LABOUR MARKET TRANSITIONS OF HUSBANDS AND WIVES IN THE NETHERLANDS BETWEEN 1980 AND 1986*

A contribution to the debate on the new underclass

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Introduction

Mass unemployment resurfaced in several West-European countries during the 1980s, after decades with unemployment rates of 2 or 3 percent. The Netherlands, the country to be focussed upon in this paper, had a double digit unemployment rate according to government statistics. Social scientists during the 'eighties began to carry out research into the question of whether persistently high unemployment creates a new underclass.¹ This paper presents findings bearing on this issue.

If unemployment has that permanency for persons with a weak labour market position presupposed by the thesis of a new underclass, the probability of finding work should be greater for those with a higher level of education. In addition, the chances of losing a job should be higher for employed people with less education than for the more educated. Duration dependency should be present too: being unemployed for a longer time in itself prolongs unemployment.

The notion of an underclass also suggests that a high unemployment level strikes families in a special way. Having an unemployed spouse² should increase the probability of becoming unemployed for the employed other half of a married or common-law couple. It also should decrease the chances of finding a job for an unemployed partner. This paper will examine implications of the thesis that high unemployment during the 1980s made for a new underclass in the Netherlands. We shall consider the labour market histories of both partners in 2051 married and common-law couples between 1980 and 1986. We begin by detailing the questions addressed in this paper, and the hypotheses we seek to test.

The problem at hand

Every month Dutch newspapers publish the number of unemployed persons according to government statistics. More detailed data are compiled by
government agencies in order to implement specific policies against unemployment. It is common practice in the Netherlands to establish the relation between (un)employment and individual attributes. These cross-sectional data show that high unemployment during the 1980s particularly affected women, the less educated, and the youngest and oldest in the labour force. This paper focusses on Dutch unemployment in the 1980s, but its questions differ in two ways from the usual ones.

Firstly, we do not look at the relative frequency of being unemployed or employed, but at the relative frequency of becoming unemployed when a person has a job, and of finding a job when a person is unemployed. There are two arguments for questions on labour market transitions. Firstly, a high and stable gross unemployment rate can go together with a lot of individual mobility between employment and unemployment. If mobility is frequent, no underclass develops. While the relevance of mobility questions was recognised early on in discussions about high unemployment and the possible emergence of an underclass, these questions remained understudied. Cross-sectional data cannot settle the question of the extent to which consecutive sets of unemployed persons consist of the same individuals, and longitudinal data were in short supply.

Another argument for replacing questions on states by questions on transitions, is that longitudinal data yield insights cross-sections cannot provide. The process behind the finding that unemployment is less frequent among men seems obvious: women are more often dismissed, and men have less difficulty in finding a job, because employers practice (statistical) discrimination against women. Explaining the positive association between education and employment, as found in cross-sectional investigations, seems less easy. It is possible that more educated persons are as likely to be dismissed as those with lower qualifications, but that the chances of finding a job are positively related to education. The latter may be expected when discharges are due to trades and firms going out of business, and when employers prefer highly qualified personnel. However, a conflicting explanation seems equally plausible: education protects against becoming unemployed, but more education does not automatically produce a corresponding vacancy. The cross-sectional relation between age and unemployment can be accounted for in yet another way. Existing regulations about the sequence of dismissal protect older employees against becoming unemployed. However, given that an older person is unemployed, he or she may well have lower chances of finding another job than a younger person. Such hypotheses about underlying processes, which are relevant for the issue of an emerging underclass, can only be tested by a longitudinal research design.

The second way in which our questions diverge from previous ones is that they concern married or common-law couples instead of individuals. Mobil-
ity depends on age and education, but may also depend on spouse’s labour market state. Indeed, the growth of an underclass is inhibited to the extent that the spouse of an unemployed person is employed. We test hypotheses on *spouse effects* not only to complete earlier explanations of individual transitions, but also to expand on previous research about whether and why unemployment comes in couples.

