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**Welfare Rules, Business Cycles  
and the Employment of Single  
Parents**

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## **Welfare Rules, Business Cycles and the Employment of Single Parents**

**Abstract:**

In spite of the frequent focus on work and welfare among single parents, surprisingly little has been known of their actual labour market attachment over time. In this article we use a specially prepared data set from the Norwegian Labour Force surveys to illuminate the labour force participation of single parents - mothers as well as fathers - since the 1980s. As a contrast, the development of single parents is compared to the development among married and cohabiting parents. Two conditions are assumed to be of particular significance to the labour force participation of single parents; on the one side changes in welfare benefit regulations, and on the other side changing macro-economic labour market conditions. The analysis shows that both conditions are significant, the latter however more so than the former. It appears therefore, that favourable economic conditions in the labour market are more likely than stringent welfare rules to lead to savings in public welfare expenditures on single parents.

**Keywords:** Single parents, employment, unemployment

**JEL classification:** I3, J2, J7, K3

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## **Background and Purpose of the Research**

In Norway, as in many other Western European countries, there has been a steady rise in the labour market participation of mothers. Today, about four out of five married or cohabiting mothers with children under the age of 16 are employed. This well exceeds the employment rate of women in general and also exceeds the overall employment rate of men. Single mothers have, however, not been affected by the growth in maternal employment in the same manner. As we show in this paper, in 1980 about 60 per cent of single as well as married and cohabiting mothers were employed, while by the end of the 1990s the rate in the former group was still only slightly above 65 per cent.

The lower employment rate among single parents is common for all Nordic countries, but is not the general picture for Europe as a whole. In e.g. Belgium, France, Italy and Austria single mothers are more likely to be employed than married mothers (table 1). Many see the particular Nordic pattern as an expression of a well-established social security system and quite generous economic support to single parents. This is especially true of Norway where single mothers and fathers may receive a special National Insurance *transitional allowance* if they are not able to support themselves. Whereas state benefits to Swedish and Danish single parent families are part of the general support policy for the jobless, the poor and families with children (Nyman 1998, Hobson and Takahshi 1997, Siim 1997), Norway has customarily considered single-parent families to be in particular need of support. Accordingly the expectations that they should take employment have been low (Strell 1999, Syltevik 1998, Terum 1993, Kamerman and Kahn 1988). Over the years, however, it has become less socially acceptable to be without paid work – even for single-parent families, and it is now a common opinion that single mothers should have a job on the same lines as married mothers (Skevik 1998 and 1996).

The Norwegian National Insurance benefits for single-parent families reflect a traditional political ambiguity towards women and mothers as providers and carers (Skevik 1998, Terum 1993, Skrede 1986). As new transitional allowance regulations were introduced in 1998 however, reflecting a new and stronger political priority to the worker role at the sacrifice of the carer role of single parents, this political ambiguity appears to be losing ground concerning single parents and single mothers. Towards nuclear family mothers however, the political ambiguity is still apparent. This can be illustrated by the new cash-for-care benefit reform which was introduced by the government almost simultaneously with the late transitional allowance amendment (1998/1999). The cash-for-care reform intends to provide families with small children with more time to take care of their own children and to give the parents a real choice between public and private child care. As single parents already were guaranteed a certain freedom of choice by the transitional allowance regulations, the immediate advantage of the cash-for-care reform will be enjoyed by married and cohabiting more than by single parents. In sum therefore, social policy has rendered greater options between paid work and care for parents and mothers in

general during later years, while single parents and mothers have experienced that their options have been considerably restricted (Kjeldstad 2000).

In this paper, we will not elaborate on the political intentions and the reasoning behind social policy changes. Our focus is to analyse the labour market participation of single parents in relation to changing regulations. International comparisons show however, that we need to be cautious in assuming there is a clear correlation between the generosity of benefit schemes and single-parent families in employment. As shown in table 1 for instance, the UK follows the pattern of the Nordic countries in that there are fewer single mothers than married mothers in employment. To be sure, the UK welfare state also provides single mothers with financial support, but this support is very little compared to the support offered in the Nordic countries, and there are far more single-parent families amongst the poor in the UK than there are in the Nordic countries (Hobson and Takahshi 1997).

In addition to benefit changes we assume that changing macro-economic labour market conditions have a significant effect on the labour market participation of single parents. Accordingly, we will be examining whether single-parent families are likely to suffer more than married couples as a result of redundancies and increased unemployment at times when the demand for labour drops. In Sweden, for example, unemployment rose faster among single mothers than among married mothers in the recession during the early 1990s (Gustafsson, Tasiran and Nyman 1996). International comparisons show that single mothers are more likely to suffer unemployment in many countries (Bradshaw *et al* 1996 (see Table 1)). It appears, therefore, that it is a common phenomenon that single mothers are particularly vulnerable in the labour market, regardless of variations in welfare schemes and economic fluctuations, though this vulnerability is probably exacerbated in times of recession.

As a point of departure, in the following paragraphs we shall describe the most important structural changes that may have affected labour force participation among Norwegian single parents during the 1980s and 1990s. This includes firstly, macro-economic changes in the labour market and secondly, the most important benefit regulation amendments. Next, we deduce some hypotheses on single parents' labour market adjustment during the period. Finally, we confront our hypotheses with newly developed statistics on the actual labour market development for single parents

**Table 1. Employment and unemployment rates of married, or cohabiting, and single mothers in nine European countries in the first half of the 1990s. Percentage**

Country	Employment rate (in per cent of all)			Unemployment rate (as a percentage of the labour force)		
	married	single	ratio	married	single	ratio
Norway <sup>1</sup> (1994)	75	59	79	4	11	275
Sweden (1994)	80	70	88	6	12	200
Denmark (1994)	84	69	82	10	16	160
Finland (1993)	70	65	93	7	14	200
UK (1990)	62	41	66	5	8	160
Belgium (1992)	61	68	111	19	25	132
Austria (1993)	46 <sup>2</sup>	58 <sup>2</sup>	126	-	7	-
France (1992)	68	82	121	-	17	-
Italy (1992)	41	69	168	4	7	175

<sup>1</sup> The figures for Norway referred to in Bradshaw *et al* 1996, are from 1991. In this table, we have replaced the 1991 figures with the 1994 figures from our Labour Force Survey analysis in order to improve comparability with the other Nordic countries.

