Tackling child poverty
### Contents

#### 3 Editorial

#### 4 Summary

#### 5 Barometer

6 General context indicators

10 Indicators on poverty

#### 17 Articles

18 The enduring impact of the economic crisis on child poverty, by Sara Ayllón

25 Social transfers specifically targeting children as the best method for fighting child poverty, by Elena Bárcena, M. Carmen Blanco and Salvador Pérez

#### 32 Interview

Janet Currie: “Inequality is a danger to democracy because it robs poor people of their rights”

#### 36 Review

The high price of inequality: lessons on the costs and consequences of child poverty in advanced societies, by Alejandro Arias Lera

#### 39 Best practices

CaixaProinfancia Programme, actions to transform and promote the development of children and of families facing social exclusion
The future of a society depends, to a great extent, on the level of well-being and the opportunities we provide to children. Therefore, it is highly relevant to know up to what point poverty and material deprivation affect the homes in which children live.

During childhood, the presence of poverty or social exclusion make social mobility difficult, increase the probability of school failure and early school leaving and predict the appearance of health problems during youth and adulthood. Having spent one’s early years in poverty has negative consequences that tend to persist throughout an individual’s life.

Being born and growing up in a poor household leads to problems of development that tend to become more serious in keeping with how intense and long lasting these periods of poverty are. Poverty also means that children grow up in a more unequal society, making social mobility difficult and deteriorating equal opportunities, thereby fuelling the intergenerational circle of material deprivation.

Most poor children live in homes that depend on income generated by the labour market, which makes them a particularly vulnerable group to the changes brought about by the economic recession. High levels of unemployment, job insecurity, the drop in salaries, the high costs of housing and the lack of a genuine family policy describe the economic context today in which Spanish homes with children have to survive.

In addition, children have little control over the events they experience which, on the whole, are determined by the family, the community and the society in which they live.

Therefore, the well-being of children is a reflection of a society’s sense of solidarity, of its achievements in terms of distributive justice and of the emphasis it places on making the future opportunities of individuals equal.
As an introduction to the Dossier, the Barometer presents the context indicators that provide a general panoramic overview. A series of key indicators on the different aspects of poverty in Spain are then shown, which enable us to get to know in detail the levels of poverty in families with children.

This is followed by two articles that deal with matters of special interest. In the first one, there is a diagnosis of the evolution of child poverty in Spain from 2008 to 2018, based on data from the Spanish National Statistics Institute’s Living Conditions Survey. The second one compares the social efficacy of various measures aimed at reducing poverty and deprivation in homes with children.

The article by Sara Ayllón explains why Spain leads the ranking among European Union member countries with the highest levels of child poverty, even in periods of economic growth. The well-being of children particularly worsened between 2008 and 2014 and, despite the slight improvement in recent years, child poverty levels are today higher than before the economic crisis.

The article by Elena Bárcena, M. Carmen Blanco and Salvador Pérez shows that, in two very different economic contexts (2012, in the middle of the crisis, and 2016, during the recovery phase) concentrating social transfers in childhood is more efficient to alleviate child poverty than channelling them to the entire population based on income.

The interview given to Janet Currie, Professor of Economics and Public Affairs at Princeton University, focuses on the effects that socio-economic differences have on child poverty. For its part, the review of this number analyses two books that describe the determinants and the characteristics of child poverty and inequality.

The Dossier closes with the good practices section, on this occasion dedicated to the CaixaProinfancia programme, which explains an integral development model for children in situations of poverty and social vulnerability.
Summary

6 General context indicators
   6 Global View

10 Indicators on poverty
   10 Different dimensions of poverty
   12 Poverty and the labour market
   13 Public sector and poverty
   14 Childhood and poverty

See more data at
www.observatoriosociallacaixa.org
This section provides a general context for the rest of the data and indicators presented in the Barometer. Thus, from a series of basic indicators and synthetic indicators on social, demographic and economic issues, this section offers a global and temporal vision of the situation of Spain within the European and international context.

**Global View**

1. **Level of economic development**

Gross Domestic Product per capita in Purchasing Power Standards

Spain and EU-28. (EU-28=100)

The GDP per inhabitant in Purchasing Power Standards in the year 2017 was lower than the European average with a value of 92. Among the countries with a value higher than the European average were Ireland (181), Norway (146), Denmark and the Netherlands (128 both).

The data are expressed in Purchasing Power Standards (PPS), which allows the elimination of the differences in price levels that exist between countries and facilitates, therefore, a comparison of the GDP that better reflects the economic capacity of the citizens of each country. The volume of GDP per inhabitant in Purchasing Power Standards is expressed in relation with the average of the European Union (EU-28), which is set to equal 100. Thus, if the index of a country is higher than 100, the level of GDP per inhabitant of that country is higher than the average value for the European Union and vice versa.
Global View

The Gini coefficient measures inequality in income distribution. To facilitate its interpretation, the values (from 0 to 1) are multiplied by a hundred, thus varying between zero and one hundred. A coefficient close to zero means that a more equal distribution exists, while a coefficient close to one hundred implies a high concentration of income in a small number of individuals and, therefore, greater inequality.

The AROPE indicator for risk of poverty and social exclusion encompasses a multi-dimensional view of poverty and social exclusion accounting for the population that is in at least one of the following three situations: 1) below the poverty risk threshold; 2) suffering severe material deprivation; 3) households with low or negligible work intensity.

2. Inequality in the distribution of income.

Gini Coefficient (GC)

Between the years 2007 and 2017, inequality in Spain (taking into account the redistribution effect of social transfers) increased by 2.2 points against the European average of 0.1

- GC before transfers (pensions and other monetary social transfers)
- GC after pensions (does not include the rest of monetary social transfers)
- GC after all social monetary transfers

Source: Eurostat, 2018 / * The data refer to the EU-27.

