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Causes underlying the growth of child poverty and strategies to combat it :

A comparative perspective

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Summary

- Patterns of child poverty in Europe
- Factors underlying the growth of child poverty
 - 1- Economic transitions and processes.
 - 2- Changes in marriage markets as a result of educational expansion.
 - 3- The slow adaptation of social policy to the rise of new family forms.
- Strategies to combat child poverty
- Conclusion

Patterns of child poverty in Europe

- Considerable variation in European countries
- The overall picture of poverty has changed in the last twenty years
- Child poverty rates in all countries are far higher than corresponding adult rates

Selected European countries, 2003 Child and adult at-risk-of-poverty rates and child-adult ratio

	Child	Adult	Ratio		Child	Adult	Ratio
EU-25	19	14	1,36	Luxembourg	12	10	1,20
EU-15	19	15	1,27	Hungary	17	11	1,55
New Member States	20	13	1,54	Netherlands	18	11	1,64
Belgium	16	15	1,07	Austria	16	13	1,23
Czech Republic	15	7	2,14	Poland	23	15	1,53
Denmark	9	12	0,75	Portugal	23	21	1,10
Germany	20	14	1,43	Slovenia	9	10	0,90
Estonia	20	18	1,11	Slovakia	30	19	1,58
Greece	23	21	1,10	Finland	10	12	0,83
Spain	19	19	1,00	Sweden	11	11	1,00
France	15	11	1,36	United Kingdom	22	17	1,29
Ireland	22	21	1,05	Bulgaria	18	14	1,29
Italy	26	18	1,44	Croatia	16	19	0,84
Cyprus	11	16	0,69	Romania	22	16	1,38
Latvia	19	16	1,19	Turkey	34	22	1,55
Lithuania	17	14	1,21	Norway	8	12	0,67

Source: Own elaboration with Eurostat data. Data for Italy, Portugal and Sweden correspond to 2004

Child poverty in the developed world

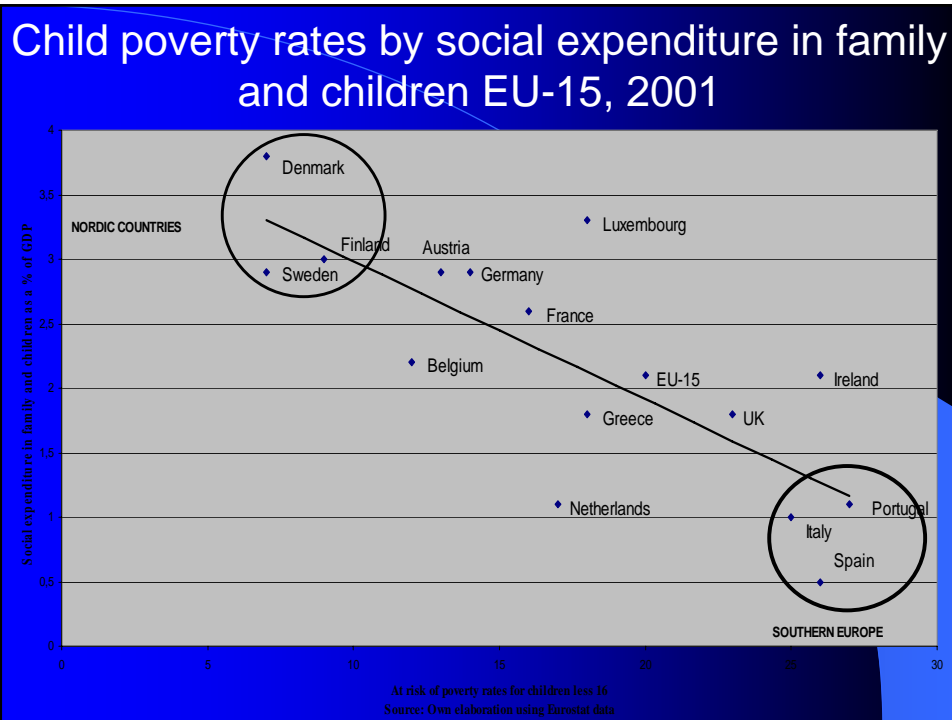
- The proportion of children living in poverty in the developed world has risen in 17 of the 24 OECD nations for which data are available
- In most European countries, poverty rates are far higher for one-parent families than for other households with dependent children
- The degree of development of a given welfare state is a good predictor of the state of childhood
- Member states that spend more on family policies are those in which child poverty is less prominent.

