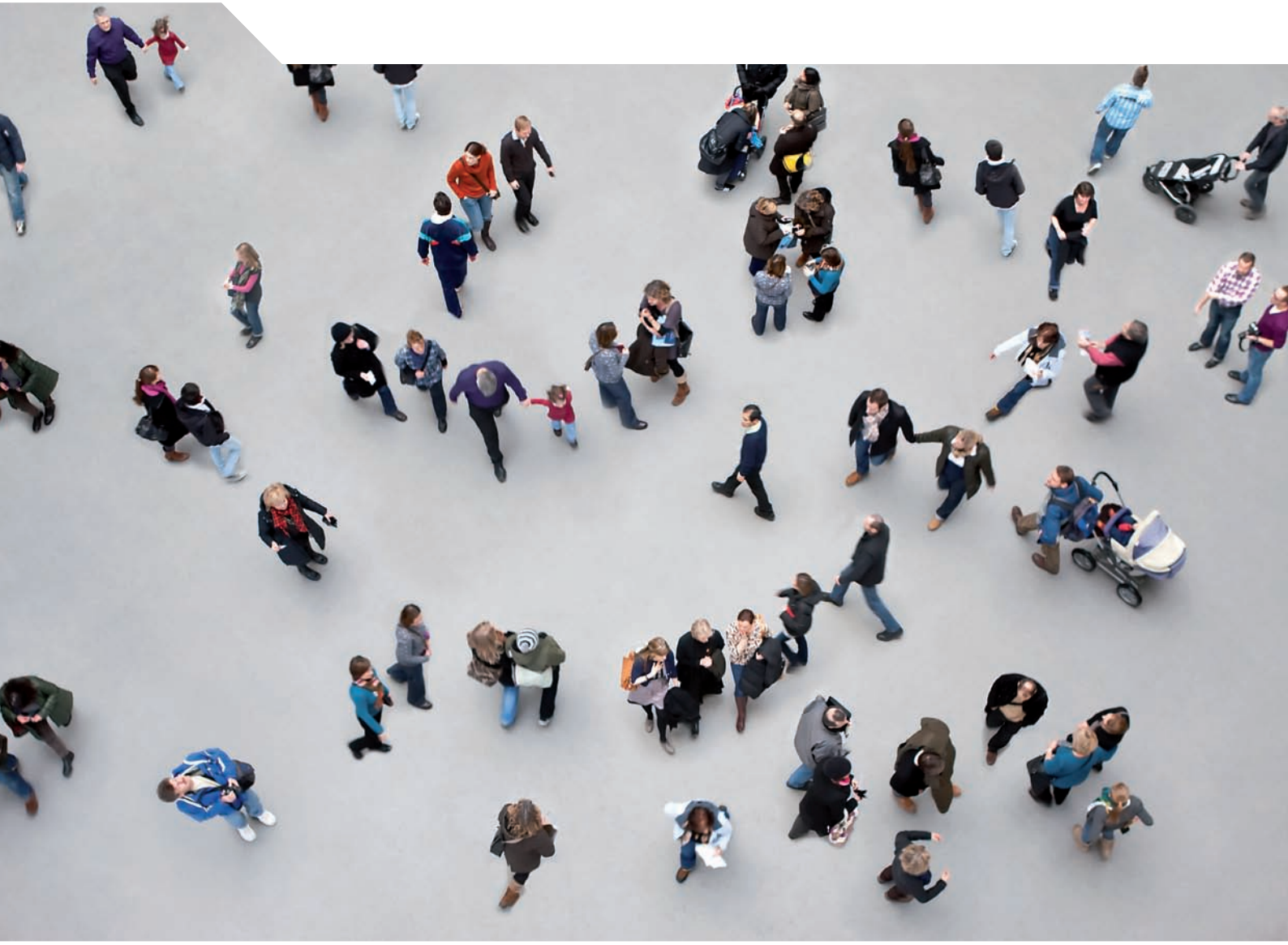
The Future of Families to 2030



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The Future of Families to 2030

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Foreword

The OECD International Futures Programme (IFP) launched its project on "Families to 2030" in December 2009. Its aim was to identify and examine trends in household and family structures over the next two decades and to explore the implications of those trends for key policy areas. This was by nature an experimental project, since very little international work had been conducted at the time on the theme of the future of families. It was an opportunity to apply foresight tools to a new, relatively unexplored subject area.

The project was designed, co-ordinated and conducted by the IFP team, assisted by several external experts in the social policy field. Funding, advice and guidance were provided by a steering group composed of representatives from several different ministries (Education, Family, Economic Affairs, Social Affairs, Communities and Local Government Affairs) from the countries participating in the project in various capacities, including support from the Russell Sage Foundation (United States). Additional input was provided by colleagues from various OECD departments as well as by a number of other countries who attended the final workshop. (See Annex C.)

For the purposes of the project, the interpretation of the notion of "family" was a broad one, since several generations had to be taken into account to reflect participants' interest in intergenerational matters, such as solidarity, transfers and values. It needed to encompass young couples with children, young couples with no children, single-parent families, couples whose children have left home, and elderly family members. Consideration also had to be given to the evolving structure of modern families that has emerged from recent trends in divorce, second marriages and co-habitation, same-sex partnerships, and reconstituted families.

The IFP team structured the project in successive modules, and drafted two preliminary reports following a stocktaking exercise on the current state of play of family-related developments and policies in OECD member countries. The drafts examined factors shaping the family landscape in OECD member countries to 2030, and the outlook for family and household structures to the period 2025-2030. A workshop for participants was convened at which four scenarios – later merged into two – were developed and explored. At the same time, three in-depth work streams were started by external experts on themes agreed by the steering group: the future of work-family life balance (Jeanne Fagnani), the future role of the elderly in the family (Klaus Haberkern and colleagues), and the future of low-income families and social cohesion (Susan Harkness). The authors sought to take into consideration the long-term trends affecting families and the two scenarios engendered at the workshop in setting out the policy challenges and policy options in their respective field. A final task for the IFP team consisted in drawing cross-cutting policy conclusions from all three areas.

The project was directed by Barrie Stevens and Pierre-Alain Schieb. Anna di Mattia provided research assistance; Anita Gibson and Rossella Iannizzotto provided logistics support and Gillian O'Meara edited the text. Jennifer Allain prepared the manuscript for publication. Rohit Talwar from Fast Future Ventures, Ltd. animated the scenario workshop and elaborated the scenarios. The steering group was chaired by Michael Oborne and Barrie Stevens.

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Executive summary

The aim of the "Families to 2030" project was to identify and examine trends in household and family structures over the next 20 years, and to explore the implications of those trends for key policy areas. The project was, by its very nature, experimental, since at the time very little international work had been conducted on the theme of the future of families. This was an opportunity to apply foresight tools to a new, relatively unexplored subject area.

In recent decades families in the OECD area have undergone significant transformation. The extended family has almost disappeared in many countries, and the traditional family consisting of a married couple with children has become much less widespread as divorce rates, cohabitation, couples "living together apart", single parenthood and same-sex partnerships have all increased. With rising migration, cultures and values have become more diverse, more women have taken up work, more young people are spending more time in education and training, and the elderly are living longer and increasingly alone.

Doing Better for Families (OECD, 2011a) tracks these and other societal changes that have been taking place in recent years. It analyses the family and child policies that OECD member countries have put in place to address them, and reviews the policies that have worked well and those that have not. But what about the future? What sort of changes can we expect over the next 20 years or so, and how will those changes challenge policy makers?

Projections conducted or commissioned by more than a third of all OECD member countries suggest that to 2025-2030, the number of one-person households is expected to grow significantly. Strong growth is also expected in the numbers of single-parent families and in the numbers of childless couples. By the same token, the proportion of single-person households as a share of all households is expected to increase considerably, as is the proportion of single-parent households as a share of all households with children.

A priori, the projected changes in family and household structures suggest significant challenges in the future. For example:

- the expected increase in single-parent families, the numbers of cohabiting couples and reconstituted families could lead to more such families facing a higher risk of poverty;
- the rising number of single-adult households coupled with growing numbers of elderly people implies that the significant proportion of elderly people among society's poor will persist in coming years;
- the increase in childless-couple households, divorce rates, remarriages and step-families may weaken family ties and undermine capacity for informal family care;

- growing numbers of single-adult households will put increased pressure on housing; and
- the increase in the share of households in which women are in some form of employment diminishes their potential to provide informal care.

However, outcomes are unlikely to be quite so straight forward, for at least two reasons. First, family and household structure are only one of several family-related determinants – earnings, taxes and transfers, and marriage and divorce may play a more significant role. Second, outcomes will also depend on the broader family landscape and the socio-economic environment in which families develop. Key factors include changes to fertility rates, life expectancy, immigration, education and labour market participation of the women and also elderly people. Technological advances in medicine and in ICT could considerably enhance the autonomy of the elderly and the disabled, and facilitate work from home which might help achieve a better balance between family life and work. But most important, perhaps, are the longer term economic prospects. The future economic performance of OECD member countries and the capacity to generate jobs will be crucial for family outcomes.

It follows from this that projections alone are insufficient to obtain a clear picture of how the future might evolve over the longer term. The many factors influencing the future socio-economic landscape for families could combine in any number of ways to produce a multitude of different outcomes. One way to address these uncertainties is to develop several plausible versions of what the world could look like 10-20 years ahead. This is where scenarios enter the picture. For the purposes of the project a workshop was organised to generate such a set of plausible socio-economic scenarios. These were eventually reduced to two contrasting views of the future: a "Golden Age?" scenario characterised by stable but modest economic growth and openness to technologies serving society's needs; and a "Back to Basics" scenario in which economic performance is volatile and society is slow to adopt new technologies. While the scenarios share certain features such as modest average economic growth rates, continuing pressure on public sector finances, and only marginal improvements in fertility rates, they differ in most other respects. This is most striking in the degree of economic stability, the duration of high levels of structural unemployment, the role of the state, the role of women in the workforce, and the balance between formal and informal care for children and the elderly.

The implications of the projections, trends and scenarios outlined above were explored through three in-depth work streams around the future of families in OECD member countries: the issue of low-income families and social cohesion, work-family life balance, and the role of the elderly in the family as recipients and providers of care.

The findings of the chapter by Susan Harkness on low-income families and social cohesion suggest that current demographic trends may lead to a growing share of the population who will be at risk of low income by 2030. At the same time, labour market trends imply that inequalities will grow, with jobs increasingly polarised between those that are high-skilled and those that are low-skilled, and correspondingly paid. Work is also set to become increasingly insecure for many, with the number of temporary and part-time jobs growing to 2030. If current trends continue over the next 20 years, then key risks for poverty will include living in one of the rising number of single-adult households, living in a single-earner household, and rising work-poverty resulting mainly from low hours of work but exacerbated by low pay. Increasingly fluid family structures will also increase vulnerability to poverty, with more people moving in and out of poverty as a result of family-related events, including divorce or separation. Most pensioners look

set to fare relatively well as they will increasingly receive an income from private pensions and will have greater access to work. Young people, on the other hand, will be a cause for considerable concern as state support for them diminishes and they become increasingly marginalised, leading to a substantial increase in poverty among those who cannot call on parental support.

The scenario analysis produces contrasting results. With the "Golden Age?" scenario low-income families of the future are likely to be dominated by those that are "working poor", mostly families with just one earner or members working part-time. With employment becoming increasingly flexible (i.e. more part-time and temporary work), many individuals will also move in and out of work, resulting in a rise in the numbers experiencing transitory poverty. Chronic poverty, on the other hand, will fall. As for children, improved childcare and education will have reduced the long-term consequences for poverty. Under the "Back to Basics" scenario, it is out-of-work poverty that would be of most concern to policy makers, with long-term unemployment particularly worrying. People who suffer from poverty will find themselves increasingly detached from the labour market and, with benefits set at low levels, the poor are likely to suffer increasingly from social exclusion.

Jeanne Fagnani's chapter examines the key factors influencing work-family life arrangements in the coming years. She identifies the increase in mothers' employment rates as an irreversible trend, and also expects labour market participation of the over-65s to continue to grow, notably in Europe and North America. The most important changes can perhaps be expected at the workplace itself: while some members of the workforce will be experiencing long working hours, others will increasingly hold part-time or temporary jobs, many of which will involve non-standard working hours and/or unpredictable schedules. Without a broad-based effort to reorganise working time in a way that is compatible with family needs and childcare arrangements, there is little prospect of improvement in work-family life tensions.

The "Golden Age?" scenario would see progress on a number of fronts: gender equality would figure more prominently on the agendas of policy makers and companies alike; there would be strong growth in both public and private market-based childcare services, and large businesses would be keen to offer flexible, family-friendly work schedules in an effort to attract and retain skilled personnel. On the downside, the growth in non-standard working conditions and long hours would continue, suggesting that access to public, private and employer-based childcare arrangements would not be within reach for many people in unstable, low-paid employment and working on unpredictable schedules. The "Back-to-Basics" scenario would see retrenchment of many of the less positive aspects of current trends. With the economy performing poorly, long-term unemployment widespread and public budgets very tight, public childcare would be facing cutbacks, work schedules becoming increasingly onerous and inflexible, and the gender-based division of un-paid work would be reverting to traditional models. The overall situation would offer little scope for improvement in the work-family life balance.

The chapter prepared by Klaus Haberkern and colleagues sees the elderly playing a more important role in future, both in the family and in society more generally. This will be due to increasing longevity as well as the likely persistence of low fertility rates. The authors argue that the potential, abilities and resources of the elderly have been largely overlooked, and that improved living conditions are allowing older people to participate ever more actively in society. They are already net providers of support: the data show that older people and the elderly provide more support than they receive, and that only the

oldest-old are on aggregate net receivers. Demographic ageing will enlarge the pool of potential care providers among the elderly, but only until around 2030. Beyond that date, the increase in elderly care receivers will outpace the increase in potential care providers. Ultimately, however, the balance between care providers and receivers will depend on a multitude of factors, not least on changing family structures and living arrangements, family obligations, fertility and childlessness. But other factors will also play a role – urban design, transport and housing; the extent to which technology will be used to facilitate communication and care; and last but not least, the kind of policies governments deem necessary to introduce in order to improve caring structures.

When it comes to the issue of the future role of the elderly, neither of the two contrasting scenarios is entirely positive or negative. In the "Golden Age?" scenario, for example, higher female and elderly labour market participation rates would conflict with informal care provision; greater use of non-family care support and advanced technologies would entail higher out-of-pocket expenditures; and more disruption and re-constitution of families would exacerbate both the care situation and aggravate the mismatch between current policy frameworks and changing family structures. In the "Back to Basics" scenario, there would be more scope for informal care, but greater dependency on the capacity of families to deliver it; potentially greater numbers of informal care providers, but – especially among low-income groups – greater risks of a poverty trap through foregone income and the costs associated with care giving. The authors pinpoint a number of key tasks that lie ahead for policy makers, notably the need to: consider re-defining "the family", but also to re-design family policy to find a better balance between family responsibility, state responsibility and mixed responsibility; better align care leave arrangements to changing family and household structures; support semi-professional home care arrangements in communities; and encourage mixed generation housing supported by professional care and technological innovations.

Drawing on the observations of all three authors, but also on the contributions of project participants made during several steering group meetings and workshops, a set of possible courses of action for policy can be identified which are both cross-cutting and long-term in their approach to addressing many of the challenges set out in the preceding analysis.

Box 0.1. **Ten long-term policy options**

As many OECD member country governments will find it hard to sustain current levels of universal social benefit coverage over the next two decades, they need to prepare the ground for reforms well in advance. This should be done by:

- Ensuring they have long-term fiscal projections and scenarios of future public spending on health, long-term care, pensions and social benefits; and by exploring the scope for achieving value for money through more effective spending.
- Exploring broad avenues for improving social outcomes without increasing spending, through a re-balancing of responsibilities among individuals, the family, business, associations and the state. This can be achieved by: reviewing family responsibilities and entitlements within the broader scope of the so-called "family network"; re-visiting the issue of responsibility and individual choice; and enlarging the contribution that greater engagement of all social actors can make.
- Seeking savings, or at least more efficient outcomes, through more coherent policy approaches, for example by looking at individuals' planning, financing and organisation of care in terms of overall life-cycle changes.
- Addressing as a priority the need to move individuals and families out of potentially long-term dysfunctional situations, such as long-term unemployment, chronic poverty, and young people in neither employment, nor education nor training.
- Attaching more weight to the potential uses of new technologies in addressing some of the structural problems that may affect families in the future, and to the possibilities for integrating technological innovations into policy considerations and planning.
- Paying more attention to future shifts in the spatial mobility patterns of households and families, as mobility will become increasingly important for maintaining family cohesion.
- Making greater use of the scope offered by housing policies to influence family formation and intergenerational solidarity.
- Undertaking sustained efforts to step up gender mainstreaming with a view to limiting the long-term detrimental effects of perpetuating gender inequality.
- Improving the evidence base for effective policy making through concerted efforts to close data and research gaps, notably in the fields of long-term projections, longitudinal household panels, and the growing phenomenon of reconstituted families.
- Strengthening the links among family-relevant aspects of different policy domains, such as care for children and the elderly, labour market, education, technology and housing.

Chapter 1

The future of families to 2030: an overview of projections, policy challenges and policy options

by
Barrie Stevens
and Pierre-Alain Schieb[1]

This chapter provides an introduction and overview of the main findings of the project on the "Future of Families to 2030". It explores probable future changes in family and household structures in OECD member countries; identifies what appear to be the main forces shaping the family landscape between now and 2030; draws on projections and scenarios to discuss the longer term challenges for policy arising from those expected changes; and based on the three subsequent thematic chapters, suggests policy options for managing the challenges on a sustainable basis.

Introduction

Since the 1960s the family has undergone significant transformation across the OECD. In many countries, the extended family has all but disappeared and the traditional family consisting of a married couple with children has become much less widespread as divorce rates, cohabitation, couples "living together apart", single parenthood and same-sex partnerships have all increased. With rising migration, cultures and values have become more diverse. Families have seen more mothers take up work in the labour market (and many of them earn more than their male partners). Adolescents spend longer and longer in education and training, and the elderly members of the family live longer and, increasingly, alone. The repercussions of these changes on housing, pensions, health and long-term care, labour markets, education and public finances, have been remarkable.

Doing Better for Families (OECD, 2011a) tracks these and other societal changes that have occurred over the last few decades. It takes stock of their implications for families, analyses in a comprehensive fashion the family and child policies OECD member countries have put in place in recent years to address them, and reviews the policies that have worked well and those that have worked less well.

But what about the future? What sort of changes can we expect over the next 20 years or so – the space of a generation – and how will those changes challenge policy makers?

Social structures tend to change slowly. Many of the gradual changes that have been taking place in OECD member countries are likely to continue and in some cases intensify: higher rates of female participation in the labour market, higher divorce rates, more single parents, rising and longer enrolment in education, growing numbers of elderly, higher numbers of foreign-born population, ethnic diversity, and so forth. But this does not necessarily mean "business as usual" for policy making since the cumulative effect of all these trends will be to put an even greater strain on the traditional social fabric. Are there thresholds and "tipping points" in these developments beyond which situations take on critical proportions? For example, will the continuing fragmentation of the family, in addition to an increasing number of elderly singles, lead to chronic housing shortages and overstretched long-term care facilities for the elderly?

Of course, on a more positive note, time may see family relations reconfiguring on new foundations. We may increasingly see networks of loosely connected family members from different marriages, partnerships and generations emerging, who devise fresh approaches to cohesion and solidarity. Intergenerational transfers could take on a new, different life, with important consequences for social services, welfare and fiscal management. Growing, better-integrated ethnic communities may help to instil their family values into mainstream society. And medical progress, such as in remote health monitoring, may help alleviate the strains on families of caring for elderly dependants.

But beyond the steady trends, we should also be alert to new, potentially disruptive factors. By way of illustration, information and communication technologies (ICT) and especially the Internet are now firmly embedded in everyday life. However, these are fast-moving technologies and recent innovations in social networking give an idea of their power to revolutionise social interaction, particularly among young people but also among other generations. It remains to be seen how these technologies will play out in the future in shaping people's involvement in education, work and, more generally, society.

Finally, just as changes within society will affect government policies, so will government policies affect families. While it is always difficult to predict how policies on housing, education and training, taxation, social benefits, employment, health, media and entertainment, etc. will influence family formation and outcomes for young people, the experience of the welfare state over the last 50 years may have useful pointers to offer for the future. Moreover, recent years have witnessed a plethora of new initiatives taken by governments to deal with population groups considered to be particularly at risk. These range from carefully defined sector-based measures to help children, teenagers, the elderly and families, to broader holistic approaches to policy making at various levels of government targeting particularly vulnerable segments of society.

This chapter provides a synthetic view of some of the key findings of the "Families to 2030" project. It explores probable future changes in family and household structures in OECD member countries, identifies what appear to be the main forces shaping the family landscape between now and 2030, discusses some of the longer term policy challenges arising from expected changes, and puts forward a set of cross-cutting policy options for managing those challenges on a sustainable basis.

Future changes in family and household composition

Linking household and family structures to wider social outcomes

Taking stock of today's situation in statistical terms is a useful step before looking ahead. The average household size in OECD member countries fell from 2.8 persons in the mid-1980s to 2.6 in the mid-2000s. Today, there are no children in over half of the households in almost all OECD member countries. Over the same period, marriage rates fell from over 8 marriages per 1 000 people in 1970 to 5 in 2009, and the average divorce rate doubled to 2.4 divorces per 1 000 people. The number of children born outside marriage tripled, from 11% in 1980 to almost 33% in 2007. Almost 10% of all children now live in reconstituted households, and nearly 15% in single-parent households. One in 15 children live with their grandparents.

It is important to track changes in family and household structures because they are highly relevant to shaping socio-economic outcomes. They are not the most important factor – indeed, employment opportunities, earnings, taxes and transfers may play a more significant role. But different family and household structures are associated with different kinds of outcomes.

- Family structure is linked, for example, to poverty. The risk of poverty is higher among cohabiting couples than among married couples; divorce and separation are linked to movements into poverty, especially for women; single-parent families with a working adult generally have higher poverty rates than two-parent households in which only one parent is in employment; young people living with their parents face a substantially lower poverty risk; and children in single-parent families face an elevated risk of poverty (Harkness, 2011). Indeed, in most OECD member countries the last 20 years have witnessed a shift in poverty risks towards families with children (OECD, 2011a).
- Changes in family structures and family relations have an important effect on informal support networks for elderly people: having no children may mean greater recourse to professional care in old age; and divorced, separated and

remarried parents have greater difficulties sustaining long-lasting relationships with their children, leading to less informal care capacity within the family network (Haberkern, 2011).

- Family characteristics are associated with take-up of extended educational facilities, for example, children from lower income families, from single-parent families or from an ethnic minority background participate less in out-of-school hours services such as study support, music, arts and crafts (OECD, 2011a).
- Family structures have important consequences for housing, both the type of accommodation and the housing stock. For example, not so long ago, planners thought primarily in terms of the needs and preferences of families with children. Now they have to take on board the needs and preferences of several different types of household. Similarly, the growth in the number of single-person households – many of them elderly people – has led to much higher demand for smaller living units.

It follows that the way family and household structures are likely to evolve in the future will have important consequences for forward planning in a wide range of policy areas, including childcare, education, housing, elderly care, and even urban planning. But what can be said concretely about future changes in family and household structures?

Projecting changes in household structures to 2025-2030

Projections are not predictions or forecasts. Rather they serve to illustrate the growth and change in population that would occur if certain assumptions about future levels of fertility, mortality, internal migration and overseas migration were to prevail over the projection period.

For instance, in Australia, the three main series of population projections used (Series A, B and C) have been selected from a possible 72 combinations of the various assumptions. Series B largely reflects current trends in fertility, life expectancy at birth, net overseas migration and net interstate migration, whereas Series A and C are based on high and low assumptions for each of these variables respectively.

Consequently, statisticians' population projections are largely determined by past and current trends in life expectancy, fertility and migration patterns (and consequently in the age structure of the population). In some countries changes in migration represent the biggest uncertainty and could have the biggest impact on overall household numbers, while life expectancy and fertility rates (over the next 20 years) are expected to change only slowly. Nevertheless, changes might have a significant impact: for instance fertility rates could rise in countries where work-family life reconciliation policies are dramatically enhanced. On the other hand, major breakthroughs in gene therapy could raise life expectancy significantly within 20 years if they are introduced quickly enough.

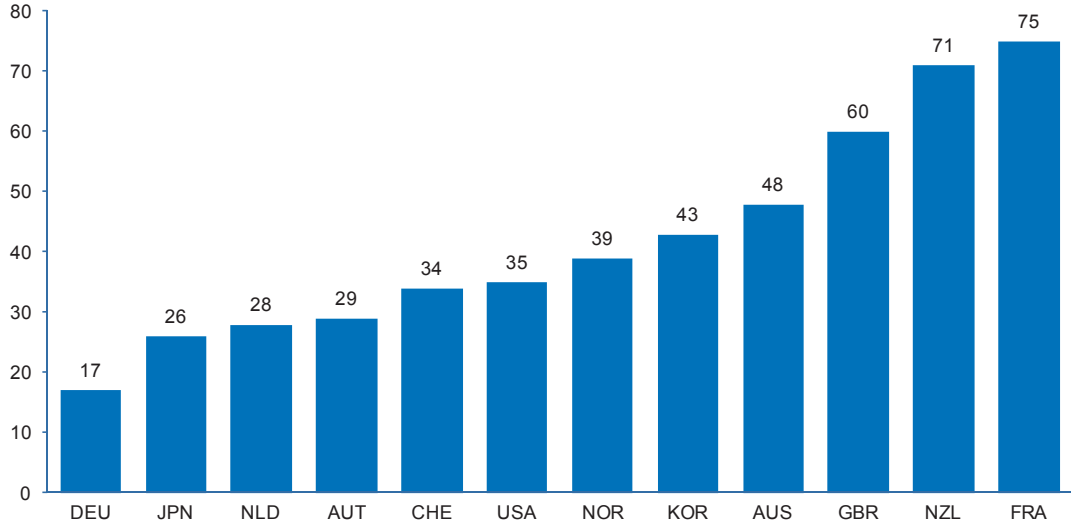
Projections for household and family structures are often made on the assumption that recently observed trends will continue: results are therefore sensitive to the hypotheses underlying these projections. These projections are more uncertain than those pertaining to population because they are conditioned not only by the same factors that affect population but also by social and economic factors such as decisions about marriage, divorce, further education, work, values, etc. To get around this problem, statisticians look at census results from previous years or decades that contain observations about family/household composition and living arrangements and make assumptions about future trends before applying them to overall population projections.

About one-third of OECD member countries have produced or commissioned relatively detailed projections to 2025-2030 on various aspects of household and family structure, notably one-person households, single-parent households, and households with or without children. The start dates, time horizons and methods used vary from study to study, making precise comparisons between countries difficult. Nonetheless, the projections reveal strong similarities among many OECD member countries with respect to underlying trends.

Largely as a consequence of ageing populations, the number of one-person households is expected to grow in all the OECD member countries for which projections are available. The largest increases are expected in Korea (43%), Australia (Scenario B, 48%), England (60%), New Zealand (71%), and the "high" scenario for France (75%).

Figure 1.1. **One-person households**

Projected % increase in selected OECD member countries
(early-mid-2000s to 2025-2030*)



*. The periods over which changes are projected are as follows: Australia (2006-2026), Austria (2007-2030), France (2005-2030), Germany (2007-2025), Japan (2005-2030), Korea (2007-2030), Netherlands (2009-2030), New Zealand (2006-2031), Norway (2002-2030), Switzerland (2005-2030), United Kingdom (2006-2031) and United States (2000-2025).

Sources: OECD calculations based on data from: Alho, Juha and Nico Keilman (2009); Australian Bureau of Statistics (2004); Institut für Mobilitätsforschung (ed)/DIW Berlin (2008); Institut national de la statistique et des études économiques (2007); Japan National Institute of Population and Social Security Research (2008); Statistics Korea (2007); Riche, Martha Farnsworth (2003); Statistics Netherlands (2009); Statistics New Zealand (2008); Statistisches Bundesamt Deutschland (2007); Statistik Austria (2008); Swiss Federal Statistical Office (BFS) (2008); UK Department for Communities and Local Government (2009).

Data are also available on sole-parent households for most countries that have published projections. The consistency of the upward trend across these OECD member countries is remarkable, with the bulk of projections to 2025-2030 suggesting that numbers are likely to increase by between 22% and 29%. Austria, the Netherlands, Switzerland and the United States are the countries expecting the lowest increases in sole-parent families (8-10%). Germany stands out as the one exception with a projected

decrease in sole-parent numbers of 16% by 2025 – the effect of a rise in divorce and separations being unlikely to substantially mitigate that of declining numbers of children.

Figure 1.2. **Single-parent families**

Projected % increase in selected OECD member countries
(early-mid-2000s to 2025-2030*)

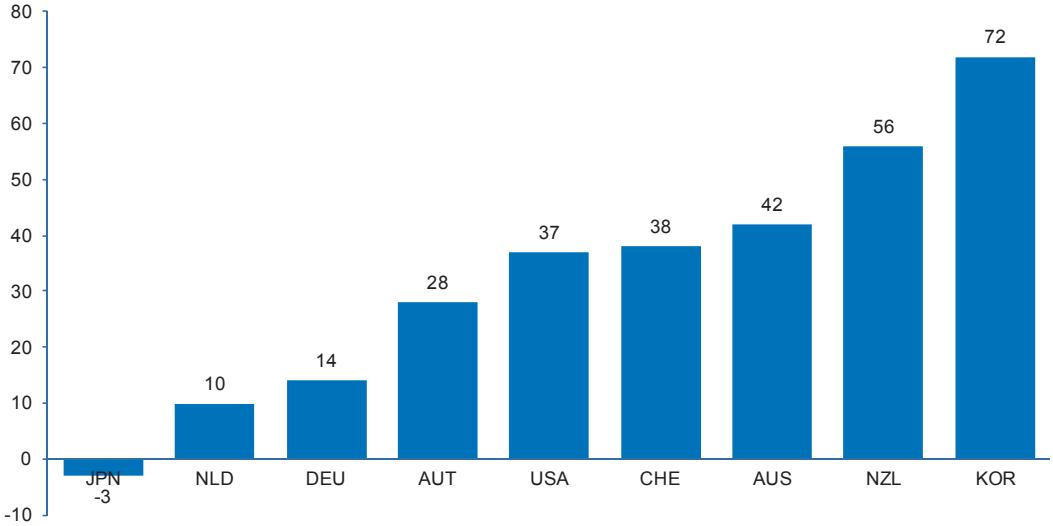
*. The periods over which changes are predicted are as follows: Australia (2006-2026), Austria (2007-2030), France (2005-2030), Germany (2003-2025), Japan (2005-2030, Netherlands (2009-2030), New Zealand (2006-2031), Norway (2002-2030), Switzerland (2005-2030), United Kingdom (2006-2031), United States (2000-2025).

Source: OECD calculations based on data from: Alho, Juha and Nico Keilman (2009); Australian Bureau of Statistics (2004); Institut für Mobilitätsforschung (ed)/DIW Berlin (2008); Institut national de la statistique et des études économiques (2007); Japan National Institute of Population and Social Security Research (2008); Statistics Korea (2007); Riche, Martha Farnsworth (2003); Statistics Netherlands (2009); Statistics New Zealand (2008); Statistisches Bundesamt Deutschland (2007); Statistik Austria (2008); Swiss Federal Statistical Office (BFS) (2008); UK Department for Communities and Local Government (2009).

In the light of past and current fertility rates and increases in life expectancy, it comes as no surprise that almost all the OECD member countries for which projections exist are expected to show significant increases to 2025-2030 in the numbers of couples without children. These increases range between 37% and 72% for Australia, Korea, New Zealand, Switzerland and the United States. Germany is projected to see the slowest increase (14%) while Japan could in fact experience a decrease in the number of childless couples.

Figure 1.3. **Couples without children**

Projected % increase in selected OECD member countries
(early-mid-2000s to 2025-2030*)



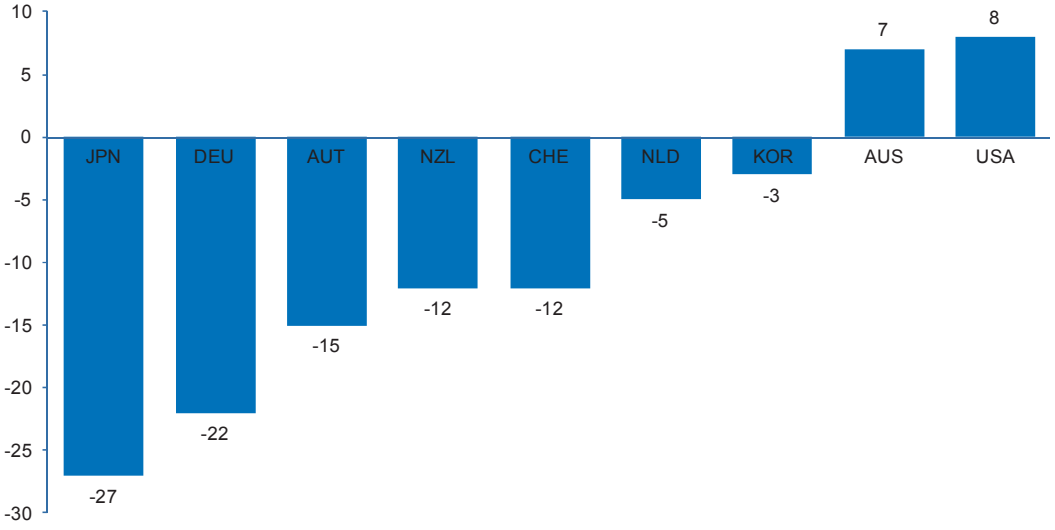
*. The periods over which changes are predicted are as follows: Australia (2006-2026), Austria (2007-2030), Germany (2007-2025), Japan (2005-2030), Korea (2007-2030), Netherlands (2009-2030), New Zealand (2006-2031), United States (2000-2025).

Source: OECD calculations based on data from: Alho, Juha and Nico Keilman (2009); Australian Bureau of Statistics (2004); Institut für Mobilitätsforschung (ed)/DIW Berlin (2008); Institut national de la statistique et des études économiques (2007); Japan National Institute of Population and Social Security Research (2008); Statistics Korea (2007); Riche, Martha Farnsworth (2003); Statistics Netherlands (2009); Statistics New Zealand (2008); Statistisches Bundesamt Deutschland (2007); Statistik Austria (2008); Swiss Federal Statistical Office (BFS) (2008); UK Department for Communities and Local Government (2009).

In contrast, most of these countries expect to see declines in the number of couples with children to 2025-2030. The largest decreases are projected for Austria, Germany and Japan (between 15% and 27%), the lowest for Korea and the Netherlands. Meanwhile, Australia and the United States could see increases in the number of couples with children.

Figure 1.4. **Couples with children**

Projected % increase in selected OECD member countries
(early-mid-2000s to 2025-2030*)



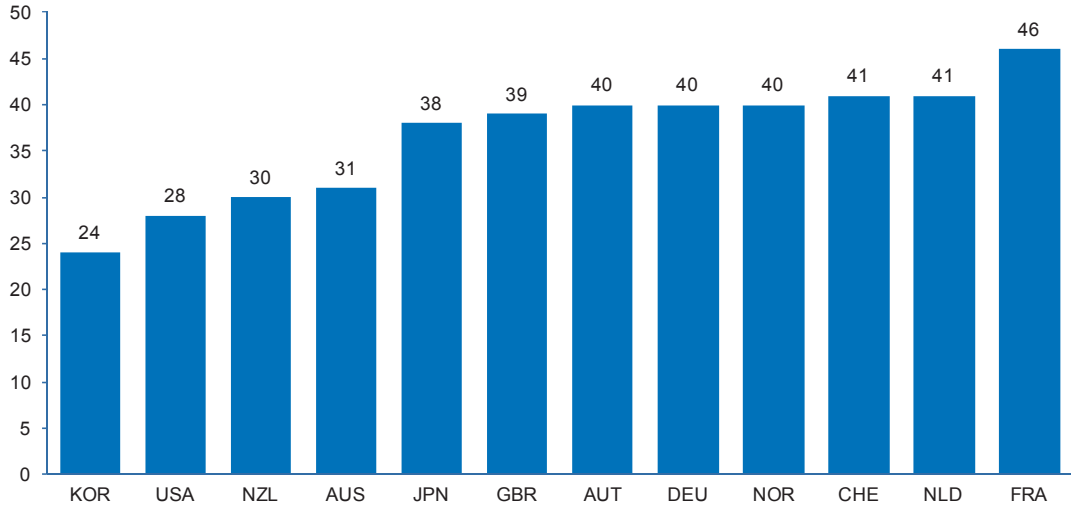
*. The periods over which changes are predicted are as follows: Australia (2006-2026), Austria (2007-2030), Germany (2007-2025), Japan (2005-2030), Korea (2007-2030), Netherlands (2009-2030), New Zealand (2006-2031), Switzerland (2005-2030) and United States (2000-2025).

Source: OECD calculations based on data from: Alho, Juha and Nico Keilman (2009); Australian Bureau of Statistics (2004); Institut für Mobilitätsforschung (ed)/DIW Berlin (2008); Institut national de la statistique et des études économiques (2007); Japan National Institute of Population and Social Security Research (2008); Statistics Korea (2007); Riche, Martha Farnsworth (2003); Statistics Netherlands (2009); Statistics New Zealand (2008); Statistisches Bundesamt Deutschland (2007); Statistik Austria (2008); Swiss Federal Statistical Office (BFS) (2008); UK Department for Communities and Local Government (2009).

Equally important from a policy perspective is that the general direction of changes in these household and family categories holds both for absolute numbers and for shares in households or families as a whole. For example, single-person households look set to increase their share of total households in all the OECD member countries for which projections could be obtained. By 2025-2030 single-person households will make up around 40% or more of all households in Austria, France, Germany, the Netherlands, Norway, Switzerland and England.

Figure 1.5. **One-person households**

Projected share as a % of all households (2025-2030)*



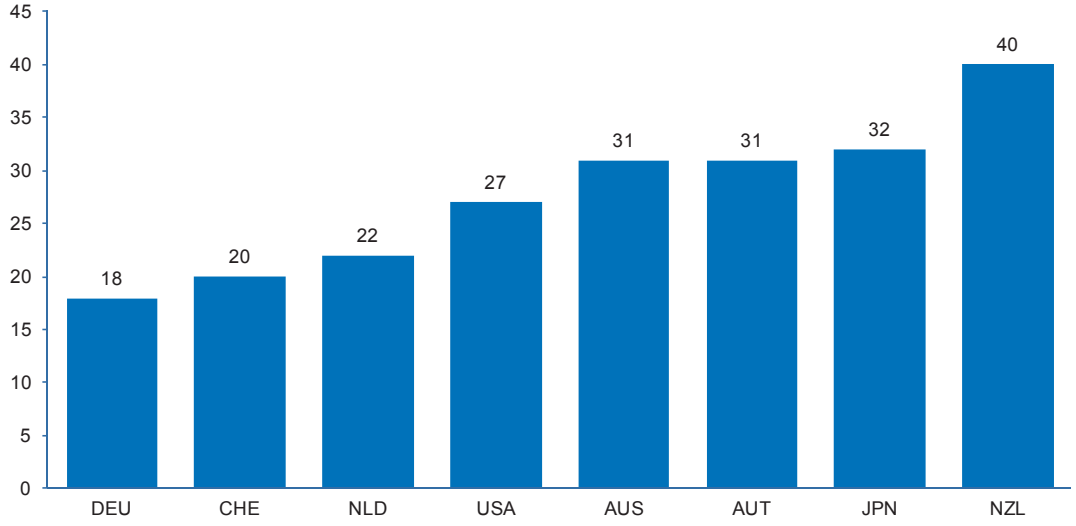
*. The periods over which changes are projected are as follows: Australia (2006-2026), Austria (2007-2030), France (2005-2030), Germany (2007-2025), Japan (2005-2030), Korea (2007-2030), Netherlands (2009-2030), New Zealand (2006-2031), Norway (2002-2030), Switzerland (2005-2030), United Kingdom (2006-2031) and United States (2000-2025).

Source: OECD calculations based on data from: Alho, Juha and Nico Keilman (2009); Australian Bureau of Statistics (2004); Institut für Mobilitätsforschung (ed)/DIW Berlin (2008); Institut national de la statistique et des études économiques (2007); Japan National Institute of Population and Social Security Research (2008); Statistics Korea (2007); Riche, Martha Farnsworth (2003); Statistics Netherlands (2009); Statistics New Zealand (2008); Statistisches Bundesamt Deutschland (2007); Statistik Austria (2008); Swiss Federal Statistical Office (BFS) (2008); UK Department for Communities and Local Government (2009).

Similarly, sole-parent families are also set to increase as a proportion of all family households with children. Indeed, by 2025-2030 their share is expected to rise in all the OECD member countries for which projections are available. However, the effect is likely to be felt more in some countries than in others. For example in Australia, Austria, Japan and New Zealand, sole-parent families' share of all family households with children could reach between 30% and 40% (up from 28%, 26%, 22% and 31% respectively in the mid-2000s). In contrast, in Germany and Switzerland shares are expected to range between 17% and 20%, showing little change since the mid-2000s.

Figure 1.6. **Single-parent households**

Projected share as a % of all households with children (2025-2030)*



*. The periods over which changes are predicted are as follows: Australia (2006-2026), Austria (2007-2030), Germany (2007-2025), Japan (2005-2030), Netherlands (2009-2030), New Zealand (2006-2031), Switzerland (2005-2030) and United States (2000-2025).

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The data suggest that the next 20 years are likely to see a continuation and even acceleration of changes in household and family structures. It must be borne in mind, of course, that these are projections and not predictions. Since they are based on assumptions about societal values, behavioural patterns, economic conditions, unchanged policy, etc. they cannot be deemed certain. On the other hand, many of the forces shaping those structures – such as fertility rates, ageing of the population, and indeed certain underlying values – are slow-moving and unlikely to bring about radical changes over a 15-20 year period.

A priori, and if the underlying associations continue to apply, the projected changes in household and family structure suggest quite significant challenges in the future. For example:

- The expected increase in single-parent families, the numbers of cohabiting couples and reconstituted families could lead to more such families facing a higher risk of poverty.
- The rising number of single-adult households coupled with growing numbers of elderly people implies that the significant proportion of elderly people among society's poor will persist in coming years.
- The increase in childless couple households, divorce rates, remarriages and step-families may weaken family ties and undermine capacity for informal family care.
- Growing numbers of single-adult households will put increased pressure on housing.
- The increase in the share of households in which women are in some form of employment diminishes their potential to provide informal care.

However, outcomes are unlikely to be quite so straightforward, since they also depend on other factors. Indeed, over the next two decades a multitude of such factors will shape the family landscape and the socio-economic environment in which families develop.

Factors shaping the family landscape to 2030

Changing family and household structures in most OECD member countries over the next two decades will interact with other developments in the socio-economic environment. Some of these may mitigate the impacts outlined above; some may on the contrary exacerbate them.

Demographic changes

The last few decades have experienced social change on a remarkable scale. In particular, there have been extraordinary gains in longevity in developed countries, with average life expectancy at birth rising from 66 years in 1950 to just over 76 years in 2007 (United Nations, 2007a). This has had, and will continue to have, far-reaching implications for the composition of families.

Meanwhile, the last few decades have also seen significant falls in fertility rates. Birth rates have declined sharply across developed countries generally. In 1950, the total fertility rate (TFR), i.e. the average number of children being born per woman, was 2.8, but by 2007 the TFR had fallen to 1.6, leaving many OECD member countries well below the fertility rate of 2.1 per woman needed to replace the population at a constant level.

Population projections

Not surprisingly therefore, projections for the developed world suggest that the population is likely to increase only slightly to 2050, from 1 217 million to 1 236 million (United Nations, 2007a). There are of course important regional and country differences.

For example, the population of Japan is already in decline and is expected to fall further in the coming decades, while that of the United States is forecast to expand from around 300 million today to about 440 million in 2050. The total population of the EU-25 is projected to increase slightly (by 1.1%) between 2010 and 2030, but then to actually decline through to 2050, after reaching a turning point in around 2025. However, the absolute numbers of young people are forecast to decline between now and 2030, in some cases quite sharply, as is their share of the overall population: for children up to 14 years of age by 8.5%, for young people aged 15-24 by 12%, and for young adults aged 25-39 by 15.6%. In contrast, the numbers and share of the elderly will rise dramatically, the 65-79 age group increasing by 37% and the 80 and above category by 54% (Commission of the European Communities, 2006).

The three fundamental variables that could potentially affect these projections are fertility, life expectancy and migration.

Fertility

Evidence from recent observations of fertility trends indicates that the much-feared "fertility implosion" would appear not to have occurred. In fact, for a number of countries fertility rates seem to have bottomed out and are beginning to rise again, at least until the onset of the financial crisis. Hence, a slight overall improvement in fertility in developed countries to 1.8 is projected by 2050 (United Nations, 2007a).

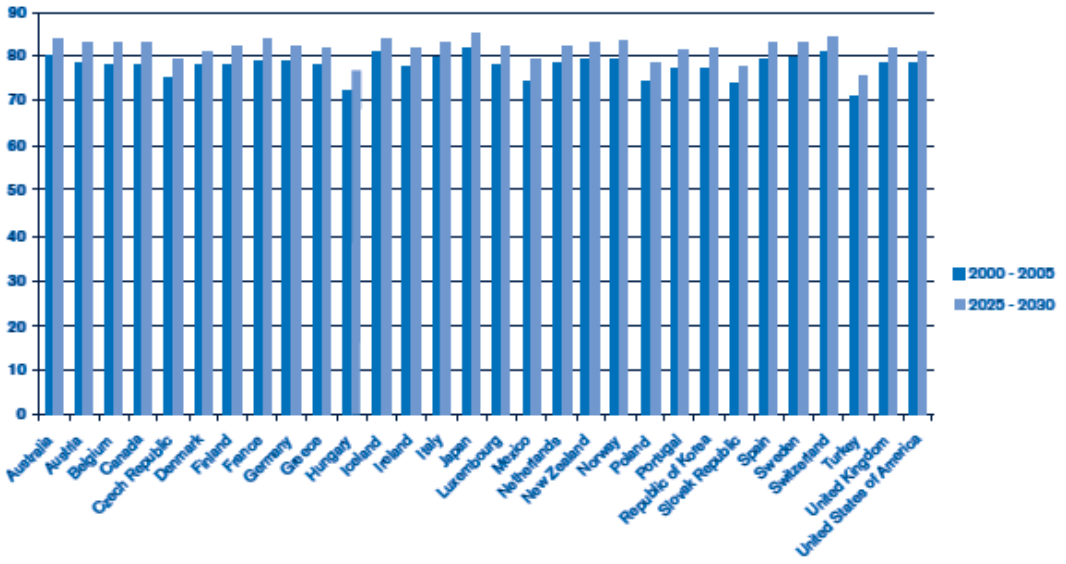
How solid is the trend? Two factors emerge from the examination of fertility trends in the not-too-distant past of developed countries: firstly, the events that change fertility behaviour are infrequent, but secondly, they often exert a lasting influence (Le Bras, 2008). As examples from France, Germany, Eastern Europe and Scandinavian countries demonstrate, such events include war, revolutionary medical advances (contraception), and radical policy measures (e.g. pro-birth legislation with large incentives). In the absence of such events, however, it seems fair to say that fertility rates are unlikely to exhibit very significant changes over the next couple of decades.

Life expectancy

The gains in longevity achieved in recent decades are generally expected to continue into the future. Life expectancy at birth could continue to rise by at least a further six years by 2050, leading to a big increase in the number of people living to 80 and 90 years of age. This is a general change and all OECD member countries should benefit from it, albeit to differing degrees.

In the past, there have been notable instances of considerable volatility in mortality trends, mainly brought about by war, natural disasters and famine. But surges in life expectancy have also been experienced in more recent periods of peace time, such as the rapid upturn in life expectancy at 60 among French women from around 1950 onwards, and among men from the 1970s onwards. But could events occur in the future that alter these trends significantly? War and natural disasters aside, the single most important factor that could shift the trajectory of life expectancy would appear to be medical progress.

Figure 1.7. **Projected life expectancy rates for OECD member countries**



Source: United Nations (2009), *World Population Prospects: The 2008 Revision*, Department of Economic and Social Affairs, United Nations, New York, NY.

Immigration

Historically, immigration has been an important determinant of many a country's national family profile, and given the prospect of continuing global migratory flows in the decades ahead, it will in all probability remain so.

In 2006, "permanent-type" gross migration flows into OECD member countries rose by some 5% from 2005 to about 4 million people (OECD, 2008a). There are many reasons for assuming that, for several decades to come, migration flows into developed countries will continue at least at their present levels and very probably increase, shifting the balance from migration from rich countries to inflows from poor countries. The drivers behind these probable trends are many and diverse: ageing populations and shrinking workforces in the western world versus burgeoning young populations in the developing regions; persistent and substantial income differences between developed and developing economies; the pull of existing migrant population networks in OECD member countries; the attractions of quality education in Europe, North America and Oceania; and the prospect of environmental disasters, adverse climate change and less security in several developing regions of the world.

Given the complexity of these drivers, attempts to project future migration volumes are rare, and those that do exist tend to be highly speculative, not least because political events, such as the fall of the Berlin wall, and the immigration policies of the receiving states play a decisive role and are particularly hard to foresee. The many examples of rapid developments in immigration patterns in developed countries therefore come as no surprise.

Nonetheless, interesting examples of existing projections give an idea of how migrant population levels might evolve in the future under certain, reasoned assumptions. Coleman performs projections for a number of European countries (Austria, Denmark,

England and Wales, Germany, Netherlands, Norway, Sweden), which indicate that the proportion of foreign-born people can be expected to grow to a much higher level than today, to between 15% and 32% of the total population in these countries by 2050. As the proportion of foreign-born people of western origin declines, so that of non-western citizens grows, and their number and fertility levels rise. Similarly, for the United States, minorities – currently about one-third of the US population – are expected to become the majority in 2042; and by 2023 over half of all children will be from minorities.

Borgy and Chojnicki (2009) examine the migration prospects for Europe and neighbouring regions to 2030-2050. Their model indicates significant migrant inflows into Europe over the periods in question, leading to substantial changes in national age structures and improving dependency ratios, although these are in no way large enough to stabilise working-age populations.

While these trends could be rendered obsolete by, for example, zero-rate immigration policies, they do point to a number of implications for the family of the future, including rising levels of immigrant populations.

Firstly, there is the relative youthfulness of the foreign-born populations. For example, in Coleman's overall projection for Britain, by 2031 all minorities taken together would account for 27% of the total population but 36% among the under-14 age group. This could have a powerful influence on perceptions and assumptions among today's young people at school and college – tomorrow's future families. For example, in contrast to white British households, Pakistanis, Bangladeshis and Indians tend to have stronger extended family traditions, with the older nurturing the young and the young in turn caring for the old. While it has been observed that Asian families in Britain are moving towards a looser structure in which several generations no longer necessarily share the same house, the ethos of caring for other generations remains and older family members retain their authority.

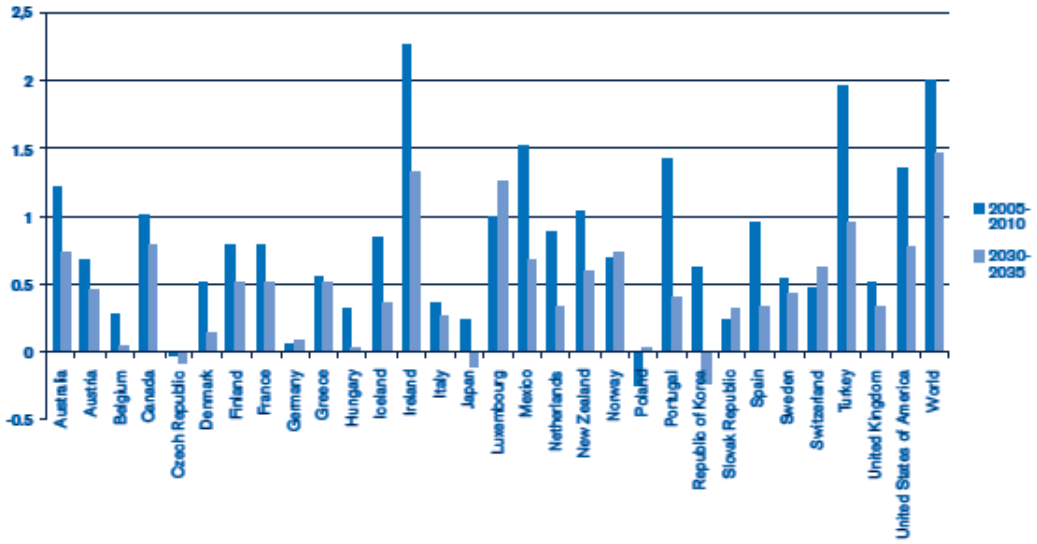
Secondly, immigrants may develop quite distinctive patterns of family living arrangements. In the Netherlands, for example, there are major differences between single-parent families of native and non-western origin. In the first place, the proportion of single-parent families of non-western origin is higher than those of Dutch origin. Single mothers in the indigenous population account for 3.5% of the total, while in the non-western population the figure stands at over 10%. The background to single parenthood is different in the two cases: it cannot be ascribed entirely to the younger age profile of the non-western population, but is also one of the consequences of migration. For example, the number of single mothers who have never married is traditionally high in Surinamese, Antillean and Aruban circles, while Turkish and Moroccan single mothers are relatively frequently married to a partner who lives elsewhere (Netherlands Institute for Social Research/SCP, 2008).

Thirdly, and in a similar vein, larger foreign-born population groups raise the potential for greater ethnic mix and new identities. Increasingly, it cannot be taken for granted that children of mixed unions decide in favour of one or the other parental group. Instead, many prefer to identify explicitly with a new mixed-race identity. In the United States, the children of parents of mixed origin mostly describe themselves as being of mixed origins. Indeed, according to the 2000 census, 2.6% of the population described themselves as such. In the British census of 2001, over 1% of the population voluntarily identified themselves as mixed, or were characterised as such by their parents. A simple probabilistic projection suggests that people of mixed origins could account for 8% of the British population by 2050, including 26% of infants (Coleman, 2006).

Urbanisation

Finally, the growing importance of urban life will probably continue to influence family life, to slow. With very few exceptions, OECD member countries will experience much slower rates of urban growth over the period from 2005 to 2030.

Figure 1.8. **Urban annual growth rate (%)**



Source: United Nations (2007), *World Population Prospects: The 2006 Revision*, Department of Economic and Social Affairs, United Nations, New York, NY; and United Nations (2007), *World Urbanization Prospects*, Department of Economic and Social Affairs, United Nations, New York, NY.

However, numbers alone may not quite capture other important trends occurring simultaneously. While urban growth (defined by towns and cities of a given size) may be slowing, the drift to suburbanisation in some continues apace. Switzerland is a case in point, where (by global standards) relatively small, quite widely dispersed urban centres are gradually integrating into large urban agglomerations as centres expand, and transport and other infrastructures tie them ever more closely together.

Society and social trends

Just as population trends over a 20-year period tend to move quite slowly (with notable exceptions such as immigration) and are not on the aggregate susceptible to abrupt major changes of direction, societal trends also tend to develop their own momentum and can prove quite difficult to deflect from past and current trajectories. The expansion of higher education, the growing participation of women in the labour market and the rising numbers of dependent elderly all seem set to become a permanent feature of the next couple of decades, although their combined effect on family formation, family interaction and intergenerational relations is hard to foresee. Conversely, future patterns of marriage and divorce or labour market participation among the elderly have the potential to spring some surprises in the years ahead.

Marriage and divorce

Reasoned projections of future trends in marriage are few and far between. To the extent that the decline in general marriage rates is quite widespread, it would seem plausible to hypothesise that they will continue to fall in the years ahead. On the other hand, it is equally plausible that they could stabilise or even be reversed, since in-built generational factors may come into play. For example, a US study of cohorts born in the 1950s and 1960s concludes that marriage will remain nearly universal for American women, so that general marriage rates may pick up again in the future once the effect of delaying marriage for educational purposes diminishes (Jiang and O'Neill, 2004).

The decline in the general marriage rate has been offset to some extent by the rise in non-marital cohabitation. In Scandinavia and some western European countries, cohabitation tends to be an alternative or substitute for marriage, reflected in the increasing number of couples who remain together without marrying. In the United States, cohabitation tends to be more of a prelude to marriage. These contrasting trends make projections over several decades particularly hazardous.

Divorce and cohabitation dissolution has resulted in the significant increase in the instability of unions, borne out by research in Canada, the United States and some European countries. This has become a widely shared trend, but one that is a social phenomenon whose pattern remains largely unpredictable one or two decades ahead.

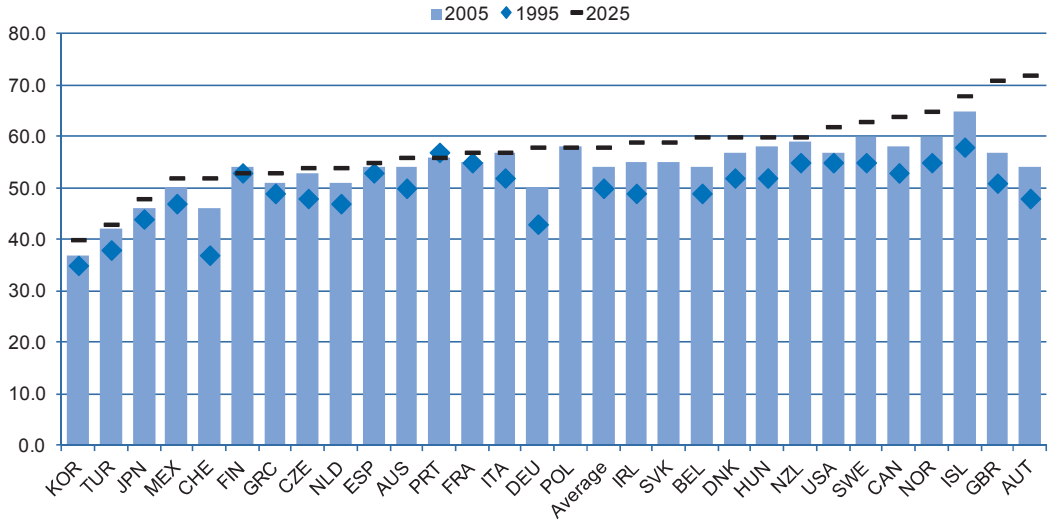
Some countries have nonetheless ventured into this difficult terrain. For England and Wales, for example, the latest 2003-based marital status projections assume that current trends, which span western societies, are set to continue. These involve less and later marriage, more cohabitation and a certain increase in partnership breakdown/divorce, although with some slowing in the rates of increase of earlier decades. Increased breakdown and the number of births occurring outside marriage point to more single-parent families. The trend will be fuelled by the rise in divorce and cohabitation, and the more complex arrangements such as reconstituted family households (Economic and Social Research Council – ESRC, 2007). However, society-wide patterns of marriage, divorce and cohabitation are to some degree sensitive to changes in government policy, for example to changes in taxation and benefits.

Education

The experience of recent decades has shown that education affects family life and structures in several ways, most importantly perhaps by delaying the age at which families are started and influencing the age at which young people begin work and become independent from the family home.

It would seem that as educational attainment among women has risen during recent decades, the mean age of childbirth – at least in most European countries – has increased considerably. And at least as concerns the United States, this correlation between education and childbearing appears to have strengthened over time. Hence the school-leaving age (whatever the level of education) and the timing of fertility have become more closely interlinked, not least because many people prefer to establish themselves on the job market before entering parenthood. Even in countries like Norway, where parental benefits make it easier to combine having children with being a student, enrolment in higher education strongly reduces the probability of childbearing (Lutz and Skirbekk, 2005).

Figure 1.9. **Share of women in tertiary education enrolments (1995, 2005 and projections)**



Source: OECD (2008), *Higher Education to 2030*, Vol. 1: Demography, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264040663-en*.

What is the future likely to bring in terms of tertiary education, where these findings seem to be particularly relevant? Women are already in the majority in most OECD member countries' higher education systems, and over the period to 2025 almost all member countries are likely see the female share rise yet further – in some countries such as Austria, Canada, Iceland, Norway, Sweden, the United Kingdom and the United States – to well over 60% (OECD, 2008b).

How far may recent expansionary trends in higher education enrolments reasonably be expected to continue over the next two decades? New scenarios produced by the OECD indicate that a number of trends and counter-trends are at work. On balance, however:

> …they suggest that systems will probably continue to expand… First, the political will to pursue the expansion of higher education systems exists in most countries. Many of them (such as Denmark, France, the United Kingdom or the United States) have set themselves the goal of broadening access or increasing the educational level of their adult population – often aiming to ensure that half an age group is either enrolled in or graduates from higher education. This stance is shaping the policies and strategies of higher education institutions, and suggests that the provision of higher education will not be rationed but encouraged by policy makers and the heads of institutions. Furthermore there is still significant potential for growth in participation rates in many countries. Finally, the demand for higher education will probably continue to increase. (OECD, 2008b)

Labour market potential and participation

Projections by the European Commission (2006) show that: firstly, the number of younger cohorts is declining and will continue to decline through to 2030 and 2050. Secondly, although the working-age population will begin to decline from 2010 onwards, the total number of people in work in the EU-25 will continue to increase until around 2017 before stabilising and then declining. Meanwhile, in the United States, the

workforce will continue to grow through 2030, albeit at a lower rate than for the 1990-2010 period.

The participation of women and elderly workers in the job market will be key for this preview of future family roles and structures.

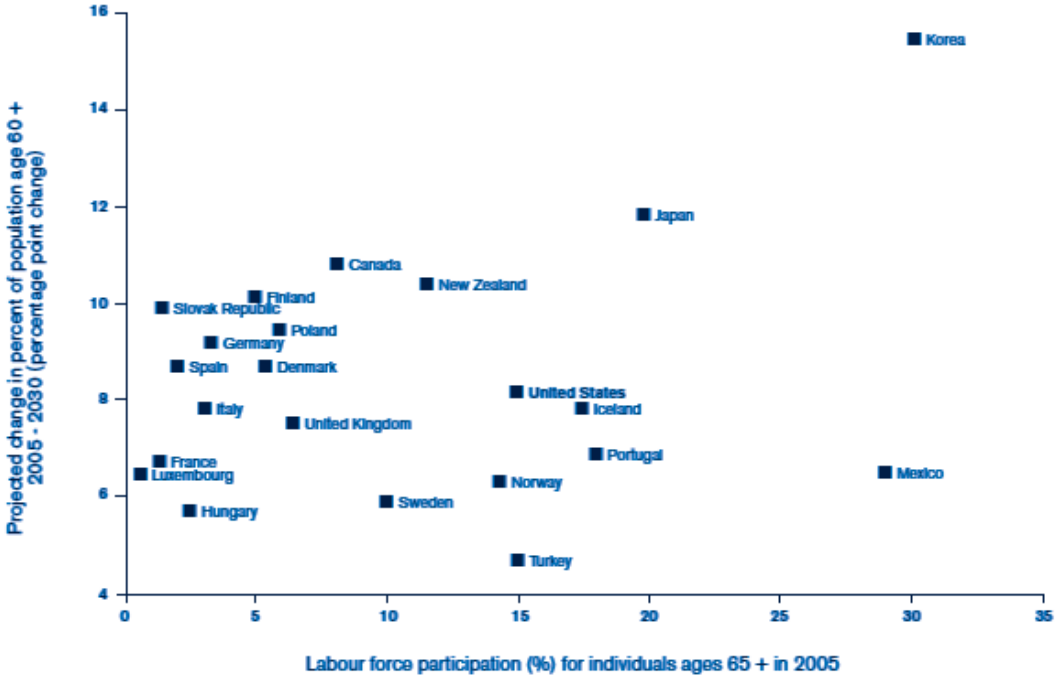
The last 50-60 years have seen a remarkable increase in women's participation in the job market in most OECD member countries, in some cases (such as the United States) doubling from some 50 years ago. In many countries, however, this increase has more recently been accompanied by the growth of less-secure jobs, especially for women. Precarious jobs have been developing rapidly in Europe and Asia, not only in the form of fixed-term contracts, but also in temporary agency work and in some cases involuntary part-time work. In Germany, Japan, Korea and Spain, these forms of employment are wide-spread among women and especially among married women and single mothers. Indeed, in Japan non-regular employment accounts for more than half of women's total employment. In the context of the ongoing shift to service-related activities in most OECD member countries, and in the absence of far-reaching policy changes, it seems unlikely that the future will bring a significant change in direction.

On average, therefore, it is generally expected that the rates of women's participation in the job market will continue to increase across the OECD. That, however, combined with delayed child-bearing, may also mean that the informal care providers, who are mostly women, will have to juggle with multiple responsibilities at work and at home, possibly reducing their time and inclination to look after their parent(s) as well. Increases in the number of reconstituted families and single-parent families may also limit the availability of informal care (Murphy et al., 2006).

Differences across OECD member countries really stand out in another area, that of the labour market participation of the population over 65. While in most European countries and Canada job market participation rates are quite low for this age group, they are considerably higher in Japan, Korea and the United States. Looking forward to 2030, these countries will also experience different degrees of ageing, with different implications for labour market adjustment. For example, in terms of population ageing, the United States occupies the middle ground internationally, with a relatively moderate change in participation by the elderly. Moreover, the United States has attained labour force participation rates among the population over 65, which are well above those of many other OECD member countries. Many European countries, in contrast, will experience moderate to high population ageing, but currently show very low rates of labour market participation among elderly persons (Maestas and Zissimopoulos, 2010).

It seems inevitable that participation rates in the 65 and over age group will have to rise. As labour markets tighten, employers will no doubt find it advantageous to hire older workers and devise ways of retaining them. And as pressures on pensions increase and the elderly enjoy an extended period of "healthy ageing", more workers will find it advantageous to seek employment beyond the official retirement age in order to support consumption over a longer lifespan.

Figure 1.10. **Population ageing and labour force participation in OECD member countries**



Note: Labour force participation rates are for men and women combined.

Source: OECD Employment and Labour Market Statistics; OECD (2010), "OECD Factbook Statistics 2008", *OECD Factbook Statistics (database)*, *http://dx.doi.org/10.1787/data-00376-en*.

On the other hand, and this could be a potential constraint on the older workforce of the future, the elderly may well be increasingly sensitive to the pull of family care-giving responsibilities (elderly parents, partners, grandchildren). Ultimately they will have to confront trade-offs similar to those often faced by younger married women and (albeit much less often) by younger married men.

Technology

New technologies can be expected to affect future family structures and interrelations in several ways. Firstly, progress in medical technologies has in the past made important contributions to extending people's lives, and further advances can be expected in the years ahead, pushing life expectancies to new heights and significantly increasing the numbers of elderly. Secondly, ICT has vast potential to enhance the lives of the sick, the infirm and the elderly by increasing or restoring their autonomy, particularly in the home, and enabling them to participate more actively in family life, not least in the role of carer and/or educator. Thirdly, distance working and distance learning are set to increase considerably in the coming years, as broadband availability and usage intensify and more companies, organisations and institutions avail themselves of the benefits offered by these technologies. As take-up increases so too will the opportunities for families to organise their working and learning lives more flexibly in ways that are better aligned to their needs. And finally, over the next 20 years the much anticipated expansion of social networking will almost certainly have consequences – often

unexpected – for family interrelationships and interaction, in some cases enhancing them, in others perhaps hampering them.

Medical technologies and longevity

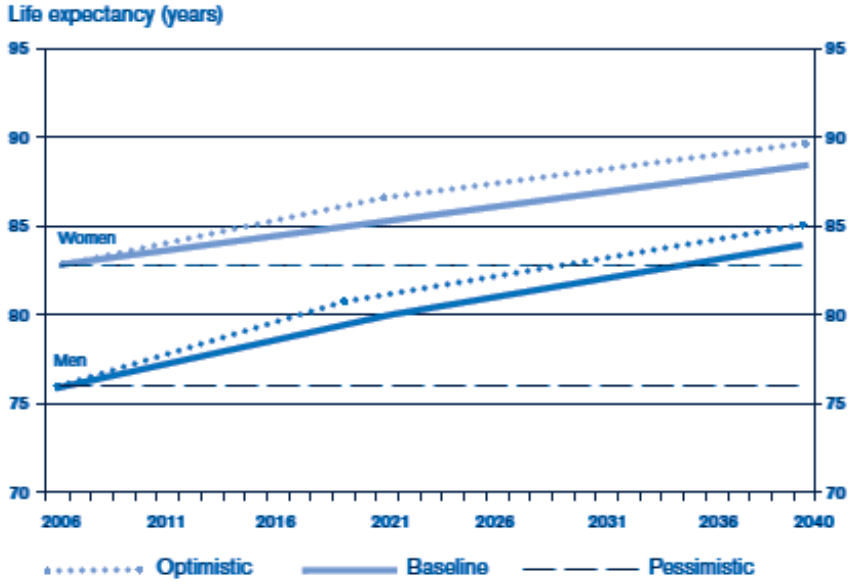
As indicated earlier, impressive gains have been made in the last few decades in life expectancy, largely as a result of improvements in diet and living conditions, but also due to technological progress particularly in the medical field. There is widespread agreement that such improvements in longevity will continue well into the future. In addition to important breakthroughs in surgical techniques, such as organ transplants, significant progress can also expected on the biotechnological front. The OECD's *Bioeconomy to 2030* (2009) estimates, quite conservatively, that numerous path-breaking biotechnological products and processes are very likely to reach the market by 2030. These include, *inter alia*:

- regenerative medicine providing replacement or repair of some types of damaged tissue and better management of certain diseases such as diabetes;
- many new pharmaceuticals and vaccines based in part on biotechnological knowledge;
- improved safety and efficacy of therapeutic treatments due to the linking of pharmaco-genetic data, prescribing data and long-term health outcomes;
- extensive screening for multiple genetic risk factors for common diseases (such as arthritis) in which genetics is a contributing cause;
- new nutraceuticals – food products providing both health and medical benefits;
- low-cost genetic testing of risk factors for chronic diseases such as Type 1 diabetes, heart disease, arthritis and some cancers. As recent scenario work in Finland shows, even relatively modest improvements in treating common diseases can have significant effects on overall life expectancy.

According to Statistics Finland, experts on leading causes of death have made the basic assumption that recent changes in mortality will continue in the near future. This trend, also based on calculations of the impacts of the elimination of certain causes of death, is taken as a baseline scenario. Figure 1.11 represents the outlook of life expectancy and the number of elderly according to this baseline scenario and to two other population projection scenarios.

