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Family Change and Child Poverty in Comparative Perspective

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Abstract

Over the last few decades, child poverty rates have risen in most advanced modern societies, and this is not only causing moral indignation for the plight of children affected by social exclusion but also growing concern among social and political analysts for the long-term societal consequences of these developments. The causes for this emergence are complex and multifarious. Although they obviously have to do with the intense processes of family change in recent years, one of the crucial factors in the explanation is a lack of institutional fit between the transformation of family organisation and the outdated current structures of most welfare states in terms of their provision of social transfers and services.

In the first part of the article, an overview of the main patterns and evolution of child poverty in the European Union is presented. At-risk-of-poverty rates for children show considerable variation in EU member states; additionally, certain concomitant effects such as early school leaving also appear to differ to a great extent. One of the results of this analysis is the relevance of the welfare regime approach to understanding the processes underlying data.

The second part of the article discusses some of the factors underpinning the growth of child poverty in recent years. It is argued that the trend towards the universalisation of a breadwinning adult carries both diversification and accumulation of social risks for children, unless serious reforms in the institutional architecture of welfare states are implemented. In addition to the conventional class risks that can affect children, we also need to consider new risks associated with household composition. The third part of the article reviews different strategies to deal with the problem, which have proved useful in the reduction of child poverty rates.

Keywords: Child poverty, social exclusion, income distribution, inequality, family change, household composition, single-parent households.

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Family Change and Child Poverty in Comparative Perspective

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1. Introduction

In recent decades, child poverty rates have risen in most advanced societies and this is not only causing moral indignation for the plight of children affected by social exclusion but also growing concern among social and political analysts for the long-term societal consequences of these developments. Not only does this trend run against the UN Convention on the Rights of the Child, signed by almost all governments in the world, but it is also limiting a measure of progress, equality of opportunity and investment both in today's children and in future citizens (Corak, 2005; Unicef, 2005).

Child poverty associated with the emergence of new family arrangements is a major policy issue. Whilst child poverty is globally seen as an important social problem, there is considerable variation in both anti-poverty policies and poverty outcomes throughout advanced nations (Bradbury and Jäntti, 1999).

The causes for this emergence are complex and multifarious. Although they obviously have to do with the intense processes of family change in recent years, one of the crucial factors in the explanation is a lack of institutional fit between transformation of the family organisation and the outdated current structures of most welfare states in terms of their provision of social transfers and services.

In the first part of the article, an overview of the main patterns and evolution of child poverty in the European Union is presented. At-risk-of-poverty rates for children show considerable variation in EU member states; additionally, certain concomitant effects such as early school leaving also appear to differ to a great extent. One of the results of this analysis is the relevance of the welfare regime approach to understanding the processes underlying data.

The second part of the article discusses some of the factors underpinning the growth of child poverty in recent years. It is argued that the trend towards the universalisation of a breadwinning adult carries both diversification and accumulation of social risks for children, unless serious reforms in the institutional architecture of

welfare states are implemented. In addition to the conventional class risks that can affect children, we also need to consider new risks associated with household composition. Finally, the third part of the article reviews different strategies to deal with the problem, which have proved useful in the reduction of child poverty rates.

2. Patterns of child poverty in Europe

Living standards and the social well-being of children throughout the industrialised world improved remarkably between the end of World War II and the early 1990s. However, child welfare is now at a turning point. At present, there is growing concern in the EU about poverty among children and among families with children. In most OECD countries, income poverty among children now exceeds that among the elderly, who were traditionally the demographic group most at risk of poverty. Such risks and other forms of deprivation have grown faster, or have declined more slowly, for children than for other vulnerable groups such as the elderly (Cornia and Danziger, 1997; Jäntti and Danziger, 2000).

Poverty research shows that the overall picture of poverty has changed in the last twenty years. Not only has poverty become feminised, but it has also become 'childrenised' (Forssén, 1998). The last two decades have witnessed the emergence of new forms of poverty. There has been a decline in the proportions of elderly people amongst the poor and an increase in the number of (especially long-term) unemployed young people, migrant workers and single parents (Cousins, 1999). From the 1980s, while poverty rates among elderly populations have radically diminished, most industrialised nations have experienced a trend toward increasing child poverty (Bradbury and Jäntti, 1999; Corsi and Orsini, 2002). Children, as a social group, have a lower standard of living than both adults and parents, and a higher probability of living in relative deprivation (Ringen, 1997). In some nations, the relative position of families with children is deteriorating, both when compared with their own income position a decade earlier, and when compared against other household types (Esping-Andersen, 2002).

