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DISCUSSION PAPER

**CHILDREN AND THE CHANGING LABOUR MARKET:
JOBLESSNESS IN FAMILIES WITH DEPENDENT CHILDREN**

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CHILDREN AND THE CHANGING LABOUR MARKET

Joblessness in Families with Dependent Children

R G Gregory*

I Introduction

For many Australians the labour market has become a less friendly place over the last two decades. One source of tension is the loss of full-time jobs. Since August 1975 the full-time employment-population ratio has fallen by 26 per cent among men and increased only one per cent among women. There has, however, been considerable part-time employment growth but not sufficient to offset full-time job losses. As a result between August 1975 and May 1999 the unemployment rate increased from 4.6 to 7.3 per cent and the average unemployment duration increased from 12.7 weeks to 55.7 weeks.

The young have been particularly affected by this job loss and there are numerous studies of teenage unemployment. It is noticeable, however, that less attention has been directed to the impact of inadequate employment growth on families with dependent children.

There are many reasons why this is a serious neglect. Families with dependent children usually have more mouths to feed and, as a result, the economic and psychic costs an adult incurs from job loss may be greater if children need to be supported. Governments have always recognised this and provided additional unemployment benefits for families with dependant children.

Another source of concern is that a child's future development may depend importantly on access to economic resources during the first fifteen years of life. Long spells of parent joblessness may have consequences for children that extend well beyond the period of living in a family without work. Future income, social class and relative economic success may be adversely affected. There may be critical periods in the life of a child during which parent joblessness is especially important in much the same way that missing particular periods of schooling can have serious implications.

Finally, long spells without employment often generate tension and conflict in families. There are many studies which suggest that long spells of adult unemployment may lead to poor health, divorce, family violence and social exclusion. All these manifestations of family unemployment can have important effects on child development.

But the relationship between dependent children and the labour market has not been completely neglected by economists. There are many studies which measure changing poverty rates among children (Harding and Szukalska, 1999, Bradbury and Jantti, 1998). This

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research shows that child poverty is the outcome of three major forces.¹ Two of these forces operate to increase child poverty; these are the growth of sole parent families and labour market changes leading to insufficient full-time work. The third force, the growth of government income support for children, has largely offset the increase in child poverty that otherwise would have occurred. Government income support is now substantial and extends from families without work to those in work but receiving low income.²

These three forces have largely offset each other. But if sole parenthood and full-time job growth continue at their current rates of increase there must be considerable doubt as to the ability of government to continue to provide sufficient income support to offset these changes. In the future, child poverty may substantially increase.

Our objective in this essay is to move the focus away from measuring child poverty and direct it towards the fundamental labour market and social changes that are generating the rapid growth of government income support for children. The first question is to what extent has inadequate job growth over the last two decades found its way into families with dependent children? This is not a difficult question to answer and we provide the basic facts. Other subsequent questions that might be posed are more difficult. Why has so much joblessness located in families with dependent children, rather than elsewhere in the economy? What is the effect, on a child, of living for a substantial period in a family without work? To a large extent we can only conjecture as to the answers.

There is no doubt that the changing labour market has brought increasing disadvantage to many individuals, families and children (Miller 1997, Gregory 1993). But it has also brought a new and exciting range of opportunities to others. For example, there has been substantial growth in employment and relative wages of women and many children have shared in these advantages. They have access to economic resources well above that of their parents when they were children. But just as employment and income inequalities are growing in the adult labour market so it is likely that there are growing inequalities of life chances among children. The difference in economic resources brought to children living in two income families and those living in jobless families is considerable.

¹ There is another factor which is not analysed here and that is the trend for real wages among some unskilled groups to fall.

² The extent to which successive government has increased payments to low income families with children is quite extraordinary. Harding and Szukalska (1999) give the following example. Consider a family with an employed husband on a low wage and wife at home looking after two children. In 1982 they received about \$25 in family allowances (1995-96) dollars. In January 1996 they received \$93.10 family payments and up to \$40 rent assistance. Such a family would have received assistance worth about 4 per cent of average weekly ordinary full-time earnings in November 1982 — but one fifth of such earnings in early 1996.

II The Overview

We all have an interest in how employment is allocated across families with dependent children. The allocation of employment and its remuneration is the principal determinant of the life chances of a child.

The employment allocation among adults has been subject to marked shifts over the last two and half decades as the economy has moved from a labour market where unemployment was low and jobs were plentiful to a labour market where unemployment is high and jobs are scarce. The most noticeable change is the polarisation of work across families. Australian children are being increasingly divided into those who live in families that are work rich (both adults employed) and those who live in families that are work poor (no adults employed).

Table 1 provides the basic data which measures the changes that have occurred. Over the period 1979-1998 the number of families with dependent children increased by 435,000. The number of jobs held by parents in these families increased by 598,000. The number of jobs increased substantially more than the increase in the number of families. And yet the number of families in which no adult is employed increased by 229,000. How is this possible? The answer is that most of the additional employment went to families where an adult was already employed. The number of families in which two adults are employed increased by 395,000. The number of families with one adult employed fell by 188,000. There is a hollowing out as families move towards each of the spectrum either to work rich or work poor families.

The division into work rich and work poor families has continued throughout the past decade but the pattern has been shifting; 70 per cent of the increase in work poor families occurred over the last ten years (Table 1). Lack of work continues to increase unabated among families with dependent children.

The growth of work rich families reveals has the opposite pattern; 70 per cent of the increase in work rich families occurred during the 1979-1990 period but since then the growth of the work rich families has almost stopped. All the decline in one job families occurred during 1979-1990. This process has now reversed and over the last decade one job families have begun to slowly increase.

In the first decade 1979-1990 families substantially increased their employment levels but additional jobs went to families with one parent already employed. The polarisation was created primarily by the division of employment among families and not by the lack of jobs.

During the second decade, most of the polarisation has been generated by the lack of jobs and the growth of jobless families. The increase in the number of families is approximately the same across both decades but during the 1979-1990 period there were just over two extra jobs for each new family. Over the last decade there has been just under one extra job for each additional family.

To this point we have been considering changes in the employment pattern across families. Now we direct our attention to work poor families. Figure 1 shows the proportion of dependent child families in which no parent is employed.³ At 1998, 18 per cent of dependent children lived in families without a parent employed, an increase from 11 per cent in 1979.⁴ The increase in joblessness has not proceeded smoothly. After each recession the number of families without work increase and during the recovery fails to return to its pre-recession level. This marked ratchet effect may have become more pronounced. Six years after the recession of the early 1980s there was some indication that dependent child families were beginning to claw back some of their employment losses. But the recession of the early 1990s added more job loss and seven years later there is no obvious sign of the beginning of a recovery.

To explore the influences that have led to approximately one in five dependent children living in a jobless family we partition families without employment into couple and one parent families. One parent families are increasing in Australia. Over the last two decades one parent families increased from 13 to 22 per cent of families with dependent children. Over the 1979-1990 period one parent families accounted for 41 per cent of the increases in the number of families, over the 1990-1998 period they accounted for 88 per cent of the increase.

About 60 per cent of families without work are one parent families and 40 per cent are couple families. It is evident from Table 1 that both groups have added to the increase in families without work. But the balance is shifting. During the first decade, 1979-1990, both family types contributed equally to the growth of joblessness. In the next decade sole parent families accounted for 75 per cent of the increase. In terms of employment, 89 per cent of the additional employment of women went to couple families in the first decade but only 29 per cent of the increase during the second period.

Figure 2 presents the proportion of all jobless families that are accounted for by couple and one parent families for each year. Both groups contribute to the increase in joblessness over the 1979-1992 period during which they appear to respond to the macro cycle. The increase in joblessness occurred during the recession of the early 1980s and then both groups experienced job growth during the 1983-1990 period. Joblessness increases again during the early 1990s and then after 1992 there is a significant change in the relationship between joblessness in couple and sole parent families. The growth of sole parent families

³ Dependent children include all family members under 15 years of age and all family members aged 15-19 years attending school or aged 15-24 attending a tertiary institution full-time. Just over 80 per cent of dependent children are under 15 years of age. The family data are taken from Labour Force Status and Other Characteristics of Families. ABS 6224.0.

⁴ Throughout the paper no attempt has been made to convert the dependent child family data into the number of children affected. Although the average number of dependent children varies across different family units this is not a serious concern at this stage of the analysis.

has continued to add to the number of families without work but the lack of employment among couple families has begun to decline, although still above the level of the 1980s. Lone parent families without work are now 11.5 per cent of all families. Between 1989 and 1998 the number of jobless families increased by 229,000. Just over two thirds of this increase originated in sole parent families.

