

# Social Inclusion and Child Poverty

---

**Jonathan Bradshaw**

*Social Policy Research Unit, University of York, United Kingdom*

## Introduction

Until the Lisbon Summit in 2000 the child and the family were relatively absent from the European Union. The social inclusion strategy and the Open Method of Coordination allowed children to come in. Now tackling child poverty is high on the European Union's political agenda. It was a priority in the March 2006 European Council, a focus of many of the National Reports on Social Protection and Social Inclusion 2006-2008, the main work of the EU experts on the National Action Plans in 2007, and the subject of a report by the European Commission in 2008 (EC, 2008), which reflected much work by the Indicators Sub-Committee of the Social Protection Committee. The Commission has recently commissioned a new study on child poverty and child well-being (based at TARKI in Hungary).

In this brief note I shall review what we know about child poverty and social inclusion in Europe. Then I shall review what we know about the relationship between child poverty and child well-being. Finally, I shall describe how we seek to evaluate policy in Europe.

## What we know about child poverty in Europe

The EU Statistics on Income and Living Conditions (SILC) is a very good resource for comparative analysis of child poverty. It is the source for the two Laeken indicators on child poverty: the relative child poverty rate – the proportion of children living in households with income less than the 60% of the national equivalent median before housing costs; and the proportion of children living in workless families. It enables us to analyse child poverty rates and child poverty gaps; the characteristics of children in poverty by: household structure (single or multi-unit), family type, employment of parents, age of the youngest child, number of children.

At the moment we only have SILC data for most countries in the EU for 2005 and 2006. The European Household Panel Survey which preceded it is not comparable. But the OECD published a report in 2008 (OECD, 2008) which showed that child poverty increased between the mid 1990s and the mid 2000s in most countries – the only exceptions were Australia, Belgium, Hungary, Italy, Mexico, UK and USA. SILC will provide a picture of change in child poverty over time and, because it is a quasi cohort study with a four-year panel element, we will be able to use it to explore the persistence of poverty comparatively.

In most European countries the child poverty rate is higher than the overall poverty rate (the only exceptions

in 2006 were Denmark, Germany, Cyprus and Finland). In a number of countries, including the Czech Republic, Italy, Latvia, Luxembourg, Hungary, Netherlands, Poland, Slovakia and Sweden, the child poverty rate is higher than the pensioner poverty rate.

So even before the recession, child poverty in most European countries was getting worse and, if we consider generational equity is a test of the UN Charter on the Right of a Child not to live in poverty, then there are many countries in Europe that need to look to their laurels.

Some of us have been critical of the reliance on income poverty measures in the EU – the use of the modified OECD equivalence scale which has no basis in science (which even the OECD no longer uses), and particularly the relative poverty threshold, which is not only arbitrary, but also represents very different levels of living in different countries. For example the 60% of median poverty threshold in 2006 was 1 738 € per year in Romania and 27 397 € per year in Luxembourg. Using these thresholds we are hardly comparing like with like. However, both the OECD and EU have begun to recognise these problems. New (and overdue) research is just about to be commissioned by the EU which may result in the development of a more absolute indicator of child poverty, possibly based on a common basket of goods and services or minimum income standards.

