

Paper presented at the WELLCHI Network Conference 2

**Well-being of children and labour markets in Europe
Different kinds of risks resulting from various structures and changes in the labour
markets**

*Centre for Globalisation and Governance, University of Hamburg
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Child Poverty in Wealthy Nations

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**Child Poverty in Wealthy Nations
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**2nd WELLCHI Conference
“Well-being of Children and
Labour Markets in Europe”**

**Centre for Globalisation and Governance
University of Hamburg
Hamburg, 31 March-1 April 2006
Venue: Bucerius Law School**

Main parts of paper

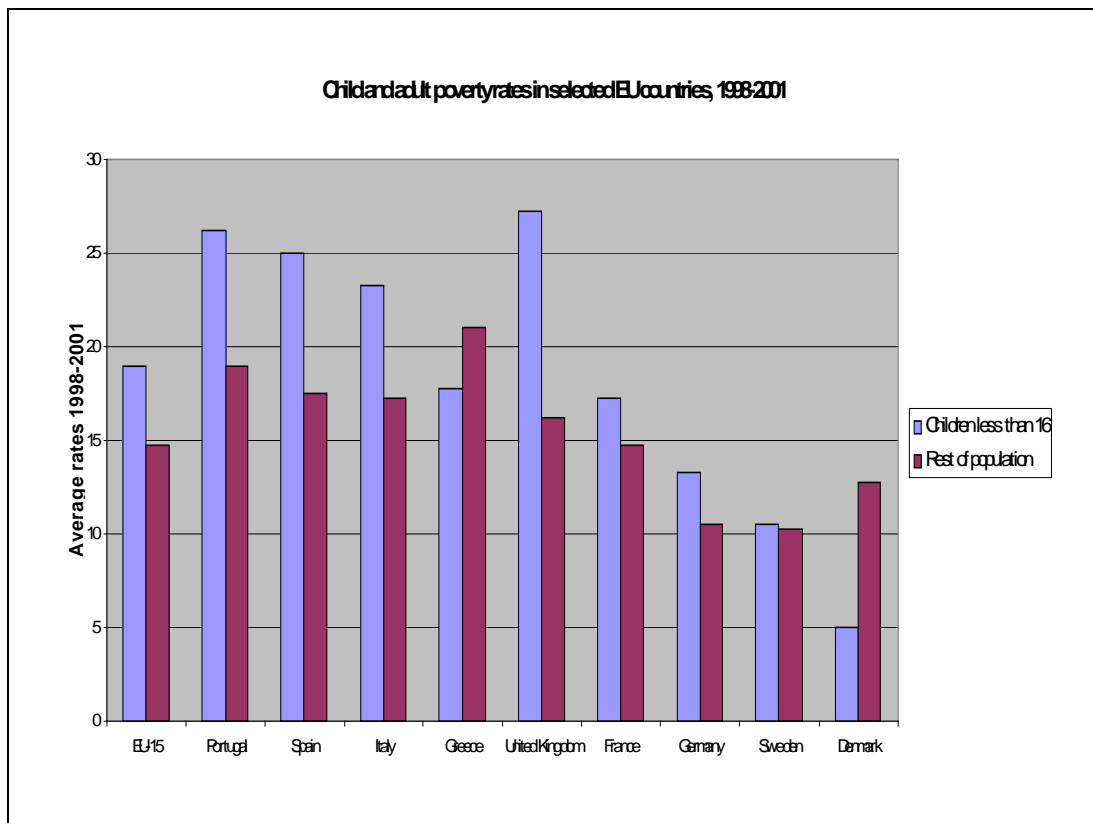
1) Overview of the main patterns and evolution of child poverty in the European Union and discussion of some explanatory factors.

2) The trend towards the spread of dual-earner households as the norm, in connection with other processes of family transformation, carries a diversification and accumulation of social risks for children.

Patterns of child poverty across Europe

- In the last decades child poverty rates have risen in most advanced economies.
- Both conjunctural and persistent child at-risk-of-poverty rates show ample variations in the EU member states.