There have been studies of labour market transitions in the Netherlands despite a lack of longitudinal data. A survey conducted by the Organisation for Strategic Labour Market Research (OSA) mapped careers of all adult members of a sample of households from 1980 until 1986, using a retrospective and panel design. Until now analysis of these data has concentrated on individual mobility (Theeuwes, Kerkhofs and Lindeboom, 1988). However, the fact that households were sampled allows for testing explanations including characteristics of a person’s spouse. We will examine whether, apart from a person’s education, age, and having children of a certain age, the education and labour market state of a person’s spouse influence a person’s labour market mobility.

Research on couples has been undertaken in the Netherlands, but with cross-sectional data. The Central Bureau of Statistics (CBS) collects labour force data for households, although it hardly ever uses this design to advantage. A bivariate analysis of a special tabulation crossing the labour market state of spouses from the 1985 CBS Labour Force Survey showed that a person is more likely to be unemployed when his or her spouse is also unemployed (Ultee, Dessens and Jansen, 1988).

This association established, explanations involving matched background characteristics were tested. Choice processes on the Dutch marriage market result in like teaming up with like in many respects. It is implausible that, for the couples surveyed, having a job was an important criterion of selection when they married. It is, however, known that there is a strong positive association between the education of husbands and wives (educational homogamy) in the Netherlands (Sixma and Ultee, 1984; Ultee, Dessens and Jansen, 1990). Since it is also known that education and employment are positively related, an association between the labour market state of spouses is to be expected simply as a *by-product* of these other relations. Loglinear analysis showed that the actual association between the labour market condition of husbands and wives is stronger than the one predicted with this by-product hypothesis (Ultee, Dessens and Jansen, 1988).

There seem to be other reasons for unemployment coming in couples. The issue is pertinent to the larger one of the emergence of an underclass, and it is taken up in this paper by testing for the presence of spouse effects. Does the labour market state of a person’s spouse influence that person’s labour market mobility? And are the chances of an unemployed wife finding a job
more dependent upon the labour market condition of her husband, than those of an unemployed husband on the labour market state of his wife?

Hypotheses

Six sets of hypotheses explaining a person's labour market mobility by individual attributes, characteristics of a person's spouse, and contextual properties, will be used to guide our explorations.

A first set uses factors adduced in cross-sectional research as predictors in models for labour market transitions. Prime variables here are respondent's age and education, and the age of respondent's children. To these variables explaining transitions, we add a variable for the time a person has been in a labour market state. The stronger this duration dependence, the faster an underclass is emerging.

A second set of hypotheses brings in spouse characteristics. It posits that spouses have a common financial goal, and that this leads to compensating activities. When one spouse becomes unemployed, total household income decreases, making the probability that the other person will get a job higher, if he or she is unemployed, and increasing the chances of the other holding onto a job, if he or she is employed. If other conditions remain unchanged, this hypothesis follows from the new home economics (Becker, 1981). Sexton (1988) hunted for substitution, an instance of a spouse effect, but did not find it. According to data from the EC Labour Force Sample Survey, the longer a man is unemployed the lower the probability that his wife will have a job. Substitution curbs the development of an underclass.

A third set of hypotheses assumes that spouses have their own goals and that these are independent, and predicts a positive association between the labour market state of spouses as an effect of shared restrictions. An instance of shared restrictions is the tight or slack state of labour markets. An analysis of cross-sectional couples data for the USA included the unemployment rate for the 50 States making up the Union (Ultee, Dessens and Jansen, 1988). We are as yet unable to add local unemployment rates to our analysis for the Netherlands. However, given that we have monthly data on labour market mobility for the period 1980–1986, quarterly national unemployment rates have been included in the analysis. Hypotheses about the restrictions spouses share run counter to the thesis of an emerging underclass.

A fourth set does not invoke shared restrictions, but identical resources. It predicts a positive relation between the labour market state of spouses, as the by-product of individual resources that were matched in the marriage market and the dependence of labour market position on individual resources. Unemployment comes in couples to the extent that educational homogamy prevails and education lowers unemployment. If this by-product explanation
holds, high unemployment does not add to the formation of an underclass.

