

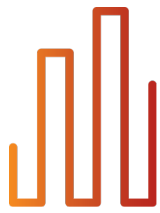
Utrecht

Single Mothers and the Welfare State

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Summary

Single Mothers Fare the Worst Economically



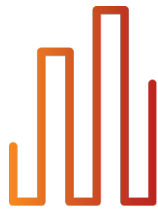
36.5%
live in poverty



7.4%
live in poverty

36.5% of households headed by single mothers with children under 18 – or 45,171 – live in poverty. By comparison, married couples with children under 18 in Colorado have a poverty rate of 7.4%. (Hess et al. 2015)

Summary



- High **poverty** rates among **single mothers**, associated with low employment rates and insufficient welfare benefits
- RQ: Which is the **risk of becoming a single mother**? **Why** so many single mothers **live in poverty** in spite of welfare policies? **Which policy reforms** can improve income of the very poor?
- Strategy:
 - I) Build a **Partial equilibrium life cycle model of singles and couples**
 - II) Parameterization of the **model**:
 - Some parameters are **estimated** outside the model
 - Some parameters are taken from the **literature**
 - **Calibrate** some parameters

Summary

Partial-equilibrium life cycle model of households

Who are the agents?

Couples or singles with/without any number of children

What decisions do they make

- Consumption
- Savings
- Female labour supply

What risks do the agents face?

- Marital transition (getting married, divorced, or becoming widow)
- Getting children
- Wage risk
- mortality risk

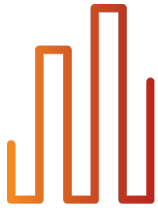
What constraints do they face?

- Budget constraints
- Time constraints

What else is modelled?

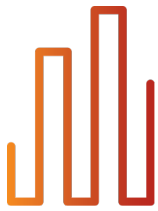
- Income process
- Government providing child support

**Complex model to account for many aspects of the problem
It contains numerous moving parts and conceptual issues to deal with**

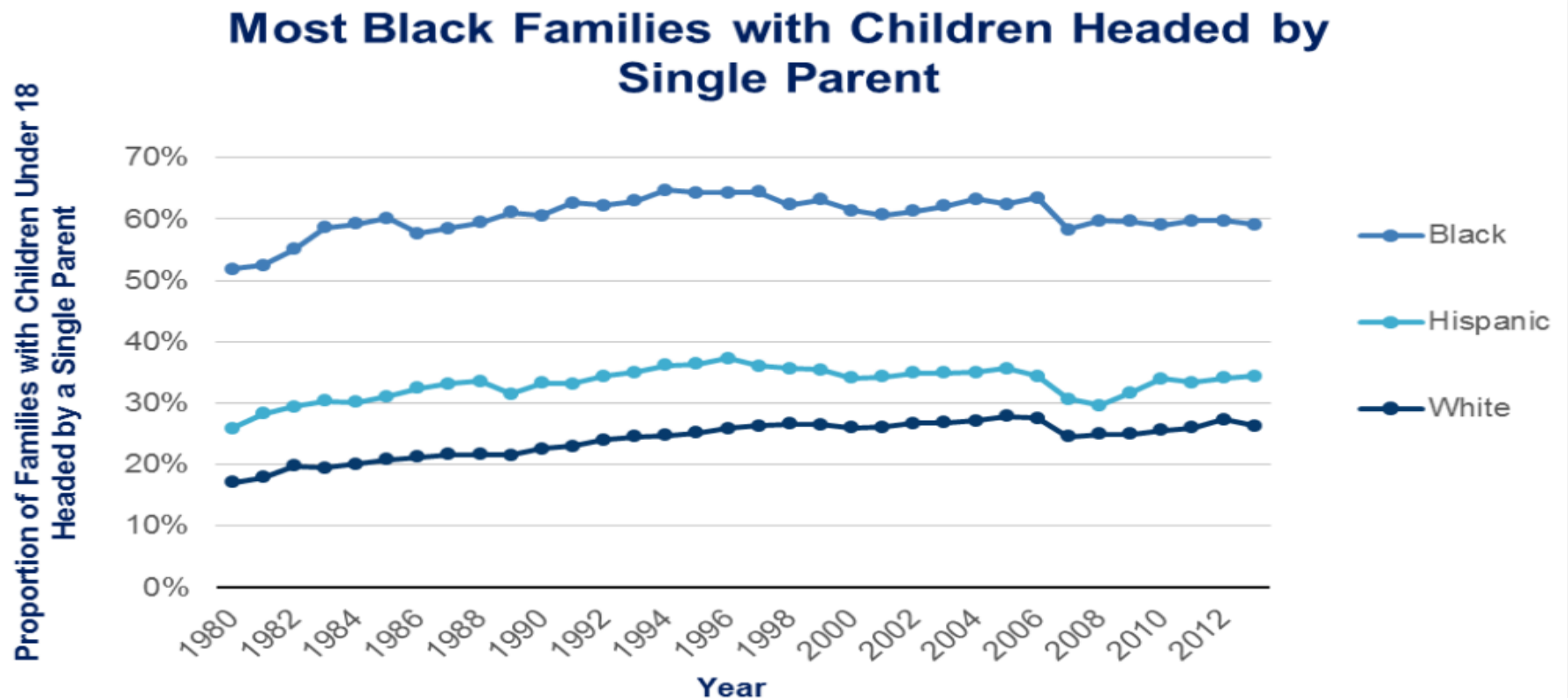


Results

- According to Table 12 the model fits quite well the average female employment but not part time
- According to Table 13, the model capture quite **well** the poverty rates for the **group of dropouts** but no so well for high schools and college
- Married are always better, supporting the insurance aspect of marriage
- Single are always worst
- Poverty is rising over the number of children irrespective of marital status
- Understanding the mechanism of **how mother's education, marital status and welfare state interact to prevent next generation to live in poverty** is very relevant to stop the intergenerational transmission of poverty



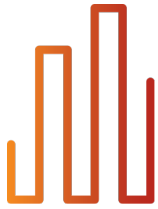
Questions



Source: US Census Bureau. (2014). Table FM-1. Families, by Presence of Own Children Under 18: 1950 to Present

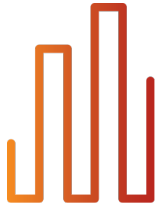
BROOKINGS

- Is it possible to make the **distinction by race?**



Questions

- Is it possible to condition **fertility** probability also on **age**? Fertility depends on age. The older you are the lower the fertility. Probably at older ages the incomes are higher
- In the utility function for **divorced** households, do you take into account alimonies?
- Are there also **housing options** for poor families? Can you take them into account?
- Could you estimate the survival probabilities using survival models instead of a logistic regression



Thanks for your attention

Merci de votre attention