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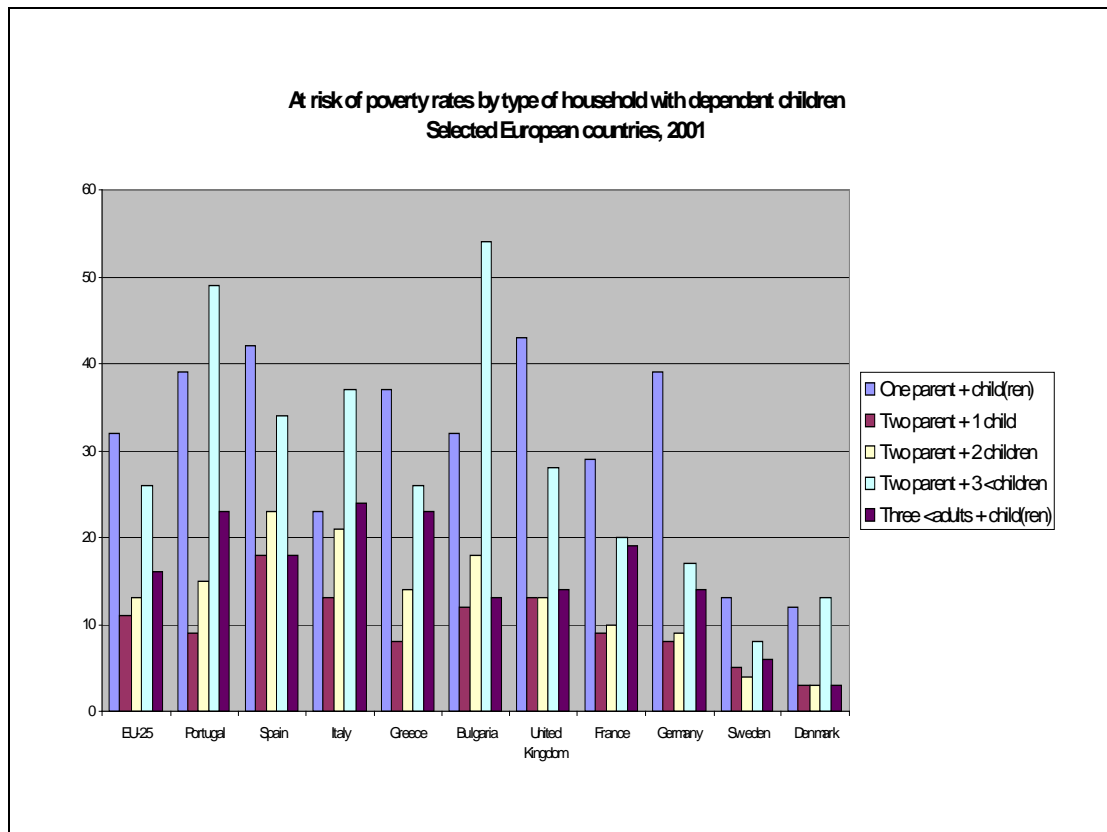


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Child vs adult at-risk-of-poverty rates

- Both adult and child at risk of poverty rates are above the EU-15 average in the UK, Portugal, Spain and Italy. At the other extreme, the lowest rates are found in Denmark and Sweden.
- With the exception of Greece and Denmark, in all countries child poverty rates are much higher than adult rates (in Sweden both are similar).
- The highest ratios from child to adult rates are found in the UK, Spain, Portugal, and Italy.

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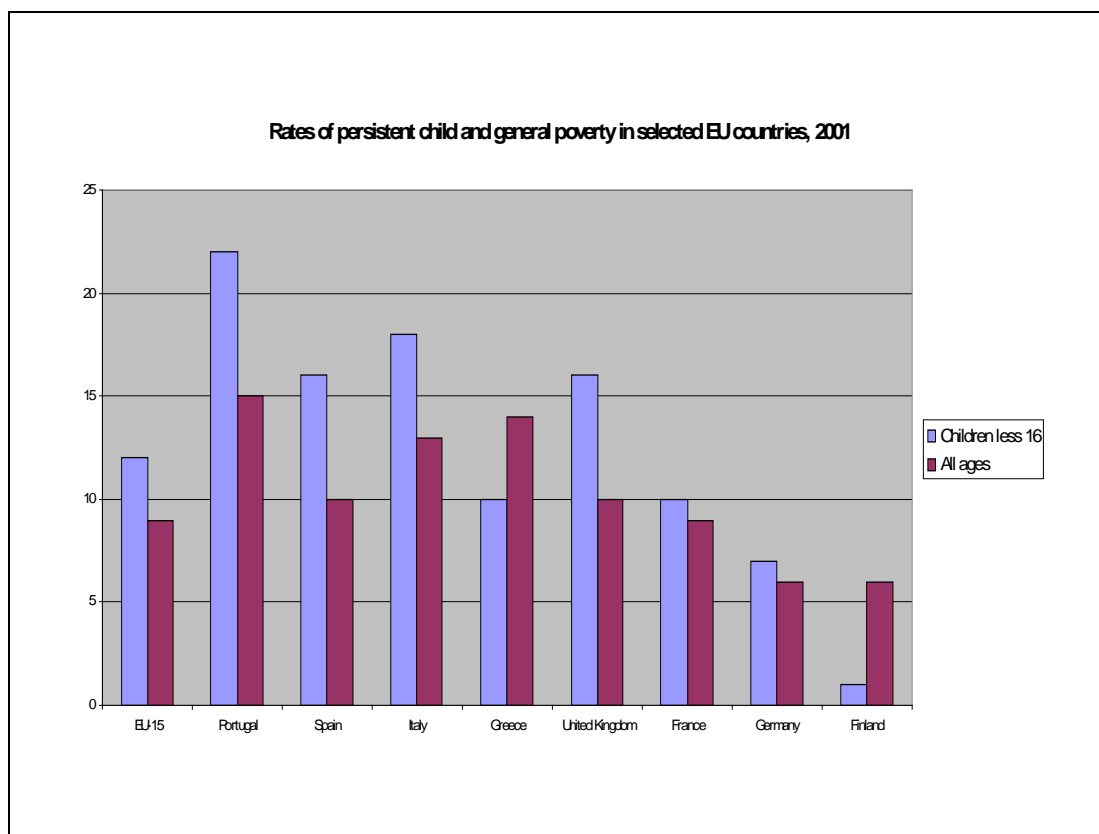


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At risk of poverty rates by type of household with dependent children

- In most European countries poverty rates are much higher for one-parent families than for the rest of households with dependent children.
- However, in Portugal, Italy, Bulgaria and to a lesser extent Denmark large families (two parents plus three or more children) have the highest rates.
- In most countries the third type with highest at risk of poverty rates is the household consisting of three or more adults plus child(ren) [complex households].