The picture of child poverty in rich countries in the latter part of the twentieth century is largely static and in the majority of countries there has been little progress in reducing child poverty rates. While we find marked increases in a few nations, there are

no countries in which the proportion of children experiencing the social exclusion attendant on low incomes has significantly decreased (Rainwater and Smeeding, 2003; Chen and Corak, 2005). With the exception of Scandinavia, families with children fare very poorly just about everywhere, even in countries with high poverty rates to begin with (such as the UK and the US) (Esping-Andersen, 2005a).

Table 1
Selected European countries, 2003
Child and adult at-risk-of-poverty rates and chld-adult ratio

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

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

On the contrary, in recent years child poverty rates have increased in most advanced nations. With the only exception of Scandinavia, child poverty has risen over the past two decades. 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. No matter which of the commonly-used poverty measures is applied, the situation faced by

children is seen to have deteriorated over the last decade (Unicef, 2005; Esping-Andersen, 2005b).

Rates for both adult and children at risk of poverty show considerable variation in the European countries for which recent Eurostat data are available (Table 1)[1]. Norway, Denmark, Slovenia and Finland are the only countries with a child poverty rate of 10 or less. On the other hand, and following this order, Germany, Estonia, Ireland, the UK, Romania, Greece, Poland, Portugal, Italy, Slovakia and Turkey are countries having child poverty rates of 20 or more. The countries with the lowest adult poverty rates are the Czech Republic, Luxembourg and Slovenia; Greece, Ireland, Portugal and Turkey are those with highest adult poverty rates. With the exception of Norway, Cyprus, Denmark, Finland, Croatia and Slovenia, child poverty rates in all countries are far higher than corresponding adult rates (in Sweden and Spain, they are both the same). The average ratio for the EU-25 is 1.35, which means that -as a whole- rates for children are higher than those for adults by about one third.

The analysis of at-risk-of-poverty rates by type of household with dependent children reveals that, in most European countries, poverty rates are far higher for one-parent families than for other 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 the highest at-risk-of-poverty rates is for households consisting of three or more adults plus child(ren) (complex households).

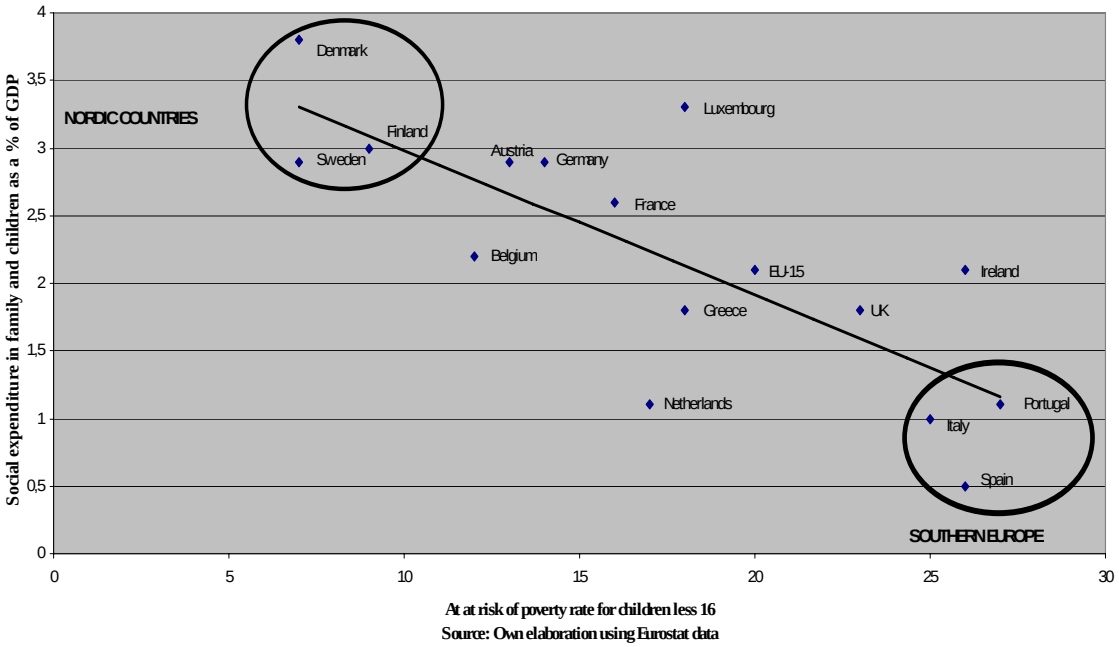
European societies vary considerably as to how children's social rights are well defined, guaranteed and protected. This is why the policy logic of different welfare regimes is one of the main explanatory factors for patterns of child poverty. The degree to which differences in the condition of children are translated into real inequalities of outcome and opportunity depends to a large extent on the priorities of national systems of social protection and on how social policies are oriented and developed.