Another useful partition is to divide families without work into families where at least one parent is actively seeking employment and families where all parent members are not in the labour force (NILF). This classification is straight forward for sole parent families. For couple families we define the NILF category to include only those where both members are NILF.

The major source of lack of work in all dependent children families is the NILF category which accounts for 79 per cent of families without work in 1979 and 71 per cent in 1998 (Figure 3). Again there is a changed relationship between the series from 1992 onwards. The NILF group has increased since 1992 while the number of families seeking work has declined.

The official measure of unemployment is not a good indicator of lack of work among families as most jobless families are NILF. Over the two decades there was an increase of 143,000 families with no adult in the labour force and an increase of 86,000 families where the only member in the labour force was unemployed.

There are many research questions arising from these data. Is there a real distinction between unemployment and the NILF category for these families or can these two labour market states be combined together in one jobless statistic? Why has there been such a large increase in families where no parent is in the labour force? Is this outcome being generated primarily by demand or supply factors? What harm is being done to our children when one in five live in a family where no parent is employed? What is causing the shifting balance between lone parent and couple families? Why has the growth of two job families virtually stopped?

III Couple Family Joblessness

Although couple families are less important as a source of joblessness than single families it is noticeable that the proportion of couple families without work has almost doubled over the last two decades, increasing from 5 to 9 per cent. Over the same period, July 1979 to July 1998, the aggregate unemployment rate increased from 6.2 to 7.7 per cent. Consequently the proportion of couple families without work has moved from below the aggregate unemployment rate to above it.

Although the macro labour market has deteriorated, and unemployment increased over this period, it is rather puzzling, and perhaps unexpected, that couple families with dependent children have been so adversely affected by joblessness. Indeed the increase in

families without work is even more surprising when it is realised that the number of couple families with dependent children increased by 157,000 but the number of adult members of these families with employment increased by 467,000 (Table 1). There should be enough jobs to reduce joblessness. What happened? Consider the labour market behaviour of men in these families.

Growing Joblessness Among Men in Couple Families

It used to be said that men with dependent children were better workers: they were more reliable, more mature and they needed the work to support the family. This suggests that men living with children might be less affected by job losses during a recession and, if they lose a job, they would search more vigorously for a new one and be more acceptable to employers. Although the employment-population ratio of men with dependent children is still above that of men without dependents this stereotype of the reliable family man with children who is last fired and first hired does not seem to fit recent changes in the aggregate data that well.

Figure 4 indicates that the jobless rate among men in couple families is very high. In 1998, just under 12 per cent of men in couple families were without work. The jobless rate has doubled since 1979 when it was 6 per cent. It is also apparent from Figure 4 that men in couple families with dependents do not find jobs easily after job loss. The jobless rate ratchets upwards after each recession and does not return to its previous level during the macro economic recovery.⁵ After a slight fall following the depths of the 1990s recession employment of men in couple families with dependent children has not significantly increased over the last four years, even though the macro unemployment rate has fallen. Somewhat surprisingly one in eight dependent children in a couple family now live with an adult male who is not employed.

The increase in the jobless rate is produced in part by a growing level of unemployment among men in couple families but there is a new and important phenomenon. There is a noticeable upward trend for males to withdraw from the labour force and this has become the major source of joblessness, accounting for just over 6 per cent of men living with dependent children. The trend towards labour force withdrawal does not appear to be closely related to the unemployment cycle (Figure 4).

It is important to discover what is generating this jobless phenomenon among men with dependant children and what are the implications for children and family policy. This topic will be dealt with more thoroughly in subsequent research but at this point consider Figure 5 which is based on data taken from the 1981, 1991 and 1996 Census. Men living with children in couple families are classified by their education level. It is apparent that the probability that any individual male will not be employed is closely related to his education

⁵ The growing polarisation into job rich and job poor families is not only an Australian phenomenon. It is very evident in the UK (Gregg and Wadsworth 1996).

level. In 1981, 18.5 per cent of men who left school before 14 years of age were not employed compared to 4.7 per cent of those who left school at 18 years of age and above. By 1996 this relationship between education and employment had moved up considerably. Men at all education levels have been affected by the growth in joblessness. But lack of work remains concentrated among the less educated. The rate of joblessness for those who left school before 14 years of age has increased to 30 per cent.

It is noticeable that the relationship between education and lack of work has become slightly U shaped with the probability of being without work increasing once an individual stays at school beyond 17 years. The increasing joblessness for the most educated may indicate that many of these men may still be attending a tertiary institution full-time even though they have dependent children.

The Changing Employment Pattern of Women in Couple Families

It is surprising that there are so many work poor families among couple families with dependent children. In principle, either adult in a couple family could find a job. Couple families have twice the employment chances of a lone parent family and it only takes one member employed to move the family out of the jobless category. But, as we saw earlier, over the last two decades, and at the margin, there seems not to be a significant job finding advantage to the adult male in the family unit with dependent children. What can be said about the employment of women in couple families? Why have they not found employment to offset male joblessness?

Between 1979 and 1998, 40 per cent of the additional jobs held by women went to women living in couple families. The employment-population ratio for women in couple families increased from 42 to 60 per cent. A macro environment in which female employment increased quickly suggests that women in couple families could have compensated for male joblessness by obtaining employment and thus offset the increase that otherwise would have occurred in work poor families. This possibility suggests that the family operates as an insurance unit in the labour market with changes in the employment of one party being offset by that of the other. This effect has been called the additional worker effect.

Alternatively, employment of women could have reduced the pressure placed on male partners to find a job and may be a part explanation of increased joblessness among men. Again suggesting that there is a relationship between the reduced probability of employment of one partner and the increased probability of employment of the other.

Figure 6 presents male joblessness in couple families over the last two decades and the proportion of couple families where no adult is employed. The gap between the series indicates that employment of women has always provided some offset to joblessness among their male partners. But the offset has always been small. The gap between the series has widened over the last two decades and therefore the propensity for women's employment to

provide some offset to male joblessness has increased, from approximately 18 per cent in 1979 to 24 per cent twenty years later. But this is a small change. Also, it appears that the offset has been a smooth process rather than a response to recessions which generate male unemployment. The ratchet effect of recessions on joblessness in dependent children families is generated primarily by male job loss, not significantly offset by employment of their partners.⁶

Only 5 per cent of female employment growth in dependent child families can be accounted for by women with NILF partners. It follows therefore that the rapid growth of female employment over the last two decades has overwhelmingly gone to women with an employed partner and not to offset growing male joblessness. The changing pattern of employment among dependent child couple families is given in Figure 7. At the beginning of the period the one job family was the most common family unit. But a rapid growth in female employment during the 1980s changed the pattern so that two job families are now the most common. The allocation of work across family types is polarising as two job and no job families are increasing together.

This pattern of job change is described in Table 1 which allocates job growth to family types. Of the 436,000 increase in female employment in couple families with dependent children 91 per cent of this growth has gone to families where both partners are employed. Women with employed partners have fared much better in the labour market than women with partners unemployed or not in the labour force.

The clustering of families into work rich and work poor is also illustrated in Figure 8 which presents the jobless rate for men classified according to whether their wives are employed or not. The change since 1979 is stark. In 1979 the incidence of joblessness among husbands with employed wives was 2.5 per cent and 8.0 per cent for those with wives NILF. Since 1979 the jobless rate for men with wives NILF has increased to just over 21 per cent, while the jobless rate for men with employed wives has increased to 5 per cent. The labour market gap between these two family types is growing.

It is not clear what is generating this new pattern of work rich and work poor families. One possible explanation may be that men with labour market skills that are less valued today live with women who possess similar characteristics. Thus low skilled male factory workers who have found that the labour market has moved against them may live with low skilled female factory workers who are also facing falling employment opportunities. Under these circumstances the family does not act as an insurance grouping to offset adverse changes for either partner. Although there is a ratchet effect of recessions for both sets of husbands it is

⁶ Although employment growth among women in couple families with dependent children has been much stronger than employment growth among married men there is a similar employment cycle for both groups. In years in which male employment falls the growth rate of female employment is low. Hence, to offset male job loss during employment downturns women from male jobless families would need to replace other women in the labour market at a time when jobs are hardest to find.

mainly focussed on husbands without employed wives which suggests that the explanation for the growing phenomenon of work poor families may be found in the changes in the labour market.