3. People at risk of poverty and social exclusion

AROPE (at risk of poverty and social exclusion) indicator

4. Social exclusion from the labour market

Unemployment rates according to nationality

**ANNUAL AVERAGE, SPAIN AND EU-28**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nationals (%)</th>
<th>Foreign residents (%)</th>
<th>Spain (%)</th>
<th>EU-28 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>20</td>
<td>15</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>2010</td>
<td>25</td>
<td>10</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>2018</td>
<td>30</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

613,000 foreign nationals were unemployed in 2018, nearly 14,500 more people than in 2007


5. Growth or reduction of the population

Population change due to natural causes (births and deaths) and to migratory movements (arrivals and departures)

**SPAIN AND EU-28**

**In 2018, the net migration flow in Spain stood at 332,447 people, only behind Germany (394,217)**

The rate for early leavers from education and training reflects the percentage of people aged 18 to 24 years whose maximum education level is the first phase of Secondary Education and who are not following any kind of education or training.

6. Limitations to the training of human capital

Rate for early leavers from education and training by nationality. SPAIN AND EU-28

The percentage of early leavers from education and training among the national and foreign population alike has fallen by over 13 points in the last 10 years.

Rate for early leavers from education and training by nationality

15.6 %
Percentage of the national population (18-24 years) who, in 2017, left education or training early (EU-28: 9.6%).

31.9 %
Percentage of the foreign population (18-24 years) who, in 2017, left education or training early (EU-28: 19.2%).

Early leavers from education and training by sex

21.7 %
Percentage of men (aged 18-24) who, in 2018, left education or training early (EU-28: 12.2%)

14.0 %
Percentage of women (aged 18-24) who, in 2018, left education or training early (EU-28: 8.9%)

This section presents a series of key indicators relating to poverty in Spain. The majority of them originate from the European Survey on Income and Living Conditions (EU-SILC), the European Union’s leading source for comparative statistics on the distribution of income and social inclusion in the European sphere.

Selection made by Anna Villarroya, lecturer in Applied Economics, Universitat de Barcelona

Some dimensions of poverty

1. Population below the poverty threshold

Poverty risk rate (%)

![Bar chart showing poverty risk rates for various countries in 2007, 2010, and 2017.]

In 2017, nearly a quarter of the Spanish population was at risk of poverty, 4.7 percentage points above the European average (EU-28: 16.9%)

The population at risk of relative poverty (poverty risk rate) is the percentage of people who live in households whose total equivalised annual income (after social transfers) is below the poverty threshold, i.e., below 60% of the median equivalised disposable income.

Source: Eurostat, 2018 / * The data for 2007 refer to the EU-27
Some dimensions of poverty

2. People suffering severe material deprivation

Proportion of the population in a situation of severe material deprivation

In the last ten years, the percentage of people in a situation of severe material deprivation has remained below the European average.

<table>
<thead>
<tr>
<th>Country</th>
<th>2007</th>
<th>2010</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>4.8</td>
<td>3.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Denmark</td>
<td>4.5</td>
<td>3.1</td>
<td>3.2</td>
</tr>
<tr>
<td>Spain</td>
<td>4.9</td>
<td>5.1</td>
<td>5.8</td>
</tr>
<tr>
<td>France</td>
<td>4.7</td>
<td>4.1</td>
<td>14.2</td>
</tr>
<tr>
<td>Poland</td>
<td>5.9</td>
<td>14.2</td>
<td>22.3</td>
</tr>
<tr>
<td>Portugal</td>
<td>9.2</td>
<td>9.6</td>
<td>9.0</td>
</tr>
<tr>
<td>EU-28*</td>
<td>6.6</td>
<td>8.4</td>
<td>6.6</td>
</tr>
</tbody>
</table>


Severe material deprivation refers to the proportion of the population living in households that lack at least four out of the following nine concepts: 1) Cannot afford to go on holiday for at least one week per year; 2) Cannot afford a meal with meat, chicken or fish at least every two days; 3) Cannot afford to keep the dwelling at an adequate temperature; 4) Is unable to tackle unforeseen expenses (of 650 euros); 5) Has been late paying expenses related with the main residence (mortgage or rent, gas bills, community costs, etc.) or in the payment of purchase instalments in the last 12 months; 6) Cannot afford to have a car; 7) Cannot afford to have a telephone; 8) Cannot afford to have a television; 9) Cannot afford to have a washing machine.

2. Households with very low work intensity

Proportion of people who are living in households with very low work intensity

In 2017, some 12.8% of people aged below 60 years lived in households in which members of a working age worked for less than 20% of their total work potential (EU-28: 9.5%).

3. Risk of poverty and situation in the labour market

Percentage of employed people at risk of poverty

In 2017, some 13.1% of employed people in Spain had an income below the poverty risk threshold (60% of the median equivalised disposable income)


Percentage of workers in a situation of risk of poverty, by age group, 2017

Source: Eurostat, 2019
5. Impact of public policies

Impact of social transfers (excluding pensions) on the reduction of poverty, as a percentage

- **Spain**
  - 2007: 16.9%
  - 2017: 23.9%
  - In 2017, social transfers (not counting pensions) reduced the risk of poverty of Spanish people by 23.9%

- **EU-28**
  - 2007: 35.7%
  - 2017: 22.5%

- **Portugal**
  - 2007: 34.0%
  - 2017: 25.2%

- **Germany**
  - 2007: 33.2%
  - 2017: 37.5%

- **Poland**
  - 2007: 38.7%
  - 2017: 34.7%

- **France**
  - 2007: 50.4%
  - 2017: 51.0%

- **Denmark**
  - 2007: 44.8%
  - 2017: 56.8%

Source: Eurostat, 2019

Source: Eurostat, 2019

Government expenditure on policies aimed at reducing social exclusion as a percentage of the Gross Domestic Product (GDP) and of total public spending.