The pessimistic scenario refers broadly to a situation where mortality in all age groups stabilises at the levels of 2006. Such a situation could be the result of a considerable increase in obesity, substance-related harm and their consequences. The optimistic scenario, on the other hand, assumes that mortality will take a more positive turn than predicted by Statistics Finland. The difference lies in the impact of eliminating approximately half of ischaemic heart disease deaths. Such a situation might arise if negative trends in obesity and substance-related harm could be at least partly turned into more positive ones, and if significant developments were seen in the prevention and/or treatment of certain key national health problems, such as diabetes, dementia, certain types of cancer, suicides and accidents.

Figure 1.11. **Life expectancy outlook in Finland based on calculations of the elimination of certain causes of death and on expert estimates concerning expected trends in national diseases**



Source: Finnish Prime Minister's Office (2009), *Ageing Report: Overall Assessment of the Effects of Ageing and the Adequacy of the Preparation for Demographic Changes*, 4/2009, Finnish Prime Minister's Office Publications, Helsinki.

ICT-enhanced autonomy

The ageing population profile in OECD member countries will tend to push telecommunications into new uses requiring augmented infrastructures. Trends in demand for support services and devices for the elderly and in healthcare are likely to generate completely new extensions of current infrastructures, especially in wireless – for the parts of life cellular mobile cannot reach. Some of the key applications will rely on various forms of sensor networks. Two major applications can be expected here: wireless local networks for healthcare and care for the elderly, including linkages for the use of near field communications (NFC) technologies in body area networks. One of the major technologies for future care of the frail will be communications that are ubiquitous and low cost. Novel radio technologies (NRTs) for many uses, be they body area networks over short ranges (centimetres) or long ranges (kilometres) will be the basis of many of these systems.

Perhaps the most intensive use of ICTs in the family of the future will lie in bringing the hospital into the home. Healthcare is advancing partly as a result of ICTs, especially the Internet, in many countries, for forming linked-up systems across the various care entities, e.g. in Canada and the Czech Republic, both for doctors' access to medical data, insurance processing, etc., as well as for hospital use for the logistics chain, for ordering and paying for medicine (OECD, 2009).

Telework

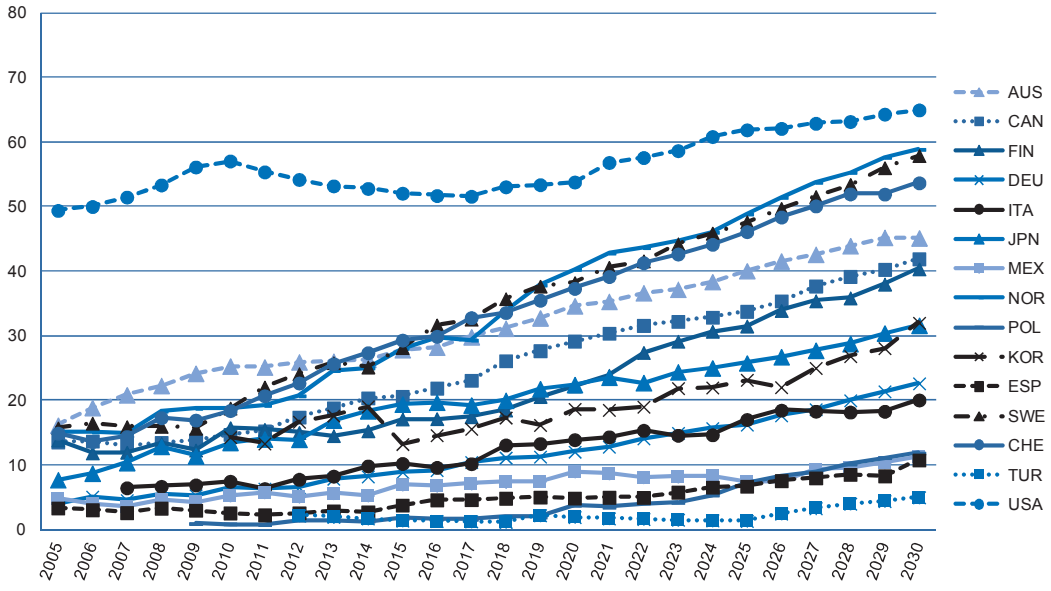
Recent years have seen teleworking and telecommuting expand significantly.

For the period for which data are available, the supply of telework has steadily increased in European countries. In 2006, around 23% of enterprises in the EU-15 employed teleworkers (any location, but predominantly from home), compared to 16% in 2003 and 18% in 2004. There are, however, considerable differences among OECD member countries in the share of companies offering telework arrangements.

In the United States, the number of people working for their employer from home, or remotely, rose from an estimated 12.4 million in 2006 to over 17 million in 2008, a two-year increase of almost 40%, up almost 75% over three years. Data from the United States Bureau of Labor Statistics for the period 2006-08 suggest the proportion of Americans teleworking at least once per month rose from 8% to 11% (Worldatwork, 2009).

A combination of factors appears to be at play: the proliferation of cheap high-speed and wireless Internet access, rising fuel and commuting costs, and the trend by employers to embrace work-life balance solutions.

Figure 1.12. **Internet use by persons aged 75 and older (2005-2030)**



Note: Projections based on Internet usage in younger age groups.

Source: Haberkern, K., based on World Values Survey, 2005, Official Data File v.20090901, 2009, World Values Survey Assocation.

The combination of rising rates of computer literacy over the coming years, further increases in broadband use, and continual adjustment to regulations and practices governing work schedules opens up huge potential for telework and telecommuting.

More generally, higher computer literacy rates and technology improvements will see Internet access and use increase for all kinds of purposes related to work, health, education and social interaction.

The economic outlook

The economy and the future economic setting remain perhaps the most critical factor in determining to a large extent which family and household groups are affected, and how. Long-term stable growth, ample employment opportunities, sound public finances, etc. will clearly affect family/household outcomes differently to a long-term unstable economy with high structural unemployment and poor public finances. In either case, some households and families will thrive while others will see their vulnerability grow. Policy can mitigate such inequalities and ease the situation especially of those who are the most in need. But just as the future economic setting will affect families/households differently, so it will also affect the scope and resources available for policy action.

What are the medium-term and long-term economic prospects?

According to the latest medium-term forecasts, most OECD member countries appear to be only beginning to emerge from one of the worst recessions in decades, the general expectation being that over the next few years recovery will be slow and growth modest. Indeed, it seems unlikely that GDP growth will be back on pre-2007 track before 2015. In addition to the slow recovery, two broad factors will shape the macroeconomic environment in ways that could impact heavily on families.

Firstly, many OECD member countries face a period of quite severe fiscal retrenchment as they tackle the fall-out from the financial crisis and rein in the stimulus packages and other deficit-spending items introduced to mitigate the effects of the downturn. Almost all OECD member countries will find themselves in fiscal deficit in 2011, some even with double-digit deficits in terms of GDP. In many cases, deficits are such that consolidation of between 6% and 10% of GDP is required, implying many years of effort to stabilise debt over the long term.

The second broad trend is rising unemployment rates. The OECD's stylised medium-term scenario sees unemployment climbing in all OECD member countries in 2011 and beyond. Although jobless rates will subsequently recede significantly by 2015, for many OECD member countries they are expected to stabilise at levels well above 2007 rates.

Over the longer term, to 2030 and beyond, the prospects are mixed.

Assuming there are no major changes in policy, growth rates for OECD member countries look set to remain healthy but modest. However, population ageing and an accelerating pace of retirements will constitute a negative context for growth prospects across the OECD. In nearly all countries, decreasing demographic support ratios are expected to begin to slow per capita growth down within the next ten years. By 2020-2025, at the height of the demographic effect, the drag on potential output per capita could stand at around one quarter of a percentage point.

Moreover, growing pressures could have far-reaching implications for public finances across the OECD area. Driven partly by ageing populations and partly by technological and social change, public spending on pensions, health and long-term care could increase dramatically in the decades ahead. "On the basis of unchanged policies and generally

conservative assumptions, increases in public spending on healthcare, long-term care and pensions over the next 15 years are estimated to amount to between 1% and 6% of GDP in the OECD area, largely as a result of ageing… In the typical OECD country, about two-thirds of the change is coming from health and long-term care expenditures" (OECD, 2011b).

In addition, spending pressures will come from other policy issues, such as climate change, security, transport and other physical infrastructures. This would seem to be a clear signal that competition for public resources, not least in the social arena, could intensify in the years ahead.

However, even such modest and slowing growth prospects in many OECD member countries should go hand in hand with increasing absolute levels of per capita incomes. Even on the basis of conservative projections, G7 countries should see per capita incomes surge significantly to 2030 and, in the case of Japan and the United States, roughly double by 2050.

Two key questions for the family landscape in 2030 emerge from this outlook. Firstly, how will those higher national per capita incomes be spread across public and private consumption and investment functions, and among the different segments of society?

Income inequalities have been on the increase across the OECD since at least the mid-1980s. The widening has affected most countries, with big increases recently in Canada, Germany and the United States, for example, but decreases in Australia, Greece, Mexico and the United Kingdom. On the whole therefore, the observed increase, while widespread and significant, has not been particularly significant (OECD, 2008c). This suggests that shifts in income distribution, given the complexity of the drivers behind it, are slow-moving, and so for the relatively short period that the next 20 years represent, major changes are unlikely to occur.

Secondly, how will the expected modest growth rates translate into jobs, and what kind of jobs? Long-term employment projections are rare. One exception is the United States Bureau of Labor Statistics' ten-year labour projections, which have been produced on a regular basis for some 60 years now.

The latest report (2009) for the period 2008-2018 indicates that economic growth will stand at around 2.4% over the ten-year period, i.e. slightly slower than for the previous decade, and that total employment will increase from 151 million to 166 million. Almost all of the additional 15 million jobs created by 2018 will be in services, led by gains in professional and business services, healthcare and social assistance. Schools, leisure activities and tourism will also generate large numbers of jobs. Moreover, the steady increase in labour force participation rates of individuals aged 55 years and over observed since the early 1990s looks set to continue. Between 2008 and 2018 the rates for men in this age group are likely to increase by 2% and those for women by 5.6%. In both cases, even the older age group of 65-74 year-olds is expected to show large increases. This continuing shift to service-related jobs coupled with increasing rates of employment of the elderly holds important implications for incomes, work patterns and practices, and the interface between the world of work and family life.

Conclusion

On the basis of this overview, the family landscape in OECD member countries to 2030 is likely to change quite markedly. Of course, a level of uncertainty attaches to all the drivers, although to differing degrees. In the absence of extreme events, population ageing, urbanisation, life expectancy, union formation and dissolution, for example, can be viewed as both relatively certain and slow moving, at least over what is a relatively short period of 20 years. Conversely, migration flows, technological developments and, in particular, economic performance and employment patterns are characterised by a much higher degree of uncertainty. However, the combined effect of these various demographic, economic, social and technological trends on household structures and family living in OECD member countries is likely to be such that far-reaching changes will be required across all family-relevant policy domains, from social benefits and education to housing and employment.

Using stylised scenarios to explore alternative futures

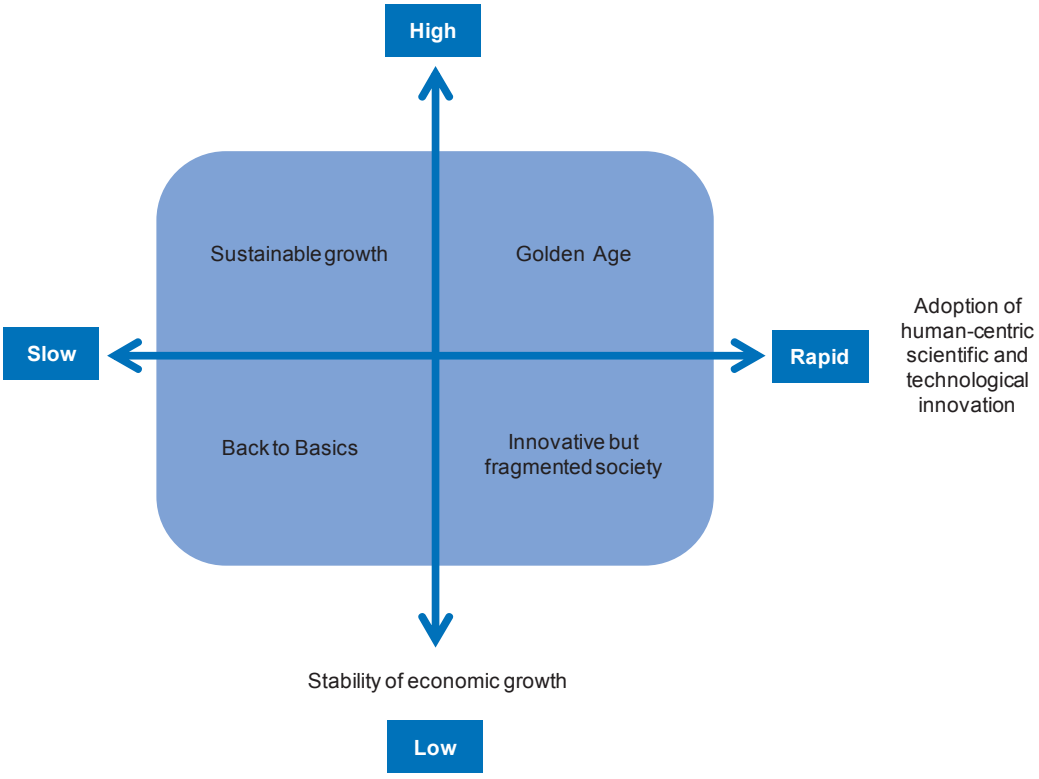
The two previous sections highlight the difficulties of obtaining a clear picture of how the future might evolve over the longer term. Projections of the kind set out provide just one view of the future based on a set of complex assumptions. Indeed, the many factors influencing the future socio-economic landscape for families could combine in any number of ways to produce a multitude of different outcomes. One way to address these many uncertainties is to develop several plausible versions of what the world might look like 10-20 years down the road. The scenario method is one way to do this.

Contrasting scenarios

For the purposes of the "Families to 2030" project, a workshop was organised to generate a set of plausible socio-economic scenarios within which families might evolve over the next 20 years. Participants in the workshop developed four scenarios (see Figure 1.13).

These were subsequently merged into two contrasting views of the possible future: "Golden Age?" and "Back to Basics". The two scenarios share a number of common features, e.g. slow to modest average economic growth over the scenario period, growing inequalities in earnings (driven by a range of factors explained in more detail by Harkness [2011] and Haberkern [2011]), growing social inequalities, continuing pressure on public finances, only modest improvements in fertility rates, and a growing share of the population with immigrant backgrounds. They differ in most other respects. This is most striking perhaps in the degree of volatility of economic performance, the duration of high structural unemployment, the role of the state, adoption of new technologies, the role of women in the workforce, and the balance between formal and informal child and elderly care.

Figure 1.13. **Socio-economic scenarios over the next 20 years**



The "Golden Age?" scenario

The "Golden Age?" scenario – a gradual increase in economic stability and rapid adoption of human-centric technology

This period has been characterised by high initial economic turbulence in the years following the global financial crisis, followed by a gradual return to stronger and more stable economic performance on the back of investment in science- and technology-led growth industries. Families, society and the public sector have all gone through fundamental reforms and new models are emerging which offer better prospects for many – although intense polarisation still exists. For much of the managerial and professional class life has improved. However, for many others in the workforce life is harder and more pressurised. Despite these challenges, society and the political system are largely stable.

The economy

Economic turmoil, environmental pressure and global warming, in particular, inspired governments to change course, and seek new ways to develop during the years following the global economic crisis. Advanced science- and technology-led sectors have seen a growth of investment across the board and their international competitiveness on the rise. These industries are driving the demand for highly skilled workers (including migrants) and higher standards in domestic education.

Confidence in business has largely recovered and unemployment is low. Government spending has been curtailed and the fiscal budget is now largely balanced. The cost has been a reduction in the size of the public sector and reduced spending, especially on welfare and provision of care. Inequality and social exclusion have grown, so that while absolute poverty has fallen, relative poverty is on the increase. Rising health costs remain a real issue. The growth of the elderly population is a key driver of increased costs. Technology is a double-edged sword. On the one hand, it enables people to be productive for longer, increasing the tax base. However, improvements in medical technology mean that there are far greater numbers of people of pensionable age, whatever that age may be.

Society

Well-being and taking care of body and soul is high on the agenda as society seeks to engage in sustainable solutions to mental and physical health problems. The urge to settle upon "quick-fix" solutions is stifled as the evidence suggests that these do not provide lasting benefits and only transfer problems to future generations. There has been a greater onus on the individual to be self-reliant, although the government sees support for health prevention, education and social cohesion as key.

The public sector

Curbs on public spending and the resulting care crisis force changes in civil society behaviour. The public sector has a new, leaner model, with investment targeted at enhancing human potential and driving forward key areas of science and technology. High employment has been achieved as both traditional and new industries flourish and low-skilled sectors continue to demand labour, although not to the same extent as in previous years. Formalised care has also become a growth market for those who can afford it, although informal care structures are still in use – particularly for the less well-off.

The labour market

Women are beneficiaries as demand for workers grows. Greater numbers of women are entering the workplace and are slowly closing the wage gap with male counterparts. The bulk of demand, however, is met by immigrant labour, by older members of the native workforce and by employees drawn in through increasingly flexible work schedules.

Education has improved rapidly over the last decade in particular and young people feed into a workforce that is older and larger than ever before. There is a growing trend in e-living and working, a reflection of innovations in technology and a technology-literate population. The elderly have been encouraged to work long past historical retirement ages. While those still able to work benefit from prolonged earning capacity, those who cannot work suffer as the state rolls back benefits.

The family

Society is flexible but largely working full-time, placing a burden on families as they operate under intense time pressures. As families have come under greater stress and traditional informal care structures have eroded, it has fallen to the government to provide highly targeted quality formal care and an improved education system. We have seen civil society interact with the private sector to deliver quality care and family-friendly policies.

In any such system there will be those that fall through the cracks and this threatens to leave some children and the unemployed behind.

The family has also undergone changes. New family types have emerged and will continue to change over their life-cycle. These changes will be driven by increased opportunities and greater personal choice, created by greater economic independence. On the downside, the high-performance society is undermined by growing inequalities and social exclusion. However, with abundant resources, there is a feeling that much can be done to alleviate such inequalities, raising the standards of living for all.

Overall, well-off families enjoy a quality of life and expectation far greater than their counterparts on low incomes. Benefitting from stable jobs and quality education, they are able to support their family with premium health and childcare and to look after elderly relatives. Those on lower incomes are penalised in the job market, working in less-skilled, less regular and lower paid jobs, if indeed they are able to secure a job. Consequently they struggle to afford expensive private healthcare and are forced to rely on the thinly stretched voluntary and charitable sectors as well as more traditional informal networks.

As the question mark in the title indicates, the "Golden Age?" scenario by no means offers an overwhelmingly positive outlook, since it also implies *inter alia* relatively modest growth rates, persistent pressure on public finances, reduced spending on welfare, growing social inequalities, and greater stress on family life.

Similarly, the "Back to Basics" scenario does not paint an entirely gloomy picture: for example, the healthy elderly are increasingly active in the informal, voluntary and care sectors, and the boost to informal support networks is of particular benefit to the less well-off, as the state is forced to reduce social services and cash transfers.

The "Back to Basics" scenario

The "Back to Basics" scenario – low economic stability and slow adoption of human-centric technologies

The combination of a lack of economic stability in the aftermath of the global economic crisis and the slow adoption of human-centric technologies have had a starkly negative impact on society, notably in the form of structural unemployment and growing inequalities.

The economy

Both unemployment and inflation are high. There is increased poverty and inequality in society, a position the rich exacerbate as they resist the implementation of socially inclusive measures. The rich are still relatively safely ensconced in well-paid traditional professions. Overall, education and skill development have deteriorated in the last decade and there is a regression in technological development. Non-profit, low-cost technology has seen rapid growth, while high-tech, high-cost technology has suffered due to low adoption rates in the early stages. Moreover, given the high rates of structural unemployment, employers have little incentive to offer flexible work conditions, such as telework, except to a few categories of skilled personnel for whom there is strong competition among employers.

Society

As a result of economic and social frictions, society is more fragmented and the level of trust is low. Individuals are now responsible for more of their own primary needs as the state shortens its reach. Social values have quickly become traditional. Migration inflows are reduced, but the proportion of the population with an ethnic or migrant background is growing. People have become more conservative by nature as the state struggles to cope with a host of problems. Consequently, family life has taken on greater importance again.

The public sector

Public finances are in poor shape, hit by the twofold effect of mounting ageing-related pressures on health, pensions and long-term care spending, and the lack of stability in economic performance, which has failed to offer a climate conducive to investment. The public sector has experienced massive budget cuts in an attempt to restore fiscal balance and cope with declining tax revenues. The state has retreated from many areas of service provision – especially in areas such as formal care. Public investments are low except in "high" years during which money is invested in infrastructure and innovative technologies.

The labour market

By 2030, fewer women have entered the workforce than might have been expected. They form a smaller percentage of workers in the formal economy, but a larger percentage in the informal sector. The elderly are increasingly active in the informal, voluntary and charity sectors. Declining performance of the education system and limited computer literacy hold back the potential for upward mobility. While highly skilled and professional workers are still in demand, competition is particularly fierce for low-skilled jobs, and this has driven down wage rates.

The family

Poorer families suffer from lower life expectancy than the rich. The fertility rate is gradually on the rise but there is a gap between the rich and the poor. Poorer families often limit themselves to one child due to restrictions on state benefits, while wealthier families, often with both parents in full-time employment, are having more children. Childcare has become generally more informal.

People are marrying later, but have often cohabited for a long period. The proportion of single-parent families is static, as is the divorce rate, owing to the return of traditional values. Two broad types of family unit have emerged: those with high and those with low skills. Their positions are reflected in their different access to opportunities, benefits and technology.

In both broad types there is a marked segregation between men and women. With a greater proportion of women unemployed and the elderly playing a bigger role in social care, informal care networks have been boosted. These networks are key in bolstering the less well-off as the state retracts and tensions create social fragmentation. Opportunities for inward migration have declined as only the most highly skilled immigrants are accepted under tougher migration laws.

What do these scenarios have to say about the implications for families and policy makers? Drawing on the individual contributions to this project by Harkness, Fagnani and Haberkern, some of the important ramifications of the scenarios can be described as follows.

Scenario implications

The "Golden Age?" scenario

The challenges emerging from this particular scenario are driven by two necessities: to ensure an adequate supply of labour and address the problem of inequalities.

Against a background of stable economic growth, an ageing population and an older workforce, it is essential in this scenario to encourage as broad a participation in the labour market as possible. Efforts are geared in particular to moving more women and the elderly into employment. To do this, families require support in a number of areas, notably in education and training, in childcare and in elderly care arrangements. In particular, low-qualified women need help in updating their skill sets – not least perhaps through e-learning and other technological solutions – and in getting a foothold on the job market. Working parents and employees with elderly relatives (to look after) need adequate childcare and elderly care facilities (whether through state or market provision), but also the revenues to pay for them, since care is predominantly formal and expensive. The mounting pressures on family life stemming from a dual-earner existence, coupled with a relatively tight labour market, make it important for public and private employers to give greater consideration to issues of family/work life balance, even where the business case in favour is not clear cut. They need to offer flexible working arrangements both in terms of work schedules and the use of telework. And to that end, gender equality needs to be both acknowledged and promoted as a necessary component of successful work and family-life balance.

While most families would be better off in the "Golden Age?" scenario than they are today, some segments of society would nonetheless be left behind, and here lies a further challenge: growing social inequality. Much of the overall improvement in families' well-being would be due to a substantial increase in the number of dual earners and individuals benefitting from the growth of high-skill job opportunities. The obverse to this trend would be that many working-age households could no longer afford to have only one person in work. Hence, the scenario implies that in 2030 an increasing share of poor families would be the "working poor", with low pay, short working hours, or just one bread-winner with no or few qualifications.

Low-skilled women would fare particularly badly, continuing to have low employment rates and to take most of the responsibility for childcare, not least because the high cost of formal care would be out of their financial reach. Instead they would fall back on informal care from outside the family, even though this might well be unregulated and of poor quality, or within the family setting, at least to the extent that grandparents or other family members were themselves not in work. This is in contrast to wealthier families who would be able to afford formal care, but may in so doing bring about further erosion of informal family care networks. Other segments of society at risk of being affected by relative poverty would include older working-age single women, pensioners living solely or primarily from state pensions, young people having over time been excluded from state support, and

members of (the growing numbers of) reconstituted families in which solidarity among step-kin proved weaker than in traditional family contexts.

The "Back to Basics" scenario

With volatile growth, public finances in poor shape, a lack of investment particularly in the sciences and at the high end of the technology range, and persistently high levels of structural unemployment, the problems in the "Back to Basics" scenario are more fundamental, more keenly felt than in the "Golden Age?" scenario. As a result, the focus of efforts needs to be directed at tackling a variety of challenges: reducing unemployment and poverty, improving the situation of young people, overcoming the lack of progress in better family-work life balance, and addressing the longer term consequences of the growth in informal care structures.

Both the levels and duration of unemployment remain high in the "Back to Basics" scenario. Poor economic growth has put public finances under further pressure and provoked substantial cuts in government spending. Benefit levels are low but the overall level of expenditure on social security is high because of the large numbers of families without work. Consequently, poverty among the unemployed is more widespread and more deeply entrenched. The long-term unemployed, in particular, have poor prospects of rejoining the labour market and those who do manage to find work again are hired at very low wages. Female employment rates have declined, with sharp falls for less-educated women. Poor and low-income families consist mainly of the unemployed, the sick and disabled, lone parents, and to a lesser extent pensioners. Young people also stand to suffer over-proportionately from the deteriorating economic environment, in particular those who cannot call on parental support in the form of finance and access to networking opportunities. To reduce the risk of long-term scarring and irreversible detachment from the labour market, the emphasis of government policy in this scenario is placed on: job-creation initiatives; education, training, up-skilling and labour market re-insertion of the unemployed; measures to ease the transition from school to work; and targeting assistance towards regions that are particularly in need.

The "Back to Basics" scenario is not conducive to better balancing the world of work and family life. Indeed, for large segments of the working population, progress towards improved work-family life balance has ground to a halt. With slack labour markets and abundant supplies of job seekers, employers have little incentive to offer flexible work arrangements and to ease the task for families of combining work with care obligations. There is no pressure to give the business case for greater family-work flexibility anything but scant consideration. This is not the case for families at the high end of the skills and qualifications spectrum. These workers remain much sought after, and employers are obliged to offer attractive terms that include concessions to the desire for a better balance between work and family life. This two-speed world extends into the arena of gender equality. For most employers there is no incentive to pursue gender-neutral family-friendly initiatives. Many families now have only one member in work, the uptake of technologies (such as telework) is low, and any family-related initiatives remain imbued with "maternalist" values. Only in high-income dual-earner families who outsource care and pay for home help can both partners put into practice the principle of equality. Such manifestly divisive developments in society would very probably eventually trigger calls for policy to respond.

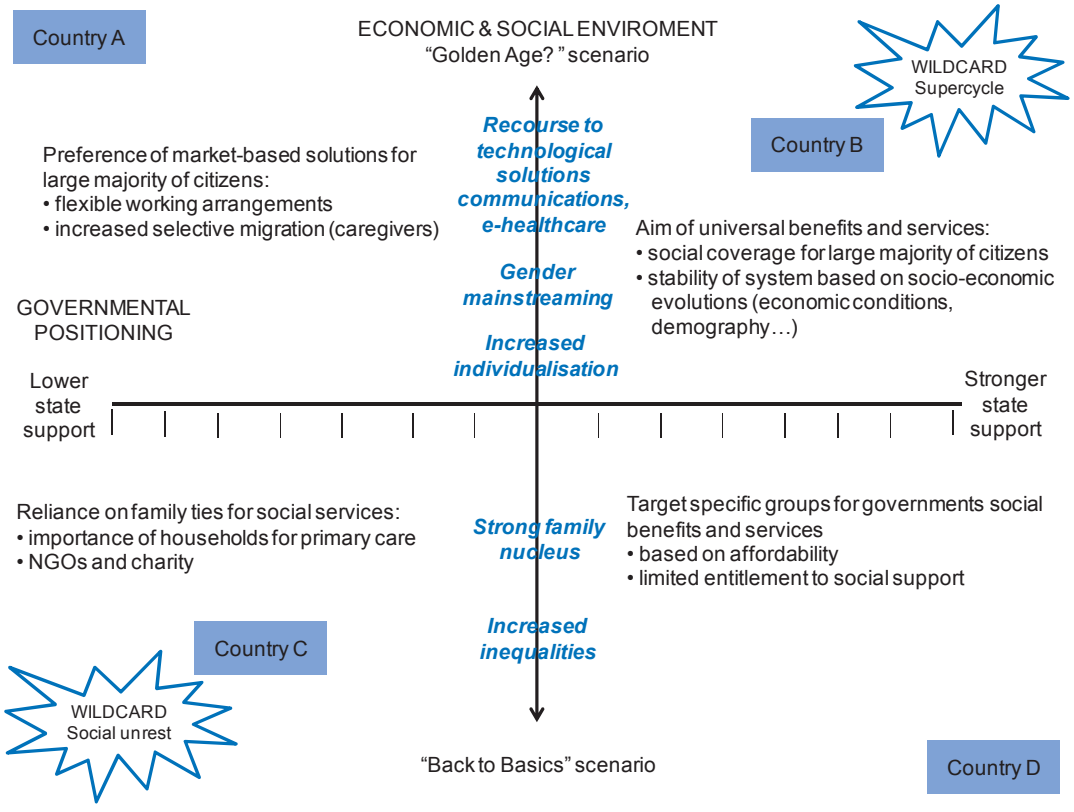
A prominent feature of the "Back to Basics" scenario is the broad-based shift in care responsibility back to the family. With more people – but especially women – withdrawing from the labour market, there is a return to more traditional values, and much more childcare and elderly care take place in an informal setting. While on the one hand this tends to strengthen family ties and encourage creative child and elderly care arrangements, on the other hand it jeopardises aspirations of greater gender equality and undermines women's prospects of finding work and eventually integrating the labour market. Policy therefore faces the dilemma of encouraging creativity and innovation in informal care networks, while avoiding being complacent about achieving greater gender equality.

Clearly, other scenarios could have been developed with different drivers and much more radical assumptions to take into account the fact that in reality social and economic progress is rarely smooth and is often accompanied by shocks and surprises.

It is important to note that these stylised scenarios are not intended to describe the future context of specific countries, but rather to be used as a tool for decision makers to decide for themselves which trends, situations and outcomes apply to the country in question. Figure 1.14 offers a prototype version of how different countries with different cultures and different welfare principles might be analysed through the lens of scenarios.

Together with the trend projections described in the previous sections, the "Golden Age?" and "Back to Basics" scenarios were then used by the authors of the following thematic chapters to identify likely long-term policy challenges and to consider possible responses.

Figure 1.14. **The "Golden Age?" and "Back to Basics" scenarios applied to different country-specific situations**



Policy challenges and policy options

Taking the long view

The combination of changes in family-household structure, broader macro trends, and the uncertain outlook for economic growth and public finances means that OECD member countries need to plan ahead, anticipate change and, in the case of many countries, begin to re-think how they can help families through a range of policy approaches in the coming years. OECD member countries will, of course, all be in different starting positions and on different trajectories both in the development of family structures and in the scope of efforts to tackle the impacts of change. But, broadly speaking, the challenge for all will be to design and introduce a robust, sustainable framework of policies capable of withstanding the pressures, and adapting to the changes, that lie ahead.

In the following chapters of this volume, Susan Harkness, Jeanne Fagnani and Klaus Haberkern and colleagues pinpoint policy challenges and the possible responses that future changes in the family landscape are likely to elicit. However, they do this within their respective fields, i.e. the future of low-income families, the issue of family and working life balance, and the role of the elderly in the family. Drawing on the observations of all three authors, but also on the contributions of project participants made during several steering group meetings and workshops, a set of possible courses of action for policy can be identified which are both cross-cutting and long term in their approach to addressing many of the challenges set out in the preceding analysis.

First, given the modest economic growth prospects of OECD member countries to 2030 as a whole, the fiscal consolidation and debt-reduction task that lies ahead in the medium term, and the mounting long-term pressures on public finances stemming in particular from ageing-related health, long-term care and pension expenditures, but also from other rising demands on public resources such as security, climate change, physical infrastructure investment requirements, many OECD member countries will find it very hard to sustain current levels of universal social benefit coverage over the next two decades. Some ring-fencing of benefits may be possible, most probably at the cost of other policy domains, but it seems almost inevitable that pressure will increase to introduce more targeting and more conditionality. Several courses of action are possible here, first to prepare the ground for carefully considered, sustainable decisions, and second to plan and implement the appropriate measures.

To prepare the ground, there is a need for long-term fiscal projections and scenarios of future public spending on health, long-term care, pensions, and social benefits, to underpin the development of a truly forward-looking agenda to prepare for future fiscal stress. Structural reforms in these policy domains have long implementation periods and long outcome lags, and any front-loaded action needs to be guided by robust medium- to long-term fiscal projections.

Such long-term social spending projections and scenarios need to be given national visibility to help ensure that the requisite early national debate around key social spending decisions can take place in as transparent a fashion as possible.

With a view to addressing short- to medium-term constraints on public budgets, policy makers should explore the scope for achieving value for money through more effective spending. For example, there are efficiencies to be made in in-kind service delivery through the "cascading" of universal services, integrated service delivery or

co-location of service delivery on physical sites such as clinics, schools and childcare centres. For the longer term, some form of targeting and conditionality of cash benefits may in some circumstances be inevitable. But here it is important to bear in mind the long-term impact of such measures. Consequently, efforts should be undertaken to maintain or increase spending on the youngest and most vulnerable children and to protect families from poverty in the child's first years (OECD, 2011a) or, in the area of long-term care, explore the options afforded by "targeted universalism" to adjust the range of entitlement, the scope of services or depth of coverage (OECD, 2011c).

Second, however, a backdrop of mounting long-term pressure on public finances offers opportunities for opening the discussion on other, broader avenues for improving social outcomes without increasing spending, notably through a re-balancing of responsibilities among individuals, the family and the state.

One avenue, in light of current and future changes in family and household structures, would be to review family responsibilities and entitlements within the broader question of what constitutes the family network. Elderly care is a case in point. In most countries only close family members are eligible for care leave, i.e. partners, children and parents. This fails to reflect the changing family landscape in OECD member countries, which will be seeing many more non-traditional family forms and particularly reconstituted families emerge in the decades ahead. Currently, cash-for-care schemes are often available to non-family carers, but these carers are often in work or have other commitments and do not have the time to take up the cash-for-care opportunity. Solutions to be explored include extending care-leave eligibility to members of the wider family network and beyond or introducing transferability of care leave rights for members of the close family. This is far from straightforward, of course, since it would have repercussions on systems of wealth transmission, tax and benefits. Getting the balance right would call for careful analysis and modelling to assess the long-term benefits of such a fundamental shift.

Another avenue, especially in the light of changing family structures and living arrangements, would be to re-visit the question of responsibility and individual choice in a much more fundamental fashion. For example, long-term care insurance concepts could offer the choice – on commencement of the contract – among various configurations of care: a high premium would bring entitlement to full state-funded care with no supplementary family support included in the contract; a minimum premium would invoke support through the family; and between the two extremes, various gradations of co-payments would be associated with different levels of formal care provision (cash benefits, vouchers, etc.) and informal care through the family network. Such schemes would empower individuals to decide for themselves who should bear responsibility in the future for their care – the partner, a child, a sibling, step-kin, or someone outside the family network – thereby creating a more dynamic system capable of responding better to changing life circumstances, such as divorce, separation, widowhood, and so on (Haberkern, 2011).

Finally, greater engagement of all social actors – individuals, businesses, associations, voluntary organisations, local government, etc. – may play a contributing role in the search for realignment of responsibilities and creative, cost-efficient solutions. Germany offers a good illustration of this kind of approach. The "Alliance for the Family", started in 2003, brings together the national chambers of commerce and crafts, trade unions, the federal government, scientists and large companies in a national strategy aimed at improving family and working life balance. A major project within this initiative is the "Local Partnerships for Families", which builds networks of key stakeholders to develop

family-friendly solutions in the local area. At the latest count, there were 640 active partnerships and more than 13 000 institutions of which over 5 000 are businesses.

Third the combination of longer term pressure on public finances for many countries, together with far-reaching changes in family structures and living arrangements, is indeed a challenge to policy. But it can also be seen as an opportunity to seek savings or at least more efficient outcomes through more coherent approaches to what are currently piecemeal efforts to address problems arising in specific policy domains. One illustrative example is the issue of leave for care purposes. Greater coherence of care-leave arrangements will be required to better accommodate the unpredictability of changing family structures, living arrangements and life circumstances. For instance:

- More thinking in terms of overall life cycle changes and the need to plan care and leave accordingly, e.g. government and business could explore the potential of life course savings schemes (such as those in the Netherlands which allow for tax-free savings to finance a period of unpaid leave in the future), or grant grand-parental leave in lieu of parental leave, etc. The holistic view of the life cycle is important, as opposed to partial approaches involving undue emphasis on particular instruments such as leave entitlements.
- Greater recognition of need for leave to look after ill, disabled, frail elderly, etc. and more creative solutions needed – e.g. job sharing, part-time retirement schemes, transferable leave rights, "private time at work" to arrange for or manage professional care.

Fourth, moving individuals and families out of potentially long-term dysfunctional situations (not in education, employment or training – NEETs; long-term unemployed; the chronically poor; poor migrants; etc.) needs to be addressed as a priority, as it carries costly long-term implications for the individuals and families concerned and for the community more generally. Targeted early childhood education and further education and training are perhaps among the most promising avenues to be explored. But in the case of highly dysfunctional family settings, such policies may need to be applied in high concentrations (e.g. multiple-measure packages) and sustained over lengthy periods of time, in order to bear fruit.

Fifth, currently, technology is not a well-established part of the family policy maker's toolbox. More weight should be attached to the potential uses of new technologies in addressing some of the structural problems affecting families in the future and to the possibilities for integrating technological innovations into policy considerations and planning. For example:

- With rapidly rising computer literacy rates and the proliferation of cheap high-speed fixed or wireless Internet access expected over the next two decades, governments and employers need to further exploit the potential for telework and tele-education as a vehicle for improving a range of key objectives: from improving labour market access for single parents and providing a better skill-base for young job-seekers, to achieving a better balance between work and family life.
- The prospects for significant improvements in the autonomy of the ill, the disabled and the elderly are set to brighten as smart sensing and biometric devices for real-time monitoring and analysis bring the concept of ubiquitous care ever closer, and with it a potentially much reduced burden on family members. Policy makers should encourage efforts to combine these technologies with network infra-

structure to extend care out of the hospital to the home and mobile patients (OECD, forthcoming).

- In a similar vein, social networks and online communities are providing important platforms for self-help and mutual support in medical and social care matters, to share personal health information and discover and access new care options. Governments can provide encouragement and guidance, but also help reduce the risks associated with such online platforms, for example by regulating for agreed quality assurance.

Low-tech solutions should also have their place in the policy maker's toolbox. For the elderly, these might include for example: ergonomic improvements to home interiors, targeted education programmes and computer literacy courses.

Sixth, planners need to pay more attention to future shifts in the (spatial) mobility patterns of households and families, both because mobility will prove increasingly important for family cohesion and because changes in transport use will have significant repercussions on transport services and infrastructures. Changes in household and family structures are expected to result in higher mobility. More single-person households, more divorces and reconstituted families, the growing share of elderly "ageing in place" in rural and suburban areas, all point to long distances between family members. For spouses, partners, children and grandparents who provide most of the care work, this will imply high levels of transport and commuting between households. Infrastructure and services provision is, however, especially weak in rural and some suburban areas (leaving the young elderly for example with few alternatives to the private car). In the interest of supporting family communication and cohesion, future policy in this domain can help by, for example, re-designing road systems to improve safety for elderly drivers, providing supportive public transport for people with special needs, and retrofitting service provision in low-density rural and suburban settings.

Seventh, in housing policy, there is considerable scope for public authorities to influence family formation and intergenerational solidarity, for instance through the encouragement of a sufficiently large rental sector, through making home ownership more accessible for young couples, by encouraging communal forms of living such as shared housing, co-housing, multi-generational housing, etc., as a means of fostering family interaction and supportive networks between generations, and delivering innovations in the design and equipment of homes more suited to ageing in place (see examples such as the Medcottage in the United States and uHouse in Korea). For low-income groups, mixed generation communities offer considerable potential for informal care for children and the elderly, at low direct and indirect cost – for example, by allowing informal carers to better split their time between care shifts and part-time work. In shared housing and neighbourhood communities, informal care settings for non-family elderly and children can be supported with smart ICT programmes to manage care schedules.

Eighth, given the long-term detrimental effects of perpetuating gender inequality, sustained efforts will be required to step up gender mainstreaming. Women and men have long been concentrated in different occupations, industries and sectors, and are segregated in terms of their positions in the job hierarchy within the same occupation or profession (Fagnani, 2011). Such enduring gender inequality both at home and at work will prove difficult to overcome, not least because governments have few policy tools at their disposal to directly influence parental behaviour. Moreover, efforts to do so may lead to tensions with other, perfectly laudable objectives. For example:

- Measures aimed at increasing the flexibility of use of parental leave benefits are unlikely to be effective in achieving greater gender equity, unless they include a non-transferable leave entitlement for fathers (OECD, 2011a). Norway, for instance, has achieved very good results with this strategy. In 1992, the year before the father's quota was introduced, only 920 fathers took up parental benefit. By 2010, following successive extensions of the parental benefit period, 40 000 fathers, or 9 out of 10, made use of their entitlement, with some 35% of these taking leave of 10 weeks or more.
- Raising minimum standards for maternity leave runs the risk of increasing the disparity between maternity and paternity leave, thereby impacting negatively on women's career prospects.

There are significant data and research gaps to be filled to improve the evidence base for effective policy making. For example:

- Surprisingly perhaps, most OECD member country governments do not appear to have projections or even scenarios on future family and household composition at their disposal for long-range policy planning purposes.

Ninth, there is a dearth of longitudinal panels monitoring how specific types of families are faring over time, how they are impacted by economic recessions and financial crises, how changing family structure affects family outcomes, and so on.

The growing phenomenon of reconstituted families warrants more attention from researchers and policy makers alike, given that while such households do mean wider family networks, they also appear to result in less parental support for stepchildren and weaker intergenerational solidarity when care is required.

Tenth, finally, in addressing the complex challenges facing families in the next 20 years, considerable gains could be made by strengthening links among family-relevant aspects of different policy domains, such as childcare, elderly care, labour market policies, education, technology, transport and housing policies. A first step in this direction could be a stocktaking exercise to bring together examples of such family-centred policy integration from across the OECD, with a view to assessing what works and what does not, and what appears to be good practice that could survive and thrive in tomorrow's world.

Note

1. Barrie Stevens is the Head of the International Futures Programme and Pierre-Alain Schieb is Counsellor of the OECD International Futures Programme.

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Chapter 2

The future for low-income families and social cohesion

by
Susan Harkness

This chapter sets out the future of low-income families in OECD member countries to 2030. It starts by reviewing the current state of low-income families, how they have changed over recent decades and the factors that have driven these changes. It then looks at the influence that policy has had on low-income families and at variations across countries, examining the role of taxes and transfers, institutions, and policies towards families with children. It then looks at three specific issues for poor families: the persistence of poverty, the experience of young people, and migration. The following sections look to the future, examining respectively how low-income families might evolve in the future and at the challenges and policy responses that will be needed to deal with newly emerging issues.

Introduction

This chapter sets out the future of low-income families in OECD member countries to 2030. Even today demographic and social changes have had deep-rooted effects on the ways in which households are structured with implications for the numbers of, and the nature of, low-income families. Recent decades have seen falling marriage rates, increased cohabitation, rising divorce rates and increasing numbers of children born outside marriage. At the same time, rising life expectancy and falling fertility have led to shifts in the age structure of the population. Many of these changes have been linked to higher incidences of poverty. Smaller households, households headed by women and older people, and immigrant families all face higher risks of poverty. As family structures continue to change so too will the nature of poverty: as families become more fluid, individuals may face greater risks of falling into poverty at some point over the course of their lives. For others, such as the low-skilled, it may become increasingly difficult to escape poverty. Understanding how changes in family structure, particularly among those at risk of low income, might evolve over the next 20 years is therefore of considerable importance for policy makers.

This chapter draws on current evidence to consider how families might evolve over the next 20 years and examines the influence that this may have on poverty. It starts by reviewing the current state of low-income families, looking at their evolution over recent decades and at the factors that have driven these changes. The next section then looks at the influence that the policy environment has had on low-income families across countries, examining the role of taxes and transfers, institutions, and policies towards families with children on poverty outcomes. Three specific issues are addressed in the following section: how the persistence of poverty, the experience of young people, and migration influence social cohesion. The final sections look to the future examining how low-income families might evolve and at the challenges and policy responses that will be needed to deal with newly emerging issues.

The current state of low-income families

This section analyses current influences on family poverty and is organised under three sub-sections. The first draws on the extensive literature on poverty and inequality to review trends and describe the characteristics of economically vulnerable families. The next two sections look at the influence of two major drivers of family poverty: family structure and household employment and earnings.

Trends in the distribution of income and poverty across OECD member countries: stylised facts

There is a large and growing literature on international differences in household income inequality (see for example Brandolini and Smeeding, 2007; Atkinson, 2007; Smeeding, 2006; Atkinson and Brandolini, 2001; Rainwater and Smeeding, 2003; Gottschalk and Smeeding, 1997). Recent studies suggest increasing inequality has been a nearly universal trend since the late 1970s: the OECD (2008) reports that inequality has increased in almost all of the 30 OECD member countries studied since the mid-1980s, while Alderson and Doran (2010) note that "a key substantive conclusion emerging from our research on Luxembourg Income Study (LIS) countries is that the pattern of

distributional change in countries experiencing rising inequality is, in the broadest terms, similar from one country to the next." Commentators in particular have noted that while in the 1980s and 1990s inequality grew in countries where levels were already high, more recently the largest rises in inequality have been in low inequality countries (Esping-Andersen, 2007). Relative poverty too has been rising in many OECD member countries (OECD, 2008), although absolute poverty rates have fallen in countries where average income grew (Förster, 2000). Table 2.1 summarises changes in poverty across countries reported in *Growing Unequal? Income Distribution and Poverty in OECD Countries* (OECD, 2008). In both decades, poverty trended upwards in the majority of countries with large increases in Austria, Germany, Ireland, the Netherlands and New Zealand.

Table 2.1. **Summary of changes in poverty**

	Mid-1980s to mid-1990s	Mid-1990s to mid-2000s	Mid-1980s to mid-2000s
	Trends in income poverty (head-count rates at the 50% median-income threshold)		
Significant increase	Germany, Italy, Japan, Netherlands, New Zealand, United Kingdom	Austria, Canada, Finland, Germany, Ireland, Japan, Luxembourg, New Zealand, Spain, Sweden	Austria, Germany, Ireland, Japan, Netherlands, New Zealand
Small increase	Austria, Czech Republic, Hungary, Mexico, Norway, Portugal	Australia, Denmark, Netherlands, Switzerland, Turkey	Canada, Czech Republic, Finland, Italy, Luxembourg, Sweden, Turkey, United Kingdom
No change	Finland, Greece, Ireland, Luxembourg, Sweden, Turkey	Belgium, Czech Republic, France, Hungary, Norway, United States	Denmark, France, Greece, Hungary, Norway, Portugal, Spain, United States
Small decrease	Canada, Denmark, France, United States	Greece, Portugal	Mexico
Significant decrease	Belgium, Spain	Italy, Mexico, United Kingdom	Belgium

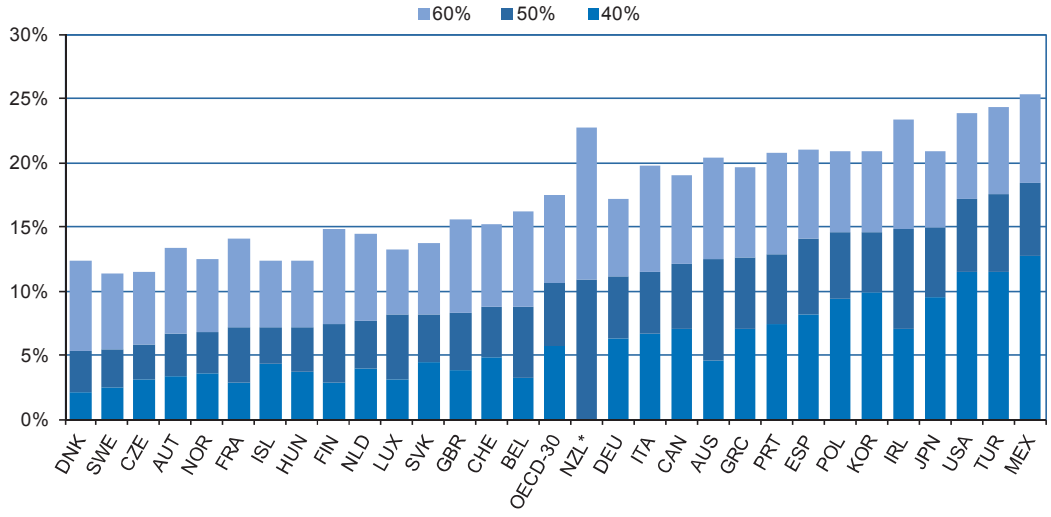
Notes: For sub-periods "significant increase/decrease" denotes changes greater than 2.5 points (Gini coefficient) and 1.5 points (headcount); "small increase/decrease" denotes changes between 1 and 2.5 points (Gini coefficient) and between 0.5 and 1.5 points (headcounts); and "no change" denotes changes of less than 1 point (Gini coefficient) and 0.5 points (headcount). For the total period, values are double. Data in the first column refer to changes from around 1990 to mid-1990s for Czech Republic, Hungary and Portugal. Data in the second column refer to changes from the mid-1990s to around 2000 for Austria, Belgium, Czech Republic, Ireland, Portugal and Spain (where 2005 data, based on EU-SILC, are not comparable with those for earlier years); and to changes from 2000 to 2005 for Switzerland.

Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries,* Table 11.1, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264044197-en*.

Those countries with the largest increases in poverty are not necessarily those with the highest levels of poverty, or vice versa. Figure 2.1 reports poverty rates across OECD member countries using three different relative income measures. Ireland, Japan, Korea Mexico, Turkey, and the United States are among those countries with high relative poverty, while Nordic countries have low rates of relative poverty.

Figure 2.1. **Relative poverty rates for different income thresholds (mid-2000s)**

Relative poverty rates at 40, 50 and 60% of median income thresholds



Notes: Poverty rates are defined as the share of individuals with equivalised disposable income less than 40%, 50% and 60% of the median for the entire population. Countries are ranked, from left to right, in increasing order of income poverty rates at the 50% median threshold. The income concept used is that of household disposable income adjusted for household size. Poverty rates based on a 40% threshold are not available for New Zealand.

Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries,* Figure 5.1, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264044197-en*.

Drivers of poverty: demographic structure

Family structure has been identified as a key risk factor for poverty and social exclusion. Elderly households, those headed by young people, lone-parent families, fragmented families and large families are particularly at risk of being poor in many OECD member countries. Predicted trends in family structure suggest that the future will see further growth in these types of families: projected trends suggest that declining marriage rates, rising divorce rates and increased cohabitation are likely to continue while the number of births outside marriage and the preponderance of children living in step- or single-parent households appear likely to rise. Longevity will also continue to increase. The future is also likely to see more single adults, more households headed by women, an increase in the number of adults who are childless, more "multiple fertility" and a greater number of children with "shared care" or joint custody arrangements. There may also be changes in living arrangements with more multiple-generation households as young people return home or the elderly move in with their adult children.

Families are an important source of economic well-being, especially for women and children, and the structure of families has substantial implications for poverty. There is some suggestion that family structures may be diverging by socio-economic status. In the United States, divergent trends in parenthood and partnership by education have been highlighted, with graduates tending to defer marriage and childbirth, and most births occurring within marriage, while for those with lower educational attainment divorce rates are high, non-marital childbirth and multiple-partner fertility is more common and

those that marry tend to do so while young and have relatively unstable marriages (Elwood and Jencks, 2001; Lundberg and Pollak, 2007). These trends suggest that family composition may play an increasingly important role in influencing the risk of living in low-income families in the future. However, evidence suggests that in some countries the risks associated with being in poverty as a result of living in vulnerable families are much lower than in other countries and an important question for policy makers is why this might be the case. How, for example, do some countries such as the Netherlands and Sweden avoid high rates of poverty among lone-parent families?

This section examines the link between demography and poverty. First, it examines the link between age and poverty which has been highlighted extensively in existing literature. It then goes on to look at the role of family structure in influencing poverty, looking at the association between poverty and: *i)* marriage and cohabitation; *ii)* divorce and separation; and *iii)* single parenthood. The increasing problem of poverty among young people is discussed in the third sub-section.

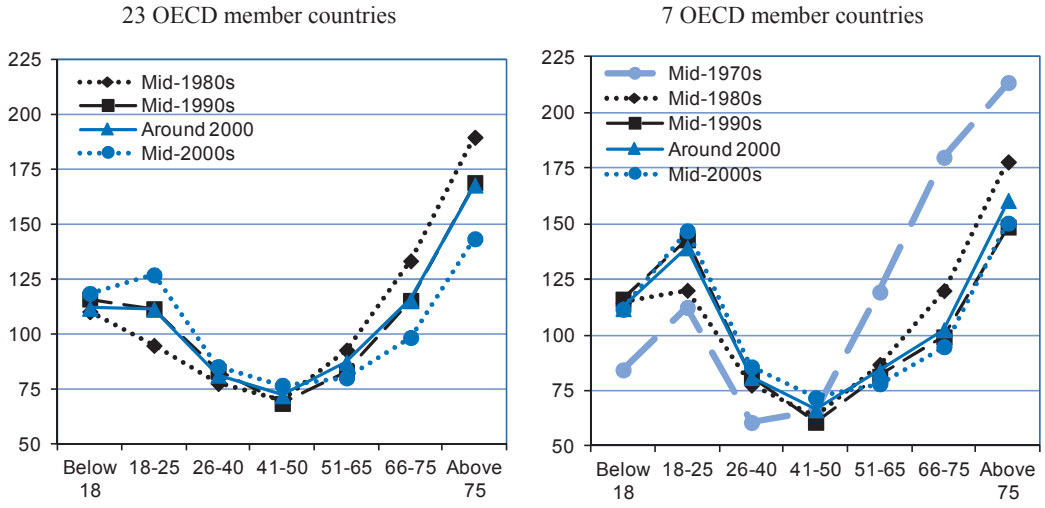
Poverty incidence by age

It has been argued that poverty tends to be hard to avoid both at the beginning and end of individuals' working lives: for young people it is difficult to earn a sufficient wage to avoid poverty while among those of retirement age pensions are often insufficient. But trends in poverty by age have been changing. The OECD (2008) reported that people who have seen the biggest income gains over the last two decades are those around retirement age (55-75), while young people (aged 16-24) and children have seen their relative income decline. As a consequence, the rate of pensioner poverty has fallen, with very large declines in some countries, and is now below the OECD population average. For older pensioners, those aged over 75, the risk of poverty also remains relatively high, at 1.5 times the population average with single older women being particularly at risk. However, the relative risk of poverty for this group has also been declining over time. For young people, on the other hand, the risk of poverty has increased, as it has too, albeit to a lesser extent, for children.

Figure 2.2 shows poverty risks by age, and how they have changed over the last three decades in OECD member countries. These changes, alongside changes in population shares, have led to a decline in the proportion of the elderly among the poor and a rise in the share of children and young people.

Although the poverty risk for children has increased since the 1970s, and is now around 25% higher than the OECD average, it is not the case that in general, households with children face higher poverty risks than those without. Indeed, in some countries there is little difference in poverty rates between those with and without children and where there is a difference this is typically the result of a high incidence of single-parent households. Single parenthood raises the risk of poverty everywhere except Sweden: across the OECD lone parents are three times more likely to be poor than the OECD population average, a rate that has increased over recent decades. Single adults without children also have a high risk of poverty, with twice the average incidence, while couples, whether with or without children, have below-average poverty risks.

Figure 2.2. **Risk of poverty by age of individuals, mid-1970s to mid-2000s, OECD average**



Note: Relative poverty risk is the age-specific poverty rate divided by the poverty rate for the entire population times 100. The poverty threshold is set at 50% of median income of the entire population. OECD-23 is the average poverty rates across all OECD.

Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Figure 5.5, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264044197-en*.

For women, the incidence of poverty is greater than that for men at almost all ages, with the gap in the incidence of poverty being largest for women under 40 and for older women (Figure 2.3). Women face two particular poverty risks, single parenthood and living alone in old age with a limited pension entitlement, and this is reflected in the poverty age profiles.

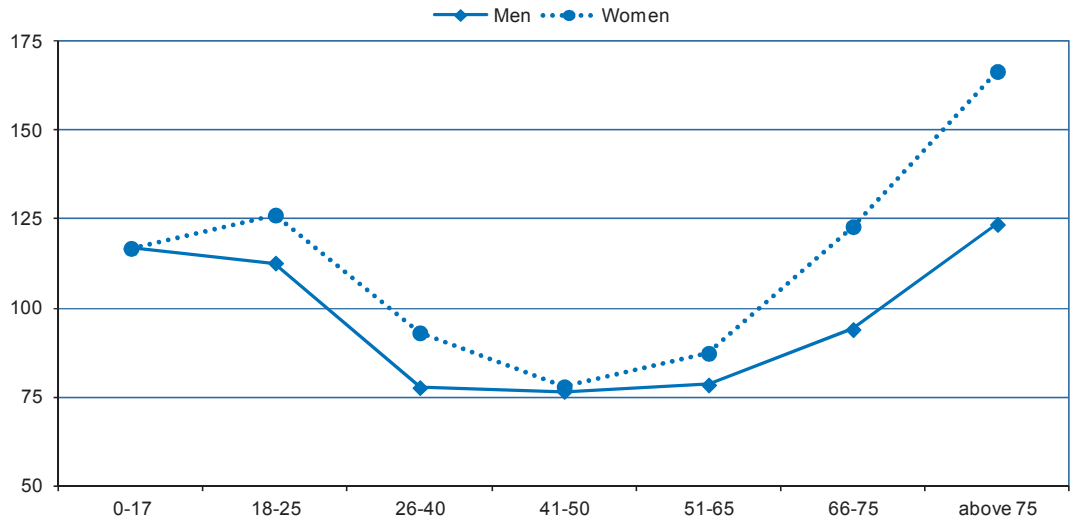
The trends described above show both that inequality and relative poverty will continue to rise over the long term. But while recent decades have seen greater inequality among younger cohorts, older cohorts have tended to have a more equal distribution of income (Bell et al., 2007). Inequalities in many cases are reinforced by welfare regimes, which tend to favour older generations (Chauvel, 2008). This trend is likely to be exacerbated as globalisation continues to expand, putting greater downward pressure on wages for those at the bottom of the income-distribution ladder, while wages for those at the top would appear likely to continue to rise. It would seem likely that these trends will continue into the future.

Family structure and poverty

In most developed countries marriage rates have been declining, divorce rates rising and the number of single-adult households growing. These demographic shifts have reduced the average household size, cutting the scope for economies of scale and raising income needs of families, and consequently raising the risk of poverty. OECD data shows that in all countries single adults are more likely to be poor than couples in spite of widespread "couple penalties" in tax and benefit systems (Adams and Brewer, 2010). As Figure 2.4 illustrates, single parents do particularly badly, although poverty rates among single childless adults are also high and in some cases higher than those for single parents

in many countries. This may reflect the high incidences of poverty among the single young and elderly population.

Figure 2.3. **Risk of relative poverty of men and women by age, OECD average (mid-2000s)**



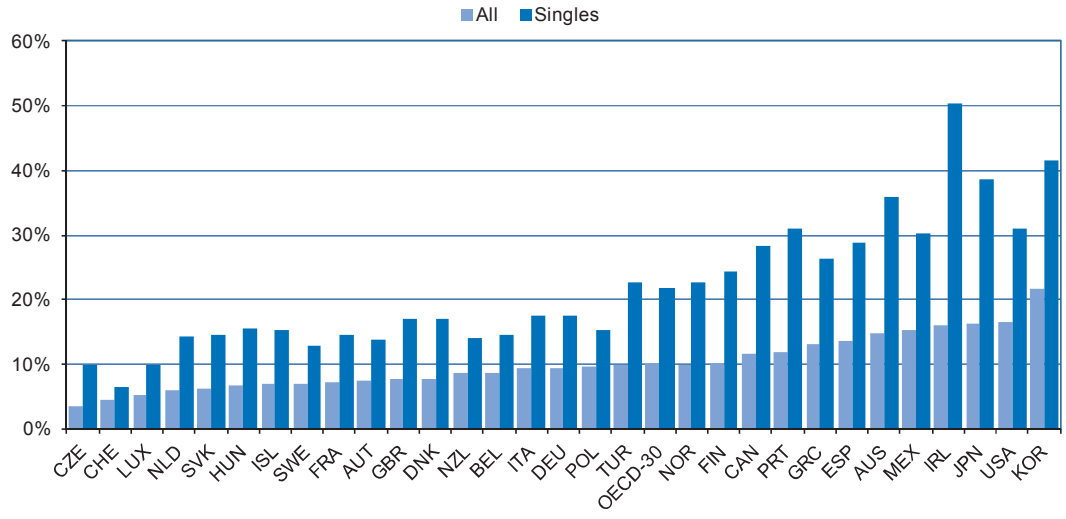
Note: Relative poverty risk is the age-specific poverty rate of men and women divided by the poverty rate for the entire population times 100. The poverty threshold is set at 50% of the median income of the entire population.

Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Figure 5.6, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264044197-en*.

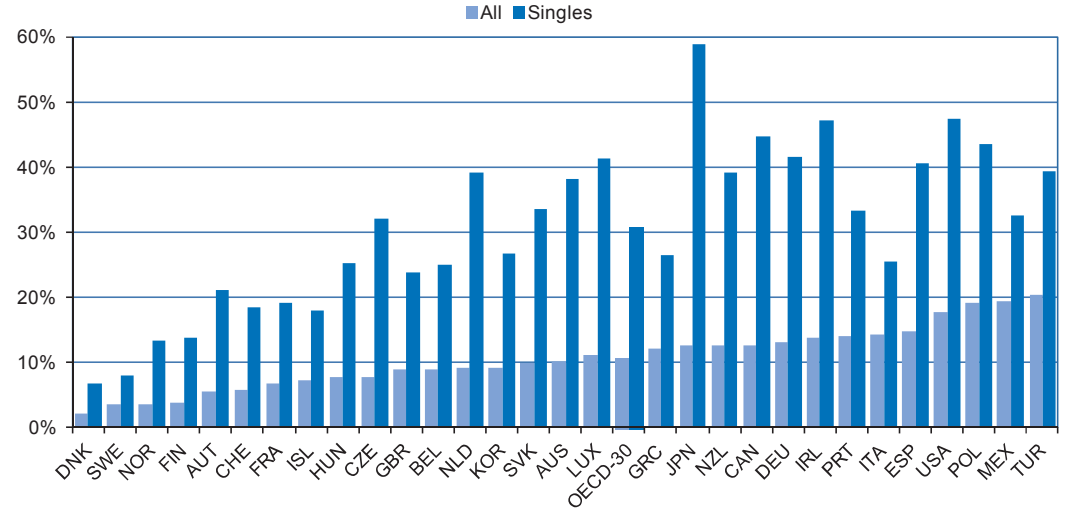
What impact do demographic structures have on explaining overall inequality and poverty rates? Evidence for the United Kingdom and United States suggest that while certain demographic structures are associated with high incidences of poverty, differences in these structures over time or across the country do little to explain changes to or differences in poverty rates. For example, in the United States, Burtless (2009) reports that changes in the population's age structure, living arrangements and ethnic mix contributed only a small share of the rise in inequality between 1979 and 2004: only around 15% of the overall rise in inequality was explained by demographic change with the rise in single-adult households (rather than the ageing population) being the more important contributor. In the United Kingdom, Jenkins (1995) too finds household structures had little influence on the growth in household inequality in the1980s. Across countries, differences in family structure also do little to explain cross-country differences in poverty rates or inequality (Jäntti, 1997; Pasqua, 2008; Harkness, 2010). The OECD (2008) reports that changes in household structure and the age distribution of the population have tended to increase income inequality in most countries but by a small amount: only in Australia, Canada, France, Germany, the Netherlands and the United Kingdom did demographic change contribute to over 20% of the change in inequality.

Figure 2.4. **Poverty rates by household type (mid-2000s)**

A. Households without children



B. Households with children



Note: Countries are ranked, from left to right, in increasing order of the poverty rate of households without children (Figure 2.4a) and of those with children (Figure 2.4b). Data refer to all households, irrespectively of the age of the household head. Poverty thresholds are set at 50% of the median income of the entire population.

Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Figure 5.7, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264044197-en*.

While changes in living arrangements have been of greater importance to changes in inequality than the ageing of the population, the rise within group inequality has been of considerably more importance than either of these changes. Inequalities within groups are largely driven by labour market and state welfare policies, and it is group inequality that has driven differences in poverty rates across countries (see for example Heuveline and Weinshenker [2008] on international differences in child poverty). While these studies

suggest family structure has a limited impact on poverty, some US authors attribute greater importance to its role in influencing absolute poverty rates. For example, Lerman (1996; 2002a) has suggested that rising marriage rates would substantially reduce poverty in the United States, while Thomas and Sawhill (2005) attribute rising child poverty in the United States to the growth in single-parent families, in particular the rise in never-married mothers. These focus on absolute poverty. Christopher (2005), using a relative poverty measure, finds a much weaker association of poverty with single parenthood and a much stronger link to employment. International studies too suggest that lone parenthood is not in itself a cause of poverty, rather the factor at work is the association of single parenthood with "worklessness". While family structure cannot account for rising poverty rates over time or differences across countries, it is clear that in many countries a strong association between family type and poverty exists. The extent to which this relationship is causal is unclear, for two reasons. Firstly, groups such as lone parents or teenage mothers may have a greater risk of being poor not because of their family status *per se* but because they have other characteristics, such as low educational attainment and low employment rates. Secondly, family structures may also be a consequence of poverty. For example, divorce or separation may be a reaction to financial hardship or unemployment (Lampard, 1994; Blekesaune, 2008); single parenthood may be a rational response to poor male economic opportunities (Blau et al., 2000); and teenage parenthood may be a consequence of poor outside opportunities (Alexander et al., 2010).

There are, however, three factors widely cited in the literature as influencing the risk of poverty specifically on certain sub-groups. Those factors, examined below, are marriage and cohabitation, divorce and separation, and single parenthood.

Marriage and cohabitation

The link between poverty and marriage has been widely debated. In the United States and more recently the United Kingdom there has been growing interest in whether policies that influence marriage rates could help to reduce poverty. Marriage in most OECD member countries has been in decline since at least the 1970s, although there are large variations across countries with marriage rates being highest in the United States and lowest in Nordic countries. Cohabitation remains relatively rare in the United States and southern European countries while the "Nordic family model", of low marriage and high cohabitation rates, together with high non-marital fertility is becoming increasingly common in Canada, France and the United Kingdom. In southern Europe and Japan, both fertility and marriage rates are very low, as is non-marital fertility and cohabitation (Lundberg and Pollak, 2007).

There is a strong link between cohabitation and marriage on the one hand and inequality and poverty on the other. While single people are more likely to be poor than those in couples (as a result of economies of scale in consumption among couples) cohabitation too has been linked to higher rates of poverty than those among married couples. Recent trends suggest that this pattern may become even more pronounced as marriage rates increasingly diverge by education and socio-economic status (Cherlin, 2010). Over recent decades low-skilled men have seen a disproportionate drop in marriage rates (Burtless, 1999), while among those who do marry there has been an increasing correlation between the potential earnings of husbands and wives suggesting greater "assortative mating" (Burtless, 2009). It is also argued that marriage raises the wages of men, with married men being seen as more stable and reliable than their

unmarried counterparts (Lerman, 1996, 2002a). Trends in marriage in the United States and elsewhere therefore appear likely to increasingly reinforce inequalities and increase poverty. However, there remains an intense debate around whether policies to encourage marriage would do anything to reduce the incidence of poverty by persuading cohabitees to marry.

While cohabitation may confer many of the same benefits as marriage as a result of income sharing, cohabitation may lead to poorer outcomes for children and adults because it is associated with greater relationship breakdown and multiple-partner fertility (see for example McLanahan, 2009). While separation has a relatively small impact on the poverty risk of cohabiting couples without children, for those with children the risk of moving into poverty is much greater (Ermisch and Francesconi, 2000). In many OECD member countries a substantial number of births are to cohabiting parents: in the United Kingdom this figure stood at 30% in 2008 and the numbers in other countries have also been rising. Cohabitation tends to be a transitory state: in the United States most cohabitations end in separation or marriage after two years (Bumpass et al., 1991). Ermisch and Francesconi (2000) find that less than one-fifth of cohabitations survive more than five years. Cohabitation before marriage has also been argued to raise the risk of divorce, although the increased risk is small compared to other factors such as age at first marriage (Berrington and Diamond, 2000.

Poverty and outcomes for children have also been found to be worse among those who cohabit, although it is not clear from the evidence that this relationship is causal and so encouraging marriage may do nothing to improve these outcomes. There is also some evidence that there is negative selection in having a child outside of marriage (Ermisch, 2005). However, Goodman and Greaves (2010) find that while children in the United Kingdom do better on average at ages three and five if born to married parents, when controls for differences in other observed characteristics are conducted, these differences disappear. Bjorklund et al. (2007) also control for differences in unobservable characteristics and find no causal effect of marriage on Swedish children's educational outcomes. This, they suggest, implies that those children whose parents married in response to financial incentives saw no gain in educational outcomes.

While the case for marriage is strongly put by some academics, particularly in the United States, there is evidence that marriage does not benefit all. Dahl (2010), for example, finds that teenage marriage leads to increased risk of poverty for young women in the future.

To date, the discussion on marriage has assumed that it is family structures which influence individuals' vulnerability to poverty. Several researchers have, however, suggested that the relationship may work in the opposite direction, with the falling rate of marriage resulting from the poor economic prospects of low-skilled men (Blau et al., 2000). Other studies have linked declining marriage rates to rising inequality (Gould and Paserman, 2003) while improving employment and earnings opportunities for women has further reduced the incentives for women to marry (Lundberg and Pollak, 2007).

Overall, the evidence summarised above suggests that married couples have better economic prospects than those who cohabit. However there is very little evidence that marriage would lead to better outcomes if cohabiting couples were to marry. Indeed in the United States there is now a significant amount of research that suggests that it is poverty and inequality that causes low rates of marriage, with the incentives of young single women to commit to marriage declining alongside the labour market prospects of men. At

the same time, as labour market prospects improve, the imperative of women to marry in order to avoid poverty is reduced. Future marriage rates therefore appear likely to continue to decline further while becoming increasingly divergent by socio-economic status.