A fifth set postulates social rather than individual resources, and more precisely, spouse effects resulting from the pooling of resources. According to neo-classical economists, education primarily represents qualifications affecting productivity in the work setting. The by-product explanation rests on this assumption. In contrast, some sociologists hold that education also represents capacities which can be deployed in other settings. Persons benefit from a spouse who is highly qualified for the labour market, because that partner brings in more information on available jobs, is helpful in writing convincing applications, or gives better advice on how to prevent dismissal. When spouses support one another in this way, education is not only human capital (Becker, 1964), but also social capital (Bourdieu, 1973; Granovetter, 1974). A similar argument leads to the prediction that the very employment of the spouse is a social resource. Just being employed brings with it information not available to others. For brevity's sake we call the positive effect of spouse's education on a person's labour market mobility a cross effect; and that of spouse's labour market state for a person's mobility a carry over effect. Both these spouse-effects indicate the presence of an underclass.

This set of hypotheses yields more predictions by assuming that men with a job in the Netherlands during the 1980s commanded more resources for helping others to find and keep work than employed women. In that case, the effect of a woman's employment on her unemployed husband's chances of finding work is less than the influence of a man's employment on his unemployed wife's chances of finding work.

There is circumstantial evidence in favour of this fifth set of hypotheses. It is well established that people find jobs by way of friends and family in the Netherlands (Corpeleyn, 1977), and that a person's occupational prestige varies according to the prestige of the friend that helped (Flap and De Graaf, 1986). In Dutch couples with two earners, the hourly wage of one spouse is higher when the other has more education (Dirven, Lammers and Ultee, 1990).

A sixth set of hypotheses maintains that each spouse has her or his own goal, but raises (or lowers) it when the other is (un)successful in the labour market. If preferences depend in this way on the labour market position of a person's spouse, it is predicted that an unemployed wife is more likely to find a job when her husband has a job, and that a working husband is less likely to keep it when his wife does not have one. Interdependence of preferences (Kapteyn, 1985) is difficult to distinguish from carry over effects. However, interdependent preferences foster the emergence of an underclass.

Although we presented these six sets of hypotheses in a sequence, all sets
may, to some extent, be true. The second one seems more applicable at times of very low unemployment; and the sixth, which strongly contradicts the second, at times of persistently high unemployment.

Data

The Dutch data used in this paper were collected in 1985 and 1986 by the Organisation for Strategic Labour Market Research. Every adult in the households sampled was interviewed if (s)he was not at school, not in military service, and not older than 60 years. The career of a respondent was mapped starting from January 1980. Individuals were re-interviewed in 1986. To offset panel attrition, new households were added.

We used data on all male/female couples living together whether they were officially married or not, when the available information satisfied the following additional conditions:

1. Both spouses were older than 20 years and younger than 55. This selection criterion was applied for every single month in the period under investigation. It was thus possible that a couple only began to satisfy this condition in course of time, and could also disappear from the sample after a certain period. We chose not to analyse histories of the very young (who are mainly school dropouts) and the very old (early retirement deserves separate attention).

2. Information on the education of both husband and wife was available. This we coded in five categories. The lowest level contains respondents with at most primary education. The second concerns those with diplomas in lower vocational or general secondary education. The third category represents those with qualifications in middle vocational or higher secondary education. The fourth one stands for persons with higher vocational training, and the fifth for respondents who completed university.

3. We had information about the presence and age of children. The analysis distinguished spouses without children younger than 13 years, from those whose youngest child was between 3 and 12 years, and those with children up to three years old.

These rules resulted in 2051 couples. All labour market transitions between January 1980 and January 1986 were mapped for the 4102 persons involved. Transitions between three states were recorded: employed, unemployed, and not in the labour force (meaning mostly ‘housewife’). The exact month was known for each transition. The history of all 72 months in the period is available for 1548 couples. We have information for 60 months for the 503 couples interviewed in 1985 only.