In principle, 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. Percentage of social expenditure in relation to GDP is a good indicator of the extent to which child poverty is detected,

[1] Child and adult at-risk-of-poverty rates are calculated as the share of individuals aged less than 16 years, and 16 years or over, with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers).

combated and restrained. In fact, there is a causal relationship between level of social expenditure and child poverty rates in OECD countries; in particular, aggregate public expenditure on support for families and young people correlates closely with incidence of relative child poverty. Benefits for family and children appear as one of major variables in helping reduce levels of child poverty. In Europe, there are large disparities concerning the share of social expenditure given over to family and children. This ranges from 2.2% of total social expenditure in Spain to 16% in Luxembourg. Apart from Luxembourg, big spenders include Ireland, Finland, Denmark, Germany and Austria ; the lowest expenditure is found in Spain, Italy, Netherlands and Portugal.

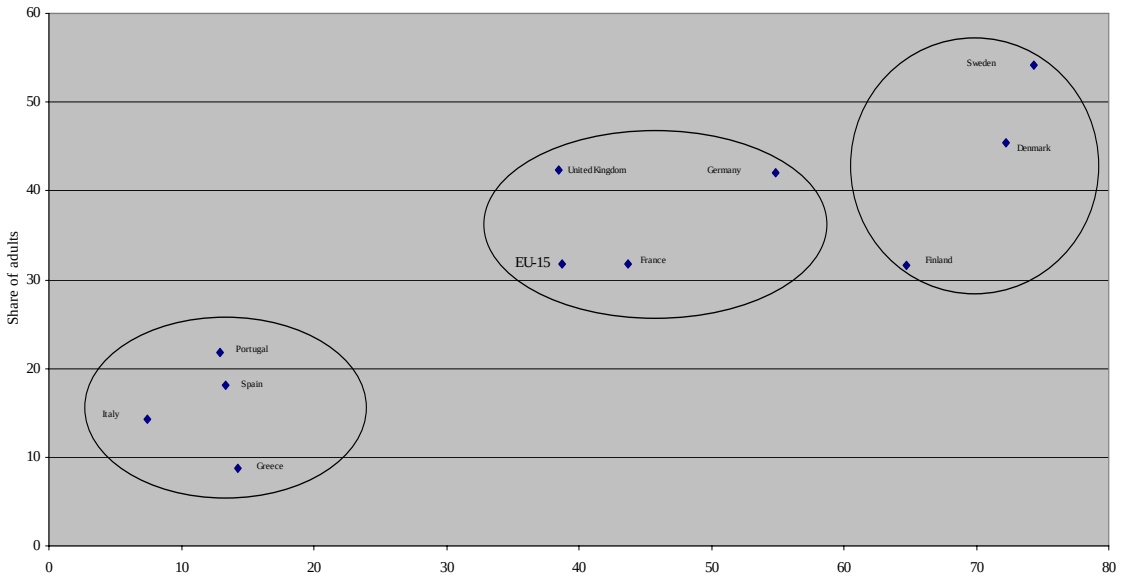
Chart 1
Child poverty rates by social expenditure in family and children
EU-15, 2001



Source: Own elaboration using Eurostat data

Chart 1 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 on family and children and low poverty rates; at the other end, the opposite happens in Southern Europe, with the notable exception of Greece. The remaining continental European nations are situated in-between, with the liberal countries (Ireland and the UK) located not far from the lower extreme.

Chart 2
Take-up rates above poverty threshold of children less 16 and adults after social transfers (excluding pensions)
EU-15, 2001



Source: Own elaboration using Eurostat data

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. Take-up rates above poverty thresholds after social transfers[2] describe the share of relatively poor children and adults before cash social transfers taken above the poverty line as a result of this public intervention. Chart 2 shows that 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 highly effective in combating poverty, social policies in the Mediterranean countries do very little to alleviate it, not only because social expenditure in general is low but also because this is not so much allocated to the well-being of children but, rather, to the welfare of adults.

3. 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.

[2] Excluding pensions.

Some of these have to do with sweeping economic processes that have affected critical aspects of the advanced economies; others are related to significant changes in the social structures of modern societies, especially concerning the impact of educational expansion on the processes of family formation; finally, a limited welfare reform as a response to changes in family organisation and the emergence of new family forms is also responsible to a great extent for the intensification of child poverty. In this section, I deal with the various factors and processes underlying the growth of child poverty. These can be classified under three separate headings:

a) Economic transitions and processes.
a) Changes in marriage markets as a result of educational expansion.
b) The slow adaptation of social policy to the rise of new family forms.

