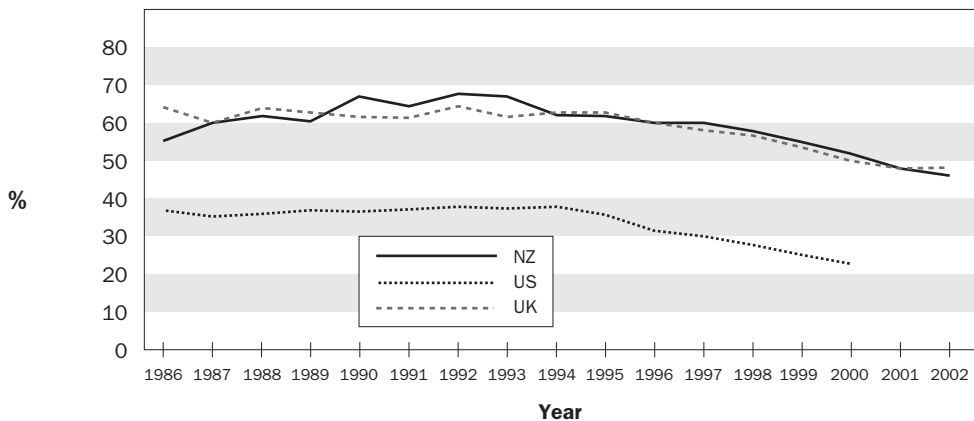
Table 2 Employment Rates of Sole Mothers versus Mothers in Couples in the Late 1990s / Early 2000s

	Single-parent households as % of all child-rearing households	Single mothers % employed	Partnered mothers % employed
USA (1999)	24.6	67.7	64.3
New Zealand (2000)	24.3	45.4	64.6
U.K. (1999)	21.8	36.8	61.3
Sweden (2000)	n/a	64.6	n/a

Source: OECD 2001. For New Zealand, HLFS March 2000 quarter (Goodger 2001).

Figures 7 and 8 indicate a much lower jobless rate for two-adult households than single-adult households in all three countries. In New Zealand there were significant spikes in the jobless rates of two-adult households with and without children in the early part of the 1990s, a time when unemployment was peaking. In addition to these spikes, the jobless rate of two-adult households with children in New Zealand has risen significantly over the time period as a whole. Given their share of all households, this increase in joblessness among two-parent households is likely to contribute significantly to the increased divergence of overall household jobless rates between New Zealand and the United States over the time period. Although we do not have the data to explore the reasons for this increase in the present paper, factors such as employment problems faced by new Asian migrants in the early 1990s, and the coincidence of a “baby blip” with an economic downturn, are being examined in a parallel study.⁹ In general, this pattern appears to be linked to observed increases in joblessness among low-skilled men.

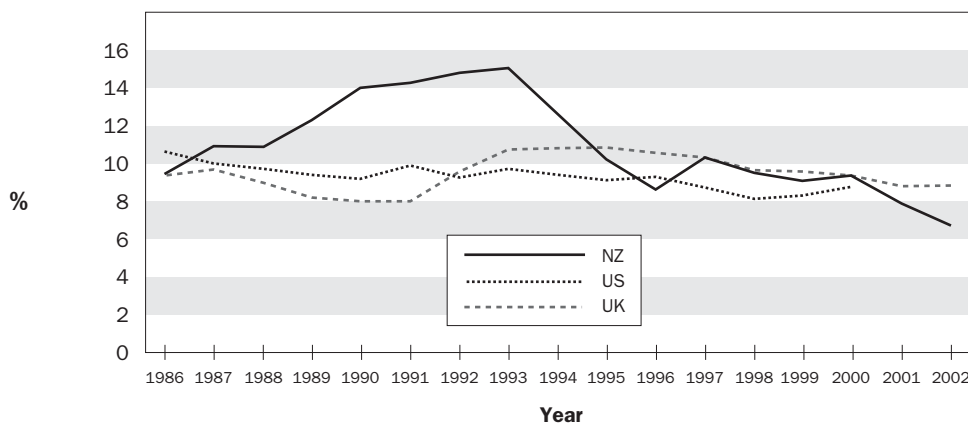
Figure 7 Jobless Rates for Two-Adult Households with Children, 1986–2002



Sources: New Zealand Household Labour Force Survey; United States Current Population Survey; British Labour Force Survey

⁹ The study, on household and employment change, is being funded by the New Zealand Foundation for Research, Science and Technology.

