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The Welfare State's Effects on Marginalized Group Outcomes

Child poverty, Single parent income, and Youth unemployment Examined

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Introduction

In recent decades, welfare states in OECD countries have undergone gradual yet cumulatively powerful transitions in social and labor market policy. In the 1970s to '80s, the dominant strategy in many countries was to combat high rates of unemployment with labor-shedding strategies—that is, policy incentives were designed to push older and less productive workers out of the labor market in order to "free up" jobs for others. However, one of the main policy tools in use today across welfare states reflects an entirely different aim: maximum labor force participation of all those of working age. It is now generally agreed that the former labor-shedding strategy popular in some EU member states constitutes a policy failure that, rather than create jobs, led in fact to a stifling job environment: gross non-wage labor costs grew as a result of more people out of the labor market needing social assistance, so that employment became more expensive and, perversely at the same time, the pool of public financial resources shrank, since the number of people paying into the system decreased.

In European countries today, the strategy of labor shedding and forced early retirement is looked upon as a relic of poor choice: the new goal has shifted to raising the labor market activity rate of the working age population. The primary focus now is on activation of the labor force: the retirement age has been pushed back, and older workers are encouraged to remain productive members of society contributing to the labor force, and thus paying into the system, as long as they can. Furthermore, requirements for receiving means-tested assistance have been sharpened: job-seekers must prove that they are actively seeking employment in order to receive unemployment assistance.

Due to these changes, we can expect that welfare states will witness an increasing degree of social stratification: those with weaker ties to employment—employment being the emphasized primary source of welfare provision, rather than the large social state—may fall through the cracks of this new mode of "activation as empowerment." Furthermore, the negative consequences of work-conditioned welfare will be experienced most strongly by those on the periphery of the labor market: youth, single-parent families (especially single mothers), and by the children of those families, as witnessed by growing child poverty. In this paper, I analyze indicators of "outsiderness" using three dependent variables: 1) child poverty rate, both overall and within single mother families, measured at 50% of median income; 2) single parent median net income as a ratio to household median net income; and 3) youth unemployment rate. I examine the effects on outsiderness of welfare state features such as employment protection legislation (EPL); active and passive labor market policies (ALMP and PLMP, respectively); family policy allowances and government daycare support; sick-pay and unemployment benefit generosity; and union density. I conduct pooled time-series analyses across sixteen OECD countries from 1990-2004: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States.[1]

[1]Due to data availability, the sample size varies according to the dependent variable used. For child poverty (both overall and in single-mother families, the number of countries is sixteen. For the single parent income ratio using Eurostat data, the number of countries, twelve, is limited to EU countries. For youth unemployment, data are not available for Australia, and thus the number of countries in the sample is fifteen.

The differential capacity of different social policy regimes to adequately address these new social risks forms today's core social policy research agenda. While the existence of a new social risk profile has been discussed in the literature, there is a vast gap in what we know so far about the impact of policy on different societal groups, across different welfare regime clusters. The question remains of how to successfully incorporate disadvantaged groups into the workforce: this is where social and labor-market policy comes into play, and where systematic comparative research has yet to be conducted. The core research question concerns the roles of labor-market and family policies: whether they deepen inequality and add to the dualization of the welfare state, resulting in further divides between insiders and outsiders, or whether they alleviate the social risk profiles of those on the labor market periphery.

The new inequalities

A key change in social policy orientation over the past decades has been the emphasis on a long-neglected labor force potential: women (although not in the Nordic countries, where women have a longer history of employment). Women's roles have shifted from the traditional stay-at-home wife/mother in a male-breadwinner family to active participants in their own right within the labor market. While mothers were once encouraged in the Bismarckian welfare countries to withdraw from the labor force upon the birth of a child—and thus they received steady payments over the course of three years, for example—policy-makers have now shifted to a different tactic. Governments

now encourage women to reenter the job market through various tax incentives, subsidized benefits like childcare, part-time employment options, and shorter maternal benefits/leave schemes that are more strongly linked to previous employment and prior job market position. With the Lisbon Strategy of 2000, women's employment levels became an EU target for improvement: the goal was that by 2010, these rates should be at or near 60%, a rate that most European countries have now attained.

Youth represent another particular category of the population that lags in activation levels: among the unemployed in Europe, youth and women are over-represented, especially in the southern European countries where labor and housing markets are tight, thus encouraging young people to live longer with their parents—and thereby exacerbating a characteristically Bismarckian welfare state problem: low fertility and population aging. However, even in Sweden, youth unemployment levels are unexpectedly high (24%), rising above the EU average (23%) (Eurostat data, 2012).