Although the OSA data-set is the best one available for the Netherlands, it
does not contain all the information investigators might wish for. The investigation did not include a question about the date when respondents who were married or living together in 1985 (or 1986) began this arrangement. We assumed that couples had been living together for the full period, but this will be incorrect in certain cases.

Furthermore, we knew the number of children in the household and their year of birth, but not their month of birth. We wanted to use the age of the youngest child as a predictor for women's labour market transitions, and it was therefore disappointing that family transitions were measured less precisely than labour market mobility. We arbitrarily assumed the birth month to be January, and in this way the birth of a child always preceded labour market transitions in that year. Since the appropriate questions were not put to the persons re-interviewed in 1986, we do not know about births between 1985 and 1986. Quite unrealistically, we assumed that no children were born.

The data also fell short of our purposes due to the absence of questions about when the labour market condition of January 1980 began, in the 1985 questionnaire. The duration of a labour market state (the length of a spell) is a prime predictor of change in event analysis – the technique to be applied later on in this paper. The OSA recognised this omission, and the appropriate question was added in 1986. However, the 1,006 persons (503 couples) who were interviewed in 1985 only, were largely lost for models including duration as a predictor.

The models for mobility also include the gross unemployment rate in the Netherlands at a certain date. Figure 1 displays the course of this rate between January 1980 and January 1986 (OECD 1988). The trend is clear: a strong and steady increase in unemployment between 1980 and 1984, and a slow decrease between 1984 and 1986.

Techniques of analysis

We performed a loglinear replication to test whether the positive association between the labour market state of spouses found in a CBS data-set, is also present in the OSA data-set featured in this paper.

The follow-up analysis of the determinants of labour market transitions employs event history techniques (Blossfeld, Hamerle and Mayer 1989). They predict the probability (or hazard rate) that an event will occur, and estimate effects of predictor variables in regression-like models. The events in our case are mobility from employment to unemployment, from unemployment to employment, etc. Our predictor variables are attributes of the respondent, characteristics of spouse and children, and contextual properties.

Several of our predictor variables are time dependent covariates: the
values for duration, age, age of children, and spouse's labour market state can change over time. This time dependency is handled by choosing a discrete time model from the 'family' of event history techniques (Allison, 1984: 14). Blossfeld et al. (1989) refer to basic idea of discrete time models as episode splitting. This procedure divides the total period into each and every possible separate time unit. In our case, we used the month as the minimum time interval. We computed the exact value of predictor variables for every month. This resulted in 72 months for persons surveyed in 1986, and 60 for those studied in 1985 only. The latter records were not fully used in the event analysis, as already mentioned, since some are by design left-censored (that is, duration is unknown).

The advantage of episode splitting is that time dependent covariates can be included; its disadvantage is that the number of cases increases dramatically. Instead of the initial 2,051 couples, we now have about 120,000 'month couples', after eliminating episodes with missing information. Computing time increases as a consequence, and possibilities for estimating models which include interaction affects and control for specification error, become
limited. We used SAS-software to estimate our discrete-time models and included controls for right-censoring (that is, uncompleted spells).

**Replication: By-products and spouse effects**

Cross-sectional data show, as mentioned earlier, that there was a positive association between the labour market state of husbands and wives in the Netherlands during the 1980s, which cannot be attributed to matched individual attributes (educational homogamy). In this paper we shall consider other explanations. Before proceeding, however, we shall first check for the presence of this result in the OSA data-set.

The existence of a bivariate association between the labour market states of husbands and wives must first be determined. Next we test whether this association is a by-product of educational homogamy and individual relationships between education and labour market state. Thirdly, we determine specific spouse effects.

Table 1 compares the labour market state of the husband with that of the wife. This table was obtained by making the appropriate crossing for every month between 1980 and 1986 and adding together all sub-tables. It is obvious that the chances of a person being unemployed when his or her spouse is unemployed, are great.