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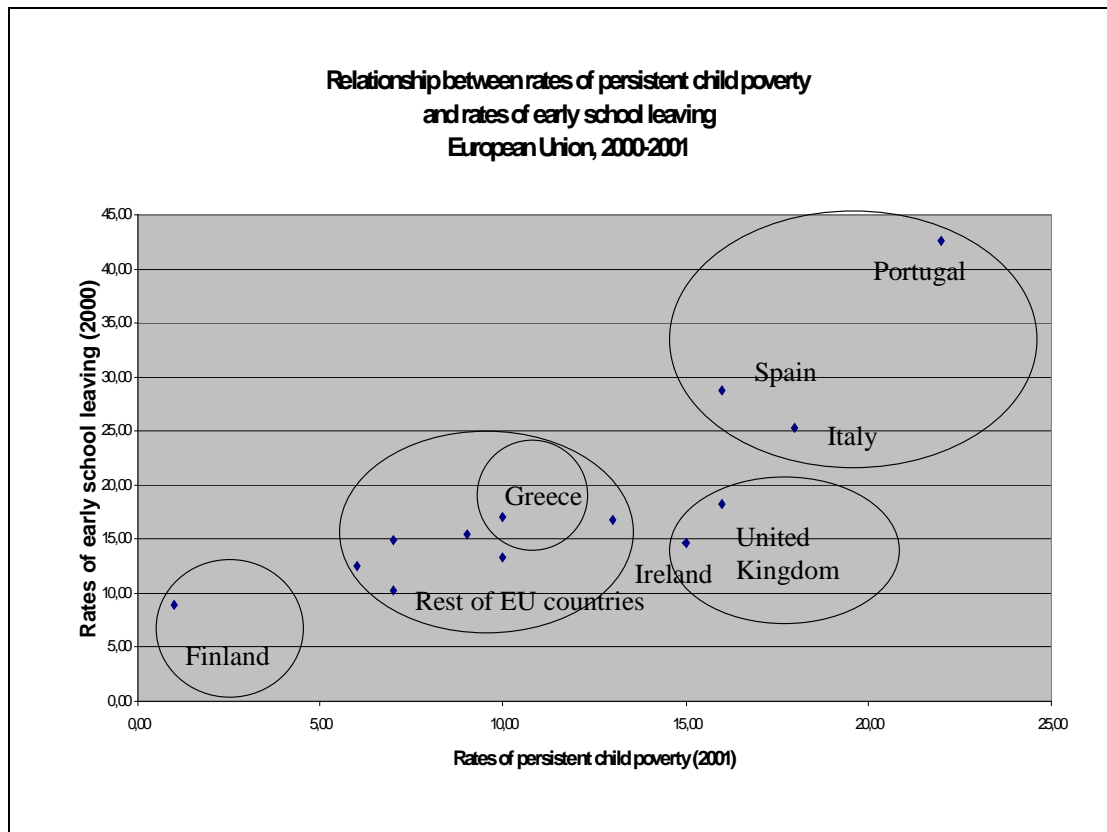


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Conjunctural vs structural poverty patterns

- Persistent poor are individuals who were found below the poverty line not only in the reference year but also in 2 out of 3 previous years.
- Patterns of persistent poverty are similar as conjunctural ones, but the highest child poverty rates are found in Portugal, Italy, Spain and the UK.
- The highest ratios from child to general poverty rates are found in the UK, Spain, Portugal and Italy. Inversely, in Finland the poverty rate for all ages is six times higher than the child rate.