OECD countries show varying signs of consolidating a dualization between insiders and outsiders—between those in the core, stable, labor force, and those on the outside, peripheral, fringe of unstable jobs and temporary contracts (Palier and Thelen 2010). This dualization contains a gender component. Growth of atypical work has opened opportunities for women to enter the labor market; however, these often "mini-jobs" (temporary jobs, not covered by social benefits) do not yield stable employment attachment for women, who fill the majority of these jobs (Esping-Andersen 2009). In essence, the expansion of the low-wage sector has increased women's opportunities for paid work, but it remains unclear whether this employment con-

stitutes "good" jobs that reduce women's dependence on a male breadwinner. Youth and women make up a large percentage of these outsiders, characterized by unemployment and precarious, short-term, jobs. This lower social position of young adults and single women has a distinct corollary: child poverty has increased dramatically to above the OECD average (12.4%) in Germany (16.3%) and Italy (15.5%) (Chapple and Richardson 2009). Here the divide between insiders and outsiders is acutely observable, in terms of sheer numbers of youth unemployed (especially in southern Europe) and protracted duration of such unemployment, presence of temporary jobs, and the high levels of employment protection legislation (EPL), which privileges the core workforce often at the expense of those working in unstable jobs who do not easily penetrate the core labor market (Esping-Andersen 1999).

In other research (Rovny 2011), I found that EPL is a strong predictor of fertility but with a negative relationship. This finding, along with the positive correlation between family policies and fertility, is echoed in Nelson and Stephens' findings on the effects of EPL and family policies on women's employment (2008). We expect a similar relationship between EPL, family policies, ALMP and the outcomes of these outsider groups: single mothers, youth, and indirectly, child poverty. Moreover, while the concept of dualization has been suggested as institutionalized in welfare state reforms over the past decade within the realms of unemployment insurance and pensions (Palier and Thelen 2010), there has been no systematic research on dualization within family-oriented social policies.

The impact of changing demographic conditions can be seen when examining the family. With the rise in single parenthood, we have seen a rise in

the Gini coefficient in the U.S. The share of children in single-mother households ranges from a low of 5% in Southern Europe to 15-20% in the Nordic countries and North America (LIS key figures: http://www.lisproject.org/key-figures/key-figures.htm). Strikingly, the Nordic countries have largely avoided the consequence of children falling into poverty within single-parent households, especially when viewed in comparison with the Continental and Liberal welfare states. Welfare policies may make a crucial difference in this realm. Furthermore, as Table 1 and Figure 1 below show, when examining the prevalence of child poverty by household structure, we see that children of lone parents, and particularly of lone mothers, have a vastly increased likelihood of living below the poverty threshold than do children in two-parent households. However, this phenomenon is most severe in only two of the welfare state clusters: Anglophone, or Liberal, welfare states, and in the Continental European, or Bismarckian, welfare states. Thus we see that child poverty is greater in these two welfare state "worlds," likely due to low women's employment levels (Continental countries) and insufficient social provisions including income support and childcare infrastructure, especially for lone mothers, who comprise a critical outsider group in terms of labor market status.

Table 1: Child Poverty Rate by Household Structure and Welfare Regime

	Lone-mother	Lone-father	Two-parent
Anglophone	43.3	29.2	11.5
Continental European	33.0	12.0	5.3
Nordic European	9.6	5.9	2.1

Source: Gornick, J. C. and Jantti, M. 2009, in Kamerman et al. 2009.