Share of children 17 years and under living in households with equivalised disposable income less than 50% of median income

(percentages and difference in percentage points), Selected, EU countries, mid-1980s-2000

	2000	Mid-1980s	Gap 2000-Mid-1980s
	%	%	Percentage points
Austria	13,3	5,5	7,8
Denmark	2,4	4,0	-1,7
Finland	3,4	2,8	0,6
France	7,3	6,6	0,6
Germany	12,8	5,9	6,8
Greece	12,4	12,7	-0,3
Hungary	13,1	0,0	13,1
Ireland	15,7	13,3	2,4
Italy	15,7	11,5	4,2
Luxembourg	7,8	6,8	1,0
Netherlands	9,0	3,3	5,7
Norway	3,6	3,9	-0,3
Sweden	3,6	2,5	1,1
United Kingdom	16,2	9,7	6,5

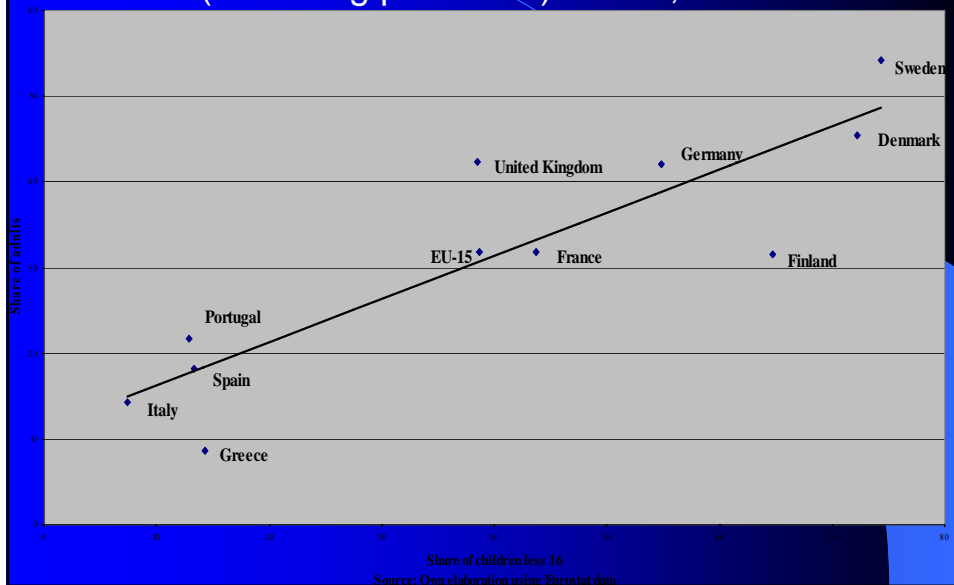
Source: OECD data. *Society at a Glance 2005*



Child poverty rates by social expenditure in family and children

- Percentage of social expenditure in relation to GDP is a good indicator of the extent to which child poverty is detected, combated and restrained
- The graph shows that there is a definite inverse relationship between social expenditure in family and children

Percentage of children under 16 and adults who are taken above the poverty threshold after social transfers (excluding pensions.) EU-15, 2001



Children under 16 and adults who are taken above the poverty threshold after social transfers

- Calculation of the gap between child poverty rates before and after social transfers is a convenient method to gauge the extent to which welfare states are able to deal adequately with the issue of child poverty
- The graph shows that differences across Europe in gaps between child poverty rates before and after social transfers are enormous

Factors underlying the growth of child poverty

- The causes for the rise of child poverty in recent decades are of a complex nature and depend on various economic, social, political and family-based developments
- The various factors and processes underlying the growth of child poverty can be classified under three separate headings:
 - Economic transitions and processes
 - Changes in marriage markets as a result of educational expansion
 - The slow adaptation of social policy to the rise of new family forms

Economic transitions and processes

- The rise of child poverty must be understood as a result of changes in the economy that have led to the polarisation between rich and poor. In recent years, the gap in earnings between skilled and unskilled workers has widened and this has brought about greater inequality in the distribution of income
- This has happened because the demand for skilled labour has risen over time relative to the demand for unskilled labour, and this shift in demand has led to a corresponding change in earnings. Two main reasons have been proposed for this change: the alteration of relative demand for skilled and unskilled labour may be due to changes in international trade or to changes in technology (Mankiw, 2004).