The strong association between joblessness and low education suggests that another possible explanation of work poor families might be the design of the welfare system, which has increasingly introduced high marginal effective tax rates for dependent child couples who face low labour market incomes. The welfare system, despite recent changes, may be acting as an effective disincentive for the spouse of a non-employed partner to seek work. The concentration of joblessness among families with low education levels suggests that the skill level and welfare explanations for joblessness may be consistent with the data.

A third possible explanation of the growth of work rich and work poor families may be the geographic distribution of jobs. For example, if men were to lose jobs in country towns, where there were few employment opportunities for women, then it would not be possible for women to offset male employment without the family re locating; a decision which may involve them in considerable cost. Similarly, within cities, men who lose jobs may live in areas where jobs are scarce for women and transport systems to jobs outside the area may not be very effective.

The data analysed by Boyd Hunter and I are consistent with this view (Gregory and Hunter 1995). We have shown that within major cities two job families are congregating together in areas of high socio-economic status and no job families are grouping together in areas of low socio-economic status, especially in areas where manufacturing workers used to live. On a geographical basis families are polarising into neighbourhoods of work rich and work poor families.

One indication of geographic polarisation is given in Table 2. We use the Census Collector District as the unit of observation and regress the male employment-population ratio against the female employment-population ratio. In 1976 there was a positive but very weak association between male and female employment by Census Collector Districts. The R squared of the equation was 14 per cent. This indicates that the geographic pattern of male and female employment was not closely related. But at each later census year the fit to the data improves considerably and by 1991 the R squared is 61 per cent. The increasing association between the resident area of employed males and females is also measured by the changing slope of the regression line.

Another indication of the geographic polarisation of employment opportunities is given in Figure 9 which ranks post codes by their 1996 unemployment rate and then calculates the proportion of children under 16 years who live in families receiving either unemployment benefits or sole parent pensions in 1996. The steepness of the gradient is very noticeable. In areas where the unemployment rate is 20 per cent or more, half of the children live in households receiving unemployment benefits or sole parent pensions.

It is not possible to be sure as to what is driving this geographic polarisation. It could be that families with two employed adult workers are using a proportion of their extra income delivered by the second worker to choose neighbourhoods with more expensive housing and work poor families are moving to areas where rents and house prices are lower. Under this interpretation the geographic polarisation is the result of job outcomes and not a determinant of job outcomes. Alternatively, it could be that the evolving geographic pattern of job opportunities is influencing the allocation of work across different families.

Whatever the explanation of the growing geographic polarisation of work rich and work poor families the polarisation may well have bad implications for children, especially in terms of neighbourhood peer group effects and school quality. It is difficult to generate high quality schooling in an area where so many children come from such disadvantaged homes.

IV Sole Parent Joblessness

The other important source of families without work is the growth of sole parent families⁷. Sole parent family formation has accelerated and there is no sign that the rate of increase is slowing. Sole parent families now account for 21 per cent of families with dependent children, compared to 13 per cent two decades ago. Over the 1979-1990 period sole parent families accounted for 41 per cent of the increase in families with dependent children. Since 1990 they have accounted for 88 per cent of the increase.

There does not seem to be any clear and obvious time series relationship between the growth of sole parent families and employment opportunities nor is there a noticeable cyclical effect in the growth of sole parent families. There does however, seem to be a trend break around 1988 after which sole parent families grow at a faster rate.

Figure 10 presents the employment-population ratio for women in couple families, women in sole parent families and women with partners not employed. At the beginning of the 1980s the employment-population ratio for female sole parent families was about 7 per cent less than the employment-population ratio for women in couple families with dependent children. Sole parent employment fell more at the time of the 1982/83 recession. During the 1980s when womens employment grew strongly employment increased as a similar rate for family types and did not offset the more adverse effect of the recession on sole parent employment. By 1998 there is a thirteen per centage point difference in the employment-population ratio of women in the two different family types.

The differential employment growth presented in Figure 10 gives rise to a number of interesting issues. The employment-population ratio for sole parents at 1998 is only 6 per centage points higher than in 1978 and all this increase can be explained by one year, 1989,

⁷ In 1979, 17 per cent of sole parent families were headed by a male. This proportion has fallen to 13 per cent in 1998. Approximately 66 per cent of male sole parents are employed compared to 43.5. per cent of female sole parents.

where, for unknown reasons, there was a large fall in the number of sole parents, as measured by the ABS, not matched by an employment fall. It is revealing to relate this relative constancy of the employment-population ratio of sole parents to the governments job finding policies for sole parents. Despite the commitment of successive governments to job finding programs for sole parents the programs have been unable to significantly increase employment levels.⁸

In addition, a significant proportion of the increased number of child care places have gone to sole parents but again this does not seem to have been effective at increasing the employment incidence of this group.

V Families Without an Employed Male

The growth of sole parent families, and the growth of joblessness among couple families, has increased the number of children who live in families where there is no male parent employed (Figure 11). The proportion of these dependent children families increased from 16.2 per cent in 1979 to 28.5 per cent in 1998. The rapid growth of this type of family is partly a product of the shortage of job opportunities for males but it is primarily a product of the growing number of sole parent families. There is the usual ratchet effect of an increase in the number of families without an employed male in response to the recession of the early 1980s, then a plateau, but after the large increase in joblessness in response to the recession of the early 1990s the jobless rate increases again.

Economist have not directed very much attention to the long term effects on children of growing up in a family without an employed male. But the increased importance of this family type suggests that we should direct more attention to this issue. Of course many children who live in a household with an employed male may have an employed father who they visit regularly and who contributes to their upkeep. The ABS data do not enable us to identify how many children fall into this category.

VI How Long Do Children Spend in Jobless Families?

An important element of joblessness is the period of time that adults are without employment. A short spell without a job is very different from a long spell of three or four years.

Most Australian evidence relates to the period of time individual adults spend in unemployment. The data show that unemployment duration is increasing and concentrating more on long term unemployed individuals. For example, about 14 per cent of unemployed

⁸ The Jobs Education and Training Scheme (JET) was introduced in 1989 to offer support and training to help sole parents into employment. Government evaluations usually regard JET as a success but there seems not to be a significant employment response in the macro data (McHugh and Millar, 1995).

adults had been unemployed for one year or more at August 1979. At August 1998 the proportion was 31 per cent. There is a strong belief that long unemployment spells have serious effects on adults, their labour market skills deteriorate and health is often adversely affected. It would not be surprising if some of these adverse effects spill over and impact adversely on children.⁹

There has been considerable work on the length of unemployment spells experienced by adults but very little is known as to the time families spend NILF. For sole parents it is likely that the NILF duration patterns are similar to unemployment spells of other adults and the period of time spent NILF is disproportionately concentrating on a group of women who remain sole parents and remain outside the labour force for a considerable time.

How many of the first fifteen years of life might a child spend in a family with no adult at work? In the absence of official figures the following rough calculations may provide some indication of the potential seriousness of the problem. If the average rate of joblessness in families with dependent children is 18 per cent and if lack of work was spread evenly among dependent children families then over the first fifteen years of life an average child would spend two and a half years in a family with no adult employed.

Joblessness, however, is not allocated evenly among adults, and tends to be concentrated on particular groups. This same uneven distribution will apply to children and many will never experience a period in a jobless family. Suppose half of the dependent children do not experience time in a family without work. Then, an average child in an average family without work would spend about five of their first fifteen years with no employment income coming into the family. This is a considerable period of time which must have important implications for the child's present and future well-being.

On average, children will spend even longer in a family with no employed male. In 1998 approximately 28.5 per cent of children lived in this type of family. Using the same type of calculation as above suggests that if half of the children spend no time in this environment the average spell for the other half of children must be around ten of their first fifteen years of life.

We do not know how serious these jobless spells are for the future of the child. There is considerable variation among jobless families and those with no employed male. Many families will function well, despite the low level of economic resources implied by the lack of employment. Some families may even be quite well off financially. At the same time many families must be subject to serious stress.

⁹ There is no official data published on jobless duration for families but it is likely that jobless spells are very unevenly distributed among families and hence unevenly distributed among children.

VII The Macro Micro Inter-Relationship

The reasons for joblessness among families with dependent children can be conveniently placed into two groups: the macro environment measured by the nature and extent of job generation in the labour market and the micro environment which determines who gets the jobs that are generated at the macro level.

The interrelationships between the changing macro and micro environments is a difficult area of analysis. Researchers tend to focus either on individual and family decision making or the macro job environment. Very little work is undertaken on the relationship between the two.