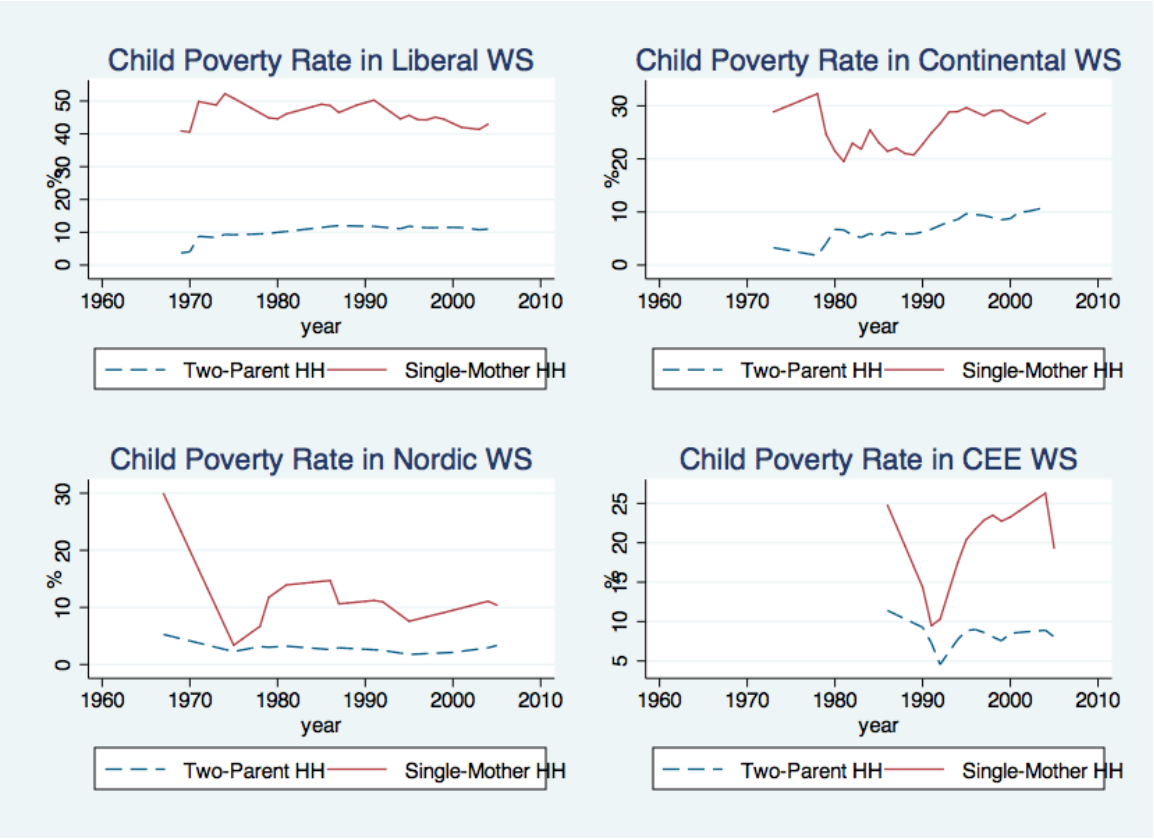

Figure 1: Child Poverty Rate by Household Structure and Welfare Regime

Source: Luxembourg Income Study data. Generated with Stata 11.1.

Variables hypothesized to affect outsiderness

Descriptions of the variables and their hypothesized effects on the three outsider groups are shown in Table 2.

Decreased employment regulation: EPL

Greater flexibilization of the labor market in the Bismarckian countries has meant increasing numbers of short-term contracts, agency work, atypical employment, and the creation of low-paying "mini-jobs" (Eichhorst 2007, Palier and Thelen 2009). The relationship of atypical employment to the degree of outsiderness is two-pronged. Atypical employment entails more precariousness for outsiders such as low-skilled, older workers, youth, and women. However, flexible employment (classified as "atypical," including part-time employment) also has the potential to enable women, in particular, to remain within the labor market while caring for children. And while the existence of temporary work constitutes a "work-around" to the problem of strict hiring and firing rules (which encourage labor market exclusivity), those who possess such employment remain at risk of long-term low wages, poverty, and long-term unemployment (Eichhorst 2007).

In other words, atypical employment is in fact becoming typical: part-time and temporary contracts have been growing by 15-20% annually across the EU since the 1980s, and in continental Europe, atypical employment for women is the norm rather than the exception (Husermann and Schwander 2009). This outsider status based on atypical work is particularly obvious in continental Europe, where social insurance is based on the employment

biography of the male industrial worker (Van Kersbergen 1995).

Employment protection legislation (EPL) is a passive income/job-protection policy tool that is generally seen as benefiting a core group of insiders, who maintain a solid connection to the labor market, at the expense of those on the exterior of the core labor market who would otherwise like to penetrate the market and become stably employed (Esping-Andersen 1999, Rueda 2007). In countries with strict job protection laws and various restrictions on temporary and part-time work, a dual labor market emerges in which "outsiders" (those without stable employment) face difficulty in obtaining the secure positions enjoyed by "insiders." The high-EPL model of privileging the core workforce yields this insider/outsider divide: the high wages and job security enjoyed by chiefly male insiders is predicated in effect on the exclusion of youth and women. It is generally agreed that stricter employment protection laws inhibit employment among youth and outsiders who are left out of protected labor schemes, and propagate the insider/outsider divide (Rueda, 2005). Therefore, I hypothesize that the stronger the employment protection levels in a country, the greater the degree of outsiderness: higher disparity between single parents' earnings relative to the population average; higher youth unemployment; and higher child poverty rate given the more exclusive nature of the labor market, compared to those countries with lower EPL.

The measure of EPL used in this paper is a composite OECD indicator that captures the rigidity of hiring and firing rules. Taken as a composite measure, EPL is expected to be associated with greater youth unemployment, since youth constitute a quintessential "outsider" category made of those who

are without permanent, stable, labor market attachment. EPL is expected to exacerbate child poverty and single parent income disparity, due to the social exclusion mechanism of outsiders from the labor market. However, these findings will vary according to welfare state typology: the Nordic countries have social benefit schemes, along with strong active labor market policies, that are sufficient to prevent socio-economic exclusion of the outsiders, while these countries exhibit moderate levels of EPL.