<sup>2</sup> Mothers on maternity leave have been excluded.

Source: Bradshaw *et al* 1996

### **The Norwegian Labour Market in the 1980s and 1990s**

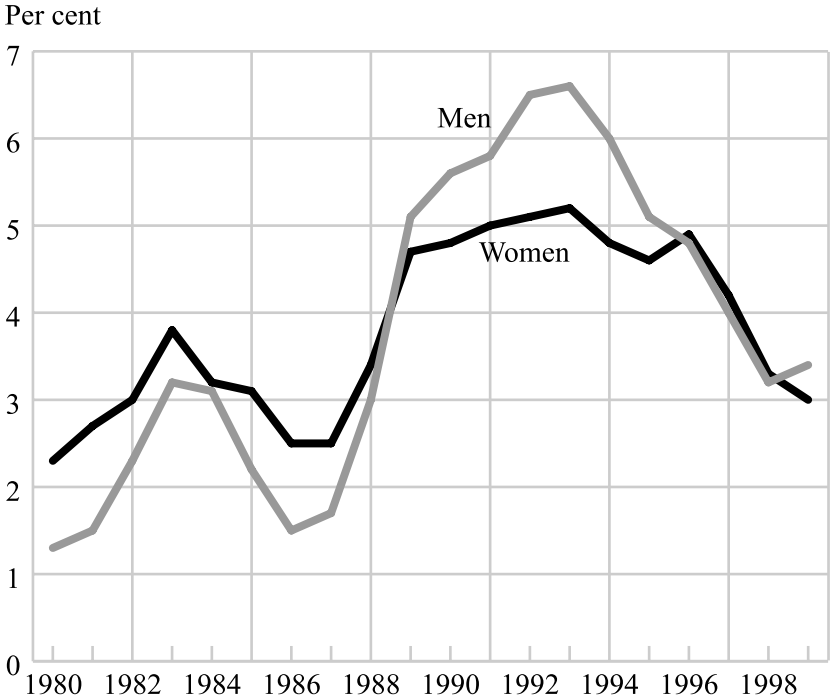
Following a strong and stable growth in employment throughout the 1970s, the 1980s and 1990s were characterised by substantial labour market fluctuations. Unemployment tripled from 1980 to 1983 when it constituted 3.4 per cent of the labour force according to the Norwegian Labour Force Survey (LFS). As more men than women were employed in industries that suffered stagnation and recession, the increase in unemployment was greatest among men. Yet, the unemployment rate remained (until 1989) higher for women than for men (figure 1). The economic situation improved relatively quickly in the 1980s, however. The demand for labour grew and unemployment began to fall. In 1986, the unemployment level was again at 2 per cent, which is almost as low as it had been for most of the 1970s.

In the winter of 1988 there was a new rise in unemployment that turned out to be far more serious than before. Between 1988 and 1993, the Norwegian economy suffered the greatest recession since the Second World War. In the trough of the economic depression in 1993, six per cent of the labour force were out of work - almost the double of the previous unemployment top in 1983. Throughout the period of 1988-1992, the fall in employment was larger than the rise in unemployment, implying that

the labour force shrank. This was mainly caused by a growth in early retirement (disability pension and other forms of early retirement) and increasing educational activity among young people. However, there was also a general withdrawal from the labour force that represented a new phenomenon compared to the previous peak in unemployment. Then the number of employed people did not decline and the labour force did not shrink, but unemployment increased because the demand for labour did not keep up with the increase in the supply.

Another phenomenon that was different from the early 1980s was that unemployment among men for the first time became higher than among women. At the trough of the business cycle, in 1983, 6.6 per cent of the male labour force was out of work, as against 5.2 per cent of the female labour force. This was the result of typical male jobs being once again hit harder by the downturn than typical female jobs. All in all, men accounted for 85 per cent of the employment decline and more than 100 per cent of the reduction in the labour force. There was thus still a small increase in the female labour force. Calculated as the percentage of the population of working age (16-74 years), there was, however, a reduction for both men and women of 4.6 and 1.4 percentage points, respectively.

Figure 1. Unemployment as a percentage of the labour force. Men and women 16-74 years, 1980-1999. Per cent



Source: Labour Force Surveys, Statistics Norway

The recovery of the economy started in the second half of 1993 and soon led to a substantial improvement of the labour market. Employment increased rapidly, and in 1996 it had reached the level of the last boom, 1987. The growth continued towards the end of the 1990s, and women contributed to more than half of the total increase between 1993 and 1999. However, improved labour market conditions also attracted more job seekers, and hence unemployment did not fall as much as the increase in employment would indicate. In 1999, 3.2 per cent of the labour force were unemployed. Unemployment fell somewhat quicker among men than among women, and, since 1996, the male and female unemployment rate has been fairly similar (in 1999, 3.4 and 3 per cent, respectively).

### **Amendments of Benefit Regulations**

The first Norwegian national regulation on benefits for single parents came into force in 1965 with the Benefits for Widows and Mothers Act. The Act covered only unmarried mothers and widows, however, thus excluding divorced and separated mothers and single fathers of all categories. When the law was incorporated in the National Insurance Act of 1967, these latter groups remained excluded. The state did not at first consider divorced and separated mothers and their children as its responsibility. Their subsistence was to be secured primarily through the legal provisions of former husbands and fathers (Kjønstad and Syse, 1997). In 1972, however, divorced and separated mothers were also conceded the right to state subsistence benefits. This was effected through a temporary law related to the municipal social welfare offices and later (in 1980) integrated into the National Insurance Act. The law was then expanded further to encompass more than just single *mothers*. From 1981, single *parents*, regardless of sex and former civil status, were granted the right to National Insurance benefits.

The purpose of The National Insurance regulations is to ensure financial support for mothers and fathers who have the sole care for their children and to help them to gradually provide for themselves through paid work. A single parent is considered to have sole care of a child if he or she has constantly 'clearly provided more of the day-to-day care for the child than the other parent' (ibid.). This entitlement is lost, however, if the respective parent lives with someone that he or she has had a child with, or is divorced from, or separated from. After 1 July 1999, such entitlement lapsed for all single parents living in long-term cohabitation relationships.