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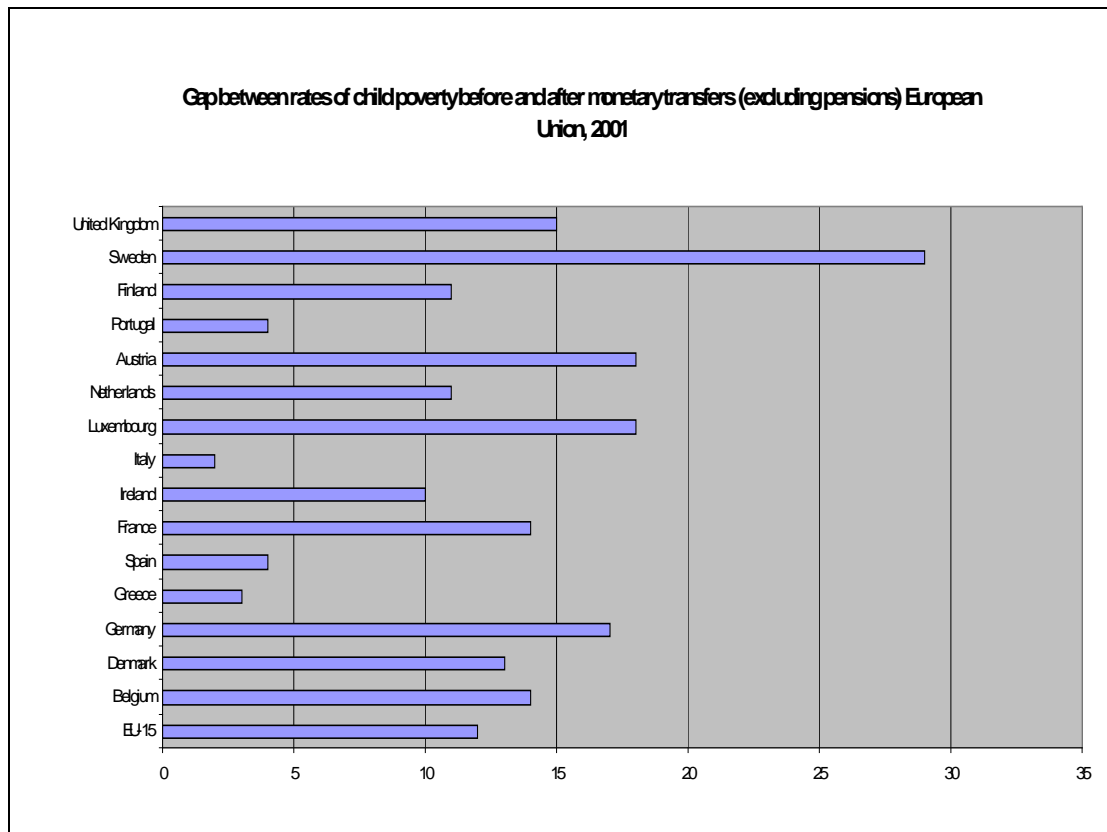


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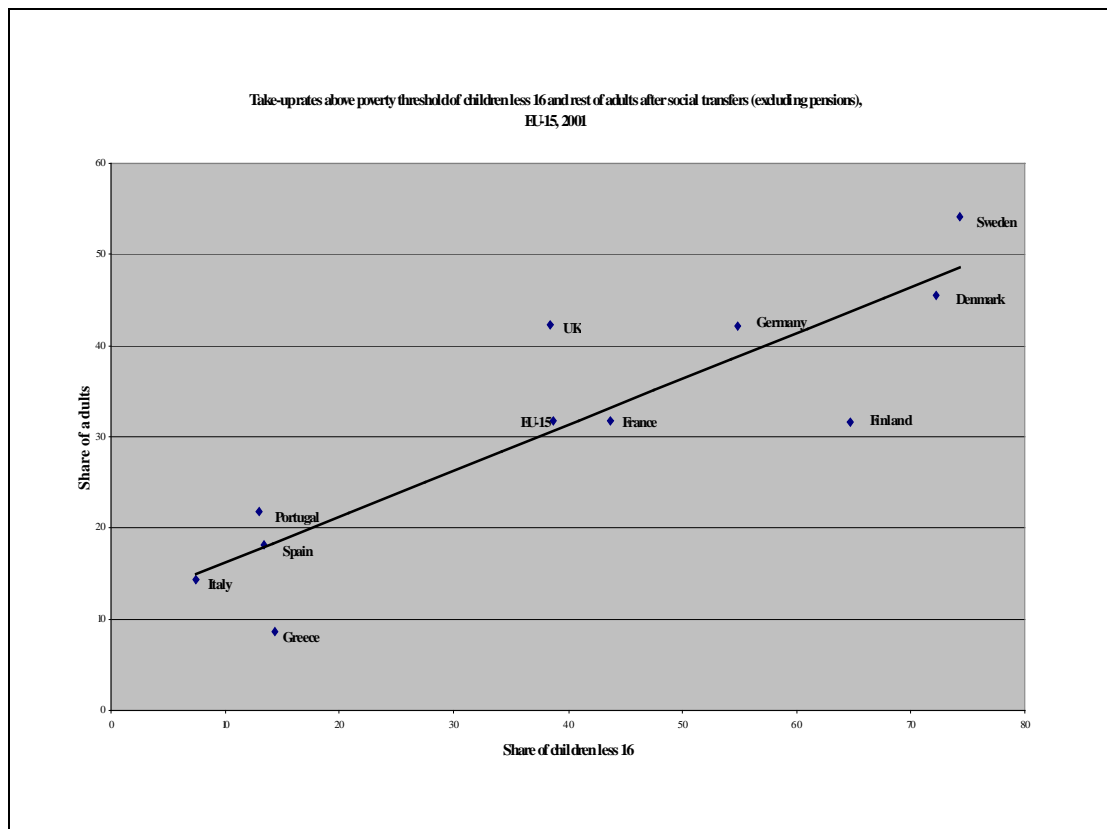
**Relationship between structural poverty
and low school achievement**

- There appears to be a positive correlation between the incidence of persistent at-risk-of-poverty for children and rates of early school leaving.
- With the exception of Greece, Southern European countries are both laggards in structural poverty and low school achievement.
- Finland is not only a leader in school performance but also in eradicating persistent child poverty.