Divorce and separation

While marriage is expected to lead to income gains, divorce and separation are associated with declining income and, particularly for women, movements into poverty. Studies across countries and over time find, without exception, large income losses the year after a marital split (Jenkins, 2009). For women who become single parents, divorce or separation is also strongly correlated with other events including job loss (Gregg et al., 2009). Page and Stevens (2004) find a 41% reduction in children's family income and an 18% drop in food consumption the year after divorce while six years or more later they find that the family income of children whose parent remains unmarried is 45% lower than it would have been had the divorce not occurred. In the United Kingdom, Jenkins (2009) finds that income dropped by 12% in the post-welfare reform period (from 2004 onwards) compared to 30% pre-reform. It has been argued that divorce increases women's chance of being at the very top or very bottom of the income distribution and that "while some women successfully compensate for lost spousal earnings through child support, welfare, combining households, and increasing labour supply, others are markedly unsuccessful" (Ânanat and Michaels, 2007). Nonetheless, because the poverty risk for women who divorce is high, rising divorce rates have contributed to increased poverty and inequality.

While women and children's income typically falls subsequent to divorce, and women typically retain custody of children, men tend to experience less poverty and financial strain than women and are more likely to live alone following divorce. In the United Kingdom, Jenkins (2009) reports significant income gains for men following divorce although this is, to some extent, offset when wider measures of deprivation are included (for example access to other resources such as durable goods, Aassve et al., 2007). There is also evidence that divorce laws matter and that when divorce is easier women may insure against future income losses by working more. Stevenson (2008), for example, finds a link between the move to unilateral (rather than consent) divorce law and increased labour force participation of married women.

Varying models of family support create different dependencies within the family and these in turn influence the economic consequences of divorce or separation. Higher employment among women and more generous welfare benefits, to some extent, protect women and children from the negative economic consequences of divorce and separation. Analysis of the different impacts of divorce on women's economic well-being across countries finds that divorce leads to the biggest income declines in Italy and the smallest in Sweden. However British and German women's incomes are found to recover fastest following separation while in Sweden both men and women face the greatest long-run financial consequences of divorce. Divorce legislation has also been found to influence the labour supply incentives of married women. In the United States, Genadek et al. (2007) find that the move to "no-fault divorce law" in some states has led to an increase in the labour supply of married mothers. Welfare-state arrangements also influence the extent to which women lose out after divorce (Uunk, 2004); in the United States low levels of benefits and strong work incentives have been shown to

encourage married recipients to stay married (although they have no impact on the likelihood or marriage for single parents; Hu, 2003).

Commentators have also frequently linked poverty to increased marital stress and divorce. Couples living in poverty are thus more likely to divorce than the non-poor. Male unemployment in particular is thought to be a trigger for divorce. More recent work has, however, argued that it is not poverty resulting from male unemployment which leads to divorce. Charles and Stephens (2004) show that divorce increases only after lay-offs and not after plant closures. They argue that the increased risk of divorce after lay-offs may be a result of "information conveyed about a person's suitability as a spouse rather than stemming from financial loss", suggesting that this, rather than poverty, is causal.

Single parenthood

Rising divorce rates and increasing numbers of children being born out of wedlock have led to a rapid rise in the number of families headed by a single parent (usually the mother). Increasingly fluid family structures mean that in the United States half of all children will spend some time in a single-parent household (Bumpass and Raley, 1995), and many will also spend time with step-parents. For many of these children time spent with a lone parent may also be a time of considerable financial hardship. In almost all OECD member countries single parents are at particular risk of poverty (OECD, 2008) and it has been argued that the growing number of lone-parent households contributes to rising inequality and poverty (Nielsen and Alderson, 1997). Lone parents are also particularly likely to be persistently poor (Whelan et al., 2003; Duncan and Brooks-Gunn, 2000) and this, together with the implications of lone-parent poverty for a child's well-being, means that in many countries they have been the target of policy reform. Burtless (2009) argues that it is difficult for a single adult to combine bread-winning and caring roles and that this has contributed to high rates of worklessness among single parents, resulting in high rates of poverty. However, working lone parents are vulnerable too. In Canada and the United States poverty rates are high even among lone parents who work, although the reverse is true in the Netherlands where lone-parent poverty rates are low despite low employment, with child support playing an important role instead. There is some indication that the welfare of lone parents is diverging, so that while lone parents are falling behind other households on average there has also been an increase in inequality between lone parents (Alderson and Doran, 2010).

In the last decade welfare reform has targeted low rates of lone-parent employment in Australia, Canada, New Zealand, the United Kingdom and the United States. In some countries such as the United Kingdom these policies have been effective in reducing poverty, although in the United States rising employment has not been accompanied by increasing incomes (Lindsey and Shlonsky, 2008). Nonetheless, moving into work is one of the most important means by which lone parents escape poverty. However, for many in receipt of in-work benefits there is little evidence of further income progression after entering work, and lone parents are also particularly like to leave employment and return to benefits (in the United States this group is known as "recidivists").

Changes in household structure, and in particular re-partnering are also important routes out of poverty (Smith and Middleton, 2007), while child-support policies also play a role in reducing poverty (Skinner et al., 2007). However, it is also worth noting that in several countries, ceasing to be a lone parent as a result of children growing up and

leaving home is also a route into poverty as entitlements to benefits are lost. The negative-income effect can be lasting.

While family structure, and in particular single parenthood, has been linked to growing poverty, recent studies in the United States have suggested that many lone parents would still be poor even if they re-partnered. Lone parenthood may not therefore have a causal impact on poverty. This is because the earnings prospects of lone parents' potential partners (assumed to have similar characteristics, such as age and education, as lone parents) are often poor and would boost incomes by less than has been implied in cross-sectional studies of the impact of family structure on poverty. In the United States, Page and Stevens (2004) find that marriage raises the family income of children born to single parents by 45%, a substantially smaller amount than cross-sectional estimates had suggested. However, while re-partnering may be an important route out of poverty, for children in lone-parent families "remarriage does not mitigate the negative consequences of single parenthood" (McLanahan, 1997: 36) and step-children have been shown to have the same negative outcomes as those living with a single parent. Similarly, in Australia researchers found that "while remarriage may provide a route out of poverty, living in stepfamilies provides other challenges with stepfamilies consistently being found to be associated with a range of poorer outcomes for both children" (Sanson et al., 2002).

Other studies have suggested that lone parenthood may be a consequence, rather than a cause, of poverty. Studies have suggested that widening wage inequality has reduced the returns to marriage; as low-skilled men's relative wages have declined so too have the benefits of marriage, and having a child within marriage, for women. At the same time, improved labour market prospects have further reduced women's incentive to marry. These changes may help explain some of the increase in single parenthood in recent decades, particularly in countries where inequality is high.

Drivers of poverty: household employment and earnings

While some studies have suggested that demography has a substantial influence on poverty rates (see for example Lerman, 1996, 2002a), others suggest that cross-country differences in demographic structure do little to explain variations in poverty and inequality. Instead they argue that differences in family employment patterns and welfare state provision are of much greater importance (Esping-Andersen and Myles, 2009). Recent decades have seen not only a change in family structure but also a radical shift in the role of men and women within the household, with a substantial fall in the numbers of women who are "homemakers" and large increases in the numbers of women working either full- or part-time. This has lead to a significant change in the employment structure of families, some of which have become increasingly dependent on female earnings to avoid poverty. This section looks at the influence of family employment patterns and earnings on poverty, and focuses on the working-age population.

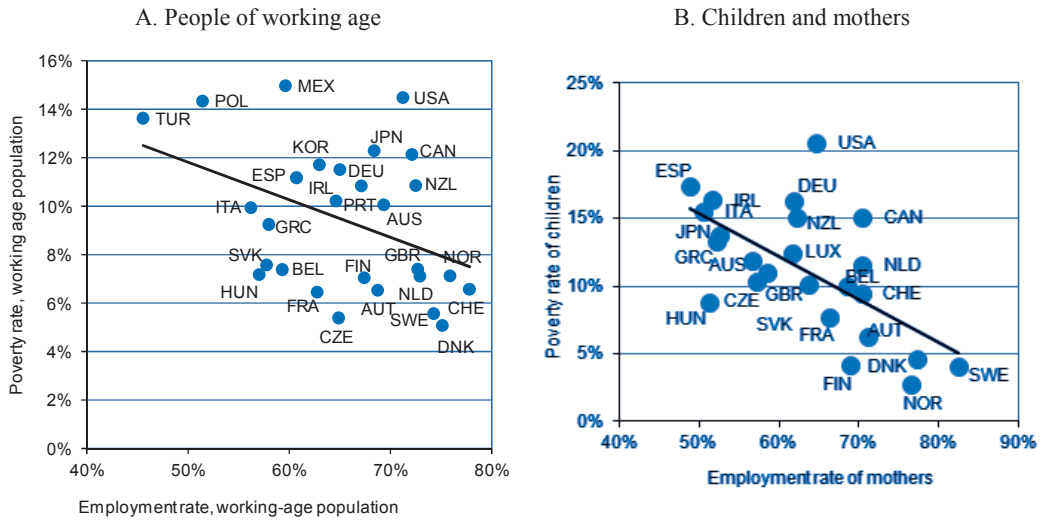
Employment and poverty

Studies have shown that key drivers of increasing income inequality have included growing wage inequality, unemployment and an increasing polarisation of households between those that are "work-rich" and "work-poor" (Gottschalk and Smeeding, 1997; Förster, 2000; Gregg and Wadsworth, 2001). However, the single most important cause of family poverty in OECD member countries is "joblessness", with the incidence of poverty being six times higher among workless families than those with someone in

employment (OECD, 2008). A lack of work among young people and lone parents is particularly strongly linked to poverty (Förster, 2000; Förster and Ercole, 2005).

Figure 2.5 illustrates the link between employment rates and poverty and shows that countries with high rates of employment have lower incidences of poverty. The relationship between child poverty and maternal employment is particularly strong (OECD, 2008). Research has increasingly emphasised the role of female employment on poverty levels, with high rates of female employment tending to reduce both poverty and inequality (Harkness, 2010).

Figure 2.5. **Poverty and employment rates (around mid-2000s)**



Note: Poverty thresholds are set at 50% of the median income of the entire population. Employment rates of persons of working age in 2003; employment rates of mothers in 2002.

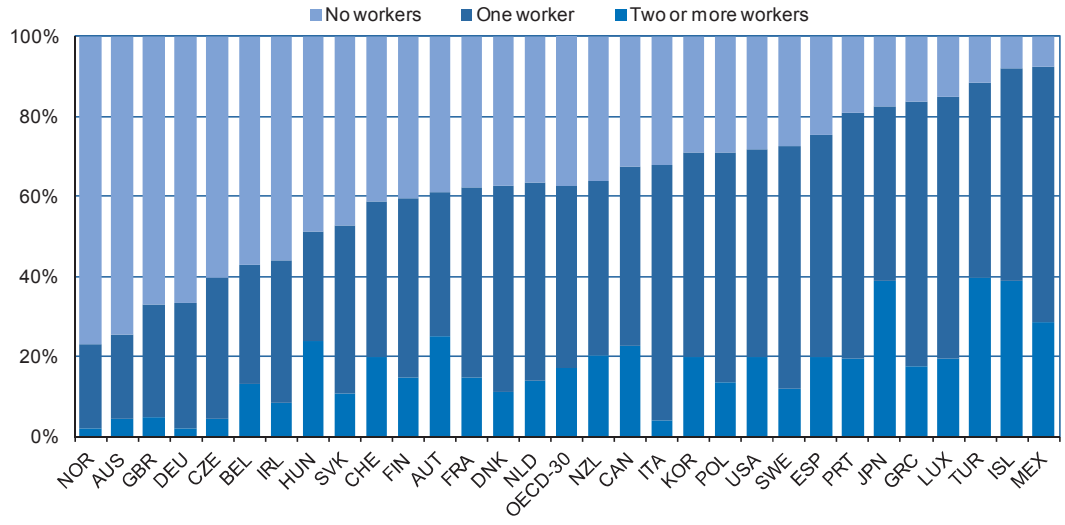
Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Figure 5.8, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264044197-en*.

Family employment and poverty

The incidence of poverty among working families is increasingly related to the number of earners within the household, as Figure 2.6 shows. While those with no earners are particularly likely to be poor, in many countries poverty is also increasingly associated with living with a single-earner family. Families headed by a single woman-earner are particularly likely to be poor (whether they live alone or as part of a couple, although "male bread-winner" families also face an increasing risk of being poor [Harkness, 2010]). Maternal employment has also become more important for reducing family poverty, particularly as increasing numbers of children live with single parents (Edin and Kissane, 2010).

Figure 2.6. **Shares of poor people by number of workers in the household (mid-2000s)**

% of poor people living in households with a head of working age



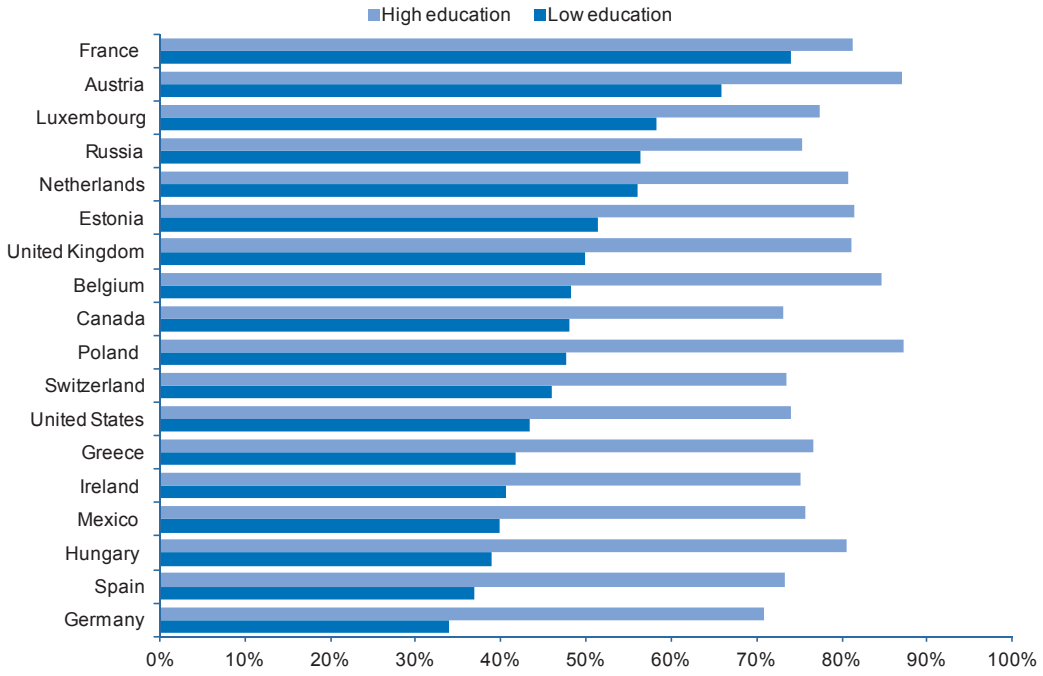
Note: Poverty thresholds are set at 50% of the median income of the entire population. Countries are ranked, from left to right, in increasing order of the share of poor people living in households with no workers. Data for Switzerland refer to households without children.

Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Figure 5.9, OECD Publishing, Paris *http://dx.doi.org/10.1787/422210017310.*

The design of the tax and benefit system influences the incentives of individuals to work. Several authors have noted that among couples a low propensity of women partnered to unemployed men to work (Layard et al., 1980; Gregg and Wadsworth, 1996, 2001; Bingley and Walker, 2001). Recent evidence, particularly during the recessionary period, has shown that this link between partners' employment may be weakening as women's labour market position improves. UK and US studies have shown an increasing reliance on women as bread-winners (Boushey, 2009; Harkness and Evans, 2011; Smith, 2009), although these families are at an increased risk of poverty.

The link between female employment and poverty may in part reflect the growing divergence in employment rates between women with high and low levels of education. Figure 2.7 shows wide variation in employment rates by educational attainment across countries. In Italy, low-skilled women are 44% less likely to be employed than the well-educated ones; in the United Kingdom and the United States there is a 30% gap; and in Finland and Norway a gap of around 20%. Only in France is the employment gap less than 10%.

Figure 2.7. **Female employment by education**



Source: Luxembourg Income Study (LIS), "Key figures", *www.lisproject.org/key-figures/key-figures.htm*, accessed June 2010.

Although differences in employment rates by education may suggest that female employment could exacerbate inequality, almost all studies show that the reverse is actually true. Raising female employment levels and increasing their earnings has reduced inequality across households (Cancian and Reed, 1999; Reed and Cancian, 2001; Pasqua, 2008; Del Boca and Pasqua, 2003); Birkelund and Mastekaasa, 2010), although there is some evidence that recent increases in female employment may have a smaller effect on reducing household inequality today than they have had in the past (Harkness et al., 1997).

Earnings inequality

Studies that have looked at the influence of income components on inequality have shown that increased earnings inequality has been a major source of rising household income inequality and a contributor to the growth in relative poverty (Shorrocks, 1983; Lerman and Yitzhaki, 1985; Jenkins, 1995; Lam, 1997; Jaantti, 1997; Cancian and Reed, 1998; and more recently Breen et al., 2008). This is in part a result of rising inequality in wages of those in work, although widening wage inequality has to some extent been offset by increased levels of employment, which have tended to reduce inequality (OECD, 2008). There is also evidence of an increasing correlation between the employment behaviour and earnings of husbands and wives (for the United States see Lam, 1997; Cancian and Reed, 1998, 1999; and Reed and Cancian, 2001; for international evidence Esping-Andersen, 2007), while marriage too is increasingly correlated with male earnings (Burtless, 1996). These trends all have implications for the distribution of income and poverty.

In-work poverty

While the risk of being in poverty is lower for families with someone in work, the working poor comprise over one-half of all those in poverty. Perhaps surprisingly, low pay is not the main cause of poverty among the working poor. The OECD (1998) found that in 21 European countries just over half of the working poor lived in households where someone was in a low-paid job. Conversely, low-paid workers are not typically poor, with fewer than one in ten living in poor households. The low overlap between low pay and poverty has implications for anti-poverty policies; in particular it suggests that policies which influence wage rates, such as minimum wages, may have only a small impact on poverty. Instead, among the working poor underemployment is a major issue, with most of the working poor employed for too few hours to escape poverty. Lone parents are particularly likely to be among the working poor, with the incidence of in-work poverty twice as high as for single childless adults. Other factors associated with in-work poverty include being young (aged 16-25), living in a single-earner household, low levels of education and having children (Brady et al., 2010). They also find the working poor to be disproportionately female, less educated and with children. In the United Kingdom and United States, welfare reform has been associated with increased employment, particularly among lone parents. However, particularly in the United States, the income gains of lone parents have been small and many lone parents have failed to progress at work. Several authors have pointed to the problem of "cycling" between work and benefits, with many lone parents following a "low-pay no-pay" cycle. Reducing in-work poverty is therefore likely to require interventions to improve vulnerable groups' labour market integration, including job progression, together with appropriately targeted family and in-work benefits (Crettaz and Bonoli, 2010).

Taken together this evidence suggests that while reducing unemployment and wage inequality would make a significant contribution to reducing poverty, raising female employment, hours and earnings could also have a substantial impact on reducing household income inequality and poverty, including child poverty (Rainwater and Smeeding, 2003; Gornick and Jäntti, 2009; Harkness, 2010).

Policy and family poverty

Policy counts in alleviating poverty (Smeeding and Waldfogel, 2010). This section looks at the influence of policy on family poverty. It considers three aspects of policy interventions for poverty alleviation: taxes and transfers, government spending and policy interventions for poor children, with a particular focus on what works to reduce the link between poverty and outcomes for children.

Taxes and transfers

Taxes and state transfers have an important role in influencing levels of inequality and poverty. Over the last 20 years market income inequality has grown significantly faster than the distribution of final income with tax and benefit systems moderating what would otherwise have been greater increases in inequality and poverty (OECD, 2008). Tax appears to be particularly important for redistribution because it raises revenue for government spending rather than because of its direct redistributive effect, while transfers, including social security provision, financial support for families (in particular for children), and in-work support (for example tax credits) are important redistributive tools. While these transfers have tended to reduce inequality and poverty since the

mid-1990s their effect has lessened as benefits have become less targeted on the poor (OECD, 2008). Nonetheless, Kenworthy (2010) argues that transfers have been effective in attenuating the rise in market income inequality in most countries other than the United Kingdom and the United States.

Bradbury and Jäntti (2001) have examined the effect of government redistribution on poverty levels among families with children. Their results show the level of poverty if individuals had only received earned market income. Post-redistribution poverty levels and the overall effect of redistribution on poverty rates are shown in Table 2.2. Of particular note is how similar poverty rates across countries would be in the absence of redistribution. Perhaps surprisingly, the United States would not have particularly high levels of poverty if individuals received only market income, but France, Italy, Sweden and the United Kingdom would all have much higher levels of poverty. Only Finland shows significantly lower levels of poverty than other countries using market income. Of course, this partly reflects behavioural responses to the provision of welfare benefits: if pensioners, the unemployed and the ill know that they will receive state benefits their incentives to provide for themselves or to insure against the risk of income loss are reduced. Generous welfare-state provision may therefore lead to a large number of people with no market income and higher levels of inequality of market income. The second point to note from Table 2.2 is that redistributive policies have very different effects on final poverty outcomes across countries. In the United States, government redistribution has only a minor impact on child poverty (reducing it by 5%), while in Sweden child poverty almost disappears (reducing the incidence of poverty by 35%). The difference in these redistributive effects are highlighted by Esping-Andersen and Myles (2009), who note that among poor households in Sweden transfers account for 70% of the income of the poor compared to just 30% of income in the United States.

What influences these differences in state redistribution? Empirical research has shown that it is spending rather than taxation that accounts for the majority (around two-thirds) of the redistributive function in all countries except the United States, with the relative impact of taxation falling as spending rises (OECD, 2008; Esping-Andersen and Myles, 2009). Welfare-state spending on cash benefits typically takes two forms: spending, which redistributes income horizontally over the life course with the aim of smoothing consumption rather than redistributing from rich to poor; and vertical redistribution, which targets the poor. Horizontal expenditure makes up the largest share of spending varying from around two-thirds of spending on transfers in the United Kingdom to 82% in Sweden (Esping Andersen and Myles, *ibid*).

While targeting may be important for poverty alleviation those welfare states with a high degree of vertical redistribution tend not only to heavily target their benefits but also to spend much less than other countries on social welfare. This "paradox of redistribution" says that policies that heavily target the poor tend to be ungenerous and stigmatising, often with little electoral support. Universal benefits, on the other hand, typically have much broader popular support and this may mean they are more generous and more likely to reach the needy. Consequently they may have a greater redistributive effect than targeted benefits. For example, while in Sweden targeted assistance plays a minimal role in redistributing income it plays a major role in the United States (Esping-Andersen and Myles, *ibid*). Countries that target heavily also tend to have lower levels of welfare spending (OECD, 2008) and there is a correlation between the size of welfare expenditure and the degree of inequality reduction: countries with greater net public social expenditure tend to be more inequality-reducing (Förster, 2000; OECD, 2008). Various studies have found a strong correlation between social spending

and child poverty reduction (Smeeding, 2005; Corak et al., 2005). As Kamerman et al. (2003) note, "As is well established by now, income transfers are a key to reducing child poverty and enhancing the economic situation of children and their families" with family cash benefits "important for child poverty reductions in Austria, Belgium, France, the Netherlands, and the United Kingdom but too low in Ireland, Italy, Greece, Portugal and Spain". Generous child benefits, in particular with increased levels of support geared to large families, are linked to lower levels of child poverty (Bradshaw, 2006a) with child-related benefits also being important for working families with children, in particular, lone parents and the low-paid (Oxley et al.,2001).

Table 2.2. **Poverty reduction in families with children (mid-1990s)**

	Market poverty	Post redistribution of poverty	Percentage point reduction
Denmark	30	6	24
Finland	18	3	15
Norway	29	5	24
Sweden	39	4	35
Regime mean	29	5	24
Australia	32	17	15
Canada	29	16	13
Ireland	28	15	13
United Kingdom	39	21	18
United States	31	26	5
Regime mean	32	19	13
Belgium	31	6	25
France	40	10	30
Germany	31	12	19
Italy	37	21	16
Netherlands	25	8	17
Spain	30	13	17
Regime mean	32	12	20

Note: Poverty is less than half median equivalent income.

Source: Bradbury, Bruce and Markus Jäntti (2001), "Child poverty across the industrialised world: evidence from the Luxembourg Income Study", in Vleminckx, Koen and Timothy M. Smeeding, *Child Well-Being, Child Poverty and Child Policy in Modern Nations: What do We Know?,* The Policy Press, Bristol, United Kingdom, p. 83.

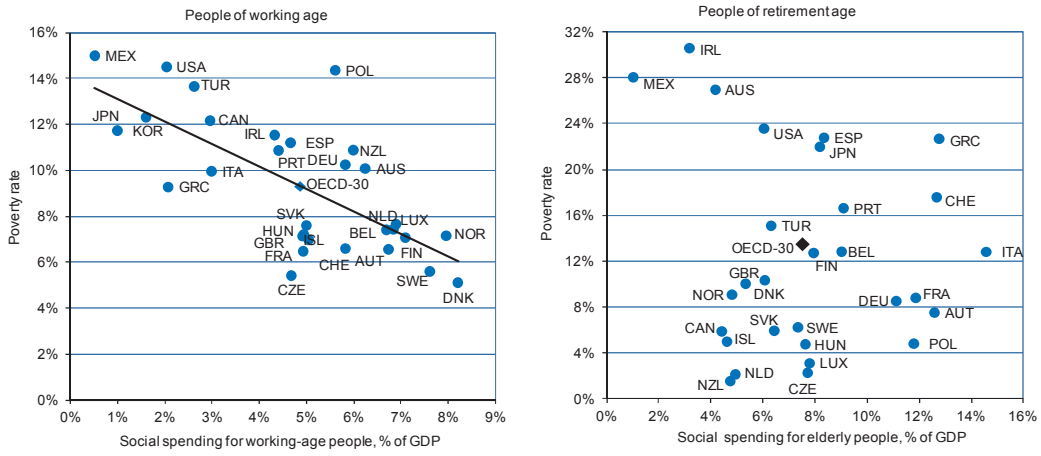
Among countries with high levels of "market income poverty, Australia, France and the United Kingdom have tax and transfer systems that are particularly effective in reducing poverty (although because the level of poverty before taxes and transfers is high in some of these countries so too are the post-tax and transfer levels of poverty). On the other hand Mexico, Italy, Portugal, Spain, Japan and Switzerland have systems that do little to reduce child poverty. Belgium, Finland, Denmark and Sweden have below-average levels of child poverty before taxes and transfers and after government redistribution child poverty virtually disappears (Whiteford and Adema, 2007).

Esping-Andersen and Myles (2009) argue that the relationship between poverty reduction and welfare-state spending is not straightforward. While higher welfare spending is typically associated with greater poverty reduction there are important outliers, for example, Spain, Sweden and the United States achieve less redistribution than would be expected given the size of their welfare states while the Czech Republic,

Denmark and Finland achieve more. This they suggest implies that institutional features may also have an important bearing on the degree to which state spending is effective in redistributing income.

It is also important to distinguish between transfers to pensioners and those to the working-age population. Aggregate data shows that "Anglo-Saxon" regimes tend to redistribute less than "Nordic" or "Continental European" regimes, which appear similar. The similarity between the latter two regimes, however, appears to be driven by the fact that the Continental European regimes spend more on pensioners. When only the working-age population is considered, Continental European and Anglo-Saxon regimes look very similar. Figure 2.8 plots the relationship between poverty and social spending for those of working age and pensioners. Among the working age there is a clearly negative relationship between social spending and poverty but for pensioners this relationship disappears. Among pensioners the behavioural effects induced through pension provision are likely to be of particular importance, with savings behaviour of particular importance in driving overall pensioner poverty rates.

Figure 2.8. **Poverty rates and social spending for people of working age and retirement age (mid-2000s)**



Note: Poverty rates based on a threshold set at half of median household disposable income. Social spending includes both public and mandatory private spending in cash (i.e. excluding in-kind services). Social spending for people of working age is as the sum of outlays for incapacity, family, unemployment, housing and other (*i.e.* social assistance) programmes; social spending for people of retirement age is the sum of outlays for old-age and survivors benefits. Social spending is expressed in percentage of GDP at factor costs. Data on poverty rates refer to the mid-2000s for all countries; data for social spending refer to 2003 for all countries except Turkey (1999).

Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Figure 5.13, OECD Publishing, Paris, *http://dx.doi.org/10.1787/422333665216.*

While Figure 2.8 suggests an important role for universal benefits in reducing poverty and inequality, others have argued that transfers would be more effective in reducing inequality if a higher share of benefits went to lower income households (Förster, 2000; OECD, 2008). However, a key aim of spending in many countries is to maintain income regardless of income status, over the life course, particularly at times of income "shocks", such as childbearing and job loss. This social insurance expenditure has been shown to have a minimal redistributive role (Esping-Andersen and Myles, 2009). The effect of

taxes and transfers on poverty alleviation also varies across demographic groups, with poverty among families with children, lone parents and workless households falling as a result of state spending. They are, however, less effective in alleviating poverty among young people. Welfare spending also has a particularly important role in reducing poverty among women (Gornick and Jäntti, 2010). Förster (2000) looked at the impact of family and unemployment benefits on the distribution of income across a range of OECD member countries. He found that family cash benefits were a more important tool for redistributing income from the (relatively) rich to the poor than unemployment benefits in Canada, Denmark, France, the Netherlands and the United States, while the reverse was true in Austria, Belgium, Finland and Hungary. In Australia, Ireland and the United Kingdom both were important while in Norway and Sweden both benefits were oriented towards the middle class.

The OECD (2008) has suggested that redistributing income through tax and spending can only be a temporary measure to reduce inequality, and that over the longer term raising employment and wages is the only solution for reducing poverty and inequality. Increasing female employment, reducing the number of workless households and raising the skill levels (and hence wages) of the work force will all be important contributory factors. This creates a new set of challenges for the design of the welfare state. In particular, there is growing interest in the behavioural effects that welfare-state provision may, in many cases inadvertently, produce. Provision of generous benefits may lead to changed behaviour: for example generous maternity pay may increase fertility or result in longer leave for new mothers, unemployment benefits may reduce job seeking among the unemployed, and pension provision may reduce savings for retirement and employment among the retired. Welfare provision therefore has a substantial influence on how market income is distributed in the first place. As the OECD notes, welfare states that maximise employment and earnings will have a more equal distribution of original income, and policies to encourage employment (particularly among high-risk groups, such as lone parents) may be more effective tools for poverty reduction than transfers.

The effect of transfers on behaviour is an area of increasing interest to policy makers. Public transfers may influence not only individuals' employment and earnings decisions but also their choice of living arrangement. In particular, where the income of single parents is supported there may be a greater risk of individuals choosing these living arrangements and therefore being at greater risk of poverty. Sawhill (2006) has argued that there are growing behavioural differences between the well-off and the poor, in particular in relation to education, marriage and childbearing, and that policy should focus on behavioural change, in particular increasing the role of conditional cash transfers. However, most empirical studies on partnership decisions suggest that the tax and benefit system produces small behavioural effects (Adams and Brewer, 2010). Hu (2003) finds that lower benefits and stronger work incentives encourage married couples to remain married but that they have little effect on the probability that single parents will marry. Moreover, in spite of widespread "couple penalties" in the tax and benefit system (which arise because income is typically means tested on the basis of joint rather than individual income) single people tend to be considerably worse-off than those living in couples. There is also evidence from the United States that suggests that more generous welfare benefits are associated with increased births (Moffitt, 1998). In the United Kingdom, Brewer et al. (2007) find that welfare reform has had a positive effect of fertility among couples, with fertility rising by around 15%, although there is little evidence of increased fertility among lone parents (Francesconi et al., 2009; Gregg et al., 2009).

Institutions and poverty

While the level of taxes and transfers have a bearing on poverty alleviation and income redistribution, some authors have argued that state provision of services is as important, if not more so, for reducing poverty. Looking specifically at child poverty, Bradshaw (2006a) notes that those countries with low rates of child poverty tend not only to have low levels of market income inequality and generous out-of-work benefits (or social assistance) and universal child benefits (often with a large family gearing but also generous parental-leave arrangements, lower childcare costs, guaranteed child support, and housing benefits that help larger proportions of families with low incomes). It has been argued that childcare spending in particular has an important influence on poverty. Fagnani and Math (2008) argue that more than just cash benefits are needed to reduce child poverty. They compare state assistance for families across welfare regimes and argue that the correlation between state spending on transfers and child poverty is low: while Austria and the United Kingdom are among the most generous countries in terms of cash redistribution they have high levels of child poverty. In comparison, the Nordic countries, Belgium, France and the Netherlands are less generous in terms of cash support but provide considerable benefits in kind, particularly for childcare. They argue that promoting benefits in kind may have a more substantive redistributive effect than cash benefits.

Raising female employment has been shown to be an effective anti-poverty strategy. Research has shown that policy can have a strong effect on incentivising low-income women to work. Han et al. (2009) find that implementing a set of policies (including parental leave and childcare subsidies) to encourage employment for mothers nine months after the birth can raise employment rates of single or less-educated mothers by 30-50% (compared to corresponding policies providing weak work incentives). Both parental leave and childcare subsidies targeted at the most disadvantaged mothers increase the choices available to mothers. Han et al. (*ibid*) find that such policies, which improve choice for the most disadvantaged mothers, have highly positive effects on employment; in particular, they report that the costs of high-quality infant care are a real barrier to work among low-income women and that subsidising childcare could have large employment effects.

Childcare provision can play an important role in reducing poverty because of the effect it may have on raising married and single mothers' employment rates (Han and Waldfogel, 2001), reducing the wage penalty for mothers (Budig et al., 2010) and reducing child poverty rates. However, as Waldfogel and Garnham (2010) note, half of poor children live with working parents and while those in couples or with a single earner are more likely to be poor than those with two earners, the fact that many working families remain poor implies that "childcare policies alone cannot eliminate child poverty". Moreover, they conclude that "for most families in poverty problems with childcare were not the sole or even the most important barrier to moving out of poverty. Thus [...] we should not expect childcare reforms alone to move substantial numbers of children out of poverty."

Other policies that influence female employment are also important. Kenworthy (2010) argues that "women-friendly policies" including government-supported childcare and care for early years, public employment, access to part-time jobs, and tax systems that do not discourage second earners are all conducive to high female employment rates and low inequality and poverty. Parental leave is also important, although as a number of authors have noted, while generous leave that is not too long

improves female employment prospects, when leave is too long women may be discouraged from returning to work (the German case of three years' maternity leave is often given as an example here). Both very short and very long parental leave tend have an adverse effect and raise the pay gap for mothers (Budig et al., 2010).

Policies that influence employment conditions may also have a role in reducing poverty. Two levers that are typically mentioned in this context include a minimum wage and employment protection legislation. Regarding the former, the low overlap between low pay and poverty means that the impact of raising wages for those at the bottom of the wage ladder may only have a small influence on reducing relative poverty. Employment protection legislation may also have a negative influence on unemployment as reduced labour market flexibility may lead to increased unemployment and lower economic growth in the long term. European labour markets are generally considered too inflexible with this inflexibility reducing employment (OECD, 2009a). A "new" model of employment (rather than job) security is the Danish system "flexicurity". The Danish regime advocates security for individuals rather than jobs, with high employment turnover permitted but workers being protected with generous benefits being paid to displaced workers and substantial investment in job-search assistance and worker retraining. While Denmark has limited the duration of its generous unemployment benefits, the system is the "most expensive labo[u]r-market policy in the world". Denmark spends 4.4% of its GDP on supporting and retraining the jobless and high or rising unemployment and job displacement would increase costs still further. In addition, while in Denmark taxation is high, raising taxes to the level needed to support such a system may be politically and economically unviable in other countries.

Children in low-income families

In recent decades poverty alleviation policies have become increasingly focused on children. This is in part because there is a strong moral case for reducing childhood poverty, but also because there is a large and growing body of research which shows that children who grow up in poverty have worse outcomes than other children and that these effects persist into adulthood.

Children and poverty

In earlier sections it was noted that recent decades have seen families with children face an increasing relative risk of poverty. Young children are most likely to be at risk because their parents are also likely to be young with relatively low earnings, or because their mothers are not in employment (Bradbury and Jäntii, 2001). Strategies to alleviate child poverty vary across countries with policies either tending to promote employment (in particular through welfare reform in recent years) or providing generous levels of benefits to redistribute income to the poor.

Worklessness is a particular problem for children living in single-parent families, who are particularly at risk of being poor (Bradbury and Jäntti, *ibid*; Gornick and Jäntti, 2009). Getting lone parents into work has been a central aim of policy in a number of countries in recent years with "welfare reform" policies in Australia, Canada, New Zealand, the United Kingdom and the United States all targeting employment among lone parents. Welfare reform has tended to take a two-pronged approach to raising employment: firstly, encouraging mothers back to work by improving financial incentives (in particular through the provision of tax credits) and secondly, providing an increasingly personalised

level of support to activate and support lone parents in their search for work. The rate of lone-parent employment varies considerably across countries, averaging 70% across the OECD but with countries with large numbers of lone parents, such as the United Kingdom, having lower employment rates of between 45 and 65%. The two countries that stand out as being different are the United States, with 84% employment, and Sweden, with 87% (Whiteford and Adema, 2007). These high employment rates are achieved in the United States "through a much more coercive welfare-to-work regime (and with 40% of working lone parents below 50% median income) and in Sweden through very high, expensive provision including supported employment" (Hirsch, 2008). The Nordic countries also provide substantially greater support for women to work, including childcare provision, enabling female employment (Gornick and Jäntti, 2010).

Whiteford and Adema's (2007) review of child poverty showed that both benefit levels and employment matter to child poverty. They report that those countries with the lowest levels of child poverty are usually those with low rates of joblessness and effective redistributive tax and transfer systems (usually with high levels of spending rather than targeting). Meanwhile, those countries with high levels of child poverty also tend to have high levels of poverty among working families and less effective tax and benefit systems. They conclude that reducing worklessness (and promoting work by raising the number of two-earner families) is unlikely to be sufficient to reduce child poverty. Instead, reducing work poverty is also likely to be a central plank of any policy strategy to reduce child poverty, in particular as policies "of encouraging employment [are] likely to be a pre-requisite for public and political support for more effective redistribution to the poor".

Much of the policy discussion on the alleviation of child poverty has focused on how to raise family income either by raising employment or increasing state support for low-income families. For single parents, a third and potentially important source of income is child support. Across OECD member countries, however, obligations for child support and the effectiveness of its collection vary widely. Table 2.3 reports the share of non-widowed lone parents in receipt of child maintenance. Rates of collection vary enormously, from a low of 22% of lone parents in receipt of child support in the United Kingdom to a high of 95% in Sweden. Broadly speaking, Nordic countries appear to have higher rates of child support payments while collection in Anglo-Saxon countries is relatively poor with a minority of single parents in receipt of support (and Continental Europe lying somewhere between the two).

There is also a wide variation across countries in the amount of income received among those in receipt of child support. Skinner et al. (*ibid*) report child maintenance as a share of average earnings and disposable income. Child maintenance averages between 10 and 13% of national average earnings in most countries, although in Sweden and the Netherlands this proportion is lower (at 8%) while Austria and France collect a higher proportion.

Table 2.3. **Percentage of non-widowed lone parents receiving child maintenance**

All non-widowed lone parents, circa 2000

Country	Number of non-widowed lone parents	Non-widowed lone-parents receiving child maintenance (%)
Australia (1994)	363	33.2
Austria	80	58.8
Belgium	101	40.1
Canada	1 790	30.8
Finland	349	69.0
France	447	55.8
Germany	399	28.4
Netherlands	144	27.7
Norway	575	77.7
Sweden	519	94.8
United Kingdom	1 980	21.5
United States	3 986	31.7

Source: Skinner, Christine, Jonathan Bradshaw and Jacqueline Davidson (2007), "Child support policy: an international perspective", *Department for Work and Pensions Research Report,* No. 405, Table 2.4, London.

Table 2.4. **Contribution of child maintenance**

All families with children receiving child maintenance, circa 2000

	Child maintenance (GBP ppps)	Child maintenance as a % of national average earnings	Child maintenance as a % of national average net disposable income	Child maintenance as a % of national average net cash transfers
Australia (1994)	162	10.5	10.3	71.9
Austria	174	18.0	11.6	37.6
Belgium	158	12.9	10.0	35.4
Canada	227	12.1	11.2	74.9
Finland	116	11.3	9.2	51.8
France	178	18.3	12.5	38.0
Germany	159	10.0	11.6	41.3
Netherlands	141	8.3	9.5	44.7
Norway	136	10.4	8.3	34.6
Sweden	112	8.0	9.0	24.5
United Kingdom	222	12.9	13.2	65.0
United States	261	12.6	10.8	96.2

Source: Skinner, Christine, Jonathan Bradshaw and Jacqueline Davidson (2007), "Child support policy: an international perspective", *Department for Work and Pensions Research Report,* No. 405, Table 2.5, London.

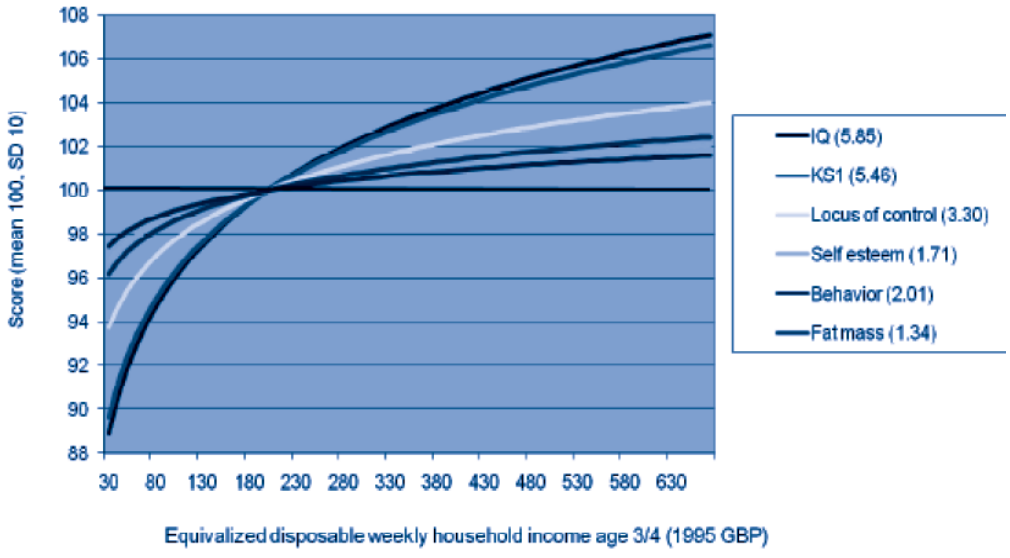
What implication does the receipt of child support have for poverty? In the United Kingdom, Bradshaw (2006b) has estimated that child support reduced child poverty by 6% overall with a fall in poverty rates among children in lone-parent families of 12% and, for those in receipt of child support, of 50.2%. The United States has also seen a rise in the receipt of child support, which forms an increasingly important part of the income package of single mothers (Sorensen, 2003; Sorensen and Hill, 2004). These estimates of the effect of poverty reduction on lone parents are, however, based on actual receipt. As these are low the overall effect on child poverty also tends to be low, although for those in receipt of maintenance they are important for the avoidance of poverty. If

collection rates were to improve then the anti-poverty effects would of course be stronger (although those absent parents that currently do not pay maintenance are more likely to be relatively low earners). In addition, those that receive maintenance are more likely to have been previously married, and these parents are therefore also more likely to have older children and be in employment. While maintenance may be important to the incomes of these women, those who are not in receipt of maintenance are even more likely to be poor.

The effect of childhood poverty on child outcomes

Numerous studies have now shown the importance of parental income for children's cognitive development with differences between children in poor and rich households emerging at an early age (Feinstein, 2003; Cunha and Heckman, 2007; Tremblay et al., 2004; Brooks-Gunn and Markman, 2005). While behaviour and health differences also follow income gradients, Figure 2.9 illustrates the strong relationship between children's development and income in the United Kingdom during middle childhood and shows that there are large gaps in outcomes by income. Many of these differences have already emerged by the time children enter school. The effect of differences in outcomes by income is not just a consequence of differences in parental education or ability.

Figure 2.9. **Income gradients in outcomes in middle childhood (United Kingdom)**



Notes: Outcomes standardised to mean 100, SD 10. Coefficients on adverse outcomes reversed, such that higher scores equal more favourable outcomes.

Source: Gregg, P., C. Propper and E. Washbrook (2008), "Understanding the relationship between parental income and multiple child outcomes: a decomposition analysis", *CMPO Working Paper Series*, No. 08/193, Figure 2, p. 44, CMPO, Bristol, United Kingdom.

Permanent income has a strong effect on children's outcomes, particularly for young children (Carneiro and Heckman, 2003). Indeed, some authors have gone as far as to suggest that the entire difference in outcomes between children in lone-parent families and those brought up by two parents can be explained by the associated loss of income rather than the absence of their father *per se* (Walker and Zhu, 2005). However, maternal employment, while raising the income levels of lone-parent households, may have some adverse effects. In particular, early maternal employment may have adverse consequences for the very young (Ruhm, 2004; Waldfogel, 2006). There is a long-standing debate about when mothers should return to work. Recent research has suggested there may be some small negative effects for child outcomes (Ermisch and Francesconi, 2001) although the most recent research advocates giving mothers greater choice (Brooks-Gunn et al., 2010) and suggests that while there may be some negative effects from returning to work early these effects are compensated for by increased income and improved maternal mental health. Children whose mothers return to work early are also more likely to receive high-quality childcare, although part-time work for early returners is found to be preferable to full-time work.

The impact of work on child outcomes may, however, differ for those who are poor. Evidence from the literature on welfare reform has suggested that, while young children have benefited from increased maternal employment, adolescents' outcomes have deteriorated, possibly because of a reduction in maternal supervision (Duncan and Chase-Lansdale, 2004; Grogger and Karoly, 2005). However, in the United Kingdom increased lone-parent employment has had a positive influence on young people, possibly because mothers are more likely to work part-time (Gregg et al., 2009). Raised income levels subsequent to welfare reform, both for those in and out of work, may therefore be expected to have a positive effect on children. A review of the evidence on welfare reform and child outcomes in the United States (Waldfogel, 2007) concludes that those most vulnerable to doing poorly as a result of policy changes are the very young (under age two) and adolescents. Detrimental effects are most likely to occur where there are no gains in income, when mothers are working in low-wage or long-hour jobs, or jobs which reduce the amount of parents' time with children (such as jobs with non-standard work hours or long commutes).

Breaking the link between child poverty and child outcomes

Recent research has looked at how the link between childhood poverty and outcomes may be broken. The evidence has largely supported investment in early years' services with Cunha and Heckman (2005) arguing that early intervention to break the link between poverty in childhood and outcomes in later life is crucial because of the way skills are developed: "skill begets skill, and learning begets more learning. Early advantages accumulate, just as early disadvantages do". While later interventions may still be worthwhile, it is much more costly to intervene to affect outcomes for teenagers.

The evidence on the provision of childcare in a child's early years has shown positive results. As Kamerman et al. (2003) note, there is now "widespread evidence that participating in a pre-school programme promotes cognitive development in the short term and prepares children to succeed in school." Moreover, pre-school shows greater returns for low-income children and "pre-school attendance can narrow the achievement gaps faced by disadvantaged children, though most of these effects appear to diminish over time". The positive benefits from early years' childcare appear to produce positive outcomes for individuals, including increased educational attainment and better labour

market outcomes, and society (including reduced crime and delinquency and reduced welfare dependency, see Barnett, 2004). However, families that have low incomes are less likely to use formal care and are more likely to rely on informal care, which provides fewer benefits.

In the United Kingdom and the United States, interventions such as Head Start and Sure Start have targeted provision at low-income children. These investments have made a difference to children's achievement (Washbrook and Waldfogel, 2008) although there is some debate as to whether these benefits are long-lasting (Ludwig and Miller, 2007). It has been suggested that the apparent "fade out" effects of Head Start may be a result of subsequent low-quality schooling (Currie and Thomas, 2000). Ludwig and Miller (2007) find educational benefits for all children and a positive return on spending on Head Start, concluding that concerns that Head Start produces only a small, short-term impact on outcomes may be misplaced.

In the United Kingdom, concerns have also been expressed about outcomes from the Sure Start programme. In particular, there are questions on whether the scheme is reaching the neediest. As Gregg (2008: 22) notes, "one failure of Sure Start, to date, is the promotion of extra outreach and extra engagement with more needy families, [...] a less intensive regime needs to be developed whereby extra support resources can be channelled to families."

Recent research has examined the influence of the home and family environment for poor children. Gregg (*ibid*) notes that poor families often have other characteristics that can lead to low attainment, the most important being large families, less parental education and poorer psychological functioning of mothers (depression and a weak locus of control). He notes that: "whilst low income has a causal effect on children's development, reductions in income inequality can never plausibly be large enough to offer more than a supporting role in equalising social gradients in development of children. The key rather lies in addressing the development of gradients through the home and school environments faced by children". However, policies to influence parenting behaviour are a "difficult area to get right" as:

> …the main domains of parenting appear to be warmth and positive interactions between parents and children and the home learning environment. [...] The home learning environment reflects both teaching engagements (reading, introducing concepts such as shapes, colour, etc.) and the presence of books, toys, etc. in the home. Parents with more children, who are depressed and have a weak sense that their actions make a large difference to their child (a more external locus of control) struggle to undertake these functions more. (Gregg, *ibid*: 21)

Evidence from Canada tells a similar story: "The benefits of good parenting skills, a cohesive family unit and parents with good mental health far outweigh the negative effects associated with poverty. Moreover, these factors do not have a strong relationship with family income" (Willms, 2003: 5). The conclusions reached by these studies suggest that policies that promote positive parenting and maternal well-being (which may include policies to promote work and reduce financial stress) may have a more substantial effect on child well-being than those that aim to raise income alone.

Social cohesion

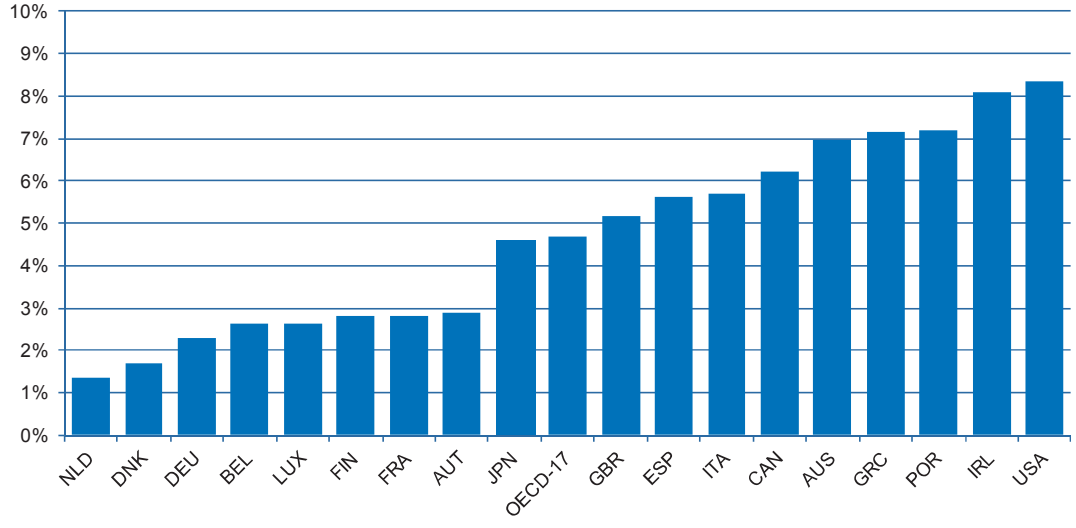
This section looks at the implications of poverty and changing family structure for social cohesion. It does so by first examining whether low-income families typically experience poverty as a transitory or a persistent phenomenon. The problem of poverty persistence, and the nature of families who experience persistent poverty will also be explored and the implications of the concentration of poverty for social cohesion will be assessed. The role of policy and targeting interventions at those most at risk will also be discussed. The remaining sub-sections will address the implications of the concentration of poverty among particular sections of the population for social cohesion. This will focus on three areas in which poverty has tended to concentrate in the past: *i)* young people; *ii)* the migrant population; and *iii)* area/regional deprivation. The section will assess how trends in family structure and poverty are likely to impact on poverty in these three areas, assessing their implications for social cohesion and public policy intervention.

The persistence of poverty

While many people experience income poverty at some point in time, the persistently poor are of greatest concern to policy makers.[1] On average in OECD member countries only around half of those who are poor at a single point in time will remain poor for three years or more, with 5% of people persistently poor over a three-year period (OECD, 2008). There are, however, variations across countries, as Figure 2.10 shows, with the share of persistently poor ranging from under 2% in Denmark and the Netherlands to over 8% in Ireland and the United States. While the OECD notes that repeated spells of poverty are less common than chronic poverty, Antolin et al. (2000) note that repeated spells of poverty are fairly common in the countries they study (Canada, Germany, United Kingdom and the United States).

Figure 2.10. **Persistent poverty**

Income less than half median disposable income over three consecutive years



Source: Adapted from OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Figure 6.1, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264044197-en*.

While many people can expect to experience poverty at some time, persistent poverty is more concentrated. According to the OECD, those most at risk of suffering from chronic poverty are older people, single people (particularly women, both with and without children) and workless households. Antolin et al. (2000) note, however, that a significant share of the longer term poor work in the countries they study (Canada, Germany, the United Kingdom and the United States), although this is less so in the United Kingdom, and for these countries the persistence of low pay is likely to be a particular problem. They also find disability and illness to be linked to long-term poverty. Studies for the United States also find a relationship between persistent poverty and ethnicity and having a low level of education (McKernan et al., 2009), while in the United Kingdom certain neighbourhoods and social housing have also been identified as risk factors. The OECD study finds that children, while more likely to experience poverty at a point in time, on average do not have a higher risk of experiencing chronic poverty. However, other studies over different periods and using a different range of developed countries, find that children are much more likely to experience persistent poverty (Bradbury and Jäntti, 2001). The other group which has experienced an increasing risk of poverty over recent decades is young people, but the OECD reports that the rate of persistent poverty among this group is lower than average.

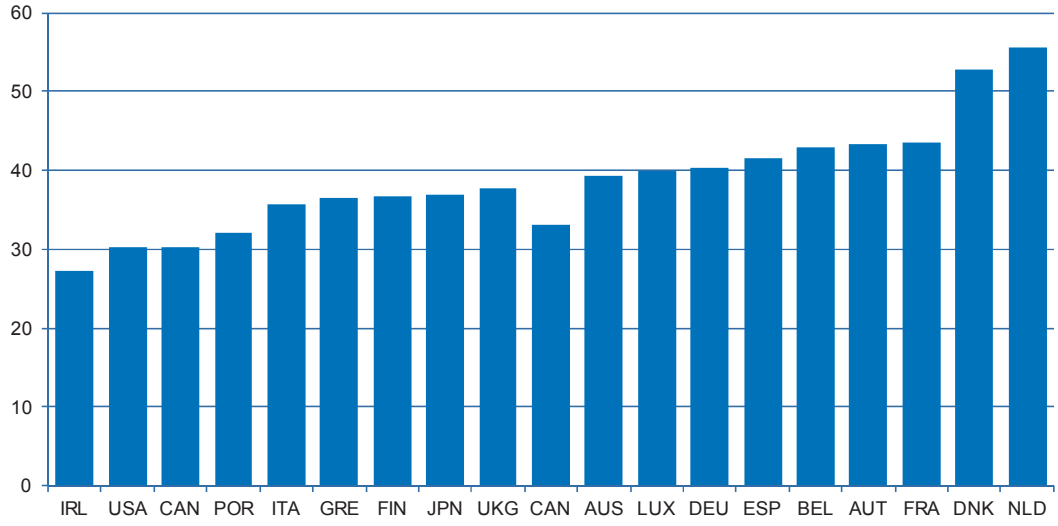
Family structure and welfare provision and employment are two of the main factors linked to poverty persistence. Family structure, in particular lone parenthood, however, is more strongly linked to poverty persistence in the United States while the provision of welfare and employment tend to be more important in Europe (Whelan et al, 2003; Fourage and Layte, 2005).

A number of studies have looked at poverty transitions. While around 5% of the non-poor enter poverty over a year, the exit rate ranges from 30% or less in Canada, Ireland and the United States to over 50% in Denmark and the Netherlands (Figure 2.11). The probability of exiting poverty falls rapidly after having been poor for two or more years (Bane and Ellwood, 1986; Stevens, 1994, 1999) and low exit rates are therefore likely to be strongly linked to the overall poverty rate. People who have had longer spells of poverty have a high probability of re-entering poverty even after they have exited it (Antolin et al., *ibid*).

The OECD reports that while family events are important for temporary poverty (one year) they matter less to longer term or repeated poverty (two consecutive years or more). This may suggest for the long term poor that repeating patterns of poverty may be linked to cycles such as low-pay no-pay (Stewart, 1999). Antolin et al. (2000) report that the tax and transfer system is particularly important for reducing poverty among the longer term poor, and for shortening the length of poverty spells. They also suggest that the long-term poor may need specific help particularly as they may face greater barriers to employment. Finally, the relatively large share of longer term working poor suggests that supporting low-earners and developing policies to improve wage progression and job retention have a potentially important role for future policies.

Figure 2.11. **Poverty exit rates**

Poverty based on a threshold set at 50% of the median



Source: OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*, Figure 6.4a, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264044197-en*.

Poverty has been shown to have adverse effects on the life-chances of children, with childhood poverty influencing a range of adult outcomes. If policy makers are interested in equality of opportunity then childhood poverty should be of particular concern. Several studies have looked at the intergenerational transmission of poverty (or income), education and social class (see review in Blanden, 2009). However, there are marked differences among OECD member countries in the extent to which parental traits are passed down to their children. For example, in Nordic countries, Australia and Canada, less than 20% of differences in parental incomes are passed on to the children while in countries including Italy, the United Kingdom and the United States this figure rises to between 40 and 50% (D'Addio, 2007). However, parental income accounts for less than half the correlation between children and parents' income, and Bjorklund et al. (2009) argue that a key area for research is identifying the other important family effects. One suggestion is that parental behaviour may be transmitted across generations and encouraging parental employment may help to influence attitudes or behaviours. Education is also a major contributor to intergenerational mobility (d'Addio, *ibid*). The rankings of countries' intergenerational mobility by income, class and education are closely linked (Blanden, *ibid*) with lower levels of intergenerational income mobility correlated with higher levels of inequality, lower educational spending and higher returns to education. In order to improve equality of opportunity, then investments in education, including in the early years, education may help to break the intergenerational link, while providing parents with additional resources including cash and in-kind support and may enable low-income parents to better invest in their children.

Youth

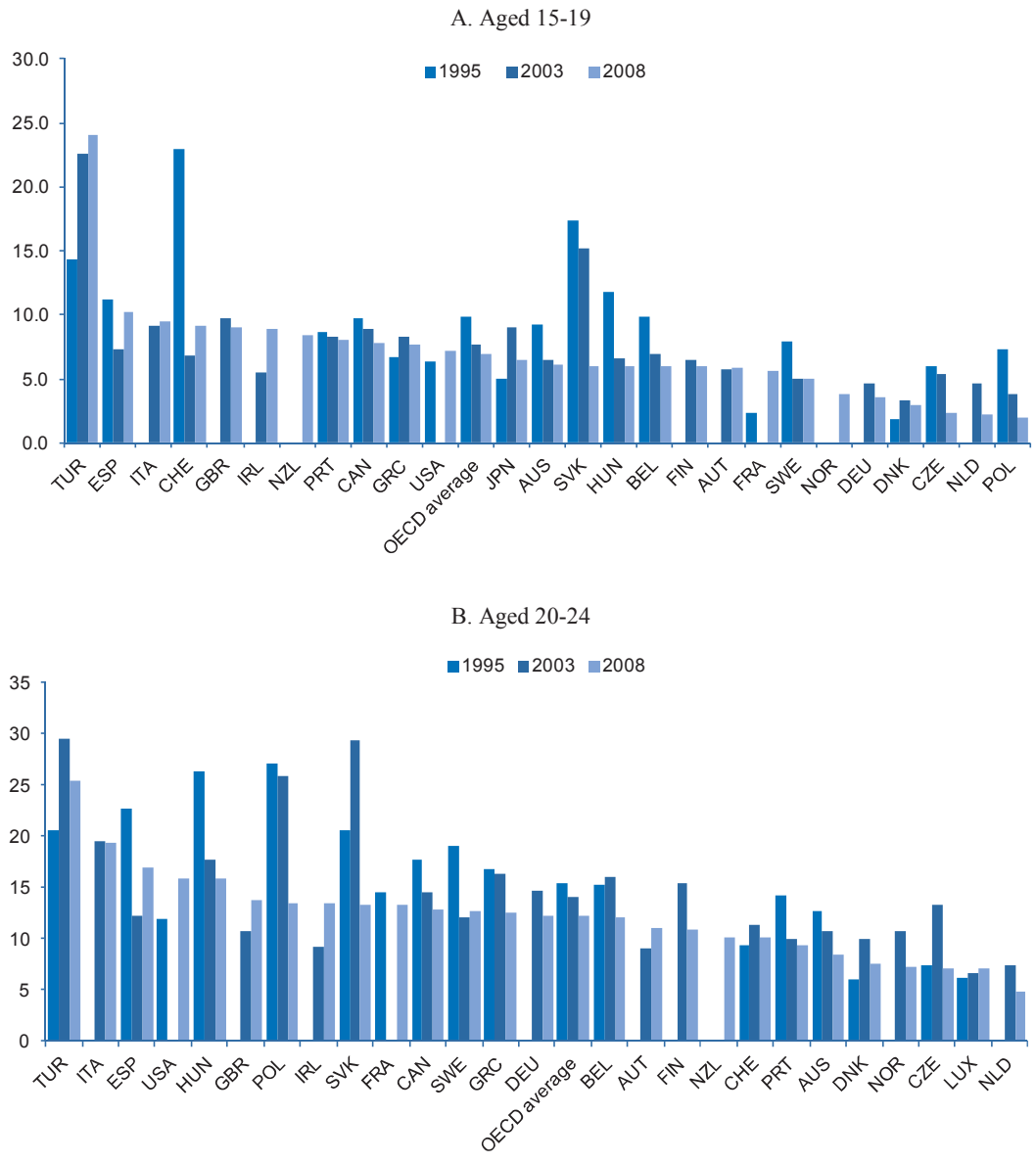
Employment

Recent studies of poverty and inequality have found that young adults make up an increasing share of the poor (Förster, 2000; OECD, 2008). The rise in youth poverty is in part linked to young people spending longer in education, and for these young people poverty is likely to be a transitory phenomenon. However, there are also a large number of young people for whom transitions to the labour market is seen as risky. Scarpetta et al. (2010) report that 30-40% of school-leavers in OECD member countries are at risk either from multiple disadvantages (the "left-behind youth") or because they face barriers to finding stable employment ("poorly integrated new entrants"). For these young people the risk of long-term scarring effects are high, youth unemployment is linked to a greater chance of unemployment, lower wages, poorer hearth and lower levels of happiness as adults (Gregg, 2001; Mroz and Savage, 2006; Bell and Blanchflower, 2009). However, the costs of youth unemployment and poverty do not just accrue to individuals. Youth poverty is also associated with social costs including social welfare payments and increased social problems including crime.[2]

How young people make transitions from education to work is an area of increasing policy concern. While young people today are better educated than previous generations, for many of them, particularly those with low qualifications, transitions to work remain difficult. Not only is youth unemployment high, but for those who move to work there are high levels of temporary work and a large number of young people are low paid. In addition, young people are particularly vulnerable to economic fluctuations, as their employment rates are strongly affected by the business cycle. While unemployment rates rose slightly and employment rates fell among those aged 16-24 over the decade to 2003 (Quintini and Martin, 2006) of most concern to policy makers are those that are "not in employment, education or training", or NEETs. Figure 2.12 below reports the share of young people who were NEET in 1995, 2003 and 2008 for those aged 15-19 and 20-24. There are wide variations in the numbers of NEETs across countries, although Nordic countries tend to fare better and southern European countries worse on average. While NEET rates fell between 1995 and 2008, in 2008 they remained high and in many countries have increased sharply since the economic downturn. By the end of 2009, the youth unemployment rate stood at 16%, with unemployment rates of one in four among young people aged 15-24 in France and Italy and 40% in Spain (Scarpetta et al., 2010), and NEET rates will be higher again.

The risk of being "NEET" increases sharply for those with lower levels of education and among the least educated. In many countries girls are at a much greater risk than boys of becoming NEET. While for many NEET status is a transitory experience, in some countries the numbers that are long-term NEET are high: among NEET youth in 1997, 30% in Italy and 20% in Greece spent more than five years with this status (OECD, 2010b).

Figure 2.12. **Share of young adults and teenagers not in education or employment (1995, 2003, 2008)**



Source: OECD (2010), *Education at a Glance 2010: OECD Indicators,* OECD Publishing, Paris, *http://dx.doi.org/10.1787/eag-2010-en.*

The OECD (2010b) *Jobs for Youth* study identifies two groups of school leavers at risk, those "left-behind", who spend most of their time in unemployment or inactivity in the five years after leaving education, and the "poorly integrated new entrants", who go to and fro between work and unemployment or inactivity. Meanwhile, two other groups, "high performers", who move quickly from school to work and spend most of their time in work, and those who return to education, are considered to be at considerably lower risk. Quintini and Manfredi (2009) find the United States to have more high performers or education returners than in Europe with just 6% of youth being left behind and 21%

poorly integrated. In comparison, 30% of European youth are "poorly integrated" and 15% are "left behind". Quintini and Manfredi link the number of high performers to a strong apprenticeship system and/or less regulated labour markets, with Germany and the United Kingdom faring well. But southern European countries, with high incidences of temporary work, have the largest share of youth left behind (Italy and Spain in particular performing poorly). France, Greece, Italy, Japan and Spain also have large shares of young people who are "poorly integrated new entrants". Temporary and part-time employment is a major problem among young people. In 2008, 35% of young people were in temporary jobs, with those in France, Germany, Poland, Portugal, Sweden, Spain and Switzerland particularly likely to be in temporary work. While temporary jobs may provide a stepping stone to permanent work, and need not be problematic *per se*, often they do not perform this role and young people get stuck in a temporary job "trap". Finally, low pay is also a problem among young people with a quarter of young workers being low-paid. The OECD notes that exit rates from low pay are, however, relatively high, with low pay being better for career progression than non-employment. In a similar vein, Iacovou and Aassve (2006) find across European countries that, while employment protects young people from poverty, the protective effect is apparent only after they have held a job for a year or more. As they note, "It is not getting a job that is important, but getting and keeping a job".

A range of policy measures are essential for improving young peoples' labour market prospects. Firstly, promoting education and reducing the number of school drop-outs would have a beneficial impact on young peoples' performance. More vocational training is also important, with apprenticeships considered to be a particularly good means of developing skills among low-educated youth and improving their labour market integration. Lowering hiring costs for those that are hard to employ, for example through job/hiring subsidies and/or a reduced youth minimum wage may also help. However, low pay also reduces work incentives and raises the risk of in-work poverty and may need to be supplemented by in-work benefits and/or strict job-search requirements. Finally, the OECD advocates the promotion of flexible labour markets to promote the chances of labour market entry (by reducing the advantage of incumbents). The role of skills and training has also been widely discussed. However, the evidence on the value of training programmes for improving low-skilled young peoples' employment prospects does not suggest good returns (Martin and Grubb, 2001).

Living arrangements

Across Europe, Iacovou and Aassve (2006) find that, "The most important predictor of a young person being poor is whether they still live with a parent: those who have left home are at a much higher risk of poverty. This risk is particularly high in the first year after leaving home". And, perhaps because of this, transitions of young people from the family home have become increasingly delayed. Indeed, leaving home is a major trigger for poverty. Recent decades have seen an increased propensity for adult children to return home as a result of extended years in education or young parenthood (Lundberg and Pollak, 2007). Bell et al. (2007) argue that, across OECD member countries, young adults' ability to form independent households has declined. They argue that this is a result of declining economic self-sufficiency among young men and very young women (although for other women economic self-sufficiency has improved as wages have risen). Most surprisingly however, they find that income adequacy among young adults was biggest among those adults who did not live with their parents. This, they argue, suggests that the extended family is a particularly important source of income protection for young

adults. For those who are least well-off, however, this source of income protection appears often to be less available. One explanation for young people's "failure to launch" may be that young people are spending more time in school. Bell et al.'s interpretation of the evidence on this, however, suggests that an "education-based interpretation of the trends in employment, earnings, and the age of financial independence may be valid in the countries in our sample where attainment levels are rising – Belgium, Canada, Italy, and the United Kingdom. But rising educational attainment does not appear to explain the delay in economic self-sufficiency – the "failure to launch" – among young adults in Germany, Italy or the United States".

Teenage parenthood

Having children while young in most countries significantly raises the risk of being poor (Iacavou and Aassve, 2006)[3] and is of particular concern in Anglo-Saxon countries where rates are relatively high. Teenage parenthood is associated with a higher incidence of poverty, poorer educational outcomes and work opportunities and more marital instability (Umberson et al., 2010); or as Kamerrman et al. (2003: 28) note, "Babies born to teen mothers are at a higher risk for low birth weight and infant mortality. The children of teen mothers are more likely to live in poverty, grow up without a father, become a victim of neglect or abuse, do less well at school, become involved in crime, abuse drugs and alcohol, and eventually become teen mothers themselves, starting the cycle all over again." Breaking this cycle has become a policy priority in countries including the United Kingdom and United States, and over recent decades rates of teen parenthood have been on the decline. Low educational attainment is a significant risk factor for teen parenthood, with both low education and teenage parenthood increasing the risk of poverty and exclusion. However, "becoming pregnant while still a teenager may make the (associated) problems worse (to an extent that is still undetermined) but not becoming pregnant will not make them go away." (Unicef, 2001: 6). Indeed, recent research suggests that transitions to young parenthood can be rational for some young people and while teenage parents may be relatively poor it has no impact on young men or women's psychological well-being (Booth et al., 2008). Alexander et al. (2010) find that "being a teenage mother does not in itself lead to poorer outcomes either for the mothers or their children. Rather, teenage motherhood often signals a life of exposure, for both mothers and children, to a range of social and economic disadvantages". They argue that policy responses to teenage parenthood should move away from the aim of reducing teen parenthood and instead focus on the associated social and economic problems. Unicef (*ibid*) stresses the role of contraception (including health information and access) and reducing income inequality and poverty in reducing teenage parenthood.