The association in Table 1 can be quantified by an odds ratio. This statistic for a 2*2 table is the product of the frequencies in the upper left and lower right cells, divided by the product of the frequencies in the upper right and lower left cells. When this ratio is unity, association is absent. When it is lower than one, the association is negative; when above one, the relation is positive. Singling out only the employed and unemployed, an odds ratio of 2.2 is obtained. That is, when one spouse is unemployed, the odds that the other will also be unemployed, are 2.2 times greater than when the first spouse is employed.

An odds ratio of 1.6 is found after collapsing the categories for the unemployed and those outside the labour market and

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### Table 1: Labour market situations of wives and husbands between 1980 and 1986, cumulatively over all months, n=119835 (2051 couples; both spouses between 20 and 55 years old)

<table>
<thead>
<tr>
<th>situation</th>
<th>employed</th>
<th>unemployed</th>
<th>not in labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td>husband</td>
<td>44982 (40.8%)</td>
<td>1887 (16.7%)</td>
<td>1528 (31.9%)</td>
</tr>
<tr>
<td>wife</td>
<td>4162 (3.8%)</td>
<td>379 (3.3%)</td>
<td>87 (0.8%)</td>
</tr>
<tr>
<td></td>
<td>61029 (55.4%)</td>
<td>2665 (23.8%)</td>
<td>3176 (66.3%)</td>
</tr>
</tbody>
</table>

Data source: OSA 1985/1986
contrasting these persons with the employed. These results constitute a positive replication of the findings in a CBS data-set. We collapsed the unemployed and those outside the labour force, pace Flinn and Hackman’s (1983) partially negative answer to the question of whether unemployment and outside the labour force are distinctive states.

We used loglinear models (Fienberg 1977) to test hypotheses on by-products and spouse-effects. We analyse the data for employed and unemployed persons only, in Panel A of Table 2. Model 1 is the independence model: no association between the labour market state of spouses, no association between their education, and no link between education and labour market position. There is no fit whatsoever between this model and the data. Model 2 is obtained by adding terms for educational homogamy and individual associations between education and labour market condition. It embodies the by-product explanation, and there is a better fit. Model 3 adds the effect of husband’s education on wife’s labour market state and that of wife’s education on husband’s labour market condition. It provides an even better fit. Finally, Model 4 includes a term for the direct relationship between the labour market state of spouses. Model 4 best accords with the data, but still does not provide a statistically satisfactory fit. This does not bother us: statistical significance is not a good yardstick for the fit of our models given our artificially large sample. A percentage reduced deviance of 88 for Model A.4 is quite a satisfactory result.

Panel B of Table 2 contains similar loglinear models for data contrasting the employed with all others. A carry over effect remains here too, after controlling for by-products and cross effects. Model B.4 has a percentage reduced deviance of 92.

Table 3 displays selected parameters of the preferred Models A.4 and B.4.

<table>
<thead>
<tr>
<th>Model</th>
<th>Likelihood</th>
<th>ndf</th>
<th>% Deviance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A.1)</td>
<td>9932</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
<td>(A.2)</td>
<td>10743</td>
<td>65</td>
<td>17.0</td>
</tr>
<tr>
<td>(A.3)</td>
<td>1327</td>
<td>57</td>
<td>15.4</td>
</tr>
<tr>
<td>(A.4)</td>
<td>1176</td>
<td>56</td>
<td>11.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>Likelihood</th>
<th>ndf</th>
<th>% Deviance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(B.1)</td>
<td>30197</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
<td>(B.2)</td>
<td>3550</td>
<td>65</td>
<td>12.1</td>
</tr>
<tr>
<td>(B.3)</td>
<td>2316</td>
<td>57</td>
<td>7.7</td>
</tr>
<tr>
<td>(B.4)</td>
<td>2501</td>
<td>56</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Data source: OSA 1985/1986
EDUCW = educational attainment wife in four categories
EDUCH = educational attainment husband in four categories
SITW = labour market situation wife
SITH = labour market situation husband
of Table 2. According to the parameters for Model A.4, persons with an unemployed spouse, have a $e^{0.786} = 2.2$ times (120%) higher odds of being unemployed than persons whose spouse is employed. This factor corresponds to the odds ratio found for Table 1, indicating that by-products and cross effects of education do not account for the association in Table 1. The parameters also show that a person’s education is negatively related to his or her probability of being employed. Although this relation is not entirely monotonous for men, we will use education as a metric variable in later analyses. Table 3 does not contain parameters for the effects of the spouse’s education on a person’s labour market state, for reasons of space. Several parameters are significant, but there is no clear pattern.