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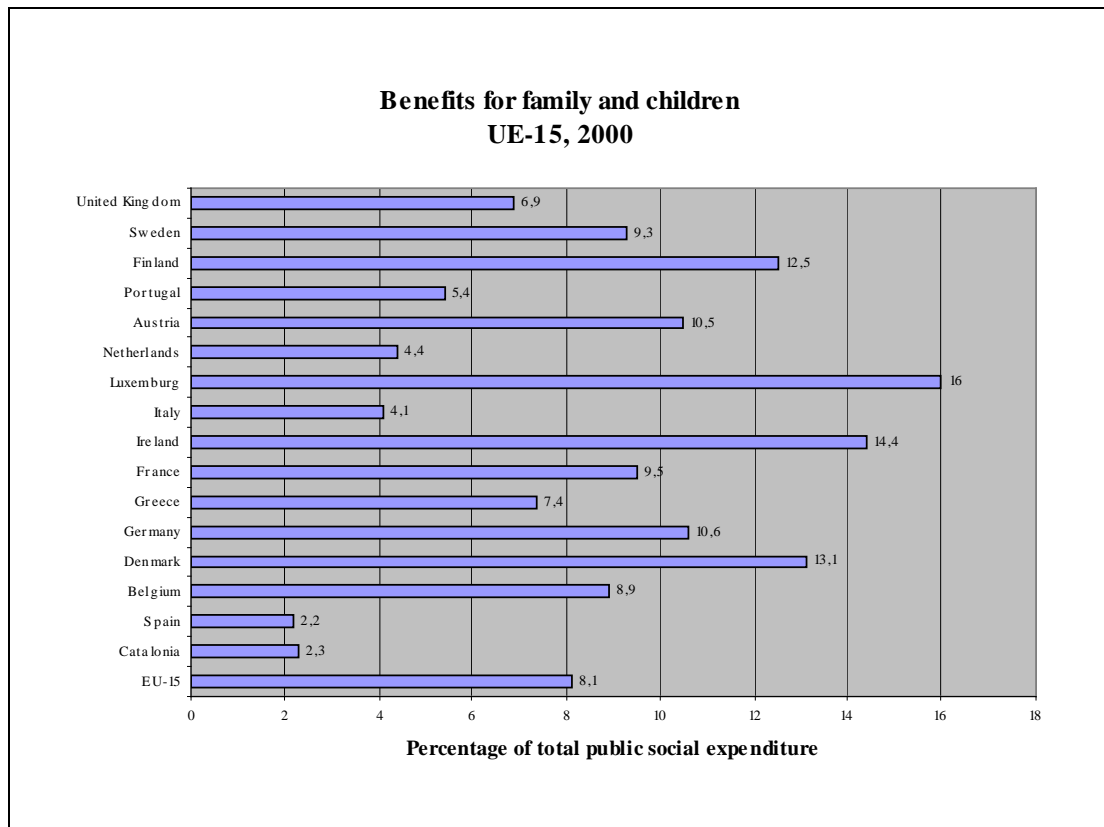


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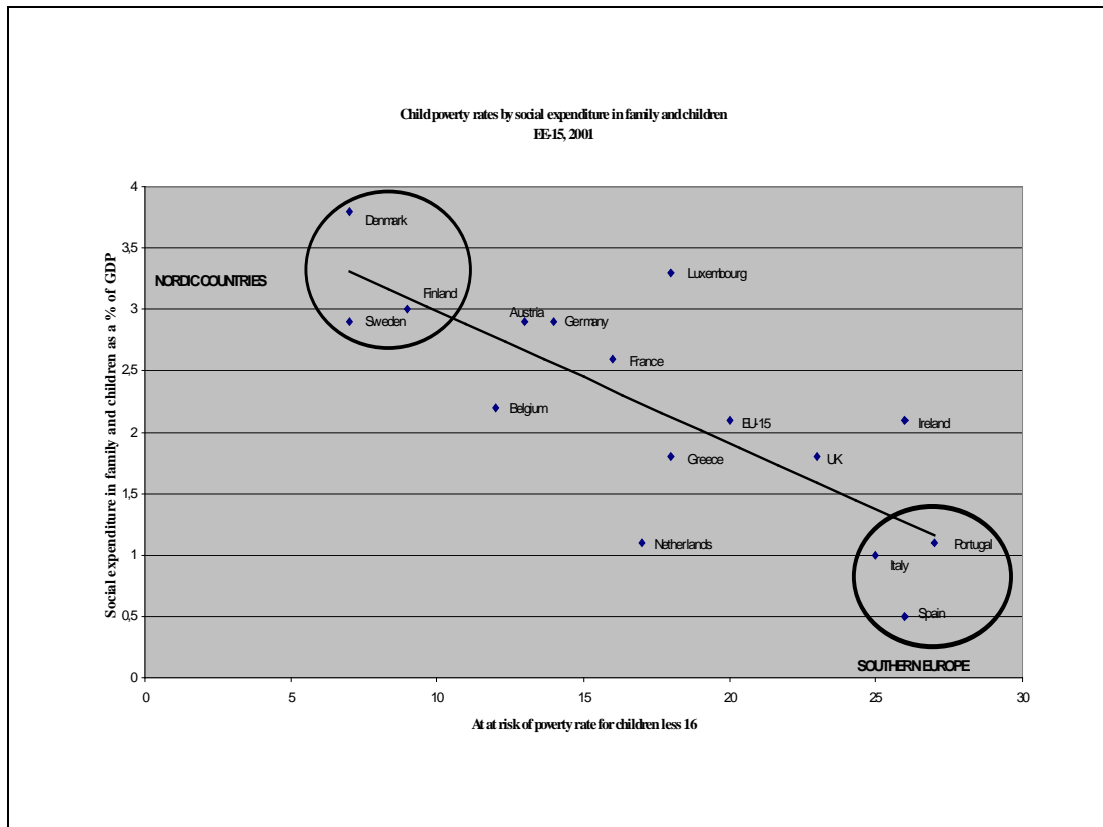
Share of children and adults who without cash social transfers would have been at risk of poverty