The Norwegian National Insurance scheme for single parents includes a variety of benefits<sup>1</sup>. We shall however, limit ourselves to discussing benefits that constitute an alternative to paid work.

Accordingly, our discussion is mainly related to the *transitional allowance* and changes in the rules for such benefit during the last 20 years. Since all categories of single parents became eligible for transitional allowance in 1981, there have been three important changes in the rules governing transitional allowance for single parents. Two of these aimed at increasing the number of single parents in paid work. The third change was a reduction in the scope of who was entitled to benefit.

The first and smallest change was made on 1 January 1990, when new and more lenient rules for income testing were introduced. This led to an increase in entitlement to transitional allowance. The subsequent two changes however led to a reduction of entitlements. The change of 1 January 1998, constituted above all a shortening of the benefit period. Even though the rules were always intended to provide a temporary help, single parents had, in effect, been able to choose whether to be supported solely or partially by the benefit scheme until the youngest child was ten years old. The 1998 change reduced the benefit period to a total of three years. Other restrictions were also introduced, making the right to benefit after the child has reached the age of three conditional on employment or educational activities.<sup>2</sup> When introducing the new regulations in 1998, the transitional allowance was for the first time made conditional on a certain labour market activity. The *level* of benefit was raised, however. Between December 1997 and January 1998, monthly transitional allowance increased from EUR 722 to EUR 820 for those receiving the full benefit (i.e. an increase of over 13 per cent).<sup>3</sup>

The third change introduced 1 July 1999 removed the entitlement to transitional allowance of single parents living in long-term cohabitation. Relationships that have lasted more than 12 of the previous 18 months are defined as long-term cohabitation in this connection. The 1999 amendment was a consequence of the realisation in recent years that many couples choose to live as cohabitants rather than as married partners, but that the actual relationship differs little from marriage.<sup>4</sup>

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<sup>1</sup> E.g. economic support to education and child care.

<sup>2</sup> Since 1 January 1998, the main rule has been that transitional benefit can be given until the youngest child reaches the age of eight, though not for more than a total of three years following the birth of the youngest child. In accordance with the main rule, there are a number of conditions that have to be met before transitional benefit can be paid once the youngest child has reached the age of three. The single parent must be following a course of education that constitutes at least half a full-time course, have a job that constitutes at least a 50% position, or be registered at the employment office as a job seeker. Provisions relating to job-related activity apply from 1 September 1998

<sup>3</sup> The new rules also entitled single parents who had received transitional allowance (or who had requested such benefit) before 1 January 1998, to receive benefit until 1 January 2001 in accordance with the former rules.

<sup>4</sup> In line with this, in 1994 single parents living in long-term cohabitation lost another single parent benefit, 'the additional child benefit', which entitles single parents to supplementary rates of the universal child benefit.

### **Transitional Allowance Take-up**

The best way of assessing benefit take-up among Norwegian single parents is to combine information from National Insurance Administration and Child Benefit registers. In accordance with the Child Benefit register single parents can be identified as those entitled to 'additional child benefit'.

Throughout the 1980s and early 1990s, entitlement to 'additional child benefit' included both those living alone and those cohabiting with a partner who is not the other parent of the child(ren). In 1980 and 1993 the group amounted to 12 and 21 percent respectively of all families with children under the age of 16. After 1994, when cohabitant single parents lost the right to 'additional child benefit' (see note 4), the number of registered single parents dropped by almost 20 percent. In 1999, before a new amendment was introduced<sup>5</sup>, single parent families constituted 19 percent of families with children under 16 (Kjeldstad and Rønsen 2002).

In 1981, when the National Insurance rules governing transitional allowance first embraced all single parents, just over a third of single parents received transitional allowance – approximately a quarter without any deductions because of work income (figure 2). These proportions remained approximately unchanged until 1986–1987, except in the recession of 1983 when the figures peaked slightly. Later, the proportion of transitional allowance recipients rose by approximately ten percentage points up to the time of the trough in the following economic depression, i.e. in 1993. The increase in the first half of the 1990s relates exclusively to recipients of reduced transitional allowance. This could be a result of the regulation change in 1990 which made it more profitable to combine allowance with paid work. In 1993, one in three beneficiaries had her allowance reduced because of another income – that is, in most cases, from paid work. In 1981, this figure was just over one in four.

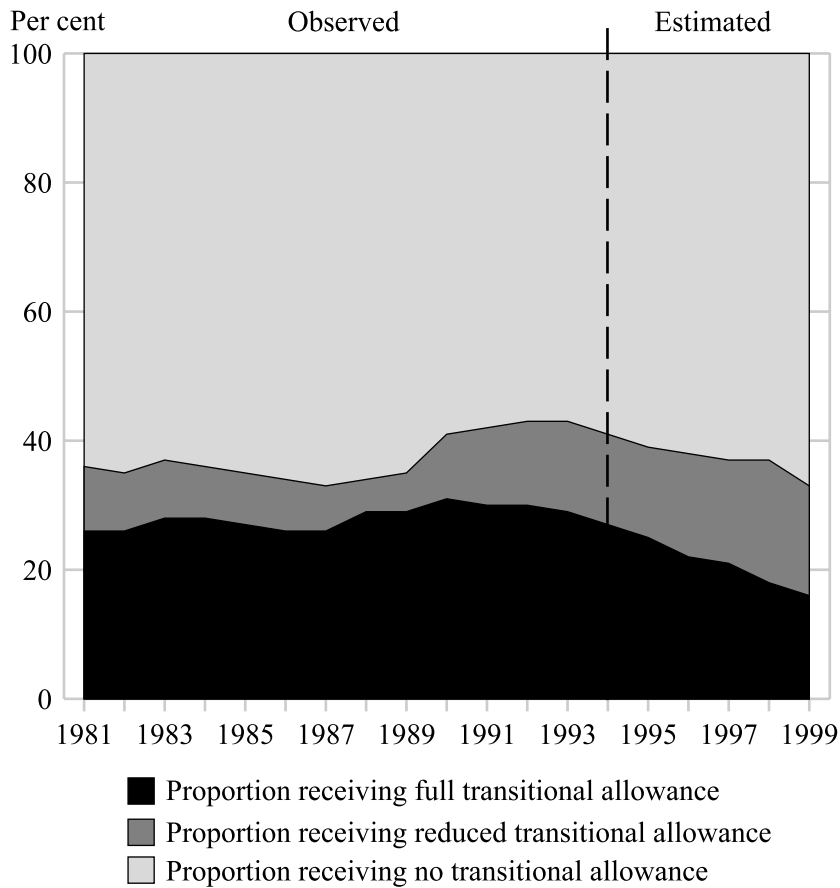
Since 1993 the proportion of single parents receiving transitional allowance has fallen. In 1998, 37 per cent of single parents received allowance, the proportion differing little from the proportion at the time the right to transitional allowance was introduced for all single parents, in 1981. The changes in the regulations, which were introduced on 1 January 1998, led to no visible change in the proportion of beneficiaries during the first year. This is actually not surprising due to various intermediate arrangements (see note 2 and 3). Figures for 1999 show, however, a marked reduction in the proportion of beneficiaries. This fall probably mainly reflects the fact that single parents who were cohabitants lost their entitlement to transitional allowance after 1 July 1999.<sup>6</sup>