The parameter for the carry-over effect between husband’s and wife’s labour market state of model B.4, is smaller than that of model A.4. When one spouse is employed, the odds that the other is too, are only $e^{0.089} = 1.09$ times (9%) greater than when one spouse is unemployed. The odds ratio for Table 1 was 1.6, that is, odds were 60% higher. Explanations invoking by-products and spouse effects fare much better in panel B than in panel A.

This preliminary analysis indicates that the labour market positions of spouses are positively related and that this association cannot be attributed to educational homogamy and cross effects. We shall elaborate this finding in what follows. We include more predictor variables in the analysis, which cannot easily be done with log-linear analysis. We also look into the problem of who influences whom. Why is there, after all these controls, a direct association between the labour market states of spouses? It is tempting to regard this statistical association as a causal connection, but does the labour market state of wives affect the condition of their husband, or is it the other way around? We shall attempt to answer these questions in the following sections, where event analysis is used to estimate the effects of predictor variables on labour market transitions of both wives and husbands.
Labour market transitions: Husbands

The prime question to be tackled in this section is whether husbands' transitions between employment and unemployment depend on the labour market state of their wife, and if so, in what way. Other possible transitions, such as those between employment and 'not in the labour force' are neglected. We did not have enough husbands making this transition in either direction since the sampling procedure excluded students and conscripts, and since we had decided to select men between 20 and 55 years. Apart from wife's labour market state, we include the predictor variables mentioned in earlier sections. Since the young and the old may be disadvantaged on the labour market, we include both a linear and a quadratic age effect. Table 4 gives resulting models.

We begin with the transition from employment to unemployment. The OSA dataset contains 147 of these transitions out of a total of 84,557 couple months in which the husband was employed at the beginning of a month. Regression equation I includes only the wife’s labour market state as a predictor. It is clear that the chances of a man losing his job are higher when his wife is unemployed than when she is employed.

Equation II includes all predictor variables. The chances of becoming unemployed for a man whose wife is unemployed remain higher than for a man whose wife is employed when other factors are controlled. There are spouse effects, but they are carry over, not substitution effects.

It also is clear from equation II that a man's education makes for lower chances of becoming unemployed, whereas his wife's education does not affect this probability. The age effect is not linear; judging from the