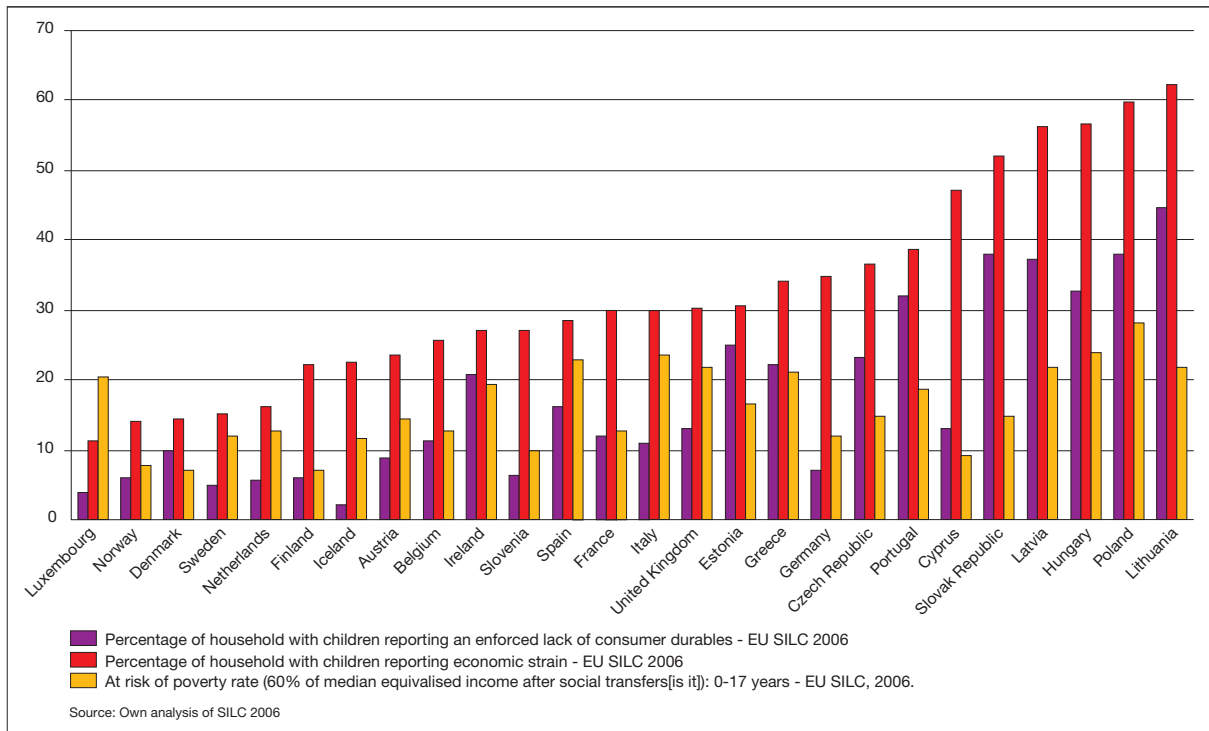
In addition, the EU has begun to publish data on enforced lack of durables (deprivation)<sup>7</sup> and economic strain<sup>8</sup> alongside the income poverty rate. In its 2008 report it published child poverty rates for 2005 using each of these indicators side by side. I have replicated that analysis in Figure 1 for 2006 and it shows that countries vary considerably according to which indicator is used. The richer countries (in terms of GDP) have lower deprivation rates than income poverty rates and the poorer countries have higher deprivation and economic strain than income poverty.

I have argued that we should go one stage further than merely putting countries side by side on these measures

7. An enforced lack of consumer durables refers to people who cannot afford to have a washing machine, Colour TV, telephone, a personal computer or a personal car (a similar indicator is used by European Commission, 2008: 51 – we include a personal computer). The indicator is one or more of these items missing. Households with children are households with any number of residents aged 0-17.

8. Economic strain refers to households who could not afford to: face unexpected expenses, one week's annual holiday away from home, to pay for arrears (mortgage or rent, utility bills or hire purchase instalments), a meal with meat or chicken, fish every second day, to keep their home adequately warm (European Commission, 2008: 51). The indicator is missing two or more of these items. Households with children are households with any number of residents aged 0-17.

Figure 1: Child poverty rates in EU-29 (deprivation, economic strain and relative income poverty) 2006. Ranked by economic strain.



and produce an “overlaps analysis” (Bradshaw and Finch, 2003). We get a much more reliable picture of real poverty if children are living in families with a relatively low income *and* deprived *and* under economic strain. Indeed it is approaching a more absolute measure. The league table in Figure 2 resonates more with a common understanding of countries’ relative living standards.

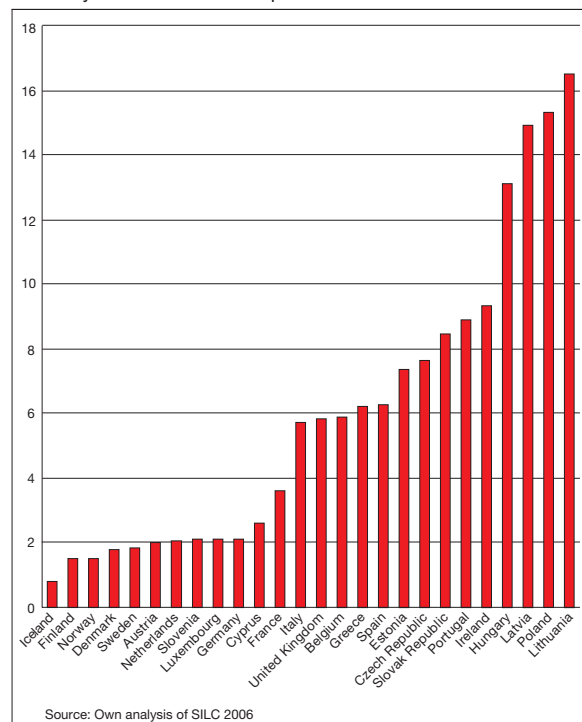
On social inclusion SILC is more limited in respect of children. There are questions that can be used to develop indicators of housing and the environment. So it is possible to measure:

- overcrowding using rooms per person in households with children;
- housing problems – households with children reporting more than one housing problem<sup>9</sup>;
- households with children reporting crime as a problem in the area;
- households with children reporting pollution or dirt as a problem in the area.