- Differences across Europe in gaps between child poverty rates before and after social transfers are enormous (from 29 percentage points in Sweden to only 2 in Italy).
- While Nordic welfare states are very effective in combatting poverty, social policies in the Mediterranean countries do very little to alleviate it.
- The previous graph also shows that, unlike the rest of European countries, Southern European ones are more keen to curb adult rather than child poverty.



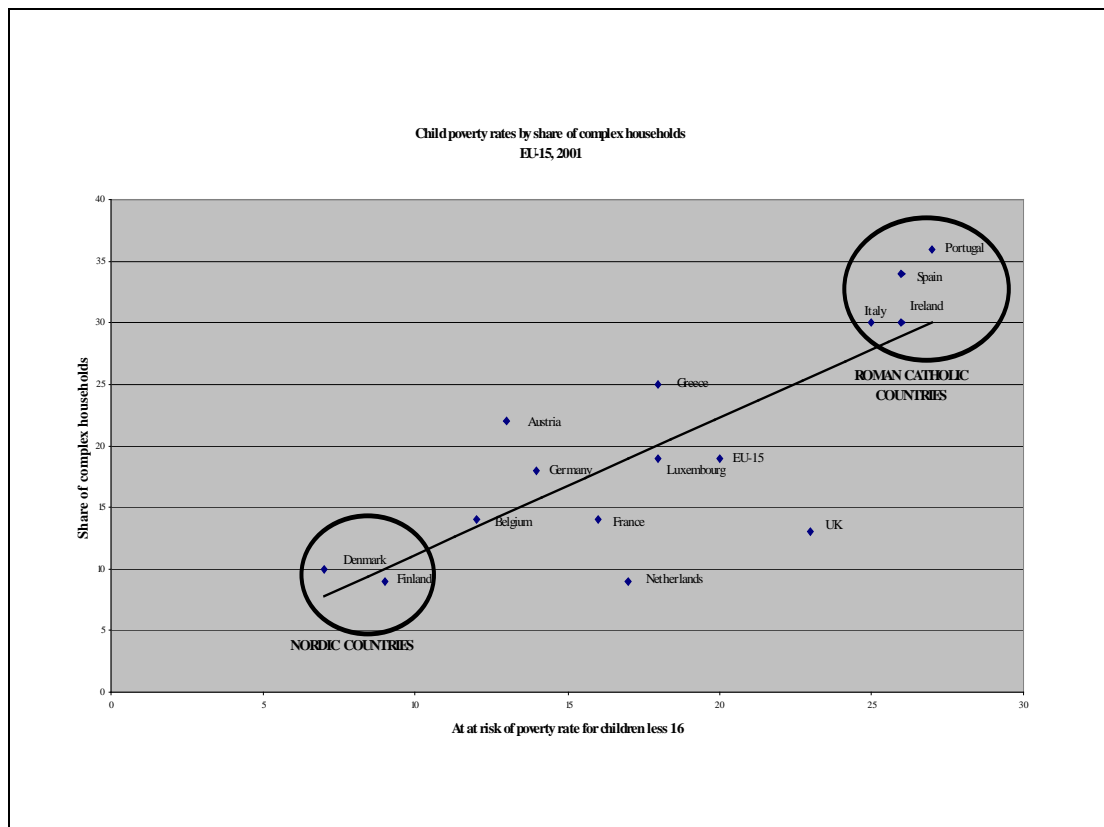
Benefits for family and children

- There are large disparities concerning the share of social expenditure devoted to family and children. It ranges from 2.2% of total social expenditure in Spain to 16% in Luxembourg.
- Apart from Luxembourg, Ireland, Finland, Denmark, Germany and Austria are big spenders; the lowest expenditure is found in Spain, Italy, Netherlands and Portugal.