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<sup>5</sup> May 1. 2000 the entitlement to child benefit was extended from families with children under the age of 16 to families with children under the age of 18.

<sup>6</sup> The regulation changes in 1999 interrupt the chronology of the figures, however, making it impossible to compare 1999-figures directly with those of previous years.

Figure 2. Recipients of full, or reduced, transitional allowance as a percentage of all single parents<sup>1</sup>, 1981-1999.



<sup>1</sup> After child benefit regulations changes in 1994, the total number has been estimated according to former regulations.

Source: National Insurance Administration

Throughout the 1990s, there was a clear move towards more single parents receiving reduced allowance. At the beginning of the 1990s, one in five beneficiaries received reduced allowance. By the end of the decade, the number of beneficiaries receiving reduced allowance was greater than the number receiving full allowance.

### Anticipated Labour Market Behaviour of Single Parents

Our hypothesis is that changes in the benefit system as well as economic fluctuations have been important determinants of single parents' labour market attachment during the twenty years we analyse. Below we discuss the expected development based on a combined assessment of these period

effects supplemented by the slight evidence of employment activity we have so far: the transitional allowance take-up during the period.<sup>7</sup>

At the beginning of the period, in 1980, all single parents were not entitled to transitional benefit, and the labour market situation was relatively favourable. Consequently, it is reasonable to expect a relatively high employment activity among single parents as compared to married and cohabiting parents and also as compared to periods with poorer labour market conditions. For single fathers we assume the activity level to correspond approximately to that of married fathers, while for single mothers we expect the level to be somewhat higher than for married mothers. This is because fathers' contribution to the economic support of families with small children was still considerably higher than the contribution from mothers (Lyngstad and Strand 1992, Skrede 1989). The husband's income thus represented an important alternative source of income in families where parents were married or cohabiting, while state subsistence benefits did not represent an equally reliable and adequate alternative for single mothers. For the same reason we also expect single mothers to be working full time to a larger extent than married or cohabiting mothers. The relatively good labour market conditions at the beginning of the 1980s also indicate a fairly low level of unemployment in all groups.

The general deterioration of the labour market from 1981-1983 is expected to reduce employment activity and increase unemployment among all parental groups, single and non-single alike. However, assuming that single parents are more vulnerable and exposed in periods with declining labour demand, we further believe the impact to be more negative for single parents. On the other hand, this is the first period that all single parents with children under the age of ten were entitled to transitional allowance. Improved welfare entitlements are likely to increase the significance of transitional allowance as an economic alternative to unemployment benefit and may thus have helped to contain the increase in unemployment among single parents. This is especially the case when measured as registered unemployment since it is not possible to receive transitional allowance and unemployment benefit at the same time. In the LFS, on the other hand, a benefit recipient may well report herself (or himself) as seeking work and hence be defined as unemployed. However, since there is a strong correlation between registered unemployment and unemployment as measured by the LFS, we shall also assume that there is a negative relationship between benefit reciprocity and unemployment among single parents according to the LFS. A more generous benefit scheme may thus serve as a buffer

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<sup>7</sup> Notify however, that allowance take-up and employment changes are not necessarily inversely proportional, as employment and allowance may either be mutually exclusive, or they may be combined. An additional reason that the calculated allowance take-up gives merely a rough indication of the employment of single parents is that the definitions vary. Whereas register based statistics on allowance take-up during the actual period also include single parents living with a cohabitant partner, the labour market analysis presented in the following is based on single parents not living in such relationship (see note 8). When in the following, single parents are discussed in contrast to married and cohabiting parents, the latter include cohabitants with children, without regard to the children being common or not.

against rising unemployment, but at the same time more single parents will withdraw completely from the labour market and hence the labour force will be reduced. Judged by the relatively modest increase in the proportion of benefit recipients at the beginning of the 1980s, however, improved welfare entitlements may not have had much of an impact on the labour market adaptations of single parents in this period.

The economic recovery *up to 1986/87* was accompanied by a small reduction in the proportion of benefit recipients, both of which point to a greater involvement of single parents in the labour market. This implies that we may expect labour force participation to increase and unemployment to fall in line with the other parental groups. The fact that the proportion of beneficiaries did not fall even more in this period of recovery may, however, indicate that unemployment among single mothers was quite persistent. Generally good job prospects may also have attracted many new job applicants. The relatively low and stable proportion of recipients of reduced transitional allowance for most of the 1980s suggests, moreover, that there was a consistently high proportion of full-time workers.