- **Spain**
  - 2007: 0.2%
  - 2017: 0.6%

- **EU-28**
  - 2007: 0.6%
  - 2017: 0.9%

- **Portugal**
  - 2007: 0.6%
  - 2017: 1.4%

- **Poland**
  - 2007: 0.8%
  - 2017: 1.9%
## Childhood and poverty

### 6. Children and adolescents most affected by poverty

At risk of poverty and social exclusion (AROPE) rate by age group, 2017

<table>
<thead>
<tr>
<th>Population</th>
<th>2007</th>
<th>2010</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>26.6</td>
<td>22.4</td>
<td></td>
</tr>
<tr>
<td>Aged below 6 years</td>
<td>28.3</td>
<td>22.6</td>
<td></td>
</tr>
<tr>
<td>Between 6 and 11 years</td>
<td>31.9</td>
<td>24.3</td>
<td></td>
</tr>
<tr>
<td>Between 12 and 17 years</td>
<td>34.1</td>
<td>27.8</td>
<td></td>
</tr>
</tbody>
</table>

*Spain EU-28*

In 2017, the highest percentage of risk of poverty and social exclusion among younger people corresponded to the group aged 12 to 17 years, reaching 34.1%, nearly six points above the European average (EU-28: 27.8%)

### 7. Impact of education level of parents on the poverty of their children

Percentage of children aged under 6 years at risk of poverty and social exclusion by parents’ education level

<table>
<thead>
<tr>
<th>Education Level</th>
<th>2007</th>
<th>2010</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic education</td>
<td>43.5</td>
<td>56.2</td>
<td>63.3</td>
</tr>
<tr>
<td>Secondary education</td>
<td>24.3</td>
<td>33.6</td>
<td>37.8</td>
</tr>
<tr>
<td>Higher education</td>
<td>12.2</td>
<td>11.0</td>
<td>10.2</td>
</tr>
</tbody>
</table>

*Spain EU-28* *The data for 2007 refer to the EU-27.*
8. Impact of the origin of parents on the poverty of their children

Percentage of children aged under 18 years at risk of poverty by country of origin of their parents, 2017

Children whose parents are of immigrant origin are more exposed to poverty than other children. In 2017, the poverty risk rate in Spain among children with at least one parent born abroad multiplied by 3 that of Germany and by 2.4 that of Poland.

- Immigrant origin (At least one of the parents is of immigrant origin)
- Local origin


Percentage of children in a situation of severe material deprivation, by household model, 2017

Children who live in households with very low work intensity are those in which the adults work on average less than 20% of their total work potential.

9. **Households with very low work intensity and dependent children, greater risk of poverty and social exclusion**

Population at risk of poverty, by household work intensity level, as a percentage of the population aged below 60 years, 2017

**SPAIN AND EU-28**

Some 79.3% of households with children and very low work intensity were at risk of poverty in 2017. This figure is 10 points higher than the European average (EU-28: 68.9%)

Percentage of households without regular sources of income (from work, pensions or unemployment subsidies)

- **2008**: 2.4%
- **2012**: 3.5%
- **2017**: 3.3%

Source: Social Observatory of "la Caixa", 2018.
Summary

18 The enduring impact of the economic crisis on child poverty
Sara Ayllón, Department of Economics, Universitat de Girona

25 Social transfers specifically targeting children as the best method for fighting child poverty
Elena Bárcena, M. Carmen Blanco and Salvador Pérez, Universidad de Málaga
Poverty during childhood has lifelong consequences. It is often accompanied by material deprivation, a lack of educational and leisure opportunities and strong stigmatisation. The economic recession that began in 2008 had dramatic consequences for children and aggravated a situation that was already very worrying beforehand. Children’s welfare worsened especially from 2008 to 2014 and, despite a slight improvement in recent years, child poverty rates today are still among the highest in Europe.

Key words: child poverty, economic crisis, low work intensity, material deprivation
Relative poverty and anchored poverty

The approach that has been used traditionally to analyse poverty is that of relative poverty, which takes into account the economic resources that an individual has in relation to the standard of living of the society in which he or she lives. This approach considers as poor those people living in a household with an income below 60% of the equivalised median income (also taking into account the number and ages of household members).

If we use this relative approach to measuring poverty (figure 1) we observe that, from 2008 to 2013, the childhood poverty rate remained quite stable, and it increased slightly from 2013 to 2014. The poverty rate was already very high before the start of the economic crisis. Thus, the rise in poverty in 2014 meant that 30.2% of children in Spain were living under the poverty threshold, whereas for the general population this percentage stood at 22.1%. Subsequently, between 2015 and 2017, despite the growth of the economy, the childhood poverty rate only decreased very slightly and settled at around 29%. The year 2018 points to a faint improvement but it is still unknown whether this tendency will be confirmed in the future.

Figure 1. People who live in relative poverty.

By age group. SPAIN, 2008-2018

Child poverty has remained stable according to the relative poverty approach

Source: Compiled by the author based on data from the Survey on Living Conditions (ECV).
The results are even more concerning if we analyse the data on anchored poverty (figure 2). This measurement better reflects the impoverishment of society during a period of crisis; it is calculated by anchoring the poverty threshold at a moment in time (in this case, 2008) and updating it with the evolution in prices to take into account possible changes in the cost of living (Ayllón, 2015, 2017). Unlike the relative poverty measurement, with this approach the poverty threshold does not decline over the course of time even if the incomes of the population as a whole do so.