ALMP

Active Labor Market Policies are one facet of social policy that plays a direct role in employment levels. ALMP can be seen as having an impact on the "insider-outsider" roles in employment. Outsiders, including those who are disadvantaged in the labor market such as the unemployed, atypical workers, and excluded people (single mothers, immigrants, low-skilled, disabled) who have difficulty securing and maintaining jobs, benefit from the training, re-entry, and skills-acquisition emphasis of ALMP (Rueda 2007). We can expect that ALMP have a positive effect in lessening the degree of "outsiderness"– that is, the higher the ALMP value (measured as government spending on ALMP as percentage of GDP, divided by the unemployed population), the lower the value on the outsider dependent variables: child poverty rate, single parent median income ratio to overall income, and youth unemployment rate.

PLMP

Labor market strategies that fall under the rubric of passive labor market policies provide income protection for those who are temporarily without

market income, rather than directly promoting employability (Martin and Grubb 2001). Passive programs such as unemployment insurance and income support assist the unemployed by supplying some income stability in the event of loss of employment income. However, because these policies are passive in nature and do not actively retrain or reintegrate workers into the workforce, their outcome is mixed: they do not aim to enhance the employability of labor market outsiders, such as single parents and youth, but they assist those who are temporarily out of employment. Thus, passive labor market policies can be seen as a tool to aid "insiders," or those who already have labor market attachment. I hypothesize that passive labor market policies will be negatively related to single parent income and positively correlated with youth unemployment and child poverty.

Family policy generosity and childcare affordability/availability

When examining the effects of policy and household caregiving responsibilities, three different patterns along the familialization/de-familialization continuum emerge (Saraceno 2010). Saraceno identifies "familialism by default" as characterized by a lack of publicly provided alternatives to family care and financial support. "Supported familialism" occurs when policies, usually through financial transfers, provide support to families in maintaining their caring and financial responsibilities. Thirdly, "de-familialization" characterizes policy that reduces family responsibilities and dependency. De-familialization occurs through both state (publicly financed transfers and/or services) or market provisions (market-provided services or private social insurance). However, as Saraceno points out, these two branches of defa-

milialization do not share the same conceptual footing: recourse to market provisions is largely dependent on family resources, leading to families being a highly socially differentiated actor as consumers of market services. Therefore, a key point emerges: social and economic inequalities become highly relevant when defamilialization measures are to be secured through the market, as opposed to the state.

In other words, the higher the presence of familialism by default, the greater the chance that gender and social class differences will impact family care-givers. Gender and class thus interact in a stronger way when caring for the family is not taken up by state provisions, but is rather left to the family's own resources. Women with a weaker position in the labor market, due to lower skills and/or time spent out of the labor market due to childbearing and -rearing, are at a distinct disadvantage from both men and from women with higher skills, who have a stronger attachment to the solid, core, insider, labor market than do women with low skills. Furthermore, low-income families have less recourse to market-provided services because they cannot afford them, and/or they use the money they receive as child payments rather to pay for household expenses, and stay out of the labor market, thus making an implicit tradeoff between employment and caring. Therefore, higher government expenditures on both family allowances and daycare should yield a decrease in child poverty (overall and in single-mother families). These should also yield a higher ratio of single parent income to overall income, since single parents should be more able to work outside the home when there is daycare available, and family allowances should boost income, albeit perhaps only marginally.

Union density

The level of union density, defined as union membership as a proportion of wage and salary earners in employment, is included as a control variable. This variable offers another way of capturing potential insider-outsider dynamics, related to levels of wage inequality. There are generally lower levels of inequality among union members than among nonmembers of unions (Oliver 2008, Wallerstein 1999). Unions tend to favor wage scales that prevent firms from paying wages below a certain level, thus potentially affecting those at the bottom of the income spectrum (youth and single parents). The lower the union density, the smaller the proportion of the population that is protected by wage bargaining, and the more economically vulnerable are low-skilled workers.[2] In other words, where unions are strong, wage dispersion is lower, thereby affecting poverty levels.

Welfare generosity

To control for spurious effects of my main indicators, I include as a political control variable the Scruggs (2004) welfare state entitlements generosity index, comprised here of unemployment generosity and sick pay generosity measures. This index captures the overall intensity of welfare generosity and allows for testing of the effects on outsiderness of the main policy variables identified above. I also include the unemployment rate as a control variable.

[2] In the regression models, I also used the variables "union bargaining coverage" and "wage dispersion" separately, in order to test other possible measures of the insider-outsider divide. These were, however, insignificant.