We briefly consider one important part of this interrelationship: the change that has occurred since 1990 in the pattern of employment growth among women in families with dependent children.

The overview section indicated that employment of women with dependent children has not proceeded at a steady pace over the last two decades (Table 1). During the 1980s there was a large increase in the employment-population ratio among women with dependent children. The increase for women in couple families was 38 per cent and the increase among women in sole parent families was 19 per cent. Since 1990 there has been little change. The increase for women in couple families was only 4.5 per cent and the employment-population ratio fell for sole parent families by 2.0 per cent. The rapid employment growth period among women with dependent children has come to an end.

It is interesting to conjecture as to the reasons for this change. Is it a result of the macro environment — a lower rate of growth of employment opportunities for all women - or is it a micro response to changing work incentives?

It has often suggested that lack of child care facilities are a major impediment for employment growth of women with dependent children. Government has responded to this demand for child care throughout this period by increasing the number of government funded places and increasing child care subsidy rates. The largest policy change was to extend Child Care Assistance to the private sector in June 1991. In response there was a very rapid increase in child care places which exceeded all expectations. In June 1991 the Commonwealth funded 125,000 children in Long Day Care Centres. By June 1996 this had increased to 413, 000 children. The private sector increased the number of long day care places by twenty thousand per year between 1991 and 1996. If shortages of child care places was an important constraint on female employment there should have been a considerable increase in employment of women with young dependent children since 1991.

Figure 12 plots the employment levels of women with dependent children 0-4 years and an estimate of the number of long day and family day care places available over the 1991-1996 period. During the rapid expansion of Commonwealth funded child care places there has been limited employment changes among women with young children.

These data suggest the following important points. The link between child care places and employment growth of women with young children is very weak, otherwise we would have seen a much stronger employment growth in response to the provision of child care places. This suggests that the employment growth of women is primarily determined by the macro environment. In addition, most of the increase in government funded places appears to have gone to non-employed women and to women who substituted out of one form of child care into government funded care. The provision of government funded child care places seems to be more about the child care environment in which children are placed rather than employment growth.

Finally, it is noticeable from Figure 10 that the level of the employment-population ratio is very different across family types but the changes through time are very similar. Women in sole parent families, couple families with employed or non employed spouse increased their employment levels significantly during the Accord period of the 1980s and since then employment growth has slowed significantly. The macro environment appears to be very important.

VIII Concluding Remarks

Perhaps the more important findings are the following:

- eighteen per cent of dependent children live in a family in which no parent is employed. Twenty years ago the proportion was eleven per cent. There is no evidence of a reversal of this trend.
- 45.1 per cent of dependent children live in families where both adults work. Twenty years ago this proportion was 35.7 per cent. The distribution of work among families with dependent children is leading to a polarisation of families into work rich and work poor families.
- 28.5 per cent of dependent children now live in a family where no male is employed. Two decades ago the proportion was 16.2 per cent. It is probable that this proportion will continue to increase.
- it is not known what proportion of their first fifteen years of life children spend in a jobless family but it is quite conceivable that half our children spend five or more years in a family without work. The average period of time in a family without an employed adult male is higher, probably eight years or more.
- the rapid expansion of child care places that occurred over the 1991-1996 period was associated with a marked decline in the rate of growth of employment of women with dependent children. This experience suggests that there is a very weak link between the government induced provision of child care places and the aggregate employment of women.

- joblessness among families is concentrating on families where both partners are early school leavers. This suggests that it is important to untangle the interactions between welfare payments, low labour market income and job shortages of unskilled adults.
- despite the rapid growth in child care places and employment programs focussed on sole mothers the employment-population ratio of this group is only marginally above that of 20 years ago.

This paper has outlined some of the more important associations between aggregate employment changes and children. What needs to be done now is to understand what is driving these associations and what is their relationship to the existing set of child and family policies. These are the subjects we hope to cover in the conference over the next two days.

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Table 1
Change in Dependent Child Families
1979–1990, 1990–1998, 1979–1998
(000s)

		Labour Force Changes							
<i>Families</i>	<i>Families</i>	<i>Jobs</i>	<i>FAMILIES</i>			<i>Women Employed</i>	<i>Men Employed</i>	<i>NILF</i>	<i>Un- employed</i>
			<i>Two Job</i>	<i>One Job</i>	<i>No Job</i>				
COUPLE									
1979–1990	131	436	348	-261	44	368	68	15	11
1990–1998	26	31	47	-58	337	68	-37	18	5
1979–1998	157	467	395	-319	81	436	31	33	16
SOLE PARENT									
1979–1990	91	54		54	37	57	-3	28	9
1990–1998	187	77		77	111	73	4	82	29
1979–1998	278	131		131	148	130	1	110	38
ALL									
1979–1990	222	490	348	-207	81	425	65	43	20
1990–1998	213	108	47	19	148	141	-33	100	34
1979–1998	435	598	395	-188	229	566	32	143	54

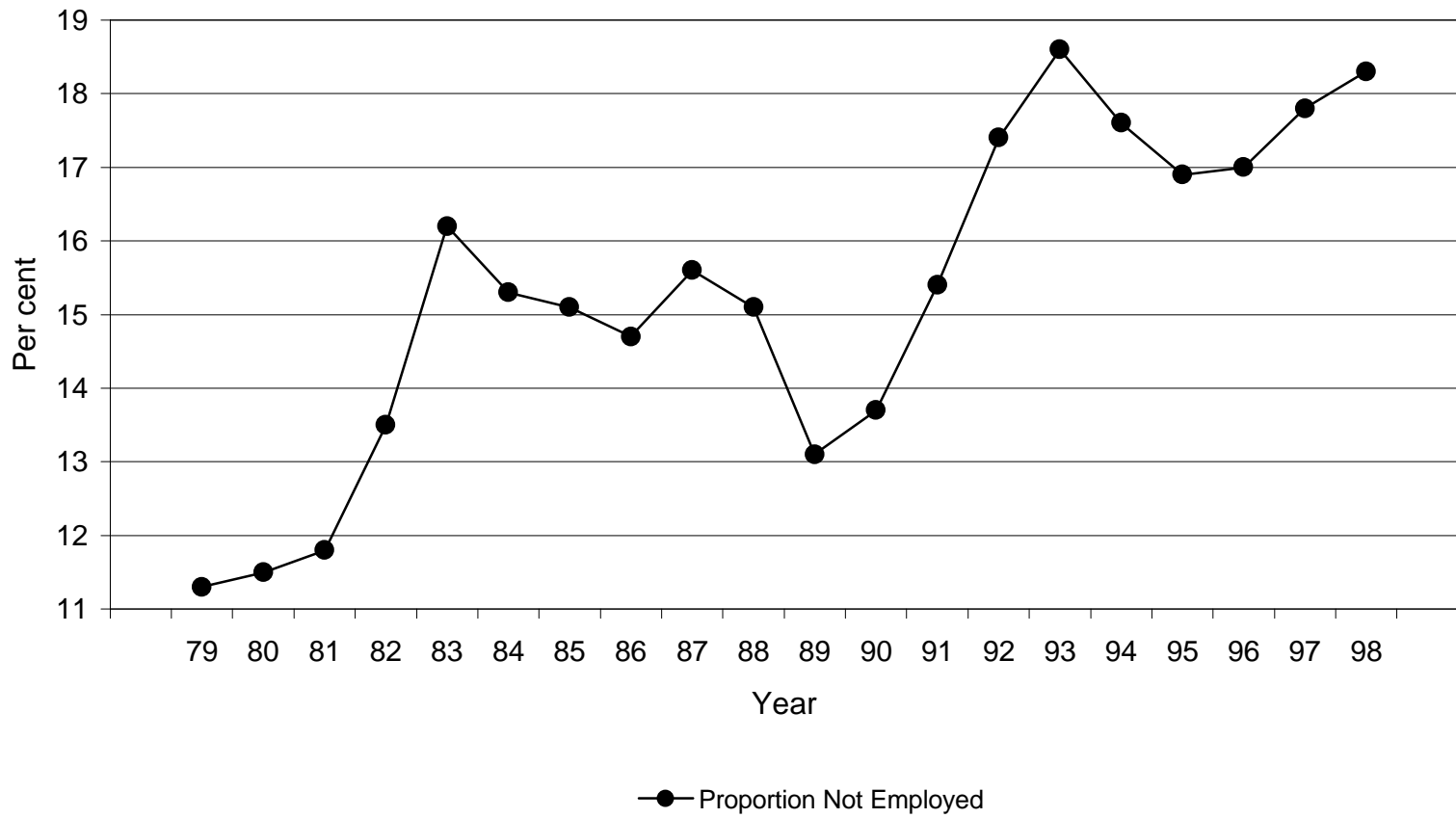
Table 2
The Increasing Positive Association of Male and Female Employment
Across Census Collection Districts
1976 to 1991