Migration

The immigrant population comprises a growing share of the population in all rich countries where immigration is measured (Burtless, 2009). Immigration is a concern for social policy makers firstly because migrants and their children are themselves at greater risk of poverty and exclusion and secondly because there has been concern that the increasing numbers of immigrants may have negative effects on the wages of the low-skilled native-born population.

In rich countries children in migrant families have greater levels of poverty than those whose families are "native born" by a factor of roughly two to one (Smeeding et al., 2009, who look at 14 "rich" nations). Most migrants are from

low-middle income countries (Liebig and Widmaier, 2009) and while their relative income position may mean they are defined as poor in the destination country, they are likely to be better off than they were in their native land. The characteristics that put immigrants at greater risk of poverty include a lack of formal education, poor housing and linguistic isolation (Hernandez and Charney, 1998). However, while in some countries social welfare makes a substantial contribution to alleviating poverty among migrants (for example in France and Sweden transfers more than halve poverty rates for migrant and native-born children) in the United States, where social transfers are small, the impact on poverty among children of migrant families is negligible.

Much of the recent research on immigration has focused on the performance of the children of immigrants. Children of immigrants underperform by comparison with those with native-born parents in terms of educational achievement and labour market performance. This is true even after accounting for other differences, such as parental education. Algan et al. (2010) find that across Northern Europe, in every country the labour market performance of most immigrant groups and their children is worse than that of the native population, even after controlling for differences such as age and education. Educational differences are also found to be smaller for children of immigrants than new immigrants, which they argue suggests that the education system is working to assimilate immigrant youth.

Finally, there has been a long-standing discussion on whether immigration has a negative impact on unskilled workers. In the United States, Card (2005) finds no evidence of unskilled immigration having a negative impact on unskilled native workers' labour market performance, suggesting that concerns that immigration may increase poverty among the native population are ill-founded.

The future of low-income families

This section looks at possible trends for low-income families, and emerging issues for policy to 2030. First, we consider what would happen to low-income families if the trends observed over recent decades were to continue. These are our baseline projections. We then examine how poverty would evolve under the two alternative scenarios – the "Golden Age?" and "Back to Basics" – and consider how policy might respond to deal with newly emerging risks.

Continuing current trends: baseline projections

The evidence gathered to date suggests that there are a number of long-term, slow-moving trends throughout OECD member countries, which are set to continue. What influence will a continuation of these trends have on low-income families in the future? Here we look at how a continuation of demographic trends, trends in jobs and earnings, and in household employment patterns might influence trends in inequality and poverty into the future.

Demographic trends

Two demographic trends stand out as being of particular importance to the future of poverty: the ageing population and the rising number of single-adult households. Further increases in the share of both these groups in the population will lead to an increase in the proportion of families at risk of poverty into the future.

Evidence has also shown that the elderly have done relatively well in recent decades, with their poverty risk declining. Among the current working-age population, increasing numbers are saving for their retirement and so by 2030 it is likely that a much higher proportion of the pensioner population will be in receipt of private pensions. In addition, as the retirement age increases in future years and while improvement to equal opportunities legislation helps hold older people in employment for longer, pensioners are increasingly likely to be able to supplement pensions with earnings. These trends are likely to reduce the risk of poverty among future pensioners, although it would also seem likely that among future elderly cohorts inequality will rise. This is particularly the case as the generosity of state pensions is likely to fall as public spending is increasingly squeezed. People who depend solely on state pensions, while likely to comprise a smaller share of pensioners than before, will be increasingly likely to be poor. In addition, as older people are set to make up a larger share of the population it seems unlikely that the share of the elderly among the poor will fall in the future.

Single-adult households are a second group who face particularly high risks of poverty. This group also appears set to become increasingly large with the number of single-parent families in particular likely to grow as families become increasingly fluid. As women's relative earnings improve they are less inclined to marry. Declining marriage rates are particularly likely for low-skilled men and women. Rising gender equity therefore has implications for the number of children born to single parents and the number of single-parent families, the numbers cohabiting and the number of step-parent (or blended) families all rise, with correspondingly higher risks of poverty.

While employment rates of women, and in particular of mothers and lone parents, have been growing single women remain at a high risk of poverty even when they work. Given current trends it is likely that they will remain at considerably greater risk than other households in 2030.

Young people will be particularly at risk of poverty in 2030 if current trends continue, even through their share of the population does not look set to rise. Young people have fared particularly poorly in recent decades with their entry into the labour market being increasingly delayed, their relative earnings falling and their access to alternative incomes, and in particular benefits, being eroded. By 2030 it is highly likely that in many countries access to benefits for young people will have disappeared and they will be increasingly dependent on their families, loans contingent on education and employment for their income. As education expands, those who fail to keep up are increasingly likely to find themselves marginalised. Similarly, those whose families are unwilling or unable to support them will find it considerably harder to make ends meet. While this group is likely to comprise a smaller share of the population, by 2030 it is likely to be increasingly disadvantaged. Children of migrants will also make up a larger share of the youth population and they, alongside children who have been brought up in families with low income or poor access to work, will find it increasingly hard to compete against children from wealthier families.

For young people, single parents and others (for example those divorcing) returning to their parents' home is an increasingly common strategy for avoiding poverty. Rates of poverty are lower than they would have been otherwise as a result of the increase in multiple-family households.[4] However, multiple-family units and reconstituted families form new risks as some adults and their children, while living in middle and higher income families, have little independent income of their own limiting their ability to fully participate in society. New issues emerge as evidence comes to light about income

sharing in these households. For example, while for children in step-parent families there is some evidence that step parents are "selfish" (Case et al., 2000) more needs to be done to understand new risks associated with income sharing and how individuals, in particular children, should be supported in these families.

Employment and earnings

The evidence from previous recessions suggests that while unemployment is currently very high, by 2030 it is likely that jobs will have returned and unemployment fallen. But while employment in 2030 may have returned to pre-recession levels for men and have continued to grow steadily for women, we can expect to see further changes in the nature of work. In particular, the following long-term and recently emerging trends appear set to continue:

- Employment in manufacturing industries is likely to continue to decline to 2030 and new jobs are likely to be concentrated in the service sector with greater job instability and more temporary and part-time jobs.
- The jobs that will be created by 2030 will be increasingly polarised between low- and high-skilled work and pay, while the number of middle-skilled jobs will continue to decline. As Autor notes, "New jobs are increasingly found in both high-skill, high-wage professional, technical and managerial occupations and in low-skill, low-wage food service, personal care, and protective service occupations. [...] Conversely, job opportunities are declining in both middle-skill, white-collar clerical, administrative, and sales occupations and in middle-skill, blue-collar production, craft, and operative occupations."[5] Because of this, earnings will remain stagnant for those in the middle and bottom of the wage distribution scale (Autor, *ibid*; Goos and Manning, 2007), while those of more skilled workers continue to rise. Wage inequality will grow considerably to 2030.
- Low-skilled men will increasingly be forced to take what were considered as "female" jobs in low-paid service sector occupations. For low-skilled women, employment rates, working hours of work and relative pay will improve as demand grows for personal services.
- Holding multiple jobs and "portfolio careers" will make up an important form of working for both men and women. All these job types are associated with increased risks of poverty, both because they are insecure and/or low paid. Poverty will therefore become an increasingly common transitory experience as income fluctuates more widely.
- The gender pay and employment gap will narrow further by 2030 as a result of the continuing decline in manufacturing sector employment and as girls' educational attainment continues to catch up with that of boys.
- While in some countries part-time employment is of a high quality with good opportunities for career and earnings progression, in other countries part-time work remains very low paid and gives women few opportunities for progression. In these countries part-time work does not act as a stepping stone to full-time employment and better jobs. Rather, women move in and out of low-paid jobs and inactivity.

- In 2030 older people will be expected to work for longer and the age of retirement has risen. The retired increasingly work, often part-time, in order to supplement their pensions with earnings. Inequality among pensioners has grown, with those retiring from professional careers benefiting from generous pensions, while others who have failed to save for retirement face decreasing state pensions and are increasingly dependent on income from work to avoid poverty.
- All these trends, with the exception of the narrowing of the pay gap, will lead to greater earnings inequality and this in turn will lead to increasing household income inequality and poverty by 2030.

Employment and living arrangements will be of growing importance to the risk of poverty. By 2030, on the basis of current trends, the following risks will be increasingly significant:

- Rising female employment has protected against the growth in worklessness among couples as individuals' jobs become more insecure (although single-earner households and particularly those headed by women are at greater risk of poverty).
- Poverty is a particular risk for single women (with or without children) and couples with one or no earners. The risk associated with living in these family types has grown as living in a dual-earner household has become the norm.
- For mothers, the rise in part-time employment has increased their opportunity to engage in the labour market. Mothers in couples working in part-time jobs are often low-paid but able to avoid poverty as they usually live with another earner. These part-time workers are happier (Booth et al., 2010) and their children do better than those of mothers who are employed full-time (Brooks-Gunn et al., 2010).
- For single mothers, part-time work has become a particularly important means of raising their incomes and improving their future income prospects while maintaining work-life balance. However, adults who work part-time and do not live with another earner usually find themselves in poverty. Short hours of work (and not low wages *per se*) among single adult households is by 2030 one of the main causes of in-work poverty.
- The number of working poor households has grown. The working poor comprise the majority of those in poverty and in-work benefits are of increasing importance as an instrument for poverty reduction.
- Transitory poverty has increased rapidly both as a result of families being more fluid and also because jobs are often part-time or temporary.

State benefits

Cutbacks in public spending are likely to have serious consequences for many low-income families, particularly the workless. Some of the trends that might be expected by 2030 include:

- For workless households benefit entitlements fall. As a result, the depth of poverty increases for many and poor families now face severe hardship.

- As public expenditure has been squeezed benefits have become increasingly dependent on household income. Individual benefit entitlements, previously based on contributory principles, have disappeared by 2030. Households that can afford to buy insurance to guard against income fluctuations do so, including because of job-loss and ill health. Insurance is often provided as an employment perk for those in higher paid occupations, but those on more modest incomes cannot afford insurance and face transitory poverty in the face of adverse shocks. For many this has long-lasting consequences, including loss of their home.
- Out-of-work benefits entitlements for households are increasingly conditional. The unemployed are increasingly required to participate in community and voluntary programmes and this helps reduce long-term unemployment by improving employability. For those who are unwilling or unable to comply with these requirements, sanctions are increasingly harsh and many disappear from state records and rely increasingly on income from the black market.
- Support for the poorest households is increasingly provided through third-sector organisations in the form of a range of services including health and education services and job-search.

Alternative scenarios

While the above sets out our baseline projections and describes how the world may evolve if current trends were to continue into the future, these trends may diverge from their current path. The following section sets out what may happen to low-income families under the alternative "Golden Age?" and "Back to Basics" scenarios, the likely trends and newly emerging issues and risks. These two scenarios share some common trends. In both future worlds, economic growth is expected to be slow to modest (on average) to 2030, both expect to see rising social inequalities, and both predict continued pressure on public spending with the generosity of welfare payments declining. But there are important differences between the scenarios with differing implications for poverty and social cohesion.

Scenario 1: The Golden Age?

While stable but modest economic growth means that almost everyone has seen their income grow in the years up to 2030, income gains have been unevenly spread and the incomes of the poorest have lagged behind others. As a result, while the numbers living in absolute poverty have declined, the continued rise in inequality has meant that relative poverty has continued to grow, albeit at a relatively slow pace. While incomes have risen, so too have costs, particularly for housing, education and transport and those at the bottom of the income distribution scale are increasingly excluded in these domains.

The continuing squeeze on public spending means that in 2030 the state plays a much smaller role in the economy, with welfare payments to those of working age being particularly hit. Working-age households can no longer afford to have no one in work and the numbers that are workless have fallen, but for the smaller number of jobless families poverty is much deeper than previously as the value of out-of-work benefits has fallen. An increasing share of the poor in 2030 are "working poor", with low pay, short working hours or having just one earner in the family. Education has improved, raising earnings for the majority. However, those without formal qualifications increasingly fall through the cracks and face difficulties in finding work. The pay gap has closed for men and

women, and young and better-educated women now earn as much as similar men. However, low-skilled women continue to have relatively low employment rates and to take most of the responsibility for childcare. For low-skilled women the high costs of formal childcare are prohibitive and many choose not to work or to work short hours when informal care is available. This often involves working "shifts" with partners, and grandparents, who are increasingly likely to be working, looking after children in the evenings. Single parents often pay for informal care, which is unregulated and often of poor quality, staffed by low-educated workers and with high child/adult ratios. This limits the choice of work available to them and they often work in very low-paid jobs. For those who can afford it, formal childcare is more widely available and has become increasingly professionalised. This has enabled more women to go out to work and has led to a rapid growth in dual-earner and working single-adult families. However, childcare remains too expensive for many. For higher skilled women, a large share of their income goes on formal childcare cost, although for the most skilled employers increasingly subsidise costs of childcare through the provision of workplace nurseries and other work-based schemes.

The relative income of single-earner families, including those with only one adult, has fallen behind. Older working-age single women are increasingly left behind with women who had children in the 2000s, when they were likely to give up work, still suffering earnings penalties and lower employment rates than women who had children later but managed to maintain their careers. Young people who found it difficult to find work after leaving education at the time of the "Great Recession" in the 2010s are now in work, but in their forties and still find their work prospects affected by the unemployment they suffered early in their careers.

Social protection for the ill and disabled has declined and these categories of the population are at a substantially greater risk of poverty. Those from wealthier families or who have previously held professional jobs usually have good insurance policies in place to protect against loss of income. However, many of the less well-off long-term ill work part-time but their earnings are insufficient to avoid poverty. Among the elderly too work has become increasingly important for avoiding poverty. Inequality among pensioners has increased as the real value of the state pension has declined. Those with private pensions do better, but there is wide variation in the private pension income they receive. Many pensioners supplement their pensions with earnings from part-time work. Those who are most likely to work are the most well-off, who gain high rewards from part-time work, and the poorest who increasingly work out of necessity.

Income from work is increasingly precarious and many people of working age move in and out of income poverty. Changing family structures also make individuals increasingly vulnerable to poverty: marriage has declined since 2010 and more couples cohabit. Cohabitation has increased in particular among the less well-off as the cost of marriage has risen. Job insecurity and increased gender equality have also reduced the incentive for low-skilled men and women to marry. Relationships have thus become more fragile and this has increased the risk of partnership dissolution and single parenthood, raising the risk of poverty. That more women work has, to some extent, helped reduced the risk of income loss when partnerships do break down, although partnerships with a single earner also face increased hardship.

Households are increasingly complex and often comprise multiple-family units. Young people leave the family home later or return after leaving education; those who lose their own home also return to live with their parents as the value of benefits declines;

and there are more "reconstituted families" as families re-form with more children and live with other unrelated children and adults. While these families are now recorded as low income, these families face new difficulties in particular because income is not always shared. Mothers and children in reconstituted families are at particular risk.

For most the duration of poverty is short-term but those in chronic poverty, who are low skilled and often have additional barriers to work including poor physical and mental health, find their incomes increasingly falling further behind.

Under the Golden Age (?) then, poverty and inequality will continue to rise and reduced state expenditure puts increased pressure on the poor. However, most families are better off in 2030 than today. Those that have lost most are those who have previously depended on state assistance and who have been unable to replace this assistance by other means. Young people are now virtually excluded from state support as benefits for those under 25 have been removed. Pensioners and the ill or disabled are still supported by pensions and welfare payments but the low levels of these benefits means that they increasingly rely on private insurance or pension payments. Among the working age, in-work poverty is a substantial issue and income is increasingly unstable. For most, however, poverty is transitory and related to work of family events with relatively short-term consequences. Chronic poverty is now concentrated among the least skilled and those with poor physical and/or mental health. State support remains minimal for these groups, but charities help to compensate for reduced state spending making provision for the poorest and most vulnerable in society. Children are now less affected by poverty, and for most children in poverty parents are in work. Improved childcare and education has helped reduce the long-term consequences of poverty for children growing up and the gap in attainment between poor and better-off children has narrowed.

Scenario 2: Back to Basics

The second scenario developed in Chapter 1 suggests a much less favourable picture for low-income families. The economic performance of countries has been volatile and by 2030 inequality and poverty have grown with both levels and durations of unemployment remaining high. Poor economic growth has meant that state spending is under further pressure and there have been substantial cuts in government spending. Benefit levels are now low but expenditure on social security remains high because of the large numbers of families without work. As a result, the depth of poverty among the workless has increased sharply and these families are increasingly excluded from mainstream activities. People out of work remain unemployed for long spells and have very poor prospects for rejoining the labour market. The few that do manage to find work are usually offered very low wages. The ill and disabled too are increasingly excluded from work and live on modest levels of state support.

Pressure on public spending and high levels of spending on the unemployed has meant that other areas of state spending have been cut. In-work support for people on low wages has been cut, as has spending in other areas including support for employment services and childcare. Lower levels of in-work support have reduced the incentives for some to work, in particular married or cohabiting women potentially on low wages. In addition, poor economic growth has meant that few jobs have been created and lack of state support combined with poor job opportunities for women has led many women to withdraw from the labour force. Female employment rates have declined with particularly sharp falls for less-educated women. Most couples are now headed by a single male breadwinner and the number of dual-earner families has declined except among the most

highly educated. Men work increasingly long hours in order to support their families and as a result the quality of family life has deteriorated. While few families have a single female earner, those that do have a very high risk of poverty. However, the numbers of working poor have also dropped and most poor families in 2030 have no earner. Low-income women who stay at home have low opportunity costs for having children and family size increases among this group. For the better-off, high costs of formal childcare has deterred them from having large families.

"Back to Basics" is accompanied by a return to traditional values. Among middle and upper-class families marriage rates have steadied and divorce has declined. Poorer families behave differently, however, increasingly postponing marriage out of financial necessity. The number of single parents has steadied or declined, although those that are single parents have become an ever more marginal group with both low employment rates and very low incomes as a result of reduced state support.

Childcare has become prohibitively expensive in the formal sector and as a result the use of informal, often low-quality, childcare has grown. This has lead to growing inequalities in attainment between children from better-off families who can afford formal care and those that are less well-off.

For young people, poor educational levels and a removal of state support for people under 25 has meant that remaining in the family home has become the norm. With the exception of a very few highly educated young people from better-off homes, few can afford to set up home in their twenties. Youth unemployment has grown but teenage pregnancy rates have declined.

Among the elderly, poor employment prospects mean that most are dependent on state and private pensions for their income. Levels of state pensions have fallen, although by less than for other groups, and this group is less well-off than before. Nonetheless, greater private pensions mean that pensioners comprise a steady rather than declining level of the poor. There are poor paid-employment prospects and older people are increasingly active in unpaid or informal sector work, including in the voluntary and charitable sectors. Older people working in these sectors provide increasingly important support services for vulnerable groups that were previously provided by the state.

Under the "Back to Basics" scenario, low-income families largely comprise those who are out of work: the unemployed, the sick and disabled, lone parents, and to a lesser extent, pensioners. Low levels of employment are the predominant risk factor for poverty. For the poor, poverty is long term and deep, and has lasting consequences. These families are unable to supplement their benefits by short hours of employment in the formal sector and become increasingly disconnected from the labour market. As a consequence, the divide between those that work and those that do not has become increasingly entrenched and social cohesion has deteriorated.

Issues for policy in 2030

The scenarios developed above suggest that low-income families could evolve in quite different ways in the future. While the "Golden Age?" scenario, with modest but steady growth, has many parallels with how the future may evolve if current trends were to continue, the "Back to Basics" scenario would bring about a very different set of challenges. In particular, under the "Golden Age?" scenario, in-work poverty and increased levels of transitory poverty will be of the greatest concern for policy makers.

Under "Back to Basics", unemployment and chronic long-term poverty will be the greatest challenge, while women, who are increasingly marginalised in the workforce, will be at greater risk of poverty as their ability to command an independent income declines.

The scenarios also share some common features: young people look set to be increasingly vulnerable in the future under both scenarios as do the ill and disabled, single parents, and some pensioners. Another shared characteristic of the scenarios is that both suggest that government spending will be increasingly squeezed. There are many reasons for this: increased globalisation has made very high levels of taxation difficult to achieve; the "great recession" of the 2010s has changed attitudes towards state spending and made the large state harder to sustain; while the ageing population has led to increased spending on pensions and healthcare and reducing the help available for younger groups.

Given these potential future scenarios, how should policy makers today work towards meeting future needs? This section looks at the challenges for current policy in the different worlds developed in the scenarios. It highlights the areas where policies will need to be developed to deal with newly emerging issues, and looks in particular at out-of-work benefits, in-work support, employment policies, family policy and specific policies for the young and old.

Future policy challenges

As state spending falls to 2030 policy is likely to become increasingly targeted on the poor. Universal benefits, once important components of welfare-state spending, including benefits such as child benefits, are likely to have virtually disappeared. Instead, welfare policies work largely through a combination of policies to combat poverty by: *i)* reducing unemployment and inactivity and raising the earnings of low-income families; *ii)* providing transfers for those out of work or inactive, either on the basis of need (usually accompanied by means testing) or entitlement (insurance base principles); and *iii)* providing family-related benefits based on family composition (either as universal or means-tested benefits, or a combination of both).

Employment and earnings

A squeeze on state spending means that spending on transfers will decline to 2030 and that policies to promote employment and boost families' earnings will be increasingly important. While under the "Back to Basics" scenario structural unemployment will provide a particular challenge to reducing poverty, the "Golden Age"? scenario suggests that activation polices to promote employment will be of increasing importance for poverty reduction in 2030. Promoting women's employment will have a particular role to play, with the large gap in employment between those with different levels of education and age, suggesting that policies to promote lower skilled women's labour market attachment and earnings could play an important role in reducing poverty into the future under the "Golden Age?". Such policies may include: extending offers of job search assistance to groups not currently included, such as second earners (particularly where partnered to low-earning men), improving financial incentives to work either through the tax or benefit system, supporting childcare and improving maternity (and paternity) rights.

The "Golden Age?" scenario suggests that having one person in the family at work will no longer be sufficient for families to avoid poverty. Many households with one worker will be poor and, in this scenario, the working poor will account for the largest proportion of those in poverty. While promoting the employment of second earners may help to alleviate poverty among couples, policies which increase hours worked and promote earnings progression will also be crucial for poverty reduction, particularly among single-adult households. At present, low-skilled groups have little chance of labour market progression. Meanwhile, interventions to help those in low-paid, dead-end jobs find better jobs, in particular through the promotion of education and training, could have a substantial influence on increasing wages and reducing poverty. Increasing the minimum wage may also have a small effect on reducing poverty among the working poor although, as the earlier review noted, wage increases are by themselves usually insufficient for poverty avoidance.

In-work support is important for poverty reduction, not only because it creates incentives for families to work but also because tax credits (such as the earned income tax credit in the United States and working tax credits in the United Kingdom) can substantially boost the income of the poorest. This form of support is likely to become increasingly important if events unfold as in the "Golden Age?" scenario.

Finally, under the "Back to Basics" scenario policy responses may look quite different. While labour supply is likely to be the focus of policy under the Golden Age?", when employment rates are high, under "Back to Basics" structural unemployment and demand deficiency call for a different set of policy responses. In particular, regional policy to target areas that have been particularly badly hit will be necessary to reduce the high levels of unemployment.

Out-of-work benefits

The squeeze on state spending means that by 2030 levels of state benefits have fallen for all groups who are not in work, including pensioners, under both of the scenarios described above. Those dependent on the state for their incomes will face a reduced standard of living and be in deeper poverty than before. This applies to both those of working age and pensioners, although it is likely that there will be greater will to support those beyond retirement age and in ill health.

Not only will benefits in 2030 be much less generous than before but there will also be stricter conditions attached to their receipt. New expectations around individual responsibility and state reliance mean that, among the working age that are out of work, state support is likely to become increasingly contingent on claimants complying with related conditions. In the past, benefits such as for unemployment have required claimants to actively search for work. New rules will extend conditionality to almost all those in receipt of benefit who will all now be required to comply with increasingly tougher conditions in order to be awarded state support. Groups including the sick and disabled and lone parents will now be included in the groups required to comply with conditions, which will involve greater participation in schemes including in community and voluntary work in order to qualify for benefits. These new conditions have multiple purposes. First, they act as a disincentive for those out of work to stay on benefits, and "shake out" those who are able to move into paid work. A second intention is that they allow participants to maintain skills and enhance their employability, for example by allowing them to demonstrate that they are reliable and good workers. These schemes are particularly important for those with durations of non-employment of over three months.

One side-effect of these deteriorating conditions is that while the desired effect of individuals leaving benefits more rapidly is achieved, it often also means that individuals enter lower quality jobs with poorer pay after exiting unemployment than they would have done had they spent longer engaged in the job search. Thus, while reducing the unemployment count, conditionality does to some extent contribute to an increase in in-work poverty.

A second consequence of increased conditionality is that some individuals will be unable to comply with the requirements for state support and this will result in sanctions being applied. While at the moment many countries have requirements for benefit receipt, in many cases sanctions are applied with a light touch only. This is likely to change as conditions become stricter and will lead to a rise in the numbers "falling through the cracks", when they are neither able to command a market income nor in receipt of benefits and with very low incomes as a consequence. These people will increasingly be forced to operate in the black market in order to make ends meet.

The level of state support looks set to shrink for those out of work, and the conditions attached to its receipt become increasingly harsh. At the same time, employment is expected to become less stable with the numbers in temporary or part-time jobs rising. As a result of this increased job insecurity, those who can afford to will turn to the private market to buy insurance against income loss as a result of unemployment or ill health and new divides will grow between the unemployed who have purchased entitlements to maintain their income in the private insurance market and the less-educated who rely on state welfare. This further reduces the levels of public support for state spending on benefits.

Two other sources of private income become increasingly important for individuals. Firstly, among the middle classes, individuals increasingly look to their families to support them in the event of adverse events such as job loss or to deal with income shocks, such as the birth of a child. Families become an increasingly important source of support for some. For those from less well-off families, however, this form of support is much less accessible as low-income parents are rarely able to afford to support their adult children. Secondly, among lone-parent families child maintenance has become an increasingly important income component as the state increasingly pursues parents to support their children.

Family policy

For low-income families family-related transfers (such as child benefits) have played a particularly significant role in reducing poverty. As state spending falls these benefits are increasingly targeted on the poorest. This is likely to be the case under both the "Golden Age?" and "Back to Basics" scenarios. Targeting means that child-related benefits and maternity/paternity pay are only paid to those on the lowest incomes. For those who are better off, low levels of maternity pay force women who can afford childcare back to work quickly after childbirth and, as women now take shorter periods of time off to have children, they find that they have improved their position in the labour market. While governments are keen to support childcare, particularly for the least well-off, there is a trade-off between using state funds to improve the quality of care and improving the affordability of care for all. While the former has been shown to improve social mobility, subsidising care is an important anti-poverty tool because it boosts women's employment.

How targeting can be achieved without compromising the quality of benefits in-kind provision (such as childcare) and reducing the level of payment for other benefits (such as child benefits) is a major issue for policy makers and, as the state shrinks, the quality of service provision has declined.

Young people

Young people are a group which appears to be at much greater risk of low income than others under all the scenarios developed. State support for the young would seem to be set to disappear by 2030 for the vast majority as their entitlement to benefits, housing and financial support for pursuing higher education disappear. At the same time, young people are likely to find it increasingly hard to move between education and employment; while under the "Golden Age?" scenario greater labour market flexibility may help assist this transition, in the "Back to Basics" scenario high unemployment means that inexperienced young people find it very difficult to enter employment. For young people, therefore, parental support, both in the form of financial support and providing advice and networking opportunities to help their children enter employment are likely to be of greater importance. Those who have been brought up in poor homes, do not have access to financial resources, and whose parents themselves have had little experience of working and limited networks, find it increasingly difficult to enter or succeed in the labour market.

In order to reduce youth poverty and prevent generations of young people being scarred by the experience of early unemployment, it is crucial that policy focus on easing the transition between education and work while tackling youth unemployment and inactivity. As few young people qualify for out-of-work benefits, government may have limited ability to coerce the young to move into work. There is some suggestion that job-creation policies, such as the Young Persons Guarantee in the United Kingdom, which has now been dismantled, may ease transitions to work and government-supported schemes, which provide transitional jobs for those identified as most at risk, could play a greater role in future policies.

Pensioners

While pensioners comprise a growing share of the population, they have fared well as a group in recent decades. Their incomes have been boosted as they both increasingly receive private pensions and income from employment, although those in receipt of just a state pension have seen some decline in their relative income. For this group, policy has concentrated on improving access to employment of older workers by strengthening equal opportunities legislation and increasing access to part-time work. They fare relatively better than other groups in both scenarios.

Influencing behaviour

Policies that aim to influence behaviour will play an increasing role in influencing policy in the future. As a number of authors have noted, family behaviour, both in terms of family formation and work, has diverged by socio-economic-status over recent decades. The highly educated in the United States, for example, have high marriage rates, few children out of wedlock, relatively few children, and high employment rates. For the less-well educated the reverse is true and policies that attempt to influence these increasingly divergent behavioural trends are will probably be of increasing importance.

Conclusion

This chapter has highlighted the links between family structure and poverty and has suggested that current demographic trends may lead to a growing share of the population who are at risk of low income by 2030. At the same time, labour market trends imply that inequalities will grow with jobs being increasingly polarised into those that are high- and low-skilled, and correspondingly paid. Work is also set to become increasingly insecure for many with the number of temporary and part-time jobs growing to 2030. If current trends continue to 2030 then key risks for poverty will include the rising number of single-adult households, living in a single-earner households, rising work poverty resulting mainly from low hours of work but exacerbated by low pay, and increased transitory poverty as work becomes less secure. Increasingly fluid family structures will also increase vulnerability to poverty, with more people moving in and out of poverty as a result of family-related events (including divorce or separation).

Among the working-age population, a crucial determinant of what low-income families' look like will be women's employment rate. If current trends continue then women's employment rates will rise and the pay gap will fall to 2030. While this will raise women's independent income and increase the number of two-earner households (who have a low risk of poverty), increases in women's relative earnings also mean they may be less inclined to marry, and in particular to marry low-skilled men, which has implications for the number of children born to single parents, the number of step-parent families and rates of cohabitation, and associated poverty risks.

While pensioners look set to fare relatively well as they increasingly receive an income from private pensions and have greater access to work, for young people the opposite is true. As state support for young people has been withdrawn they are becoming increasingly marginalised leading to a substantial increase in poverty among those who cannot call on parental support. Young people will be a group that should be of particular concern in the future under the current trend, and while the state may be reluctant to directly subsidise their incomes, investments in training and enhancing their employability to ease the school/work transition is likely to remain a priority area for government.

As the state is rolled back, another probable major cross-country trend is a growing requirement for individuals to take responsibility for insuring against risks including unemployment and ill health. In the future, the state is likely to provide only a minimal safety net for the most vulnerable. For those who are dependent on such state support, conditions are also expected to become increasingly tough with work requirements attached to receipt. Families too will be expected to support other household members and there is likely to be a consequent rise in multiple family units. While poverty is reduced as a result of these living arrangements, there remain important questions about income-sharing within these family units. For children in step-parent families there is some evidence that step parents are "selfish" (Case et al., 2000) and more needs to be done to understand income-sharing and how individuals, in particular children, should be supported in these families.

What if the world does not evolve in line with current trends? This chapter has also considered what would happen to poverty and policy under two alternative scenarios, the "Golden Age?" and "Back to Basics". While the outcomes of the first scenario are similar to what would happen if current trends were to continue the second suggests a very different set of challenges for policy. With the "Golden Age?" scenario, low-income

families of the future are likely to be dominated by those that are "working poor", mostly families with just one earner or members working part-time. A substantial number of individuals also move in and out of work as employment is increasingly "flexible", with more individuals working part-time and in temporary jobs. As a result, the numbers experiencing transitory poverty will rise. Chronic poverty, on the other hand, has fallen and the numbers of persistently poor are now small and concentrated among the least skilled and those with poor physical and/or mental health.

In the "Golden Age?" scenario, children are also expected to be less affected by poverty. However, most poor children have parents who work. Improved childcare and education has also helped to reduce the long-term consequences of poverty for children and the gap in attainment between rich and poor children has narrowed.

The second scenario, "Back to Basics", suggests very different challenges. In this scenario there is long-term structural unemployment, while employment rates among women have fallen back from their 2010 peak. Out-of-work poverty, however, is of the most concern to policy makers, with long-term unemployment particularly worrying. Most of the poor are in chronic poverty and find it hard to escape their situation. Unemployment leads to deep and long-lasting poverty, which produces long-term scarring effects. People who suffer from poverty are increasingly detached from the labour market and, because benefits are now set at such a low level, they are increasingly socially excluded. In this scenario, tackling long-term unemployment is the priority. Policies that enhance skills and create jobs are key to reducing poverty.

While young people fare relatively poorly under all future scenarios, high unemployment in the "Back to Basics" scenario restricts their opportunities still further. For young people, high unemployment means that breaking into the labour market is virtually impossible as opportunities are scarce and competition for work is intense. Targeting youth unemployment, therefore, must once again be a priority.

Notes

1. The OECD estimates that 17% of people experience at least one spell of poverty over a three-year period compared to 10% at one point in time. Over longer periods this share increases with estimates suggesting that over a lifetime half of Americans will experience poverty (McKernan et al., 2009).
2. Machin and Meghir (2004) find a strong association between low pay and crime, while Grogger (2001) suggests that this association may help explain racial differences and the age distribution of crime.
3. Although the risk does not rise for those having children in Scandinavian countries.
4. Note that using the family unit as the basis to measure poverty gives a higher rate than using the household, although this difference has been converging over time (Webb, 2002).
5. Autor (2010) suggests computerisation may be a reason for this change, with computers complementing non-routine cognitive tasks, substituting for routine tasks, and having little impact on non-routine manual tasks. Other, less important explanations are the increasing international integration of labour markets through trade and, more recently, off-shoring, and also the declining penetration of labour unions and the falling real value of the federal minimum wage.

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Chapter 3

Work-family life balance: future trends and challenges

by
Jeanne Fagnani

The aim of this chapter is to offer a holistic, forward-looking and multi-level analysis of pressing contemporary topics related to work-life balance policies for families with smaller children and to show how they interact with parents' attitudes and practices. The first section presents a brief overview of current trends in the work-family life related areas. Then the main key drivers of change over the last decade are identified and described. Emphasis is placed on the dramatic organisational changes that have been taking place in the workplace and on their impact on the strategies elaborated by parents to combine their job with family obligations. In the last section, drawing lessons from evidence-based research and the latest data presented in the previous sections, we flesh out the two scenarios to 2030 developed for this purpose in the project.

Current challenges and slow-moving trends: a brief overview

In recent years, a wealth of literature, including the OECD *Babies and Bosses* (2007) reviews of policies to promote work and family balance, has already provided us with substantial insight and analysis. In this chapter, we have chosen to focus on current and slow-moving trends which will contribute to shape the future as far as work and family life-related topics are concerned.

It should first be noted that across OECD member countries, the progressive arrival of mothers on the labour market since the 1970s has, through an interactive process, prompted policy makers – and to a lesser extent companies – to introduce a whole range of services for parents in paid employment, which has in turn enabled a growing number of mothers to gain access to jobs or pursue a career.

We also have to keep in mind that work-life reconciliation policies are an integral part of a wider set of social, housing and employment policies and it is sometimes difficult to disentangle the outcomes of the various sets of measures implemented.

Work-family life balance policies

Reforms to enhance work-life balance have gained momentum in many OECD member countries since the 1990s (Bianchi and Milkie, 2010; Thévenon, 2011). Concomitantly encouraging the development of public or market-provided childcare provisions has become a key trend and the availability of pre-school childcare has improved significantly.

Public childcare provisions

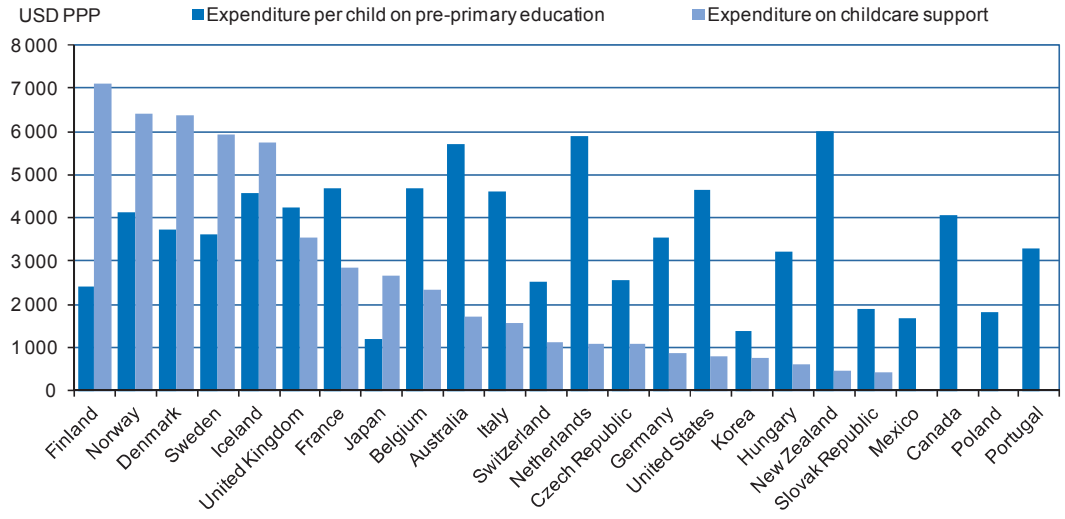
Over recent decades, with the overall increase in women's employment rates, OECD member country governments have sought to expand childcare facilities. Since their starting points were markedly different, the reactions to similar challenges were also different (Adema et al., 2009). Despite some evidence of convergence, there are some striking differences among: country supply levels, funding structures, modes of governance, opening hours, patterns of provision, and the division of responsibility for care by the state, local public authorities, employers, the market and the family.

Family spending focuses on childcare services in the Nordic countries and France more than in other countries (Table 3.1 and Figure 3.1), and they lead the European Union (EU) in public childcare provisions and benefits aimed at reducing childcare costs for families.

There is still a huge variety in spending on formal childcare per child under three years of age (Figure 3.1). It is highest in Nordic countries. Lower public spending on childcare in southern European countries is typical, as informal care is predominantly provided for young children and mainstream pre-school participation begins at the age of three. Public spending on childcare per child is also lower in countries where the private provision of day care is predominant, such as the United States. In countries like Korea and Japan, family expenditure plays a significant role in care and education services throughout the early years.

It is remarkable, however, that public expenditure on childcare services has dramatically increased since 1998 in all OECD member countries (*OECD Social Expenditure database*) except in Portugal (see *OECD Social Expenditure database 1980-2005*), but particularly so in countries where childcare provisions were still limited: Germany, Ireland, Korea, New Zealand, Spain, Switzerland, the United Kingdom and the United States.

Figure 3.1. **Public expenditure on childcare and preschool, per child (2007)**



Source: *Social Expenditure database 1980-2007*; *OECD Education database*; *Eurostat* for non-member countries; US Department of Health and Human Services.

The United Kingdom, for instance, had long languished at the bottom of European league tables in this field. Under the Blair Labour government significant improvements were made to the work-family balance, particularly in childcare provision. Government expenditure was increased (qualified by Smith [2007], as "a quiet revolution"), and all three- and four-year olds now have access to some form of free childcare provision.

The most important changes carried out by the Labour government since 1997 have concerned funding. In 1998 the childcare tax credit was introduced, providing government funding for tax credits to enable parents the choice of paying for childcare. This led to the rapid growth of the "for-profit" childcare sector. In 2006, the government passed the Childcare Act, which removed powers from local authorities to fund or provide childcare directly, and legislated for "childcare market management". The local authorities' job is now mainly to manage and co-ordinate supply and demand for childcare by providing information for parents about the local childcare market and other services for children, and to stimulate the creation of local for-profit providers to meet demand. Many local authorities now have "childcare business managers". All childcare is expected to be self-funding or "sustainable". As much as 85% of childcare is now provided by the private for-profit market (UK Department of Education, n.d.).

In Germany, significant steps in the right direction have also been made over the last decade (Table 3.A2.4) but the picture remains far from complete (Fagnani and Math, 2010), and Germany still lags behind the Nordic countries. Cultural and institutional obstacles have slowed the pace of childcare reforms and have led to a

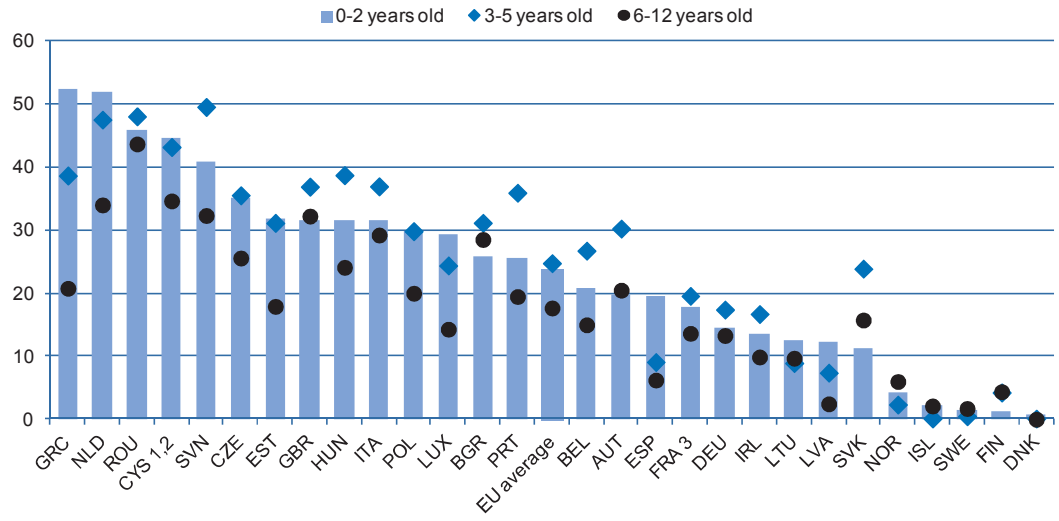
patchwork policy in which all childcare is provided at the municipal level, by local non-profit providers, NGOs or churches. A mere 1% of the market is covered by for-profit providers. The highly decentralised federal structure and its multiplicity of stakeholders have resulted in a tangled web that has increased the complexity of the system in terms of finances and organisation. This offers a partial explanation for the modest development of childcare policies in Germany.

The Nordic countries top the league table in this regard: in Sweden, for instance, a place in a day-care centre is guaranteed within a three-month period after request for a child aged between one and five years.

This situation contrasts with that of the United States, where government support for childcare policies remains weak (Lower-Basch, 2008; White, 2009; Williams and Boushey, 2010). About 30% of low-income families using centre-based care, and 16% using an in-home care centre for a child under age six, receive subsidies. The percentage of middle-income families receiving subsidies is negligible – about 3% for an in-home care centre. There are federal tax policies, however, that tend to benefit middle-income and professional-managerial families. The child and dependent care tax credit benefits higher income workers and families because it is only available to families where parents – both parents in the case of a married couple – are in school. Low-income families often don't earn enough to benefit significantly from or even receive the tax credit. Flexible spending accounts for dependent care are usually attributed to professional-managerial families because the programmes must be set up by employers. A real weakness of both policies is that neither monitors the quality of care. Moreover, neither is large enough to provide significant help for most families (Williams and Boushey, 2010). Hence "Americans at all levels struggle to find high-quality childcare – and struggle even more to pay for it … in March 2009 dollars, low-income families paid about 14% of their income, families in the middle income bracket 6% to 9% of their income, and professional families pay about 3% to 7%. Subsidies are available only for low-income families and are scarce and sporadic even for them" (Williams and Boushey, 2010).

However, except in the Nordic countries, in every OECD member country there is a shortfall of places in public childcare provisions and most of the time working parents have no choice but to rely on informal childcare arrangements (Figure 3.2), take parental leave if they are eligible to, or work on a part-time basis with work schedules that fit their family needs.

Figure 3.2. **Use of informal childcare arrangements during a typical week by children's age (2008)**



Notes: 1. The reference to Cyprus relates to the southern part of the island. There is no single authority representing both Turkish and Greek Cypriot people on the island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable United Nations solution is found, Turkey will maintain its position on the so-called "Cyprus issue".
2. According to the European Union Member States of the OECD and the European Commission: the Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document refers to the area under the effective control of the Government of the Republic of Cyprus.
3. Data for France concern 2007.

Source: *OECD Family database* (2009).

Family-related leave schemes: parental leave, maternity and paternity leaves, leave for urgent family reasons

Across OECD member countries, there are many different forms of leave open to parents (Gornick and Hegewisch, 2010; Kamerman and Moss, 2009; Moss and Korintus, 2009). For paid leave, compensation may be calculated as all or part of the individual's normal pay, be paid at a flat rate, or limited to a period shorter than the actual duration of leave. It may be capped, means-tested or subject to other criteria (such as the number of children or previous employment/service). The various forms of family-related leave are a central issue in the widespread attempts across Europe and Quebec (Canada) to enhance work-life balance, and have received increasing attention in recent years both from legislators (often prompted by EU Directives) and social partners. As the *OECD Family database* and many other studies (Moss and Korintus, 2009) have already provided a wealth of information in this field, we shall focus on a number of innovative systems that may be developed in the future:

1. Belgium is of particular interest because of its unique and highly innovative "time credit" system, which extends entitlement to take time off work for the duration of adult life and for any reason. The system was introduced in 1985 as a "career break" scheme to enable workers in the private sector to take at least one year off work (and longer when collective agreements permit) or to work fewer hours for any reason (a similar system operates in the public sector). Workers using time

credit receive partial income replacement through a flat-rate benefit for one year. (This is extended to five years if they take full-time credit to care for children under the age of eight.) If they reduce their working hours, the income is reduced proportionately. The system was originally introduced as a means of curbing unemployment, but the link no longer exists. Paid leave today does not depend on employers hiring an unemployed person as a replacement. The time-credit and career-break schemes exist alongside parental leave, and the two should not be confused (Moss and Korintus, 2009).

2. In Germany, the government introduced in 2007 a new parental leave allowance (*Elterngeld*), which represented a radical departure from previous tradition. Inspired by the Swedish model, the new gender-neutral scheme allows parents to claim 67% of their previous average net income in the 12 months preceding the birth of the child.[1] The *Elterngeld* allowance is granted for a minimum of one year and is non-taxable. In order to avoid what political representatives from the SPD and the Green party have described as "a redistribution from the poor to the rich", the government introduced a minimum benefit level of EUR 300, regardless of prior employment status, and a maximum benefit ceiling of EUR 1 800 per month (Fagnani and Math, 2010).

   As a corollary to this new policy, fathers are being encouraged to play a greater role in family life than has traditionally been the case in Germany. When the *Elterngeld* allowance is shared between partners, the period for which it is received can be extended from 12 to 14 months. To avoid penalising low-income parents earning less than EUR 1 000 a month, the allowance can be adjusted upwards from 67% in the form of a low-income supplement.

   To overcome the challenge of re-entering the workforce after extended periods of absence, recipients of the allowance are encouraged to maintain their links to the labour market, in most cases, employees of small to medium-sized enterprises must first be granted permission from their employer to work part-time, up to 30 hours per week. The income earned from this work is taken into account when calculating the amount of the parental allowance. Flexibility is the key here and in this respect the *Elterngeld* allowance can facilitate a wide range of arrangements between parents. They could, for example, share the time during which they receive the benefit either simultaneously (in which case each would receive seven months of parental leave), or successively with one parent following the other. Instead of 12 months, the period of payment may be spread over 24 months (plus 4 months if the other parent takes it up), but the monthly benefit level is reduced so that the overall payment remains the same.

   One of the goals of these measures is to eliminate the financial challenges many women must face when choosing between their career and motherhood. Indeed, the assumption is that many career-oriented women avoid motherhood altogether as it would involve such a large loss of income (Spiess and Wrohlich, 2006). Thus, every effort is made to make the transition back to professional life as smooth as possible.

3. In France, in 2002 the government intended to encourage "real parental parity" and to place more emphasis on both parents' right to be present with a newborn baby. It resulted in the decision to extend paternity leave from 3 to 11 working days. During this period a full salary is paid up to a certain ceiling and is funded from health insurance as it is for maternity leave (100% of gross earnings, up to a ceiling of EUR 2 885 a month in 2010) (Fagnani, 2010).

Life-course savings scheme: improving the work-life balance over the life course?

The European Commission (European Employment Strategy) and many social partners currently promote a "life-course" perspective, whose aim is to increase both the quantity and the quality of labour supply throughout the life course. The Life-course Savings Scheme, introduced in the Netherlands in 2006, also aims to improve the work-life balance over the life course. Take-up rate, however, is low: a recent study shows that purchasing power is a core explanatory factor and that early retirement prevails as a reason for participation (Delsen and Smits, 2010). The German Long-term Working Time Accounts and the Belgium Time Credit Scheme have also shown similar and disappointing results.

Side-effects and unintended consequences of "woman-friendly" policies

Policies providing state parental-leave laws certainly foster choice and higher levels of mothers' employment (Ray et al., 2010). However, as long as men's take-up of these work-family provisions remains low, which is the case even in the Nordic countries, the picture will remain mixed and ambivalent. From the perspective of gender equality on the labour market, family-related leave schemes can be viewed as something of "a poisoned chalice" when actually put into practice.

Much of the empirical research conducted in this field has therefore assessed these schemes from a critical stance. Gornick and Hegewisch (2010) have recently discussed the growing amount of literature on the adverse and unintended consequences of work-family policies for gender equality. They point out that widespread research has shown that returning to employment is more difficult after extended absences and has a strong impact on career prospects. Encouraging mothers to stop working for a long period of time (more than one year) might have many unintended consequences. Recipients are almost exclusively women and research conducted in this field shows that parental-leave schemes:

- Maintain or reinforce the traditional gender division within the family: the mother who stops working (or reduces her working hours) feels less justified in asking for her husband's help.
- Contribute to the maintenance of gender discrimination in the labour market by establishing asymmetrical professional trajectories within couples, and wage differentials between men and women. When mothers resume their job after an interruption of one year or more, they are likely to suffer occupational downgrading.
- Reinforce employers' prejudices towards female workers i.e. assuming that they would be less committed to their work and less willing to pursue a career. Many employers may be (and are) reluctant to hire young women because they anticipate future absences from work. In the same vein, Henrekson and

> Stenkula (2009) analysed gender differences between the Nordic and Anglo-Saxon countries, in particular the share of women in executive positions in the corporate sector. Women represented 27% to 32% of executives in the Nordic countries against 34% to 43% in Australia, Britain, Canada and the United States where parental-leave schemes are much more limited. They suggest that while broad welfare state policy promotes high female labour force participation (in the Nordic countries as well as in France), it blunts incentives to pursue top executive positions in the business sector. Henrekson and Stenkula conclude that "a rational response by employers is to exercise statistical discrimination". For instance, they maintain that Swedish employers know that women take some 85% of total parental leave, that there is a significant likelihood that they will work less after childbirth, and that they are also far more likely than a man to exercise a parent's unconditional legal right to work part-time until the youngest child turns eight. As a result, the individual woman aiming for an executive career is less likely to be offered a first job that puts her on a career track with great inherent potential. In the United States these effects are not present, or much weaker." (Henrekson and Stenkula, 2009: 26)

Their interpretations are in accordance with those of the research carried out by Mandel and Semyonov (2006: 1 910) who, in their study of 22 countries, argue that forms of paid leave can have negative outcomes on women's employment and that countries "characterised by progressive and developed welfare policies … tend to have high levels of female labour force participation, along with a high concentration of women in female-typed occupations and low female representation in managerial occupations". They also show that these schemes reduce women's chances of attaining managerial positions.

Work-family life balance policies at the firm-employer level

An increasing share of employers and firms are now aware that it is important to develop family-friendly initiatives in the workplace (on-site childcare, parental leave and sabbaticals, flexitime, switching from full-time to part-time work, the possibility of refusing overtime, job-sharing, tele-working, etc.) (BMFSJ, 2010; Hein and Cassirer, 2010; Klammer and Letablier, 2007; Kossek et al., 2010).

However, measures implemented and the level of commitment in work-life balance policies vary according to the size of the companies and differ markedly from one country to another. Publicly-owned companies and the public sector in general are more likely to promote family-friendly regulations than companies in the private sector.

For instance, as far as flexible work arrangements are concerned, the United States is lagging behind other OECD member countries: in a review of statutory employment rights in 21 high-income countries, Gornick and Hegewish (2008) show that high-quality flexible work arrangements are still the exception in the United States. Therefore, the choice for women tends to be either to work full-time all the time, or work reduced hours, with low pay, no benefits, and little opportunity for advancement.

Business objectives with regard to employee performance, workplace effectiveness and productivity are key drivers

It has been largely documented that making it difficult for employees to combine their job and family responsibilities can undermine workplace effectiveness and productivity (Bailyn, 2006; Rapoport et al., 2002). A supportive and inclusive environment for those employees (often professionals), who benefit from a reduced workload or alternative working arrangements results in a lower turnover, less absenteeism and more commitment on the part of employees (Kossek et al, 2010; Lirio et al., 2008). The impact of "family-friendly" flexibility on turnover has been demonstrated and it can be a cost-effective tool for attracting and retaining employees. Case studies documented by the EOPCEA (2010) showed that since a tailor-made flexible work schedule programme had been introduced there was an increase from 75% to almost 90% in retention rates, decreased turnover rates and positive employee testimonials. In a study of over 700 firms in the United States, United Kingdom, France and Germany (referenced by EOPCEA, 2010) researchers found a significant positive relationship between work-life balance practices and productivity.

The shortage of skilled labour

- Increasing the recruitment, retention and advancement of women, especially in science, engineering and technology, has now become recognised as a crucial business issue which requires a multi-dimensional approach.

The need to recruit or retain skilled workers with children (male or female)

- If women fail to achieve the career progression experienced by their male colleagues, they might be encouraged to either leave their job or to scale back. For instance, in Germany, a chronic shortfall of qualified staff in enterprises and the potential for filling this gap by increasing women's participation in the labour market encouraged employer organisations to give their full backing to Minister Ursula von der Leyen when she began to introduce radical reforms to family policy in 2007 (Fagnani and Math, 2010).

A comparative study of companies located in six European countries (Germany, Italy, Poland, Sweden and Great Britain), shows that except in Germany, requirements to comply with statutory or collective agreement requirements are the main reason why companies introduce family-friendly measures. In Germany, the key incentive is increasing job satisfaction, followed by the prospect of becoming a more attractive employer, both for existing and potential qualified employees, and the hope of achieving higher productivity (BMFSJ, 2010b). Moreover, flexible arrangements are believed to pay off through staff retention, to increase the numbers of women at senior levels and the average tenure of production staff.

How do working parents cope with their family obligations? Dilemmas, tensions and strategies

The experience of being a working mother or father and managing work and family life are contingent upon diverse resources that can be relied upon. In other words, people living with dependants try to elaborate strategies to be able to combine a job with family obligations, but their room for manoeuvre depends on a complex bundle of external factors. Numerous studies have shown that policies aimed at supporting women's employment successfully alleviate the conflicts between home demands and work activity (Gornick and Meyers, 2003; Mandel and Semyonov, 2006; Stier et al., 2001).

However, the choices mothers continue to make regarding their professional life are also profoundly shaped by longstanding attitudes towards what constitutes "correct" behaviour for women. As Himmelweit (2007) points out, "Social norms and values influence the allocation of care and caring responsibilities".

Individual and contextual factors that make it difficult to combine a job and family life are numerous. Among the most important are:

- workplace cultures that define "ideal" workers in ways that conflict with ideal mother norms;
- wider societal norms, while supporting maternal employment, also reflect assumptions about mothers as the main carers;
- high childcare costs and low levels of availability of formal and good quality childcare arrangements;
- family-unfriendly work schedules;
- large number of working hours and low degree of control over the scheduling of working hours;
- considerable time spent on commuting.

The United States stands out as far as these factors are concerned: work-family conflict seems more acute than elsewhere in the developed world especially as far as low-paid women are concerned (Gornick and Hegewisch, 2010; Williams and Boushey, 2010). One reason is that Americans work longer hours than people in most other developed countries, including Japan, where there is a word, *karoshi*, for "death by overwork".

Different dilemmas, various constraints

The dual-income model family, where both parents work full-time, is still not widespread except in France, the Nordic countries and the United States. But the balance between the hours men and women spend in paid work is becoming less unequal everywhere.

Among women with young children (0-14 years) at home, it is not uncommon to work long hours today: in former socialist countries (Bulgaria, Latvia, Poland, Romania), in France, Greece and Turkey, more than 10% of these women work 45 hours or more per week (Table 3.1), 66% of women in Portugal work 40 hours or more, while in the Netherlands almost 8 out of 10 work less than 30 hours per week.

The possibilities of coping with the conflicting demands of paid and unpaid work have been widely documented and room for manoeuvre is not only linked to gender but also to social class. A large share of working parents have to cope with work-family conflict, but the terms and conditions under which they experience that conflict vary across the income spectrum. Time and space constraints, opportunities to outsource care, patterns of work schedules, among others parameters, differ greatly.

Table 3.1. **Distribution of working hours among adults in couples**

	Women with children 0-14 years old				Men with children 0-14 years old			
	1-29	30-39	40-44	45+	1-29	30-39	40-44	45+
Austria	53.8	22.0	18.1	6.2	2.6	18.2	39.4	39.8
Belgium	35.2	45.3	10.4	9.1	4.0	44.3	24.9	26.9
Bulgaria	1.3	1.9	80.5	16.3	0.7	0.9	74.1	24.3
Cyprus[1,2]	9.5	56.6	26.6	7.3	1.0	39.8	32.7	26.5
Czech Republic	8.0	17.9	67.2	7.0	0.3	11.8	54.2	33.7
Estonia	9.7	8.3	78.7	3.3	2.0	1.5	78.5	18.0
Finland	9.4	68.1	16.7	5.8	2.9	35.1	42.3	19.7
France	24.3	53.5	11.5	10.7	3.8	49.4	17.1	29.6
Germany	60.9	21.5	14.8	2.9	3.9	25.6	48.3	22.2
Greece	15.7	22.1	43.5	18.7	3.6	10.8	43.8	41.9
Hungary	7.4	5.7	82.4	4.6	1.6	2.7	78.4	17.3
Italy	38.2	29.0	25.2	7.6	3.6	18.2	47.0	31.3
Latvia	6.9	4.9	75.9	12.3	1.8	1.8	71.4	25.1
Lithuania	11.9	11.8	71.5	4.8	3.4	5.4	80.2	11.1
Luxembourg	43.5	16.8	38.0	1.8	1.6	3.8	89.2	5.4
Malta	33.3	28.1	35.4	3.2	1.5	5.4	70.6	22.5
Netherlands	77.5	17.5	3.9	1.1	4.7	36.7	45.1	13.5
Poland	14.9	7.7	62.0	15.4	3.0	2.3	58.1	36.6
Portugal	7.6	26.1	57.5	8.9	1.6	11.3	63.0	24.1
Romania	7.5	8.5	70.9	13.2	3.1	6.0	67.5	23.4
Slovak Republic	3.1	21.2	70.0	5.7	0.6	13.3	60.3	25.9
Slovenia	3.9	2.0	84.5	9.6	1.3	0.6	77.4	20.8
Spain	25.6	30.8	34.2	9.4	1.4	13.1	50.7	34.8
Turkey	19.8	10.9	31.3	38.0	2.3	2.9	18.6	76.2
United Kingdom	55.3	27.0	9.5	8.4	4.3	22.2	29.6	44.0
OECD-17 average	29.4	26.1	35.1	9.5	2.7	18.9	47.6	30.8
EU-24 average	23.5	23.1	45.4	8.0	2.4	15.8	56.0	25.8

Source: *OECD Family database* (2010).

Upper middle-class dual-income parents: long hours and pressure

- In the United States, for instance, in 2008, 14% of professional managerial women and 32% of their single-mother counterparts worked long hours. Among professional managerial men, 38% now work 50 or more hours a week (Williams and Boushey, 2010). Interestingly, the US Bureau of Labor Statistics foresees the professional and business services sectors adding over 4 million jobs to the economy by 2018.

- In Germany, where 22.2% of men with children aged under 15 work more than 45 hours per week (Table 3.1), 6 out of 10 working fathers with children under 18 would like to devote less time to their job, according to a survey carried out in 2010 (Institut für Demoskopie Allensbach, 2010).

Working parents confronted with non-standard work schedules

Dealing with fragmented and unpredictable working hours or non-standard work schedules makes it very difficult to combine a job with family responsibilities – even on a part-time basis. Parents who have working hours which don't overlap can manage to look after the children and save childcare costs, but this arrangement may be detrimental to family life and reduce their time as a couple. Atypical work schedules and off-scheduling within dual-income couples are highly correlated with employment sector, occupation, and position on the social ladder. Off-scheduling tends to increase the amount of time fathers spend with their children, particularly when the time at which men finish work coincides with school closing times (Lesnard, 2009). But off-scheduling is more commonly found among couples located low down the social ladder in which both partners lack control over their work schedules.

Working parents on the brink of poverty

In the United States, 40% of low-wage workers work non-standard hours – defined as anything other than 9:00 AM to 5:00 PM, five days per week. Single mothers earning less than USD 20 000 are twice as likely as other workers to have non-standard hours, and have the highest rate of non-standard hours of all US workers. These scheduling practices create high rates of turnover. In these conditions, in families living below the poverty level, 7.5% of children aged 5-8 and nearly 14% of children aged 9-11 are latchkey kids (Williams and Boushey, 2010).

Different ways of combining paid and unpaid work

Substantial research-based literature has already been published on combining paid and unpaid work. In short, women with family responsibilities can rely on a variety of different and sometimes very limited resources (financial, social networking, state legislation) to elaborate strategies to be able to cope with everyday life or to pursue a career.

Anticipating and choosing to work in a family-friendly environment

In all OECD member countries, women work more often in the public sector than men. In the Nordic countries, more than half of the women work in the public sector (but, unlike in France, a public servant can be made redundant).

In France, there is a large, family-friendly public sector in which a job is for life and parents are provided with various perks and initiatives, which include flexible schedules and generous sick leave for children. As many as 38% of employed women in France work in the public sector – 55% of staff – but not always with an open-ended contract.

In Israel, where women have similar attitudes and practices as their counterparts in western countries, about half of all working women are employed by the state in occupations with strictly followed work regulations. Women employed in the public

sector are more likely than others to work when they have young children and less likely to interrupt their employment (Ekert-Jaffé and Stier, 2009).

Scaling back after a birth or taking parental leave

After a birth and until the child can attend school, one parent (usually the mother) may scale back her job or career for a certain period of time. Here, parental leave represents a strong incentive when it provides mothers (or fathers) with financial compensation (Kamerman and Moss, 2009).

Professional and managerial women can slide down the career ladder to find jobs that allow them to spend time with their family. A comprehensive UK study (Gregory and Connolly, 2008) on the impact of motherhood on careers[2] shows that one-third of women corporate managers moved down the career ladder after having a child. Two-thirds of that number took clerical positions and the rest moved into other lower skill jobs. Women managers of shops, salons and restaurants were more seriously affected by occupational downgrading. Almost half gave up their managerial responsibilities to become sales assistants or hairdressers, for instance, when they sought part-time jobs after motherhood.

In Sweden, among people with university degrees, a growing number of couples split parental leave evenly. Some switch back and forth every few months to avoid one parent assuming a dominant role or being away from their job too long. Parents may use their 390 days of paid leave however they see fit to until the child's eighth birthday, taking monthly, weekly, daily and even hourly leave. Eight in ten fathers now take one-third of the total 13 months of leave, and 9% of fathers take 40% of the total or more, up from 4% a decade ago. In Norway, where work-family policies promote family-responsible environments in organisations, fathers have the right to take 5 to 43 weeks of paternal leave, with 33 weeks fully paid, and most of them take advantage of this leave (Moss and Korintus, 2009).

Portugal is the only country where paternity leave is mandatory – but only for a week. Iceland has gone furthest, reserving three months for fathers, three months for mothers and allowing parents to share another three months.

Part-time work

A part-time job associated with working hours that fit in with family responsibilities is often considered as a "good solution".

Over recent decades the rise in the overall rate of mothers' employment in Germany and the Netherlands has been accompanied by a substantial increase in part-time employment, making it easier for women to combine childcare and continued participation in the labour market. The Netherlands stands out, however, from this point of view, with 81% of women with two or more children aged 0-14 (Tables 3.1 and 3.A2.1) working fewer than 30 hours per week compared to 68% in Germany and 9.6% in Finland.

It should also be noted that the Netherlands is classified, according to welfare state typologies, as belonging to the cluster of countries, along with Germany and the United Kingdom, that adhere to the "one and a half breadwinner model" (Pfau-Effinger, 2005). More specifically, the Netherlands is atypical with regard to the patterns of female participation in the labour market: according to Eurostat, in 2006, this

country had the highest share of women employees working part-time in the European Union (74%), of whom 57% work fewer than 20 hours.

The Netherlands can therefore be regarded as a less than salient example of the time-induced pressures faced in other countries, where patterns of female participation in the workforce are different. In France, for instance, the norm for employed mothers is still to work full-time, although part-time jobs have been increasing over the last three decades due to legislation encouraging their development.

In the United Kingdom, over four-fifths of working women are in full-time employment before they have children, but once they become mothers only one-third of those with pre-school aged children and a job are in full-time employment. In contrast, 91% of working men are employed full-time prior to having children, and 96% of working fathers with a pre-school child are employed full-time.

Working from home and telework

It has been argued that the use of telecommuting is valued in "individualistic" countries where people value autonomy but may not be valued in "collectivistic" countries where people tend to give priority to strong social ties. "In order for telecommuting to work, companies need to provide employees with the appropriate technology and there needs to be a quiet work space at home. In some countries, employees live in large households with limited space and it may be too distracting to work at home" (Chinchilla et al., 2010).

Working, even part-time, from home seems to be rather limited, except for professionals. In the United States, according to the NSE,[3] only 23% of employers in 2007 reported allowing some workers to work at home on a regular basis. This figure stood at 11% according to employees who participated in the Current Population Survey (CPS).

Birth rate as a variable of adjustment

Clearly, at the macro level, the birth rate acts as a variable of adjustment. For instance, a lack of formal childcare places and state or market-provided support will probably induce women either to reduce the number of children they have in order to be able to stay in employment, or to postpone the birth until they have a strong foothold in the labour market. This is especially the case if the norms governing bringing up children imply that mothers of young children should stay at home to look after their child (see the case of Germany, Salles et al., 2010). McDonald (2000) makes a similar point when arguing that gender inequalities are responsible for a country's low fertility level. This confirms that women's labour force participation should be examined as an intermediate mechanism in the process linking policies and fertility (Gauthier, 2007, Sleebos, 2003).[4]

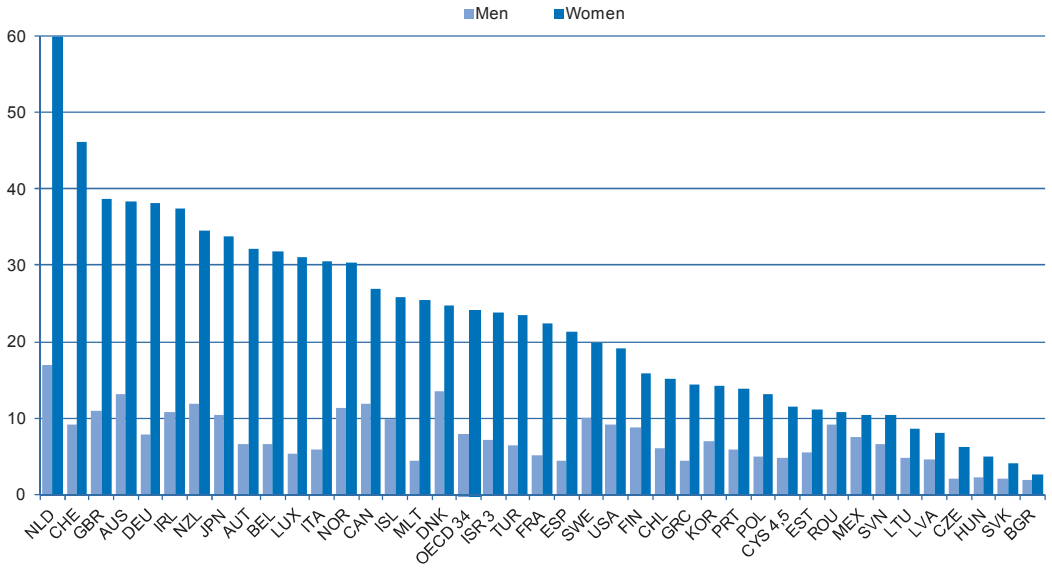
In Germany, since 2000, despite important changes in family policy aimed at helping mothers to better combine a job with family responsibilities, the total fertility rate (TFR) has been stalling at a low level (1.3 in 2010). In reality, working mothers still have to deal with numerous difficulties in this area partly as a result of the shortage of places in childcare provision for children under age three and the persisting influence of child-rearing norms (Fagnani and Math, 2010).

Work-family conflict and its impact on mothers' employment rates and patterns and on fertility

Motherhood continues to have an impact on employment patterns but has a far greater impact in some countries than in others.

The *OECD Family database* shows that compared to employment rates of women aged 25-49, so-called maternal employment rates, i.e. pertaining to women with a child under 16, are lower in all countries except Iceland and Sweden. The employment gap is highest in Ireland and Japan.

Figure 3.3. **Incidence of part-time employment[1] (2009[2])**

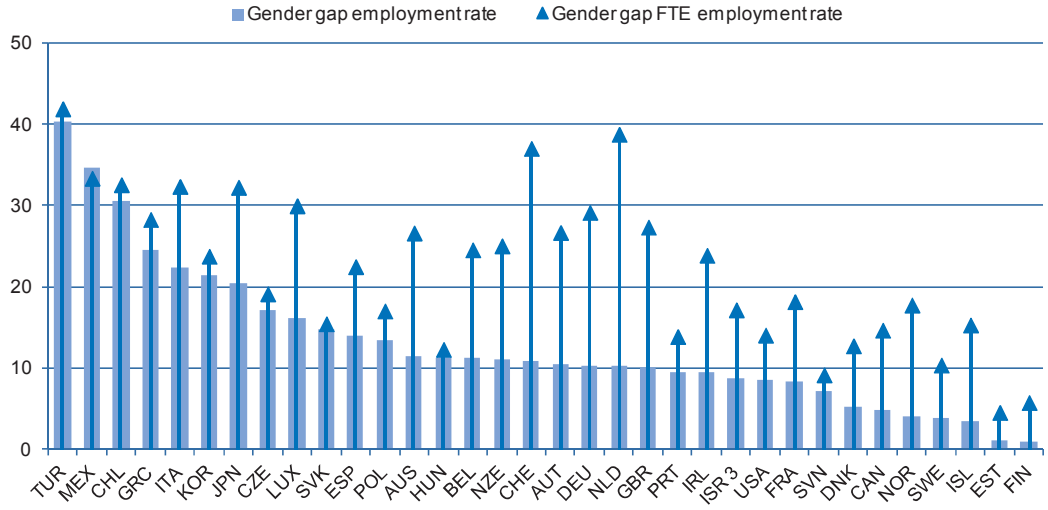


Notes: 1. Part-time employment refers to persons who usually work less than 30 hours in their main job.
2. 2007 for Israel; 2008 for Chile and non-OECD EU countries.
3. The data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
4. Footnote by Turkey: the information in this document with reference to Cyprus relates to the southern part of the island. There is no single authority representing both Turkish and Greek Cypriot people on the island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus issue".
5. Footnote by all the European Union member countries of the OECD and the European Commission: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: OECD (2010), *OECD Employment Outlook 2010: Moving Beyond the Jobs Crisis*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/empl_outlook-2010-en* and ELFS for EU-countries outside the OECD.