Measurement of data and sources

Table 3 presents the mean values of the dependent and independent variables by country. Data on employment protection legislation (EPL) are from the OECD (Organization for Economic Cooperation and Development) annual time series. The summary index summarizes a number of sub-indices measuring the difficulty of layoffs (terms of notice, severance pay, etc.) and regulations restricting the use of temporary work (Bradley and Stephens 2007). This EPL index is measured on a 6-point scale, with 0 being the least restrictive and 6 being the most restrictive (Venn 2009). The index summarizes three main areas: 1) employment protection of regular workers against individual dismissal; 2) specific requirements for collective dismissals; and 3) regulation of temporary forms of employment.

The Active Labor Market Policy (ALMP) and Passive Labor Market Policy (PLMP) variables are operationalized as public expenditure on active and passive labor market measures, respectively, as a percentage of GDP, divided by the unemployed population. Both the EPL and ALMP/PLMP variables are standard OECD measures that are widely used in welfare state studies.

Data on daycare is defined as "Public expenditure on day care/home-help services as a % of GDP," and comes from the OECD Social Expenditure database (SOCX).[3] Data on family allowances are defined as, "Total expenditures on family allowances as a percentage of the countries' gross domestic product," and come from the OECD, as provided by Gauthier (2010).[4]

[3] www.oecd.org/els/social/expenditure.

[4] OECD StatExtracts. Social and Welfare Statistics – Social Protection – Social Ex-

Union density, defined as union membership as a proportion of wage and salary earners in employment, comes from Huber et al. Comparative Welfare States dataset version 2010, using Jelle Visser's union membership dataset (Visser 1997, updated).

The data on unemployment and sick pay welfare generosity come from Scruggs' Welfare State Entitlements summary data set (2004). The unemployment generosity data is calculated as the ratio of the net unemployment insurance benefit to net income for an unmarried single person earning the average production worker (APW) wage. The sick pay measure is the ratio of the net insurance benefit for general short-term illness (not workplace or occupational illness or injury) to net income for a single person earning the APW wage.

Data for the four dependent variables come from various sources. Data on child poverty come from the Luxembourg Income Study Key Figures and cover different years for different countries. However, most countries in the sample have data points on child poverty beginning in the 1990s through approximately 2004. I use two different dependent variables measuring "child poverty": the relative child poverty rate measured at 50% of the median income, and the child poverty rate in a single-mother family, also measured at 50% of the median income.

Data for the third dependent variable, the ratio of single-parent median equivalized net income to median household income, come from Eurostat-SILC (Statistics on Income and Living Conditions).[5] The fourth dependent

penditure – Aggregated data. (On-line: http://stats.oecd.org/index.aspx; accessed March 2010).

[5]http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/themes;

variable, youth unemployment, comes from the World Bank World Development Indicators database. The measure is the percentage of the total labor force aged 15-24 that is unemployed.[6]

Data Analysis

I employ random effects pooled time-series regression estimation for all models and analyze indicators of "outsiderness," measured variously by 1) child poverty rate; 2) single-parent median equivalized net income as a ratio to overall net household income; and 3) youth unemployment. I conduct my analyses using Luxembourg Income Study (LIS) data from multiple waves; Comparative Welfare States dataset (Huber et al. 1997, updated 2004 and 2010); Gauthier Comparative Family Policy Database (2010); and OECD, Eurostat, and World Bank data across 16 OECD countries.[7] The countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, and the United States and the time period covered is 1990-2004.

Beck and Katz (1996) and others have argued for the inclusion of country dummies in order to deal with omitted variable bias. Plümper et al. (2005: 330–4) in their recent treatment of this issue have countered that inclusion of country dummies does much more than eliminate omitted variable bias. It also: (1) eliminates any variation in the dependent variable that is due to time

accessed November 5, 2010.

[6] http://data.worldbank.org/indicator; accessed November 18, 2010.

[7] Countries and years in the sample are limited by data availability. See footnote 1.

invariant factors such as difference in constitutional structures; (2) greatly reduces the coefficients of factors that vary mainly between countries; (3) eliminates any differences in the dependent variable due to differences at time t in the time series; and (4) completely absorb(s) differences in the level of the independent variables across the units (1996). Elaborating on this last point, they argue that if one hypothesizes that the level of the independent variable has an effect on the level of the dependent variables (for example, the level of unemployment on the level of child poverty), a fixed effects specification is not the appropriate model. If a theory predicts level effects, one should not include unit dummies. In these cases, allowing for a mild bias resulting from omitted variables is less harmful than running a fixed effects specification (1996: 334). I hypothesize effects in the levels of the independent variables on the level of the dependent variables at time t. In addition, variation in several of the independent variables, including the critical policy variables, is primarily cross-sectional. Thus, it is clear that fixed effects estimation or the inclusion of country dummies is not appropriate in this case (cf. Huo et al. 2008).