In the middle of the period *1987–1993*, which marked the onset of the next recession in the labour market, the government introduced new rules that made it more advantageous to combine transitional allowance and labour income. The relatively large increase in the proportion of benefit recipients in the period can probably be attributed to the combined effects of poorer employment prospects and more flexible welfare entitlements. The purpose of the new regulations that involved smaller deductions in benefits for income earners, was to encourage employment by making part-time work more attractive. The fact that the proportion of beneficiaries with reduced allowance increased the first few years after the changes may indicate that the intentions were partly achieved. A smaller proportion with full benefits may, however, just as well be a result of previous non-recipients becoming part-recipients as of previous full-recipients taking up work and becoming part-recipients, but this cannot be established based on the available cross-sectional statistics. Judged by the unfavourable labour market conditions during the period, our assumption is that despite the introduction of welfare rules that encouraged increased labour force participation, this period will probably be characterised by reduced employment and increased unemployment among single parents.

We further expect that the part-time proportion among employed single parents will increase at the expense of the full-time proportion throughout the 1990s. This assumption is primarily based on the change of the regulations in 1990 and on the fact that an increasing proportion of benefit recipients received reduced transitional allowance in the 1990s. For the period of recovery that started *after 1993*, we also expect a certain reduction in unemployment and an increase in employment. This fits well with the registered drop in the proportion of benefit recipients after 1993. The tightening of the

rules in January 1998 and July 1999 was clearly intended to reduce the number of benefit recipients and increase labour force participation and employment activity. On the whole there is reason to believe that the effect will be as planned. The timing, and the duration, of the effect are, however, more uncertain. Since our statistics only go as far as 1999, it is too early to assess the labour market effects of the latest amendments. The full effects of the 1998 change will, for example, only become apparent a few years later, due to a number of transitional schemes. We believe, however, that the shorter duration of welfare entitlements implied by the 1998 change could increase the vulnerability of single parents in times of recessions. Fortunately, the favourable labour market conditions in the last few years make it difficult to test such a hypothesis.

### **Actual Labour Market Behaviour of Single Parents<sup>8</sup>**

At the beginning of our study period, in 1980, the proportion of single and married/cohabiting mothers who were economically active was, practically speaking, the same, 62 and 63 per cent respectively, and the employment rate was 61 per cent in both groups. This means that unemployment in both groups was low and very similar: 3.6 per cent for single mothers, and 2 per cent for married mothers.<sup>9</sup> At the same time, the proportion of employed single mothers who worked full-time was more than 20 percentage points higher than among the corresponding group of married mothers (52 as against 31 per cent). In respect of single fathers, the percentages that were economically active or employed were well below the corresponding levels for married fathers (83 and 81 per cent for single fathers and 97 and 96 per cent for married fathers, respectively). Unemployment was considerably higher (even though the level was low compared to later years) for those who were single than for those who were married (2.8 per cent and 0.6 per cent, respectively). As to working hours, there is no significant difference between the two groups of fathers throughout the analysis period (figure 3).

The statistics for 1980 only partially agree with our expectations about single parents' adaptation to the labour market as outlined above. Certainly, the figures support our assumptions of a relatively high proportion of single mothers in full-time employment and a low unemployment proportion in all

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<sup>8</sup> The figures are based on the compilation of new tables based on especially prepared LFS data comprising parents of children under the age of 16 for the period 1980–1999. Four groups are identified: mothers and fathers living alone with children, and mothers and fathers married or cohabiting with biological or step children. The years 1988 and 1989 have been excluded due to a major change in the method of registering children in 1988 and to inadequate data in 1989. The change in 1988 involved linking data on biological and adopted children directly from the Population Register on to the survey data rather than collecting survey information on children in the household. Following these changes, there are no information in the LFS data of where children actually live, and if the mother and the biological father have separated and moved apart, the children will still be counted as living with both parents. In particular, this means that the group of single fathers will be far too big when using the LFS data as they are. To establish the true household situation more correctly, we have, therefore, also linked register information on the children's actual place of residence to the survey data. This link could not be established for years prior to 1991. Nonetheless, we include figures for 1990 for married/cohabiting and single mothers, since the difference between the linked and unlinked data are relatively small for the two groups of mothers.

<sup>9</sup> Since the proportion of economically active persons and the proportion of employed persons is calculated as a percentage of everyone in the group, while the unemployment proportion is calculated as a percentage of the labour force, the latter will be somewhat higher than the difference between the two former proportions.

groups. To some extent, they also corroborate our hypothesis of a high level of economic activity and employment among single mothers, since the difference as compared to married mothers was smaller in 1980 than it was later in the period. The wider gap between the two groups of mothers can, however, to a much greater extent be attributed to the rise in employment of married women, rather than to a decline in employment of single mothers.