Child poverty rates by social expenditure in family and children

The previous graph shows that there is a definite inverse relationship between social expenditure in family and children, on the one hand, and child poverty rates, on the other ($R = -0.77$). At one extreme, in the Nordic countries there appears to be an association between high social expenditure in family and children and low poverty rates; at the other extreme, in Southern Europe with the notable exception of Greece the opposite happens. The rest of European continental nations are situated in-between with the liberal countries (Ireland and UK) being located not far from Southern Europe.



Child poverty rates by share of complex households

Previous graph shows a positive relationship between household complexity and levels of child poverty ($R=0.79$). Although it can be suggested that in Roman Catholic countries household complexity is a strategy to cope with situations of poverty (more potential adult breadwinners and more scale economies), it does not seem to be very much effective. However, if this pattern did not exist in these countries, levels of child poverty would probably be much higher. At any rate, the prevalence of high shares of complex households in a particular society can hold back much needed reforms in the systems of child support.

Theoretical underpinnings

- Individualisation and child poverty.
- From old to new child poverty.
- Different sources of income for lone parents.
- Attempt at explanation
- Social risks and equal opportunity.
- Factors of preservation.
- Conclusion.

Individualisation

Concept

Process by which individuals tend to become viable units of social reproduction, since marriage is less an act of economic necessity and more a question of personal choice.

Two main dimensions

- ➡ Economic and residential autonomy owing to income from employment for most adult people.
- ➡ Citizenship social rights and individual dealings with public administrations.

Causes of child poverty growth

Accumulation of (old) class and (new) family structure risks ➡


Increasing female labour market participation ➡

Transition from male breadwinner family model to double income family regime ➡

- Growth of marital instability
- Growth of fertility outside marriage

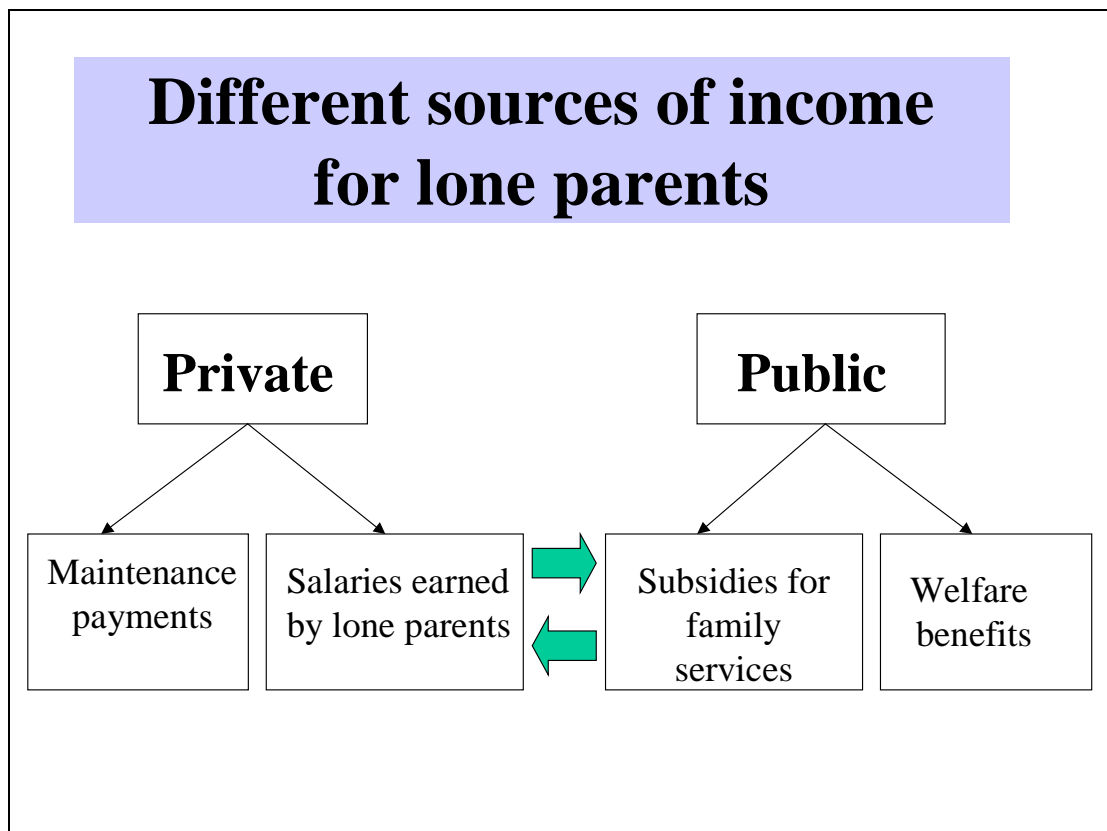
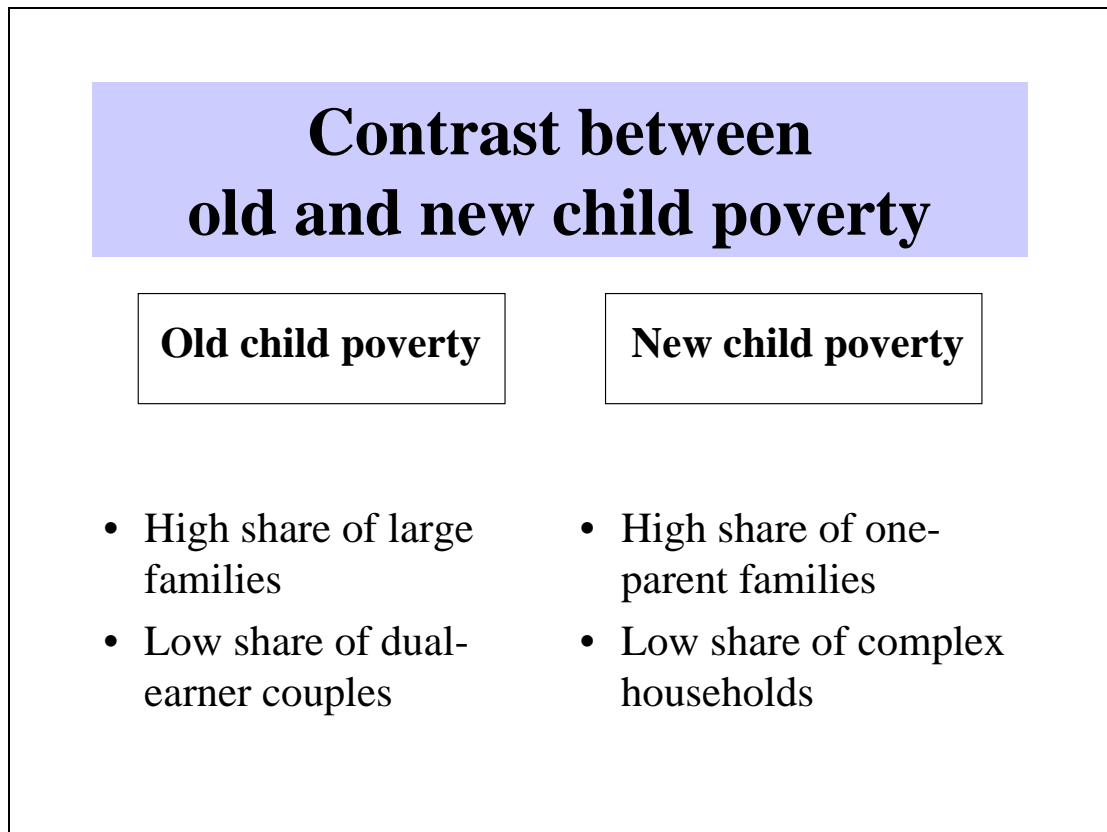
➡ Increase of single parenthood