For a broader set of indicators of social inclusion we have to turn to other sources.

9. One or more of the following: leaking roof, damp walls/floors/foundations, or rot in the window frames. Accommodation too dark, no bath or shower, no indoor flushing toilet for sole use of the household (European Commission, 2008: 51). Households with children are households with any number of residents aged 0-17.

Figure 2: Proportion of children living in families with a relatively low income *and* deprived *and* under economic strain.



# Social Inclusion and Child Poverty

## What do we know about child well-being in Europe?

When the UK was President of the EU in 2006, and in response to the call during the Luxembourg Presidency of the Atkinson Committee to “mainstream” child well-being in EU social indicators (Marlier et al., 2005), we developed an index of child well-being for the EU-25 countries (Bradshaw et al., 2007). When UNICEF heard about this work we were commissioned to develop a similar index for OECD countries which was published as Innocenti Report Card 7 (UNICEF, 2007). We have subsequently produced a similar index for the CEE/CIS

countries (Richardson et al., 2008). We have now updated (Bradshaw and Richardson, 2009) the original EU index and extended it to the EU-29 using the latest administrative data and three surveys: SILC 2006, PISA 2006 and HBSC 2005/6 (Currie et al., 2008). These sources generated 43 indicators that were combined in an index with seven domains. Table 1 ranks the countries by the average of their dimension z scores (distributed around a mean of 100 using a standard deviation of 10) and the rank of each dimension is given. The countries have been divided into three groups using colour coding – top third, middle third and bottom third.

Table 1: Index of child well-being. EU-29.

Rank	Country	Child well-being in the EU-29	Health	Subjective	Relationships	Material	Risk	Education	Housing
1	Netherlands	117.2	2	1	1	7	4	4	9
2	Norway	114.8	6	8	6	2	2	10	1
3	Sweden	114.8	1	7	3	10	1	9	3
4	Iceland	114.1	4	9	4	1	3	14	2
5	Finland	110.9	12	6	9	4	7	7	4
6	Denmark	109.5	3	5	10	9	15	12	5
7	Slovenia	107.1	15	16	2	5	13	11	19
8	Germany	106.0	17	12	8	12	5	6	16
9	Luxembourg	104.7	5	17	19	3	11	16	8
10	Austria	104.2	26	2	7	8	19	19	7
11	Ireland	103.9	14	10	14	20	12	5	6
12	Cyprus	103.7	10			13			11
13	Spain	103.6	13	4	17	18	6	20	13
14	Belgium	103.0	18	13	18	15	21	1	12
15	France	100.9	20	14	28	11	10	13	10
16	Czech Republic	98.9	9	22	27	6	20	3	22
17	Slovakia	98.7	7	11	22	16	23	17	15
18	Estonia	96.9	11	20	12	14	25	2	25
19	Italy	96.1	19	18	20	17	8	23	20
20	Poland	94.6	8	26	16	26	17	8	23
21	Portugal	94.5	21	23	13	21	9	25	18
22	Hungary	94.3	23	25	11	23	16	15	21
23	Greece	94.0	29	3	23	19	22	21	14
24	United Kingdom	93.0	24	21	15	24	18	22	17
25	Romania	87.0	27	19	5		24	27	
26	Bulgaria	85.0	25	15	24		26	26	
27	Latvia	84.1	16	24	26	22	27	18	26
28	Lithuania	82.4	22	27	25	25	28	24	24
29	Malta	82.0	28	28	21		14		

One thing that the data in the index can be used for is to relate child poverty to other outcomes at the macro level. Three examples:

- Figure 3 shows the relationship between overall well-being and the income poverty rate. Income poverty explains 53% of the variation in overall child well-being. The enforced lack of consumer durables explains more (66%) of the variation.
- Another example is the relationship between material well-being and educational attainment. Basically there isn't one in Figure 4.
- One of the values of PISA and the HBSC is that they interview children about their lives. It is therefore possible to relate subjective well-being to poverty. Figure 5 shows that the economic strain indicators explains 56% of the variation in the proportion of 11, 13 and 15 year olds in HBSC with high life satisfaction.