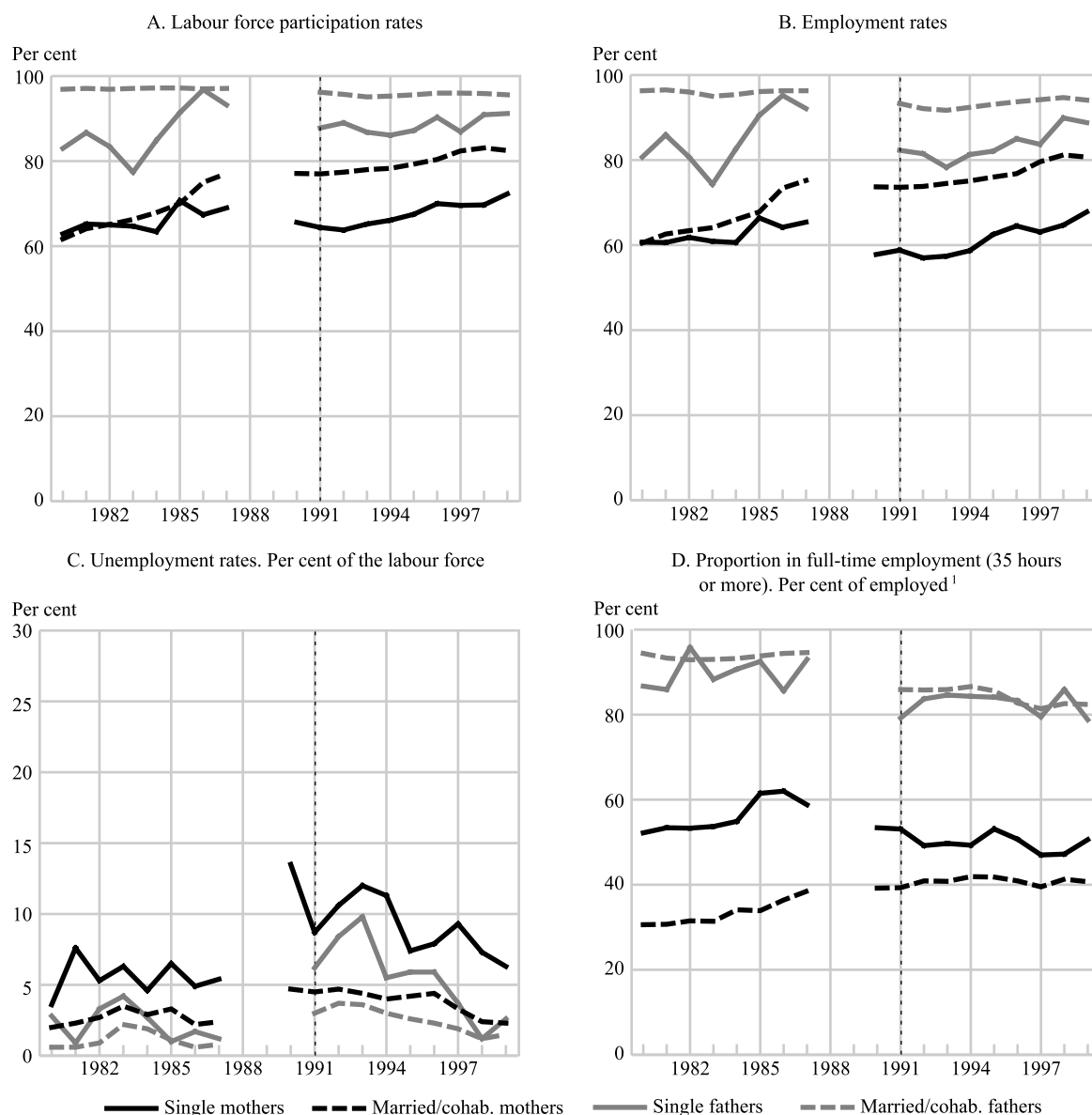
In relation to our expectations, the employment level of single fathers is surprisingly low compared to the corresponding level among married, or cohabiting, fathers. Certainly, these figures are based on relatively small sample sizes, and the estimates are therefore more uncertain<sup>10</sup>. However, we can still say with reasonable confidence that the employment level among single fathers is consistently lower than among married fathers throughout the period of the analysis. The situation is thus not as assumed – that better welfare entitlements contributed to reduce an initially high employment level among single fathers. What is more, the main impression given by the figures for economic activity, employment and unemployment (figure 3 a, b and c) is that single fathers are far more vulnerable to fluctuations in the economy than married fathers (and married mothers) are. Single fathers have clear troughs in employment activity and peaks in unemployment in the most pronounced periods of recession. In this respect, changes in the welfare regulations had only marginal significance. Further, the new rules of 1990 that involved reduced benefit deductions for income earners do not seem to have affected the proportion of single fathers who worked full time.

Whereas for married and cohabiting parents, the fall in employment *up to 1983* included only men, for single parents the fall also comprised women to some extent. The generally stronger vulnerability of single parents in times of recession is clearly apparent in figure 3 c where the unemployment rate in 1983 is seen to be nearly twice as high for single parents as for married, or cohabiting, parents. The figure further illustrates that unemployment is a far more common phenomenon among single than among married/cohabiting parents regardless of the state of the economy. This especially concerns single mothers. Furthermore, we note that the single-parent labour force shrinks in times of recession (figure 3a), implying that some withdraw completely from the labour market when conditions become difficult. Together with the increase in the proportion of benefit recipients in 1983 and in the early 1990s, this indicates that transitional benefit has to some extent functioned as a kind of 'buffer' against unemployment for single parents. The picture is, however, blurred by the fact that it is quite possible both to belong to the labour force and to be a benefit recipient in the LFS, as discussed before.

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<sup>10</sup> The uncertainty relates, in particular, to the group 'single fathers' of which there are very few in the LFS. The estimates of economic activity and employment for single fathers are, however, consistently below the corresponding estimates for married/cohabiting fathers throughout the period. For some years, the difference between the groups may also be significant, but this is difficult to assess precisely as there are no published records of standard deviations for estimated proportions in the LFS.

Figure 3. Labour force participation, employment, unemployment and full-time employment. Single and married, or cohabiting, mothers and fathers. 1980-1999



<sup>1</sup> Temporary absentees not included.

Source: Labour Force Surveys, Statistics Norway

The economic recovery *up to 1987* was characterised by a general increase in employment activity in all groups. There was also a relatively large increase in full-time employment among all mothers, single and married/cohabiting alike. The increase in employment consisted thus mainly of full-time work. At the same time, the difference in the full-time proportions between the two groups of mothers remained high. The increase in full-time among single mothers was larger than that expected based on the observed stability in the proportion receiving reduced transitional benefit in the period. On the other hand, the development seems to confirm our expectations that unemployment among single mothers might be less reduced by economic recovery, since the proportion of benefit recipients



decreased relatively little in the period. According to our figures, the unemployment level among single mothers remained approximately the same from 1983 to 1987, while it dropped for all other provider groups. The drop is particularly noticeable among single fathers.

We lack LFS data for fathers for the years 1988–1990 and for mothers for the years 1988 and 1989 (see note 8). Hence it is impossible to say anything definite about the trends during these years. However, figure 3 indicates a greater stability in economic activity among married/cohabiting mothers and fathers, than among single mothers and fathers from the end of the 1980s to the beginning of the 1990s. Within just a few years there was a marked deterioration of the labour market situation for single parents of both sexes. In 1990, i.e. in the middle of the last recession with a low in 1993, and at the time of the introduction of new and more lenient rules for income testing of benefits, the employment level of single mothers was at its lowest point during the twenty years studied. There was no recovery of any significance until approximately the middle of the 1990s. Among married and cohabiting mothers, however, employment activity remained at approximately the same level as that reached in the boom of 1987 throughout the next recession. Unemployment among single mothers was almost three times that of married and cohabiting mothers (13.5 vs. 4.7 per cent) in 1990. The question of whether the 1990 amendment had any effect is difficult to assess due to the state of the economy in the early 1990s when the situation on the labour market deteriorated considerably<sup>11</sup>. Certainly, there was a fall in the proportion of full-time workers in the following years, but this cannot easily be contributed directly to the change in rules, since the fall already started in 1986/87. The increase in part-time work among single mothers thus appears to have started several years before the rules were amended so as to make it more attractive to combine benefits and paid work.