When analysing the data on anchored poverty (figure 2), we observe an important deterioration in the situation of children in Spain during the crisis. In just six years the poverty rate rose from 26.9% (2008) to 38.9% (2014) among the child population. This worsening of the economic situation was general for the entire population but particularly intense in the case of children and young people. In 2014, four out of every ten children were living under the anchored poverty threshold. From 2014 onwards, with the improvement of the general economic situation, the anchored poverty rate for children decreased until it stood at 29.9% in 2018. Even so, it is worth underlining that the anchored poverty rate among children is still much higher than it was prior to the crisis.

Despite the economic recovery, in 2018 three out of every ten children were living in a situation of anchored poverty.

Figure 2. People who live in anchored poverty

By age group. SPAIN, 2008-2018

The increase in anchored child and youth poverty was especially serious between the years 2008 and 2014

Source: Compiled by the author based on data from the Survey on Living Conditions (ECV).

The increase in anchored child and youth poverty was especially serious between the years 2008 and 2014.
The close relationship between child poverty and the labour market

The economic crisis did not affect all children in the same way. Their parents’ relationship with the labour market and the composition of the family structure are two main factors that help explain poverty risk during the early years of life.

One way of evaluating the impact of the crisis on child welfare consists of analysing the number of children who live in households with low labour intensity. The members of these households work less than 20% of their potential and, therefore, have virtually no income originating from the labour market. There is a close relationship between living in a household with low labour intensity and suffering childhood poverty. This relationship, however, is not solely the consequence of the economic crisis: in 2008, some 71.7% of children living in households with a low labour intensity were poor. This circumstance is an example of the lack of protection suffered by minors living in households with low labour intensity, even in times of economic prosperity.

Figure 3. Children and adults living in households with low labour intensity

Figure 4. Children and adults who live in anchored poverty and belong to households with low labour intensity

The number of children and adults in households with low labour intensity suffered a strong increase during the economic crisis that still persists today

Low labour intensity increases the probability of being poor in households with children

Source: compiled by the author based on data from the Survey on Living Conditions (ECV).
In 2008, some 7.2% of adults and 4.2% of children were living in households with low labour intensity (figure 3). From that point onwards, and due to the rise in unemployment, the risk also increased of living in a household of this type, until it reached a high point in 2014 when some 14.3% of minors were living in this situation. During the economic crisis, the relationship between child poverty and households with low labour intensity also intensified (figure 4). And from 2011 onwards, eight out of every ten children that lived in households with low labour intensity were poor. From 2014 onwards, the percentage of children living in households with low labour intensity has declined although, as happens with the data on anchored poverty, the figures are still higher than they were prior to the crisis. The most concerning point is that in the last years of the period analysed, the relationship between child poverty and households with low labour intensity has intensified to such an extent that almost nine out of every ten children living in a household with low labour intensity are poor.

The risk of child poverty varies according to the composition of the family household and whether the child’s parents are in employment or not (figure 5). The highest risk is suffered by children who either live in single-parent households where the father or mother does not work, or who live with both parents and neither of the two work. Especially serious is the economic condition of children living with both parents out of work, a situation that, despite the growth of the economy in recent years, has worsened. In 2018, eight out of ten children living with two parents where none of the two worked were poor (in 2008, the figure was seven out of every ten).

Figure 5. Risk of anchored child poverty

By household composition and relationship of parents with the labour market

![Diagram showing risk of anchored child poverty by household composition and relationship of parents with the labour market.](image)

When neither of the parents in the household works, the risk of child poverty is extremely high.

Source: compiled by the author based on data from the Survey on Living Conditions (ECV).
The children with the greatest protection are those who live with both parents and both parents are working. When only one of the two is working, however, living with both parents does not necessarily guarantee a decent standard of living, because, as we have seen at the start of the period studied, over three out of every ten children in this situation were living below the poverty threshold. The situation for this group of children has barely improved in recent years; in 2018 over 40% of children in this type of household were living in poverty.

Children who live in large families face an especially high risk of poverty, particularly if there is only one parent in the household. However, the situation of single-parent households with a single child is that which has deteriorated most over the last ten years (graph 6).

**Material deprivation affects a large number of children**

The results on economic poverty, which only take into account household income, can be complemented by observing the evolution of various indicators on material deprivation. These indicators include a multi-dimensional perspective and consider, for example, people’s access to various commodities, or the capacity to live in housing offering mini-
Table 1. Percentage of children affected by material deprivation problems

| Deprivations linked to housing continue to affect a large number of children despite the economic recovery |
|---|---|---|---|---|
| Unable to afford a meal with meat, chicken of fish (or vegetarian equivalent) every other day | 2004-2007 | 2008-2010 | 2011-2014 | 2015-2018 |
| Unable to afford to go on a one-week holiday every year | 42.2 | 43.1 | 47.4 | 36.7 |
| Unable to afford to keep the home at an adequate temperature during the winter | 8.9 | 7.3 | 9.0 | 9.9 |
| The household is late in paying electricity, gas, water bills or similar. | 9.3 | 9.3 | 10.6 | 11.0 |
| The household has difficulties making it to the end of the month | 14.1 | 19.4 | 18.8 | 15.3 |

Source: compiled by the author based on data from the Survey on Living Conditions (ECV).

One out of every ten children lives in a household that cannot afford to maintain the home at an adequate temperature.

Table 1 shows the percentage of children in each of the diverse material deprivation indicators.

As shown in this table, there is a very high percentage of children who are still suffering significant deprivations today. In the period 2015-2018, some 3.4% of children were living in households that could not afford a meal with meat or fish every other day, while 9.9% were living in households that could not keep the home at an adequate temperature and 15.3% had great difficulties in making it to the end of the month, among others. Such levels of deprivation will leave a mark on the development of these children that will endure throughout their entire lives (Ermisch et al., 2012).

References


Social transfers targeting children: the best way to fight child poverty?