Figure 3: Overall well-being by child income poverty rate.

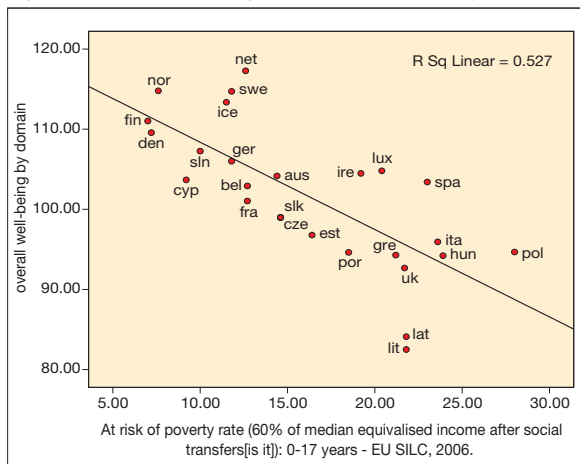


Figure 4: Material well-being by educational attainment (average of PISA scores for literature, science and maths).

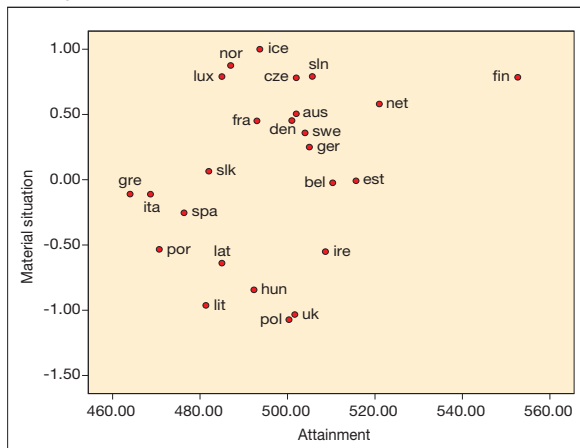
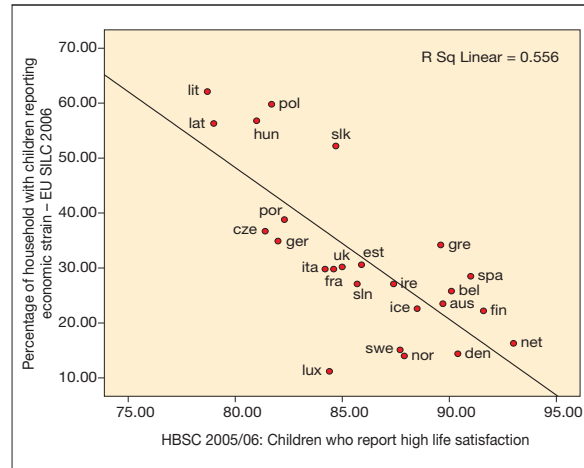


Figure 5: Economic strain by high life satisfaction.



## What do we know about policy?

While we have made progress in describing child poverty and social exclusion in Europe and in relating it to outcomes, at least at the macro level (at the micro level neither HBSC nor PISA have very good data on poverty and social exclusion), we have been making less progress on finding out what works – on policy analysis. At present we study policy effectiveness in three main ways.

First, we compare poverty before and after transfers; this is possible using EU SILC data as in Figure 6 (next page). There is big variation in the extent to which countries reduce their market-driven child poverty by transfers.

Second, we compare effort using national account data. The ESSPROS series includes cash and kind benefits but does not take account of tax expenditures on behalf of children, which are becoming an increasingly important part of the child benefit package in some countries. The OECD has produced an analysis of spending on families with children which does take account of tax expenditures. The most recent data for 2005 is presented in Figure 7 (next page).

Third, we compare child benefit packages using model family methods using either the OECD *Taxing Wages* series or academic projects (Bradshaw and Mayhew, 2006). Unfortunately, the EU does not support such comparisons. However, there is light at the end of the tunnel – the EUROMOD micro-simulation project is being updated and extended and in three years' time it will be possible to compare family tax/benefit packages in a great deal more detail.

# Social Inclusion and Child Poverty

Figure 6: Child poverty rates before and after transfers: Own analysis of EU SILC 2006.