3. 1. Economic transitions and processes

In the first place, 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).

These processes have taken place against the backdrop of the transition to a postindustrial society. In 1955, Kuznets made the proposition that when an economy is primarily agricultural it has a low level of income inequality; then, during early industrialization, income inequality increases over time; finally, at some critical point, it starts to decrease over time. Some researchers have suggested that the pattern identified by Kuznets can be applied today to the more recent structural change in labour markets between the goods-producing and service sectors to predict the growth of child poverty. Since the 1970s, manufacturing has continued to shrink in most OECD-countries, with a corresponding loss of relatively well-paid jobs. At the same time, service sector employment has continually grown so that this now accounts for up to more than 80%

of overall employment (Nollmann, 2006). Both globalisation and technology accelerate industrial decline and contribute to unemployment. On the other hand, tertiarisation favours those workers with human and social capital, although this process may also lead to stagnation because of low productivity (Esping-Andersen, 1999).

Baumol was the first economist to formulate the hypothesis that, because of the inherent nature of services, productivity improvements in service sectors are less likely to prevail than in the goods-producing sectors of the economy (Baumol 1967). In the long term, productivity grows on average much faster in manufacturing than in most services. Many services, such as music concerts, teaching, hairdressing, massage, psychotherapy, childminding, or care for the elderly are inherently incapable of raising productivity by much, at least not without a loss in quality (Esping-Andersen, 1999). If productivity is an important factor in the determination of wage levels, then the process of transition to a service economy should involve the growth of wage differentials and the polarisation of employment. Considering that a substantial number of service jobs are taken up by women, this trend -in connection with other social and economic developments- would contribute to the feminisation of poverty, which is one of the factors underlying the increase in child poverty.

3.2 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 have shown that a process of social closure is under way as one of the unintended consequences of educational expansion. They 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. To these researchers 'who marries whom' is a central issue in understanding the process of social reproduction in modern societies. The growing trend of positive assortative mating[3] is one of the consequences of expanding educational systems in connection with the increasing participation of women in the

[3] Positive assortative mating takes place when sexually reproducing organisms tend to mate with individuals that are like themselves in some respect.

labour market (Blossfeld and Drobni (eds.), 2001; Rose, 2001; Mare, 2001; Blossfeld and Timm, 2003).

When married women's paid work throughout their life cycle becomes normal and a wife's income is a significant factor in dual-earner family life-styles, men tend to prefer women with higher income potential. Education is a crucial variable for the structuring of marriage markets in so far 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. Thus, from the life-cycle perspective, educational homogamy[4] implies that the degree of social inequality engendered through life course is enhanced by marriage, since selecting a mate means pooling together and amassing both the positive and negative economic and socio-cultural resources of two distinct individuals (Blossfeld and Timm, 2003).

In the 1960s and 1970s, working-class families compensated for their reduced incomes through wives' paid work, since they were more likely to be employed if the amount of their husbands' earnings was low. However, today's higher levels of homogamy in marriage patterns are leading to an increasing social polarisation. This happens because, on the one hand, men with higher earning potential tend to marry women of similar characteristics and therefore form dual-earner couples at the top and middle of the social structure and, on the other hand, at the bottom of the social ladder a substantial number of low-educated married women in many countries, especially if these women have young children, are inactive since being employed with a modest salary does not compensate for the cost of family services. Consequently, especially if these are lower-class families, households with a single breadwinner, are the relative losers in these developments (Blossfeld and Drobni, eds., 2001).

Finally, 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. As total labour supply (annual hours worked) has been increasing more among highly educated couples, marital selection not only has to do with wage differentials but also with work intensity, and this is resulting in a rising income gap (Esping-Andersen, 2005a).

[4] The trend to select partners with similar characteristics in terms of social status and educational attainment.

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

The discussion of all these developments leads us to the main contention in this article: 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. Most 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-familialisation and de-commodification.

Life-cycle events, changes in family formation and stability, reproductive behaviour, mortality rates among parents and participation by women in the labour force have emerged as important sources of child deprivation. Slow adaptation as well the partial and limited response of social policy to this new situation has negatively affected several components of child welfare (Cornia and Danziger, 1997).

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. In this respect, two main processes of family transformation stand out. In the first place, the process of transition from the male breadwinner/female homemaker model to the dual-earner family model. Second, an increase of marital instability resulting in the growth of single-parent households.