As regards the gender gap in employment rates in full-time equivalent (to neutralise the effect of the high incidence of part-time employment among women), the Netherlands once more stands out: this gap reaches 40 points compared to under 20 in Canada, France, the Nordic countries, Poland, Portugal and the United States.

Figure 3.4. **Gender gap in employment[1] rates (2009[2])**



Notes: 1. Part-time employment refers to persons who usually work fewer than 30 hours per week in their main job. Data only include persons declaring usual hours.
2. 2007 for Israel; 2008 for Chile.
3. Footnote by Turkey: the information in this document with reference to Cyprus relates to the southern part of the island. There is no single authority representing both Turkish and Greek Cypriot people on the island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Source: OECD (2010), *OECD Employment Outlook 2010: Moving Beyond the Jobs Crisis*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/empl_outlook-2010-en*.

However, across OECD member countries, employment rates increase with educational attainment, particularly for women. Thus, gender employment gaps are smaller the higher the education level. Within the EU, countries that have both the highest TFR and completed fertility rates and the lowest gender gap in full-time equivalent employment rates are those providing the most generous public support to working parents (Nordic countries and France), in particular in terms of formal childcare provisions. Conversely, those countries that have very low fertility rates (Korea and Japan, see Figure 3.5) and at the same time a wide gender gap in employment rates spend much less on childcare and pre-primary education (see Figure 3.1). Correlatively, the enrolment rate of children aged under three in formal childcare is comparatively low (OECD, 2009).

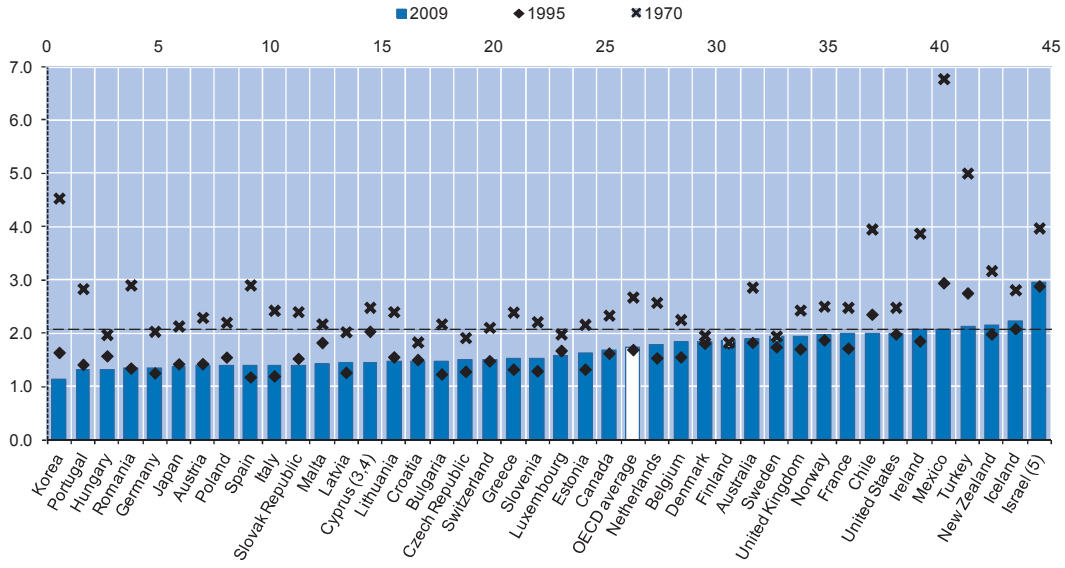
Organisational practices counteracting the positive aspects of family-friendly initiatives in the workplace

Support in the workplace to reconcile work and parenting are available for mothers and fathers in an increasing number of large companies, but at the same time wider societal gender ideology underpinning state and firms' policies assumes that employed

mothers will be the primary caregivers in the family. Moreover, gendered workplace cultures define ideal workers in ways that conflict with ideal mother norms. Therefore, if men do not alter their working patterns, "family-friendly" flexible working becomes marginalised and detrimental to women's career prospects.

To date, organisational culture, including stereotypes and deeply entrenched assumptions, can make it hard for women to pursue a career and have children.

Figure 3.5. **Total fertility rates in 1970[1], 1995 and 2009[2] (children per woman)**



Notes: Countries are ranked in ascending order of fertility rates in 2009. Dotted line denotes replacement fertility rate of 2.1.
1. 1975 for Malta and 1982 for Cyprus.
2. 2007 for Canada; 2008 for Bulgaria, Chile, Croatia, Cyprus, Latvia, Lithuania, Malta and Romania.
3. Footnote by Turkey: information referring to Cyprus relates to the southern part of the island. There is no single authority representing both Turkish and Greek Cypriot people on the island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".
4. Footnote by all European Union member countries of the OECD and the European Commission: the Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.
5. The data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: National Statistical Offices and *Eurostat Demographic Statistics* (2010).

Key drivers of change in work-family life arrangements from 2010 onwards

This section identifies the key drivers of change in the balance between work and family life from 2010 onwards.

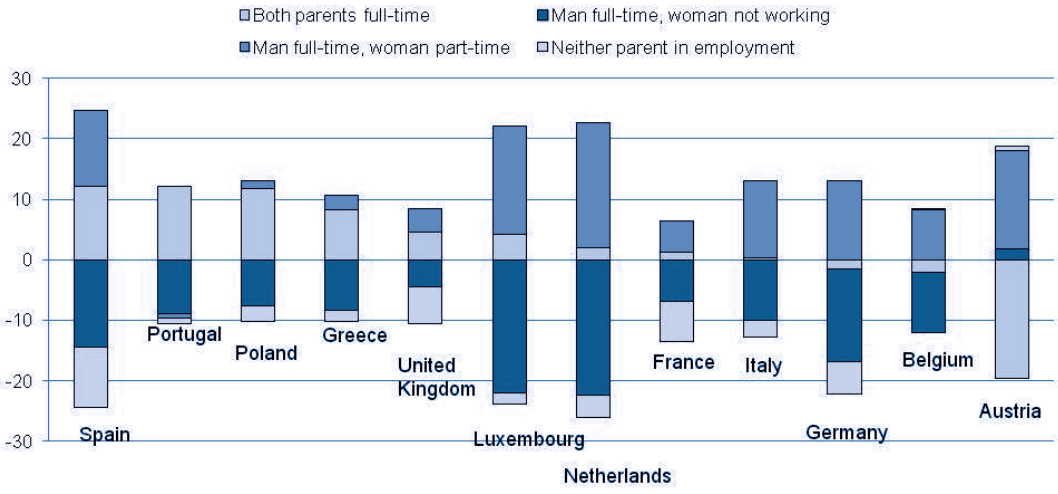
The influence of work and family life may counteract one another or contribute towards moving in the same direction. Beyond the steady trends and current key drivers, there are also a number of new, potentially disruptive factors.

The impact of demographics and social changes on the work-life balance

Women's labour force attachment continues to grow. And one of the major key drivers of change will be the persistent increase in mothers' employment rates. This trend seems irreversible.

Data on patterns of employment distribution of couples with a child under six for 1984, 1994 and 2007 (Table 3.A2.2 and Figure 3.6) show that in all countries except Austria, the number of one-income families significantly declined. In many countries, in particular Belgium, Germany, Italy, Luxembourg and the Netherlands, this was due to the growth of one-and-a-half income families. In Austria, however, their growth was at the expense of dual full-time income families. In Greece, Poland and Portugal the proportion of one-and-a-half income couples has changed little. In these countries, as in Spain, full-time dual-income couples are the fastest-growing group of couple-families. Low average female earnings are strong incentives for working full-time (OECD, 2010a). Moreover, contrary to France, Germany or the Netherlands, employment legislation does not promote this employment status.

Figure 3.6. **Change in the distribution of employment status among couple households (1994-2007)**



Source: European Labour Force Surveys (ELFS) 1994 and 2007.

The labour force participation of people aged over 65 also varies across OECD member countries. While most European countries and Canada show quite low rates of labour market participation for this age group, rates are considerably higher in Japan, Korea and the United States. By 2030, these countries will also experience different degrees of ageing, with different implications for labour market adjustment. For example, in terms of population ageing the United States occupies the middle ground internationally, experiencing what will be a relatively moderate change in shares of the elderly. Moreover, it has attained labour force participation rates among people aged over 65 that are well above those of many other OECD member countries. In contrast, many European countries will experience moderate to high population ageing, but currently show very low rates of labour market participation among elderly workers.

Due to expected increases in the rates of labour force participation for men and women aged 65 and over (mainly as a result of changes to pension systems), support and assistance provided (mostly) by women in their sixties may be markedly limited in the near future.

The overall postponement of having children, a strategy for establishing a solid foothold in the labour market prior to becoming a mother or a father, will also have far-reaching consequences on the work-life balance of middle-aged women in the future.

Enhancing women's employment

As a result of the future decline of the workforce and to limit the flows of immigrants – a controversial and political issue – promoting women's employment will be at stake.

Against this background, the European Parliament is pushing hard to bring in longer EU minimum standards for maternity leave.[5] But members of the European Parliament (MEPs) are likely to face stiff resistance from some EU member countries, particularly the United Kingdom which is worried about the costs involved in this latest plan. The Commission is in the process of drafting a directive on parental leave.

Key drivers on the labour market and in the workplace

The flow of new people entering the workforce is slowing in line with demographic changes. In Germany, over the 1998-2009 period, the working age population aged 15-64 years declined by 2.6% (Ziemann, 2010). In Japan, since 2001, the labour force has undergone sharp contractions.

In the United States, annual labour force growth rates (including growth due to immigration) over the next ten years are forecast to be only about half of what they were over the last decade (Toossi, 2005).

However, this trend could be offset by future increases in the employment rates of people aged over 65. For instance, in the United States, according to the latest survey, the *2010 Retirement Confidence Survey*, carried out by the Employee Benefit Research Institute (2010) the percentage of workers who expect to continue to work after age 65 has increased over time, from 11% in 1991 to 19% in 2000, and 33% in 2010. Among the reasons given for the change by workers postponing retirement, the most often cited are:

- the weak economy (29%);
- a change in employment situation (22%);
- inadequate finances or can't afford to retire (16%);
- the need to make up for losses on the stock market (12%).

Older workers are expected to remain increasingly active over the longer term. The US Bureau of Labor Statistics expects the labour market participation of men aged 65-74 to increase by almost 5 percentage points this decade, reaching over 34% by 2018. The participation rate of women of the same age group is expected to rise by 6 percentage points to 27% by 2018.

Growing demand for new skilled workers

Competition for qualified, well-trained staff will intensify. In Europe, for example, significant increases in demand for higher and medium-skilled occupations are expected in the years to 2020 (CEDEFOP, 2010). This is also true for Australia and the United States according to the US Bureau of Labour Statistics (US Bureau of Labor Statistics, 2010). This trend may favour skilled employees in their relationships with employers or supervisors: they will be able to put them under pressure and thus to obtain family-friendly arrangements in the workplace.

Germany offers an interesting example regarding the shortfall of qualified workers. When an increasingly competitive economic environment revealed a chronic shortfall of qualified staff in German enterprises, employers felt that increasing female participation in the labour market would prove to be the solution. In addition, a burgeoning low-wage service sector was also in desperate need of staff and it was hoped that women could help make up for the shortfall. Acknowledging this untapped potential, employer organisations gave their full backing to the Family Ministry, headed led by Renate Schmidt (SPD) from 2002 to 2006. Her conservative party successor Ursula von der Leyen (CDU) has continued to implement the policies she initiated. When a proposal was made to triple the number of places available in crèches by the year 2013 it received the full backing of the President of the BASF group as well as industry leaders from Bosch and Thyssen-Krupp (Fagnani and Math, 2010; Veil, 2010).

In many countries, large companies now develop flexible working arrangements (FWA) including reduced working-hour schemes, to meet business needs to recruit and retain women employees with young children.

Concerns about the under-representation of women in science and engineering (SET), especially at senior levels, and their tendency to opt out of SET careers in increasing numbers contribute to a business case for enhancing flexible working and gender equity and hence a further contextual driver for change.

The growing educational divide in mothers' employment

In many countries, research suggests that over the past two decades, patterns of mothers' employment have developed differently among the different educational groups. Konietzka and Kreyenfeld (2010), for instance, demonstrate that, in Germany, while full-time employment rates declined in all educational groups, the most pronounced changes have occurred among less educated mothers. These authors assume that two factors have contributed to this divide: *i)* labour market opportunities for the less educated have been steadily deteriorating; and *ii)* the less educated have often taken up policy options like parental leave schemes, which can be combined with a part-time job.

This polarisation with respect to the uptake of family-friendly measures can also be observed in France: the less educated are over-represented among recipients of the child-rearing benefit and beneficiaries of parental leave, whereas mothers who are highly educated and have a stronger motivation largely resume their full-time job after maternity leave and can rely on alternative options to combine a job with family commitments (Fagnani and Math, 2009). Evidence-based research has also shown that uptake rates of leave to care for sick children are much higher among low-educated women than among their highly educated counterparts.

Dramatic organisational changes in the workplace

The nature of the workplace has been evolving against a background of growing "post-Fordist" organisations (epitomised by knowledge-based organisations), and dramatic organisational changes in enterprises are taking place. These shifts already have strong implications on the work-family life balance of employees.

Number of hours worked: long hours versus involuntary part-time jobs

Although the average number of annual hours actually worked per person in employment has been declining over the last three decades (OECD, 2010a), there are substantial differences within the workforce and from one country to another.

Results of the WORKS project (2009) on working time highlight a tendency towards de-standardisation and an increasing differentiation of temporal models: with an increase in atypical hours, flexitime, and shortened as well as lengthened working hours.

Organisational changes in the workplace have been accompanied by an increase in the share of long working hours (defined as 45 or 47 or more hours a week), a common trend, while overtime work has increased steadily in recent years.

The United States – often referred to as "a 24/7 economy" – has been a forerunner in changes in working arrangements. The typical American middle-income family worked an average of 11 more hours a week in 2006 than it did in 1979 (Williams and Boushey, 2010). Against this background the negative effect of the "time-greedy nature" of the workplace and the long-hour culture have often been denounced (Gornick and Hegewisch, 2010).

In the United States, 38% of professional managerial men now work 50 or more hours a week, and 23% of men in the middle-income bracket, up from 21% 30 years ago (William and Boushey, 2010). Meanwhile, 14% of professional managerial women and 32% of professional managerial single mothers work 50 or more hours. This trend reverses among low-income families, with 16% of men working long hours 30 years ago compared to 9% today.

Working full-time in high-powered careers – often requiring 24/7 availability – typically involves 50 or more hours a week, while the career and income penalties for "part-time" work seem to be higher in the United States than elsewhere.

The fourth European Survey of Working Conditions, conducted in 2005 (Eurofound, 2009) shows that long working hours remain a predominantly male phenomenon in Europe and one that affects self-employed workers to a greater extent than employees. In terms of occupations, senior managers and agriculture and fishery workers are those who most often work more than 48 hours.

In all European countries, most entrepreneurs, executives, professionals and high-level managers, given the freedom to organise their time at will, choose (or have) to work long hours which frequently spill over into the evenings and weekends.

It comes therefore as no surprise that in Germany, for instance, 65% of fathers (living with children aged under 18) would like to work less than they currently do compared to 41% of the mothers (most of whom work part-time [Institut für Demoskopie Allensbach, 2010]), although the average number of hours worked per person declined by 3.2% from 2008 to 2009 as a result of the decision taken by social partners to give priority to employment protection (Ziemann, 2010).

Table 3.2. **Men in the United States working 50 or more hours per week (late 1970s and late 2000s)**

	Low income	Middle income	Professional
Late 1970s	16%	21%	34%
Late 2000s	9%	23%	38%

Source: Heather Boushey and Jeff Chapman's analysis of Miriam King, Steven Ruggles, Trent Alexander, Donna Leicach and Matthew Sobek. Integrated Public Use Microdata Series, Current Population Survey: Minneapolis: Minnesota Population Center, 2009.

It should be kept in mind that labour force participation not only involves time spent in the workplace, but often implies considerable time spent commuting.

Conversely, in a context of a dramatic increase in the share of women working part-time (Figure 3.9) many low-wage workers can find only part-time work, and would like to work longer hours. In fact, alongside the organisational changes in the workplace and the development of employer-driven flexibility, involuntary part-time work is on the rise in many OECD member countries. In Germany for instance, from 2000 to 2008 the share of involuntary part-time workers as a percentage of the part-time employed increased from 5.4% to 10.2%.[6] In Italy, Spain and Portugal this increase was even greater.

Work intensification: an aggravating factor for the work-family life balance

Besides this differentiation, the most important impact of global restructuring processes on the organisation of working time seems to be a growing intensification of work – not necessarily as a prolongation of working time but as a speeding-up of pace and workloads.

Results of the WORKS project (2009) show that for women, the benefits of the restructuring are ambivalent. While new opportunities have opened-up in high-skilled "knowledge work" these can only be taken up at the price of adopting a "masculine" lifestyle, including long hours, work intensification and a "sacrifice of the work-life balance".

The development of non-standard working hours and/or unpredictable schedules

Changes in the patterns of work schedules have taken place in many countries.

In the United States, 30% of recently hired low-skilled employees frequently work weekend hours, with another 24% occasionally working at weekends, 15% working evening shifts, 4% night shifts, and 11% rotating shifts (Acs and Loprest, 2008). Most workers report that they work these shifts for their employers' convenience, not their own. While in some cases workers welcome non-traditional shifts because they allow them to forgo the use of paid childcare, such split-shift schedules can put significant strain on workers' marriages and families, as well as on their health (Kaye and Grey, 2007).

Even for people who work during traditional work hours, those hours have become less predictable. Lower-Basch (2008) points out that, "With just-in-time scheduling, sophisticated computer systems allow firms to fine-tune staffing levels hour by hour, in order to provide peak coverage as needed while minimising the total payroll. This shifts

the cost of inconsistent demands for labour onto the workers, requiring some workers to work mandatory overtime, while keeping others on call but paying them only for the hours in which their labour is needed. Many workers also face unpredictable schedules, often provided no more than a few days in advance."

Often an unintentional by-product of employers' economic interests (Lesnard, 2009), off-scheduling within dual-income couples is widespread and seems to be on the rise.

In their research on the effect of the intensification of work for male and female employees, Fagan and Burchell (2002) confirm that unsociable hours (and long hours) have significant negative effects on the work-life balance; the higher the level of non-standard hours the greater the dissatisfaction.

Research on the impact of the French 35-hour working week laws (introduced in 2002-2003) on the work-family life balance of dual-income parents with at least one child aged under six (Fagnani and Letablier, 2004) shows that of those fathers or mothers who had their working hours reduced due to the implementation of the laws, 58% responded "Yes" to the question, "Do you feel that the law on the 35-hour working week has made it easier for you to combine your family life with your working life?" The figure stood at 59% for women respondents and 55% for the men. However, the views of parents varied greatly depending on whether or not they had non-standard working hours (i.e. after 6.00 PM, before 8.00 AM or during the night): 61% of parents who had fixed and "standard" working hours felt that the reduction in working time had improved their daily lives, against only 50% of those who worked non-standard hours (Table 3.3).

Table 3.3. **The impact of the 35-hours laws in France**

	Yes (has made it easier)	No (has not made it easier)	Total
Employees with non-standard working hours	50.4	49.6	100% (n=274)
Employees with standard working hours	64.1	35.9	100% (n=340)

Note: The question was: "For those who work outside the home: do you work regularly or occasionally outside normal working hours?" (after 6.00 PM in the evening, at the end of the week, before 8.00 AM in the morning or at night). $P < 0.001$ (significant at 0.1%).

Source: Fagnani, J. and M.T. Letablier (2004), "Survey on 'reconciliation of family and working life'", Caisses d'Allocations Familiales.

This research also demonstrates that the impact is more positive where the organisation of working time is regular, with manageable and predictable hours.

It also confirms the variety of impacts the 35-hours laws have had on the work-life balance. Legislation was introduced at the same time as the 35-hours laws making implementation of work regulations more flexible. Diversity has been the rule in introducing new forms of work organisation. French employees have had to come to terms with flexible scheduling, which doesn't always fit in with the operating hours of nursery schools or crèches, and they are sometimes obliged to accept flexible working schedules and practices to which they traditionally objected, as the unemployment rate in France is high and the level of trade union representation is low. The outcome of these changes in working conditions is that employees often have to rely on complementary childcare arrangements, particularly if parents' working hours overlap, and they have to call upon babysitters, grandparents or relatives. This situation serves to complicate the management of their daily lives, increasing the mother's stress and often leads to a rise in childcare costs.

Research results (Fagnani and Letablier, 2004) confirm the dramatic role played by working conditions, working time schedules and the methods for introducing the reduced working time (RWT) in shaping respondents' opinions about the effect of the 35-hour week on family life. For instance, almost half of the respondents had their working hours imposed on them, while the others were able to negotiate, either through their trade unions or by choosing the hours themselves. Parents viewed the effect of RWT on their family life to be positive where it had been possible to negotiate the working hours. They were more frequently discontented when their working hours had been imposed.

Clearly, these results demonstrate that improving the work-family life balance requires more than a simple reduction of hours worked for parents to feel comfortable with their work and family life balance. Other conditions are required, such as a conscientious organisation of working time that is compatible with family needs and childcare arrangements (Gornick and Hegewish, 2010).

The development of non-standard working hours: a driver of change in the gender division of unpaid caring work?

Low-income working parents sometimes deliberately choose to work hours that don't overlap with one another so that one parent is able to remain at home with the children while the other is at work (Fagnani, 2010; Lesnard, 2009). Mothers with dependent children are sometimes able to structure their jobs (when they work in the retail or service sector, for instance) around their partners' employment, allowing them to take advantage of the fact that if their partner is at home while they are at work they needn't worry about finding outside help for child-minding responsibilities. Correlatively, the amount of time these couples spend together is significantly lower than in other couples.

These childcare strategies can, however, indirectly result in a more equal division of childcare responsibilities than in couples with standard work hours.

The development of telework: progress or pitfall?

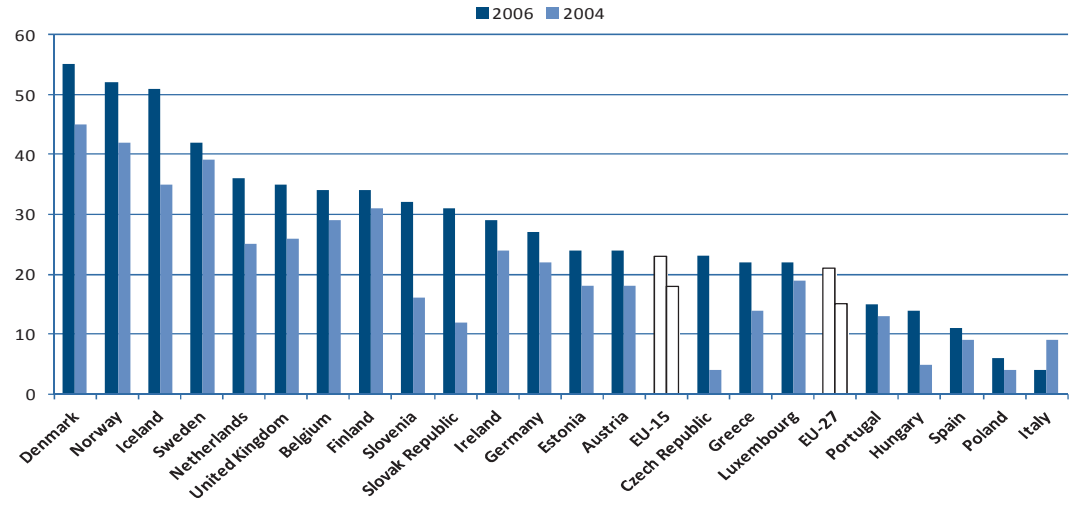
The combination of rising rates of computer literacy over the coming years, further increases in broadband use, and continual adjustment to regulations and practices governing work schedules opens up huge potential for telework and telecommuting.

Indeed, recent years have seen teleworking and telecommuting expand quite significantly. For the period for which data are available, the supply of telework has steadily increased in European countries (Figure 3.7). In 2006, some 23% of enterprises in the EU-15 employed teleworkers (any location, but predominantly from home), compared to 16% in 2003. But there are considerable differences across the OECD in the share of companies offering telework arrangements.

OECD analysis of available data point to three variables that determine a company's likeliness to offer telework: location (country), size, and industry sector.

1. There are clear differences between Northern European countries – Denmark, Iceland, Norway, Sweden – which have the highest shares of companies offering telework, and southern and Eastern European countries – Hungary, Italy, Poland, Portugal, Spain – that are below the average.

Figure 3.7. **Share of companies offering telework arrangements**



Source: OECD (2010), *OECD Information Techology Outlook 2010*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/it_outlook-2008-en*.

2. The size of the company matters as large firms offer telework arrangements more frequently than small and medium-sized enterprises. This is confirmed throughout all countries. In Denmark, for instance, the share of large companies offering telework is double that of small firms. In Italy, that share is multiplied by a factor of ten.

3. The nature of the work varies with different industry sectors and not all types of work can necessarily benefit from telework. The highest rates of teleworking employees can be found in the audiovisual and content-production sectors, real estate businesses and in utilities (gas, water, electricity). The utilities sector, in fact, has the highest share of companies with telework arrangements in place in a number of countries, e.g. Hungary, the Netherlands, Spain, the United Kingdom.

   – In the United States, the number of people working for their employer remotely or from home rose from an estimated 12.4 million in 2006 to over 17 million in 2008, a two-year increase of almost 40%, and almost 75% over three years. Data from the US Bureau of Labor Statistics for the 2006-2008 period suggest the proportion of Americans teleworking at least once per month rose from 8% to 11% (US Bureau of Labor Statistics, 2009).

According to 2009 results from the American Time Use Survey (ATUS) released by the US Bureau of Labor Statistics (2010) in June 2010:

- On the days that they worked, 40% of employed people aged 25 and over with a bachelor's degree or higher did some work at home, compared with only 10% of those with less than a high-school diploma.
- On the days that they worked, 24% of employed persons did some or all of their work at home. This figure was similar for men and women.

- A combination of factors appears to be at play: the proliferation of cheap high-speed and wireless Internet access, rising fuel and commuting costs, and the trend by employers to embrace work-life balance solutions.

It may come as no surprise therefore that a large proportion of teleworkers are people wishing to take advantage of the flexibility offered by these arrangements to take care of dependent persons (children, elderly relatives) in the home, while maintaining effective levels of work performance. Recent research conducted by the US General Services Administration among employees teleworking at home showed that some 53% of respondents were taking care of dependents at home, of whom more than half indicated that teleworking was beneficial to their care-giving responsibilities.

The growth in precarious, non-standard and low-paid jobs and the diversification in employment conditions

A further increase in labour force participation seems to be connected with a greater variety of employment relationships (Schmid, 2010).

Precarious jobs have been developing quite rapidly in Europe and Asia, not only in the form of fixed-term contracts but also in temporary agency work and involuntary part-time work. This was partly due to policies and employment-related (de)regulations. In Germany, for instance, from 1998 to 2009 the share of atypical forms of employment rose from 16.2% to 24.8% (Statistisches Bundesamt, 2010). Women are over-represented in atypical employment: they represent 67% of people holding exclusively so-called "mini-jobs" (Table 3.4). Since the deregulation, which occurred in 2003 (through the Hartz reforms), the number of temporary agency workers in particular has significantly increased: from 371 309 to 560 000 in 2009 (Wagner, 2010). During the 2004-2007 period, their numbers also significantly increased in Sweden (+69.7%), the Netherlands (+48.4%) and Austria (+34.3%).

Table 3.4. **Increase in the numbers of atypical jobs, "mini-jobs" and standard jobs in Germany (2002-09)**

In millions

	2002	2009
Atypical jobs[1]	4.13	7.59
Those **exclusively** with mini-jobs[2]	4.18	4.9
Standard jobs[3]	27 261	27 487

Notes: 1. Fixed-term contract, temporary agency work, mini-jobs (workers can combine a mini-job with a standard job), part-time jobs (20 hours or less per week). 2. Paid not more than EUR 400 per month, not insurable and not taxable. 3. Insurable ("*Sozialversicherungspflichtig Beschäftigte*").

Source: Wagner, Alexandra (2010), "Atypische beschäftigung: eine wissenschaftliche bilanzierung", Hans-Böckler-Stiftung, Berlin, *www.boeckler.de/pdf_fof/S-2009-327-3-1.pdf.*

Within the EU, low-skilled people are over-represented in non-standard employment across member countries, but to very varying degrees: by some 12 percentage points in Denmark, 8 in Germany, and only 3 in the Netherlands (6 percentage points being the EU-average) (Schmid, 2010).

Whether temporary-help jobs improve labour market outcomes for low-skilled workers remains a controversial issue among academics. Evidence provided by research is varied. In many countries, the increase in women's labour market participation has recently been accompanied by the growth of less secure jobs.

In Germany, Japan, Korea and Spain, these forms of employment are quite widespread among women and especially among married women and single mothers. Indeed, in Japan non-standard employment accounts for more than half of women's total employment. In the context of the ongoing shift to service-related activities in most OECD member countries, and in the absence of far-reaching policy changes, it seems unlikely that the future will bring a significant change in direction.

Results of recent research also show that employment conditions are becoming increasingly fragmented, even within companies. In IT services, for example, workers formerly employed under the same contracts are becoming differentiated with major variations in their terms and conditions.

In France, for example, the proportion of employees working part-time was notably higher for employees with short-term or temporary contracts than for those with stable jobs. Between 2003 and 2007, the share of part-time employees among subsidised jobs in the public sector rose substantially, from 60% in 2003 to 87% in 2007 (Fagnani and Letablier, 2009).

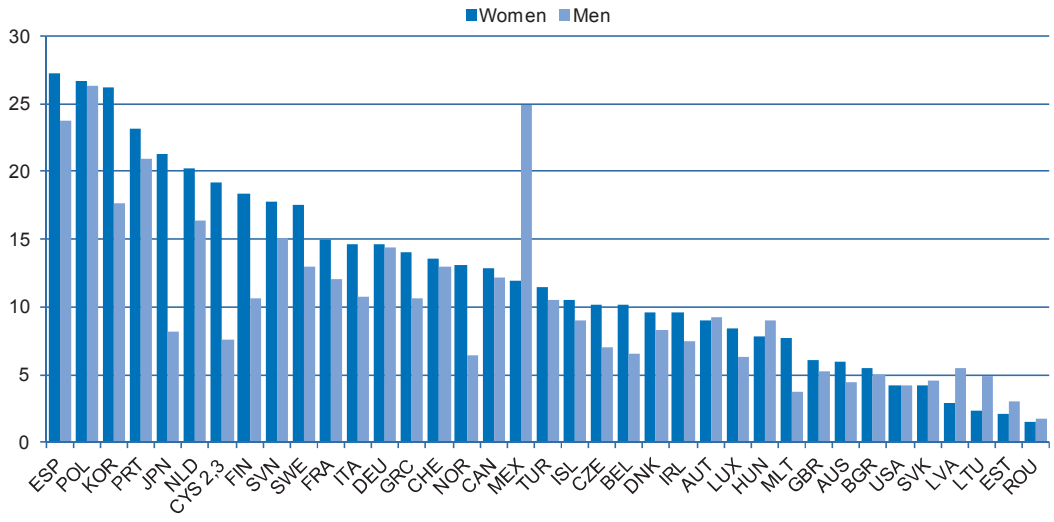
In France, as in most OECD member countries, low-educated single mothers are especially affected by under-employment (defined by the ILO as part-time workers wishing to work more, being available to work longer hours and looking for additional hours of work). Often, they are offered only part-time jobs, mostly in the care sector and retail trade. Although a significant proportion of these jobs is stable and associated with open-ended contracts (for instance, in the booming retail sector), they are still characterised by hard working conditions especially as far as work schedules are concerned (Fagnani and Letablier, 2009).

In Germany, there has been a dramatic rise in the number of low-wage workers over the last decade (Bosch and Weinkopf, 2008). In 2008, 21% of all workers were paid less than EUR 9.06 (gross) per hour (WSI, 2010). Almost half of the workers with precarious jobs (49.2%) were paid EUR 9.85 per hour (compared to 11% of the people with standard jobs, *Normalarbeitsverhältnis*), and women are particularly affected. Between 1998 and 2008, the number of workers living under the poverty level increased by 58% (Ziemann, 2010). Therefore, unless childcare provision is heavily subsidised (by the state or at company level), parents with low earnings prospects either rely on relatives or informal care, reduce their working hours or cannot afford to be in employment and are obliged to live on welfare.

There is a growing segmentation of the employment market along with a growing divide in terms of earnings and working conditions between highly skilled and well-trained workers and low-skilled workers.

The development of "internal" and "external" flexibility in the workplace has gone hand in hand with an increase in the share of temporary agency workers in many OECD member countries. In Germany, for instance, the number of "*Zeitarbeiter*" has increased by 100% between 2000 and 2007 (although starting from a lower level than other countries) according to a survey carried out by the Bertelsmann Stiftung (2010). Currently one-third of the jobs that German companies intend to create are under the form of "*Zeitarbeit*" (Süddeutsche Zeitung, 30 July, 2010).

Figure 3.8. **Incidence of temporary employment in dependant employment (2009[1])**



Notes: Countries are ranked by decreasing incidence of temporary work for women.
1. 2004 for Mexico; 2005 for the United States; 2006 for Australia; 2007 for Cyprus, Malta, Bulgaria, Latvia, Lithuania and Romania.
2. Footnote by Turkey: information referring to Cyprus relates to the southern part of the island. There is no single authority representing both Turkish and Greek Cypriot people on the island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".
3. Footnote by all European Union member states of the OECD and the European Commission: the Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Source: *OECD Employment database* (2011) and *ELFS* for EU-countries outside the OECD.

In a number of OECD member countries, there is a slow-moving trend towards a growing number of low-wage workers taking on two or more jobs because they cannot find sufficient hours in any single job.

In the United States, around 15% of low-wage workers hold more than one part-time job. Moreover, workers who hold several jobs are almost twice as likely to work on an average weekend day as single jobholders, at 59% compared with 32% (US Bureau of Labor Statistics, 2010).

These precarious, often low-paid, jobs make it more difficult to plan the organisation of childcare arrangements sufficiently in advance, especially if neither parent can afford or does not want to reduce her or his own professional commitments. In other words, instability on the labour market, irregular work schedules, short-term contracts and low earnings are at odds with a long-term strategy related to work-life balance and might be detrimental to the children's well-being.

Trends in commuting times: increased space constraints

Time spent commuting from home to the workplace is essential when it comes to the management of working parents' everyday life. When travelling to work is too time-consuming it may deter wage and salaried workers – women especially – from working full time or even encourage them to stop working.

As a result of urban sprawl and increasing social segregation – and the gentrification of the inner cities – the average commuting time has been increasing in most OECD member countries. This phenomenon can be detrimental to employees' well-being and may have a negative impact on companies' economic results. Van Ommeren and Guttierez (2011), for instance, have demonstrated a negative effect of the length of workers' commuting distance on their productivity. They identified this effect using employer-induced changes in commuting distance: on average, absenteeism would be about 15% to 20% less if all workers had a shorter commute.

In Belgium, France, Italy, Japan, Poland, Spain, the United Kingdom and the United States, male workers spent on average over one hour commuting per weekday. In most countries, men spent more time commuting than women, but there are notable cross-country differences (Figure 3.A2.2). On average, Japanese men spent far more time commuting than women, while in Finland there is hardly any difference.

There are two main reasons why commuting times are also shorter for mothers than for fathers (Table 3.5). Firstly, to enable mothers to combine a job with family commitments (especially when children are under compulsory school age), working couples usually give priority to the mother's workplace, so that she spends less time on commuting than her partner. Secondly, after a birth, working mothers (especially low-income mothers) who live far from their place of work, often try to find a workplace closer to home to alleviate their time constraints (Fagnani, 1986). These reasons also contribute to explaining that in almost all countries mothers with dependent children spend less time commuting than women without children.

Table 3.5. **Time spent commuting, by gender, and the presence of children in the household**

In minutes on a weekday (commuting respondents)

	Men	Women	Ratio men/women*
Belgium	71	62	1.15
Bulgaria	68	56	1.12
Estonia	59	52	1.07
Finland	44	45	1.02
France	65	50	1.11
Germany	62	48	1.29
Italy	63	54	1.12
Japan	77	58	1.60
Latvia	70	50	1.15
Lithuania	59	48	1.11
Norway	62	47	1.14
Poland	62	54	1.05
Slovenia	51	46	1.04
Spain	66	59	1.03
Sweden	48	44	1.04
United Kingdom	66	43	1.25
United States	:	:	1.30

* All commuting respondents with or without children.

Source: *OECD Family database* (2010), *www.oecd.org/els/social/family/database*.

Tension between paid work and unpaid work

Between 1996 and 2007 the share of employed individuals who "strongly agree" or "agree" that their work is too demanding and stressful has risen significantly in most European countries, except in Denmark and Finland where this share has been decreasing (Table 3.6).

Table 3.6. **Share of employed individuals who "strongly agree" or "agree" that their work is too demanding and stressful: evolution (1996-2007)**

Country	1996	2007
Austria	39	46.9
Belgium	26.8	32.5
Denmark	28.5	27.7
Finland	31.8	24.4
France	35.9	40.4
Germany	35.1	43.5
Greece	57.4	62.8
Ireland	26.2	36.1
Italy	40.6	48.8
Norway	–	19.6
Netherlands	23.2	23.4
Poland	–	44
Portugal	34.4	59.4
Romania	–	44.1
Slovenia	–	50.7
Spain	24.4	45.6
Sweden	39.7	43.1
Turkey	–	71.7
United Kingdom	42	32.5

Source: Eurofound (2010).

Americans report sharply higher levels of work-family conflict than citizens of other industrialised countries. As many as 90% of American mothers and 95% of American fathers report work-family conflict (Williams and Boushey, 2010).

We have already pointed out that working hour patterns are very important to reconciling work-family attitudes and practices, although with large differences in patterns across OECD member countries (Table 3.1). But it is important to keep in mind that during an economic crisis, power relations between employers and employees are thrown off balance due to the scarcity of job creation, the rise in unemployment rates and the decline in the rates of union membership (less than 10% of the workforce; 6% in the private sector in France, for instance). This context makes it difficult to resist employers' demands in particular as far as work schedules are concerned (Fagnani, 2010).

In most European countries the share of people (employed individuals) for whom "it has been difficult to fulfil their family responsibilities because of the amount of time spent on the job several times a week or several times a month" has significantly increased from 1996 to 2007 (Table 3.7).

Table 3.7. **Share of people (employed individuals) for whom it has been difficult to fulfil their family responsibilities because of the amount of time spent on the job "several times a week" or "several times a month"**

Evolution 1996-2007

Country	1996	2003	2007
Austria	24.5	20.4	31.6
Belgium	12.3	26.2	28.1
Denmark	17.1	18.1	21.2
Finland	18.6	14.5	19.7
France	26.7	22.4	17.3
Germany	18.9	26.2	24.3
Greece	42.3	35.4	45.7
Ireland	21.7	22.7	25
Italy	20.9	27.3	23.9
Latvia	–	57.6	47.1
Lithuania	–	37.3	39.7
Norway	–	–	23
Netherlands	12.1	19.1	29.2
Poland	–	44.5	43.4
Portugal	26.3	37.7	28.8
Romania	–	37.6	46.6
Slovenia	–	38.2	42.6
Spain	32.5	31.3	38.1
Sweden	22.7	25.2	18.5
Turkey	–	51.1	52.5
United Kingdom	21	30.3	28.5

Notes: In Denmark and Finland this increase was less important than in other countries. France and Sweden stand out as they show a decline in this share. In Sweden, regulations on working hours remain strict and women, who account for a large share of the workforce, are mostly employed in the public sector. In France, the 35-hours laws partly explain this phenomenon.

Source: European Quality of Life Surveys (EQLS), Eurofound (2010).

Meanwhile, along with the expansion of telework and the growth of faster communication technologies, boundaries between family life and paid work are currently blurring. Indeed the fourth European Working Conditions Survey (Eurofound, 2010) shows that over the past five years the number of workers who can be contacted on work-related matters outside normal working hours has increased. Some 11% of men with supervisory responsibilities have to cope with out-of-hours contact every day.

Nonetheless, the impact of telework is ambivalent: its development could at the same time contribute to alleviating time and space constraints faced by an increasing number of workers.

Other key drivers: towards a new "gender contract"?

In all OECD member countries there is an enduring asymmetry in involvement in family life and the expectation that women engage in more care-giving than men is widespread and still firmly entrenched (Gregory and Milner, 2010; Hook, 2010). Motherhood still makes a big difference to women's working patterns. And raising children continues therefore to have indirect effects on mothers' wages

(Letablier et al, 2008, Meurs et al, 2008). Of course, national context matters, especially the normative and institutional context in which decision-making is embedded. For instance, Hook (2010) demonstrated that, in countries where there is more public childcare and where men are eligible to take parental leave, women do less time-inflexible housework than in countries where work hours and parental leave are long.

This "unfinished revolution" as dubbed by Gerson (2010), partly explains the persistence of the phenomenon of the "leaky pipeline" that occurs even in large companies, well-known for implementing gender-neutral family-friendly initiatives and for promoting gender equality (Lewis et al., 2010).

The long-established gender pay gap has narrowed since the 1990s. It mirrors the increase in female educational achievement levels and better career prospects for well-trained women as they move into an expanding range of highly skilled occupations. It has gone in tandem with deep cultural changes.

Correlatively there is a growing share of dual-income couples in which the woman earns a similar amount or more than her partner. A large body of research-based literature has provided evidence that this phenomenon is occurring in many OECD member countries (Bloemen and Stancanelli, 2007; Brennan et al., 2001; Drago et al., 2005). In the United States the share of "female breadwinner households" was estimated at around one-quarter (Drago et al., 2005) or even one-third (Pappenheim and Graves, 2005) of dual-earner couples in 2004.

In France, this share was estimated to be one in six (Bloemen and Stancanelli, 2007). In Germany, Brehmer and Klenner (2010) have shown that among dual-income couples in which both partners work full-time, 8.1% are couples where the woman earns 60% or more of the total dual income. This share is higher in East Germany than in West Germany.

This phenomenon may both mirror and trigger significant changes in power relationships within couples and is likely to have an impact on the patterns of the gender division of unpaid work.

Moreover, younger men increasingly expect to get more involved than their fathers in family life, and a number of empirical studies show that they are making work-life balance more of an issue when selecting jobs.

Work-life balance policies: a persisting kaleidoscope…

As far as work-life balance policies are concerned, some differences between countries have persisted in the timing, pace and direction of changes (OECD, 2007; Thévenon, 2008).

This is reflected for instance in the gender gap in employment rates, which varies considerably from one country to another. In 2008, it was greatest in the Mediterranean countries, Japan, Korea and Turkey, and smallest in the Nordic countries (see *supra*).

The persistence of these differences is partly attributable to values and norms that both shape and mirror social policies, acting as sticking points that hold back further change. It takes a long time before they evolve. As White (2009) points out, "Norms comprise a set of rules and principles such that when decision makers act, they are guided by views and questions of appropriateness and not just consequences. For example, is it

"appropriate" for women to work outside the home? Does childcare detract from women's roles as mothers? Are children "harmed" by non-maternal care? Is it appropriate for governments to fund such programmes? Actors' actions and their thinking can be shaped by those extant norms to the point where their own interests are viewed through these normative lenses."

Childcare policies have undergone significant changes everywhere and boundaries between the state, the community, the family and the market have been redrawn in this domain. At the same time, across OECD member countries a growing share of companies are promoting family-friendly measures, in particular in countries, such as Japan, where governments remain reluctant to intervene in the workplace because of the fear of increasing labour costs and in the belief that this is an area best left to employers and employees to negotiate.

Companies are likely to play an important role in work-life balance policies in the near future. Indeed, extensive research shows that the mismatch between work and life today leads to high and expensive levels of absenteeism and attrition as well as to decreases in productivity. Based on a literature review, a recent report of Gornick and Hegewisch (2010) underlines the many aspects of the impact of a lack of flexible working options on employees, employers and economy (Table 3.8). They demonstrate the enormous potential benefits that result from the implementation of quality flexible working options.

Table 3.8. **The impact of workplace flexibility on employees and employers: summary**

Impact of a lack of flexible working options on women (and men)	Impact of a lack of flexible working options on employers	Impact of a lack of flexible working options on economy
– May force women/ men with care-giving responsibilities out of labour market, or into secondary labour market	– May lead to a loss of skilled/ experienced workers – Higher levels of absenteeism/lower motivation – Less diverse workforce	– May lead to a loss of human capital – May exacerbate skill shortages – May reduce social insurance and tax revenues
Potential benefits	**Potential benefits**	**Impact of quality flexible working options on economy**
– Maintain employment continuity (and seniority-related benefits) – Continue work at skill/experience level – Less work-family conflict (improved health outcomes) – Maintain own social insurance and pension contributions – May allow return to education and learning, in combination with employment	– Increased motivation and commitment – Better labour scheduling (and possibly reduced overtime expenditure) – Reduced absenteeism – Reduced employee turnover – Reduced costs for recruitment, induction and retraining of new staff – For home-based work: possibly reduced facility/building costs	– Increased female labour force participation – Workforce and human capital development – Reduced skill shortages – Increased social insurance and tax revenues – Combined with other work-family supports, may maintain fertility rates
Potential costs	**Potential costs**	
– Reduced career progression (discrimination) – Where part-time, reduced earnings	– Cross-training (to deal with absences) – Management/supervisory training – Amendment to payroll/ administrative systems	

Source: Gornick, J.C. and A. Hegewish (2010), "The impact of 'family-friendly policies' on women's employment outcomes and on the costs and benefits of doing business", commissioned report for the World Bank, Washington, D.C., p. 27.

Moreover, for many companies, a family-friendly work pattern has therefore simply become a new way of attracting talent (Hein and Cassirer, 2010).

In Germany, according to the latest wave of the representative survey "Enterprise Monitor on Family-friendliness" (BmFSFJ, 2010a), the awareness of German companies concerning family-friendliness has steadily grown over recent years (BmFSFJ, 2010b; Klammer and Letablier, 2007).

There is still, however, an uneven dissemination of work-family life policies among employers, in particular a divide between large enterprises and small and medium-sized companies, between the public and the private sectors (BmFSFJ, 2010b). Gornick and Hegewisch (2010) underline that, "Even though employer surveys, employee surveys, business case studies, as well as the growing body of more systematic evaluations of the impact of alternative work arrangements all suggest that such policies cause no negative impact on company performance and might result in substantial benefits, the implementation of such policies both within and across employers remains highly uneven, particularly in the private sector."

Challenges and opportunities facing work-family life balance policy makers to 2030

Room for manoeuvre in work-family life balance policies when public expenditure is tightened

In light of continuing tightening of public expenditure (to reduce the public deficit, for instance), there are a number of upcoming issues that will need to be addressed and new innovative ways will be required to face challenges.

In Germany, from 2011 onwards, in the context of a decrease in public expenditure (*Sparpacket*) the amount of the *Elterngeld* (parents' allowance) will be reduced from 67% to 65% for those who earned more than EUR 2 200 per month before the leave. Moreover, recipients of the Hartz IV benefit will no longer be eligible for this leave benefit.

In Austria, despite strong criticism from the powerful catholic federal family association, in July 2010 the government decided to introduce funding cutbacks of up to EUR 1.5 billion in family policy until 2014.

In a context of restrictive public-spending policies there will be less room for manoeuvre in work-family life balance policies. Difficult trade-offs and hard choices will have to be made. In France, for instance, measures announced by President Sarkozy in February 2009 to reform the parental leave scheme were recently abandoned. Taking into consideration the detrimental effects that extended leave can have on women's professional careers, he proposed to decrease the duration of the leave from three years to one. This was to be offset by an increase in the amount of the benefit. That this attempt to move gradually in the direction of the Swedish scheme had already been proposed by a number of reports and legislative initiatives over the previous decade counted for little. Not only were the reforms strongly opposed by the family associations as represented by the UNAF (*Union Nationale des Associations Familiales*) but, perhaps more importantly, were derailed by the fact that they would have led to a dramatic rise in demand for formal childcare arrangements that the CNAF and local authorities would have been unable to meet in the short term both for budgetary restrictions and as a result of the shortage of skilled workers in the caring sector (Fagnani and Math, 2010).

Dealing with these constraints will be all the more difficult if we consider that a triad of time policy, transfer policy and infrastructural policy is necessary to ensure a sustainable family policy (Bertram et al., 2005).

Is quality of childcare provision at stake?

In recent decades OECD and Unicef have pleaded the case for broadly available, high-quality childcare. This should be achieved by providing developmentally stimulating programmes to young children while also enabling mothers to be in paid employment.

Adopting the social investment perspective, advocated by Gøsta Esping-Andersen (Esping-Andersen et al., 2002), Kimberly Morgan (2009) points out that "Childcare is a linchpin of the social investment approach, which seeks to shift the emphasis of public spending from passive transfers towards active, human-capital boosting investments." But in many countries numerous factors continue to impede pursuing or ensuring a social investment strategy.

Objectives designed to encourage women's participation in the workplace have been pursued almost everywhere. This has resulted in growing demand for places in formal childcare provision. In order to meet parents' needs, governments have therefore been prone to put the quantitative component at the forefront and to neglect the qualitative component.

In the United Kingdom, for instance, reliance on inadequately subsidised private providers has produced the outcome that prevails in the United States: services of irregular (and often inferior) quality that are staffed by a low-wage and unstable workforce, yet that are still expensive for parents – particularly for lower income families (Lower-Basch, 2008; Penn, 2007). Indeed, as mentioned by Kimberly Morgan (2009), in the United Kingdom, the 2006 Childcare Act explicitly bars local authorities from providing childcare directly as long as there are private actors willing to do so. Yet, given the personnel-intensive nature of childcare services (e.g. high staff-child ratios), private childcare markets are difficult to sustain without extensive subsidies (which is the case in France). Indeed, such markets generally emerge in countries with a low-wage labour force, high degree of income inequality, and/or a large (and often illegal) immigrant population who can serve as household and day-care centre workers.

Against the background of cost containment in public policies and budgetary constraints the quality of childcare might be at stake even in countries well-known for promoting high-quality childcare centres. In France, for example, decisions were made recently at the expense of quality in childcare provision (Fagnani and Math, 2010) (Box 3.1).

In some countries, however, governments have been putting the quality on childcare: in Finland for instance, quality regulations are strictly enforced.

Box 3.1. **Recent decisions in French childcare policies: 2009-2010**

In 2009, the government decided to create and support a new type of collective arrangement, called "*jardins d'éveil*", where two- to three-year-old children can be cared for. Criticism was high since the quality of this type of childcare will be lower than in crèches, where the statutory child-to-staff ratio is 8, while it is 12 in *jardins d'éveil*. This decision was also perceived as a way for the government to reduce the high demand for places in nursery schools that are free for parents by "*jardins d'éveil*" that could be costly for them. Actually, mainly due to funding restrictions at the Ministry of Education, the percentage of children aged between two and three who attend a nursery school has dramatically decreased from 37% in 2000 to only 15% in 2009.

Moreover, a new decree was passed on January 2010 introducing significant reforms in the "*Code de la santé publique*" (public health regulation). Firstly, a decision was made to decrease from 50% to 40% the minimum number of skilled workers required among staff (childminders, specialists in early-childhood education, childcare assistants, nurses and therapists) in public childcare centres (crèches or multi-purpose facilities). This decision was taken when it was established that a shortage of skilled workers acted as a brake preventing the swifter development of such centres. Secondly, citing the fact that many young children registered in childcare centres are not attending these centres every day or on a full-time basis, the government decided to raise the number of children these centres would be authorised to accept. From 2010, crèches with more than 40 places will be allowed to increase by 20% the number of children registered and attending the crèche (15% for crèches with fewer than 40 places). Thirdly, instead of being limited to having only three children under their care, registered childminders are now allowed up to four. None of these decisions has passed without controversy and some trade unions and associations have denounced them as threats to the quality of childcare. To date, the government has turned a deaf ear to such criticism.

Tackling the issue of conflicting interests within the family

More than ever, policy makers will be forced to cope with conflicting interests within the family. On the one hand, policy makers are entrusted to defend children's well-being. But by taking this route, they could be helping to penalise certain categories of mothers, not only the most poorly skilled but also women who are career-oriented. On the other hand, the new services (extension of operating hours in childcare centres) being provided to women to enable them to adapt to the demands of employers veil the effects that current trends in organisational changes, such as the development of atypical work schedules, are having on family life and children's well-being, in particular their biological rhythms (Fagnani, 2010). France is a good illustration of this.

The objective to fight unemployment while promoting gender equality on the labour market has been given greater priority on the policy agenda of many OECD member countries. In France, successive governments and the advisory boards of family allowance funds have placed strong emphasis on the promotion of childcare centre opening hours that are more in tune with the needs of working parents. Additional investments have been made in the development of so-called "flexible" childcare arrangements. Over the last decade, regular injections of public financing have led to the establishment of networks of both public and privately run childcare services operating late into the evening or, in some cases, 24 hours a day and 7 days a week. The need for these extended services is a direct result of the increasing demands made on employees to work flexible or non-standard work schedules.

Promoting children's welfare by ensuring that their biological rhythms are respected while allowing them to spend adequate time with their parents must be reconciled with the need and desirability for policies that provide women with the opportunities to adapt to the realities of the workplace and their employers, so that they can keep their job or build a career. The clear conflict inherent in this arrangement means policy makers often draw a veil over the fact that the effects of the organisational changes in the workplace on family life and the children's well-being could prove to be at odds with the very principles on which family policy is – or should be – founded.

The work-family life balance of middle-aged women (and men?)

Labour force participation rates of men and women aged 55-64 still vary across OECD member countries but have increased everywhere since 1994 (Table 3.A2.3). In Germany for instance, salaried employment rates of people aged 60-65 reached 24.5% in 2009 compared to 10.5% in 1999 (Bremer Institut für Arbeitsmarktforschung und Jugendberufshilfe, 2010). And it seems inevitable that participation rates in the 65 and over age group will rise. As labour markets tighten, employers will no doubt find it advantageous to hire older workers and devise ways of retaining them. And as pressures on pensions increase and the elderly enjoy an extended period of "healthy ageing" more workers will be likely to seek employment beyond the official retirement age in order to support consumption over a longer lifespan.

Therefore support and assistance provided (mostly) by women in their sixties may be heavily constrained in the near future. These people will have to combine their own job with providing support and help to their adult children and at the same time they may have to take care of their own (dependent) parents and sometimes of their older partner. How do these family obligations impact their own work-life balance?

The rise in childless adults and couples over recent decades and the increase in the number of very elderly persons without offspring is going to represent a huge challenge for policy makers in the years to come. Who will take care of them and to what extent? Who will fund the support services and healthcare they are going to need? Advances in evidence-based medicine and geriatric care along with the development of new technologies providing in-home help and support to the frail or unhealthy elderly could offer new opportunities for a growing share of these people to continue living at home. This phenomenon could, however, leave many of them at the risk of social isolation.

Along with the increase in mothers' labour force participation rates, the demand for high-quality (and affordable) childcare provision will grow. There is already a shortage of qualified workers in the childcare sector, in France and Germany, for example. How will policy makers (and/or private service providers) address this issue? Will they be obliged to rely on (selective) immigration?

How can better gender equality be achieved in the workplace if family-friendly policies continue to target mothers only?

While most OECD member countries in the European Union have been particularly responsive to the need for an increase in women's participation in the labour force they have not been immune from the phenomenon of segregation along gender lines that persists across all OECD member countries. Women and men are concentrated in different occupations, industries, and sectors (horizontal segregation). Furthermore, they are divided in terms of their position in the job hierarchy within the same occupation or profession (vertical segregation). This enduring gender inequality, both at home and in

the workplace, means that this issue is likely to remain high on the policy agenda for the foreseeable future.

As long as family commitments are viewed as a woman's prerogative both in organisational culture and in society as a whole, family-friendly measures and initiatives in the workplace are likely to be a poisoned chalice for women (Fagnani and Math, 2009).

For instance, parental-leave schemes contribute to maintaining gendered patterns of working and caring and to establishing asymmetrical professional trajectories within the couple, and to creating incentives for employers to discriminate against women when hiring and make them reluctant to move women up the career ladder.

State policies make it easier for women to adopt different working patterns, but without workplace cultural change they also increase the likelihood of mothers being disadvantaged in their careers. If men do not alter their working patterns, flexible working is marginalised and gendered organisations survive unscathed.

Currently the European Parliament is pushing hard to extend the EU's minimum standards for maternity leave. The risk here is that increasing the disparity between maternity and paternity leave could have a negative effect on women's career prospects. It could reinforce employer's prejudices against women and contribute to the continuation of gender segregation along horizontal and vertical lines.

How should the problem of a shrinking working-age population be addressed?

Many women are still excluded from paid work and many do not make best use of their skills. Greater participation by women in the labour market – currently supported by most countries – will help offset the effect of an ageing, shrinking population and hence support economic growth.[7]

Reforming tax and social security systems that create disincentives for women to work would be necessary: for instance, in Germany and France (*quotient familial*[8]), which practice systems of joint taxation, preference is still given to families with a sole breadwinner whatever the level of household income, although in Germany parents can choose between joint and individual taxation. This contrasts sharply with the policies in Nordic countries where taxes are assessed on an individual basis with the result that the partner earning least, usually the woman, is not penalised for this fact.

To tackle the issue of the shortage of qualified workers and at the same time to make the welfare system more sustainable, some governments are in favour of a selective immigration policy. Some countries already attempt to screen immigrants by skill level, so that they only receive the more skilled ones.

The consequences for work-family life balance policies of the probable increase in precarious work arrangements

A large number of empirical studies have shown that it is much harder to combine a job with family responsibilities for low-income families especially when they hold precarious jobs (often on a part-time basis) and cannot organise childcare arrangements in advance. In many countries, there is an increase in the number of these families. In the United States, for instance, the number of low-income working families rose by 350 000 between 2002 and 2006. More than one in four working families with children had a low income in 2006, a total of 9.6% of working families (Daguerre, 2010). Meanwhile,

Williams and Boushey (2010) mention that many employers have responded to globalisation by turning what were once full-time jobs with benefits into part-time and temporary jobs without benefits in order to save labour costs. This results in the increase of the number of working poor.

It will be difficult, and probably impossible, for policy makers to give these working families the options and resources they need to be able to participate in the labour market and not live on welfare. Changes in the workplace are needed. A substantial and growing body of research provides evidence that the potential benefits for employers drawn from the implementation of family-friendly initiatives are numerous (Gornick and Hegewisch, 2010). Low-wage work, difficult working conditions and the recent development of work schedules are important issues that need to be addressed especially as far as employees on the lowest steps of the social ladder are concerned.

Work-family life balance in the "Golden Age?" and "Back to Basics" scenarios

As discussed in Chapter 1 and Annex A to this volume, two contrasting scenarios were developed in the course of the project to illustrate two possible future worlds in which families might evolve 20 years hence. One, entitled "Golden Age?", suggests a world in which economic stability has gradually taken hold, although growth rates remain fairly modest, and in which there has been significant progress in the development and acceptance of technologies that have lead to considerable improvements in the quality of life, notably in education, training, health and elderly care. The "Back to Basics" scenario, meanwhile, suggests a world characterised by economic instability and a slow adaptation of the technologies that could enhance the quality of people's lives in these same areas.

The main differences between the two scenarios lie in the degree of volatility in economic performance, the persistence of structural unemployment, the role of women in the workforce, and the balance between formal and informal care. But the scenarios are similar regarding the slow to moderate rates of economic growth, growing inequalities in earnings, continuing pressures on public finances, and a growing share of the population with an immigrant background.

Seen from the family-work life balance perspective, the two scenarios seem to share numerous other common features:

- As a result of the rise in women's employment rates over the last decades, only working patterns and employment conditions will differ according to the scenario.
- Given that the average level of education of the working-age population is likely to increase during the period from 2010 to 2030, the mismatch between the needs for, and the supply of, skills is likely to be reduced. Furthermore, the geographical mobility of the working population will spread in association with a higher average level of educational achievements.
- Higher residential mobility demands (which may complicate and reduce the possibility and the frequency of intergenerational familial contacts, and hence grandparents' role in childcare).
- The need for immigrants (especially those employed in the caring sector), although the importance of immigration flows will vary, depending on the political context and economic needs.

- Changing gender roles and attitudes: family life's aspirations will focus on notions of partnership, equal sharing and respective negotiations. Only practices and behaviour will differ. Likewise, the increase in the number of fathers who wish to be more involved in parenting: only the opportunities and options provided by institutions and employers to translate these aspirations into practice will vary.
- The increase in the number of couples living "together apart".
- Fertility acts as a variable of adjustment and is dependent on the institutional and societal support provided to working parents.

Both scenarios are concerned with ensuring social cohesion, but room to manoeuvre will vary from one scenario to the other. Both make assumptions regarding the capacity of public institutions and social partners to establish a framework for the negotiations, arbitrations and compromises that would help effectively tackle future challenges.

In light of the analytical findings and trends set out in this chapter, how would family-work life balance have evolved in each of the future worlds depicted by the two scenarios? What issues would have come to the fore, and how would policy makers have been likely to react?

Work-family life balance in the "Golden Age?" scenario

The "Golden Age?" scenario envisages a gradual increase in economic stability and the rapid adoption of human-centric technology.

In a context favourable to the development and implementation of new ideas and innovations, there is a trend towards a more holistic, cohesive and integrated approach to family support. Moreover, with the gradual return to more stable growth and the growing demand for workers (particularly those who are well-qualified), the most explicit aim of the government is to help working parents combine both paid work and unpaid work.

Principles, rationales and objectives behind work-life balance policies

While overall public spending is curtailed, work-life balance policies are immune to any funding cutbacks, although the ageing population places pressure on finances. Sound budget balancing allows the government to maintain relatively generous work-life balance policies because the following objectives are high on the agenda: to promote women's employment both for economic and political reasons (the women's lobby is strong and puts policy makers under pressure), to meet parents' needs in childcare arrangements, to enhance human capital and improve education for children because "investing in children means investing in the future".

This is possible because public spending on family-related cash benefits has been reduced, restructured and re-deployed. Child benefits have been discontinued for higher earners and middle-class families, housing benefits have been reduced and other means-tested benefits are targeted at very low-income families.

In accordance with the individualistic approach adopted by policy makers, the presence of children plays no role in how income tax is calculated. Therefore the state saves money. To limit public expenditure on work-life balance policies, the state

encourages employers to negotiate with their employees and to provide them with usable and family-friendly flexibility.

The economic and social context and the gender equality issue

The economic and social context and the gender equality issue have implications for employed mothers and fathers and for gender equality at home (gender gap, discrimination, differences in employment rates, gender division of unpaid work, and the level of fathers' involvement in family life).

The gender equality issue is high on the policy agenda: policy makers and large, profitable companies are likely to place the onus on this topic. The mainstreaming approach is the rule. The concept of gender equity that implies a fair or equitable distribution of opportunities and constraints for men and women is therefore put into practice in the domain of work-life balance policies. Founding principles of public policies have progressively recognised that gender equality is a necessary component of a successful work-family policy.

Achievement levels in education for women have significantly increased thanks to the rapid development of new e-learning and training opportunities available at home: as a result changes in norms and values underlying gender attitudes and practices have evolved.

There is still a large divide between better-off families and those at the bottom of the social scale in terms of practices related to gender equality. Clearly many men as well as most women have embraced notions of equality in paid and unpaid work. But only the most privileged or those who hold stable jobs can actually live out these ideals, partly because they can afford to outsource childcare, pay for home-help (cleaning, catering, etc.) and share household chores more or less equally.

Generally speaking, the move towards the dual-earner/dual-carer model is still not a given. In the majority of families there is an enduring asymmetry in family involvement between sexes.

Despite large income inequalities, the gender wage gap is narrowing (all other things being equal). There is an important share of women who have middling or high educational achievement levels. They outnumber men in scientific and engineering academic departments. As a result, they are on an equal footing with men in advanced science and technology-led sectors. Women take advantage of the high demand for workers, in particular the need for a highly skilled labour force, to improve their situation on the labour market.

Low-skilled women don't fare so well and their position on the labour market is in a predicament. However, they are slowly closing the wage gap with their male counterparts.

As far as the tax system is concerned, the individualisation of taxation has become the rule (the "secondary earner" is no longer penalised) and social rights are individualised. Indeed policy makers consider that the "derived rights principle" works as a disincentive for women to be in paid employment (or encourages them to take on an undeclared job).

Childcare provision: formal vs. informal childcare arrangements

The state, local authorities, employers, the charitable and voluntary sector and the family network all play different roles in the provision of formal and informal childcare.

The government has placed the onus on formal public and market-provided childcare services.

Norms and values underpinning childcare policies are diverse and flexible and in this area working parents can make the choices they deem best (registered child-minders or childcare facilities, flexible opening hours, part-time or full-time, etc.).

A nanny at home remains out of reach for low-income families. Tax subsidies or tax breaks are not provided.

Fees in childcare centres are income-related. Registered child-minders are directly employed by local authorities and fees are also income-related.

Undeclared work in the caring sector is limited except in low-income families that cannot afford to pay social contributions relative to a declared job and are often obliged to rely on undeclared child-minders. Moreover, most of the women and men in their sixties are employed and cannot look after their grandchildren.

Thanks to a rapid adoption of family-centric technology, dramatic changes have taken place in childcare arrangements: as far as better paid and middle-income dual-earner families are concerned, the adoption of human-centric technology has been a key driver of change in childcare provision and early education. It is possible from the workplace to supervise children aged over six left alone at home, to communicate with them and help them do their homework (likewise for nannies). E-learning and education from home have been enhanced. Young children enjoy a greater and secure autonomy. These new opportunities contribute to alleviating the tensions and conflicts linked to work-life balance of full-time earners.

Public childcare facilities are immune to any funding cutbacks, but the increase in mothers' employment rates has resulted in a growing demand for places in publicly owned or subsidised childcare services. There is a dramatic shortage of places. Therefore, the government encourages employers to create their own childcare centres and provides them with symbolic rewards if they do so.

In a significant share of company-run childcare centres, opening hours are set to match the non-standard work schedules that have become increasingly common for blue- and white-collar workers due to a rise in the amount of shift work.

Various childcare arrangements and related costs mirror the wide social divisions.

There is a growth of private for-profit self-funded nurseries: costs are high (though the parents can benefit from modest tax deductions) and only children born in upper-middle class and well-off families can attend these nurseries.

Access to people holding precarious jobs (the outsiders) to childcare allowances or public services is limited as a result of their working conditions and unstable economic situation, and they have to cope with the means available. The result is that their young children are often cared for by a rotating teams and institutions within the same day. This is particularly true when both parents have non-standard work schedules or when the parent is living alone. This can be detrimental to the child's well being.

Parental leave schemes and life-course savings schemes

Maternity and paternity leaves are low paid (at a low replacement rate) and publicly subsidised. Employers are required to comply with the legislation, e.g. return to the job is guaranteed. Longer parental leave or time-off to care for a sick child or a relative are possible options but are not paid. Some employers may nevertheless provide paid leave to retain employees and reduce turnover.

Parental leave schemes are designed to comply with the workfare approach.

In large companies, fathers are encouraged to share family responsibilities equally with their partner. As far as the gender division of unpaid work is concerned, family-related measures are strictly gender-neutral. Consequently, parental leave schemes are designed to comply with this principle. For instance, many men work in the caring sector and parental leave can only be shared equally between fathers and mothers (the Icelandic model). Schemes are also neutral towards same-sex couples.

The role of immigrants working in the caring sector

In the "Golden Age?" scenario, there is a selective immigration policy and a trend towards growing polarisation among the immigrants.

In the driving growth industries a significant share of the workforce are well-integrated immigrants with registration documents. As a result of the shortage of places and qualified staff in public and private childcare centres, many immigrants work in the care sector but most of them are not qualified and are poorly paid. To enhance quality in childcare provision, some publicly funded training programmes are available to them.

Meanwhile, many immigrants work illegally (as child-minders and nannies) and are low paid: they look after children living in low-income families who cannot afford to pay declared care-workers.

Working patterns and employment conditions

Work schedules are not strictly regulated (and can even be lax as far as "outsiders" are concerned) because policy makers consider it is up to the employers and their employees to negotiate and make adequate arrangements. But working conditions depend on the power relationships between employers and employees and trade unions play a minor role.

Consequently, work may sometimes impinge on non-working life because employers are very demanding. But other options are possible and evolve over the life course. There is more room for manoeuvre than before and choices are less constrained. Confidence in business is improving and workers don't fear being made redundant or fired. In many companies workers can benefit from alternative work arrangements.

But with the gradual return to more stable growth and a high demand for skilled workers, skilled women and men can afford to be more demanding towards their employer and are in a better position to claim flexible and family-friendly working arrangements. They are frequently obliged, however, to spend long hours in the workplace, work from home at weekends and travel for business. The boundaries between their job and their family life have blurred.

As far as working conditions and their impact on the work-life balance are concerned, career-oriented and well-paid women clearly fare better than their less privileged counterparts and the divide between them has been growing. Low-qualified fathers and mothers are confronted with professional constraints and have to cope with numerous difficulties when both partners have precarious jobs.

The role of employers and businesses

To what extent do employers take into account the family and caring obligations of their employees? There are both differences and similarities between small- and medium-sized enterprises and large-scale business and between the public and private sectors.

Thanks to a more favourable economic context, large companies and employers in the driving growth industries can afford to develop family-friendly initiatives. This contributes to boosting their competitiveness as businesses need to recruit and retain qualified scientists, engineers and technicians as well as white-collar workers. It goes in tandem with a dramatic increase in the share of women on the boards of public limited or private companies.

Employers tend to give priority to childcare provision over parental leave schemes: they often fund or subsidise their own childcare centres. Maternity and paternity leaves are paid (up to a certain ceiling), but employers are reluctant to accept long parental leaves. They prefer to promote flexible working arrangements and give their workers some control over their working day.

The growing phenomenon of teleworking is one response to improving the work-life balance.