Changes in marriage markets as a result of educational expansion

- In order to explain the growing inequality of income in modern societies, a second line of research explores the impact of educational expansion on the processes of family formation
- Blossfeld and his associates suggest that social inequality is on the rise because, increasingly, both better and worse educated single men and women pool their economic and cultural advantages and disadvantages within couples

- Education is a crucial variable for the structuring of marriage markets as it is one of the major determinants of professional success, and it also tends to signal the cultural resources influencing individual preference for certain mates
- Today's higher levels of homogamy in marriage patterns are leading to an increasing social polarisation
- The intensification of marital selection as the norm is not only widening the gap between high and low wage couples but also between work-rich and work-poor households

Slow adaptation of social policy to the rise of new family forms

- Child poverty rates are increasing in advanced modern societies because there is a lack of institutional fit between the transformation of family organisation and the outdated current structures of most welfare states in terms of their provision of social transfers and services
- One of the reasons underlying most of the growth in child poverty is the failure of welfare reform as a response to challenges raised by intense family change

- Two main processes of family transformation stand out
 - The process of transition from the male breadwinner/female homemaker model to the dual-earner family model
 - An increase of partnership dissolution resulting in the growth of single-parent households
- In certain countries, the growing number of lone parents is often associated with the spread of non-marital childbearing rather than with increasing divorce rates
- Two main transitions appear to be affecting children's well-being: the post-industrial transition to a service economy and the decline of the male-breadwinner family model

Strategies to combat child poverty

- While the costs of childhood deprivation can be very high, the costs of eliminating the problem can be quite modest
- Several strategies that have been discussed are :
Long-term investment in human capital; the remarriage of single mothers; residential strategies conducive to the formation of complex households; child support from absent fathers; activation policies to incentivise lone parents' participation in the labour market and social transfers

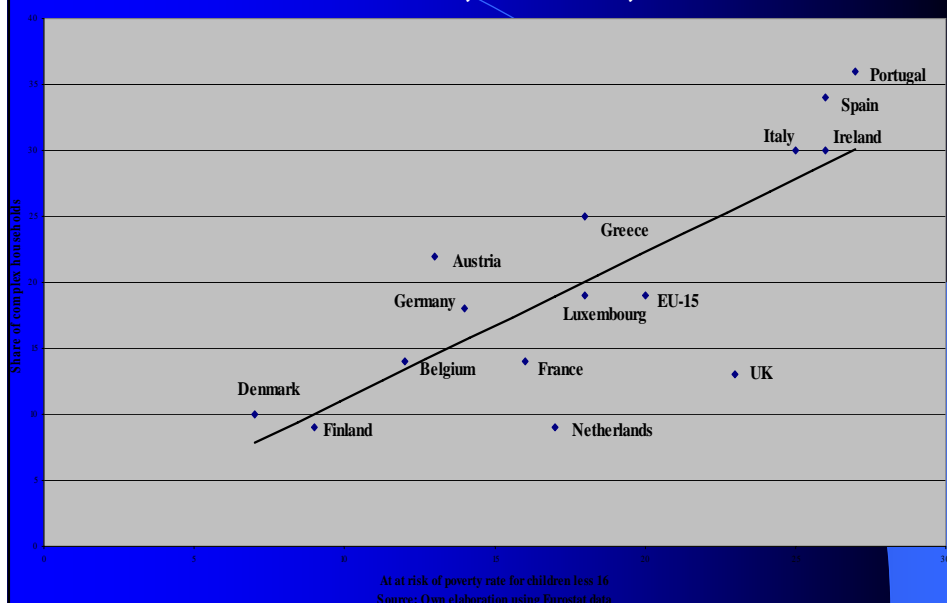
Preventive strategies

- These strategies can either be private or public, they can be followed by specific individuals in order to improve their own well-being or can be used by governments and administrations with the aim of enhancing the welfare of a number of citizens
- The most preventive strategy is long-term investment in children- placing a particular emphasis on education and on the development of human capital as a way of reducing social inheritance and the transmission of inequalities across generations
- There is a clear relationship between structural poverty and low school achievement

Private strategies

- Remarriage and cohabitation have been considered as routes out of poverty
- In some countries such as Spain and Italy divorce affects the population selectively in such a way that the middle classes are more prone than are the working classes.
- In Italy, Spain and the USA lone parents tend to form of complex households. If this pattern did not exist in these countries, levels of child poverty would probably be far higher. At any rate, the prevalence of the high shares of complex households in a particular society may restrain much-needed reforms in the child-support systems.

Child poverty rates by share of complex households, EU-15, 2001



Public strategies

- There is no single road to lower child poverty rates.
- Comparative evidence suggests that the welfare state is quite successful in diminishing child poverty rates. Social transfers in general and child benefits in particular are key elements in the reduction of child poverty
- A source of welfare for children is income from non-resident parents. Maintenance agreements are increasingly supervised by public authorities and standardised.
- Women's paid work emerges as a key ingredient in any strategy for fighting against poverty in families with children. However, the employment of mothers with young children may be negative if these women are stressed and fatigued by their jobs and devote less time and attention to their children
- Although work strategies may be very effective, they are only conditionally so for lone mothers