In recent decades, dual-earner families have come to be considered as the normal standard in most advanced modern societies. This transition is the result of the increase in women's quest for self-realisation boosted by improved levels of female educational attainment, together with the enhanced expectations of the general population for consumption and material well-being. In turn, this has been reinforced by the legitimisation that social and political institutions grant to the dual-earner family model, insofar as female participation in the labour market is often taken as a pre-requisite for economic growth. However, one of the unintended consequences of this development is that households with one single earner, especially if headed by low-income women, are more prone to falling victim to economic hardship. When the average standard of living takes for granted a double income, households with a single breadwinner are obviously facing higher poverty risks.

As a result of this, large families -which were traditionally placed at the top of the poverty league- are now being replaced by single-parent families that, having by definition only one breadwinner, experience the condition of relative poverty superior to other family households. The continual growth of single parenthood, a trend that we find in nearly all advanced societies, is due to an unremitting increase of family breakdown, whether the couples are married or have informal arrangements.

Although there has been a certain slackening and even stabilisation of divorce rates in a few European countries over recent decades, in most countries these rates are growing rapidly. While the Nordic countries, Belgium and the UK have been leaders in divorce rates for a considerable time, certain signs are indicating that marriage break-up is on the increase in Southern Europe, despite the fact that part of this growth is not reflected in official statistics.

The rise in divorce is correlated with the rise of post-industrial societies, in which there has been an enormous expansion of women's employment. Increasing rates of female activity mean greater economic opportunities and enhanced autonomy for women, and it is not surprising that this consequently brings about higher divorce rates. A large part of the post-war divorce phenomenon can be seen as a function of economic and cultural modernity, with economic change providing the means by which women might become more independent in marriage (access to resources and to job opportunities) and with cultural parameters determining the legal and financial 'availability' of the divorce option (i.e., the liberality of the law and the availability of women's work) (Castles, 1998).

However, divorce rates are recording fewer and fewer disruptions of couples with children. Whether because of the spread of informal marital break-ups or because of the rise in the number of separations affecting consensual unions, the trend towards the de-institutionalisation of marriage has brought about a proliferation of a range of new living arrangements very dissimilar to the monolithic traditional patterns. In this way, individual life courses have become increasingly diversified. Taking into account that many divorced people later remarry or cohabit with a new partner who was also married before and may also have children of their own, more and more children thus grow up with a non-biological parent (Beck and Beck-Gernsheim, 2002).

Particularly 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. Ireland is a case in point. This country exhibited one of highest rates of

children under 16 living in lone-parent families well before 1997, when divorce was made legal. Ireland is one of the EU countries in which there has been a higher increase in the percentage of children born outside marriage, moving from 5% in 1980 to 32% in 2000 (Kiernan, 2004).

Lone parenthood is undoubtedly a major contributor to inequality in child well-being (Esping-Andersen, 2006). In The USA, the decline in two-parent families after 1960 was closely linked with a rise in child poverty. Poverty rates have always been higher in single-mother families than in two-parent families. Whereas in 1970 only 12 percent of families with children were headed by a single mother, by 2003 that share had more than doubled, to 26 percent. In 2003, the U.S. poverty rate for children living in married households was 8.4 percent. For children living in single-mother households, it was 38.4 percent (McLanahan *et al*., 2005).

The relative income position of one-earner families has been deteriorating quite significantly in many countries over recent years. On the one hand, the conventional male-breadwinner family runs a considerable risk of poverty, the more so if the family is headed by a low-skilled male. On the other hand, lone mothers represent a high-risk household that is likely to persist, bearing in mind that a substantial share of no-work households are led by single mothers, especially in the UK where employment among this group is still exceptionally low. While two-earner couples with children are almost immune to poverty, single parent units are more vulnerable because their total potential labour supply is naturally limited. By definition, single-parent households cannot be work-rich (Esping-Andersen, 2005a).

To summarise, 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. These two crises interact with each other, increasing the number of households with single mothers and poor children (Nollmann, 2006). Secondly, the demise of the traditional family model and marital homogamy have a number of overlapping consequences in that they both lead to social polarisation, with the losers of this development being mainly low-educated one-earner couples. Finally, there is an accumulation of (old) class and (new) family structure risks so that adverse effects are, in effect, accumulated.

4. Strategies to combat child poverty

One of the policy paradoxes of our times is that, while the costs of childhood deprivation can be very high, the costs of eliminating the problem can be quite modest. In countries such the UK, Italy and the USA, the cost of abolishing child poverty would range between 0.25-0.30% of GDP. Spain is possibly the worst-case benchmark for comparison because it combines very low female employment, exceptionally underdeveloped economic support to families and fairly high child poverty rates. Even so, the cost of eliminating child poverty in this country could be very low, amounting to only 0.16% of GDP. Finally, in Nordic countries such as Denmark and Sweden, this would amount to only 0.01% of GDP. (Esping-Andersen, 2002; 2005b)[5].