Processes of social polarisation affecting children's well-being

- Growth of single parenthood.
- Low rates of economic activity of women with lesser educational attainment because cost of family services is too high with respect to their potential salaries
- Men tend to prefer women with high income potential  Increasing educational homogamy. Accumulation of advantages (and disadvantages) in married or cohabiting couples

Some effects of these processes

- When average standard of living takes for granted double income, households with a single breadwinner are facing higher poverty risks.
- Adverse effects are added up: (1) lone parents are in serious trouble to pay for family services they badly need; (2) for similar reasons, mothers with low educational attainment are deterred from seeking employment; (3) it is likely that their partners get also low qualification jobs.



Attempt at explanation

- Causes for the rise of child poverty are complex and multifarious, but they obviously have to do with intense processes of family change in recent years.
- Lack of institutional fit between the transformation of family organisation and outdated current structures of most welfare states in terms of their provision of social transfers and services.
- Most of social risks affecting children's well-being and life chances are generated because certain welfare systems are poorly articulated and ill-adapted to the new conditions created by family transformation, in particular when there is a deficit in their capacity for de-commodification and de-familialisation.

Social risks and equal opportunity

- Children's well-being and life chances are influenced by increasing risks affecting their parents' social conditions as a result of more or less intense deficits in the access to or preservation of different kinds of capital, including material, cultural, social, personal or emotional capital.
- If, in the wake of individualisation process, a loss of traditional social capital, embodied in networks of community solidarity, is not compensated for by a corresponding increase of the level of welfare benefits and services, a number of citizens will be affected by risk situations.

Factors of preservation against poverty for lone parents in Southern Europe

- Selective middle-class vs. cross-class divorce
- Complex vs. 'single' lone-parent households (Pooling of monetary and caring resources by sharing the household with other kin vs. individualisation of lone-parenthood)
- Evolution of these factors not well-known

Conclusion (1)

- Relevance of the welfare regime approach in the understanding of processes underlying data.
- Low efficiency of welfare states in Southern Europe to deal with child poverty-related problems.
- Nordic countries are the leaders in the fight against child-poverty.
- Continental West European nations lie between these two extremes.
- As far as child poverty concerned, liberal countries such as Ireland and the UK come closer to Southern Europe.

Conclusion (2)

- If family diversity as a desirable value is not mere rhetoric, social policy must address the problems of unequal opportunity faced by children living in different kinds of households
- The growth of family diversity calls for the implementation of serious reforms in the institutional architecture of welfare states.