Dependent Variable: Employment/Population Ratio of Women

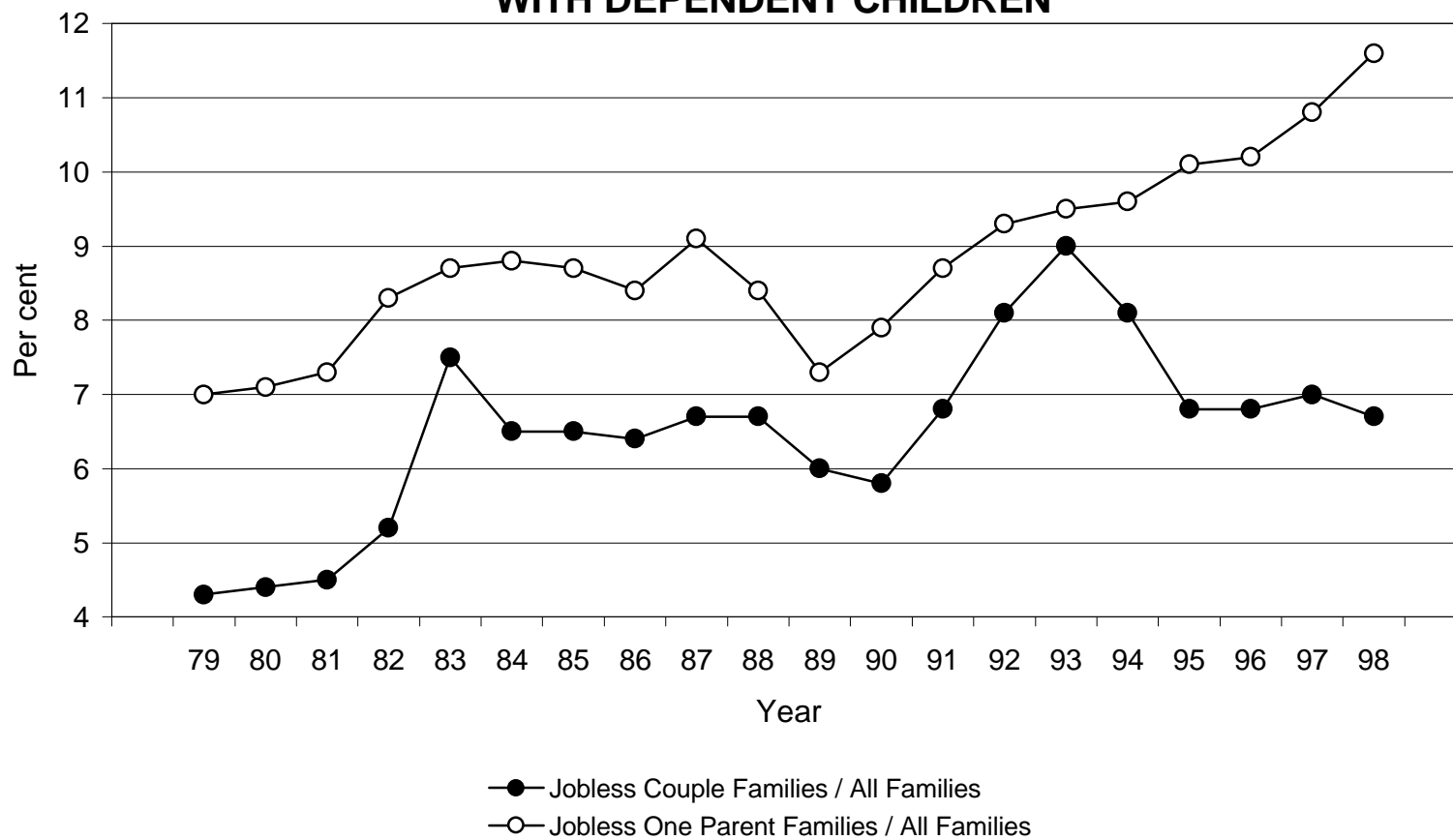
Year	Constant	Male Employment/Population Ratio	R Squared
1976	0.138 (18.26)	0.38 (38.61)	0.14
1981	0.026 (4.43)	0.57 (69.38)	0.34
1986	0.021 (2.29)	0.69 (91.81)	0.48
1991	0.059 (12.28)	0.83 (116.76)	0.61

Sample size 9053 Collection Districts
t statistics in brackets

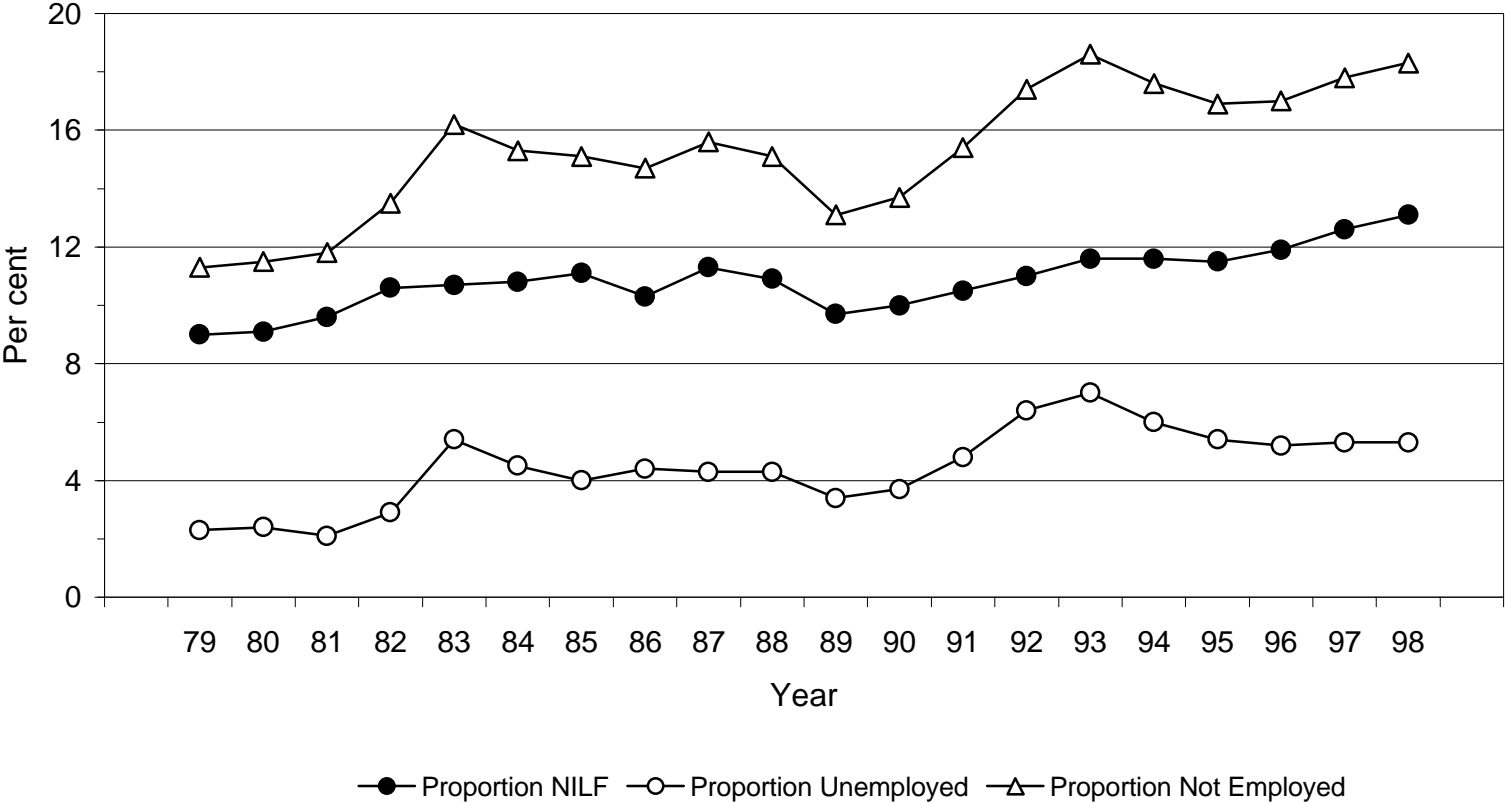
**FIGURE 1:
PROPORTION OF FAMILIES WITH DEPENDENT CHILDREN IN WHICH NO
PARENT IS EMPLOYED**