Results

The results of the models are presented in Table 4. The models produce both expected and unexpected results. While EPL is significant in two of the models, its sign in one of the models of child poverty is the opposite of that expected. EPL would be expected to capture the insider-outsider divide that pits the economic well-being of the core insiders with stable employment

against that of the outsiders, who have precarious employment; thus we would expect that EPL is correlated with an increase in child poverty, based on adequate family resources that prevent poverty coming from the earners in the family. This expectation is indeed borne out in the model of single parent income. EPL's indication of outsiderness is captured when looking at its effect on single parent median income in relation to the population's household median income: a two-standard deviation increase in EPL results in a 13.4% decrease in the single parent income ratio.

As hypothesized, family allowances are a strong predictor of decreasing child poverty, with these effects being most dramatic in a single-mother family. For a two-standard deviation increase in family allowance spending, the child poverty rate within single mother families decreases by 9.5 and 11.4 percentage points in the two models, but by only 1.3 percentage points for overall child poverty. This is a strong indication that combating child poverty within single-mother homes is strongly advanced by family allowances.

Similarly, government daycare spending is a strongly significant predictor of child poverty (in a negative direction), as well as of single parent income (positive direction). Moving two standard deviations on the daycare spending measure yields a 5% decrease in child poverty of single mothers, and a 2% decrease in overall child poverty. Moreover, a two-standard deviation increase in daycare spending results in an 8.4% increase in the single parent income ratio. Family allowance expenditure shows a comparably strong negative effect on child poverty, particularly in a single-mother family. Taken together, government spending on daycare services and family allowances provides a significant mechanism for ameliorating child poverty, both overall and in

single-mother households, in addition to bolstering single parent income.

Union density has significant effects on the dependent variables, but presents some interesting implications. While greater union density is associated with lower child poverty (a two-standard deviation change in union density yields a decrease in overall child poverty of 4.5 percentage points), it is associated with an 11-13% increase in youth unemployment. Since union density captures the extent to which insiders are unionized within a country, this finding may reflect that youth are unable to penetrate the core group of union insiders, and thus higher union density is associated with an increase in youth unemployment. However, this would also suggest that since child poverty decreases with increased union density, parents are either able to be covered in union representation and thus maintain their jobs and income attachment, or that there are other mechanisms at play that are associated with higher union density—such as within Nordic, family-friendly, welfare regimes—that lead to lower child poverty outcomes. Notably, union density has no significant impact on the child poverty rate within single mother families, which may suggest that single mothers are not adequately represented by unions or that their income levels are not affected by higher union membership.

The effects of welfare state generosity as measured by unemployment benefits and sick pay correspond to expectation: they are correlated with a decrease in single-mother child poverty and youth unemployment, and an increase in single parent income. Child poverty is decreased by up to 6.2%, and youth unemployment by 7.4%.

Government expenditure on passive labor market policies is also a sig-

nificant predictor of the dependent variables. Similar to union density, the results suggest multiple interpretations. While passive labor market policies are aimed mainly at providing income maintenance to those without work—i.e. unemployment insurance—these measures will be targeted at those who are temporarily separated from employment. Unlike active labor market policies, passive labor market policy measures are not aimed at integration or activation of members outside the core workforce, but rather supporting those who have already secured a job position. Given this logic, it follows that passive labor policy measures would not diminish child poverty in families on the periphery of the labor market. Indeed, an increase in passive labor market policy measures is associated with an increase in child poverty and a decrease in single parent income. Using the two-standard deviation measure, an increase in PLMP yields an 8.2% increase in child poverty of single mothers and a 1.4% increase in overall child poverty. Similarly, the increase in PLMP yields a 10.7% decrease in the single parent income ratio. Strikingly, government expenditure on active labor market policies reduces youth unemployment by 4.9 percentage points, making an important case for the effectiveness of these policies in integrating this underrepresented segment of the population into the labor force. Contrary to hypothesized effects, active labor market policies do not show a significant impact on child poverty levels or single parent income.

Conclusion

In the political economies of developed countries today, measures of "old risk" prevention such as unemployment insurance and sick pay exist alongside "new risk" profiles, most of which center around the persistence of inequalities not just between the sexes, but within them. As Esping-Andersen (2009) describes, the women's revolution of the 1970s has come to a stalling point: while the income gap between men and women has decreased, gaps between women's groups have increased. There are three broad challenges in the 21st century that threaten social equality: 1) How to adapt institutions to the new role of women–as breadwinners in their own right; 2) How to prepare youth for the knowledge economy, in which skills are highly rewarded; and 3) How to respond to the new demography of low fertility and an ever-increasing elderly population (Esping-Andersen 2009). As women have entered the workforce in higher numbers than in preceding decades, institutions embedded in social policies and those analyzed in this paper–childcare, family allowances, active and passive labor market policies, employment protection rigidity, union density–may need to be adapted to accommodate women's presence in the labor force and men's and women's roles in raising children.