Elena Bárcena, M. Carmen Blanco and Salvador Pérez, Universidad de Málaga

Statistical data from the European Union on income and living conditions (EU-SILC) show that, in two very different economic contexts (2012, at the height of crisis, and 2016, in the recovery phase), concentrating transfers specifically on targeting children is more effective than channelling them towards the entire population based on income.

Key words: child poverty, social transfers, social spending on child welfare
Child poverty during the Great Recession

Reducing child poverty constitutes one of the major challenges facing societies that aim to achieve greater levels of integration, cohesion and present and future economic efficiency. Shortages suffered in childhood have consequences that go beyond this life stage: children who grow up in poor households show worse academic outcomes and, subsequently, lower income levels and worse health than children who grow up in households that do not suffer financial hardships. Ultimately, child poverty means that inequality is maintained and it turns out to be economically inefficient for the whole of society.

During the crisis, the growth in child poverty in Spain was stronger – and its subsequent reduction is proving to be weaker – than in Portugal

It is considered that children are at risk of poverty when they live in a household whose income, once social transfers have been taken into account, is below 60% of the country’s median income. Using this criterion, in the year 2017, some 28.3% of children in Spain and 20.7% of those in Portugal were at risk of poverty (Eurostat, 2017). For Spain this figure represents an increase of one percentage point with respect to the year 2008, prior to the economic crisis. In contrast, in Portugal the
risk of child poverty has fallen by over two points with respect to that registered in 2008 (figure 1).

Although the evolution of the poverty risk since 2008 has been similar in both countries, with a peak in 2014 followed by a gradual reduction until 2017, in the case of Spain the growth in child poverty during the crisis was more pronounced and its subsequent reduction is proving to be lower.

Spain and Portugal are two of the countries that are least reducing the childhood poverty risk rate through transfers (22%); this reduction was lower in 2016 than in 2012 in both countries.

The risk of child poverty has been linked to unemployment levels, as children predominantly live in households where income is obtained from working. However, it is notable that, despite the improvement in employment as a consequence of the economic recovery, the risk of child poverty remains higher than the levels prior to the crisis. This fact suggests that, to understand the phenomenon of child poverty, rather than the unemployment rate in itself, we must take into account other aspects of the labour market such as the number of hours worked or the average salary.

In any event, one of the main ways that countries have to alleviate situations of poverty in general and child poverty in particular are social transfers.
Target the population based on income or focus on children?
To understand the impact of social transfers on child poverty it is important to take into account both the total expenditure and the distribution of spending by type (whether its destination is children, retirement, unemployment, survival, social exclusion, etc.) and whether it is more or less conditioned to the income level of receivers.

In Spain, total spending on cash transfers (unemployment, retirement, survival, illness, invalidity, study grants, family and child benefits, social exclusion, housing benefits) stood lower in 2016 than the European average: 1.3 percentage points lower (figure 2); however, the divide with respect to the EU has reduced since the year 2008, fundamentally as a consequence of the increase in unemployment benefits and subsidies.

Spain and Portugal, both with expenditure on family and child welfare very much below the European average, are two of the European countries that are least reducing the child poverty risk rate through transfers (figure 3). These reductions were greater in 2012 than in 2016, which reflects the special importance of the cushioning effect of the transfers during the severe recession experienced by both countries.

The European countries that are most reducing the risk of child poverty thanks to social transfers are Austria, Denmark, Sweden and Germany. Unlike Spain and Portugal, these are countries with high levels of social expenditure and with child protection systems based on universal transfers. These types of transfers, such as the benefit paid out per child in Sweden, are a subjective right of the entire population. They are paid...
on the basis of having a child or minor in one’s care, and people are beneficiaries regardless of their individual or family income. In general, the amounts paid by these universal systems are usually more generous than those conditioned to income, and because a broader population benefits from them, they attract considerable social support and, therefore, face less risks of suffering cuts in periods of austerity.

In any case, Spain’s and Portugal’s expenditure on family and child welfare is much lower than the European average. Despite a slight recovery following the worst years of the crisis, investment in this area represents 0.8% of GDP in Portugal, barely half the average European investment. As for Spain, investment in this area is even lower: around 0.5% of GDP, the lowest percentage in the European Union.

In relative terms with regard to total transfers, Spain is situated among the five European countries in which transfers targeting children represent a lower percentage (figure 4): barely 3.3% of the total in the year 2016, versus the European average of 9%. As a consequence of the crisis, the percentage of transfers targeting families and children with respect to the total fell in 2012, subsequently recovering towards 2016. In Portu-
gal, this percentage was 4.5% both in 2012 and in 2016. This highlights two facts: firstly, that there has been no backing of a robust policy of family and child transfers, neither in times of prosperity nor in times of crisis. Secondly, that those transfers respond worse than other types of transfers to the cyclical fluctuations of economic activity, in particular of transfers for unemployment. In other words, while transfers for unemployment automatically increase enormously at times of crisis, the same does not happen with transfers for families and children, which have a much smaller and slower response to the economic situation because they are awarded on the basis of the previous year’s income. Within this context of limitation of resources, it is very important to know who they should be targeted towards and how it is most efficient to invest them. In this sense, Bárcena-Martín et al. (2018) have evaluated the impact of family transfers in a more detailed way based on data on income and living conditions in the European Union (EU-SILC). Their analysis leaves no room for doubt: concentrating social transfers on children is more effective in fighting child poverty than channelling them in a more generic way towards the entire population based on income.

Both alternatives reduce the child poverty risk rate, but transfers conditioned to income do so to a lesser extent. Specifically, if we redistribute social transfers, increasing by one percentage point spending on transfers exclusively conditioned by income, the probability of a child being at risk of poverty falls by between 2 and 2.3%. In contrast, if we increase by that same percentage point our spending targeting children,
that same probability falls by between 5.7% and 6.5%, in other words, approximately three times more. These differences are maintained for both 2012 and 2016 alike.