In high-tech sectors and highly competitive companies, workers are provided with life-course savings schemes that enable them to periodically adapt their professional obligations to their family commitments (short parental leave, part-time work, days off), and in the more cutting-edge workplaces, they benefit from flexibility and autonomy.

Due to the high mobility demands of the labour market and frequent business travel, new challenges arise and employers frequently encounter difficulties in managing human resources. In dual-earner families where both partners are career-oriented, women are reluctant to sacrifice their own aspirations and as a result a significant number of couples are “living together apart”. This is likely to reduce the frequency of intergenerational family contacts. This drawback may, however, be offset by very high-speed means of transport and the possibility of working from home.

Most parents see themselves as crafting their own careers and enjoy relative job security. Women and men can develop within their organisations with (almost) equal rewards.

As far as these workplace policies are concerned, the divide between small- and medium-sized companies and large companies and between the public and private sectors is less pronounced than before. Differences in working conditions and family-friendly initiatives between the public and private sectors are blurring. Public servants can be made redundant.

Urban patterns and time and space constraints impact on the everyday life of working parents

Commuting is on average less time-consuming than before (thanks to very high-speed means of transport) which makes managing everyday life easier. In the age of a widespread use of new technologies, distance matters less than before for those located at the upper echelons of the professional scale. But virtual communication cannot totally replace face-to-face contacts.

As deprived urban areas contrast with gentrified areas, many manual workers or those employed in the service sector – mostly on low pay – still have to come to terms with time-consuming travel to work. Indeed, time and space constraints have a strong impact on everyday life for those located at the lowest level of the social ladder because residential segregation has increased. People living in the less privileged and poorly equipped urban areas are employed in the remote suburbs where companies employing low-skilled workers are located. They have long commuting times, which is detrimental to their quality of life and reduces the time spent with the children.

Strategies and practices in paid work and unpaid work according to social class

Many men and most women have embraced notions of equality in paid and unpaid work and for the most highly qualified it is easier than before to put these ideals into practice because employers and businesses are aware of their needs and have opened up new opportunities. Both partners, however – whatever their income level – are under pressure and have to elaborate sophisticated strategies to be able to combine their job (mostly full-time) with their family commitments.

The "ideal-worker" model persists in the workplace. Even middle-level and top managers and high-potential talents often encounter difficulties in managing their everyday life and the course of their career is linked to organisational aspects, informal norms related to management positions (such as time and mobility constraints) and social and cultural representation attached to leadership.

Those located at the lowest levels of the social scale do not fare well in these areas except if they hold stable and protected jobs. They cannot rely on formal childcare arrangements as they alternate periods of unemployment, underemployment and part-time work ("bad transitions" instead of "positive transitions"). Their professional and life trajectories can be chaotic. Working-poor parents have to rely on grandparents or informal and low-quality care to be able to work.

Across the social ladder, there are increasing numbers of couples in which the woman earns more than her partner. Consequently, in many couples, the father is more involved in family life than his partner and the mother has more room for manoeuvre in the management of her everyday life.

For parents with young children, opportunities to achieve their aspirations remain unevenly distributed.

Fertility level and fertility behaviour

In the "Golden Age?" scenario, the fertility level is relatively high (TFR at around 1.7/1.9) because a significant share of women can both have children and work thanks to the support provided by both the state and employers. Moreover, employment prospects

improve and most people feel confident about the future, as they see social mobility increasing.

But fertility rates vary across the social spectrum. Women with precarious jobs are more likely to restrict the number of children they have and postpone childbirth than better-off women holding stable jobs. The overall mean age at birth is on the rise due to medical innovations, and assisted reproductive therapy in particular.

Large families are not frequent even in the upper or middle classes due to: the increase in the number of couples "living together apart"; the pressure on dual-earner and career-oriented couples; and high tension on the housing market (middle-class families cannot afford to buy large apartments close to their workplace).

Policy approaches to the work-family life balance

Policy makers and employers will have to consider the unintended consequences of their policies and tackle the shortcomings.

One of the most important issues they will have to address is related to social and income inequalities: if they aim to maintain social cohesion, they will have to: reinforce vertical redistribution (through the tax system) even if it is at the expense of horizontal redistribution; provide more and better services and benefits in-kind to low-income families; and invest in children and their education.

In a context of persisting economic uncertainties (despite improving business confidence) they will have to enhance the social integration of the most vulnerable (working-poor, immigrants, young people without qualifications) through transitional labour market policies, and secure their professional trajectories. Widespread individualisation and a growing emphasis on making individuals "responsible" create both risks and opportunities. While people are freed from some traditional constraints and theoretically have some capacity to shape their own life, the traditional system of support in work, e.g. trade unions, has been eroded. Clearly this makes the most vulnerable on the labour market dependent on their power relationships with their employers. Therefore, policy makers will have to reinforce and improve employment legislation and introduce more regulations on working conditions, in particular so that working hours are adapted to parents' commitments outside work.

Policies should further promote efficient gender equality programmes and at the same time encourage (and enable) fathers to get more involved in family life.

Work-family life balance in the "Back to Basics" scenario

The "Back to Basics" scenario envisages low economic stability and the slow adoption of human-centric technology.

Principles, rationales and objectives behind work-life balance policies

What are the attitudes of employers and businesses towards family-friendly work-life initiatives?

The reduction of public expenditures is a foremost priority in the "Back to Basics" scenario, because receipts are decreasing. Public policy also stresses individualism and puts emphasis on the support families are expected to provide to dependent people. To facilitate the transition from unemployment to employment one of the objectives is to generate larger economic incentives to work, e.g. by lowering social benefits. Concomitantly existing supports to families have been greatly curtailed under an extended series of austerity measures. Family benefits and childcare allowances are targeted at low-income families. The principle of universality has been abolished: all family-related allowances and housing benefits are means-tested and the ceiling under which families are entitled to them is very low. In work-family life balance policies, retrenchment underpins the reforms introduced.

Meanwhile, policy makers turn a blind eye to the difficulties the most vulnerable families (especially lone-parent families) are dealing with in combining a job with care-giving responsibilities because they are not given the means and resources needed to be in employment.

City and state budgets are stuck in a downward spiral. These characteristics have negative consequences on the public services provided to families, especially the most vulnerable: quality is down and access is restricted. The increasing prevalence of lone-parent families and of working-poor parents (holding precarious jobs) has substantial effects on trends in economic inequality across families.

Employers and businesses are very reluctant to promote work-life initiatives and flexible arrangements, which are deemed to be too expensive. They draw a veil over long-term perspectives. Turnover and absenteeism in these companies are high but they can easily hire new workers.

Labour markets are tough. New entrants (especially women, young people and immigrants) and the less skilled are frequently relegated to temporary jobs or unemployment.

Work-life balance policies and the gender equality issue

Are work-life balance policies gender-neutral or "woman-friendly? What are the implications for employed mothers and fathers and for gender equality at home?

Although the government has theoretically put emphasis on the gender equality issue (paying lip service to the women's lobby), family-related initiatives and measures remain imbued with "maternalist" values: work-life balance policies are not actually designed to be gender-neutral. Measures are implicitly targeted at women.

Clearly many men and most women have embraced notions of equality in paid and unpaid work but the majority lacks the options to actually put these ideals into practice.

In a context of slow adoption of family-centric technology, a gender-based division of unpaid work remains rather traditional. This has detrimental implications for women's professional prospects. As far as women in management are concerned, progress has stalled. Only in high-income dual-earner families who outsource care and pay for home-help, both partners can put into practice the principle of equality.

In times of economic uncertainty men are more likely to believe that their own jobs and careers have to come first. Couples are falling back on a neo-traditional model that gives women the option to work but still expects the mother to be the foremost caretaker.

A clash between shared aspirations and conflicting fallback positions emerges. This has a strong impact on fertility behaviour.

Childcare provision: formal vs. *informal childcare arrangements*

Government has made outright cuts in public-sector spending and formal childcare provisions are not immune from funding cutbacks. Subsidies are available only for low-income families and, even then, are scarce and sporadic. As pressure on public finances is high, centre-based care is poorly subsidised. Childcare costs are therefore a barrier to employment and often result in curtailed work hours, particularly for low-income mothers, who are consequently trapped in a vicious circle of poverty.

Quality is down and there is a dramatic shortfall of places in publicly subsidised centres. Informal childcare arrangements are widespread among low-income and working-poor families and grandparents – mostly unemployed – are the common providers of non-parental care to infants.

The for-profit childcare sector is booming.

Devaluation of paid care work still persists. It contributes to the shortage of qualified workers in this sector.

In a context of slow adoption of family-centric technology, parents strive to organise alternative childcare arrangements at a local level based on reciprocity and solidarity. The extent to which people engage in voluntary or charitable work aimed at helping working parents (especially low-paid single parents) to cope with their care-giving responsibilities is large.

Parental leave schemes and policies

Programmes in this domain are poor and considered too costly both by the state and by employers. Parental leaves (except maternity leave) are not paid. As a result, low-income or lower-middle class families cannot afford to take up this leave.

Paternity leave does not exist.

Women are entitled to 12 weeks of paid maternity leave, but only up to a low cap.

The role of immigrants working in the caring sector

While there is a very selective immigration policy, markets emerge with a low-wage labour force, a high degree of income inequality, and a large (often illegal) immigrant population working as household and day-care centre workers. It is, however, difficult for families to hire immigrants because most of them live in outlying suburbs (an outcome of the strong residential segregation) and have no means of transport whatsoever to commute.

Immigrants experience wage discrimination as well as great insecurity from the informal, unregulated economy and most of them are in an economic and social plight. The issue of their social and economic integration is really at stake.

Working patterns and employment conditions

Against a background of high unemployment, employers can afford to be very demanding and ask for overtime that is not always paid. Regulation on work schedules is lax.

While employees without any formal instruction are paid well below the minimum wage, many of them hold several jobs as the only means of overcoming financial difficulties. Part-time employment (where women are over-represented) is generally associated with precarious work rather than with a deliberate choice to work fewer hours.

Working from home is not widespread. Only professionals, executives and managers are given these alternative work options.

These working patterns and employment conditions make it hard to combine a job with family commitments, especially for the most vulnerable families. They deter or even prevent mothers from seeking employment. This trend is reinforced by deterioration in the quality of working conditions, which has a strong impact on fertility behaviour.

The role of employers and businesses

To what extent do employers and businesses take the family and caring obligations of their employees into account? There are differences and similarities between small- and medium-sized companies and large companies and between the public and private sectors.

Work-life balance policies have been relegated to the backstage of the policy arena. It is up to employers to introduce family-friendly initiatives. Flexible working arrangements, for instance, such as job-sharing, lie with employers and are more frequently available to higher earning employees and those working in the public sector.

No progress whatsoever has been made towards recognising that workers may also be carers. Given the social and economic pressures on employed people, they have to come to terms with employer-driven flexibility and only those with the qualifications needed on the labour market can resist and reject these demands.

Turnover and absenteeism therefore are high. Small businesses find it particularly difficult to juggle absences.

Urban patterns and time and space constraints impact on the everyday life of working parents

Extensive suburbanisation has led to long commuting hours and residential segregation is stronger than ever. Urban areas are highly specialised, which means that commuting is time-consuming for many workers and impinges on family time. It also results in the separation of a growing number of young families from extended family networks making it more difficult to rely on these networks for help in everyday life.

In the absence of efficient housing policies, many low-income and lower-middle income families are “trapped” in deprived and badly equipped remote areas: they are not able to alleviate time and spatial constraints. This is all the more true insofar as no significant progress in transport technology has been made.

Co-residence rates of young people (and even of their partner) with their parents are high because these young people cannot afford to buy or rent an apartment. This goes hand in hand with difficulties in finding a stable job and has an impact on fertility behaviour.

Strategies and practices in paid work and unpaid work according to social class

Given the options and opportunities available to working parents to try to achieve their goals, how much room for manoeuvre do they have?

Slow career progression and low salaries reduce the room for manoeuvre for most working parents. The mismatch between work and family life is strong especially for those parents at the lowest levels of the social scale. The share of women in psychological distress is large and associated with high absenteeism in the workplace. The well-being of children is at risk in working-poor families. And the quality of life varies widely across the social spectrum.

Achieving a successful career is difficult even for highly qualified women with dependent children. Long-term strategies are difficult to elaborate.

Employed parents are obliged to rely on extended family members when possible. As employment rates of grandparents are low, they can provide support to their children and grandchildren when they live nearby.

Rising unemployment has hit working-class men most severely. Consequently, significant proportions of households depend on women's earnings.

Against this background, many families are striving to move away from the "Scylla of materialism" and the "Charybdis of selfish individualism": solidarity, reciprocity and the intensification of social networking are being enhanced especially as far as childcare arrangements are concerned. Even in this gloomy context, glimmers of hope are emerging: creative and innovative practices flourish at the local level. Immigrants and natives who live in the same neighbourhood are also able to forge meaningful social ties.

Fertility level and fertility behaviour

Fertility level is low (less than 1.5). Couples are reluctant to have more than one child and postpone regularly the birth of a higher rank child. The timing of births differs across social class. Mean age at first birth remains stable in the highest income families and has been rising in the lower-middle class. The share of childless women is significant especially among career-oriented women.

Large families are only frequent among the well-off.

Policy approaches to the work-family life balance

To minimise social inequalities and enhance social cohesion, vertical redistribution should take priority over horizontal redistribution. Emphasis should be put on the enhancement of public services provided to families and on the development of high-quality childcare centres (with related-income fees).

At the same time, work-life balance policies need to be integrated and well structured.

In response to pressure to assist families with meeting their childcare requirements and taking into account that social inequalities are pronounced, it is necessary to identify the best political and social arrangements which enhance social welfare in order to break the cycle of poverty.

Life-long learning and training programmes should be accessible to everyone but above all to low-income families and young parents.

Notes

1. Within the austerity package announced in June 2010 by the government headed by Chancellor Angela Merkel, recipients of the *Elterngeld* allowance with a net monthly income of over EUR 1 240 will be provided with 65% of their income prior to the birth, rather than the current rate of 67%.

2. The research used two national databases: the New Earnings Survey, an annual survey of employment details of a random sample of employees including 70 000 women, and the British Household Panel Survey providing details of women's employment from 1991 to 2001.

3. The National Study of Employers (NSE), which provides the perspectives and work-life balance policies of employers in private organisations, and the Chicago Public Schools (CPS) Survey, which provides employee perspectives and studies carried out by the Alfred P. Sloan Foundation. These two nationally representative surveys analyse the prevalence of workplace flexibility, namely flexibility in scheduling of hours, place of work, and number of hours worked. Special circumstances such as small businesses and manufacturing are also highlighted.

4. See also UN European Commission for Europe (2009).

5. On 3 October 2008 the European Commission proposed to increase compulsory maternity leave to 18 weeks, 6 of which would be taken immediately after childbirth. It also recommended that member countries pay women their full salary during this leave period (although the Commission would not be able to enforce this).

   According to the EU Commission, this plan would give women "more flexibility over when to take the non-compulsory portion of their leave (before or after childbirth) and would thus no longer be obliged to take a specific portion of the leave before childbirth, as is presently the case in some member states.

6. *http://stats.oecd.org/Index.aspx?DatasetCode=INVPT_I.*

7. In its April 2006 article entitled "A guide to womenomics", *The Economist* magazine decried the fact that "women remain the world's most under-utilised resource." "To make full use of their national pools of female talent", the article stated, "governments need to remove obstacles that make it hard for women to combine work with having children."

8. The *quotient familial* (family splitting) operates as follows: every household pays income tax on the basis of its total income divided by a number relating to its size (an "adult equivalent" for the household). A progressive rate is applied to this income per adult equivalent. For the same income level, a family with three children will pay less than a family with only one child.

Annex 3.A1

International good practice in family policy: some examples

Finland: offering families various and flexible childcare options and alternatives

Finland is well known for its generous childcare and parental leave policies (OECD, 2001; OECD, 2006). Since the early 1990s the provision of quality early childhood education and care (ECEC) has remained firmly on government agendas and a number of new policy initiatives have been adopted in the ECEC field.

Parental leave scheme[1]

The length of this gender-neutral leave is 158 working days per family, and is mostly taken by mothers. The related-benefit is earnings-related. During the first 30 days of leave, the payment is equal to 75% of annual earnings up to EUR 50 606 (by 2010), with a lower percentage for higher earnings. After this initial period of leave, the payment is 70% of earnings up to EUR 32 892, with a lower percentage for higher earnings.

The use of this scheme is flexible. Each parent can take leave in two parts, of at least 12 days' duration.

The leave can be taken on a part-time basis, at 40-60% of full-time hours, but only if both parents take part-time leave and have their employer's agreement. Benefit payment is half of the benefit for full-time leave.

The "father's month", based on a "use it or lose it" principle, can be taken within six months from the end of the parental leave period provided that the child has been taken care of at home by the mother or the father until the start of the "father's month". The "father's month" was lengthened by two weeks in 2010, so if the father takes up the two last weeks he is provided with four "bonus weeks".

Childcare leave or career breaks

Childcare leave ("home-care leave", or a "stay-at-home" option) can be taken from the end of parental leave until the child's third birthday. This leave can be taken in two parts, the minimum length being one month. During the period of leave, the parent receives a flat-rate allowance of EUR 314.28 a month, with an additional EUR 94.09 (by 2010) for every other child under three and EUR 60.46 for every other pre-school child over three years and a means-tested supplement (up to EUR 168 a month).

Parents can work reduced working hours (partial childcare leave) from the end of the parental leave until the end of the child's second year at school. The employee is entitled to partial childcare leave if s/he has been working for the same employer for at least 6 months of the past 12. The employee has to negotiate the reduction in hours with the employer, and the employer can refuse only if the reduced working hours would lead to serious disadvantages for the company. In this case, working hours must be a maximum of 30 hours a week. Both parents can take partial childcare leave during the same period, but cannot take leave during the same time in the day. Employees taking partial childcare leave before the child's third birthday or during the child's first and second year at school are entitled to a partial home-care allowance of EUR 70 a month (by 2010).

ECEC provision: a universal access to day care services[2]

As OECD (2006) highlighted "Universal access to day-care services has been a subjective right of each child under three since 1990 and all pre-school children since 1996. Public investment is assured and quality regulations are clear and strictly enforced. The system is characterised by sensitivity to the rights of the child and an avowed concern for equality and fairness. Even for low-income families, income-related fees are not a barrier either to access or to the labour market participation by parents".

Every child under the compulsory school age has a subjective right to day-care, to be provided by the local authority once parental leave comes to an end. Family and centre-based day-care offer full-day, full-year service, including round the clock care if needed. The reform concerning morning and afternoon activities for school children came into force on 1 August 2004. This out-of-school provision is intended for children in the first and second grades in primary school, and in special education from grades three to nine. As the provision of out-of-school services is not an obligation, the state provides substantial subsidies to municipalities that offer a minimum of 570 hours annually per child. These services include a variety of services provided by the municipality, extended by services provided by the Lutheran Church and other voluntary organisations.

Municipalities can opt for a mixed system of provision, combining public and private services. In general, municipalities provide services directly through municipal day-care centres, family day-care homes/places and pre-school classes.

Parents have the freedom to use a private or public service. Competition from the public services induces private providers to supply services at a reasonable cost. With the private childcare allowance and municipal supplements, the fees parents pay for private services do not significantly exceed fees in public facilities (OECD, 2006).

Promoting good staff training: the example of "registered child-minders in France"

An important quality indicator in ECEC provision is the training level of staff (OECD, 2007). Therefore, in order to foster high-quality social care provision, the French Government has tried over the last decade to develop a policy of staff training targeted at registered child-minders.

Child-minders are a key element of the French childcare system. In 2008, some 377 000 child-minders were registered, offering a care capacity of 960 000 places. Over the last decade not only have child-minders contributed to increasing the supply of care but also to the diversification of services, in response to the increasing demand for childcare services and to a demand for more flexible childcare facilities.

Improving working conditions

The long process of so-called "professionalisation" of child-minders was aimed at eradicating this activity from the black economy. It was also to shift this activity from informal paid care into formal paid care work with social rights attached to the job, despite the fact that the employee/employer relationship is not totally similar to the common relationship. Child-minders are not considered as self-employed despite the direct relationship they have with employers.

The aim of the reform in 2005 (27 June) concerning the child-minders' work status was to make work regulations closer to standard work rules, especially with regard to the labour contract, earnings and working time regulations. The "professionalisation" programme updates the child-minders' collective agreement that settles the labour relations between employers (parents, municipalities, NGOs) and the employees/child-minders. The programme makes a labour contract compulsory thereby formalising this work. The labour contract limits the legal working time to 48 hours per week with a rest of at least 11 continuous hours per day and 24 hours per week.

The law also settles the principle of an hourly payment calculation instead of a daily payment, therefore introducing more flexibility for both parents and child-minders. In addition, the salary should be paid monthly so as to provide child-minders with regular earnings throughout the year and entitle them for an annual paid leave. The principle of overtime payment was also settled in the law while the collective agreement stipulated a financial compensation for working on Sundays. Finally, child-minders became entitled to tax deductions on part of their earnings. Thanks to this reform and the increase in public financial support to childcare, child-minders have recorded a huge progress in their professional status and working conditions since the 1970s.

Legal and conventional regulations framing childcare by childminders

All childcare services are subject to licence procedures and controls that are expected to ensure quality and safety of care. Child-minders have to be licensed to care for children in their own homes. The licence procedure is delivered by the local services in charge of maternal and children protection (PMI).

Since the law of 27 June 2005 was enacted, legal and conventional regulations also include 120 hours of training, of which 60 should be carried out before beginning to care for children. Sixty additional hours of training are to be completed within five years after registration. The training programme is paid and supervised by local authorities.

In addition to this requirement in terms of training, the housing conditions and environment for receiving children should be approved, especially in terms of space, hygiene, and safety.

The licence is valid for five years and can be renewed for consecutive periods. It specifies the number (four since 2010) and the age of children that can be cared for by the child-minder, either permanently or temporary, and either full-time or part-time.

Box 3.A1.1. **Registration and supervision of child-minders by local public services (PMI)**

The registration procedure and the supervision of child-minders are under the responsibility of the service in charge of protecting mothers and children ("*protection maternelle et infantile*") at local level. The different stages of the procedure are:

- **Registration** ("*agrément*") includes three steps: application by the child-minder; evaluation of the application by local authorities (the procedure should not exceed three months); and evaluation by a physician and a nurse specialised in children. If health, housing and training conditions are fulfilled, then the applicant can obtain a licence from the local authorities, enabling him/her to care for children under the age of six at home and be paid for this work.
- **Training** is provided by physicians and qualified social workers specialised in childhood issues.
- **The supervision process** consists in several meetings per year with qualified persons, and on-the-job training.

In order to improve the quality of care by child-minders, the CNAF has encouraged the creation of "*Relais assistantes maternelles*" (RAM), which are under the responsibility of local authorities but subsidised by the CAF. In these places, child-minders can meet and bring together the children they are minding. A trained employee (*éducatrice)* provides information and counselling about different issues. S/he might also be in charge of organising training programmes. Children can participate in collective games and activities. The child-minders meeting centres also contribute to recording the supply and demand for services and disseminating information for better matching. Parents can find help and information on benefits, allowances and social rights. Child-minders are also invited to attend seminars and talks on children's education and development, to improve their knowledge and skills. RAM are highly valued by child-minders because it gives them the opportunity to meet up with other colleagues.[3]

Germany: "Local Alliances for Family" and the "Career and Family Audit"

"Local Alliances for Family": establishing networks at the local level

The launching of the new "Alliance for the Family" initiative in 2003 is an example of the new policy orientation, bringing together a broad range of measures and activities intended to enhance the work-life balance. The project – initiated by the BmFSFJ in co-operation with the Bertelsmann Foundation – aims to co-ordinate the activities of different entities, such as employers' associations and trade unions, local governments, companies, etc. The main goal, as laid down in a consensus paper, is the development of a "sustainable family policy" based on the three (normative) assumptions that: German society needs a higher fertility rate, the economy needs qualified workers and a higher labour market participation of women, and children need (better) education and guidance in their early years (Veil, 2010).

Activities include the regular exchange of experiences between actors at different levels. Representatives of the institutions and associations involved built a "competence group for balance" to work towards a consensus between vested interest groups. A scientific committee is responsible for the supervision of the process.

One project under the remit of the Alliance for the Family by which the new approach can be illustrated, is the "Local Alliances for Family" initiative. Following the assumption that the local context is essential for families' living conditions and well-being, this initiative was launched by the BmFSFJ in 2003. The aim was to initiate local round-tables, or alliances, bringing together the relevant local actors capable of helping to improve the context for family life in the municipalities. Such networks could include the local administration, the town council, companies, representatives of employers' associations and trade unions, churches, third-sector initiatives, families and other actors. The number of Local Alliances for Family rapidly increased and reached 364 in January 2007 (Klammer and Letablier, 2007).

The ministry has installed a service office to support municipalities running a "Local Alliance for Family". The focus is on different aspects of family life and work-life balance, according to the needs and resources identified in their local contexts. The topics treated cover a wide range including: the organisation of public care for children and the elderly, scheduling of flexible working time arrangements, creating family-friendly opening hours for the administration, and modifying timetables for public transport. A wide array of services and help is offered, with a focus on counselling and workshops on the spot.

The services offered are in line with the principle of "subsidiarity", the idea being to help engaged partners elaborate their own local strategies. Another aim of the service office is to bring different local alliances together to exchange ideas and experiences. The whole project is scientifically supervised and assessed by a research institute, the German Institute for Youth (DJI).

The "Career & Family Audit"

The "Career & Family Audit" was introduced to give both companies in the private sector and public establishments incentives and ideas to develop family-friendly strategies in accordance with the particular situation and goals of the company. Run by the Hertie Foundation, the programme is supported and promoted by the Family Ministry under the roof of the "Alliance for the Family".[4] Companies that apply for this audit get support to develop firm-specific strategies. Within the auditing process the already existing family-friendly measures are scrutinised and the firm-specific potential to develop additional family friendly activities is analysed. Since there is no legal obligation for companies to realise family-friendly policies, the audit is based on the voluntary engagement of companies.

The BmFSFJ also encourages the development towards more family-friendliness in collective agreements and at the company level by providing information and tools that can help the actors of both sides to implement family-friendly measures.

Multi-generational centres: a federal government action programme

The programme's overall goal is to build a new mix of public services, involving non-profit organisations, the private sector and volunteers. (Its motto is "*Starke Leistung für jedes Alter*").[5]

Besides providing old and young people with opportunities to connect to each other (meals, meeting rooms and childcare services are provided) and to enhance intergenerational solidarity, the programme also serves to reinforce relationships and connections. Employed people are able to mix with people outside formal employment, professionals rub shoulders with volunteers and service providers working separately in the community have a convenient point of reference.

Notes

1. For a more detailed description of parental leave schemes, see Salmi and Lammi-Taskula about parental leave policies in Finland.
2. As far as ECEC provision is concerned, information and data are retrieved from OECD (2006).
3. For a more detailed analysis see Letablier and Fagnani (2009).
4. Two other certifications that have been developed to promote and reward family-friendliness on the company level are "*Erfolgsfaktor Familie*" (success factor family, see *www.erfolgsfaktor-familie.de*) and "Total E-Quality" (see *www.total-e-quality.de*).
5. For more information contact Annemarie Gerzer Sass, Serviceagentur Mehrgenerationenhaeuser: *annemarie-gerzer@mehrgenerationenhaeuser.de.*

Annex 3.A2
Tables and figures

Table 3.A2.1. **Distribution of working hours among women in couple families by number of children aged 0-14 years (2007)**

	Women with one child				Women with two or more children			
	1-29	30-39	40-44	45+	1-29	30-39	40-44	45+
Austria	43.7	27.2	22.9	6.2	60.4	18.6	14.9	6.2
Belgium	26.3	52.3	12.5	9.0	38.8	42.5	9.6	9.1
Bulgaria	1.1	2.2	80.9	15.8	1.5	1.7	80.2	16.7
Cyprus[1,2]	7.4	51.2	31.9	9.5	10.5	59.0	24.2	6.4
Czech Republic	8.6	18.1	66.7	6.6	7.7	17.8	67.4	7.1
Estonia	8.1	10.3	80.1	1.5	11.1	6.5	77.5	4.9
Finland	9.1	70.8	14.8	5.3	9.6	66.7	17.6	6.1
France	19.5	58.8	11.8	10.0	26.9	50.7	11.3	11.1
Germany	50.7	27.4	18.7	3.3	68.3	17.1	12.0	2.6
Greece	13.6	20.9	46.0	19.5	16.7	22.7	42.3	18.3
Hungary	6.5	5.2	83.2	5.2	7.8	5.9	82.0	4.3
Italy	33.7	27.4	31.1	7.9	41.9	30.4	20.4	7.4
Latvia	4.7	4.9	81.5	8.9	8.6	4.9	71.4	15.0
Lithuania	9.2	12.1	73.1	5.6	13.6	11.7	70.5	4.2
Luxembourg	34.1	14.9	49.5	1.5	48.7	17.8	31.6	1.9
Malta	32.2	25.3	39.4	3.1	34.0	29.8	32.9	3.3
Netherlands	69.1	24.3	5.7	1.0	81.0	14.8	3.2	1.1
Poland	14.5	7.3	64.5	13.7	15.2	8.0	60.4	16.4
Portugal	6.0	23.5	62.5	8.0	9.0	28.4	53.0	9.6
Romania	4.8	6.1	76.6	12.6	10.0	10.6	65.8	13.7
Slovak Republic	2.0	18.2	73.3	6.6	3.5	22.4	68.8	5.3
Slovenia	3.0	1.7	88.3	7.0	4.3	2.1	82.7	10.9
Spain	25.3	28.2	37.8	8.6	25.8	32.9	31.4	10.0
Turkey	11.5	10.5	36.9	41.2	24.4	11.2	28.2	36.3
United Kingdom	44.8	32.9	12.0	10.3	60.8	23.9	8.1	7.3

Source: *OECD Family database* (2010).

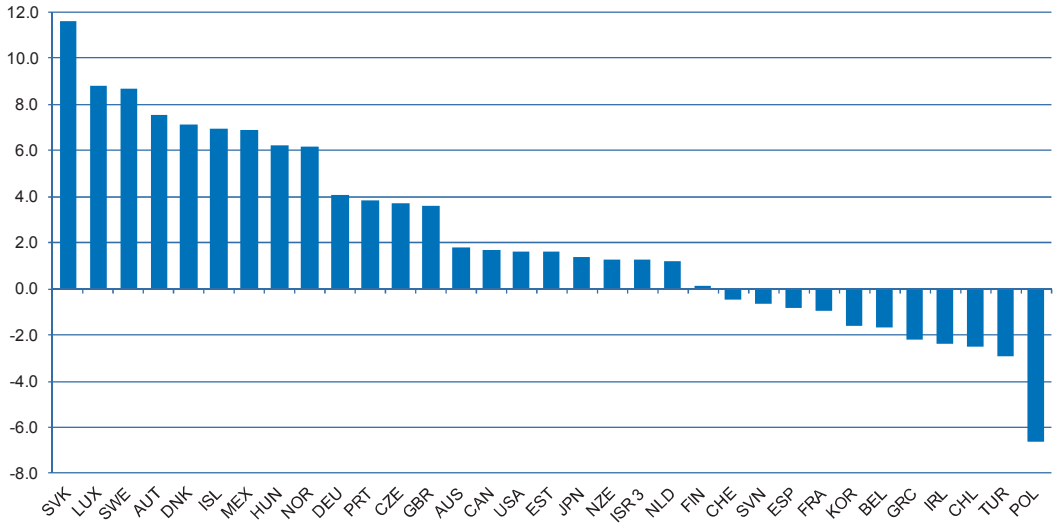
Table 3.A2.2. **Trends in employment patterns for couple parent families with a child under six**

	1984					2007				
	Both parents full-time	Man full-time, woman not working	Man full-time, woman part-time	Neither parent employed	Other	Both parents full-time	Man full-time, woman not working	Man full-time, woman part-time	Neither parent employed	Other
Austria[1]	–	–	–	–	–	19.0	32.6	37.7	3.7	7.0
Belgium	37.0	43.4	10.9	5.8	2.9	35.0	21.2	30.5	5.7	7.6
France	35.9	44.2	11.9	4.1	3.9	38.4	29.6	21.8	0.1	10.2
Germany	–	–	–	–	–	19.0	31.8	34.7	0.1	14.4
Greece	26.3	61	4.5	5.4	2.8	45.8	44.3	5.7	1.6	2.6
Italy	33.3	57.9	3.7	2.6	2.5	31.6	41.6	19.1	3.8	3.9
Luxembourg	24.2	64.5	8.4	1.8	1.1	30.9	32.3	31.0	1.1	4.7
Netherlands[2]	3.0	67.4	15.1	8.2	6.3	5.4	19.2	58.6	3.1	13.7
Poland	–	–	–	–	–	47.5	35.5	5.8	4.7	6.4
Portugal[3]	–	–	–	–	–	66.5	21.1	4.6	2.8	5.0
Spain[4]	–	–	–	–	–	36.5	39.0	16.4	2.8	5.2
United Kingdom	7.3	54.8	22.5	13.1	2.3	20.2	29.4	37.1	6.2	7.1
United States	26.3	44.3	15.6	5.4	8.4					

Notes: 1. 1995 instead of 1994. 2. 1985 instead of 1984. 3.1986 instead of 1984. 4. 1987 instead of 1984.

Source: OECD (2001), *OECD Employment Outlook 2001*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/empl_outlook-2001-en*; OECD calculations on basis of the ELFS 2007 and national sources.

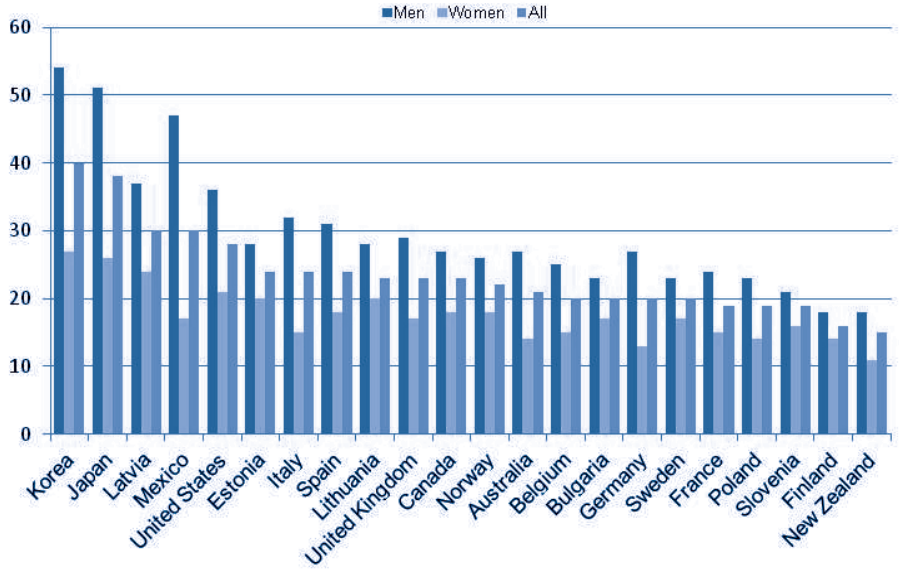
Figure 3.A2.1. **Change in the % share of women's part-time employment rates (2000[1]-2009[2])**



Notes: 1. 2001 for Australia; and 2002 for Estonia, Japan and Slovenia. 2. 2007 for Israel; 2008 for Chile. 3. The data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: *OECD Labour Force Statistics* and *ELFS* for EU-countries outside the OECD.

Figure 3.A2.2. **Average time spent travelling to and from work**



Notes: Countries are ranked by decreasing time spent by all respondents. Data are for 1999 for France; 2000 for Estonia, Finland and Hungary; 2001 for Norway, Slovenia, Sweden and the United Kingdom; 2002 for Germany and Mexico; 2003 for Italy, Latvia, Lithuania and Spain; 2004 for Korea and Poland; 2005 for Canada; 2006 for Australia, Belgium, Japan, New Zealand, Turkey and the United States.

Source: For European countries, National Time Use Surveys as reported in the Harmonised European Time use Surveys dataset (HETUS); Australia: 2006 Time Use Survey (ABS); Canada: 2005 General Social Survey; Japan: 2006 Survey on Time-use and Leisure Activities; Korea: 2004 Time-use Survey; Mexico: 2002 National Survey on Time-use.

Table 3.A2.3. **Labour force participation rates (55-64 age group): evolution 1994-2008**

Women

	1994	2008
Australia	27.7	50.1
Austria	18.4	31.6
Canada	36.9	54.6
Finland	38.9	59.0
France	30.1	37.7
Germany	28.3	50.6
Italy	1402	24.7
Japan	48.1	53.1
Korea	49.5	47.9
Netherlands	18.5	42.5
New Zealand	36.7	64.3
Norway	55.4	64.9
Switzerland	47.2	61.6
United Kingdom	40.7	50.0
United States	48.9	59.1

Source: OECD (2009), *OECD Employment Outlook 2009: Tackling the Jobs Crisis*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/empl_outlook-2009-en*.

Table 3.A2.4. **Percentage of children aged under three attending childcare facilities or being cared for by child minders[1] in Germany: evolution 1994-2009**

	December 1994	March 2007	March 2009
Germany	6.3	15.5	20.4
Old *Länder*	2.2	8.1[2]	–
New *Länder*	41.3	37.4[2]	–

Notes: 1. publicly financed day care for children. 2. Excluding Berlin.

Source: Destatis, 2008 and Statistisches Bundesamt: Statistisches Jahrbuch 2007 and Statistisches Bundesamt (2009); *www.bpb.de/wissen/32UOZK,0,Familie_und_Kinder.html.*

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Chapter 4

The role of the elderly as providers and recipients of care

by
Klaus Haberkern, Tina Schmid, Franz Neuberger and Michel Grignon

This chapter discusses the developments, opportunities and challenges for the elderly in light of major recent or forecast trends in family structures and living arrangements, technology, urban planning and welfare state policies. It aims to contribute to the debate on the role of the elderly in family and society in 2030.

The first section presents basic information on demographic ageing in OECD member countries. It familiarises the reader with the role of the elderly as providers and recipients of care in family and society. The second section focuses on developments in family structures, living arrangements and family practice; *technology; and urban planning and housing. How do these change the role of the elderly? The third section analyses current family and care policies, their strengths and weaknesses. Future challenges for policy makers are discussed in the fourth section, which considers tight budgets, the conflicting demands of work and family, and social inequality. The last section presents policy implications for the two scenarios, "Golden Age?" and "Back to Basics".*

The role of the elderly as providers and recipients of care in 2030

This chapter discusses the future role of the elderly in OECD member countries as providers and recipients of care. For several decades now, the role of older people (age 65 and over) has been changing, as society itself has changed. The most important trends are demographic: people are healthier and living longer, while fertility rates are dropping. However, there are many other developments that may change the role of the elderly in ways not imagined some years ago: family structures, living arrangements, and family obligations; technology; and urban planning and housing. This chapter focuses on these developments, looking at how the life of older population will be different in 2030, and examining opportunities and challenges.

In the future, elderly people will play a more important role in their family and in society in general, due to both increasing longevity and to fertility rates that are dropping under replacement levels. Older populations are increasing in relative and absolute numbers in all OECD member countries. As their share of the population grows, so politicians will have to respond more to their needs. Welfare states and social security systems, meanwhile, will have to reflect these changing demographic structures in order to be financially sustainable. Demographic categories such as the age classification and the legal definition of families are not set in stone.

In the first half of the 20th century the elderly were seen as people who had left work and were soon to become care recipients; they were inactive compared to working people and parents of dependent children. Increasing longevity and health did not go hand in hand with later retirement ages. The definition of an old person remains unchanged. However, increased longevity and an expectancy of freedom from many disabilities has changed the meaning and the role of older people.

Today's older people are a heterogeneous group in terms of levels of activity and health. The younger elderly (65-75 years) are physically independent and healthy, whereas the older elderly (75-85 years) have a higher risk of loss of autonomy. These potential providers of care can take on household tasks, care services and look after grandchildren. The eldest among them, however, are more likely to suffer from bad health and are often dependent on others.

Public debate has focused on the rising share of the oldest-old and on dependency in old age. Demographic ageing therefore has often been labelled as an unfavourable development and a burden on family, society and welfare states. Even people in their fifties are said to be less employable than younger generations. The potential, abilities and resources of the elderly have been overlooked. This chapter argues that demographic ageing is in fact not a failure, but rather an accomplishment. Improved living conditions allow older people to actively participate in society. They provide help to their family, and volunteer help to other people whom they owe no legal or family obligations (Gottlieb and Gillepsie, 2008; Jegermalm and Grassman, 2009).

Today's elderly are far from "old". Over the past two centuries life expectancy has increased continuously, and there is no sign today of that changing (Christensen et al., 2009). Increasing life expectancy has partly translated into more years living in good health. According to the World Health Organization (WHO, 2009) people born in 2007 in OECD member countries can expect to live in "full health" to their seventies. Older people and the younger elderly have many years ahead of them to participate in society, to work and provide care. The role of the elderly will change along

with age classifications. Welfare state and labour market policies have to be brought in line with the changing demographic structure in order to sustain social security systems, e.g. full retirement age has to partly catch up with the increase in healthy life years.

The increasing number of oldest-old, however, will face disability and a loss of identity, autonomy and control ("psychological mortality", Baltes and Smith, 2003). The family and society will have to shoulder the care work for the oldest-old, who are dependent on them for welfare state services and care. The young-old and the old, however, are for the most part not in this situation. Instead, they themselves provide the lion's share of care work, either to frail relatives, such as a partner or a parent, or as a grandparent looking after grandchildren and supporting working mothers and fathers.

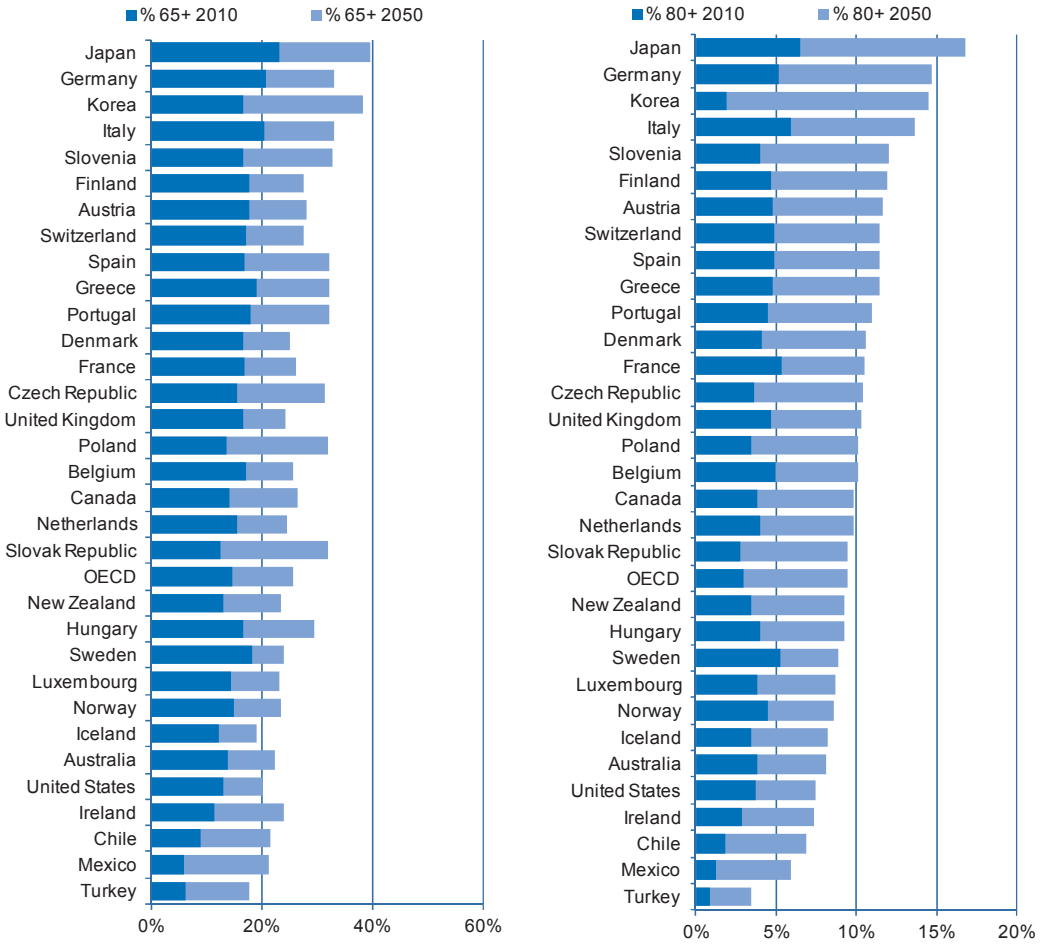
The amount of care needed and the way it is provided depends largely on the age structure of the population, e.g. the share of elderly people and the process of ageing and the share of children. However, who provides the care depends on family structures and family obligations, the welfare state and social services, the economy and (female) labour-force participation, technological developments, and infrastructure and housing. Much has been written about increasing care demands due to demographic ageing. This chapter therefore focuses on the societal organisation of care, and how changing and new family forms, urban planning and technological developments affect the role of the elderly as providers and recipients of care.

Demographic structure and developments

Demographic ageing is occurring at a different pace and at different stages in all OECD member countries (OECD, 2011a). In some countries, the share of the oldest-old is rising fast, in other countries the young-old comprise most of the demographic ageing to 2030. Overall, the former are said to be receivers of care, whereas the latter tend to be main providers of care themselves. Demographic ageing therefore has different effects in different countries, depending on the demographic structure. When it comes to the role of the elderly in family and society, it is important to measure the share of young-old, old and oldest-old in the total population.

Figure 4.1. shows the share of 65-79 year-olds and over-80 year-olds from 2010 to 2050 in OECD member countries. As a rule, the share of elderly people increases, and the share of the oldest-old is smaller than the share of the young-old and old. The countries are at different stages of demographic ageing. Countries such as Germany, Japan and Korea experience the sharpest increase (in percentage points) in the oldest-old and hence in potential care receivers. The increase will be fastest after 2020 when the first baby-boomers enter their eighties. In many other countries, such as Turkey, ageing is driven by the increase among the young-old to a greater extent. Especially in the latter group the increase in potential care providers outweighs the increase in potential care recipients.

Figure 4.1. **Percent of 65-79 year-olds and over-80 year-olds in the population, 2010 and 2050**



Source: OECD Labour Force and Demographic database (2010); OECD (2011), *Help Wanted? Providing and Paying for Long-term Care*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264097759-en*.

A higher share of elderly people does not necessarily translate directly into higher care demands. Some countries have experienced an increase in healthy life years along with demographic ageing. Denmark, Italy and the United States belong to this group. And although the number of disabled people has increased (and is projected to increase further to 2030), disability rates in the elderly populations have decreased in the last decades. The increase in potential care providers therefore outweighs the increasing care demand. In other countries, such as Belgium and Japan, disability rates among the elderly have increased since the 1990s (Lafortune et al., 2007). Projections by the OECD (Lafortune et al., 2007) suggest that the number of severely disabled elderly will increase in OECD member countries to 2030. In some countries (among them Belgium, Japan and Sweden), the increase will be very sharp if the current trend of rising disability rates continues. In other countries (among them Denmark, Finland, the Netherlands and the United States), the increase will be modest, assuming that disability rates drop further.

Support networks: the role of the elderly in family and society

The share of elderly people and their health status is only a rough estimate of the role of the elderly as providers and recipients of care. Healthy elderly people are potential care providers, but not every healthy elderly person has close or dependent family members. On the other hand, the family is not always there to help when elderly people suffer from severe disability. The remainder of this section provides information on the activity of elderly people and informal care, e.g. the share of care providers and care receivers.

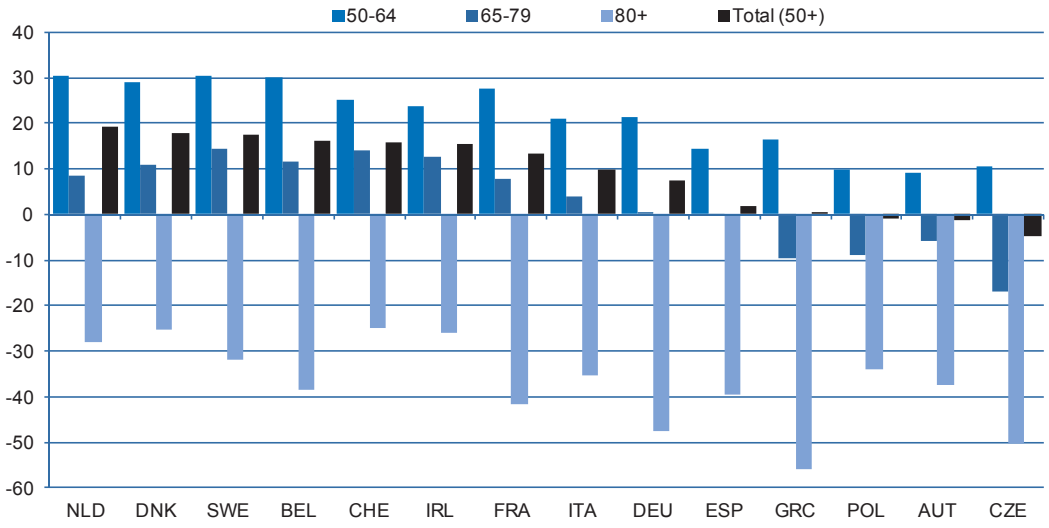
The baby boomers are the new young-old. This generation of young-old will shape societies as active citizens to 2030. Young-old people contribute a lot to social and cultural life. In European countries (Austria, Britain, Italy, Luxembourg, the Netherlands and Sweden) more than 50% of the young-old participate in community-centred activities, and more than one in five volunteers in the 60-80 year old age group. Even more young-old and old provide assistance to their family members and fellows (Droogleever Fortuijn et al., 2006).

Informal care is work. In European countries between 38 and 66% of the population aged 50 and over provide informal support to family member or friends (SHARE, 2009; and own calculations), with between 25% and 33% giving assistance at least once a week. In Scandinavian countries, Belgium and the Netherlands, more elderly take on care work, help with household chores, paperwork or grandchild care (> 60%) than in the Mediterranean, Poland and Austria (< 45%). However, between 25% and 50% of the carers in "high provider countries" provide care irregularly, e.g. once a month or less often. In "low provider countries" such as the Mediterranean, most elderly providers engage in regular support at least once a week. If support is measured in hours, the Mediterranean rank among the countries with the highest provision of time transfers from elderly persons to their families. In Korea, a considerable proportion of parents aged 65 and over give support to their children (Lee et al., forthcoming). About 45.4%, 31.6%, and 27% of older parents gave emotional, instrumental, and financial support, to their children.

Between 20% and 30% of the population aged 50 and over receive care or support from informal carers – with the exception of the Czech Republic where 40% receive support. Support rates are highest in the Austria, the Czech Republic and Denmark. France, Italy, Spain and Switzerland have the lowest rates (see also Brandt et al., 2009). The share of care receivers tends to coincide with the expected healthy life years.[1] The latter group of countries range among those with the highest healthy life years (73-75 years). Austria, the Czech Republic and Denmark have slightly lower expectancies for the "good years" (70-72 years) (WHO, 2009).

Indeed, the data show that older people and the elderly provide more support than they receive (see Figure 4.2). Among the older and elderly, 50-64 year-olds provide most of the support and they receive support less often than the old and oldest-old. The young-old and old, 65-79 years old, are net providers. In this age group, the share of providers is on average 25 percentage points higher than the share of receivers. The support pattern reverses with the transition to the fourth stage of life. The oldest-old are net receivers. The difference between those aged 65-79 and those aged 80 years and over indicates that the elderly take on the active role as provider of care and support as long as they have the physical and mental abilities to do so.

Figure 4.2. **Balance in support (providers minus receivers), share of age group**



Source: SHARE (2009), *Survey of Health, Ageing and Retirement in Europe*, *www.share-project.org*, accessed 12 August, waves 1 & 2, release 2.3.1; and own calculations.

In the next two decades, the share of those aged 65-79 and those aged 80 and over will increase in most countries. The increase in the 65-79 year-olds is good news. They are net providers of care and support to family members – their partners, children and grandchildren. In most countries, the increase (percentage points) in this age group is higher than the increase among the oldest-old. Furthermore, in most countries, healthy life years increase. Demographic ageing therefore enlarges the potential pool of care providers among the elderly. However, there is bad news, too. Demographic ageing does not stop in 2030. The young-old and old of the next two decades might be the oldest-old up to 2050 – depending on developments in health and disabilities. The increase in elderly care receivers will be higher than the increase in potential providers of care when disability rates remain constant or increase. In Japan, the share of 65-79 year-olds already decreases between 2020 and 2030, whereas the share of the oldest-old continues to rise. All things being equal, younger generations will be more involved in elderly care, either as informal family carers or as professional providers of care.

Elderly persons and their families in a changing world

Family structures, living arrangements, family obligations

This section highlights the influences of possible future changes in family structures and formation on the role of elderly people as care givers and care receivers in OECD member countries. The family is the most important provider of care and support in almost all OECD member countries (Brandt et al., 2009; Igel et al., 2009; OECD, 2011a). Changes in the family structure, e.g. parenthood and marital status, and obligations between family members, such as legal and normative obligations, impact on the role of the elderly as receivers and providers of care.

Family structures and family relations play a key role in informal support networks of elderly people. Having a partner and having children reduces the risk of under-supply with care in times of need. Childless elderly and singles have to rely on different support networks and care arrangements, e.g. professional care. The availability of family carers is a key factor in demand for professional care services. Changes in family structure will change elderly care arrangements in the future. Care policies designed to tackle the future care gap must take into account developments and changes in the family structure and family obligations (Gaymu et al., 2010).

Trends in marriage, remarriage, divorce and living arrangements will change the role of the elderly in their families. Marital disruption has a twofold effect on family care. Firstly, partner care is no longer available unless the divorced elderly re-partner or remarry. Secondly, divorced, separated and remarried parents not co-residing with their young children often cannot establish and maintain long-lasting relationships with them. They have fewer contacts with their children and receive less support in old age (Albertini and Saraceno, 2008). The increase in family disruption events will probably result in a higher demand for formal care in the next two decades.

The second most important carers are adult children. Adult children not only provide care themselves, they also increasingly manage care arrangements and ensure that someone looks after their frail parents. Although there has been a steady decline in fertility rates and thus a rise in childlessness in most OECD member countries, the share of parents in post-war and baby-boomer generations is higher than in any generation before or after. Children, therefore, are an important potential care resource to cope with the rising care demand in the next decades.

Care relationships require geographic proximity. Caring for elderly persons can range from weekly visits to round-the-clock care. It can be regular schedules or spontaneous visits when needed. Commuting takes time and is costly. Great distances between parents and children make daily and spontaneous care impossible (Haberkern, 2009). Flexible labour markets, job migration and migration of elderly parents after retirement also have an impact on the availability of family carers. High mobility takes its toll and paid care arrangements have to replace family care. It is not only important to have a partner or children, it is important to have them close by.

Family care is influenced by normative and legal obligations. Close family relationships come with normative responsibilities to provide support if necessary. In most OECD member countries, legal obligations support or enforce these normative expectations between family members. Partners are legally obligated to support a husband or wife in times of need. In most European countries and more than half of US states, legal filial obligations exist. Adult children can be forced by law to contribute to elderly care (e.g. financially) when frail parents cannot afford professional care themselves. Only a few countries, such as Italy, enforce family obligations beyond the nuclear family, e.g. care obligations of siblings and grandchildren. In most countries, legal obligations and social security/welfare programmes are based on the notion of a traditional nuclear family. Discrepancies between family structures and family law cause conflicts and inefficiencies in social security programmes. Legal family obligations should be rethought against the background of changing family structures.

Future family structure – marriage, divorce and living arrangements

Marital status and martial disruptions such as the death of a spouse or divorce have a major impact on family relations, especially intergenerational relations and therefore on support for and from children. Children of divorced parents normally stay with the mother; for example, in 86% of Great Britain's stepfamilies children are from the women's previous relationship(s) (UK National Statistics, 2010). The child-mother relationship, therefore, is stronger.

Divorce and separation result in fewer contacts and support from (former) family members and children. Studies for various countries suggest that adult children feel less obligated and are less likely to provide support, e.g. care and financial support, to divorced or remarried parents (Ganong et al., 2009; Ganong and Coleman, 2006; van der Pas and van Tilburg, 2010). Divorced fathers in particular have a higher risk of losing the support of and contact with their children (Albertini and Saraceno, 2008; Glaser et al., 2006; Lin, 2008; Wells and Johnson, 2001). It is reasonable to assume that the increase in divorce rates will have a lasting effect on the support network of elderly men in the next 20 years, especially as they are a group for which marriage has been like a private fully comprehensive care insurance in the past. Increasing divorce rates will therefore result in higher care demands for professional care.

Divorce rates are likely to further increase in the future. Former research points out that divorce increases the likelihood for children and grandchildren to get divorced themselves (Amato and Cheadle, 2005; Doohan et al., 2009). This development is likely to result in even smaller family support networks (even though there are more step-kin). About 8% of grandchildren care for their grandparents in the United States (Fruhauf et al., 2006) and most grandparents provide support to their grandchildren. However, grandparenting depends on close relationships to children. Increasing divorce rates may therefore severely impact on the role of the elderly as receivers and providers of care in the future.

The growing amount of step-kin ties (Bengtson, 2001) seems to offer no adequate substitute for the divorce-related break-ups in intergenerational kinship. Step-kin ties or ties from broken families are in general much weaker then biological ties. Forecasts show that future elders will have more intergenerational ties, but on average around 30% of all future grandchildren in 2030 will be step-kin (Wachter, 1997).

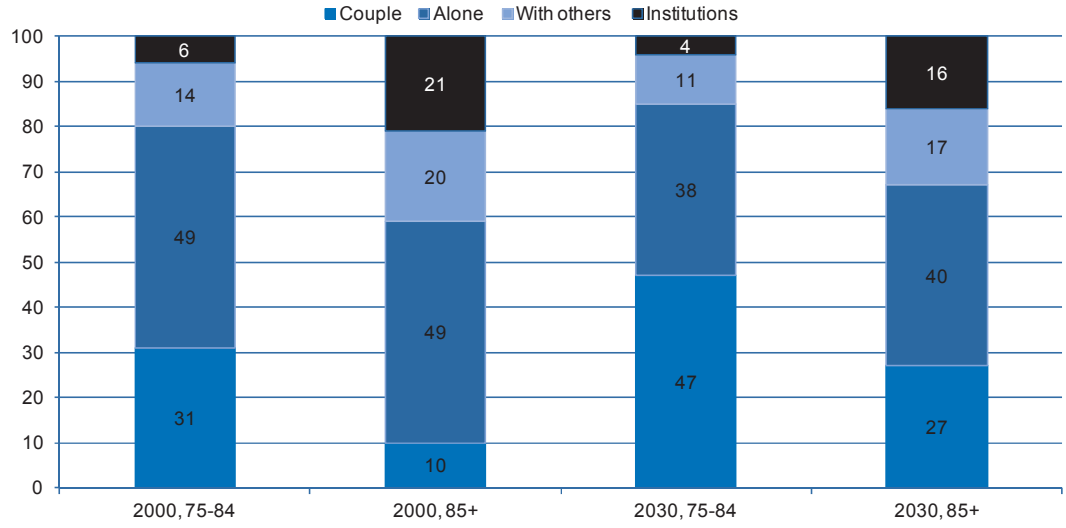
The trend of late first marriages and increasing divorce rates can be seen in all OECD member countries (OECD, 2010a). Nevertheless, the future proportion of elderly married people will increase as the trend in divorce rates has been accompanied by a trend towards remarriage, one that is known to be stronger for men than for women. The share of the elderly who have experienced divorce with or without remarriage will increase to 2030. In the long run, the decrease in marriage rates in the younger cohorts will result in an increase in never-married elderly, but not until 2030 (Grundy, 2006).

Trends in longevity, remarriage and re-partnering overcompensate for higher divorce rates – at least for women. Nevertheless, although divorce reduces family support, factors such as longevity and remarriage may increase support from a husband or children. Projections suggest that the share of (re-)married or cohabitating women aged 75 and over will be higher in 2030 than in 2010, whereas the share of widowed or single women will be smaller (because of the increasing longevity of men) (Kalogirou and Murphy, 2006). The marriage rates and living arrangements of men, however, are not expected to change. In contrast to women, the most pronounced trend is the increase in

divorce rates. Whereas women will benefit from future living arrangements, e.g. partner care, men are more likely to have to cope with a loss in family support following divorce and to have to provide care to a frail partner (Gaymu et al., 2010).

The FELICIE Project (Gaymu et al., 2008a) provides projections to 2030 on the living arrangements of the elderly in nine European countries – Belgium, the Czech Republic, Finland, France, Germany, Italy, the Netherlands, Portugal and the United Kingdom (OECD, 2011a). In 2000, 50% of women aged 75-84 were single, 30% in a couple. With increasing age, women outlive their partner and those women aged 85 and over increasingly live alone (40%), with others (20%), e.g. children, or in institutions such as residential care homes (20%). According to the projections, the share of women living in a couple increases to 2030, whereas the share of female single households and women living in institutions decreases (see Figure 4.3).

Figure 4.3. **Living arrangements of women aged 75 and over, 2000 to 2030 (FELICIE countries)**



Source: Gaymu, J., P. Ekamper and G. Beets (2008), "Future trends in health and marital status: effects on the structure of living arrangements of older Europeans in 2030", *European Journal of Ageing*, 5: 5-17.

In contrast, men age in couples. The share of men aged 75-84 living in a couple will be 70% and much higher compared to women (about 47%). The share of singles will be lower for men (20%) and higher for women (38%). However, there are differences between European countries. Whereas about 70% of Italian men aged 85 and over will live in a couple, about 20% alone and 7% with others, the Portuguese will share a house with a partner less often (49%), but more often with others (26%). The highest share of elderly men living alone will be found in England/Wales (29%), and living in institutions in the Netherlands (16%) (see Table 4.2).

Future family structures: fertility, childlessness and the age gap between generations

Fertility is linked to the role of the elderly as providers and receivers of care in two ways. Firstly, after partners, adult children are the main providers of elderly care, and elders with children have a lower risk of unmet care needs. However, not every child engages in care or support for their parents. They have to have time and they have to live near their parents. Secondly, grandparents care for their grandchildren and help to reconcile family and work. The role of the elderly as grandparents depends on the fertility of their children and on the age gap between the generations. Low mean age when a person first has a child can result in conflicts between their work and their role as a grandparent later in life, as they might not yet be retired when called upon to care for grandchildren. This section focuses on parenthood, the age gap between generations and labour market participation.

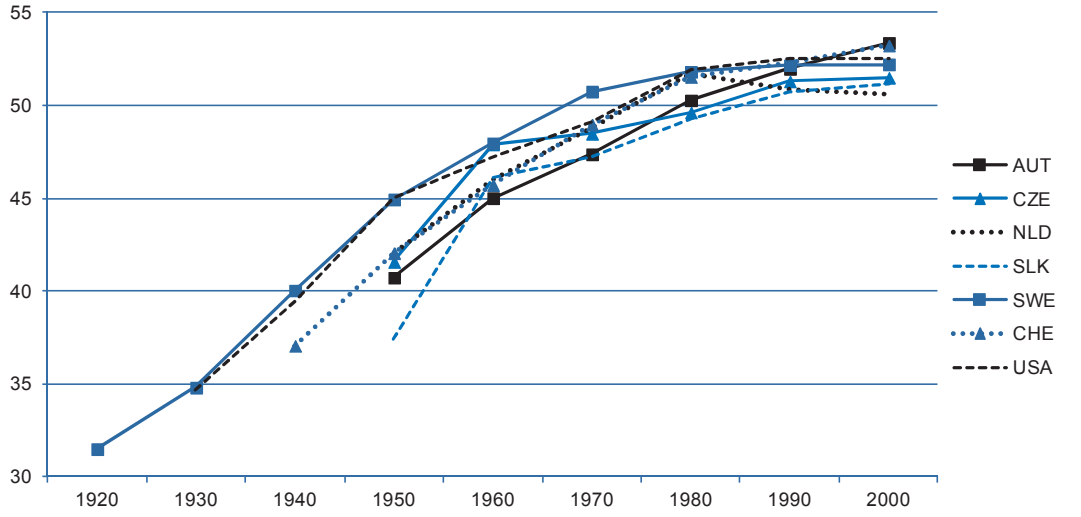
The share of elderly parents in 2020 and 2030 is higher than in any generation before or after in the 21st century. Projections for Britain, Finland and France suggest that the share of elderly persons aged 80-90 with living children will increase in the next two decades, and decrease afterwards. In 2030, about 90% of the British and French 80 year-olds will have living children. In Finland the rate will be about 80%. Other things being equal, the availability of intergenerational carers will increase in the next two decades in these countries (Murphy et al., 2006).

The pool of potential family carers increases to 2030, but only for women. As a rule, women have a higher risk than men of living without a partner or children because they outlive their partner and are less likely to build up new partnerships. However, in the next two decades the share of disabled women aged 75 years and over with a partner and living children is expected to double from 15% to 30%, and the share with no partner and no children at all will decrease from 18% to 12%. Men will not benefit from this development (Gaymu et al., 2008b). Similar trends are expected for Canada. The long-standing decline in fertility will have an impact in the future, but not in the next 20 years.

According to the projections in the FELICIE project, the individual risk of growing old without a partner and/or child decreases to 2030. Nevertheless, the elderly population without a strong family support network will increase in absolute numbers as the baby boomers enter old age. The demand for formal care services will therefore increase. This development is particularly strong in countries with a pronounced baby-boomer generation such as Canada (Gaymu et al., 2010).

Increasing longevity increases the age of family carers. A calculation based on life expectancy and mean age at births shows that the average age of children at their mothers' death increased in the last decades (see Figure 4.4). Increasing live expectancy is the driver of this development. However, the rising age at (first) birth has curbed the increase in the last two decades. It can be assumed that the increase in life expectancy will continue, whereas the increase in age at birth of first child slows down or comes to a halt by 2030. In 2000, on average, children were at working age when their mothers were in need of care or died. Given the trends and levels of age at birth, the effective and official retirement age as well as longevity, those grandparents who could be caring for small grandchildren will mostly still be of an age to undertake paid employment in 2030.

Figure 4.4. **Mean age at mother's death (1920-2000)**



Source: Human Fertility Database (2010), Max Planck Institute for Demographic Research (Germany) und Vienna Institute of Demography (Austria). *www.humanfertility.org*; Human Mortality Database (2010), University of Berkley (United States) and Max Planck Institute for Demographic Research (Germany), *www.mortality.org*; own calculations.

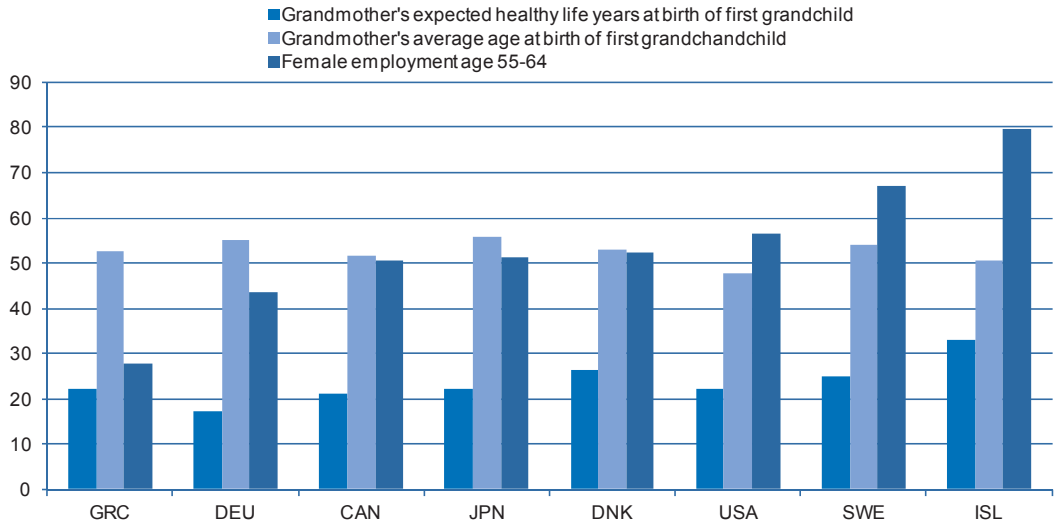
The age gap between generations was fairly constant in the 20th century. The age of grandparents at the birth of their first grandchild did not increase, as giving birth at younger ages in the 1950s and 1960s compensated for the postponement of parenthood of their children from the 1980s until now. Grandparents were on average 50 years old or slightly older (Figure 4.5). However, in recent years, the age of grandparents has been increasing. Between 1990 and 2005 the share of 55 year-olds who are grandparents decreased from 70% to 35% (Lundholm and Malmberg, 2010). The age of grandparents at the birth of grandchildren might increase to close to 60 years in 2030, when young adults continue to postpone parenthood to their thirties. For second and third-born (grand) children, grandparents are older, still in good health and with fewer work-family conflicts.

Children today are more likely to have grandparents alive and in good health. The increase in the longevity and health of the elderly has changed the role of the elderly as grandparents. Grandmothers can expect to live for up to 30 years in good health after the first grandchild is born. Iceland stands out with a small age gap between generations and high expectations in healthy life years at the birth of the first grandchild. Older people in Iceland are often healthy enough to take on an active role as grandparents (Figure 4.5).

Grandparents and external childcare facilities take care of children during working hours of parents. In countries with high employment rates of mothers and grandparents, public and private childcare facilities are widely used, e.g. in northern European countries, whereas in the Mediterranean, mothers and grandmothers more regularly look after small children (Igel, 2011). As women's labour market participation has increased in OECD member countries over recent decades, grandparents or childcare services have to fill the gap (OECD, 2010a). If such alternatives to parental care are not available, motherhood (children under the age of three) substantially reduces labour market participation. In Northern European countries (except Finland) and the Benelux countries,

motherhood has only a small impact on labour market participation, due to the availability of childcare services.

Figure 4.5. **Grandmother's expected healthy life years and average age at birth of first grandchild, and female employment 55-65 years**



Note: Expected healthy life years at age 65 in 2007, age at first birth in 1980 and 2005 to 2008. Employment rate as share of women in paid work. Canada: female employment rate at age 50-64; Canada and United States: healthy life years at age of birth.

Source: European Commission (2010), *European Community Health Indicators,* European Commission, Brussels, accessed 10 August 2010; Statistics Bureau Japan (2009), *Statistical Handbook of Japan 2009*, Ministry of Internal Affairs and Communications, Tokyo; OECD (2010), *Labour Force Statistics,* OECD, Paris, *http://stats.oecd.org/Index.aspx*, accessed 9 August 2010; United Nations Economic Commission for Europe (UNECE) (2010), *Statistical Division database,* United Nations Economic Commission for Europe, *http://w3.unece.org/pxweb/DATABASE/Stat/Statistics.asp*, accessed 10 August 2010; World Health Organization (WHO) (2009), *Global Health Observatory,* World Health Organization, *http://apps.who.int/ghodata*, accessed 28 July 2010; own calculations.