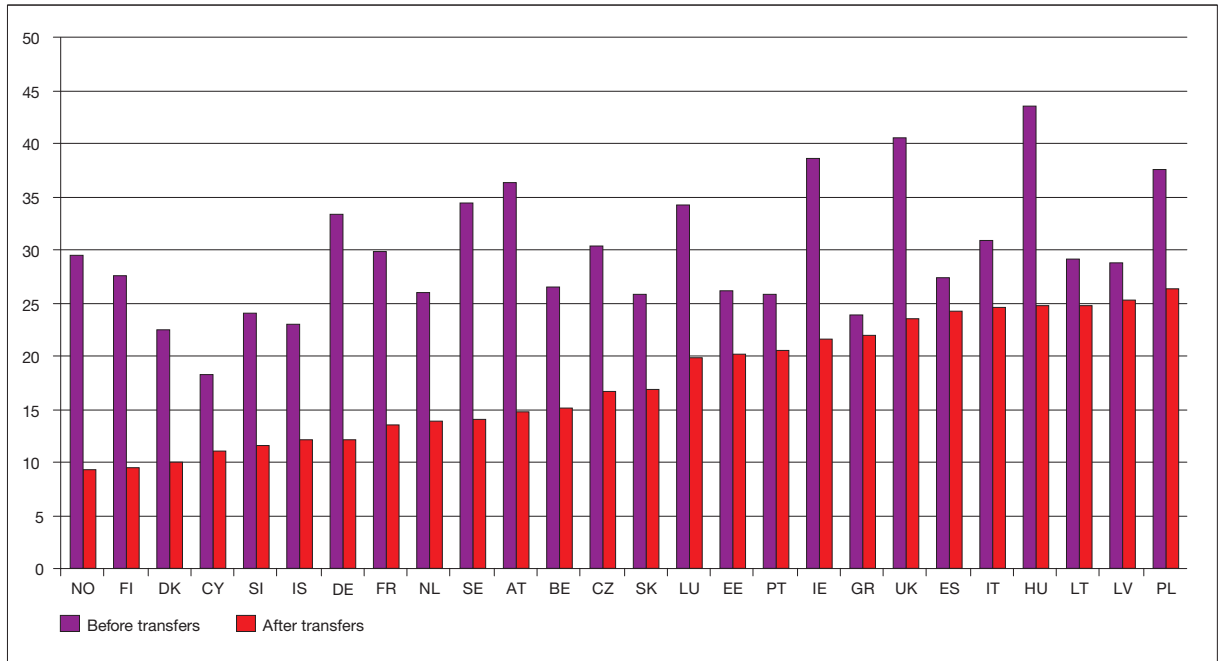
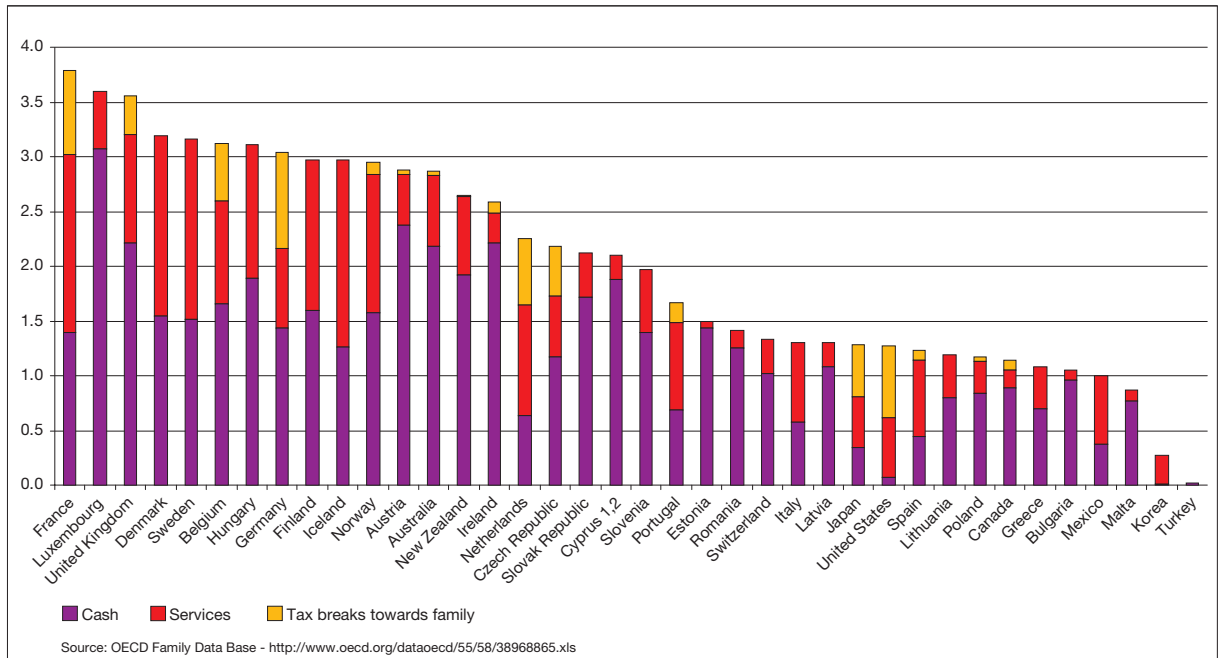