**FIGURE 2:
JOBLESS PROPORTION OF FAMILIES
WITH DEPENDENT CHILDREN**



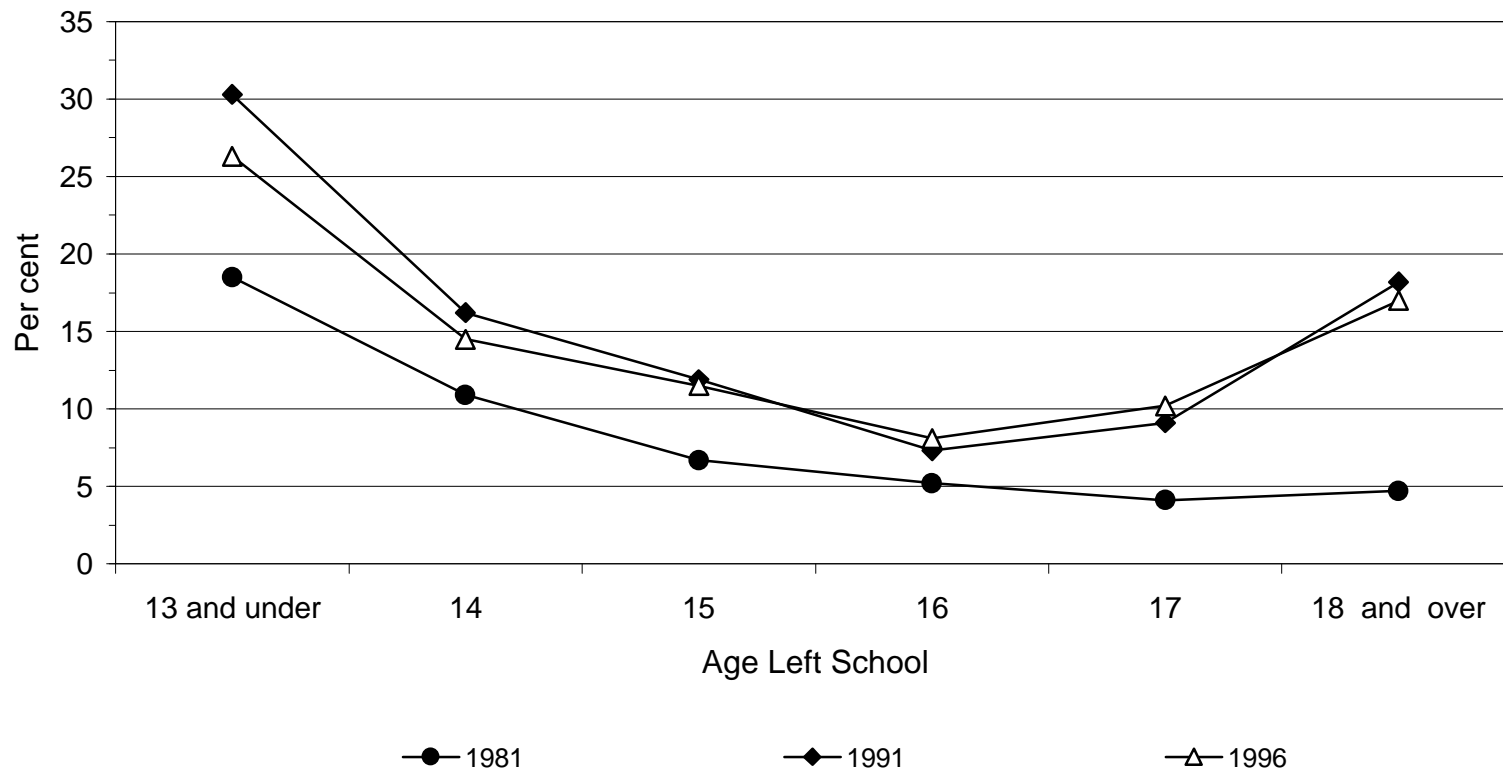
**FIGURE 3:
PROPORTION OF DEPENDENT CHILD FAMILIES
NOT IN THE LABOUR FORCE OR UNEMPLOYED**



**FIGURE 4:
PROPORTION OF MEN NOT IN THE LABOUR FORCE
OR UNEMPLOYED IN COUPLE FAMILIES**



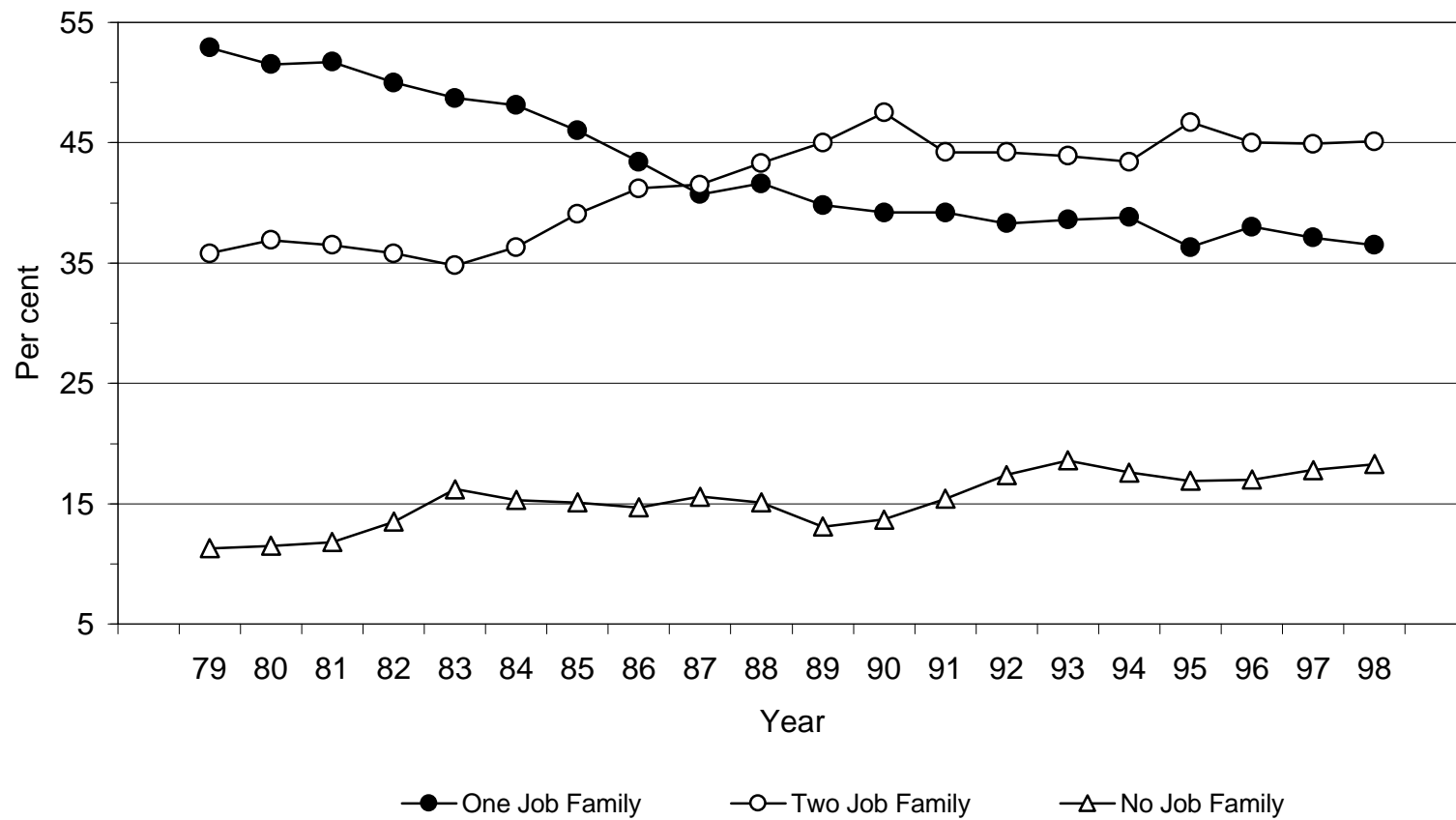
**FIGURE 5:
NOT EMPLOYED PROPORTION OF COUPLE FAMILIES WITH DEPENDENT
CHILDREN BY AGE LEFT SCHOOL OF MALE PARTNER**