Families arguably lie at the heart of the contemporary social risk profile, forming the locus where the three pillars of a welfare regime—family, state, and market—intertwine. The capacity to adequately cope with these risks will be unevenly distributed among citizens based on levels of education, income, and policy formulation. The new risk target group, or group most affected by the structure of new social risks, does not possess a sufficient attachment to the labor market to deal with the financial imposition that

these risks imply. New risks have mainly to do with entering the labor market and establishing an enduring position in it, and with care duties that arise principally at the early stage of family-formation. In addition, many scholars have recently drawn attention to the later risks posed to families of providing long-term care for frail, dependent, elderly (Saraceno 2010, Knijn and Ostner 2002). Individuals who are able to successfully navigate the transition to solid, paid employment, as well as those who develop strategies of care-taking using independent means, are much less likely to experience the urgency or the strain of these new social risks. Thus we see how polarization comes into the picture: new social risks pose a problem mainly to certain subsets of the population: these include youth and single parents, who often do not have available recourse to the family or the market for provision of family care services (for children and/or the elderly).

What we see from this paper's analyses is that labor market policies can and do affect outcomes of those in a disadvantaged position, namely single parents, children in poverty, and youth. While family policies (daycare and family allowances) decrease child poverty, unemployment benefits and sick pay generosity are also associated with lower child poverty and increased single parent income relative to median income. While active labor market policies do not from these analyses show significant effects on child poverty and single parent income, we know from previous research that active labor market policies are positively related to employment levels (Huo et al. 2008, Nelson and Stephens 2008). Indeed, this association is borne out in the effect of active labor market policies on youth unemployment, which is markedly decreased by these policies. In this paper's analyses, passive labor market

policies were the stronger (i.e. significant in more models) of the two labor market policy indicators, indicating an outsider-reinforcing mechanism. This is evidenced by an increase in child poverty and a decrease in relative single parent income. Surprisingly, passive labor market policies do not appear from these analyses to aggravate youth unemployment, but rather they are associated with a decrease in youth unemployment. Union density, on the other hand, had the opposite effect on youth unemployment: rather than decreasing it, it is associated with an increase in unemployment levels of this segment of the population. This finding lends support to the notion of unions as protectors of insiders who have established connections to jobs. Youth appear to belong to the outsider group who are not as able to penetrate the labor market. Further research will need to parse out the potential causal complications in this story, and how the employment opportunities for youth diverge from those of an older population. Furthermore, policies that promote the inclusion of single parents into the labor market will continue to be of utmost importance, as the welfare of their children arguably depends on it.

Table 2: Variable Descriptions and Hypothesized Effects on Child poverty, Single parent income, and Youth unemployment

Variable	Description	Child Poverty	Single Par. Income	Youth Unempl.
Active labor market policies	Public Expenditure as % of GDP on ALMP, divided by the unemployed population	-	+	-
Passive labor market policies	Public Expenditure as % of GDP on PLMP, divided by the unemployed population	+	-	+
Employment protection	Index of employment protection legislation	+	-	+
Daycare spending	Public expenditure on day care/home-help services as % of GDP	-	+	N/A
Family allowance spending	Total expenditures on family allowances as % of GDP	-	+	N/A
Union density	Union membership as a proportion of wage and salary earners in employment	-	+	-
Welfare state generosity	Unemployment benefits and sick pay generosity composite score	-	+	-

Sources: Eurostat; Gauthier 2010; Huber et al. Comparative Welfare States dataset; LIS; OECD; Scruggs 2004; World Bank.