<table>
<thead>
<tr>
<th>Transitions between employment and unemployment</th>
<th>employment -→ unemployment</th>
<th>unemployed -→ employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>number of transitions</td>
<td>147</td>
<td>147</td>
</tr>
<tr>
<td>at risk</td>
<td>84,557</td>
<td>84,557</td>
</tr>
<tr>
<td>wife employed</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>wife unemployed</td>
<td>0.8513* (6.8) 0.9839* (3.5)</td>
<td>-0.0326 (-1.1) -0.1289 (-0.4)</td>
</tr>
<tr>
<td>wife not in labour force</td>
<td>-0.3206 (-1.8) -0.0994 (-0.5)</td>
<td>-0.7227 (-3.9) -0.5700 (-1.7)</td>
</tr>
<tr>
<td>educational attainment</td>
<td>-0.2911* (-3.3)</td>
<td>0.0253 (0.3)</td>
</tr>
<tr>
<td>educational attainment of wife</td>
<td>-0.0198 (-0.2)</td>
<td>0.0489 (0.5)</td>
</tr>
<tr>
<td>age</td>
<td>-0.1866* (-2.3)</td>
<td>0.1547 (1.6)</td>
</tr>
<tr>
<td>age squared</td>
<td>0.0025 (2.3)</td>
<td>-0.0025 (-1.9)</td>
</tr>
<tr>
<td>no child younger than 13 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>youngest child 3 years or younger</td>
<td>-0.1221 (-0.5)</td>
<td>-0.5295 (-1.8)</td>
</tr>
<tr>
<td>youngest child between 4 and 12 years</td>
<td>0.0056 (1.3)</td>
<td>-0.0227 (-0.5)</td>
</tr>
<tr>
<td>national unemployment rate (period effect)</td>
<td>0.0667* (3.2)</td>
<td>0.0293 (1.2)</td>
</tr>
<tr>
<td>duration</td>
<td>-0.0037* (-5.2)</td>
<td>-0.0225* (-3.9)</td>
</tr>
<tr>
<td>intercept</td>
<td>-6.2503</td>
<td>-2.0593</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-3.1942</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-5.6268</td>
</tr>
</tbody>
</table>

Data source: OSA 1985/1986
coefficients for the linear and quadratic term for age, the chances of becoming unemployed increase for young and old husbands, while those between 35 and 40 years have the lowest probability of job loss. Age of children has no effect at all on the chances of becoming unemployed for husbands. When the gross unemployment rate is higher, the probability of job loss is also higher. This effect is not completely trivial: the brunt of higher unemployment may be borne by women or by male newcomers to the labour market. Finally, the duration effect is unmistakable. The longer a husband has been employed, the smaller are his chances of becoming unemployed.

Effects of predictor variables on the transition from unemployment to employment for husbands are given in equations III and IV of Table 4. There were 133 events on a total of 4,523 couple months where the man was unemployed at the beginning of a month. In equation III we observe again an effect of the wife’s labour market state. When a man’s wife is employed, he has higher chances of finding work than when she is outside the labour force. This effect disappears after adding controls according to equation IV, indicating that the bivariate relationship is a by-product. There is no hint of a substitution effect.

Other predictor variables do not, according to equation IV, have much effect. There is, however, a clear duration effect: the longer a husband is unemployed, the smaller his chances of getting a job. Remarkably enough, education does not directly affect this probability. Education lowers the chances of job loss for husbands, but it does not contribute directly to better chances of finding work. In addition, although the chances of becoming unemployed rise for husbands during periods of high unemployment, their chances of remaining unemployed do not drop in times of low unemployment. Finally, although being middle-aged makes for keeping a job, it does not help in finding one.

Labour market transitions: Wives

Four types of transitions between labour market states occur, among the OSA data-set wives, in frequencies sufficient for event analysis: mobility from employment to unemployment, and from unemployment to employment; and transitions from employment to not in the labour force, and from not in the labour force to employment. The models for the first two changes are given in panel A of Table 5.

First we look at the transition from employment to unemployment. We have 59 such events out of a total of 35,750 at risk. Equations I and II in Table 5 make it clear at once that women’s chances of losing their job are also conditioned by their partner’s labour market state. The probability that a
woman will lose her job is higher when her husband is unemployed. Comparison of the respective coefficients in Tables 4 and 5 suggests that the size of this effect may be somewhat larger for wives than for husbands.

Equation II shows that the presence of young children adds to job loss. Higher gross unemployment makes for job loss among women, and so does a shorter time in the present job. A woman's age, her education, and that of her spouse, do not produce an effect.
Equations III and IV in Table 5.A pertain to the transition from unemployment to employment for wives. There are 76 such events out of a total of 4,106. This transition probability depends on the labour market state of a woman’s husband: she will find a job more readily when her husband is employed than when he is unemployed. No effect of a wife's education, nor of that of her spouse, is found. The age effect is significant and not linear: the probability that a wife finds employment decreases until the age of 40, and then increases again.