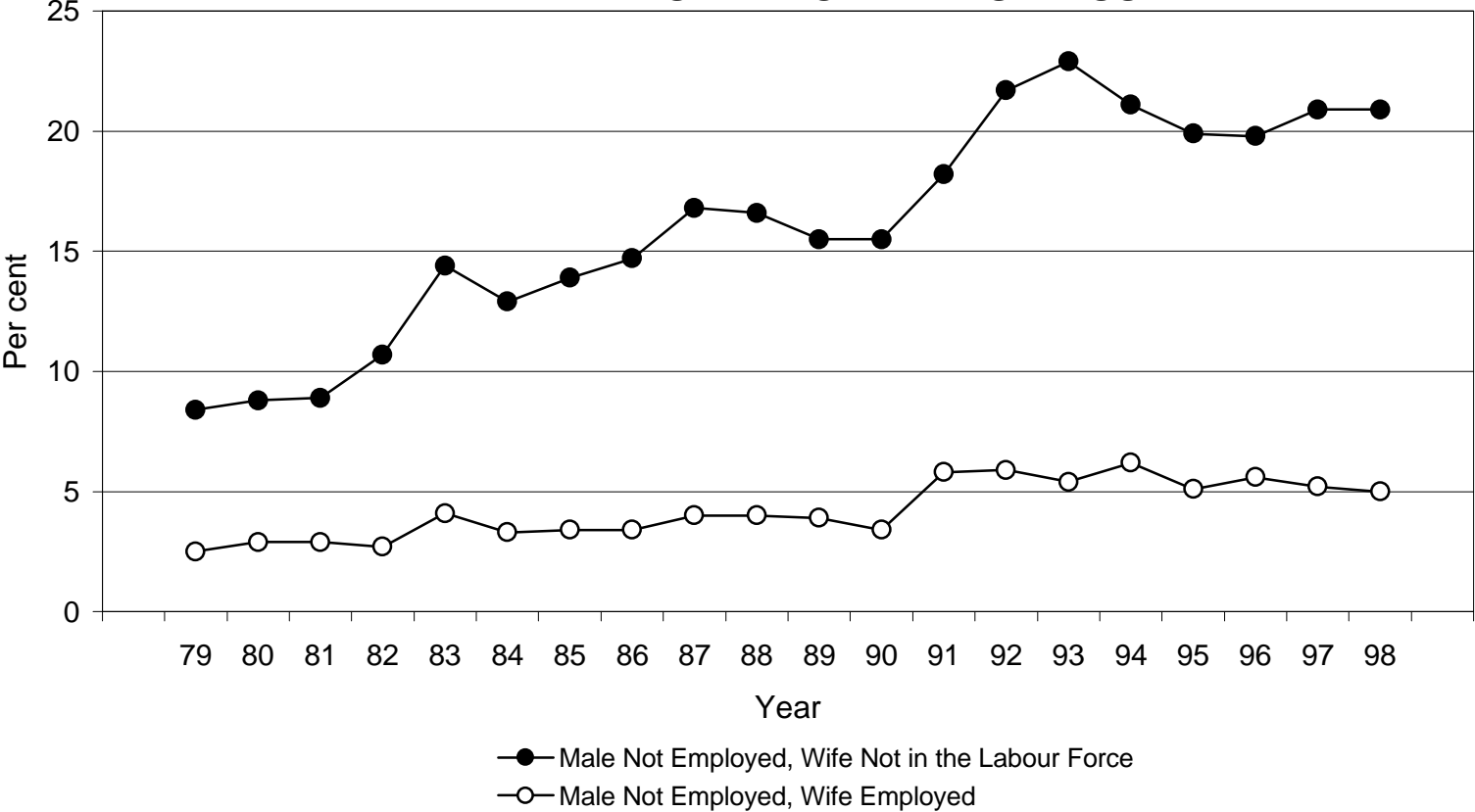
**FIGURE 6:
JOBLESS PROPORTION OF COUPLE FAMILIES WITH DEPENDENT CHILDREN
MALE NOT EMPLOYED, BOTH PARTNERS NOT EMPLOYED**