Table 3: Mean Values of Variables by Country and Welfare Regime

	Child Poverty	Child Poverty Single Mother	Single Parent Income	Youth Unempl.	Daycare Spending	ALMP	PLMP	EPL	Family Allowances	Union Density	Welfare Generosity	Unempl.
Nordic (Social Democratic) Welfare States												
Denmark	3.72	8.04	0.78	10.0	1.69	0.28	0.50	1.88	1.37	70.39	21.45	5.7
Finland	2.63	7.05	0.78	20.7	0.98	0.12	0.25	2.14	1.81	64.01	16.96	6.1
Norway	4.35	17.00	0.78	9.7	0.73	0.19	0.18	2.75	1.92	56.55	24.41	3.1
Sweden	3.89	10.09	0.73	13.4	1.71	0.37	0.28	2.68	1.77	76.86	24.99	3.7
Mean	3.65	10.54	0.77	13.4	1.28	0.24	0.31	2.36	1.72	66.95	21.95	4.7
Continental (Christian Democratic) Welfare States												
Austria	8.38	27.29	0.75	6.2	0.37	0.12	0.34	2.14	2.43	51.76	15.05	3.2
Belgium	5.69	13.37	0.70	19.2	0.32	0.14	0.31	2.66	2.17	49.71	19.74	7.0
France	7.75	27.06	0.75	21.6	0.69	0.11	0.15	2.94	1.80	14.88	16.02	7.3
Germany	6.58	32.76	0.67	9.8	0.31	0.14	0.24	2.68	1.30	31.04	20.70	5.5
Italy	16.4	27.12	0.82	29.2	0.27	0.07	0.09	2.88	0.64	37.69	9.59	8.1
Netherlands	6.32	22.86	0.66	9.8	0.61	0.29	0.43	2.47	1.18	30.44	22.06	5.0
Switzerland	8.06	18.91	.	6.1	0.23	0.18	0.26	1.14	1.00	27.29	18.87	2.1
Mean	8.45	24.19	0.73	14.6	0.40	0.15	0.26	2.42	1.50	34.69	17.44	5.5
Liberal Welfare States												
Australia	14.11	45.75	.	.	0.19	0.06	0.14	1.07	1.67	40.11	10.61	5.8
Canada	15.31	50.48	.	14.4	0.18	0.05	0.13	0.75	0.69	32.13	11.55	7.6
Ireland	14.61	45.04	0.61	16.5	0.12	0.13	0.19	0.98	1.61	53.66	13.64	10.6
United Kingdom	12.93	34.58	0.61	14.2	0.65	0.06	0.07	0.65	1.84	40.19	11.53	6.4
United States	22.70	56.79	.	12.4	0.20	0.03	0.07	0.21	0.25	19.68	7.31	5.6
Mean	15.93	46.53	0.61	14.4	0.27	0.07	0.12	0.73	1.21	37.15	10.93	7.2

Sources: Eurostat; Gauthier 2010; Huber et al. Comparative Welfare States dataset; LIS; OECD; Scruggs 2004; World Bank.

Table 4: Random Effects Regression Models of Child Poverty; Single Parent Income; Youth Unemployment

	(1) Child Poverty	(2) Child Poverty	(3) Child Poverty if Single Mother	(4) Child Poverty if Single Mother	(5) Single Parent Income	(6) Single Parent Income	(7) Youth Unemployment	(8) Youth Unemployment
Daycare Spending	-1.703***	-2.010***	-2.233	-4.869***	0.0459**	0.0432	-0.536	-1.453
	(0.553)	(0.554)	(1.906)	(1.862)	(0.0231)	(0.0237)	(1.179)	(1.169)
ALMP	-0.966		3.068		-0.113		-22.17***	
	(1.433)		(4.977)		(0.117)		(2.980)	
EPL	-0.296	-0.770†	-1.666	-1.832	-0.0357**	0.00399	-1.075	0.754
	(0.342)	(0.294)	(1.175)	(0.990)	(0.0176)	(0.0141)	(0.821)	(0.714)
Family Allowances	-0.546	-0.903**	-6.400***	-7.714***	0.0125	-0.0107	2.847***	2.274**
	(0.438)	(0.442)	(1.504)	(1.491)	(0.0260)	(0.0256)	(1.077)	(1.089)
Union Density	-0.105***	-0.121***	-0.0261	-0.101	-0.000644	0.000302	0.299***	0.351***
	(0.0257)	(0.0250)	(0.0853)	(0.0872)	(0.000912)	(0.000928)	(0.0526)	(0.0505)
Welfare Generosity	-0.00155	-0.0412	-0.327*	-0.536***	0.00699*	0.00147	-0.596***	-0.640***
	(0.0568)	(0.0587)	(0.196)	(0.197)	(0.00391)	(0.00367)	(0.128)	(0.129)
Unemployment	0.150**	0.191***	0.492**	0.548***	-0.000983	-0.00308		
	(0.0676)	(0.0603)	(0.232)	(0.202)	(0.00437)	(0.00419)		
PLMP		5.419***		31.80***		-0.230**		-28.37***
		(2.077)		(6.975)		(0.0985)		(4.704)
Constant	16.15***	17.30***	44.62***	47.43***	0.654***	0.736***	13.66***	14.08***
	(1.486)	(1.422)	(4.910)	(4.974)	(0.100)	(0.0974)	(3.208)	(3.047)
Observations	192	206	192	206	81	90	194	208
Number of idn	16	16	16	16	12	12	15	15
R^2	.56	.55	.59	.48	.23‡	.11‡	.48‡	.41‡

Standard errors in parentheses

*** p<0.01, ** p<0.05

†denotes significant in opposite hypothesized direction. Overall R^2 reported. ‡denotes within R^2.

Sources: Eurostat; Gauthier 2010; Huber et al. Comparative Welfare States dataset; LIS; OECD; Scruggs 2004; World Bank.

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