

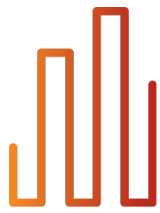
Utrecht

Single Mothers and the Welfare State

Max Groneck (Stockholm School of Economics and Netspar)
Johanna Wallenius (Stockholm School of Economics)

Discussion by Amparo Nagore García (LISER)



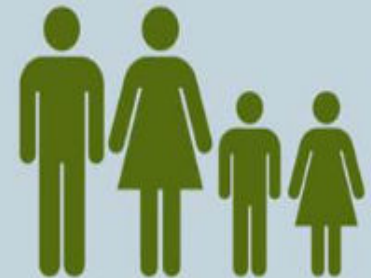


Summary

Single Mothers Fare the Worst Economically



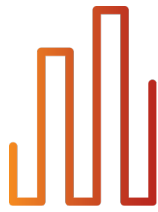
36.5%
live in poverty



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

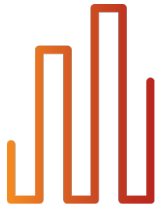
What constraints do they face?

- Budget constraints
- Time constraints

What else is modelled?

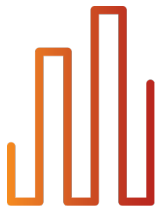
- Income process
- Government providing child support

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

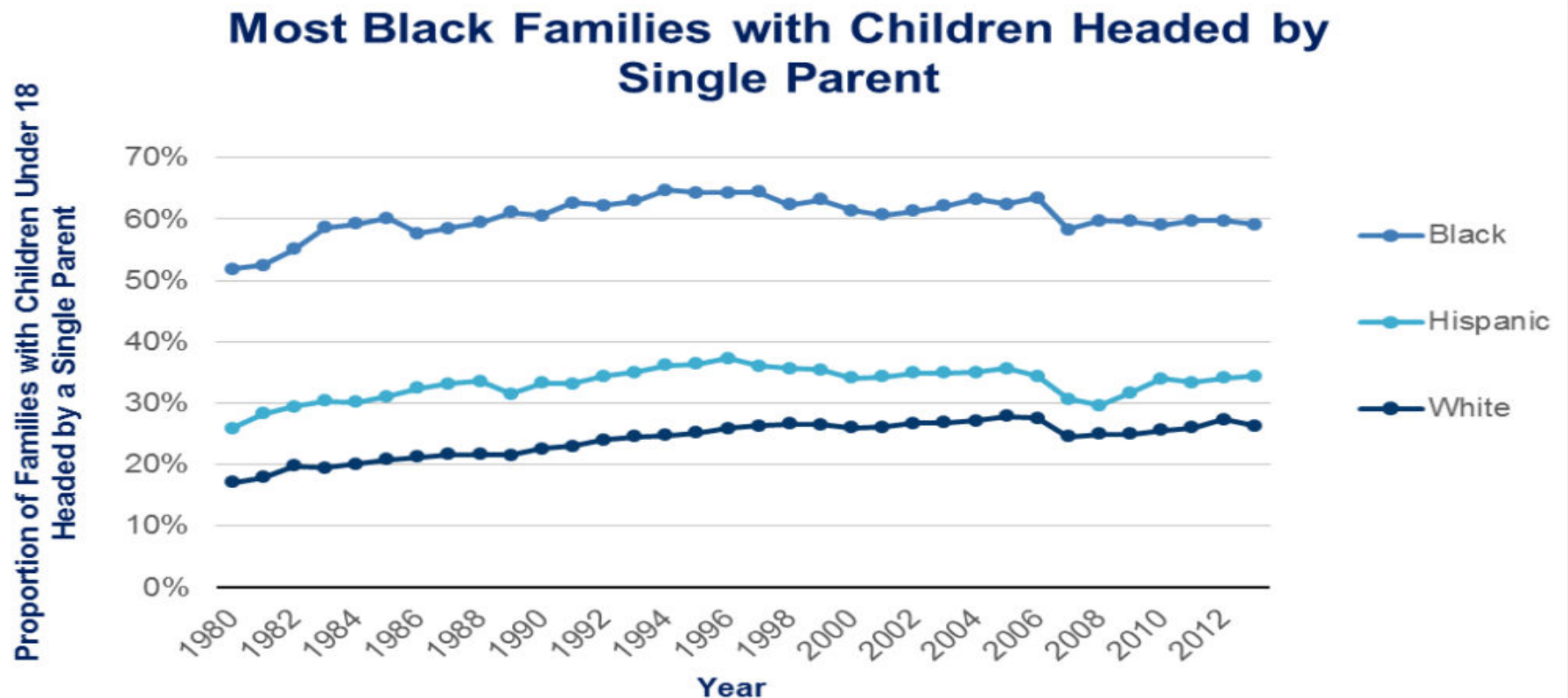


Results

- 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



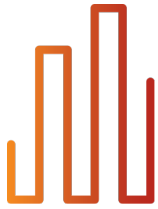
Questions



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

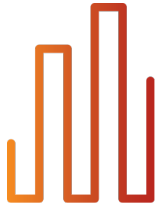
BROOKINGS

- 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