Following a study for Finland, France and the United Kingdom, the trend of postponement in women's age at the birth of their first child and the increased labour force participation of women could decrease future women's potential as care givers (Murphy et al., 2006). Mothers are likely to juggle multiple responsibilities such as working and caring for their own children and their elderly parents. The extent to which the role of workers and carers conflict is an ongoing debate (Dentinger and Clarkberg, 2002; Johnson and Lo Sasso, 2004; Rosenthal et al., 2004; Spiess and Schneider, 2003; van Putten et al., 2010). Carers are less likely to be employed and extensive care is associated with a reduction in working hours (OECD, 2010f). Overall, paid work is likely to conflict with care for both children and parents. Middle-aged people either avoid multiple roles, give priority to their paid work, parents, children or health, or receive informal or formal support to handle multiple commitments.

Work-to-welfare policies and rising employment rates of older workers conflict with the demand for care for elderly parents and grandparenting in the future. In the second half of the 20th century, early retirement policies have eased the reconciliation of work and family of the elderly in the labour force. The effective retirement age has

substantially dropped in almost all OECD member countries, often below statutory retirement age. If the 1960s are compared with 2007, men's effective retirement age dropped in France from 67 to 58, in the United States from 70 to 64 and in Japan from 72 to 69. Several governments recently passed laws to increase or abolish the statutory retirement age in the future and cut back incentives for early retirement, for example France, Germany and the United Kingdom.

Given the mean age in the years prior to mothers' death and late parenthood, increasing labour market participation conflicts with caring activities and active grandparenting (OECD, 2010f). Women's higher labour force participation rates increase the need for non-parental childcare. Meanwhile, higher employment rates of older age groups will conflict with grandchild care. Grandparents spend less time with their grandchildren, which may result in higher work-family conflicts for working parents. Higher employment rates across family generations increase the demand for non-family or public childcare.

Among OECD member countries, the share of women aged 55-64 who work is highest in Iceland and Sweden and lowest in Greece. Although grandparents in Iceland and Sweden can expect many healthy life years after the birth of their first grandchild, their role as active grandparents is limited by high involvement in the labour market. They cannot substitute for pre-schools and pre-school enrolment rates of children aged under three is high in these countries. In Greece, where enrolment in pre-schools is low, elderly people are less often employed, which enables them to play an active role as grandparents and care for their grandchildren on a regular (daily or weekly) basis (Igel, 2011).

According to projections to 2030, there is a growing potential of family carers. Elderly people are more likely to live in a partnership than before and have living children, and young children are more likely to have healthy grandparents alive. Whether the potential network of carers translates into effective support depends on various factors. Labour market participation and policy play a key role in both the demand in formal childcare and formal care for the elderly. The increase in female employment rates as well as in the effective and official retirement age will be necessary to consolidate state budgets and pension systems. But the role of the elderly as receivers and providers of care depends on their involvement and that of their relatives in the labour market. High participation rates in the labour market of both the elderly and women are likely to increase the demand for formal childcare.

Family obligations

Legal family obligations persist in most welfare states, between partners or between parents and children. Responsibilities for care are less regulated, although most countries can legally force adult children to co-finance professional care for poor elderly parents (Table 4.1). Welfare state regulations are linked to cultural values, and vice versa. Legal and normative obligations towards family members coincide in most welfare states, and different care systems broadly reflect cultural differences. For example, the family-oriented Mediterranean welfare states with legal responsibilities between elderly parents and their children and high normative obligations to take good care for elderly parents, or the individualistic Scandinavian welfare states where only minor legal obligations, if any, exist (Alber and Köhler, 2004). In countries with few family obligations long-term care (LTC) insurance expenditures are high – and vice versa (Costa-Font, 2011).

Weak family norms exist in northern European, Benelux and Anglo-Saxon countries. In Scandinavian countries, a strong welfare state is responsible for social security and the provision of social services such as LTC and childcare. There are few normative obligations to support relatives. Parents do not want to become a burden on their children in their old age, and do not expect them to provide substantial financial support or intensive personal care. In recent years the Scandinavian care systems introduced more freedom of choice, with programmes aiming to support informal carers and care arrangements, e.g. respite care, care allowances, care budgets, care leave. The elderly and their family have a greater choice between informal and formal care. In Great Britain and some US states, the family is not legally obligated to provide support and the provision of most care services and co-payments do not depend on the family situation. As there is little provision of public care services, support between family members is common in these countries. However, levels of support are lower and feelings of obligation are less pronounced than in family-oriented countries.

Strong family norms can be found in Mediterranean countries, Turkey, catholic Western and Eastern European countries as well as in the Asian countries, Japan and Korea. In these countries, adult children are accustomed to taking care of their dependent family members, providing both financial and instrumental support. The norm of filial piety, a shared cultural norm that children should respect their parents and take good care of them, was the major component of care policies for the elderly and LTC planning in Korea and the Mediterranean countries. Indeed, it is assumed that family members will provide care to the elderly. Public care services are eligible only when family carers are not available. This is the case in Italy and Poland. In the Czech Republic, meanwhile, elderly care recipients theoretically have the right to choose between family and public care. However, according to the availability and costs of formal care services, most elderly people rely on family care. It is implicitly assumed that family members provide care for as long as possible (Plasová and Maříková, 2010).

Support for elderly parents or younger family members is not based on well-defined responsibilities. Family life becomes more diverse and complex due to changing family formation and dissolution patterns. Family practice and support is based on negotiations rather than on binding obligations. For example, who is willing and able to provide the support? The involvement of family members is patterned by the normative beliefs, and material and social circumstances, such as employment, distance from family members, and their own family situation. Secondly, support for the elderly is not only an obligation. It is also based on love, affection, the concern for the parent's welfare and the wish to maintain the relationship with one's parents. This can include caring activities in times of need (Chambers et al., 2009). According to Stuifbergen and van Delden (2010: 8) filial obligations "are no more than a duty to try and maintain the relationship with one's elderly parents" and therefore policies that try and force family members to provide more informal care must be rejected.

Table 4.1. **Legal and normative family obligations (selected countries)**

	Legal filial responsibility	Family norms – societal opinion on care responsibility Share of respondents aged 50 and over		
		Family responsible	Equal responsibility	State responsible
Austria	Y	21.2	55.1	23.7
Belgium	Y	15.9	40.9	43.2
Canada	Y[1]	–	–	–
Czech Republic	Y	31.2	50.8	18.1
Denmark	N	2.0	8.7	89.4
Finland	N	–	–	–
France	Y[3]	10.3	42.5	47.2
Germany	Y[3]	28.1	55.6	16.3
Greece	Y (extended family)	65.9	25.6	8.6
Ireland	N	22.1	39.7	38.2
Italy	Y (extended family)	30.3	47.2	22.4
Japan	Y (extended family)	–	–	–
Korea	Y	–	–	–
Netherlands	N (limited)	5.4	32.3	62.3
Norway	N			
Poland	Y	47.2	44.6	8.3
Portugal	Y (extended family)	–	–	–
Spain	Y (extended family)	32.8	42.2	25.0
Slovak Republic	Y (extended family)	–	–	–
Sweden	N	8.9	23.8	67.3
Switzerland	Y/N	21.7	54.9	23.4
United Kingdom	N	–	–	–
United States	Y[2]	–	–	–

Notes: 1. Not on federal level but in some cantons, provinces, states. 2. Filial responsibilities in 30 states. 3. Family and explicit state obligation.

Source: SHARE (2009); Hashimoto, A. and C. Ikels (2005); Mestheneos, E. and J. Triantafillou (2006); Pakula, M. (2005); Plasová, B. and H. Maříková (2010); Sundström, G. (2009); Sundström et al. (2008).

Family obligations shift from hands-on care to managing care arrangements. Although filial piety persists as a social norm, the willingness of children to care for their parents – and their preferred way of doing so – is changing in countries with high family obligations. In Italy, the recourse to migrant care-workers is a common strategy to reconcile family and work. Migrant care-workers take on the hands-on care whereas the sons and daughters take responsibility and arrange the care setting (Da Roit, 2007). In Japan, the share of three-generation households dropped from 45% in 1986 to 19% in 2008 (Godzik, 2010: 4), which is reflected in the decline in cohabitation of adult children with elderly parents. Elderly Japanese are less likely to prefer living with their children than earlier generations, which was the most common care setting in Japan in the 20th century. According to a Korean study, children aged 30-64 reported that when parents become dependent and need regular assistance they would live near their parents and hire a personal carer to take care of their parents (30%), move their parents into an LTC facility (18.8%), live with their parents and provide help (31.4%), or live with their parents but receive help with caring from siblings or professionals (20%) (Lee et al., forthcoming).

Legal filial obligations exist in most OECD member countries. Legal obligations in general are defined as the obligation to contribute to care costs of next-of-kin, i.e. parents. In France, care costs can be deducted from inheritances by the state. In the United States the spend-down rule in Medicaid introduces a type of filial obligation: elderly people who intend to claim Medicaid nursing-home benefits are not allowed to transfer wealth to their children. Some countries, such as Italy and Spain, however, explicitly include practical care duties (Sundström et al., 2008) and step-kin, and/or (half-)siblings, e.g. Italy, Portugal, Slovenia. In some countries, the unwillingness to provide support for needy elderly parents can be punished, e.g. Spain (Mestheneos and Triantafillou, 2006).

Legal obligations can enforce family care after family disruptions. Parents and children can be obligated to care or contribute financially, even if they have lost contact. However, those who live as a family are not necessarily defined as family members and therefore have no obligations to support the close elderly person or co-finance professional care services. Obviously, laws cannot be based on love or affection. However, people could be given the right to choose the person to whom they feel obligated and who should bear responsibilities.

Grandparents have few obligations or rights. In general, the rights and obligations of grandparents come after those of the parent. However, it seems that grandparents have more rights than duties. Grandparents provide many hours of childcare and education. This is reflected in legal visitation rights, as in the United States (Hill, 2001). However, other countries, such as Switzerland, do not endow grandparents with a right to visit the grandchild.

Grandparents increasingly parent grandchildren. Although numerous grandparents pursue an independent life with hobbies, employment and education, some take on the role of a parent. Grandparents, in particular grandmothers, parent grandchildren because of the absence of parents, due to substance abuse, (un)employment, imprisonment or mental disorders, teen pregnancy, and legal and policy changes favouring kinship care over other institutional settings (Fuller-Thomson and Minkler, 2001). In the United States in 2000, approximately 2.1 million grandparents raised their grandchildren – a 30% increase from 1990. A steady increase has been observed from the 1970s. Fuller-Thompson and Minkler (2001) suggest that 6.8% of grandparents provide extensive childcare (less than 30 hours a week and less than 90 nights per year), and 5.3%

provide custodial care, taking full responsibility for the child. In the case of teenage parenthood, grandparents may bear financial and legal responsibility for the dependent teenage parent and the grandchild. Grandparents parenting children have a higher risk of poverty compared to other family forms.

Urban planning

The proportion of elderly in a population, their health (the risk of being dependent and their ability to provide help to others), family structures (links with kin and others), and social norms (strength of these links) are the structural elements determining the role of seniors as recipients and providers of care and help in an ageing society. The environment and technology can be seen as parameters conditioning the way these structural elements play out in different societies as well as policy levers that can be used to adjust to an ageing population.

The ability of older individuals to live independently (for a given health status), as well as to receive and provide help, is conditioned by:

- the type of dwelling they live in: detached house or apartment with collective services;
- the type of amenities installed: modern and easy-to-use bathrooms and kitchens, air conditioning, elevators, appliances, communication and information technology equipment;
- the demographic diversity of the population in their neighbourhood: people living in gated communities for the elderly or in isolated rural communities deserted by the younger generations will certainly miss opportunities to receive help from and provide help to younger generations;
- the accessibility and availability of services used by people of all ages, such as grocery stores or supermarkets, and more specifically by older people (healthcare, long-term care). This, in turn, depends on two factors: the presence of these services in their environment and the way transport is organised and accessible to older people;
- the cost and accessibility of services that substitute for the kind of informal services the elderly can provide – parents of young children can choose formal care (day care) or informal care (grandparents) and their decision will depend on the respective costs (in time and money) and quality of formal and informal services. Informal services are certainly less anonymous but can also be seen as less reliable than formal ones. Costs will vary with the cost of labour (for formal care), as well as the cost of time to connect with providers;
- the ability of older individuals to connect with their children and grandchildren, through physical mobility and information technology;
- a subjective feeling of confidence in their ability to live and perform in their environment.

The effect of housing arrangements or urban planning and transport on the ability of the elderly to live independently and to provide and receive help depends on the kind of technologies available. For instance, in a world without many devices or technology, in which human labour produced most of what was needed for daily life (food processing,

water supply, heating and cooling) multi-generational households were certainly a rational option. In such an environment, large households were efficient in terms of economies of both scale and human labour. The time and effort of young children can be efficiently used to gather wood or coal for a stove or heater to provide heat to a large group of adults (their parents and grandparents), whereas grandparents living independently would have to do it by themselves or pay someone to do it, which would be inefficient. In a more modern – and technology-rich – environment, such economies of scale are no longer needed and the drawbacks of living in large households can offset the benefits. The following sections will consider the issues of the environment (housing and urban planning) and technology.

Late life in urban and rural areas

According to the United Nations Population division, 28% of the people aged 60 and over in the developed world (Europe, North America, Japan, Australia and New Zealand) live in rural areas (United Nations, 2009). As a result, ageing societies in OECD member countries are largely faced with seniors in urban environments. This is not true of the less developed world, where 60% of the elderly live in rural settings (United Nations, 2009). Overall, people aged 60 and over are spread across the rural/urban divide like the rest of the population of their countries. Of course, rural communities are older than urban ones on average and older populations are slightly more likely to live in rural areas ("age in place" phenomenon), but it is still true that older individuals in urbanised societies live in urban areas.

In Canada, 61% of the population aged 65 and over live in one of the country's 21 large urban centres (also known as census metropolitan areas, CMA), while only 18% lived in core rural areas (with moderate, weak or no metropolitan influence); 9% lived in towns with a population of over 50 000 (outside CMAs), 5% in medium-sized towns (25 000-50 000), and 8% in small towns and rural communities close to an urban centre (Turcotte and Schellenberg, 2006).

By 2050, 86% of the population in OECD member countries will live in urban areas (OECD and China Development Research Foundation, 2009), and it can be expected that the rate of elderly individuals living in urban areas will be similar. As a result, the question of environmental characteristics for later life is one of urban life. How do urban planners guarantee that seniors will live independently, receive services and provide help in an urban environment? Of course, the fate of the 18% elderly who live in rural areas cannot be dismissed but it is important to recognise, first, that the issues they face are very different and that they represent a small and diminishing part of the elderly population.

Urban planning in different areas has focused on the specific stages of the lifecycle, regarding housing, transport and service infrastructure. Urban areas have focused on the needs of small households and independent living. The key advantage is the infrastructure, i.e. the provision of social services and public transport, and short distances. Housing is not suitable for large households, families with children or multi-generation households. Suburban areas provide space and often cheap and more recent housing, which is more likely to be equipped with up-to-date technology and therefore suitable for larger families, or even two-generation households. Independence in suburban areas is linked to private transport as public transport is fragmented.

Rural areas suffer from a shortage of formal services and a less diverse age distribution, due to the "emigration" of young generations to tertiary jobs in urban centres. To compensate, they must have a community life, voluntary work and mutual support, but this has more to do with social capital than with urban planning *per se*. A Canadian study suggests that volunteering and participation in community life is vital even for the elderly with disabilities. However, the authors point out that participation in the volunteering sector may be less beneficial if forced by a lack of social services, emigration of younger people or social values (Fast and de Jong Gierveld, 2008). Overall, the quality of later life in rural areas is highly dependent on the social support network.

Providing services in rural areas costs much more than in urban centres or even suburban areas. Services such as healthcare, pharmacies, public transport, libraries, museums, theatres and concert halls are more accessible and available when population density increases. Essential services, such as healthcare, are often to be found within walking distance. Access to and availability of services is important for well-being and social inclusion (Smith, 2009). Rural and low-density areas provide fewer services. Access to health services and shopping facilities is possible only by car or public transport. However, public transport is often fragmented and is not fully adaptable to the needs of elderly people.

Suburban areas are not suitable for ageing in place. When people grow old, the benefits of suburban areas become disadvantages. In most suburbs in Canada essential services such as banks, grocery stores and pharmacies are not within walking distance (Miller, 2008). Suburbs are fine as long as residents are in good health and have a car. "Absent these necessities, suburbs become a hostile and unsupportive environment" (Harris, 2004). According to Harris, some suburban elderly continue to drive because there is no alternative. Car accidents increase exponentially after the age of 75. The lack of public transport and services within walking distance in suburban and rural areas is therefore linked to public health and safety in ageing societies (European Conference of Ministers of Transportation, 1998; Miller, 2008). Moreover, the loss of mobility can contribute to social isolation and the social exclusion of the elderly (Davey, 2007).

When the elderly choose not to drive any longer due to health problems or functional limitations they can rely on public transport in urban environments or relatives and friends in less densely populated environments. In Canada, 29% of the population aged 75 and over report that they receive help for transport or running errands versus 16% among the 65-74 year olds (Turcotte and Schellenberg, 2006). Studies suggest that adults living in rural areas who have to rely on others for transport have unmet social and health needs (Dobbs and Strain, 2008). The availability of family carers may be further limited by the rising employment rates of the elderly and women and changing family and household structures. In areas where a car is a necessity to manage everyday life, to stop driving has a crucial impact on social interactions and the well-being of the elderly ("second retirement").

Private cars and public transport are often presented as substitutes, which they are to some extent, but when it comes to maintaining independence both means of transport are needed: older individuals need a car to run errands (especially for carrying heavy loads) or transport new pieces of furniture, but they also need safe and reliable public transport to visit friends and family or to enjoy entertainment. Future policy, therefore, has to support independence and safe driving for most of the (young) elderly, and provide supportive transport to those with special needs. This involves the redesign of roadway systems to match the specific needs of elderly road users and pedestrians, providing

transit and para-transit transport, and the retrofit of low-density suburban and rural areas (Rosenboom and Herbel, 2009).

In the future, the elderly will be more mobile than they are today. Firstly, more elderly people will have a driving licence – the share of elderly people with driving licences has steadily increased over the last decades (UK National Travel Survey, 2010). Secondly, it is expected that the retirement age and labour force participation of the elderly will increase for reasons of health and income maintenance. It is reasonable to assume that the higher labour force participation will result in higher mobility levels of the elderly in 2030. Thirdly, changes in household and family structures are likely to result in greater mobility due to distances between family members and the increasing desire to live independently, which involves commuting between households (Maoh et al., 2009).

Box 4.1. **Criteria for elderly-friendly transport**

- ***Availability:*** transport exists and is available when needed (for example, transport is at hand in the evenings and/or weekends).
- ***Accessibility***: transport can be reached and used (for example, bus stairs can be negotiated, bus seats are high enough, van comes to door).
- ***Acceptability***: standards of conditions such as cleanliness; safety (for example, bus stops are located in safe areas); and user-friendliness (for example, drivers/operators are courteous and helpful).
- ***Affordability***: costs (fees are affordable and comparable with or lower than driving a car; vouchers or coupons help defray out-of-pocket expenses).
- ***Adaptability***: transport can be modified or adjusted to meet special needs (wheelchairs can be accommodated; trip chaining is possible).

Source: Dobbs, B. and L. Strain (2008), "Staying connected: issues of mobility of older rural adults", in Keating, N. (ed.), *Rural Ageing: A Good Place to Grow Old?*, Policy Press, Bristol, pp. 87-95.

Housing

Housing is a major issue for elderly people. There are uncountable housing concepts, ranging from independent living without assistance in own homes to retirement communities and nursing homes with round-the-clock care. The main trends in elderly housing are independent living, which may involve professional care services, shared housing with some care support, and retirement villages. Barrier-free and universal design has maintained and improved living in all housing situations, especially in private homes without assistance.

The desire of the elderly – and their children – to live in homes on their own has several implications (OECD, 2003).

- There has been a decline in intergenerational living arrangements and an increase in elderly households throughout in OECD member countries. In Japan, for example, the share of elderly people living in intergenerational households with adult children has dropped from almost 60 to 35% since 1986 (Godzik, 2010).

- Independent living increases the demand for external care support (informal or formal home care).
- A lack of formal services can increase the likelihood of living in shared housing (Engelhardt and Greenhalgh-Stanley, 2010). In most OECD member countries, there has been a policy shift from residential to home care services (ageing in place). Most beneficiaries of formal services are cared for at home.
- Independent living in old age increases the demand for assisted-living technologies and/or smart housing.
- Living arrangements such as retirement communities and shared elderly housing receive more attention.

"Ageing in place" is central to the housing policies of most European governments. However, houses and flats are often not designed for elders and a shortage of suitable housing is expected in the near future. Suitable houses score high in interior housing-unit accessibility, which includes wheelchair accessibility (wide corridors and doorways, ramps, elevators), release buzzers and interphones, and railings. Physical housing features are important in the housing decision of both the elderly and their families. (Safran-Norton, 2010). Exterior housing-unit accessibility can be defined as access to essential services. This involves the distance to services such as shops and public transport and safety in the environment ("walkability").

Urban planning and housing policy has focused on independent living in elderly households or retirement villages. The trend towards home care and independent living has increased the burden on caring and working family members. The basic idea, therefore, is to retrofit the home and the environment in order to increase independence, installing barrier-free living, lifts, social alarms, etc. (Blake et al., 2005; Stahl et al., 2008; Struthers, 2005). Several research projects focus on the development of smart houses for the elderly, e.g. the Aware Home. Although these houses comprise ICT technologies, which connect the elderly to their family members by reporting the health status and well-being of the elderly, the improvement of housing facilities supports independent living rather than family life. ICT technologies are intended to reduce isolation, although to reduce the burden on carers, monitoring technologies may substitute for visits.

The second prominent solution in recent years has been villages and communities designed for the elderly. Retirement communities, such as the Hartfields in the United Kingdom, provide suitable housing for the elderly (Croucher and Bevan, 2010). Although retirement communities promote the idea of independent living, the provision of formal services such as home help and elderly care is a key feature of these models. These formal services can be provided very efficiently in retirement communities. Here again, urban planning focuses on a single stage in the lifecycle – old age – rather than on the integration of the elderly in society and their role in the family.

Retirement communities for the young-old are designed and developed by private providers. New retirement communities are designed for the young- and healthy old. The basic ideas are independence, freedom and leisure, so that the "Third Age" can be considered as an "endless vacation". Simpson (2010) calls this trend "Third Age Urbanism". Surveys show that older people in age-segregated and often gated communities feel less isolated socially, more fulfilled and active, and they live even longer than their peers. Proponents argue that age-segregated settings are more supportive and protective than mixed neighbourhoods (Golant in Simpson, 2010). However, little can be inferred from such a comparison due to an obvious selection effect: those who live

in these communities are not selected at random but on the basis of their willingness and ability to pay for formal services in a retirement community rather than benefiting from informal help in a diverse community. What is needed here are studies based on natural experiments where elderly people live in age-segregated communities without choosing to, whereas others remain in age diverse environments, again without choosing to.

The increasing popularity of retirement villages raises questions about the integration of elderly people in, or separation from, the wider community. Formal service provision is efficient in retirement communities, but intergenerational links and meeting and sharing social life with younger generations as a whole may be reduced. This raises the issue of the cleavages between separated generations and their interests, as well as social, economic and political fractioning. According to Simpson (2010) this is "most evident in community-wide decisions to intentionally opt out of support for communal services that Third Age residents do not personally benefit from ... this includes property taxes to support local schools, kindergartens or maternity hospitals". Critics argue that the age structure of societies should be reflected in communities and urban development. However, current urban planning lacks strategies for mixed settings in urban areas. People should neither be forced to stay or to move because of age. "An urban area planned as an inter-generational one can change considerably within a time period of 20 years" (Simpson, 2010).

Communal forms of living are also increasing in popularity. Co-housing, shared housing and multi-generational housing can be seen as a development that combines the preference for independence with a family-like supportive network on site. In contrast to retirement communities, co-housing supports a mutually supportive neighbourhood and exchanges between generations. Co-housing is still a rare phenomenon in OECD member countries. However, elderly people are showing more interest in communal forms of living in Europe, Japan and the United States. The Cohousing Association of the United States lists 240 co-housing projects, of which more than 100 are not completed yet.

Shared housing projects are strongly influenced by their initiators and residents and therefore meet their preferences and needs for independent living with provision of services and communal activities. These projects also offer the elderly a way of departing from traditional ways of living and family life, i.e. children are not perceived as the primary carers (Godzik, 2010). Although shared housing projects often have elderly residents only, some are intergenerational. These models aim to benefit from mutual support between generations. In Germany, some 500 intergenerational housing projects have been financially supported by the state and provide a meeting place for all generations. However, funding is not secured for the future.

Temporary, modular homes can help provide family care and privacy. Separate housing solutions allow families and the elderly to maintain privacy and independence, but can become expensive and demanding when need for care increases. MEDcottage is one such temporary housing solution. It facilitates family care and, at the same time, helps to maintain a certain independence of both the elderly and the caring family members. Another example is the uHouse (Ubiquitous Health House) in Korea, which aims to monitor a patient's physical condition and activity. The uHouse and the MEDcottage are designed to substitute for hospital services, especially in rural areas and for immobile patients.

Box 4.2. **The temporary MEDcottage™**

The MEDcottage™ (*www.medcottage.com*) is a modular home that can be placed temporarily on the property of home-owners. It can be easily connected to the home's electricity and water systems. The cottage is barrier-free and is equipped with the latest monitoring and ICT technologies. Sensors can detect falls and alert offside caregivers, and check water temperature and levels in baths and sinks. The consumption of medicine and liquid is monitored and notified. Meanwhile, a toilet measures weight, temperature and urine content, and a lift can carry the elderly person from the bed to the bathroom.

The cottage is intended to be an affordable alternative to care homes. It supports independent living and ageing in place or living near family members. It is assumed that the cottage will be placed in the backyard of the primary caregiver.

The MEDcottage is cheaper than a care home. The costs are expected to be about USD 1 500 to USD 2 000 per month to lease or USD 75 000 to buy. A prototype was unveiled in July 2010. The first cottages are expected to be delivered in 2011.

The MEDcottage is a private arrangement and can take pressure off public care systems and nursing homes. It also matches the preference of many elderly people to age in place or stay close to kin without moving into their homes.

The state of Virginia has passed a bill (HB 1 307, Zoning Provisions for Temporary Family Healthcare Structures) to allow families to place mobile-care units on their property without requiring special permission.

The applicability of the MEDcottage is limited. It is suitable in countries with a high preference for family care and ageing in communities. The mobile-care unit requires space and is not suitable in urban areas. It is most suitable for suburban and rural areas where single-family homes and homeownership is common.

Innovation in science and technology is key for rural areas to adapt to demographic ageing and the increasing need for care. Transport and the maintenance of infrastructure are more expensive in less densely populated areas and on the edge of sprawling cities. Rural depopulation through out-migration of the young and suburbanisation challenge transport systems in rural areas. Populations in suburban areas are growing and the provision of public transport services is low and expensive. Rosenboom et al. (2009) therefore suggests, as a first step, that the road system be redesigned to make it safer for older drivers. A second step should be to retrofit communal areas.

Technologies enhance independence and integration

New technologies play an increasingly important role in helping (elderly) people to manage their everyday lives on their own, to stay independent and healthy and to communicate with each other and maintain relationships over distances. Hence, technologies support two functions: independence and integration.

Progress in medical technologies has made important contributions to extending people's lives and increasing quality of life in old age (Höpflinger and Stuckelberger, 1999). Important innovations include different kinds of prostheses such as artificial hips, cardiac devices (pacemakers), defibrillators, cataract excision, etc. The increase in healthy life years works in favour of independent living, and after retirement enhances active participation in leisure and family activities and voluntary work (Droogleever Fortuijn et al., 2006).

Besides medical innovations, various kinds of technologies aim to support elderly people and their carers. These range from technologies designed to help elderly people perform everyday activities to monitoring technologies, which allow family members to keep track of their elderly relatives from a distance.

Information and communication technologies (ICT) frame the role of elderly people in their families. On the one hand, the Internet and mobile phones help them keep in touch and take part in family life and events over long distances. Grandparents can watch their grandchildren growing up and chat with them directly. On the other hand, technologies are designed to substitute for time-consuming activities such as control visits and rearranging caring and reconciling care and work. However, ICT, at best, can only partly substitute for the human factor and the social dimension of visits and caring.

New technology aims to tackle future care deficits and curb care costs. Long-term care is labour-intensive and, as a result, productivity gains are hard to come by. Projections for the United States suggest that the share of long-term care workers in the labour force will increase by 2.3% to 5.3% per year to 2050. The demand for informal carers is expected to increase at a similar rate (Department of Health and Human Services' Office of the Assistant Secretary for Planning and Evaluation et al., 2003). However, projections are based on several uncertainties. While demand rises, the availability of informal and formal carers may decrease in OECD member countries. Increasing career opportunities for women may further contribute to the shortage of professional care workers. Consequently, recent developments in assisted living and monitoring technologies raise hope that technology can partially substitute for specific informal and formal care tasks without lowering the standard and quality of care.

This section provides an overview of existing and developing assistive technologies and ICT and discusses how these technological developments may change the role of the elderly as providers and recipients of care.

Types of technology used to care for the elderly

Technological devices and systems can assist elderly people and their family carers in the following ways, by:

- delaying or preventing deterioration in health status and limitations in everyday activities (hip replacements, cochlear implants);
- helping elderly people perform everyday activities they could otherwise not perform without personal assistance;
- allowing caring family members to monitor activities and the state of health of an impaired family member from a distance and to communicate with this family member;
- providing elderly people with access to web-based services and health information;
- providing caring family members with information and advice and enabling them to communicate with professional care staff and other caring family members.

Assistive technologies are intended to maintain and enhance elderly people's ability to manage everyday life. The World Health Organization defines devices or systems as assistive technologies if they allow "an individual to perform a task they would otherwise be unable to do or increase the ease and safety with which the task can be performed"

(WHO, 2004). Monitoring technologies, such as social alarms, can help elderly people feel safer and perform daily tasks with more ease, as family members can instruct them. These technologies also come into the category of ICT, as do web-based services. ICT is defined as "a broad concept, which enables people to communicate, gather information and interact with distant services faster, easier and without limits of time and space" (Magnusson et al., 2004). They also include technologies that aim to offer information and networking possibilities for informal carers. As devices often have multiple functions, clear-cut assignment to a specific type of technology is not always possible.

Non-ICT assistive technologies

The first generation of assistive technologies included mechanical devices such as canes, crutches, and manual wheelchairs (European Union, 2010). These were followed first by electrically run devices, such as stair lifts, hearing aids and schedule management equipment (Freedman et al., 2006; Miskelly, 2001). Schedule management technologies remind elderly people with cognitive impairments to take their medication and when to perform necessary daily activities such as personal hygiene or eating (Miskelly, 2001).

Non-ICT assistive technologies enhance the elderly person's independence and autonomy and maintain existing capacities. Elderly people are thus less dependent on others, can participate actively in family life and can stay in their own homes for longer. Assistive technologies can also lighten the burden of caring family members. However, assistive technologies are also expected to delay institutionalisation, which might increase the need for family care, as they cannot meet all needs (Magnusson et al., 2004).

The use of non-assistive technologies has increased substantially in recent years in many OECD member countries (Agree et al., 2005). Users are mainly elderly people who have difficulty performing everyday activities (ADL). Usage is obviously higher among those with severe functional limitations. On average, more than two-thirds of people aged 65 and over with severe ADL limitations use some sort of assistive device. Every other person with minor functional limitations uses assistive equipment and one-tenth of those with no ADL limitations uses at least one assistive device. The use of non-ICT assistive technologies (mostly of the first generation) is highest in Austria, the Czech Republic, Germany and Sweden, and lowest in Belgium, Greece, Poland and Spain.

The latest generation of assistive technologies, assistive robotics, includes external limb prostheses, robotic arms, intelligent walkers and wheelchairs, mobile care robots and social assistive devices (Feil-Seifer and Mataric, 2005; Haigh and Yanco, 2002; Pollack, 2005; Tsui et al., 2009). Intelligent walkers and wheelchairs assist elderly people who can no longer get around safely because of cognitive, sensory or mobility impairments (Haigh and Yanco, 2002; Pollack, 2005; Simpson, 2005).

Robots for personal assistance provide home help and have monitoring functions. Robots like "Care-O-bot" or "PEARL" can fetch, carry and lift objects, give walking assistance and help with basic household tasks (Broadbent et al., 2009; Pollack, 2005). Robots also have monitoring and communication functions (Graf et al., 2004). "Wakamuru" reminds the user of her daily tasks and controls whether the elder performs them. It reads out and sends emails, e.g. to a professional or family carer when the elder is unresponsive or has fallen (Broadbent et al., 2009). Care robots have a great potential to increase elders' independence and to lighten the burden for family carers.

Social assistive robots provide companionship to lonely (elderly) people. The animal-like robots interact with elderly people in a social rather than a physical way (Broadbent et al., 2009; Wada and Shibata, 2007). The Japanese National Institute of Advanced Industrial Science and Technology (AIST) has developed PARO, a baby seal, for therapeutic aims. The robot can talk to and entertain the user, it responds by mimics and movements (Wada and Shibata, 2007). Social assistive robots are designed to have similar positive effects to real pets without requiring the effort involved in animal care (Tapus et al., 2007), e.g. relaxation, motivation (psychological), improvement of vital signs (physiological) and reducing loneliness (social effects) (Wada and Shibata, 2007).

Robotic technologies have not become mainstream in most of the OECD member countries yet, either because of costs, performance or acceptance. Simpson (2005) assumes that care robots will not become mainstream until an inexpensive sensor is developed that can "detect obstacles and drop-offs over a wide range of operating conditions and surface materials". Although most assistive robots are still under development or testing phases, a number of mobile robots have been launched (Simpson, 2005; Tsui et al., 2009). Examples include Wakamuru (2005, USD 14 500) and PARO (2009, USD 6 000) (Broadbent et al., 2009). Recently, a UK research group has developed a boy-like robot called KASPAR (Kinesics and Synchronisation in Personal Assistant Robotics – see *http://kaspar.feis.herts.ac.uk*) which, or who, is aimed at communicating with people.

However, assistive robots cannot substitute for kin. Researchers claim that robots are not suitable to cover social and emotional needs. Social robots cannot replace genuine human interaction (Pols and Moser, 2009). Sparrow and Sparrow (2006) suggest that robots might help rather than replace human care. They cannot replace visits by children, siblings, friends and neighbours, but they may help when family members or friends are not available. Research is now required on the ways in which robots change family life. The question lies in comparing the effect of social robots with that of social workers: the former have the advantage of being with the older person on a regular basis but the latter have the advantage of being fellow human beings. Robots and other robotic technologies have to meet several requirements in order to be accepted. These include handling, size, role, appearance (human likeness and facial characteristics) and "personality". (Broadbent et al., 2009; Simpson, 2005).

It must also be noted that robots and assistive devices can work as complements rather than substitutes of human labour: professional care providers can also benefit from being equipped with devices and machines that are able to do some of their work under their control. There would then be some gains in productivity in the LTC sector, contrary to what is usually assumed: LTC workers would work faster, could deliver more in the same amount of time, could work longer hours without being physically exhausted, could work later in life (without needing the same physical strength as today). Such a combination would certainly be more easily accepted by patients (by comparison with substituting human labour by machines altogether).

Information and communication technologies

The use and importance of information and communication technologies has risen rapidly in recent decades. The use of mobile phones and web-based information and communication tools has gained popularity in most OECD member countries (OECD, 2008), with subscription and access to different ICT tripling since 1997 (OECD, 2009a). Nevertheless, there are still great differences between countries.

In Korea, more than 90% of all households had Internet access by the end of 2005. In Canada, the Netherlands, the United Kingdom and Scandinavian countries (Denmark, Finland, Iceland, Norway and Sweden) this share was slightly above 50% (OECD, 2008).

The elderly use the Internet less often (Korupp and Szydlik, 2005; Schelling and Seifert, 2010; Tacken et al., 2005) than other categories of the population. In 2009, while 71% of the European (EU-15) population reported having used the Internet in the year preceding the study, this share was only 29% for 64-75 year-olds (Eurostat). Elder adults' access to the Internet is comparably high in the United States, Scandinavian countries and Switzerland, whereas elders in southern and Eastern Europe hardly have any Internet access. The latter, however, are countries where the bulk of care is provided by family members, even though Internet access and Internet-based applications may be especially useful to family care.

Internet use among the elderly will increase. Assuming that the digital divide between young and old is a matter of cohort rather than of age (Sackmann and Weymann, 1994), the share of Internet users will rise considerably. Figure 4.10 shows the expected percentage of people aged over 75 using the Internet to 2030 (conservative estimate). Internet use among the old may be even higher if access and subscriptions in the total population continue to increase. Usage will be highest in Norway, Sweden, Switzerland and the United States. The majority of the population aged 75 and over will use the Internet in 2020, and more than two-thirds in 2030. Australia, Canada and Korea also show high rates, while the lowest rates (<20%) are to be found in Mexico, Poland, Spain and Turkey.

As Internet usage differs in OECD member countries, ICT technologies will have a different impact on the role of the elderly in their families. In high-user countries such as Japan, Korea and the United States, more elderly people have access to e-governance and different kinds of online services (Bundesamt für Statistik, 2008; Peacock and Künemund, 2007; Tacken et al., 2005). In low-user countries, such as Mexico, services for the elderly have to be provided along traditional lines, i.e. either the elderly or social service workers have to be mobile.

ICT facilitate communication between family members and prevent social isolation. The elderly receive and provide emotional support, advice and help with paperwork via mobile phones, social networking sites and email. Mobile Internet, which is used mostly in Japan and Korea, also increases contact with friends and family members (Ishii, 2004). The elderly reported that they can go out at will as they do not have to wait for calls at home. Mobile phones also provide a feeling of safety when going out (Kurniawan, 2008).

The elderly report difficulties using ICT as a reason for non-use. Only a minority of today's elderly use the Internet and new ICTs: only one-third of grandparents in Finland, Spain and the United Kingdom exchange emails with their grandchildren, while one-fifth send SMS (Quadrello et al., 2005). Therefore, communication tools and software are increasingly designed for the elderly, e.g. the e-mail provider *generationsonline.com.* A recent project develops technologies to enhance social interaction at assisted-living facilities. The device uses a wireless sensor network to observe the location and activities of other residents, and prompts personalised suggestions to join in activities with others (Pollack, 2005). Elderly-friendly software removes ICT-barriers. The elderly will be more familiar with ICT in the future and more likely to use it.

Loneliness among the elderly is not common. Firstly, loneliness only increases among the oldest old, the group most exposed to poverty, illnesses and functional limitations. Secondly, loneliness is not, as often expected, more common in individualistic societies, but in the family-oriented Mediterranean countries instead. Thirdly, loneliness has not increased in recent decades, but slightly decreased (Dykstra, 2009). Better health and mobility help older people stay in touch with family members and friends, and technology can also help to maintain contacts. Universal design is very important in technology. The oldest-old have the highest risk of impairments and loneliness. They are most in need of these technologies and they can benefit the most, if technology is designed for this particular user group with very basic or no knowledge in ICT.

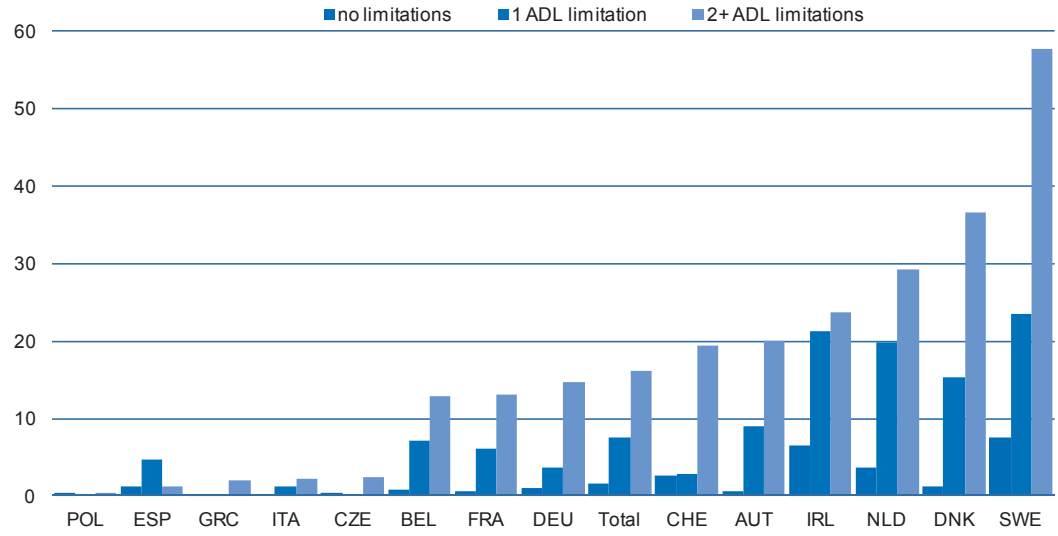
ICT for care communication and monitoring technology

An increasing number of ICT tools and systems directly aim to support caring family members, by counselling and giving advice, and by organising care activities and visits (Stoltz et al., 2004; Magnusson et al., 2005). Online and telephone-based carer support models provide counselling and advice to reduce carer stress and promote optimal coping (Czaja and Rubert, 2002; Magnusson et al., 2004). Care co-ordinating tools help different carers co-ordinate their efforts and keep each other informed about upcoming tasks, visits and the elder's condition (Consolvo et al., 2004). According to Stoltz et al. (2004) family carers value networking platforms highest among different ICT services. The majority of family carers report or fear social isolation and seek to network in peer-groups to gather information, obtain advice and psychological support.

Monitoring technologies enable family members and professional carers to monitor and instruct impaired elderly at a distance, e.g. compliance with drug treatments, performance of daily tasks, mobility and well-being. Active social alarm systems (ASA) are the most common monitoring technology. ASA systems are made up of a telephone unit and a portable alarm to be activated in case of emergency by pressing a button (European Union, 2010). The service can only be effective if the elderly person recognises cases of emergencies and has the cognitive and physical ability to press the button (Miskelly, 2001). Passive social alarms (PSA) are suitable for elders with cognitive impairments. They automatically give alarms in cases of emergency. Most recent PSA systems collect everyday data through sensors, e.g. fall detectors and pressure mats, electrical usage sensors, front door open/close detectors, etc. (Audit Commission, 2004; European Union, 2010; Miskelly, 2001).

ASA is considered as mainstreamed in most European countries, Australia, Japan and the United States (European Union, 2010; Fisk, 2003). In Europe, take-up is particularly high in Scandinavian countries, Ireland and the Netherlands, where more than 20% of severely impaired persons use social alarms. In some southern and Eastern European countries coverage is still low (see Figure 4.6). Passive social alarms are not yet mainstream in most of European countries. In some countries like Finland or the United Kingdom they are only partially spread.

Figure 4.6. **Share of population aged 65 and over using social alarms**



Source: SHARE (2009), *Survey of Health, Ageing and Retirement in Europe*, wave 2, rel. 2.3.0, *www.share-project.org*, accessed 12 August 2010; and own calculations.

The usage of social alarm systems depends on the type of care received (according to our own calculations with SHARE). In professional care settings, 25% of care receivers use ASA. In informal care arrangements the rate drops to 5%. The provision of ASA is linked to public social services in most countries. Persons not eligible for public-care service, as a rule, have to buy the ASA themselves (and, where required, pay for professional monitoring) (European Union, 2010). Therefore, social alarms are most common in the Scandinavian countries where access to care facilities is universal. In Sweden some 160 000 people had personal alarm systems installed in 2006, which is almost the total number of home care receivers (Fukushima et al., 2010: 5). Spain has recently introduced "personal alert systems" (PAS) in the service catalogue of Dependency Law. The service can be used independently or as a complement to home help services (Gutiérrez et al., 2010).

Private markets for monitoring technologies are underdeveloped in most European countries. The exception is Ireland, where elders or family members mainly purchase social alarms privately and use them in informal care arrangements (European Union, 2010). Installation costs vary from one country to another but typically stand at around EUR 300 for active social alarms. Passive social alarm systems are more expensive. Additional costs must be paid for maintenance and (optionally) for professional monitoring. For example, in the Netherlands a basic service including response by family members is charged at around EUR 13 a month. A service including responding professionals costs up to EUR 25 (European Union, 2010).

The main barriers to diffusion are infrastructural readiness, costs and reimbursement. However, even if infrastructural barriers are overcome there are considerable penetration differences. These seem to be linked "to the absence of a common view on the role/value of advanced telecare in the overall social care system" (European Union, 2010). If active social alarms are to become widespread in OECD member countries, not only do costs have to be covered and infrastructure be ready, but public care systems have to recognise the value of these new technologies.

Monitoring and ICT technologies are increasingly used by families. The aim is to provide supervision to make it possible for elderly people to stay in their homes, which is desirable, both emotionally and financially. But as with any parent-child relationship, monitoring and control can be invasive, too. Elderly people who want to live on their own don't want to be watched all day. Control and the feeling of security needs to be balanced. The elderly have to decide who has access to information concerning them.

Future technology will support the elderly themselves more directly. Radio-frequency technologies will be able to track lost things, e.g. locating keys or wallets. Computers help older people's memory, e.g. tell them what they were doing before they were interrupted. According to researchers from the Future Computer Environment Group, the future Aware House will "understand" what people are doing and what they want.

How do monitoring technologies change family relations and care settings, e.g. frequency of visits? There is currently no research available that addresses the relationship between elderly people and their family. Obviously, the cost-efficiency of monitoring technologies is only given if the cost reduction in personal care is greater than the cost for the monitoring technology equipment, its installation and maintenance. Hence, given the cost pressure in LTC, technology in professional care settings aims to substitute for some visits. Monitoring technologies may change family relations as they reduce the worries of distant family members who are not available to visit often. Monitoring and ICT technologies can help to reduce work-family conflicts for caring family members while, at the same time, increasing contact via ICT.

Acceptance of new technologies and family life

Technology is designed to increase quality in care, the provision of care and cost-efficiency. Whereas the first goal refers to the technology as a supplement to personal care, the second and third goals can only be reached if technology substitutes for personal assistance. In informal care settings, technology helps to reduce the number of visits and to reconcile family and work commitments. ICT and monitoring technologies, therefore, will decrease the direct and indirect costs of informal care. Although there are some indications that technology gives a sense of safety and attenuates the worry of reduced visits, the effects on family relations, visits and the role of the elderly as receivers and providers of care have not been researched yet.

When substituting for personal care, ICT and monitoring technologies help avoid hospitalisation, e.g. the average stay in hospitals can be reduced by up to 60% (Audit Commission, 2004). The use of monitoring technologies is associated with a reduction in informal and formal care hours (Agree et al., 2005). Elderly people not using assistive equipment used on average four hours more help and users reported fewer difficulties with ADLs (Hoenig et al., 2003). The findings suggest that various technologies can help to bridge support gaps and relieve caring family members. Individuals with cognitive impairments cannot benefit to the same extent from technologies.

Where LTC acceptance of technology is concerned, there are numerous pilot projects with different technologies, which have proved the potential benefits (Hendy et al., 2010). Although powerful technological solutions such as remote care are available, usage is low in European countries. Workers in the social services and LTC sector seem to be very reluctant to adopt technological innovations. They have expressed concerns that the technology might substitute care services and personal contact rather than be complementary (Powell et al., 2010) and they seem concerned for their own jobs and fear

being replaced by ICT technologies and care robots. Older people themselves fear personal care being substituted by monitoring technologies. Acceptance can be increased by universal design and user-friendliness.

Elderly Koreans are willing to adopt high-tech devices in their homes. According to a Kim et al. study (2009), participants ranked safety and security systems first, the indoor environment control system second and health-related systems third. The study suggests that individual housing should incorporate technological systems to support elderly people's independent living at home

Welfare state policy

Welfare state policies influence the role of the elderly as carers and care receivers. Care for the younger generations, i.e. grandchild care, strongly hinges on family policy and the provision of childcare services. Informal care for elderly people is influenced by public LTC policies. Public policy can influence family care in three ways: firstly, family members can be obliged to support dependent relatives; secondly, the family can be supported to help each other, e.g. time rights such as parental or care leave and cash-for-care; and thirdly, welfare states can provide alternatives to family care, e.g. public social services or subsidised public social services such as childcare or home care services for the elderly (Leitner, 2003). OECD member countries not only differ in the extent of welfare state support but also in the different policy aims and instruments.

Family policy is highly fragmented. Family-affective policy measures do not define a single and clear-cut policy field. Family policies include a variety of topics including employment, education, health and housing. Most measures do not recognise the role of the elderly and inconsistencies can emerge, e.g. regarding care responsibilities and work-to-welfare policies. Generally, LTC policies are not integrated in family policy.

Family diversity challenges family policy. A variety of family forms and employment patterns challenge a consistent family policy, which has largely been directed towards parents with dependent children. Hence, there is the need to address the issue of family and (elderly) care as well as the variety of prevalent family forms and family obligations. A shift towards greater public responsibility and formalisation multiplies the number of care arrangements and family structures. It can be read as a response to changing family structures and family cultures, e.g. smaller transnational families, childless same-sex couples, higher employment rates, migration patterns, etc. However, strong family obligations between parents and children do exist in most countries, both in terms of institutionalised law and culture. In countries with strong family obligations, policy has not adapted to changing family structures, care responsibilities have not shifted to the state, nor have family obligations been extended to the "new" families, e.g. including people close to but beyond the traditional nuclear family. It is unclear to what extent new family forms are willing to respond to high family obligations.

The following section discusses main issues and trends in family policy, e.g. public childcare and parental leave as well as key instruments and major developments in LTC – always with regard to the role of the elderly in their family. The discussion will extend to issues of family structure and social inequality. As policy is less predictable and foreseeable than demographics, the focus here is on current trends.

Family policy and the role of grandparents

Family policies are defined as policies targeting families with dependent children (Kuronen et al., 2010). These include a variety of topics ranging from employment, education and care to health and housing. Family policies hardly address the role of the elderly in their families. Nevertheless, the role of the elderly as providers of care is influenced by childcare and family policies. The dual-earner family model (at least part-time) increases the demand for support with childcare. This demand can be met by family members, the market or public institutions. Welfare states can support parents either by public childcare services or by policies that enable them to provide childcare themselves without a substantial loss of income and without losing contact with the labour market. In countries with little welfare-state support for families with dependent children, grandparents play a crucial role in reconciling family and work (Igel, 2011).

The provision of public childcare services has been a major policy issue in many OECD member countries (Kuronen et al., 2010). The extension of public childcare facilities has many aims: reconciling family and work, increasing women's participation in the labour force, gender equality and early education (Kuronen et al., 2010; Plantenga and Remery, 2009). In 2002, European Union member countries agreed on the goal of providing childcare for at least one-third of all children aged under three and for 90% of children aged between three and five. Accordingly, the enrolment of children of both age groups has risen in all European and many OECD member countries over the last years. Although the OECD member countries are all moving in the same direction, the coverage rate still varies widely (OECD, 2011a). Whereas in Denmark, Iceland and the Netherlands more than 50% of children up to the age of two are enrolled in formal childcare, the corresponding number is under 20% in Austria, the Czech Republic, Germany, Poland, the Slovak Republic and Switzerland, and under 30% for Belgium, France, Italy, Korea, Norway, Portugal, Spain and Sweden. The enrolment of children aged three to five in formal childcare and pre-schools is much higher in all OECD member countries, varying from almost 100% in Belgium and France to 50% in Greece, Ireland and Poland and under 20% in Turkey.

The role of grandparents is influenced by childcare policies (Alber and Köhler, 2004; Igel et al., 2009; Kuronen et al., 2010; Plantenga and Remery, 2009). In countries with a high prevalence of childcare services more grandparents involve themselves in childcare, but provide relatively few hours, e.g. Denmark, France, the Netherlands and Sweden. In countries with low level of public childcare, grandparents step into the breach and provide regular and intensive childcare, thereby enabling young parents to participate in the labour market (Hank and Buber, 2009; Igel et al., 2009). Regular, intensive family-based childcare (at least once a week, long hours) is remarkably high in Greece, Hungary, Italy, Korea, Portugal, Spain and Switzerland, where over one-third of all pre-school children receive intensive care from grandparents (Hank and Buber, 2009; Igel et al., 2009; Plantenga and Remery, 2009). In Korea, 61.9% of all families with employed mothers use family-based care, which comes predominantly from grandmothers (Lee and Bauer, 2010).

Work-family conflicts can arise not only for young parents but also for grandparents. Grandparents' time to support young families is limited by their employment, as most older people become grandparents in their fifties (in Canada and the United States, Milan and Hamm, 2008; Szinovacz, 1998). If social services provision is scarce, families face a trade-off between the double burden for grandparents or parents and the high cost of

private childcare. The trade-off will be more pronounced in the future as the labour force participation of women and older workers continues to increase as it has done in recent years.

Leave regulations and cash payments influence the caring role of elderly people. In recent years, many OECD member countries have adopted or expanded leave regulations. These allow mothers (and to some extent fathers) to take a break from employment in order to provide childcare. In most countries leave regulations not only protect parents from dismissal but also include cash benefits for the carer (Gauthier, 2005). Parents' ability to care for their children changes the need to call upon grandparents. The new role of grandparents, however, is limited to the few countries with long care-leave.

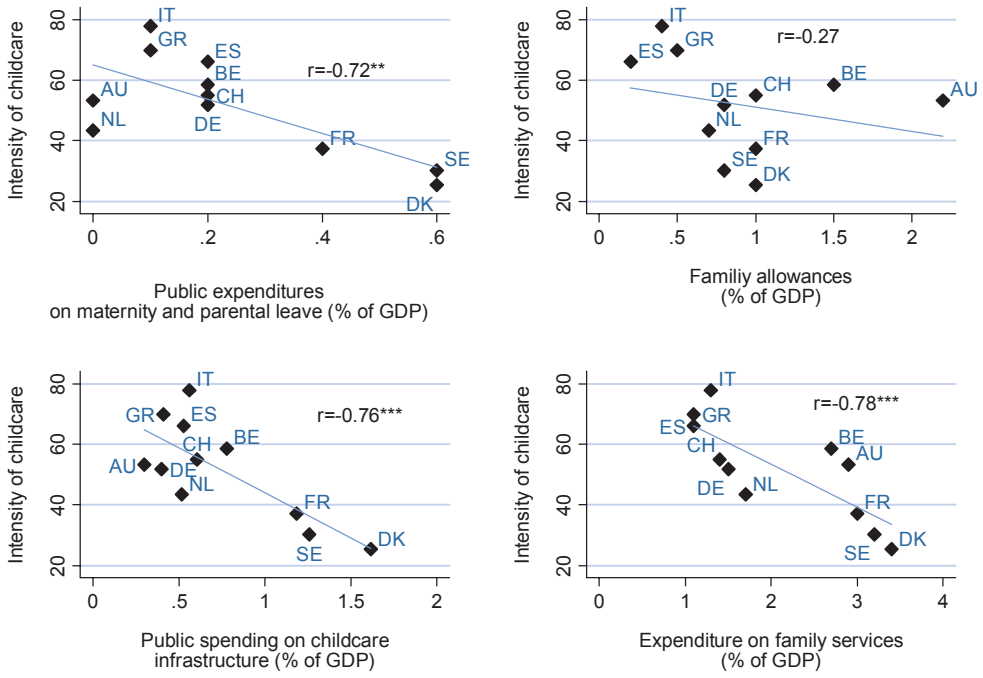
Care-leave policies vary widely across OECD member countries in terms of length, eligibility of mothers, fathers or both, payment and flexibility (Moss and Deven, 2006). Parents get very little support in the United States, where no statutory maternity or parental leave is available. Canada provides a one-year leave, Australia two years. In the European Union, member countries must provide at least three months' leave per parent for childcare, but most countries provide much longer leave of around 12 months. Finland, France, Germany, Hungary and Spain provide extended leave entitlements for up to three years. Cash payments are highest in Northern European countries, where caring parents receive 80% or more of their former income (Moss and Deven, 2006).

A high prevalence of public or publicly subsidised childcare is not always associated with long and well-paid parental leaves. In Scandinavian countries, for example, public childcare is widespread, while the extension of parental leave is only moderate (Moss and Deven, 2006; *OECD Family database*). In Austria and Germany, the traditional family-care model is supported by family policy and taxation. Long parental leave, maternity and child payments support families with different roles as breadwinner and caring partner. The provision of public childcare services as an alternative solution to family care is scarce.

Grandparental care is taken for granted, but not valued. Leave policies generally consist of a maternity leave granted to mothers only and a parental leave that is equally available to both parents. Some countries provide a short paternity leave or a share of the parental leave to fathers only, from several days to three months in Iceland (Belgium, Canada, Denmark, Finland, France, Iceland, the Netherlands, Norway, Portugal, Spain and Sweden). Care leaves and childcare allowances for other family members, e.g. grandparents or siblings, are not available in any OECD member country. Hence, work-family conflicts are not relieved by cash transfers or leave programmes for grandchild care. Grandparents step in when welfare state support is lacking and parents of young children have to work to earn their living and prevent poverty in old age – but their role is not regarded as a valuable family service worthy of support.

Higher labour force participation rates increase work-family conflicts for older workers, and those conflicts are further increased by the long flexible working hours of young parents, later retirement ages and changing family structures as well as an increase in single-parent families. Hence, in the future, work-family conflicts are likely to increase for young families and for older family members. They can be reduced or avoided by the provision of formal childcare services, time rights for young parents combined with job security and time rights and flexible work models for grandparents. One possible solution is to allow young families to shift their time rights to grandparents and stay in the labour market.

Figure 4.7. **Grandchild care and family policy**



Source: Igel, C. (2011), *Grosseltern und Enkel in Europa. Generationensolidarität im Wohlfahrtsstaat*, VS Verlag für Sozialwissenschaften, Wiesbaden.

Long-term care policy

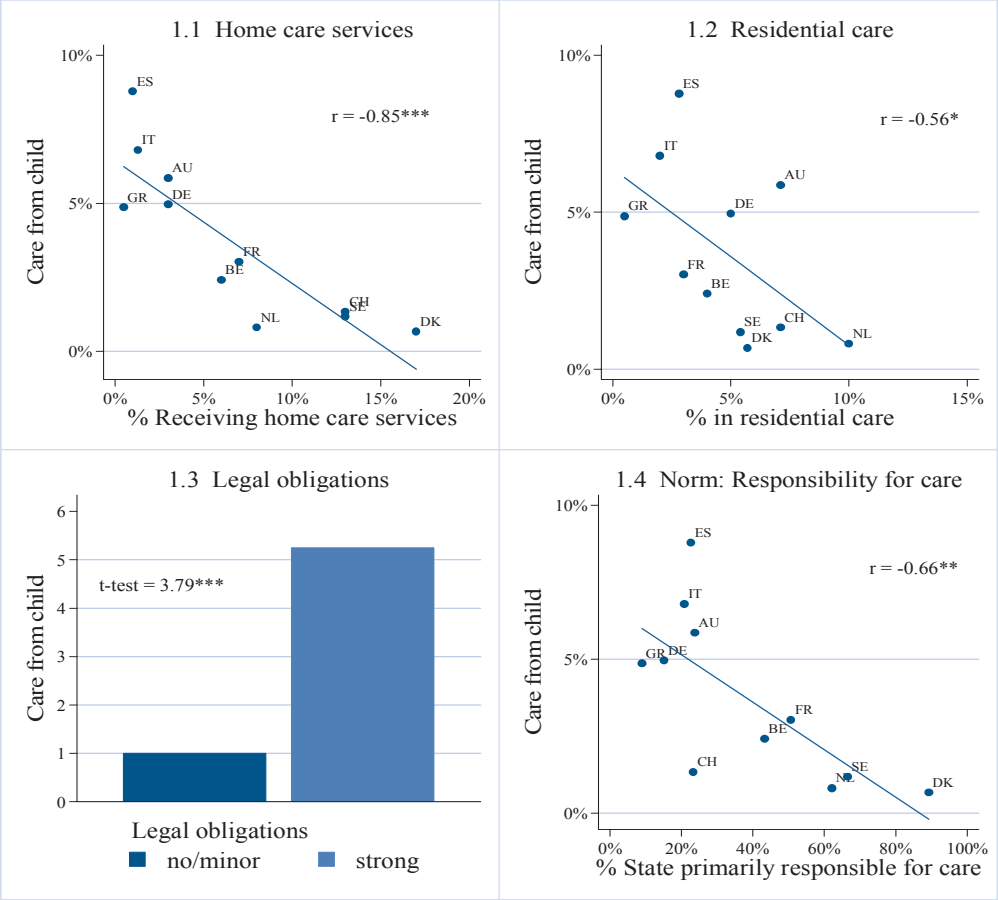
Long-term care policies can be understood as "a range of services needed for persons who are dependent on help with basic ADL" (OECD, 2005). Sometimes help with IADL is included in the definition of LTC (Huber et al., 2009). The provision of LTC and related policies are highly fragmented. Firstly, LTC and related services in most countries are provided by the healthcare system and social services sector. Secondly, LTC is administered at different levels and institutions and funding comes from different sources, e.g. insurance contributions and taxes. Thirdly, LTC and family policy is not integrated. Hence, the role of the elderly as providers and recipients of care is influenced by a very complex and dynamic set of policy measures.

LTC systems often have different eligibility criteria, such as different means-testing, disability measures, and family responsibility criteria. In Poland, families have to co-finance the services in residential homes in the social assistance sector, whereas co-payments are not required for care homes in the healthcare sector, which often provide the same service. The country reports in the ANCIEN project (Assessing Needs of Care in European Nations 2010) report the need for more integration in the participating countries. Although some countries (Belgium, Denmark, Sweden) have installed case-management systems, individual care plans, online platforms (Germany, Netherlands), the provision of services is often not transparent, inefficient and costly. Fragmentation and complexity of care systems and a lack of information are barriers to service use (Mestheneos and Triantafillou, 2006) and efficient and effective service provision. Given the trend towards heterogeneous family life and diverse employment

patterns, straightforward, transparent and efficient service provision should be implemented. Older people planning to use services have to know their rights, the cost of services and the obligations of their family members.

LTC policy includes regulatory, financial and service instruments (Leitner, 2003). Regulatory instruments include legal regulations such as the obligation to finance or even provide care for one's relatives as well as care leave. Financial instruments refer to cash-for-care schemes or care allowances that pay either informal carers or dependent elderly. Beneficiaries can then either pay their relatives or purchase professional care services. Service provision includes ambulant care services in the home of the dependent person as well as institutional or residential care services. Eligibility for services or cash benefits differs depending on means-testing, disability measures, and family responsibility criteria.

Figure 4.8. **Long-term care policies, societal opinion and intergenerational care**



Source: Haberkern, K. and M. Szydlik (2010), "State care provision, societal opinion and children's care of older parents in 11 European countries", *Ageing and Society,* 30(2): 299-323, persons aged 65 and over; SHARE (2009), *Survey of Health, Ageing and Retirement in Europe*, wave 1, rel. 2.3, *www.share-project.org*; own calculations.

LTC policies are linked to informal care. A high level of home-care services and institutional care services coincides with a low level of intergenerational care for elderly parents on the part of their children. Moreover, in countries with legally defined obligations towards elderly parents more children are involved in elderly care, e.g. in the Mediterranean and continental European countries Austria, Belgium, France and Germany. Societal opinion - who should be responsible for care? – reflects the legal obligations in European countries (excluding Switzerland). In Italy, family members are legally obliged to provide support to the elderly and it is a societal norm that the family provides or manages the care. In Denmark, the elderly do not expect their children to provide support and they are not obliged to do so. However, elderly with care needs have an unconditional social right to (some) professional care. With regard to intensive care with ADL, recent research shows that formal care services substitute for informal care, and encourage low-intensity help (Brandt et al., 2009; Haberkern and Szydlik, 2010). Cash-for-care services seem to support informal care by daughters and, to a lesser extent, by sons (Schmid et al., 2010).

LTC systems can be classified as "service-led" and informal "care-led" models (Bettio and Plantenga, 2004; Haberkern, 2010; Leitner, 2003; Pavolini and Ranci, 2008). Service-led care systems have legally defined universal rights to public institutional and home-care services for people in need regardless of their family circumstances. The state is responsible for elderly care. Family care is rarely valued or supported, although this has changed in recent decades as cash-for-care schemes have been introduced. The underlying ideology of this model, pioneered by Denmark and Sweden, is to allow women to participate in the labour market. Finland, Iceland, the Netherlands, Norway and the United Kingdom also had/have well-developed public care systems (Huber et al., 2009; Pavolini and Ranci, 2008). However, although the provision of social services is high in service-led systems, many elderly rely solely on the help of their families (Sundström et al., 2006).

Informal care-led care systems largely rely on family care. The underlying ideology states that families are responsible for care-giving and this is reflected in legally defined responsibilities for elderly family members (Leitner, 2003). Elderly people only have access to public care services if family members cannot provide the care or pay for private professional care services. Some informal care-led systems support families in their caring functions by cash payments and/or care allowances, "publicly facilitated, private care models", as in Austria and Germany (Spitze and Logan, 1992: 101). Other countries provide very limited support to family carers or even impose obligations to spouses and children to provide care (Greece, Ireland, Italy and Spain) (Bettio and Plantenga, 2004; Haberkern and Szydlik, 2010; Timonen et al., 2006). While the elderly in informal care-led models have an active role as carer, the elderly with impairments are dependent on family support or have to live on private savings. In short: in countries with a family-oriented culture there have been only moderate developments in LTC systems, whereas in countries with a more individualistic culture developed LTC (insurance) systems can be found (Costa-Font, 2011).

LTC systems are slowly converging with mixed models (Huber et al., 2009; Kuronen et al., 2010; Pavolini and Ranci, 2008; Pfau-Effinger, 2007). Service-based LTC systems have introduced cash-for-care schemes, which enumerate caring family members (blurring the distinction between formal and informal care). Implicitly, some responsibilities have been shifted back to families along with the trend towards home care and cutbacks in the public provision of services, e.g. Denmark, Sweden and the United Kingdom where service provision is increasingly oriented towards those with the

highest care demand (Johansson et al., 2003; Lewinter, 2004; Pavolini and Ranci, 2008). The family-based models, such as the Mediterranean and continental European welfare states and Asian countries, have shifted more responsibility to the state and implemented care insurances or entitlements to at least some social services, e.g. Spain. Although different policy measures such as cash for care, services in kind and care-leave schemes can nowadays be found in almost all OECD member countries, the differences in level and amount are still remarkable. Future developments will depend on the availability of family members (labour force participation rates, family structure) as well as the economic development (budgets).

A public-private mix can also be observed in financing, whereby co-payments often vary with income. In almost all OECD member countries the elderly and their families contribute heavily but to different degrees to LTC costs (Rodrigues and Schmidt, 2010), which is one reason for the popularity of informal care. Taking into account opportunity and indirect costs of informal care provision the family pays heavily not only in formal but also in informal care settings.

The mix of informal and formal care changes the role of the elderly in their family, i.e. cash transfers to the elderly can increase autonomy in the care setting. On the other hand, in service-led systems more responsibility has been shifted to families. The elderly, on the one hand, have active roles as informal carers, and, on the other hand, some support to elderly people is expected to come from private providers or informal carers. Finland, for example, has been developing support for informal carers for several decades now. In 2006, the Support for Informal Care Act endowed informal carers with a statutory right to public support, such as services for the elderly complementing informal support, care allowances (between EUR 300 and EUR 600 per month), services for the carer and leave options (Voutilainen and Heinola, 2007). Hence, the Finnish system offers older individuals choice and autonomy, while at the same time supporting the caring function of the family.

Developments in childcare and elderly care are quite different. Developments in childcare are associated with institutionalisation; childcare services have been promoted in order to reconcile family and work with female employment and fertility (services for parents) (Kuronen et al., 2010). In LTC de-institutionalisation and a trend towards home-care arrangements can be observed, e.g. public recognition of family care via cash-for-care and care-leave schemes.

In professional care, home-care substitutes for residential care, and services in kind are supplemented and replaced by cash-for-care. The trend from institutional to home-care can be observed from the early 1980s. Welfare states increasingly support informal and formal home-care for economic reasons and to meet the preference and demand of elderly people. The trend towards professional home-care (cash-for-care and informal care excluded) can be observed in France, Iceland, Ireland, Israel, Italy, Sweden and Spain. The LTC systems in Germany, Hungary, and the United States, however, moved towards institutionalisation between the mid-1990s and the 2000s (Huber et al., 2009: 76), although the provision of formal care services is rather low in these countries. Taking the developments in paid informal and semi-formal arrangements into account, the trend towards home-care is more pronounced. In most countries (with some exceptions in Northern Europe), the elderly prefer to age in place and to receive care from close family members. Home-care settings curb costs both for the public and families, and benefit from the huge informal care potential.

Care-leave schemes in most countries are designed to help family members manage emergencies and illnesses and to arrange LTC, but not to take on full care responsibility for an elderly family member – eligibility is restricted, duration is short and care leave often unpaid. In countries such as Greece, Portugal, Slovenia and the United Kingdom maximum duration is only several days or weeks. In Italy and Spain, unpaid care leave can be extended to up to two years per working carer. In the Netherlands, part-time care leave is available for up to 12 months, which allows for a combination of work and care. In Belgium, there are different programmes, which allow for a longer break in working life. Here again, substantial discrepancies are to be found between childcare policies and elderly-care policies. Childcare leave programmes are more generous, both in terms of length of leave (time) and payments (money) − despite the fact that elderly care can last for longer, fewer public services are available and alternatives to informal care arrangements tend to be more expensive than for childcare.

Cash-for-care schemes and social security contributions to the carers' retirement plan complement care-leave policies. In contrast to some parental-leave schemes, cash-for-elderly-care transfers are rather small. The schemes only partly substitute for labour income in Belgium, Finland or Germany. In some countries, cash-for-care is only available when carers stop working (Poland); are officially unemployed (France); have a low income, live in a different household to the care receiver (United Kingdom); or are of a certain age. Overall, care-leave policies are not linked to labour market policy (Da Roit and Le Bihan, 2010).

Cash-for-care policies have several functions, depending on the design of the policy measure and the relationship to other LTC policies: empowerment and independence of the care receiver, development of care markets, and support and encouragement of informal care. The latter can both reduce the stress and burden of informal carers and contain costs in care systems (Da Roit and Le Bihan, 2010).