If these calculations are correct, political will appears to be a crucial consideration. But what are the best policies to deal with the matter and which are the most effective? Several strategies have been discussed in the literature as to how to reduce child poverty rates. 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 various other strands of family policy.

Most of these strategies can either be private or public, in the sense that 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. It is in this second sense that I use the term strategy here. It is obvious that, in this latter sense, this involves a collective dimension and therefore its significance falls under the logic of public policy. Implementing public policies does not only depend on the kind of values shared among most of the population, but also on national priorities and on the ideological stance of particular governments.

Esping-Andersen makes an interesting distinction between preventive and remedial strategies. Remedial policies for adults are a poor and costly substitute for interventions in early childhood, since this is the critical point at which people's life courses are shaped. Once people have reached adulthood, remedial interventions are unlikely to be effective unless the individuals targeted have sufficient cognitive and social skills (Heckman and Lochner, 2000; Esping-Andersen, 2002).

[5] Poverty threshold calculated as 50% of the median adjusted disposable income.

The most preventive strategy is long-term investment in children. This kind of strategy is most popular in liberal countries with low spending in social policies, but it is also drawing a growing interest in Nordic countries. In fact, Americans have always been more favourably inclined to invest in children as a way of promoting equal opportunity and of reducing poverty in the next generation of adults than they have been to redistribute resources to reduce labour-market disadvantages and poverty among adults (Danziger and Waldfogel, 2000). Investing in children means 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. However, while the traditional approach to human-capital policy focuses on schools, it is acknowledged that families are equally or more important in promoting human capital. The evidence from failed families points to possible benefits from interventions in such units (Carneiro and Heckman, 2003).

One of the key findings is the timing of investment and the advantages of investing early in the life cycle. Returns on investment are highest in early childhood. While the success of early intervention programmes for low-income pre-school children is well documented[6], there is a controversy about the effectiveness of 'second-chance' interventions for school dropouts, welfare recipients and early school leavers (Heckman, and Lochner, 2000). By the time black and Hispanic children reach kindergarten, they are on average already far behind their more advantaged peers in reading and maths readiness. Such disparities in achievement persist or even increase during school years. Educational programmes for parents and preschool education programmes for children have the potential to narrow these disparities by at least half (Haskins and Rouse, 2005).

Investment in early childhood is cost-effective. In particular, early intervention is most cost-effective because it lays the groundwork for later success, its benefits accrue to other children, it accumulates over time and thus spills over to the next generation of children. There is no better way of breaking the intergenerational cycle of poverty and inequality than to invest in the current generation of children. Well-designed intervention aimed at children and adolescents today promote their future

[6] For example, the US Head Start and Early Head Start are comprehensive child-development programmes that serve children from birth to age 5, pregnant women, and their families. They are child-focused programmes and have the overall goal of increasing the school readiness of young children in low-income families. Even if they are reasonably effective, they only cover 3% of American children. See http://www.acf.hhs.gov/programs/hsb/

success in the labour market, family life, and social life (Danziger and Waldfogel, 2000).

Poverty is associated with poor outcomes in many other dimensions of child well-being. There is a fairly strong association between low family affluence and educational deprivation. In many countries, the educational chances of children are still linked to their social background. The educational level of a child's parent, in particular the mother, is a primary determinant of how much education the child will get and how he or she will do in school. Finland has the highest overall educational attainment levels, while the Southern EU countries have the lowest. Denmark, Norway and Sweden are the only advanced countries that show a substantial reduction in the effect of parental education, income and also cultural capital on children's educational attainment (Danziger and Waldfogel, 2000; Esping-Andersen, 2005b; Bradshaw et al, 2006; Calero, 2006).

There is a clear relationship between structural poverty and low school achievement. In the EU, there appears to be a high positive correlation between the incidence of at-persistent-risk-of-poverty for children and rates of early school leaving[7]. 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 (R=0.84 for Eurostat EU-15 data 2000-01)[8].