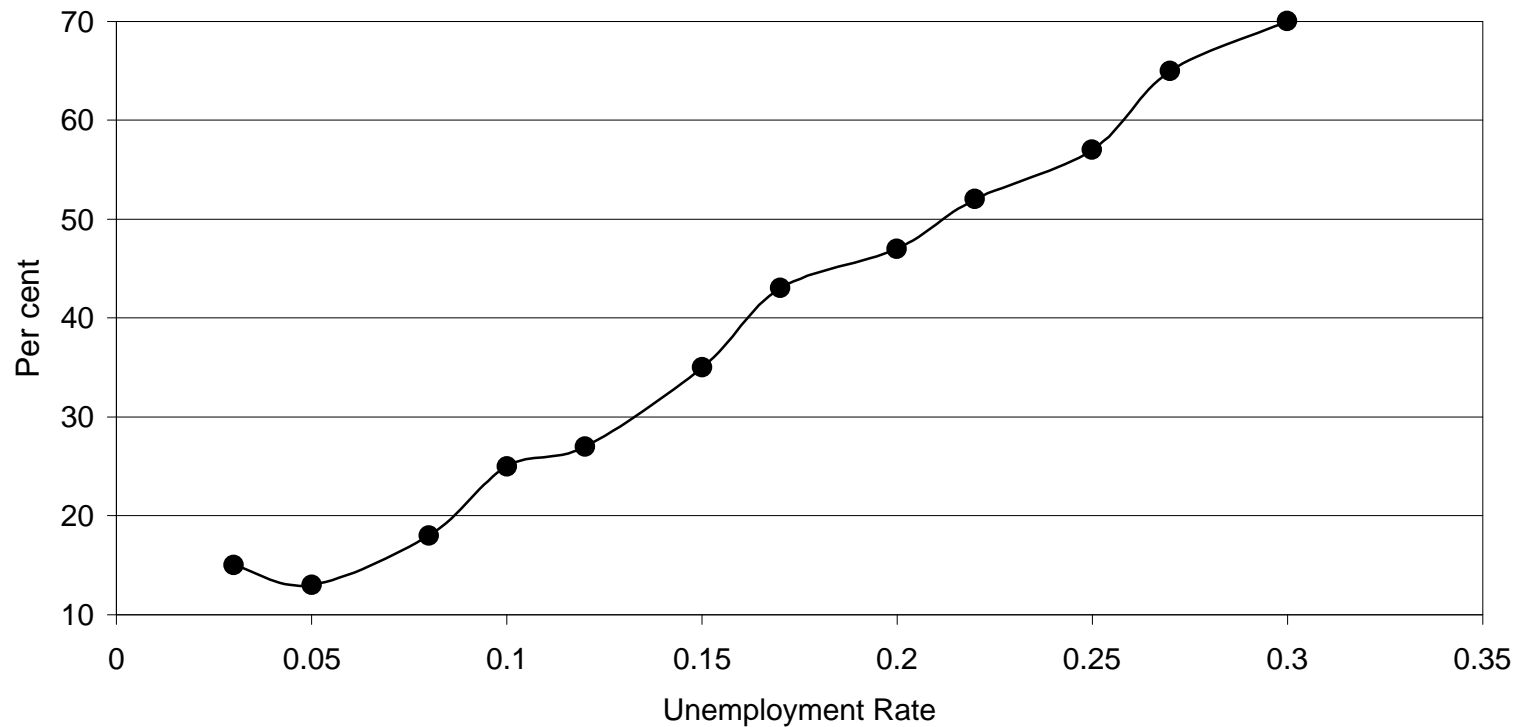
**FIGURE 7:
PROPORTION OF COUPLE FAMILIES WITH
TWO, ONE OR NO ADULTS EMPLOYED**



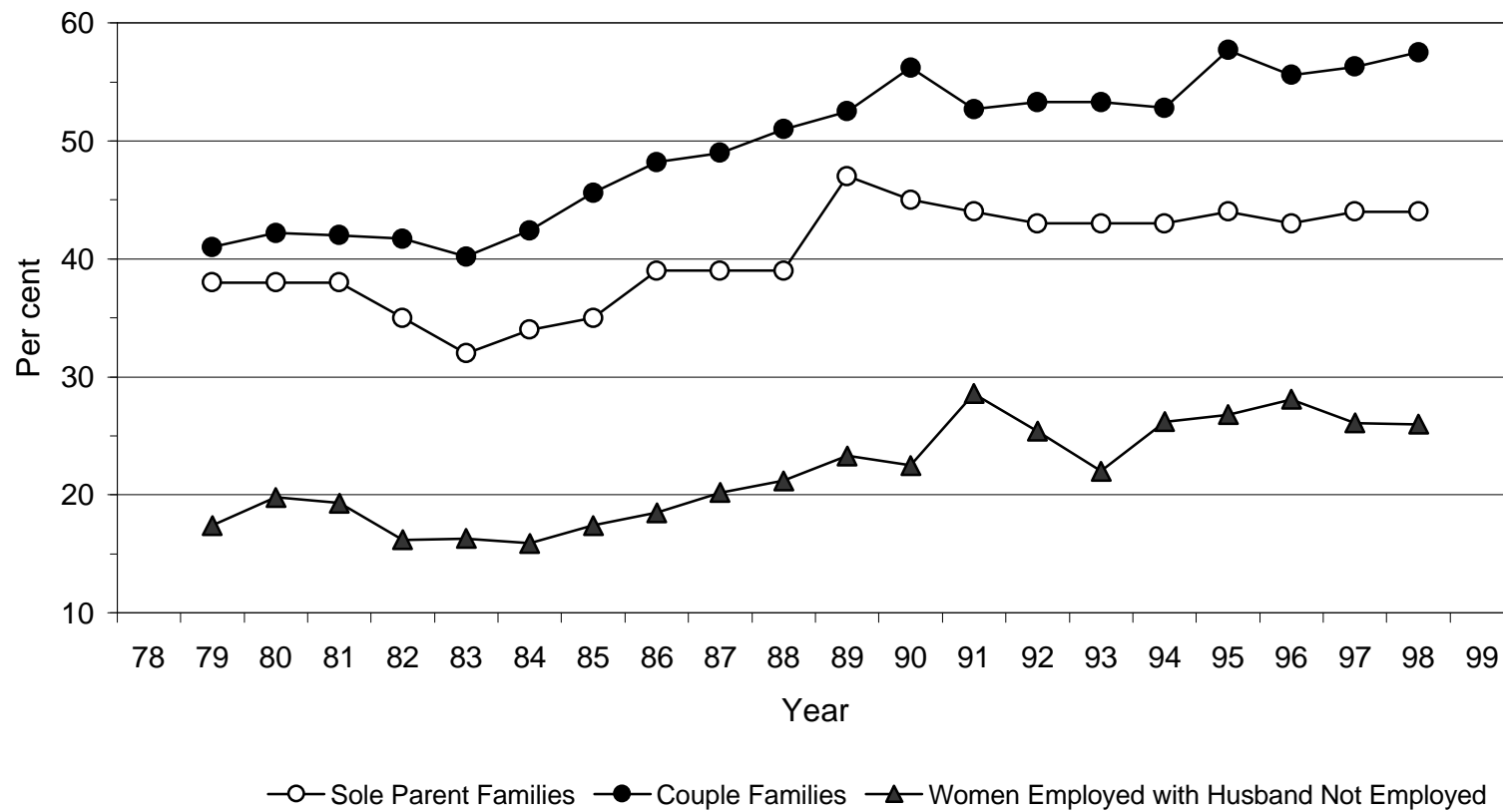
**FIGURE 8:
PROPORTION OF NOT EMPLOYED MALES
BY PARTNER'S EMPLOYMENT STATUS**



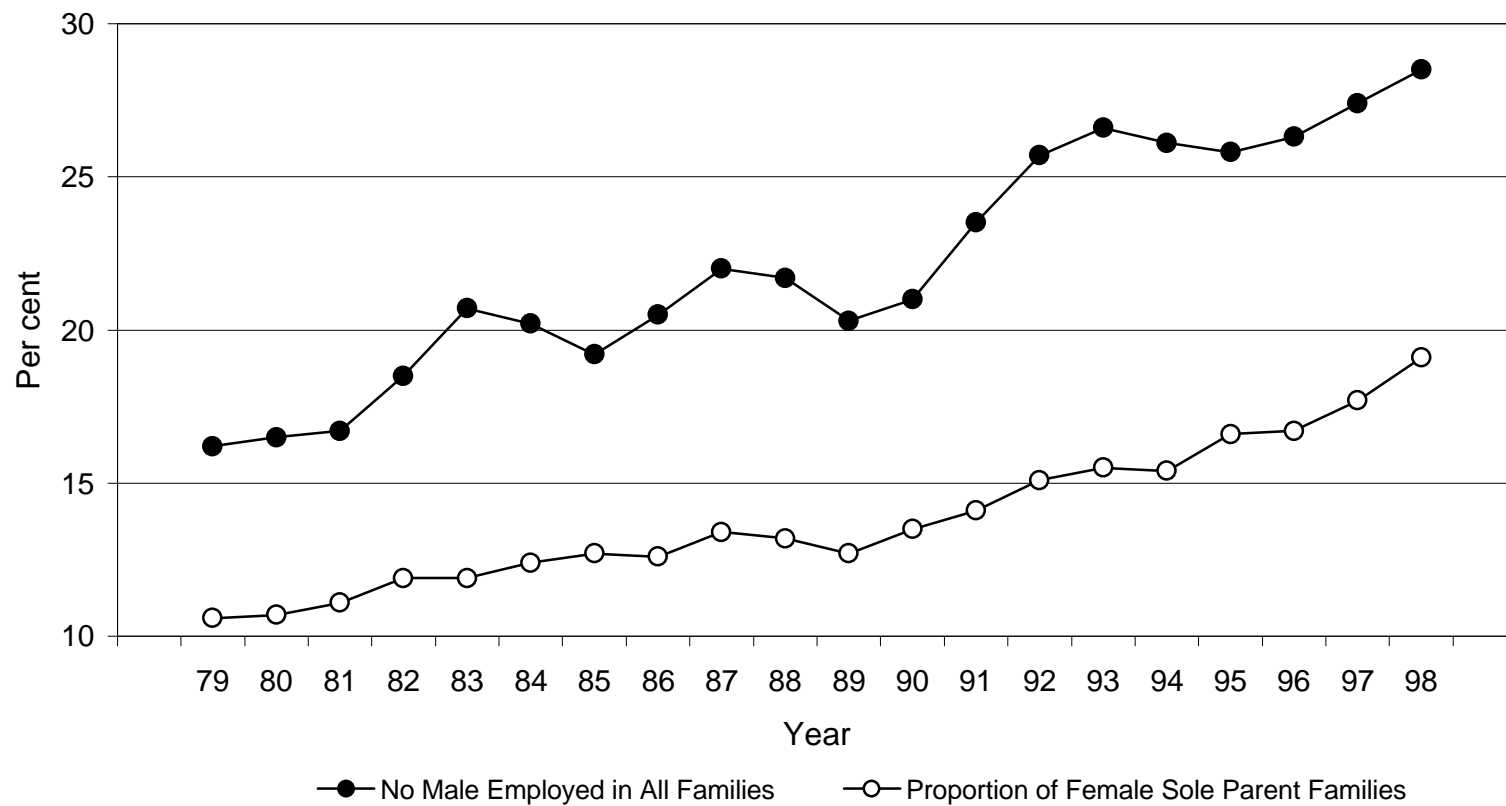
**FIGURE 9:
PROPORTION OF CHILDREN LESS THAN 16 YEARS OF AGE IN FAMILIES
SUPPLEMENTED BY UNEMPLOYMENT BENEFITS
AND SOLE PARENT PENSIONS
BY POST CODE UNEMPLOYMENT RATES IN MAJOR CITIES**



**FIGURE 10:
EMPLOYMENT POPULATION RATIO OF WOMEN WITH DEPENDENT CHILDREN:
SOLE PARENTS, COUPLE FAMILIES AND WOMEN
WITH PARTNERS NOT EMPLOYED**



**FIGURE 11:
PROPORTION OF MALES NOT EMPLOYED AND PROPORTION OF
FEMALE SOLE PARENT FAMILIES IN FAMILIES WITH DEPENDENT CHILDREN**



**FIGURE 12:
EMPLOYED WOMEN WITH CHILDREN 0 TO 4 YEARS AND ESTIMATED NUMBER
OF CHILDREN IN LONG DAY CARE**