However, timing variations are definitely important when employment is taken into account. Thus, it is observed that in 2012 a country’s level of employment was largely related with the child poverty risk. In contrast, by 2016 the employment situation in itself had ceased to be a fundamental explanatory aspect of child poverty. This difference indicates that, in contexts of labour precarity, and high levels of seasonality and part-time working, like those that characterise numerous European countries at present, household employment and child poverty do not seem to maintain a strong correspondence. In other words, the important thing is not so much whether people work or not, but how much they work and in what conditions.

In any case, it is important to take into account the limitations of this analysis, since it does not consider other variables such as benefits such as tax allowances based on number of children, which in the case of Spain do exist and which especially benefit the middle classes.

Concentrating social transfers on childhood contributes towards reducing the risk of child poverty approximately three times more than if these resources are channelled through transfers conditioned to income levels of the whole population.

Conclusions

Child poverty is a problem that, in countries such as Spain and Portugal, transcends the economic cycle. Child poverty risk rates were already high before the economic crisis in these two countries, then worsened during it and even today have not returned to pre-crisis levels. The evidence suggests that transfers targeting children constitute a better public policy option for fighting child poverty than generic transfers conditioned by income.

References


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What led an expert in the economy like you to make child poverty her main field of research?
The reason has a lot to do with the way in which I was brought up. My mother was a social worker. Therefore, from a very early age, I was aware of the problems facing people with a lack of resources. I have always felt very committed towards social injustices, particularly those from which children suffer. In the case of adults with needs, there is always the doubt about whether their poverty is due to poor decisions they have made or to the actions they have undertaken; but in the case of children it is quite clear that they have no responsibility, they simply suffer from the misfortune of having been born into poverty. I believe that, as a society, we have the obligation to help them.

In developed countries, there are enormous differences in the levels of child poverty. The United States or Spain, for example, have very high rates even though they are not poor countries. How can this be explained?
In the first place, we need to consider a technical question: in the United States poverty is measured in a different way than in Europe and this partly explains the differences. In Europe, people with incomes lower than a given value with respect to the average income are considered to be poor, while in the United States, the official poverty measurements are based on income and on the cost of a basket of food that covers basic nutritional needs.

In recent decades, most of the money that the United States destines to fighting poverty is in the form of assets and services that are not measured in monetary terms (the so-called ‘in-kind’ programs): help at home, financial aid, medical care, etc. However, these features are not taken into consideration when measuring poverty, which means that the public opinion has an incorrect perception of poverty statistics.
Citizens think “Well! We’ve spent lots of money since the 1960s on reducing child poverty and we have the same ratio of poor children as then. This means that the social programs don’t work.” Which, of course, is not the case.

As a result of this misunderstanding, governmental programs were created, such as the Earned Income Tax Credit (EITC) and the Supplemental Nutrition Assistance Program (SNAP), which did affect the variables that the Census Bureau takes into account to define the poverty threshold and that, in fact, contributed towards child poverty being reduced by 50% between 1970 and 2016.

**One of the recurrent debates in the political arena is precisely that of whether poverty should be measured based on family income or related to consumption.**

In the 1960s, both in the United States as well as in Spain, there were a lot of people who did not have running water in their home or any kind of electrical household appliance. Nowadays, practically everyone has basic services in their home or a fridge. In fact, even the poorest people have a smartphone. The standard of living has changed a lot in just a few decades. There is no sense in measuring poverty by only taking into account access to items of consumption, because the cost of living is very different in each country and even in different areas of the same country.

In any case, even when taking all these factors into consideration, it continues to be true that the United States has a high poverty level in relation to other countries. The latest data we have are from 2015. It is calculated that then there were more than 9.6 million children (13% of the total) living in households below the poverty threshold; of those, 2.1 million (2.9% of the total) were living in extreme poverty. It goes without saying that these figures are scandalously excessive. I think they are mainly due to a very simple question: we do not spend as much money as most European countries in protecting the people who occupy the lower part of the income distribution scale.

**In your experience, which kinds of program to fight child poverty are the most effective ones?**

I have recently participated in research for the United States National Academy of Sciences, the aim of which was to reduce poverty by half in the United States in 10 years. After carefully analyzing the various projects and the actions that could be undertaken, we reached the conclusion that the objective set would be met by simply applying the programs that are already under way.

“Child poverty dropped by 50% in the United States between 1970 and 2016, thanks to the social aid programs, but the figures continue to be too high”

In broad terms, there are two kinds of social program that affect the reduction of poverty. In the first place, those that represent an increase in the income (for example, subsidies for children). These are the most effective ones. The ideal thing would be to expand the EITC: an economic aid that is granted to low income workers generally with children in their care. To be able to receive this benefit, the only requirement is to make a tax declaration. The EITC allows people to pay lower taxes and even to get money back.

But the problem of child poverty is not completely solved by offering money to families with low income, because often these children live with dysfunctional adults who are not able to provide them with their basic needs. Therefore, these children need some kind of security, in the form of a good-
quality child health system (having medical insurance is of crucial importance in the United States as opposed to most European countries) or a warm, nutritious meal on the table (to this end, school feeding programs are essential).

I think that the ideal answer is the combination of the two measures: on the one hand, reinforcing family income and, on the other hand, social benefits that provide children with a safety net. This second aspect refers to programs for reassigning housing, employment placement, subsidies to pay household bills and other equivalents to acquire food. Any subvention that guarantees that no child should have to suffer from severe shortages, even if their parents are irresponsible when spending the income they obtain and the material benefits they receive.

What are the factors that determine poverty?