Figure 7: Family spending in cash, services and tax measures, in percentage of GDP, in 2005.



---

## Conclusion

There is now a considerable body of good quality and comparable data on child well-being covering European countries, and the coverage and quality will be improved – when Bulgaria, Romania and Malta are covered by EU SILC, and also when the questions on children are improved in the EU SILC survey after 2009. However, we are still lacking indicators covering some domains important to child well-being. The coverage of subjective well-being does not include what children think about their housing and neighbourhoods, or their access to transport, play space, recreation and other services.

We could do with more data on dispersion within countries. This is probably too much to hope for with the administrative data. However, for data derived from surveys it is already available with EU SILC, and the PISA data is also available for secondary analysis by all users. The major problem here is the HBSC, which is a very important data source and only available to HBSC researchers. This is a major problem with the survey and may eventually undermine support for it internationally.

Finally, there are problems with these general indices in representing the circumstances of children in minority groups – ethnic, Roma, refugee/asylum seeker, disabled children – groups which are too small in numbers to be represented by general samples of the population. There is also a tendency for too many of the indicators to relate to the circumstances of older children because older children are the ones interviewed in the PISA and HBSC surveys.

In my view we need a new survey of children in Europe.

## References

- Bradshaw, J., and Finch, N. (2003) Overlaps in Dimensions of Poverty, *Jnl. Soc. Pol.*, 32, 4, 513-525.
- Bradshaw, J., and Mayhew, E. (2006) Family Benefit Packages, in Bradshaw, J. and Hatland, A. (2006) (eds) *Social policy, family change and employment in comparative perspective*, Cheltenham: Edward Elgar.
- Bradshaw, J., and Richardson, D. (2009) Child well-being the European Union, *Journal of Child Indicators* (forthcoming).
- Bradshaw, J., Hoelscher, P., and Richardson, D. (2007) An index of child well-being in the European Union. *Social Indicators Research*, 80(1), 133-77.
- Currie, C. et al. (2008) *Inequalities in young people's health: Health Behaviour in School-aged Children (HBSC) International Report from the 2005/2006 Survey*. Health Policy for Children and Adolescents, No. 5, Copenhagen: World Health Organization, Regional Office for Europe. [http://www.euro.who.int/eprise/main/WHO/InformationSources/Publications/Catalogue/20080617\\_1](http://www.euro.who.int/eprise/main/WHO/InformationSources/Publications/Catalogue/20080617_1)
- European Commission Social Protection Committee (2008). *Child poverty and well-being in the EU: Current status and way forward*, Luxembourg: Office for Official Publications of the European Communities. [http://www.libertysecurity.org/IMG/pdf\\_ke3008251\\_en.pdf](http://www.libertysecurity.org/IMG/pdf_ke3008251_en.pdf)
- Marlier, E., Atkinson, A.B., Cantillon, B., and Nolan, B. (2005) *Taking Forward the EU Social Inclusion Process. Final Report*. (Government of Luxembourg, Luxembourg), [http://www.ceps.lu/eu2005\\_lu/inclusion/report/final\\_report.pdf](http://www.ceps.lu/eu2005_lu/inclusion/report/final_report.pdf).
- OECD (2008) *Growing Unequal? Income distribution and poverty in OECD Countries*. OECD: Paris.
- Richardson, D., Hoelscher, P., and Bradshaw, J. (2008) Child well-being in Central and Eastern European Countries (CEE) and the Commonwealth of Independent States (CIS). *Child Indicators Research*, 1/3, 211-250.
- UNICEF (2007) *Child poverty in perspective: An overview of child well-being in rich countries*, Innocenti report card 7, UNICEF: Florence.