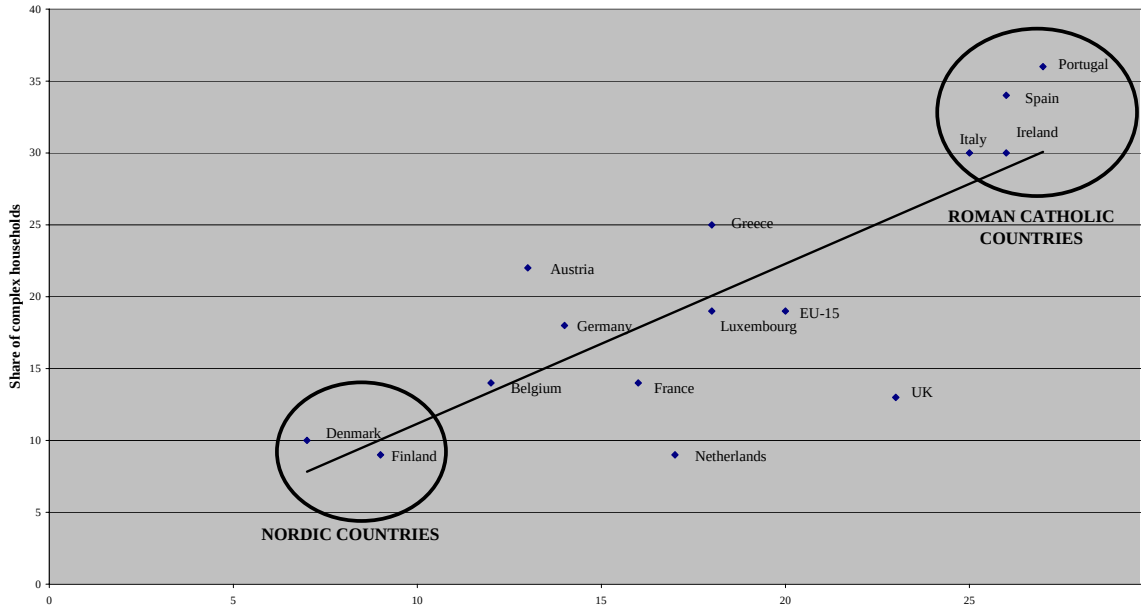
The extent to which lone motherhood is a more or less transient status is one of factors that may affect the welfare of children. In this sense, remarriage and cohabitation have been considered as routes out of poverty. Children's well-being improves dramatically when (and if) lone mothers remarry or cohabit. In either case, this almost doubles their household income (Show, 1991; Morrison and Ritualo, 2000; Esping-Andersen, 2002). Conservative governments are trying to encourage marriage as a measure to reduce child poverty. For example, the Bush administration is proposing to spend $1.5 billion over the next five years on programmes to educate people on the benefits of healthy marriage and to improve relationship and communication skills among low-income couples, in order to increase child well-being. Critics of this proposal argue that marriage programmes may encourage some single mothers to

[7] The 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. Early school leavers represent the percentage of the population aged 18-24 with, at most, lower secondary education and not currently in further education or training.
[8] Own calculations.

remain in violent relationships. They also worry that money for low-income single mothers will be diverted to marriage-education programmes. Finally, they contend that increasing marriage would not significantly reduce child poverty for two reasons: first, that there is a substantial shortage of suitable males for single mothers to marry, and second, that even if single mothers married the father of their children, the earnings of the fathers are so low that they would not lift the family out of poverty (Rector *et al.*, 2003; McLanahan *et al*., 2005).

The formation of complex households is a strategy prevalent in countries with a low spending on family policy and therefore a limited degree of de-familialisation. This is a private rather than a public strategy, but the extent to which it is tacitly taken for granted by governments can also have certain public overtones. In countries such as Italy, Spain and the USA, an important share of lone mothers live with other adult people, who are likely to make contributions to the family's income. Because lone mothers live with family in Spain and Italy, they have relatively low poverty rates. Data show that not only do Spain and Italy have the lowest proportion of single-mother families, but that in over half of such families another adult is present. In the United States, there is an even larger proportion of children in families that have both a single mother and another adult present; some 7% of all U.S. children live in such families, or almost one-third of children in single-mother families. In other countries, a very small minority of children in single-mother families also have another adult present. With the exception of Spain, Italy, and the United States, over three-quarters of children in single-mother families live in families in which the only adult present is their mother (Rainwater and Smeeding, 2003; Esping-Andersen, 2005a; Treviño, 2006).

Chart 3
Child poverty rates by share of complex households
EU-15, 2001



Source: Own elaboration using Eurostat data

Chart 3 shows a high positive correlation between household complexity and levels of child poverty (R=0.79)[9]. Although we know that in Roman-Catholic countries[10] the formation of complex households is a way of coping with situations of poverty since more scale economies are possible and more potential adult breadwinners are present, in a comparative perspective this strategy does not prove to be very effective. However, if this pattern did not exist in these countries, levels of child poverty would probably be far higher[11]. 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.