Working stability is a very important factor. Usually, a family is poor because the parents do not have work or they are employed in a precarious job. Having a very low salary and having no control over your working hours is an additional source of stress and makes it very difficult to act as a parent. If you do not know how much you are going to work next week, how can you organize childcare? How can you be available when your children need you? It is very difficult. I believe that many poor families find themselves in this situation.

Often, people believe that if the parents do not work, they should have more time to do activities with their children: take them to free, public places, such as the library or the park. This is a naive thought, because they do not take into account the tremendous anxiety and uncertainty of a parent in a precarious situation. The stress caused by job insecurity exhausts a person’s resources to deal with their child’s education in a suitable way.

Is there any stage in infancy in which the effects of poverty are more intense and have longer-lasting consequences?

Most evidence regarding the effects of poverty on the development of people’s lives appears in early childhood. During the first years of life, when people’s brains are forming, it is easy for the shortages caused by poverty to affect the psychomotor development of the child. This is not just limited to their brain, but also to the maturing of the nervous system. All the structures of the human body develop with some delay, meaning that being born under these circumstances has a biological effect.

“There is an interesting essay by Richard Wilkinson and Kate Pickett [reviewed on page 36 in this Dossier] that deals with this matter, in which they explain how inequality affects several aspects of the physical and mental health of people in developed countries. As far as infancy is concerned, the conclusion they reach is that the consequences of inequality on the development of children are permanent. For example, by analyzing the plasticity of the brain, they show that stress during pregnancy or complicated family situations influence the child’s cerebral development. It has been shown, for example, that babies whose mothers have suffered from psychological stress during pregnancy have lower levels of cortisol at birth. This is a problem because, among other functions, it is a hormone that helps with lung maturation and with controlling stress in a newborn baby.

Adolescence is also a period of great risk. It is the time when a young person can veer away from the correct path in a relatively fast and easy way, and this can have very long-lasting harmful effects on their life. When a family becomes poor during the
adolescent stage of the children, anything can become the trigger to take the wrong path with negative consequences; I’m thinking about the girl who gets pregnant too soon; or the youth who has become fed up with an oppressive environment, who runs away from home and gets into problems; or the young lad who has to look for a job to help at home because his parents are unemployed and he does not have time to study, so he fails an important exam and cannot get into university. In poor families, all these scenarios are much more likely.

**How far do social inequalities influence school results?**

Statistics show a notable correlation between the level of family income and school results. This is the same case with behavioral problems or the number of young people who neither study nor work. This type of lack of commitment to educational institutions is much more frequently found in unstructured or poor families. The children start to miss class, they have to repeat the year because they did not work hard enough, they have disciplinary problems at school, etc.

The issue of behavior is relevant. We all know boys and girls who do not show any cognitive problem or are even highly intelligent but show behavioral problems that eventually prevent them from being successful in their lives.

**What relationship is there between inequality —which is growing throughout the world— and child poverty?**

This is a very important matter. Inequality is often confused with poverty; however, they are quite different conceptually. Let me explain: there are societies in which there is no significant poverty but in which there might be a lot of inequality. It is true that there are not many examples of this.

People may think “If everybody is more or less okay, what is wrong if some people live very well? If they do what they want with their money? Besides, some of them contribute to society with charitable works.” In my opinion, this is a reasonable position if it were not for the fact that what we see is that the political powers seem to be very sensitive to the interests of people with large amounts of money.

The problem of inequality being so marked in developed societies —and the fact that it continues growing on a daily basis— is not inequality in itself. What hurts people is poverty. However, what does lead to inequality is weakening political support to social programs destined to poor people. We are seeing this in the United States: parties that have raised a lot of money during their electoral campaigns, when they come into power, the first thing they do is to cut back the benefits for social programs.

To this end, I believe that inequality is dangerous for democracy because people without money can be robbed of their rights.

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The high price of inequality: lessons on the costs and consequences of child poverty in advanced societies

Alejandro Arias Lera, an analyst at the Spanish Government’s High Commissioner’s Office for the fight against child poverty

Childhood is the key period for people’s development. Experiences in the early years of life condition the levels of well-being that are achieved in adult age in all aspects: work, health, social integration, etc. Therefore, fighting against and preventing child poverty is a cornerstone in the fight against inequality, a crucial fight to promote justice and fairness, social cohesion, efficiency and competitiveness, as well as intergenerational solidarity. For decades now, scientists have been paying special attention to the determinants and characteristics of child poverty and inequality. The books we review here offer two perspectives on this problem: a general one and a more specific one.

The essay by Richard Wilkinson and Kate Pickett is easy to read and studies how the consequences associated to inequality are not limited to a lack of material assets, more limiting educational opportunities or a lower probability of climbing the social ladder, but also include other less obvious aspects, such as their effects on physical and mental health.

They start with an analysis of macro factors, for example, inequality based on the distribution of all the income in a country, to explain how this affects the residents of each country in terms of their health and individual well-being. The aim of the book is to show how, right from childhood, social class marks the development of one’s life course and, more importantly, how
the greater the inequality, the more this difference is marked.

The authors carry out a detailed study by compiling empirical studies on the anxiety produced by the existence of social hierarchies and the awareness of individuals of falling short and feeling obliged to compete for status. This affects the probability of developing mental illnesses such as schizophrenia, shyness and the lack of friendships derived from this and, in the final instance, loneliness as a disease. It reviews the message of Durkheim’s concept which in the 19th century already spoke of anomie: the feeling of not belonging to your environment.

As far as infancy is concerned, the consequences of inequality on the development of children are permanent. For example, by analysing the plasticity of the brain, they show that stress during pregnancy or complicated family situations influence the child’s cerebral development. These situations are more frequently found in poor families and in countries in which the concern about social status is greater. Under these circumstances, the meritocratic ideal that any child can climb the social ladder if they propose to do so will be hard put to happen, as children who grow up in poor families carry an inevitable burden with them.