Cash-for-care schemes can favour the formal or the informal care market. Tied controls of the cash-for-care transfers or vouchers favour formal employment in the care sector in Belgium, France, the Netherlands and the United Kingdom. Australia has also conditional cash-for-care transfers, which are only available to caring family members who quit or reduce work. Unconditional cash benefits as provided in Austria, Germany and the Mediterranean countries increase the informal care market, especially in countries with high family obligations and the tradition of home-care as well as permeable borders (Simonazzi, 2009b). Unconditional cash benefits either attract informal care givers away from the labour market, or, conversely, fuel the low-quality, low-pay, grey-care market, e.g. Austria, Germany, Italy (Da Roit and Le Bihan, 2010).

Care regimes in France and Sweden are based on the formal sector with native carers. The formal care markets in Australia and the United Kingdom increasingly rely on the immigration of care workers. The informal market is larger in the Austrian, German and Mediterranean care regimes, with higher shares of migrant workers in Austria. The Mediterranean model is an informal market care regime with a high share of migrant care workers. Interestingly, in Italy (youth) unemployment and migrant care are above average. Poland increasingly experiences immigration from Eastern European countries. The United States also faces an increasing influx of migrant care workers to the formal and informal care sector, e.g. from the Philippines (Howe, 2009; Simonazzi, 2009a, 2009b). Japan has a tight immigration policy and a regulated care market. It has only recently lowered barriers to allow very little migration of professional carers from Indonesia (2008) and the Philippines (2009) to enter the formal LTC sector. Generally,

the influx of care workers depends on the shortage of care workers in either the formal care market or in the informal care market when family members are not available, and on care policies.

When responsibility lies with the state, care arrangements and supply of care is less dependent on family structures and employment and vice versa. The public provision of services reduces dependencies between family members. The care arrangement is intended to be a matter of preference and choice rather than of family structure and financial situation. Although most countries have introduced the social right to care, insurance schemes, personal care budgets or care allowances, it is often implicitly or explicitly assumed that the family still provides some or most of the support (Austria, Germany, Italy, Netherlands, Poland). For example, the care receiver is entitled to less support if s/he lives with family members, and partners are not entitled to carer allowances unless they stop working. As the family provides most of the care work, the elderly without close family members have a higher risk of unmet care demands. Shifting responsibilities to the state multiplies care arrangements and family structure. A "caring state" is, therefore, a possible but costly response to more diversity in family and employment careers.

Professional LTC services and cash-for-care-transfers depend on the health status/functional limitations, and benefits' means-testing in most countries (Belgium, France, Ireland, Japan, the Netherlands, Slovak Republic, Spain, and United Kingdom). In Spain, not only the financial situation of the beneficiaries is taken into account but also that of close relatives (Kivnick, 1986). Means-testing has two faces. On the one hand, targeting services and cash-for-care to low-income families decreases social inequality and help to curb public expenditure. On the other hand, greater targeting increases the dependency on private savings and on the family for elderly people with moderate income and savings. Cash-for-care schemes can detract family members, e.g. children, from the labour market and decrease future income. In some countries, however, the payments do not depend on the financial situation of the beneficiaries (Austria, Finland, Italy, Norway and Slovenia) (Hoffmann and Rodrigues, 2010; Shimizutani, 2006). Pension reforms as well as disruptive working careers and unemployment are likely to increase social inequality and poverty rates in old age in the future (*cf.* OECD, 2011b).

Recent policy reforms reverse the trend of early retirement and low labour force participation of the elderly. Men's retirement age is highest in Japan, Korea and Mexico (> 66) and lowest in Austria, Poland and the Slovak Republic (< 60). Women's effective retirement age tends to be lower, which reflects lower incomes and greater obligations to provide care for dependent relatives. Seven countries have increased, or set out plans to increase retirement age (full-benefits) beyond 65 (Australia, Denmark, Germany, Iceland, Norway, the United Kingdom and the United States). Overall, around half of OECD member countries announced they would increase the retirement age in the near future (OECD, 2011b).The United Kingdom has even abolished an official retirement age.

Labour force policies conflict with family responsibilities and LTC policies. In their fifties, older workers are likely to experience care dependency of parents and become grandparents in the same years. Moreover, disruptive working careers and lower pension benefits will increase the dependency on family care. In most OECD member countries family care-leave schemes currently do not allow older workers to take on family responsibilities in childcare and only partly in elderly care. Hence, older workers can experience a second double burden before retirement.

Caring can have negative effects on mental health and well-being. Caring relatives need some form of support and labour market policies have to be linked to care and family policies to prevent overburdening older people. In particular, the recommended increase in the retirement age to better match growing life expectancy (OECD, 2011b) will have an impact on the availability of informal carers and the demand for formal and semi-formal care, and on the burden for low-income families.

Where reconciling family commitments and work are concerned, Scandinavian countries have been more successful in implementing polices that support labour force participation and family care, e.g. by offering more choice between family care and work. In continental European countries, policies have increased part-time work of women, but less so family care and part-time work of men. Tension between family and work is more pronounced in southern European countries, where female labour force participation and availability of part-time jobs is low and the provision of professional LTC is scarce. In the Mediterranean and in the United States, LTC responsibility lies with the family. Increasingly family members out-source hands-on care to care-workers, e.g. migrant carers (Saraceno, 2008).

Future policy challenges to 2030

Basic policy challenges in ageing societies are to maintain and enhance supply of services to the rising share and number of elderly people at an affordable price, and to support the elderly in contributing to families and society. All OECD member countries are concerned with demographic ageing, in broad they face similar policy challenges and opportunities. However, there are differences, too. Countries have followed different paths in recent decades and they have developed different family cultures, care systems and policies. It comes with no surprise that OECD member countries not only have different pasts, but also different futures ahead. As future is contingent, it is necessary to have different plausible scenarios in mind. Future challenges will be discussed in the light of two scenarios: the "Golden Age?" scenario and "Back to Basics" scenario.

The "Golden Age?" scenario is characterised by moderate sustainable growth, recovered economic stability and the rapid adoption of human-centric technologies. Economic stability is a value itself. It offers planning reliability and better prospects not only for the state, but also for individuals and families. Governments can take a long-term perspective and invest in future proof industries, education, and reform social security systems and social services. Expecting moderate economic growth, governments have to keep a very close eye on their budgets. A stable economy, however, can allow to cut back spending on social services and shift more responsibilities to individuals who are endowed with the resources to prevent and handle risks such as low old age income, illnesses and old age disability. Policy reforms and new models of social security, e.g. private responsibilities, improve life for the well-educated professional workers. The healthy elders can work well into their seventies and increase their old age income. Although long hours put high pressure on families the well-off can buy in professional care services for themselves, their children and their elderly parents and therewith reduce work-family conflicts. They have access to high-tech medicine and can invest in their health. However, for many others with low paid and flexible jobs or disabilities life gets harder. On the one hand, they cannot rely on the state and social security systems as much as in the past. On the other hand, they lack the resources to insure against illnesses and to access high class medicine and private professional care services. Hence, social inequality

increases to 2030. The role of the elderly in their families largely depends on their own and their families social and economic status.

The Back to Basics scenario shares a number of features with the "Golden Age?" scenario, e.g. moderate economic growth, growing social inequalities and pressure on public budgets. However, it differs in many other aspects, e.g. economic development is less stable and adoption of human-centric technologies is low. Low economic stability increases structural unemployment and mostly older workers and women drop out of the labour market. A common response to economic instability and financial crisis are drastic cutbacks in social services and a shift of care responsibilities to the family. Tight private and public budgets limit the ability to develop strategies for a prosperous future and social security in old age. Social inequality and poverty increases leaving many behind without sufficient private insurance coverage against illnesses and unemployment. The minority of older workers and elderly receive high incomes, which allow them to live independent lives, e.g. they do not have to call upon their family. Most elderly people, however, rely on informal care work, which is mostly provided by women.

Both scenarios face similar challenges. But there are also many differences between countries and the scenarios. In some countries and scenarios, a challenge can have a higher priority than in other settings. First, the most significant challenge is the high pressure on public budgets. The second big issue is social inequality. Finally, families and living arrangements are subject to change. The role of the family in care needs to be reflected in family law and care programmes. Given the tight budgets, the states' opportunity to support the increasing share of poor people and/or dependent elderly is limited. Greater targeting of services and programmes or cost sharing between the state, the elderly and their families will be necessary. In countries with very limited resources for care, individual and family responsibility can increase social inequality. The role of the elderly in their families will increasingly depend on the social and economic status. This raises the question of responsibility for the elderly. The questions are: who is going to provide the care, what does it cost and who is going to pay for it? These questions have to be discussed against the background of changing family structures – if the family is responsible for the elderly, then: who is the family?

Tight budgets and family care

Demographic ageing puts high pressure on public budgets. There are two major policies to deal with the fiscal pressure. First, the tax base can be increased by increasing labour force participation rates of women and older workers. Second, governments curb public spending and shift responsibilities to the individual or families. Given the rapid demographic developments, most governments have to pursue both policy options. However, the mix of policies depends on the economic stability and the employment market. In the "Golden Age?" scenario there is a shortage of skilled labour. Many women and older workers have good jobs and work long hours. Labour shortage is tackled by skilled migrant workers and technology. In the "Back to Basics" scenario, however, the ability to increase the tax base is limited. Unemployment is high, social service provision is scarce and in particular low-skilled women and elderly drop out of the labour market. Whereas in the "Back to Basics" scenario the increase in female and elderly employment at the national level is on the decline or at least not on the rise, at the individual level women and older persons have to attach themselves to the labour market to earn their living and support dependent family members at the same time.

How can employment rates among women and the elderly be increased? Employment rates of elderly can be increased by either increasing official retirement age or by increasing labour force participation rates in older age groups, e.g. by restricting early retirement (Aysan and Beaujot, 2009; D'Addio et al., 2011). OECD member countries differ substantially in effective retirement age and labour force participation. Whereas most OECD member countries have experienced a trend to early retirement in late 20th century, a reverse trend can be observed in the last decade and effective retirement is increasing. Several governments have announced or implemented an increase in official retirement age, not only to curb costs but also to tackle old age poverty. However, still in most countries the projected increase will not catch-up with the increase in life expectancy, and governments still have to put pension reforms on the front burner (see also OECD, 2011b), albeit opposition to this policy measure is still big in some countries, e.g. France.

What are the challenges of high employment rates among women and older/elderly persons? A high labour force participation rate of women and older workers limit the involvement in informal care. As a consequence, care needs to be provided by either state/local authorities, the market or civil society. An increase in public provision of care services is not only costly, but also an organisational challenge, e.g. most EU countries have missed the Barcelona targets in childcare and failed to respond to the needs of working women and parents (European Commission, 2008). For the future, in particular in the "Golden Age?" scenario, governments have to meet an increasing demand for public childcare as well as formal elderly care services. Great efforts are needed to partly catch up with the rising demand following a greater labour market attachment of formerly less active groups.

Increasing care demand and formalisation can result in a shortage in the LTC workforce. Policies to increase labour force participation of women and elderly will fuel the demand in particular in the "Golden Age?" scenario. A shortage in the LTC workforce may increase wages, and LTC costs may soar. Migrants will be important to fill open positions in the LTC sector. In the United States, between 1990 and 2000 the number of migrant registered nurses and licensed practical nurses in LTC facilities increased 164% and 237% respectively, whereas the corresponding numbers for native-born nurses increased at slower rates (23% and 84%) (Redfoot and Houser, 2008). Without a substantial increase in public funding for care services, the care sectors will need to rely on a growing number of migrant carers and nurses (Cangiano et al., 2009). In the "Back to Basics" scenario, with high unemployment rates informal carers or low-skilled native women and men provide the bulk of the care work.

There are several ways to tackle the shortage in the LTC sector (Fujisawa and Colombo, 2009). First, the LTC workforce can be increased, either by recruiting workers from inactive or foreign populations, e.g. by developing better working conditions, trainee programmes and career structures for carers ("Golden Age?" scenario). A second solution is to decrease formal LTC demand, by shifting some care responsibilities to the informal care sector ("Back to Basics" scenario). Productivity could also be increased in the LTC care sector, through better co-ordination of care and the development of new technologies ("Golden Age?"). However, technical innovations in elderly care require trained and technology-savvy staff. Mainstreaming powerful solutions will not be successful in most of the OECD member countries in the next years if support and advice is not available. However, from 2020, technological solutions may play a significant role in organising care for those who can afford it.

The second policy response to tight budget is reducing costs. Small public spending on social care shifts responsibilities to individuals and families. States have to curb costs and cut social services, by targeting public services to the very poor, severely disabled elderly and/or those without any support from family members. Hence, most elderly people and their families will not have access to public services. Care will be provided by the family, civil society or the market. In particular in countries with a volatile economy and high unemployment most people will lack the resources to spend on professional care, but they will have more time available to care for relatives. Only a few high-income individuals will be able to afford premium health and personal care services and technological equipment. Hence, many elderly people will have to call upon their partner and children in times of need.

Welfare states face the basic problem of rising care demand and shrinking resources to meet the demand ("Back to Basics" scenario). Demographic ageing will have a stronger impact in countries with low or instable economic growth and a low share of active older people. Demand-led scenarios with public expenditure rising along with care demand go beyond the financial capacities of states or municipalities. Absolute or relative cuts in public expenditure on care, however, have one of the following implications (Forder and Fernández, 2010):

Changes in the balance of funding responsibilities between the state and private individuals

Change in the number of recipients

Impact on levels of unmet need in the system

Budget restrictions combined with higher eligibility criteria will result in fewer recipients of state care, a shift to informal and private professional care and more elderly with unmet care demand. In particular poor people with less severe impairments would lose out under this scenario, whereas the neediest and the wealthy elderly would either still be eligible for state services or able to afford private professional care. Forder and Fernández (2010) suggest savings in public spending by increasing capital thresholds in means-testing to protect the poor rather than the neediest. The British Government's White Paper entitled "Building the National Care Service" announced the introduction of a National Care Service providing services free of charge to those most in need (who qualified for the services). This, on the other hand, includes what the authors label a "fair funding…in which everyone makes a fair care contribution" over their lifetime.

Cutbacks in LTC systems raises issues of social inequality. Shifting care responsibilities from the state to the family or increasing co-payments or premiums for childless couples, as in Germany (Heinicke and Thomsen, 2010) will increase inequality in old age and elderly care or raise the issue of fairness, e.g. regarding same-sex couples, infertile persons, and families with broken links to children. In work-to-welfare policy settings, caring for family members involves high direct costs as well as indirect cost (forgone income). A US report specifies the average out-of-pocket costs caregivers spent on caring: USD 5 531 (2007). Long-distance carers' spending amounts to USD 8 728 per year (Evercare and National Alliance for Caregiving, 2007). The "caring poor" will grow in number and welfare states will have to target support to carers for this vulnerable group.

Social inequality

Social inequality and poverty in old age is a major issue. The oldest-old are more exposed to the risk of poor health and low income than younger age groups (OECD, 2011a, 2010b). Low income can increase the risk of unmet care demands and negatively impact on health. Governments have to ensure that all older members of society have access to care, even if they have neither money nor family members. Social inequality in old age and elderly care is also a family issue and elderly care is often managed, negotiated, provided or waived by family members. The families' responsibility increases in line with the poverty and poor health of the older person. Old-age poverty can result in claims on family members, who are legally obliged to provide some support to dependent elderly relatives in the family-oriented and conservative welfare states in Europe as well as Japan and Korea.

Shifting responsibilities to the family and the informal care sector can provoke a sharp increase in social inequality. The first dimension of inequality is financial. Poverty in old age is associated with informal care, and informal care is associated with carers' forgone or lower income, which is reflected in lower pension incomes in the future and greater dependency on family members in later life. Hence, poverty in old age can result in a family poverty trap. Basically, the well-off have the resources to complement the basic public care provisions with private care and premium high-tech solutions which poor families do not have. Secondly, inequality exists in the degree of independence from family members and their resources. In the "Back to Basics" scenario, the well-being and care arrangements of low-income seniors are more dependent on the family, informal care and the charity sector. Thirdly, care work is highly gendered. Family responsibilities and practice can reinforce a household division of labour: women take on the marginalised care work whereas men focus on their role as main breadwinner. Inequalities in working life are prolonged into old age.

Individual responsibility increases inequality in care. The more an individual is responsible for insuring against old-age risks, the more the care arrangement depends on individual financial resources in old age. The financial resources after retirement are very much influenced by an individual's working life, labour income and continuity. High income and continuous employment are good preconditions for cautious savings. Low earnings and discontinuous careers, however, substantially limit the individual's ability to invest in their own future. Furthermore, old-age income is also influenced by family life (Price and Ginn, 2003). Women and men have different roles in the family practice. Whereas men focus on paid labour women take on the role as carer, both in married couples and after divorce, which is reflected in lower old-age income. Hence, women have a much higher risk of poverty in old age. Although in the next 20 years, more women with a professional career and continuous employment will retire, the increase in family disruptions counteracts this effect. In the "Back to Basics" scenario with its volatile economy and high unemployment among women and older people, inequality in old age is likely to increase fast. A careful management of risks and targeting of welfare state services is necessary to lower the side effects of individual responsibilities.

Individual responsibility can increase choice but also dependencies. Basically, there are two mechanisms that enable choice in LTC, which is then limited for financial, legal or family reasons. Financial resources allow for more choice and can relieve family members from the care burden (Haberkern and Szydlik, 2010). The choice is influenced by welfare state programmes, i.e. who is eligible for what? The "Golden Age?" scenario offers more choice as more women and men are employed continuously, which provides

them with at least some independence even if they are not eligible for public funded care services or have no available family. However, choice between informal and formal care is limited. The strong attachment to the labour market and the increase in family disruptions and divorces will reduce the family's capacity to provide care. In the "Back to Basics" scenario more families and elderly people are exposed to financial hardship. For these families choice is limited as relatives have no money to spend on care services and have to call upon basic state care, family members and charity. In this case, those without close family members are dependent on basic state support.

Gender inequality in old age exists for both the care recipient and the provider of care. According to demographic projections the family structure and living arrangements of older women and men is likely to be more equal in 20 years (Gaymu et al., 2008a). However, up to 2030 more men will live with a partner and have surviving children. Hence, by comparison, there are fewer informal care resources available compared to women. Meanwhile, women provide most of the care work for children and elderly people. Care work is marginalised, often unpaid or unrewarded in old-age security systems, which is reflected in women's substantially lower pension incomes, e.g. widows have a lower income than widowers in Canada (Bernard and Li, 2006). Overall, women are penalised for providing informal care, whereas men benefit in two ways: they can call upon "low-priced" informal care while having higher pension incomes. Gender inequality in old-age will persist in all societies in coming years, but is more pronounced in family-oriented countries such as Japan, Korea and the Mediterranean, as well as in the "Back to Basics" scenario.

Gender inequality is expensive. More and more women are highly educated and skilled, and the share of couples with a female main breadwinner is slightly increasing. Women have substantially increased their working hours and their contribution to the household income. However, most men have not adapted to these changes and they do not provide substantially more care work. One reason is that the change in women's role has increased household income, whereas a change in men's role towards more responsibility in childcare and elderly care is accompanied by a decrease in income. As long as women have more responsibilities for care work and housekeeping, human capital is not allocated and rewarded according to market principles. Removing barriers for women and men to establish a more efficient allocation of available skills, abilities and talents through family friendly policies and new work ethics will be a major challenge.

Men must be involved in care activities. Against the backdrop of greater educational achievement among women, increasing female labour participation and tertiarisation, men have to be encouraged to provide more childcare and elderly care in the future. In particular in countries with instable economic development, educated women may drop out of the labour market and take on the role as carer. Although recent developments in Nordic countries and Germany suggest that men take on more responsibility in childcare, fathers still do not provide as much care as mothers. This is linked with the marginalisation of care work compared to employment or consumption. Hence, a major future challenge is, firstly, to reform the economic spheres with their "culture and practices, which favour those – mainly men – without caring responsibilities" (Land, 2010, 34). Secondly, care needs to be revalued and "new fathers" should be encouraged to become the "new sons" in elderly care in 2030.

Family structure and the welfare state

Changes in family structure challenge welfare state policies. In all OECD member countries out-of-wedlock births, divorces and remarriages, and single-parent families have increased over the last decades, and these trends are likely to continue into the future. The changes in the family structure have two implications: firstly, the role of the family as care provider will change. More elderly people will have experienced family disruptions and non-traditional family forms, which are likely to result in new forms of family relations and solidarity. Second, these changes are not reflected in current welfare state policies, which are still based on the notion of the traditional nuclear family.

Changes in family structures also alter informal support relationships. On the one hand, more elderly people will live in partnerships. In particular, women will benefit from more care support by partners. However, in case of remarriages, solidarity in care settings has not yet been researched. On the other hand, research has shown that family disruptions and reconstitutions will have the following effects: lower intergenerational solidarity, especially for men; a lower level of support compared to nuclear families. Step-kin relationships will not replace biological children in terms of support and care. The presence of step-kin might even impact on the parent-child relationship and lower the involvement of biological children or grandparents in informal care. Given the higher employment rates and economic independence of women, family disruptions and reconstitutions are expected to be more common in the "Golden Age?" scenario and the balance between informal/family care and formal care will be shifted towards the pole of formal care.

Welfare state policy and care policies in many countries define families as the welfare subject. The responsibilities in social security and LTC often lay with the immediate family, e.g. children, husbands and wives. However, family structures will change and so will responsibilities between family members and family practice. Individualist welfare states such as in Scandinavia have shifted most responsibilities from the family to the state. Eligibility to services is not dependent on the family situation or living arrangement. In countries with individual welfare subjects, changes in the family structure do not require making changes to welfare state policies. Most welfare states, however, have introduced a sharing of responsibilities between the state and the traditional nuclear family. Welfare state programmes such as childcare and tax policies are designed for traditional families with a (male) main breadwinner. This family model is subject to change. As marriage and the nuclear family is on the decline, the (family-oriented) welfare states either have to take on more responsibility or that responsibility needs to be shifted to those who traditionally have not been labelled family members, such as unmarried partners. A major challenge for welfare states and societies will be to define the family and its obligations. The "Back to Basics" scenario is associated with a revival of the traditional family as a provider of welfare. In the "Golden Age?" scenario changes in the family structures and ideals are assumed to be faster and far-reaching. The re-design of welfare state policies is necessary in both scenarios, but, more elderly people are affected in the "Golden Age?" scenario.

Housing and technology

Welfare state services will put high pressure on public budgets. The productivity of welfare state services (such as personal care services) is expected to grow at a below-average rate while wages are likely to increase faster than productivity. "The costs of welfare state services may be expected to rise inexorably over the long run relative to

the costs of other commodities" (Snower, 1993). Technological progress may increase productivity in care work in the distant future. At least for the next ten years, cutting-edge technological devices will be very expensive and available only to the well-off. This means that the relative costs of welfare state services can be expected to rise further in the near future, in particular in the "Back to Basics" scenario where both a lack of resources and low adaptation limit the development of path-breaking technologies. The great potential for the next decades is not robot care but technologies to reconcile family and care. Research programmes are needed to develop more technological devices to lower the costs and burden of care and increase the well-being and security of older people.

The supply of suitable housing for the elderly needs to be increased. The independence of elderly people depends on housing accessibility and the transport and road system. Developments in the housing market lag behind older peoples' living arrangements. Elderly people increasingly prefer to live in their own homes or on their own, without their children. In Japan and Korea, co-residence rates between the elderly and their middle-aged children are declining fast. However, suitable housing, i.e. barrier-free housing with easy access to public transport, is scarce and demand has not yet created a sufficient supply of housing facilities for the elderly. This also applies to new forms of housing such as co-housing, shared houses and intergenerational housing. A rapid increase in demand for housing for the elderly is expected in the future. Local and regional governments must foster the development of housing and communities designed to integrate the elderly in society ("ageing in community"). The Greenfield strategy with age-segregated elderly homes on the outskirts of towns or cities or in the open countryside carries the risk of cleavages between age groups. Age-segregated housing loses sight of the great potential of elderly people represent for their family, community and society as a whole.

Poverty in old age, tensions between family and work (with a possible decline in family support) and tight budgets are big issues for the next 20 years. According to the OECD (2009b) and the scenarios employed here, cutbacks in pension systems, higher unemployment rates and social change (divorce, lone parenthood) will increase poverty and inequality among the older populations to 2030. The risks that poor people do not receive the care they need are higher. Greater targeting will be necessary. Care responsibilities have to be carefully managed. For example, who is eligible for professional care services, who has to pay for it, how much and under what circumstances? Do parents have to pay more for professional services than childless elderly people?

Policy implications

There is no panacea for all countries. Countries have responded in different ways to demographic ageing, because of cultural norms on the one hand, and path dependencies in social security and social service systems on the other hand. Recent research has focused on the availability of different policy measures, their effectiveness and efficiency. This section adds some thoughts on the available measures and focuses on desiderata of different policy measures as well as alternative ideas.

Firstly, demographic ageing should not be seen as a burden on society. Demographic ageing provides a huge care potential to 2030, both in terms of childcare and elderly care. In the next 20 years the increase in providers of care can be assumed to be greater than the increase in potential care receivers. Secondly, the role of the elderly as carers will be postponed due to developments such as late parenthood, increased longevity and healthy

life years. Overall, the share of healthy life years is likely to increase and hence the ratio of care-provision time *vs*. care-receiving time is likely to increase too. From a demographic viewpoint, there will be more people who can take on responsibility in family care or in the labour market. The proper mix of responsibilities between the individual, the family and the state can help to balance budgets without putting too much burden on families and the elderly. The institutional structure and cultural norms on responsibilities have to be attuned so that family- and state-support activities ensure the best possible care for those in need.

Tight budgets

Responsibility for care, which can lay with the individual, the family or the state, is a central issue. The latest policy reforms follow a mixed responsibility approach. Balancing responsibilities will help to curb costs. The societal organisation of care cannot function without the state, civil society, the market or the family. Responsibilities have to be carefully divided to secure the provision of LTC and match with rising care demands. Mixed responsibilities also give the elderly and their relatives some choice regarding care arrangements. The mixed-responsibility model seems to apply to all countries and scenarios. But, there will be differences in the mix, e.g. the family will play a greater role in the "Back to Basics" scenario and in family-oriented countries. In the "Golden Age?" scenario, technological devices will offer new ways to organise mixed care arrangements.

Mixed-responsibility models result in a slow trend towards convergence in LTC systems. Nevertheless, differences will persist for the next decades. The expansion of public care services appears unavoidable in the low-service countries such as the Mediterranean and Asian countries, which will need to increase quality in care, relieve the burden on caring relatives, and help to reconcile family and work. However, family responsibility and obligations are very strong in these countries. Therefore, the Scandinavian model cannot be implemented here in the near future. Moreover, the Nordic welfare systems will change when the currently generous public provision becomes too expensive. Cutbacks in welfare state services will increase informal care in the Nordic countries (*cf.* Anttonen and Haïkïö, 2011; Johansson et al., 2003). A further shift towards individual or family responsibility will be necessary, although in the next two decades the demand for (marketised) professional care services will remain high.

Changes in eligibility for public payments and care services need to be chosen carefully. In particular in the "Back to Basics" scenario, mixed responsibility needs to be linked to social inequality and gender. Men are still underrepresented in all kinds of care work and consequently an unemployed resource. A gendered difference between caring and working family members perpetuates the inequality between women and men. Against the background of tight budgets, societies cannot afford to waive the care work of men, on the one hand, and the inactivity or underemployment of skilled and educated women, on the other. Policies have to address gendered care work where market principles are violated, and work and duties are not related to talent, abilities or equal choice. A gendered division of labour is inefficient and expensive.

Family structure and the welfare state

Care policies need to be linked to labour market policies and integrated in a wider policy framework. OECD member countries focus on late retirement and increasing female labour force participation. Family life and care duties cannot be scheduled easily

and conflict with paid labour. Flexible work models can reduce work-family conflicts and double burdens. Meanwhile, care policies need to be linked to family policy. In all OECD member countries, the family is one of the main providers, possibly the main provider, of care. Care systems are based on an assumption that the family is providing some or most of the support. Family carers, however, are not supported systematically. As family structures and family norms are changing there is the need to discuss who makes up the family, what is the role of family members, and what are the rights, duties, and responsibilities of family members – in the labour market and within the family.

Increasing the retirement age is possible only with more flexible work schedules. Otherwise, the increase in the retirement age will not affect the effective retirement age (early retirement increases) and will result in more old-age poverty or fewer older people able to support their families. Flexible work policies will help reconcile high employment rates and informal care provision. They need to address three dimensions: time, space and eligibility. The best solutions from the worker's and employee's perspective is flexibility in all three dimensions, e.g. the employee has the right to reduce or switch working hours, the right to choose the place of work, and care programmes are open to a wider group of people, not only the elderly and close family members. On the one hand, flexible working can help manage family life, reconcile family and work and increase productivity. On the other hand, there can be too much flexibility (from the employers' viewpoint). The basic challenge is to implement measures which allow for a maximum of flexibility for workers without overlooking the needs of employers and (small) firms. This can be achieved by shifting responsibilities for work schedules to the employees and small teams. Monitoring and ICT technologies can further help to control telework and quantify work hours.

Flexible working hours are a key instrument in reconciling family and work. Shorter working hours offer greater flexibility. A reduction in long working hours would be a great step towards work-family balance. In the short term, flexibility, flexitime models with and without core hours allow the employee to choose (often at short notice) when to work the contracted hours, i.e. time to start and to leave work. Most countries have implemented the right to take one or more days off (with a yearly maximum) to manage emergencies and illnesses in the family (compassionate leave). These models are not designed for carers who provide long-term care. However, they are very helpful when coping with short-term illnesses, organising medical treatments and making multiple-carer arrangements.

Long-term flexibility is more appropriate for intensive and regular care. Belgium has introduced a time-credit model to allow employees to take time off (up to a year) or reduce working hours for caring, education and any other reason. With this type of model, the partial replacement of work income is a pre-condition to enable workers with average or low income to take the long-term break. In the "Golden Age?" scenario, with lower rates of unemployment and a stable economy the employee could waive a small share of their income to some fund in order to finance the care break. A second model allowing older workers to engage in care work entails separating payment and work, i.e. employees work full-time for a part-time salary for one year, and receive a part-time salary without working the following year. Financing long-term breaks is more difficult in the "Back to Basics" scenario with financial instability (and poverty) on the state and individual level. Workers are employed in short-term jobs and experience several disruptions in their working career. It cannot be assumed that they accumulate enough credits to finance a time-credit scheme or plan long-term salary models. Caring without credits or payments substantially increases the poverty risk. (Means-tested) cash for care-payments will reduce the poverty risk of this vulnerable group.

The reconciliation of family and work duties depends not only on time but also on space. The separation between family and the workplace complicates the role of carers and active grandparents. A well-known solution is telejobs (home office). The employee is allowed to work at home and look after dependent children or elderly relatives in the case of emergencies or during breaks. Telejobs are still underemployed and work organisation lags behind technology. Furthermore, the scope of telejobs is limited as they are only suitable for office workers, but not in production, social services, etc. A solution for the latter group is "private/care time" in the workplace. The employee is entitled to take some time off during the workday or make private appointments to manage professional care, talk to the elderly on the phone and arrange things that otherwise conflict with care work. This time can be taken very flexibly and at short notice, e.g. during off-peak hours. The "private time at work" model has advantages for both the employee and employer as it increases the time range in the workplace and hence the flexibility to schedule meetings, production and private affairs.

In most countries only close family members are eligible for care leave. Cash-for-care schemes, however, are not restricted to close kin. As a result, potential non-family carers are eligible for cash for care, but not for care leave. They have the money, but not the time to care (without losing their job). Different eligibility criteria restrict families' ability to outsource informal care beyond the traditional nuclear family. Basically, there are two ways of increasing flexibility and opening up care-leave options for non-family carers: the care receiver could choose a person who is then endowed with the right to take the care leave, or family members could be allowed to shift their right to care leave to other persons.

The *a priori* definition of family responsibility does not take into account family disruptions and new family forms. An interesting approach could be to offer a choice between various care arrangements before old age, whereby the insured persons can choose the degree of informal care and state support respectively. All persons could opt for higher premiums and a state care model, e.g. additional family support is not part of the care contract. A mixed family model with moderate premiums would include some informal support, e.g. for IADL, home care, or minimal duration of care. The last option could be a family-care model with the lowest premiums, e.g. for support of family carers. A change in the model could result in lower or higher co-payments for formal care services, additional payments or vouchers. Informal carers who subscribe to a family-care model may be eligible for lower premiums themselves. Such insurance models increase individual responsibility and allow public institutions to implement various premium models in order to increase labour force participation or support informal care respectively. Currently, the German LTC has moved slightly in this direction. People without children have to pay higher premium because they are more likely than parents to opt for expensive benefits in kind rather than for cash for care (Heinicke and Thomsen, 2010).

Opening up family responsibility models to non-family informal carers takes into account changing family structures and living arrangements. Changes in family structure and new family-like living arrangements challenge current definitions of the family, and hence, family members' obligations and rights. The questions – What is a family? Who is a family member? – are difficult to answer at least for public institutions and courts. Individuals, however, could be asked to answer the question themselves. Endowed with the right to choose between state care, mixed care and family-care models, individuals should also have the right to say who will bear responsibility in the future: the partner, a

child, sibling, a friend or any other person. This model also enables individuals and their families to choose their preferred model before the need arises.

Social inequality

Social inequality in old age is likely to grow in the future in both scenarios. Social inequality is linked to care arrangements whereby low-income groups are more dependent on their families, state services and the charity sector.

What policy measures are available and what are their effects? Social services such as childcare and care for the elderly can help to improve the situations of low-income families. Cash for care is a very important measure to relieve poverty among the elderly and caring relatives.

Cash for care is a flexible measure with two main objectives. Firstly, financial support increases the income of carers and reduces the poverty risk. Additional income is essential for low-income families who cannot afford professional care and who have to reduce their working hours to provide care work. Second, cash for care can stimulate family members to provide care, e.g. care provided by daughters and sons (Jacobzone and Jenson, 2000). The design of cash-for-care schemes (eligibility, amount, etc.) depends on the primary aim and target audience.

Governments have to watch out for side-effects. High cash-for-care benefits stimulate higher income groups to provide informal care but detach lower-income informal carers from the labour market. In a short-term perspective, low-skilled workers with insecure jobs benefit from cash for care. In the long run, informal carers have fewer labour market options, lose future income and may end up in a poverty trap. Low cash for care, however, perpetuates income inequality. Means-testing in cash for care supports poor families but may lower the commitment of middle and upper-income families in informal care.

Cash-for-care schemes therefore need to be linked to active labour market instruments in two ways. First, informal carers who have stopped working or have been unemployed should be offered further training and education during or after the care commitment (vouchers or compulsory programmes), e.g. training for a job in the social care sector. Informal carers with multiple-care responsibilities (and cash-for-care transfers) could be defined as care workers who should complete training courses in care in order to bridge the gap to paid work. Second, informal carers should be encouraged to stay in the labour market, e.g. part-time work and flexible-work models as well as telework. Hence, working carers should have access to cash-for-care payments (e.g. Australian Carer Allowance), which is not the case in many OECD member countries.

Cash transfers are linked to gender (in)equality. In the "Back to Basics" scenario, cutbacks in social services and high unemployment rates will shift responsibilities back to the family. As women's average income and working time is lower, and women rate responsibility and willingness to care higher than men, cash-for-care-policies bear the risk of perpetuating gender inequality in the labour market and income (Schmid et al., forthcoming). This will be the case in particular in countries with high gender inequality in the family and the labour market. However, cash-for-care policies can increase care work by men, too. If these policies aim to increase gender equality, the amount of the transfer could be based on former income. As in parental-leave policies, this could encourage men to take a care leave and help women to continue working. Care-leave programmes could also provide a share available to men only. Changing family structures

with smaller families and fewer siblings may draw more men into caring as there are fewer sisters to do the job.

Inequality in care arrangements has short-term effects on income, e.g. fewer working hours as well as lower direct cost of care, and long-lasting effects, e.g. small old-age income if not covered by cash for care and contributions to retirement plans. Cutbacks in LTC to 2030 could result in high pressure on public budgets after 2030, when family carers with limited pension credits retire, e.g. in the "Back to Basics" scenario with more family carers. Hence, care inequality results in social inequality among future elderly. Supporting the caring poor is also preventing future poverty and welfare state expenditures. There is further need to discuss in the public arena to what extent the state is responsible for those with and without close kin, e.g. in the "Golden Age?" scenario where the elderly have more resources to live independently from their families.

Eligibility criteria for professional care can relieve or increase the financial pressure on dependent elderly and it can raise or lower the risk of unmet care demands, e.g. in lower-income groups. Tackling social inequality requires the re-design of LTC systems and greater targeting. Eligibility is largely defined in terms of health status. Services are allocated to those with the most severe disabilities. The elderly with minor or even severe disabilities are not eligible or receive less support. Low-income groups as well as those without family members living nearby are the most likely to have to cope with unmet care demands. Given the financial pressure on LTC systems, co-payments for higher income groups may be increased and services should be allocated to the poor (rather than those in bad health) at affordable prices.

General issues

In most countries LTC policies are administrated in both the health care and social services systems. The administration is very complex and costly. In some cases, eligibility differs between systems. It is not always clear who is entitled to what services. The complex organisation limits choice and efficiency in LTC, both for care recipients as well as for family carers. Transparent and integrative design is a key to efficient and effective LTC systems.

Elderly people are care providers and volunteer more than any other social group. Increasing retirement ages have to be accompanied by flexible work models as well as jobs for older workers in order to reconcile work and volunteering. The German Ministry for the Family, Seniors, Women and Youth published plans for a scheme to support and co-finance gap years for social and voluntary work for all age groups. Older workers need to be supported to fulfil caring functions, too. Governments may consider grandparental leave if parents do not take their parental leave. Job-sharing may serve the needs of companies as well as caring family members and grandparents. Part-time retirement schemes (e.g. *Altersteilzeit* in Germany) can help older workers reconcile family and work commitments and volunteering.

Providing opportunities to work is an effective measure in ageing societies, e.g. financing pension systems and LTC. In particular in the "Back to Basics" scenario active labour market policy is central to creating new jobs. However, such jobs are often in the social sector, low paid and with short-term contracts, e.g. in Korea, job programmes for the elderly offer simple, manual jobs for seven months without the opportunity to be re-employed within the same programme. More jobs need to be created for older workers in the private sector, e.g. reduced and/or flexible working hours. On the

supply side, the employability of the elderly needs to be increased, e.g. job training courses increase competiveness in the job market. "Without enhancing their workability and systematic job training for older workers, provision of jobs on its own will not result in the intended effects" (Choi, 2009).

Technology, housing and community care

Technology offers new ways of organising care. As a tool to increase efficiency, independence, and the reconciliation of family and work, technology can help to curb demand and spending in LTC by at the same time allowing family carers to be employed. Public policy is a key to bringing these new technologies into the mainstream. Public institutions have four functions: funding research in gerontechnology; evaluating technologies, promoting and providing advice for elderly people and their families, and training for social and health workers; and tackling social inequality in the use of essential technologies.

It is unclear what the effect of ICT is on relations between elderly parents and their family members. On the one hand, the main aim of ICT is to substitute for visits. On the other hand, technology has the potential to encourage and enrich family life. Various technologies have a huge potential for managing different commitments in work and family life. At best, technology does the work while family members are there for the social life. Different technologies already allow people to cut down hours spent on cleaning and housekeeping, and give them more time to chat or play with grandchildren or the elderly.

OECD populations differ substantially in their enthusiasm and acceptance of technology. The Asian countries, Japan and Korea, seem to adapt very quickly to new technologies. Some people in European countries tend to be more reluctant about human-centric technologies, e.g. the professional care staff who fear unemployment and being replaced in their jobs (Hendy et al., 2010). Clearly, elderly persons in the "Golden Age?" scenario with a higher acceptance of new technologies can benefit from better time management. Telecare and telework will both help to bridge distances and tensions between different spheres of life. When it comes to the elderly and care staff, however, they will need some advice to find their way around the confusing technology market. What is there on offer, what are the benefits and how to use it? While technological development will increase efficiency in LTC, the shortage of LTC will not be solved by technology but reduced over the next ten to 20 years.

Housing in old age is linked to social inequality, between those who **can** afford to live independently with support from assistive technologies and professional care providers, and those who have to live with their children. Again, the housing issue affects in particular lower- and middle-income individuals. The "Back to Basics" scenario is associated with strong social support networks in communities and neighbourhoods.

One of the differences between informal care and a formal care setting is the number of carers per caree. In most informal elderly care settings there is one single carer per elderly person. In childcare, often mothers, fathers and grandparents are involved in the care of one or two children. In formal care settings, however, one or more carers are responsible for quite a number of children or elderly persons. Informal carers do not have the same training and organisational support as professional carers. However, informal care could be organised more efficiently, with several family members sharing the caring duties for their elderly relatives living in the same neighbourhood, or young parents and

adult children sharing responsibilities for the elderly and the children in the same building. Especially in the "Back to Basics" scenario, mixed-generation communities offer a huge potential for informal care for children and the elderly with low direct and indirect cost, and the elderly with minor impairments could stay in their neighbourhood and receive care from persons they know. Support and advice from local governments and urban planners is needed here to use the full potential of these networks, e.g. to re-design community housing, support setting up care networks, help provide professional assistance for established informal care networks, and ICT technology to manage care schedules and monitoring care recipients.

For both scenarios (and in line with more individual responsibilities) grass-roots organisations, such as virtual villages in the United States, are worth discussing. The elderly set up organisations (in their neighbourhood) with the aim of ageing in their community and accessing affordable services, e.g. home help, care, transport. Virtual villages are membership organisations, in which fees can be used for the provision of care or services (*www.vtvnetwork.org*).

Shared housing for the elderly can help to curb costs for those who prefer professional care settings, have no family members available, e.g. in the "Golden Age - scenario with a strong attachment to the labour market. Several persons benefit from the re-design of multi-family houses and professional carers for the unit. Shared housing is easily integrated in the wider community and inner cities. Retirement villages, in contrast, are more exclusive as apartment costs are higher and age segregation can be very strict because of the size and number of residents.

Mobility in old age will increase. The future elderly will be more mobile because they will be healthier. Nevertheless, public transport and road design needs to be re-designed to better meet the needs of the frail and elderly. Driving cars in old age has been identified as a health and safety issue. Future technologies in vehicles and road systems from 2020 will help to make road trips safer, e.g. driver-assisted technologies, such as distance controls, etc. Technology will also provide the means to cut mobility down without increasing the risk of isolation. The future elderly are used to the Internet, they will be present in social networking platforms and accustomed to online services such as shopping, medical advice, e-government, and so on.

The role of the elderly will change in the next 20 years. They will be healthier, more mobile and more engaged in the labour market because they want to or because they have to. However, some other things remain constant. There will be grandparents who provide care and partners and children who still feel responsible for their kin or beloved. There will be the choice about who belongs to the family, and there will be more negotiations about who is doing what and who is responsible for whom. The various options include the migration of the elderly to destinations with a better climate and a cheap supply of family-like care services (instead of family care at home), e.g. British expatriates in Spain or elderly US citizens moving to Mexico where they can afford 24-hour care in nursing homes in later life. Choice, however, is very limited for those without a supportive family network or savings. Until 2030, one of the greatest challenges is social inequality, poverty and related health risks among the elderly, and the reconciliation of family and work.

Table 4.2. **Living arrangements of the elderly aged 75 and over in European countries (2000-2030)**

		Male				Female			
75-84	Year	Couple	Alone	With others	Institutions	Couple	Alone	With others	Institutions
All countries	2000	72	18	7	3	31	49	14	6
	2030	70	20	7	3	47	38	11	4
Belgium	2000	70	19	8	4	30	48	14	8
	2030	67	22	8	4	43	39	11	7
Czech Republic	2000	71	20	8	2	21	52	24	3
	2030	68	22	8	2	39	39	19	3
England/Wales	2000	66	24	7	3	31	51	13	5
	2030	65	25	7	3	46	40	10	4
Finland	2000	67	23	6	4	24	57	13	6
	2030	62	27	7	5	39	46	10	5
France	2000	74	18	5	4	32	50	12	6
	2030	71	20	6	4	44	41	10	5
Germany	2000	72	17	7	4	27	50	14	9
	2030	68	20	8	5	47	36	11	6
Italy	2000	77	16	5	1	37	47	14	2
	2030	77	16	5	1	58	32	9	1
Portugal	2000	69	12	16	3	32	32	31	5
	2030	67	13	17	3	36	30	30	4
The Netherlands	2000	71	21	3	4	30	56	6	8
85+									
All countries	2000	48	30	11	11	10	49	20	21
	2030	60	22	9	9	27	40	17	16
Belgium	2000	42	32	12	14	8	49	18	25
	2030	56	24	10	11	24	40	15	21
Czech Republic	2000	50	28	16	6	6	50	33	11
	2030	55	25	15	5	17	44	30	9
England/Wales	2000	43	35	11	12	9	54	16	21
	2030	51	29	9	11	25	44	14	17
Finland	2000	41	34	11	13	6	54	17	23
	2030	54	25	9	12	21	46	14	19
France	2000	50	27	9	14	9	50	18	23
	2030	62	20	7	11	23	42	15	20
Germany	2000	41	33	12	15	6	47	18	29
	2030	57	22	9	12	25	38	15	22
Italy	2000	61	25	10	5	20	47	23	10
	2030	71	19	7	4	36	39	18	7
Portugal	2000	44	18	28	10	11	28	47	14
	2030	49	16	26	9	12	28	47	13
The Netherlands	2000	43	33	5	19	7	56	7	30
	2030	55	25	4	16	22	47	7	24

Source: Gaymu, J., P. Ekamper and G. Beets (2008), "Future trends in health and marital status: effects on the structure of living arrangements of older Europeans in 2030", *European Journal of Ageing*, 5: 11-12, Table 3.

Table 4.3. **Long-term care policies (national level)**

	Care leave (national regulations)		Cash-for-care	Means tested/ varying fees by income	Amount	Benefits in kind	Means tested/ varying fees	Support to informal carers		Provision		Philosophy
	Maximum length	Paid						Retirement plan	Respite care/period	Informal	Formal	
Australia			Yes (various)	Yes /No	AUD 2 250	Yes	Yes	Yes	Yes			
Austria	6 month hospice leave (each case)	No	Yes	No/Yes	EUR 154.20 to 1 655.80	Yes		Yes	Financial contribution	High	Low	Family/home
Belgium	12 months (24 months as part time worker)	No	Federal/ Flanders	Yes/ No	EUR 90 to 125	Yes	Yes		Short stay centres for elderly	High	High	Home care
Canada	No (implemented in some regions)											
Czech Republic	No	No	Yes	No/Yes		Yes	No			High	Low	Family/home
Denmark	Up to 6 months	Yes	Yes (palliative care and/or up to 6 months)	No		Yes	No		Yes (+substitute care)	Low	High	Home care
Finland	Individual arrangements		Yes (home carer allowance for carer/care allowance for pensioners)	No/Yes	EUR 336-637/ EUR 100	Yes	No/Yes			Low	High	Home care
France	12 months (for whole career)		Yes[7,9]	Yes	max ca. EUR 1 189.80	No[9]	No					
Germany	6 months[1]	No	Yes	No	EUR 215-675	Yes	Fix, co-payments possible	Yes	Yes	High	Low/Med	Family + home
Greece	6, 8 or 12 days[2]	No										
Hungary												
Iceland	6 months, extension possible	Yes										
Ireland												
Italy	24 months (for whole career)	Yes	Yes	No	EUR 472.04	Yes	Yes	No	Yes	High	Low	Informal care, home care
Japan	93 days											

Table 4.3. **Long-term care policies (national level)** *(cont'd)*

	Care leave (national regulations)		Cash-for-care	Means tested/ varying fees by income	Amount	Benefits in kind	Means tested/ varying fees	Support to informal carers		Provision		Philosophy
	Maximum length	Paid						Retirement plan	Respite care/period	Informal	Formal	
Korea	No	No	Yes	No	USD 125/month	Yes	No (reduced fees for poor)	No	Yes	High	Low	
Luxembourg												
Mexico												
Netherlands	12 weeks/ year (only part-time leave)	2 weeks paid	Yes	No		Yes	Yes[4]	No	Yes	Low	High	Home care, formal before informal
New Zealand												
Norway								Yes				
Poland			Yes[4]	Yes	PLN 520	Yes	Yes	No	Yes (limited)	Very high	Low	Family care, subsidiarity
Portugal	15 days/year	No (publc sector: yes)										
Spain	24 months (part or full-time)	No	Yes	No/Yes		Yes	No/Yes	Yes		High	Low	
Slovak Republic			Yes	Yes	EUR 206.16	Yes	Yes			High	Low (home care)	Family care, institutional care
Slovenia	14 days/year	Yes	Yes	No	EUR 521 (in 2006)	Yes	Yes	Yes	Limited	High	Low (but Institutional care high)	Family care, institutional care
Sweden	60 days	Yes	Yes	No	SEK 1 000-3 000	Yes	Yes			Low	High	Home care
Switzerland												
Turkey												
United Kingdom	Few days	No	Yes/Yes[5]	Yes/Yes	GBP 53.10/ week[6]	Yes	Yes		Yes			
United States												

Notes: 1. Can be combined with part-time work. Claim to care does not apply in enterprises with less than 16 employees. 2. Depending on number of dependents. 3. LTC is costly for clients. Access in residential homes by the health care sector is not means-tested; however, the client (or social assistance) has to cover the costs, in general a stay is limited to six months. LTC in social care homes is means-tested and depends on the family situation, e.g. living alone. 4. Eligible for carers who have given up professional work in order to care for family members certified significant disabilities. 5. Only for carers outside the household. 6. Several transfers exist that can be used to employ/remunerate informal carers. 7. Cash-for-care is limited to pay for a care package that is determined by professionals. Cash-for-care cannot be used to pay spouses. 8. Cash-for-care must be used for care services/or employment of informal carer. 9. Cash-for-care under APA not available for spouses.

Note

1. Average number of years that a person can expect to live in "full health" by taking into account years lived in less than full health due to disease and/or injury.

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Annex A
Project scenarios

This annex presents the scenarios developed for the OECD International Futures Programme project "The Future of Families to 2030". The two scenarios presented here were synthesised out of the four that were originally developed during a one-day workshop facilitated by Fast Future Research at the OECD in Paris on 26 April 2010.

Consolidation of scenarios

During the workshop four scenarios were developed.

- **Scenario 1: "Sustainable Growth"** – high economic stability and slow adoption of human-centric technology;
- **Scenario 2: "Golden Age?"** – high economic stability and rapid adoption of human-centric technology;
- **Scenario 3: "Innovative but Fragmented Society"** – low economic stability and rapid adoption of human-centric technology;
- **Scenario 4: "Back to Basics"** – low economic stability and slow adoption of human-centric technology.

Following the workshop, the scenarios were reviewed and the decision was made to merge scenarios 1, 2 and 3 as they were considered to contain strong similarities. The resulting two scenarios are:

- **Scenario A: "Golden Age?"** – gradual increase in economic stability and rapid adoption of human-centric technology;
- **Scenario B: "Back to Basics"** – low economic stability and slow adoption of human-centric technology.

While the two scenarios share a number of common features, e.g. slow to modest average economic growth over the scenario period, growing social inequalities, continuing pressure on public finances, etc., they differ in most other respects, notably in the degree of volatility of economic performance, the duration of high structural unemployment, the role of the state, the adoption of new technologies, the role of women in the workforce, and the balance between formal and informal child and elderly care.

To enhance the visualisation of the two scenarios, each is described with the help of four component parts of varying detail: *i)* a story line (or narrative); *ii)* a table setting out how each of the macro drivers will have evolved by 2030; *iii)* a table setting out the family drivers to 2030; *iv)* and a tabular overview of possible implications for each of the core themes.

Scenario A: "Golden Age?" – a gradual increase in economic stability and the rapid adoption of human-centric technology

Scenario narrative

This period has been characterised by high initial economic turbulence in the years following the global financial crisis (GFC), followed by a gradual return to stronger and more stable economic performance on the back of investment in science- and technology-led growth industries. Families, society and the public sector have all gone through fundamental reforms and new models are emerging which offer better prospects for many – although intense polarisation still exists. For much of the managerial and professional class, life has improved. However, for many others in the workforce life is harder and more pressurised. Despite these challenges, society and the political system are largely stable.

The economy

Economic turmoil, environmental pressure and global warming, in particular, inspired governments to change course and seek new ways to develop during the years following the global economic crisis. In order to attain sustainable growth and high economic stability, the state has been keen to develop the "green economy'. Advanced science- and technology-led sectors have also seen a growth of investment across the board and are increasing their international competitiveness. These industries are driving the demand for higher standards in domestic education and for skilled migrants.

Confidence in business has largely recovered and is allied with low unemployment. Government spending has been curtailed and the fiscal budget is now largely balanced. The cost is a reduction in the size of the public sector and reduced spending especially on welfare and provision of care. Inequality and social exclusion have grown, so that while absolute poverty has fallen, relative poverty is on the increase. Rising health costs remain a real issue. The growth of the elderly population is a key driver of increased costs. Technology, meanwhile, is a double-edged sword: it enables people to be productive for longer, increasing the tax base, but improvements in medical technology mean that there are far greater numbers of people of pensionable age, whatever that age may be.

Society

Well-being and taking care of body and soul is high on the agenda as society seeks to engage in sustainable solutions to mental and physical health problems. The urge to settle upon quick-fix solutions is stifled as the evidence suggests that these do not provide lasting benefits and only serve to transfer problems to future generations. There has been a greater onus on the individual to be self-reliant, although the government sees support for health prevention, education and social cohesion as key.

The public sector

Curbs on public spending and a resultant care crisis have forced changes in civil society behaviour. The public sector is establishing itself with a new leaner model, with investment targeted at enhancing human potential and driving forward key areas of science and technology. High employment has been achieved as traditional and new

industries flourish and low-skilled sectors continue to demand labour. Formalised care has also become a growth market for those who can afford it, although informal care structures are still in use, particularly for the less well-off.

The labour market

Women benefit as demand for workers grows. Greater numbers of women are entering the workplace and are slowly closing the wage gap with male counterparts. The bulk of demand, however, is met by immigrant labour, by older members of the native workforce and by employees drawn in through increasingly flexible work schedules.

Education has improved rapidly over the last decade in particular and young people feed into a workforce that is older and larger than ever before. There is a growing trend in e-living and working, a reflection of innovations in technology and a generally tech-savvy population. The elderly have been encouraged to work long past historical retirement ages. While those still able to work benefit from prolonged earning capacity, those who cannot work suffer as the state rolls back benefits.

The family

Society is flexible but largely working full-time, placing a burden on families as they operate under intense time pressures. As families have come under greater stress and traditional informal care structures have eroded, it has fallen to the government to provide highly targeted, quality formal care and an improved education system. Civil society has interacted with the private sector to deliver quality care and family-friendly policies. In any such system there will be those who fall through the cracks and this threatens to leave numbers of children and the unemployed behind.

The family has also undergone changes. New family types have emerged and will continue to change over their life cycle. These changes will be driven by the increase in opportunities and personal choice that have been opened up through greater economic independence. On the downside, the high-performance society is undermined by growing inequalities and social exclusion. However, with abundant resources, there is a feeling that much can be done to alleviate such inequalities, and raise the standards of living for all.

Overall, well-off families enjoy a quality of life and expectations far greater than their counterparts on low incomes. Benefitting from stable jobs and quality education, they are able to support their family with premium health and childcare as well as looking after elderly relatives. Those on lower incomes suffer a penalty in the job market; working in less-skilled, less-regular and lower-paying jobs, if indeed they are able to secure a job. Consequently they struggle to afford expensive private healthcare and are forced to rely on the thinly stretched voluntary and charitable sectors as well as more traditional informal networks.

Macro drivers

Table A.1. **Macro-level drivers applied to the "Golden Age?"**

Driver clusters	Drivers	Situation in 2030
Economics	Economic outlook	After initial volatility, there is a gradual return to more stable growth, although risks and uncertainty remain, and average growth remains modest.
		Business confidence improves slowly and is relatively stable by 2030.
		High initial unemployment amongst the young, migrants and the poor in the early years coupled with industrial unrest and strikes. These are resolved over time as new industries emerge, employment prospects improve and workplace practices evolve.
	Pressure on public finances	Pressure is sustained on public finances although they have improved as fiscal consolidation progresses, public spending is curtailed and some countries achieve fiscal balance.
		An ageing population has placed high pressure on finances as more spending goes on the elderly and less on unemployment.
		Taxation revenues improve over time.
	Level of investment	Low overall investment in and by the public sector.
		Strong growth in public and private science- and technology investment – particularly in the human sciences, education, improving human performance and productivity.
	Income inequality	Growing income inequalities.
		High levels of working poor because of high wage gap.
Demographics	General fertility rates	Generally around 1.7 for OECD member countries.
		Gradual increase due to medical progress and stable economic growth.
		Clear polarisation – rates high in some sectors of society but lower in others.
	Life expectancy	Higher expectancy due to medical and economic progress – clear differences across the wealth and income spectrum.
	Old-age dependency	A high elderly-to-working population ratio, but there is less dependency due to increased science and technology innovation.
		Ageing populations are still a burden on the state but the issue is stabilising.
		Greater polarisation – the well-off have a good quality of retired life but that quality declines the less well-off a person is.
	Migration	Stable though we see an increase in the movement of highly skilled migrants.
		A growing share of population with ethnic or migrant background has hardened polarisation and created a larger youth population.

Table A.1. **Macro-level drivers applied to the "Golden Age**?" *(cont'd)*

Driver clusters	Drivers	Situation in 2030
Societal	Education levels	Early years' investment was targeted at base education and at those who were potentially excluded by the system. The results are showing through in higher levels and standards of education.
		Better opportunities for all through improvements in science and technology.
		Much store is set in "human capital and vocational training".
	Urbanisation	Overall urbanisation slows down. This is linked to science and technology innovation. Some increase in urban sprawl and residential segregation.
		The well-off have the choice/luxury of movement.
	Labour market participation rates of women and the elderly	Greater participation of women and the elderly as well as more opportunities for flexible (and almost full-time) working.
		Precarious income from temporary jobs.
	Core societal values	Increase of "difference" and the acceptance of different social values, but high levels of solidarity on key themes.
		Growing emphasis on "responsible" personal success with altruistic considerations, e.g. sustainability, societal injustice and inequality.
	Level of societal hope and optimism	While high overall – there is clear polarisation between "haves" and "have-nots". Tension is high in the housing market.
Technology	Scale of investment and the pace of science and technology advancement	High overall – slow initial advancement but pace picking up rapidly as focus shifts to driving growth industries and advancing human health and performance.
	Medical progress	High overall.
		Growth in the church of alternative medicine – "Yoga for everyone".
		Emphasis on health education and promotion.
		Emergence of low-tech public health solutions for those on low incomes.
	Expansion of broadband connections	High – free basic wireless and universal access provide greater bottom-up democracy and contribute to educational improvements.
		Speed and price of paid-for services improve significantly.
	Rates of computer literacy	Generally good for all age groups.
		Not needed in all jobs but necessary socially and in education.
	Penetration of social media	Innovations in the market.
		Very high and widespread use.
		Has become important for civil society.

Family drivers

Table A.2. **Family drivers applied to the "Golden Age?"**

Drivers	Situation in 2030
Family-friendly corporate employer policies	Targeted family policies. Policy is not universal – "progressive universalisation". Family policies are fostered to limit public expenditure. Companies and employers are encouraged to implement their own family-friendly policies, leading to greater prevalence of such policies. Legislation is adopted giving cohabiting couples same tax status as married couples. Work practices have changed. There is more home working, possibly structured around school term times. Flexibility in working times/ Coping with flexibility.
Single-parent families	Economic strife in the early years created more single families because people were living in tough times. There were more break-ups. Parents were forced to work more and this pattern is only changing gradually. In some cases more male single parents emerged because women were more likely to find a job. Over time, increased economic stability has meant greater employment options have emerged for single parents leading to less stress and less pressure. Less stressed lives also leads to more cohabitation, with more shared parenting. More technology is used in the raising of children (e.g. webcam parenting).
Divorce and cohabitation	High levels of divorce in the early years. More cohabitation and fewer divorces because of a lower incidence of marriage. Marriage and divorce are prohibitively expensive for many on lower incomes.
Childcare availability	More innovation in childcare. There have been creative ways devised to care for all children. More parents work, hence a greater need for formal childcare and provisional care options. Formal care costs have risen as a proportion of incomes. Increased polarisation in childcare. The well-off can access high quality care while poor families rely on informal childcare.
One-person households	After an initial slowing in the rise of one-person households due to cost pressures and unemployment, stable economic growth has helped create higher levels of economic independence, leading to more one-person households. Poorer children still stay at home longer and the poor are less able to afford one-person housing. New forms of living solutions for the elderly.
Availability of informal care	Less availability of informal care because of: – geographic dispersion; – more grandparents in paid work; – more women in paid work; – smaller family networks because of single parenthood or divorce. The unemployed will look after children and the elderly informally on a care black market. Declining quality of informal care as care buyers can afford to pay less.

Table A.2. **Family drivers applied to the "Golden Age?"***(cont'd)*

Drivers	Situation in 2030
Childlessness	Having children is more important in defence of "family" also extending to social networks. Involuntary childlessness has decreased because of technological advancements. The timing of birth is affected by unemployment trends. Having a child will be a lifestyle choice. Couples living apart in different cities will prejudice against their having children.
Reconstituted families	There are more reconstituted families because there are higher incidences of divorce. Increased incidence of couples "living apart" because of work.
Telework/education opportunities	Greater opportunities, mainly for white-collar jobs. This has increased as part of changing corporate employer policies and because new technologies have opened up new opportunities to work from home.
Division of labour within families/work-family balance	Greater participation by women in the labour market. More equal division of labour in the home. There is more buying of services although quality is down.
Age at birth of first child	The age of mothers/parents at the birth of their first child declines for many sections of the population as a result of: – family-friendly policies and employers; – economic stability … but increases/remains stable for others, notably the better educated.
Costs of children	Costs of external care and education have increased.
Elderly care availability	Costs of formal care have increased.
Trends in marriage	Declined at first before gradual increase in a second stage. Costs are a barrier.
Autonomy-enhancing technology	Has increased for a lot of jobs. Human services often dependent on time and place.
Market *vs.* public childcare	Because of higher education, regulation and quality standards there have been improvements in services of formal provision, but the price has risen. Less state care available.
Family size	More families but still small in average size. The number of large families went into decline due to economic factors and has only seen a small rise in recent years.
Part-time management positions	Slow improvement of possibilities but this is still a problem/challenge.

Core themes

Table A.3. **Core themes applied to the "Golden Age?"**

Core themes	Situation in 2030
Work-family balance	Overall more working i.e. more people in work, working longer hours. The improved economic and technological climate has lead to a polarisation of opportunities for work-family life balance: – The well-paid and well-off have opportunities to use new technologies. – Those on low incomes have difficulty achieving a work-life balance due to difficult job situations, e.g. work schedules overlapping the time the kids need to be cared for. – Employers will develop family-friendly policies to retain their best and most highly skilled staff. – Work-family balance is pressurised and unpredictable for low-income families. – People spend less time connecting.
Role of the elderly in the family	Less available to provide informal childcare but far more independent from the family themselves as a result of better health, healthcare and technology. More women working full-time means they will not have the time to look after their parents.
Low-income families	Fewer low-income families but those who are worse-off cannot afford technology to include themselves in society and the labour market. As a result there are greater socio-economic disparities, but less automatic inheritance of social exclusion. Low levels of state support in health and social care. People are working multiple jobs.
Social cohesion	Social cohesion, fragmentation and levels of crime are improving from a low base. Some tensions remain between rich and poor and investment in education is helping overcome barriers. Low overall unemployment but also low wages. Potentially there are enough resources to allow society to fight against social tensions. New technologies help enhance social networks and intergenerational solidarity.

Scenario B: "Back to Basics" – low economic stability and slow adoption of human-centric technologies

Scenario narrative

The combination of a lack of economic stability in the aftermath of the global economic crisis and the slow adoption of human-centric technologies has had a starkly negative impact on society.

The economy

Both unemployment and inflation are high. There is increased poverty and inequality in society, a position the rich exacerbate as they resist the implementation of socially inclusive measures. The rich are still relatively safely ensconced in well-paid traditional professions. Education and skill development have deteriorated generally over the past decade and there is a regression in technological development. Non-profit, low-cost technology has seen rapid growth. High-tech, high-cost technology, however, has suffered due to low adoption rates in the early stages.

Society

As a result of economic and social frictions, society is more fragmented and there is a low level of trust. Individuals are now responsible for more of their own primary needs as the state shortens its reach. Social values have quickly become traditional and people have become more conservative as the state struggles to cope with a host of problems. Consequently, family life has taken on renewed importance.

The public sector

The public sector has experienced massive budget cuts in an attempt to restore fiscal balance and cope with declining tax revenues. The state has retreated from many areas of service provision – especially in areas such as formal care. Public investments are low except in "high" years where money is invested in infrastructure and innovative technologies.

The labour market

Fewer women have entered the workforce by 2030 than might have been expected. The elderly are increasingly active in the informal, voluntary and charitable sectors. Declines in the education system and limited computer literacy hold back the potential for upward mobility. While highly skilled and professional workers are still in demand, competition is particularly fierce for low-skilled jobs, driving down wage rates.

The family

Poorer families suffer from lower life expectancy than the rich. The fertility rate is on the rise but there is a gap between the rich and the poor. Poorer families are often limiting themselves to one child due to the limitations of state benefits. Richer families, often with both parents in full-time employment, are having more children. Childcare has become generally more informal.

People are marrying later, but have usually cohabited for a long period. The proportion of single-parent families is static as is the divorce rate owing to the return of traditional values. What we have seen is the emergence of two broad types of family unit: those with high and low skills. Their positions are reflected in their differing access to opportunities, benefits and technology.

In both broad types there is stark gender segregation. A larger proportion of women are unemployed and the elderly are taking a greater role in social care, giving a boost to informal care networks. These informal networks prove important in bolstering those who are less well-off as the state retracts and tensions create social fragmentation. Opportunities for inward migration decrease as only the most skilled are allowed in under tougher migration laws.

Macro drivers

Table A.4. **Macro-level drivers applied to "Back to Basics"**

Driver clusters	Drivers	Situation in 2030
Economic	Economic outlook	Unstable, with a high deficit. Average growth is slow to modest. Structural unemployment remains high over the medium term.
	Pressure on public finances	Increased pressure on public finances.
	Level of Investment	Primarily in "traditional" sectors: food, health, energy, housing, infrastructure.
		Public investments are low except in "high" years when money is invested in infrastructure and innovative technologies.
	Income inequality	High within and between countries.
Demographic	General fertility rates	Fertility extremely low among the affluent but higher among poorer families.
	Life expectancy	Rising only slowly due to slow medical progress.
	Old-age dependency	May decrease but challenged by many early retirements.
	Migration	Reduced under this scenario, but share of population with ethnic or migrant background is growing.
Societal	Education levels	Relatively slow increase.
	Urbanisation	The poor will move to urban centres while the rich will move to the countryside.
		Cities (state and other authorities) will provide more rented "social" housing.
	Labour market participation rates of women/ the elderly	Women will form a smaller percentage of workers in the formal economy but increasing numbers in the informal sector.
		The elderly are increasingly active in the informal, voluntary and charitable sectors.
	Core societal values	Social cohesion is poor; criminality and violence may have increased.
		There is a low level of trust in society.
	Level of societal hope and optimism	Low.
Technology	Scale of investment and the pace of science and technology advancement	Investment is low in for-profit technologies.
		High in non-profit technologies and sectors where costs are low:
		– environmental;
		– industry for basic needs.
	Medical progress	Low but people are increasingly drawn to alternative health care.
	Expansion of broadband connections	Little expansion. They are used primarily by younger generations.
	Rates of computer literacy	
	Penetration of social media	Social media are not used much – a missed opportunity.

Family drivers

Table A.5. **Family drivers applied to "Back to Basics"**

Drivers	Situation in 2030
Family-friendly corporate employer policies	Two-speed society. High unemployment means low incentive for employers to create new benefits for all. Policies and benefits are targeted at attracting sought-after professional, managerial and technical classes.
Single-parent families	The number of single-parent families is stable if not lower and there is a return to traditional values.
Divorce and cohabitation	Lower divorce rate. More cohabitation with a view to later marriage out of financial necessity.
Childcare availability	Mostly informal and in different forms. Risk of polarisation with the better-off able to afford public or private formal care, while the less well-off are forced to rely on informal arrangements.
One-person households	The greatest percentage of single-person households is comprised of elderly people, although the percentage is now stable. Young adults are now living at home for longer.
Availability of informal care	Informal care for children, the elderly and the disabled has increased because of greater levels of unemployment for women.
Childlessness	Two-speed society. At risk are those in long-term unemployment who are more often childless. Those in stable employment are more likely to have children.
Reconstituted families	Fewer reconstituted families as a result of the declining incidence of divorce.
Telework and education opportunities	High unemployment means employers uninterested in looking into teleworking opportunities.
Division of labour within families	More affluent people enjoy dual careers, while there is a traditional division of labour in less well-off families. Unemployment does not change gender division.
Age at birth of first child	Stable or experiencing a slight rise.
Costs of children	Costs are lower in poorer families and unemployed households because of cheap informal care arrangements for young children, but stable in middle and upper-class families.
Availability of care for the elderly	Informal arrangements in poorer families as more unemployed women available.
Trends in marriage	Fewer and later marriages for the poor, rates unchanged in middle and upper-class families.
Autonomy-enhancing technology	Not popular.
Market *vs.* public childcare	Much more childcare is informal, provided by the family or supplied by the black market. The quality of public childcare is important below a certain level.
Family size	Stable on the whole but there are many one-child families and high-income families with a greater number of children.
Part-time management positions	Not likely to increase.

Core themes

Table A.6. **Core themes applied to "Back to Basics"**

Core themes	Situation in 2030
Work-family balance	Unemployment is up and with it the economic pressure on families. Better-off couples, with dual careers, are able to increase investment in the family. The less well-off workers and the unemployed are unable to do so, meaning investment has declined.
Role of the elderly in the family	Involved in informal care and voluntary work. Their role is governed by their age and health condition – and will also be affected by the retirement age. Will be split into two groups: – 65-80 – 80+
Low-income families	Could experience higher pregnancy rates and more children which could increase the rise of poverty.
Social cohesion	Reduced access to benefits, social and education services and opportunities.

Annex B
Wildcards

Table B.1. **Unexpected events that could change business-as-usual trends**

Themes Shocks	Work life balance	Poverty, low income families	Elderly group
Macroeconomy	(+) supercycle, long boom allow to work less (-) future global shock creates long-lasting depression	(+) supercycle, long boom (-) high inflation over long period	(-) high inflation over long period
Science technologies	(+) robotics, AI, etc. creates leisure society	(+) robotics remove linkage between work and revenues	(+) medical breakthroughs create longer life expectancy, but
Social factors		(-) social unrest if no safety net in place, revolution	(-) longevity risks for pensions (-) mandatory euthanasia, high rate of suicide because of massive social rejection of the elderly?

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The Future of Families to 2030

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