Figure 8 Jobless Rates for Two-Adult Households without Children, 1986–2002



Sources: New Zealand Household Labour Force Survey; United States Current Population Survey; British Labour Force Survey

In sum, differences in employment patterns among child-rearing households appear to contribute the most to differences in New Zealand and United States patterns of overall household joblessness. Single-parent households are much more likely to be jobless in New Zealand compared to the United States, although both countries along with the United Kingdom have shown declines in the last several years. This difference in employment rates of single parents is probably tied to differences in the benefit structure and norms surrounding the employment of mothers generally. In addition, there has been a divergence between the New Zealand and United States jobless rates for two-parent households. Two-parent households were particularly hard-hit by the economic reforms of the late 1980s and early 1990s in New Zealand. Although the proportion of two-parent households that are jobless declined during the late 1990s and early 2000s, their jobless rate remains higher in 2002 than in 1986. For now, we can only suggest that this higher jobless rate among two-parent households is contributing to the increased gap in household joblessness between the United States and New Zealand.

POLICY IMPLICATIONS AND CONCLUSIONS

Several interrelated changes in the family and the economy have led to shifts in household employment patterns across OECD countries. In New Zealand, the employment dislocation of the late 1980s and early 1990s at the individual level translated into rising household joblessness as well as an increase in the concentration of joblessness at the household level. Two-parent households showed especially large increases in joblessness during the late 1980s and early 1990s in New Zealand, while single-parent and single-adult childless households showed especially large declines in joblessness during the subsequent economic recovery.

In comparison to the United States, New Zealand continues to have high levels of household joblessness. Our analysis indicates that these differences are probably tied primarily to differences in women's employment patterns, particularly within single-parent households, although the decline in employment among low-skilled men seems to be driving up joblessness among two-parent households as well. Increasingly, for reasons not yet well understood, rising joblessness among New Zealand's two-parent households is contributing to sustained differences in household joblessness between the two countries.

Differences in the employment rates of single parents in New Zealand and the United States need to be evaluated in the context of the social policy goals outlined at the beginning of this paper. The United States "stick" approach, such as limiting the amount of time a beneficiary can receive income support and requiring employment, is one way of encouraging single parents into paid work. Such an approach may confer the benefits of employment to the individuals and families involved and may promote social equality in terms of employment – but these social policy outcomes depend heavily on the types of jobs beneficiaries move into. Indeed, such an approach could contribute to higher levels of wage inequality (Blank 1997), and poverty levels are unlikely to be affected unless wages from these jobs are supplemented, at significant costs to the state (Dickens and Ellwood 2001).

New Zealand's approach in general (and compared to the United States) has placed less emphasis on the benefits of employment per se and has instead weighed these benefits against the potential societal benefits of full-time parental care, especially of young children. The "costs" of such an approach may include higher levels of social and gender inequality and, potentially, of poverty – but again, these outcomes depend on the types of jobs to which joblessness is compared. Sweden offers an alternative approach. The Swedish "carrot" of providing family-friendly supports, such as subsidised, high-quality childcare and after-school care, encourages employment among all parents, including single mothers, and addresses the social policy goals of social equality and poverty alleviation. The trade-off is higher financial costs to the state.

In summary, while all advanced industrialised economies are creating high-skill high-income jobs, they are also creating low-skill low-paid jobs. Some of these jobs will simply be entry points to the labour market that individuals can move on from, but some are dead ends. Whether individuals can take these jobs and then move on to higher-income jobs depends on a range of factors, including what type of household they live in and the employment situation of any other working-aged adults in the household. The research literature from Australia, the United States, New Zealand and the United Kingdom suggests that government transfers, wage rates, time spent in paid work, and household type are all important when determining the work status of a household and its standard of living. Clearly, where there is little welfare support for the non-employed, the market income gained from paid work

takes on a greater necessity. Overall the literature would suggest that while there is a range of potential benefits from being in paid work for both individuals and households, for many households, a shift from being work poor to becoming part of the working poor provides few gains in wellbeing. Gains in economic wellbeing and child outcomes seem to be stronger when the incomes of the working poor are boosted with income transfers. Thus, any policies developed to address New Zealand's relatively high levels of *work* poverty, particularly among child-rearing households, need to be formulated in ways that prevent the growth of *working* poverty.

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