In particular, the “Pygmalion effect” is important, according to which the qualifications of children are related to the expectations their teachers have of them. Wilkinson and Pickett insist, in this point, on the importance of reinforcement programmes during the early educational stages as a progressive investment in terms of their redistributive consequences, as well as on the training of teaching staff to include the perspective of class when analysing differences in the classroom.

The second book, *Children of Austerity*, offers a global view of the impact of the Great Recession (2009-2014) on childhood through a selection of 10 developed countries, including Spain. The book shows how, country by country, children have suffered from the consequences of the economic crisis and the cutbacks, enabling us to conclude that this impact was not the same in every country. Each chapter offers the analysis and the diagnosis of each country’s public policies to fight against child poverty. The book, published in 2017, analyses up until 2014, therefore does not include the study of the last four years. In the case of Spain, this final period is a key one, as due to our specific situation, we took longer to get out of the economic crisis, and it was precisely 2017 that was the worst year for children in terms of relative child poverty levels.

In addition, evolution indicators regarding the material aspect of child poverty are given for Spain. The results are alarming in as much as not only do they show a worsening of the situation of children (for example, from 2009 to 2014, the number of children living in families who could not afford to pay for after-school activities doubled), but they also show that the situation of those who suffer from poverty has become worse, with greater increments (in 2014, one out of every four children was unable to go on school trips for economic reasons).

The reading of the various cases shows a general chart of more or less common causes of child poverty in western societies.
One of them is obviously unemployment, but not the only one. More important yet is the phenomenon of children who live in families of poor workers, which is related not only to low salaries, but also to low intensity at work: these are the households in which the parents do not work a full day, either due to the precarious nature of the job or the low employment of women. Not working full-time, with frequent comings and goings on the labour market, leads to low salaries and a deficient, if not non-existent, social protection coverage system, due to low contribution bases.

The book also particularly mentions single parent families, mostly headed by women, in which the incidence of child poverty is systematically greater than the average. Life in these homes is more difficult for the children, as mentioned by Wilkinson and Pickett. To the consequences of the previously mentioned stress (lower cognitive development), the effect of self-stigma in childhood should also be added: being aware that being in an inferior position influences the school performance of adolescents and, as far as friends are concerned, for example, not inviting them home through the shame of “not being presentable”.

Children of Austerity is a catalogue of the existing public policies aimed at vulnerable families and at the fight against child poverty, from direct monetary transfers to alleviate the lack of resources through to providing direct services such as school from 0 to 3 years of age to promote equal opportunities. To this end, the book works as a practical manual as to what has been done in the area of childhood, analysing whether these policies have worked or not. It is a good complement to Igualdad, which, with its more general approach, does not provide specific proposals in the fight against inequality in specific age groups. Nevertheless, its authors do offer proposals to fight against inequality and precariousness in the employment market that could have a positive effect on children’s living conditions.

In short, both texts propose two complementary factors regarding child poverty: one focused on the evolution and the causes of the economic crisis, and the other on the consequences of the economic inequality of a country in diverse areas of its citizens’ lives. Readers can consult Igualdad to understand why it is important for everyone, and not just for the most vulnerable sections, to achieve more equal societies. On the other hand, Children of Austerity is a manual and introductory guide to the problem of child poverty. The barrage of data and bibliography it offers open the door to a very detailed study of the phenomenon in developed countries. The characteristics of inequality and poverty in these countries are the focus of both books, which is why we would have liked at least one chapter dedicated to the specific characteristics of these phenomena in developed countries.

Stress during pregnancy or complicated family situations influence the child’s cerebral development

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CaixaProinfancia Programme
Actions to transform and promote the development of children and of families facing social exclusion

1 Problem
Children from poor homes have worse academic results and, when they are adults, lower levels of income and worse health than children who grow up in homes without economic hardship.

The child poverty level has settled in Spain at around 29%, one of the highest percentages in the European Union, meaning that almost one third of Spanish children survive on 60% or less of the equivalent median income.

The percentage of children affected by material deprivation has not fallen despite the recovery of the economy. Thus, almost 40% live in households that cannot afford one week's holiday a year.

In view of these data, studies show that concentrating social transfers in childhood is more efficient to alleviate child poverty than channeling them to the entire population based on income.

2 Approach
The programme is introduced in a coordinated way with the public and the private stakeholders of the territory based on certain objectives for the children and their families.

Organisations in territorial networks apply the various aids available in the programme in keeping with the workplan.

The families attended have a level of studies of primary school or lower in almost 80% of cases, and a situation of unemployment close to 65%, with almost equal parts receiving or not receiving public benefits. Of these, almost half are single-parent families.

54% of the guardians were born abroad, while 83% of the children were born in Spain. 100% of the families are in a situation of poverty.

3 Results
The data show that the programme covers a large part of the territory and fulfils the objective of supporting families experiencing poverty.

More than 300,000 children and 178,000 families are attended. 39% of the children attended are aged between 7 and 12, but children between 0 and 3 years of age account for 25%, a figure that highlights the importance of care at this age.

The aids offered by the programme are divided in the following way: 42% on educational reinforcement; 27% on food and hygiene; 19% on leisure and free-time activities; 9% on psychotherapeutic care and 3% on educational support for the family. The average continuity in the programme is 3.8 years.

The aids are implemented through 180 territorial networks made up of more than 400 social associations reaching 129 Spanish municipalities in all the autonomous communities.
"la Caixa" is the foundation that invests in creating more opportunities for everyone

We realise it’s vital to improve education in order to break the cycle of poverty passed on from parents to their children.

That’s why we promote social projects such as CaixaProinfancia to give more opportunities to those children who most need them.

All this, we call "la Caixa": our country’s foremost foundation and one of the most important in the world.

For children