So far our assessment of the consequences of the change of the benefit scheme in 1990 has been based on statistics comprising all single parents with children under the age of 16. This may obviously obscure the picture since the amendment only concerned those who were entitled to transitional allowance, i.e. those who had children under the age of ten. If we divide the mothers according to the age of their youngest child<sup>12</sup>, some further patterns emerge (figure 4). Among mothers with children aged 3 to 6 there is a considerable increase in employment during the 1990s, especially after the economic recession at the beginning of the decade. There is also a similar, although somewhat weaker, trend among those with children aged 7-10. It is still difficult, however, to distinguish what is due to

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<sup>11</sup> Based on a special survey in the autumn of 1990 among single mothers and a control group of married or cohabiting mothers with children under the age of 10, Rønsen and Strøm (1993) find that the change in the benefit scheme had little effect on the labour supply of single mothers. Their economic activity increased somewhat from the autumn of 1989 to the autumn of 1990, but not more than in the control group. At the same time there was a small decrease in the average working hours of employed single mothers.

<sup>12</sup> The significance of age of the youngest child is not analysed for fathers because the sample of single fathers is too small to be split into groups. Kjeldstad and Rønsen (2002) contains, however, a description of the trend for married and cohabiting fathers divided by the age of the youngest child.

the new rules and what is due to improved conditions in the labour market. The slower growth in employment among mothers who were not affected by the amendment, i.e. single mothers with children aged 11–15, supports the view that the changes had an effect, while the lack of employment growth among mothers with children aged 0–2 show that the effect did not encompass all entitled mothers.

In contrast to the years after the recession in the early 1980s, when full-time work constituted the major part of the growth in employment among single mothers, the increase after the *recession of the 1990s* mainly appeared as part-time work. The growing trend of part-time work among single mothers that started towards the end of the 1980s, thus continued throughout most of the 1990s. At the same time, the main trend for married and cohabiting mothers was characterised by a stable or even slightly increasing full-time proportion.

As in 1990, the change of rules in 1998 seem to have been a response to a trend that had already started in the labour market in respect of single mothers. From the beginning of 1993 and up to the present, there has been a relatively stable increase in labour force participation. On the whole this is also the case for employment activity. The unemployment level has, however, remained relatively high, indicating that a large proportion of single parents who have tried to get a job in this period have been unsuccessful. In the same manner, the reduction in the proportion of those receiving transitional allowance after 1993 and the increase in the proportion of those receiving reduced allowance throughout the 1990s signal a gradual move away from transitional allowance as the principal source of support. On the whole, the statistics show that there has been a fairly uniform process among single mothers in the 1990s towards a more active involvement in the labour market. At the same time, the figures indicate that this group is particularly exposed to unemployment and expulsion from the labour market in times of recession. This applies to single fathers as well as to single mothers. The prospects of alternative support by transitional allowance may perhaps compensate to some extent for problems in the labour market. Nevertheless, the high unemployment level among single parents indicates that the allowance represents only a partial alternative.

In connection with the amendment in 1998 it is also interesting to study in more detail the development at the end of the 1990s for mothers with children of different ages. The 1998 changes implied a substantial reduction in the duration of the transitional allowance period for single mothers with children above the age of three. At the same time, higher benefit rates (mentioned earlier) provided single mothers of the youngest children with an improved financial situation. Figure 4 a does indeed show that there was a significant drop in employment among single mothers with children aged 0-2, while there was an even more pronounced increase in the employment of single mothers with

children aged 7-10 from 1998 to 1999. It seems reasonable to consider these disparate developments an effect of mothers of the youngest children obtaining better financial alternatives to employment, while those with older children got poorer access to alternative income.