Table 5.B gives the results for two other transitions: firstly, that from employment to out of the labour force. There are 197 such cases out of a total of 35,750. Equations I and II of Table 5.B show that the husband’s labour market condition does not affect this transition. There are, indeed, hardly any significant effects. Wives with a child under the age of 12 make this transition relatively often, which is quite plausible. The positive duration effect is remarkable: the longer a wife has been working, the higher her chances of moving out of the labour force.

Equations III and IV in Table 5.B model the transition from out of the labour force to employment. We found 125 of such transitions, out of a total of 58,760 at risk, in the OSA data-set. It appears that this transition, like the previous one, is not affected by the labour market position of a woman's husband. A woman's own education does have a direct effect here: women with a higher level of education have greater chances of finding a job than those with less education. Women who have been out of the labour force for a shorter time have better chances of finding employment. The effect of children’s age is curious, and so is that of gross unemployment. Women with young children who are out of the labour force are more likely to become employed than those in an equivalent situation without young children. The higher the gross unemployment rate, the higher the probability that wives who are out of the labour force find employment.

In general, we find the same results for wives as for husbands. It was found for the transition from employment to unemployment, that when someone’s spouse is employed that person’s chances of becoming unemployed are smaller than when the partner is unemployed. There was some indication that this carry over effect is stronger for the transition rate of wives than for husbands. We found no carry over effect for transitions between employment and not in the labour force for women.

Conclusion

The analysis shows the importance of large data-sets for answering research questions about transitions from one labour market position to another. Although the OSA data-set mapping these transitions is the largest for the
Netherlands, and although the period surveyed was one of steadily increasing and later decreasing unemployment, we found only a few hundred transitions. This observation underlines the tentative nature of our conclusions.

The OSA data-set yielded a replication of the result that the labour market states of husbands and wives were related in the Netherlands during the 1980s. When one spouse is unemployed, the chances are relatively high that the other is too. We argued that this finding is not very informative about the processes at work. Individual labour market histories were used to answer questions about these processes.

An analysis of the labour market histories for both partners of married or common-law couples in the Netherlands from 1980 until 1986, showed that a person's mobility from one labour market state to another depends on the partner's labour market position. There was some indication that the effect of the labour market state of a woman's husband on her transition rate was greater than that of a man's wife on his mobility chances.

However, the exact way in which one spouse's labour market position affects the other's labour market transition, remained unclear. We adduced social capital explanations: having an employed spouse brings in information about the labour market. Spouse's education, however, did not affect labour market mobility. When hourly income is taken as dependent variable, such effects have been found (Dirven, Lammers and Ultee, 1990).

Did high unemployment in the Netherlands during the 1980s contribute to the emergence of an underclass? Given the results of our event analysis, the answer is a slightly qualified 'yes'.

Firstly, the expected duration effects were found for all but one of the labour market transitions studied. The longer a person has been in a certain labour market state, the smaller are this person's chances of leaving it. Secondly, we found no substitution effects, but several carry over effects. When a person's spouse is unemployed, the chances of an employed person becoming unemployed, are larger than for an employed person whose spouse is employed. Thirdly, the effects of other predictors on transitions showed a remarkable pattern. Factors like high education, middle age, and a low gross unemployment rate, making it more likely that employed men keep their job, do not directly help them to find a job. One result spoke strongly against the emergence of an underclass: the education of a person's spouse did not directly influence that person's mobility chances. This finding was obtained for all transitions studied.

NOTES

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I. See Dahrendorf, 1988: 141–165 for a general statement of the thesis that an underclass emerged in Western Europe during the 1980s. An application of this thesis to West Germany is Bonss and Heinze 1984; to the Netherlands, Ultee 1986; and to Britain, Payne 1987, and Field 1989.

2. For the purposes of this paper, 'spouse' refers to married or unmarried partners residing together in households.

3. To save space, we use 'husband' and 'wife' for the partners in married as well as unmarried couples forming a household.

REFERENCES