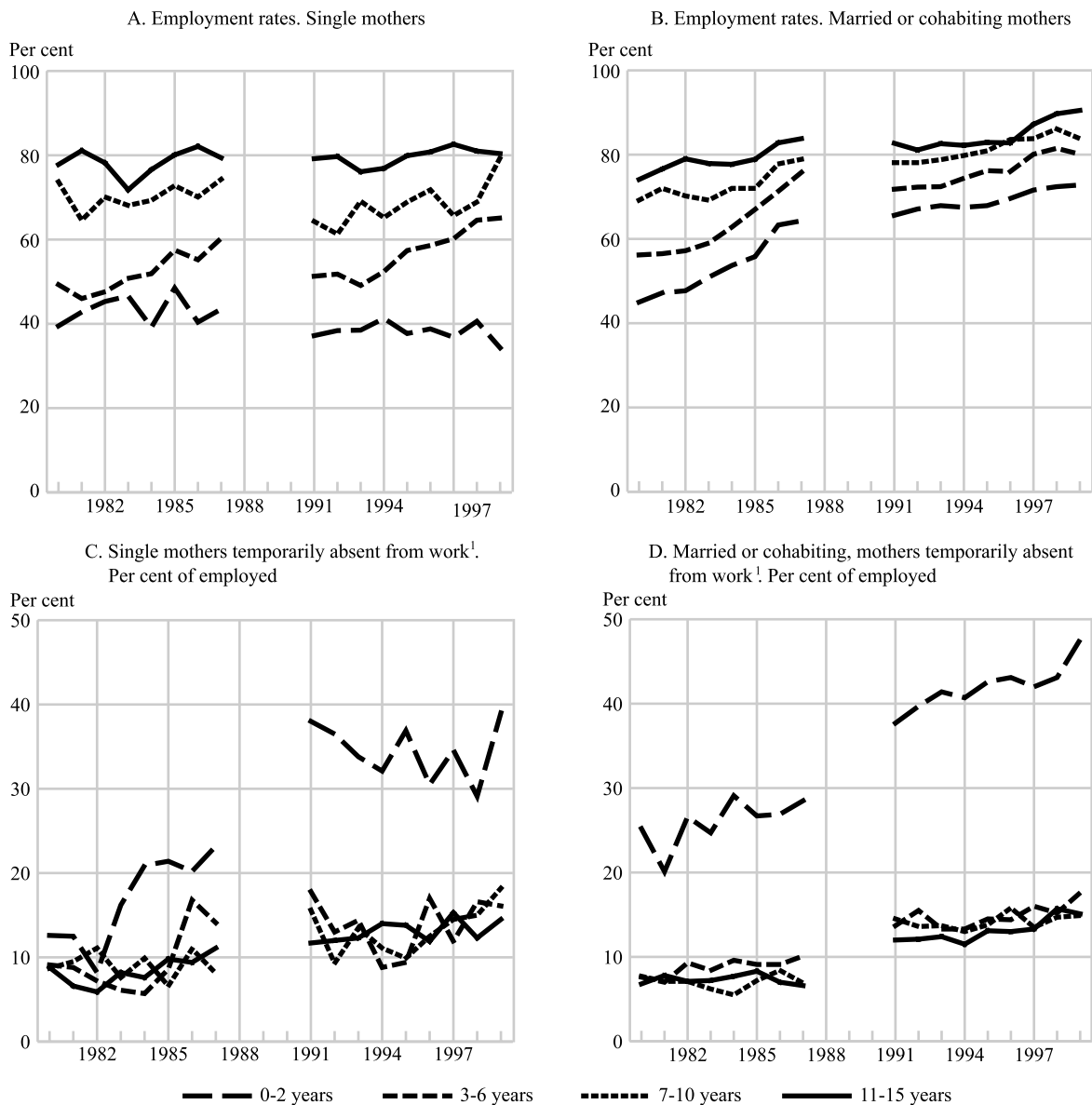
It is further worth noticing that the proportion of employed married, or cohabiting, mothers with children aged 0-2 that was temporarily absent from work is higher than the corresponding proportion among single mothers<sup>13</sup>. The difference increased through most of the 1990s. The larger difference during the 1990s is a consequence of increased absence from work of married and cohabiting mothers, and, until 1998, falling absence from work of single mothers of small children. A closer analysis of the causes of absence (Kjeldstad and Rønsen, 2002) shows that absence due to maternity and childcare leave is far more common among married, or cohabiting, mothers than it is among single mothers. It is natural to consider the increase in temporary absence among the former group as a result of major extensions of the parental leave period in the early 1990s.<sup>14</sup> The reason why longer parental leave did not affect single mothers to the same extent is probably that they far more frequently only have one child, and thus have no more children under, nor others above, the age of three.

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<sup>13</sup> Only absence of one week or more was registered. As short-term absence is not included, long-term absence, such as leave and holidays, will have a major impact on the statistics. Please also note that the figures before and after 1988 are not directly comparable in figure 4 c and d. This is mainly because of a more comprehensive registration of holidays after 1988.

<sup>14</sup> Between 1988 and 1993, parental leave increased from 22 weeks with full pay to 42 weeks with full pay, or 52 weeks with 80% wage compensation.

Figure 4. Employment and temporary absence from work. Single and married, or cohabiting, mothers with the youngest child in different age groups. 1980-1999



<sup>1</sup> Absent throughout the week of the survey.  
 Source: Labour Force Surveys, Statistics Norway

## Conclusion

The 1980s have often been characterised as the 'decade of mothers of small children' in respect of the Norwegian labour market (Kjeldstad 1991). Our analysis facilitates a more precise interpretation; we would claim that the 1980s rather were the decade of *married*, or *cohabiting*, mothers of small children. From 1980 to 1990, employment of married mothers increased by 13 percentage points, from 61 to 74 per cent, while the proportion of the same group in full-time employment increased by nine percentage points, from approx. 30 per cent to 39 per cent. Despite the economic recession in the period, unemployment of married mothers was never more than 5 per cent. By comparison, the employment rate of single mothers dropped by three percentage points, from 61 per cent to 58 per cent and the proportion of this group in full-time employment remained approximately the same: 52 per cent in 1980 and 53 per cent in 1990. The unemployment rate was over 5 per cent for most of the decade, and even reached 13.5 per cent in 1990.

While married mothers generally consolidated their position in the labour market in the 1990s, there was a trend among single mothers to seek work again after the hard recession from the end of the 1980s and until 1993. The recession also influenced single fathers and, to some extent, married fathers. In this period, the proportion of those in full-time employment fell in all three groups. While the increase in employment of married women in the 1980s in general took the form of full-time work, the increase in employment of single mothers (and fathers) in the second half of the 1990s took the form of part-time work. Overall, the analysis reveals a dramatic difference in the labour market development for single and married parents. The difference relates to single mothers in relation to married, or cohabiting, mothers, and single parents as a group in relation to married parents. The analysis may indicate that having sole care of a child, rather than sharing care with a partner, in some circumstances may be a selection criterion as important as sex in the labour market. This selection criterion appears to be particularly significant in periods of recession when demand for labour is low.

In comparison with other countries mentioned in the introduction, we queried the relationship between various countries' welfare benefit systems, the generosity of benefit schemes, and work involvement of single parents. We questioned whether the relatively low number of single parents in Norway that were in employment might be a consequence of the country's relatively generous welfare system. If our analysis, despite its being limited to Norway, had revealed a consistent correlation between changes in the welfare regulations and single parents' involvement in the labour market, we would have to say that it was. What we have found, however, is that economic fluctuations and general labour market processes are at least as influential as welfare rules. We should therefore be far more cautious in our conclusions. In the light of the above, we must be careful in interpreting the increase of Norwegian single parents in the labour force during the last few years as being solely a consequence

of the 1990s' introduction of new welfare regulations intended to increase such activities. We have, for example, seen that the introduction of such regulations in 1990 did not succeed in preventing a drop in the labour force participation and did not reduce unemployment. It may therefore appear that favourable economic conditions in the labour market are more likely than stringent welfare rules to lead to savings in welfare expenditure allocated to single parents.

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