In countries such as Spain and Italy, there is a second factor of preservation against child poverty. In these countries, divorce affects the population selectively in such a way that the middle classes are more prone than are the working classes. This happens in nations where divorce has been recently legalised and where the level of female participation in the labour market appears correlated with educational attainment. Having some experience on the labour market and job security are factors

[9] Complex households are defined as those in which three or more adults live, with or without children.
[10] Southern EU countries plus Ireland.
[11] In fact, Spain, Italy, Greece and Portugal have low shares of children aged 0-17 living in jobless households (in the range of 4-6.5%), while the EU-25 average is 9.8% (Eurostat data for 2004).

positively associated with divorce, but marriage break-up is also a factor inducing women to enter the labour market (Solsona et al., 2000). Thus, in these countries the rise in female activity rates is a powerful drive for the growth of divorce rates.

Another source of welfare for children is income from non-resident parents. Contributions from absent fathers are the least important source of income for lone mothers in all countries, but countries vary widely in terms of the importance that is attached to making fathers pay, the kind of legislation in place to force them to do so, and whether the state guarantees maintenance payments from fathers (Lewis with Hobson, 1997). In the UK, non-resident fathers increasingly became the focus of policy concerns in the 1980s and 1990s, particularly in relation to family law and child support. Child support rather than contact rights has been the most salient and controversial policy arena concerning non-resident fathers in recent years. However, contact with the child is very closely associated with whether child support is paid (Bradshaw et al., 1999; Millar, 1999).

How far support for children should be met individually by fathers and by breadwinning mothers, or collectively though tax/benefit packages and the provision of social services, is an open question for debate. It should be noted that family law and family policy are increasingly concerned with the same issues, most notably child maintenance with respect to the former, and child poverty with respect to the latter, but the mechanisms involved are entirely different and have tended to be un-coordinated (Lewis, 2001).

Activation programmes have proved useful in countries such as the UK, where lone mothers have traditionally had low activity rates; in other countries such as Spain, where employment rates for divorced and separated women are much higher than for married women, these do not make much sense except for low-income lone mothers. Attaching conditions to receiving benefits and making work pay by ensuring that participation in employment results in real increases in living standards, and seeing to it that poverty traps are eliminated, can free lone mothers from dependency and attach them to the workforce.

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. It is well established that maternal employment can be harmful in the child's first 9-12 months. Childcare strategies can

work very well if children remain with their mother for most of their first year, if mothers have quality jobs and if the childcare quality is high (Danziger and Waldfogel, 2000; Esping-Andersen, 2005b).

Although work strategies may be very effective, they are only conditionally so for lone mothers. If these women work, they are likely to be in part-time or precarious employment in many countries, and therefore earn low wages. Any realistic policy must combine subsidised day care with income guarantees. Adequate income maintenance is a first precondition for either preventive or remedial long-term strategies. The goal of abolishing child poverty could be achieved by pursuing a combined strategy of supporting mothers' employment and of offering a sufficient family benefit package to households with children. One of the ways in which low-educated mothers with young children could be incentivised to enter the labour market -or to stay active- is by providing them with affordable and accessible childcare services. If the aim is the elimination of child poverty, the servicing strategy is clearly more costly and possibly less effective than the transfer strategy. However, access by under-privileged children to high-quality pre-school and day-care services would help reduce social inheritance and diminish social inequalities across generations (Esping-Andersen, 2002).

There is no single road to lower child poverty rates. Changes in income transfers need to be thought through in conjunction with the nature of labour markets. Reforms intended to increase the labour supply and labour-market engagement of adults may or may not end up lowering child poverty rates. At the same time, increases in level of support have also been shown to be a central ingredient in lowering the child poverty rate both when this is very high and when it is already quite low (Chen and Corak, 2005).

Comparative evidence suggests that the welfare state is quite successful in diminishing child poverty rates. Countries with high levels of social expenditure have been able to curb child poverty to a great extent in such a way that public institutions can prevent high rates of social exclusion and related risks for children and youth. Poverty rates would be much higher in all nations if there were no transfers being made on children's behalf. Having said that, countries with the lowest poverty rates are those in which children take advantage of benefits not necessarily addressed to them. This is in contrast with other nations that target income to children in poverty, where levels of spending may be comparable but with higher child poverty rates (Corak, Lietz and Sutherland, 2005; Unicef, 2005; Nollmann, 2006).

In the USA, children raised by never-married mothers are seven times more likely to be poor when compared to children raised in intact married families. There is substantial evidence that children in single-parent as well as in step families tend to have worse outcomes than peers living with both biological parents, although variations in rates of lone motherhood are not an important reason for the variations in child poverty across countries (Vleminckx and Smeeding eds., 2001; Rector et al., 2003; Bradshaw el al, 2006).

It is important to stress that the cause for the rise of child poverty and other ensuing adverse conditions for children is not family change *per se*, even if this includes increasing lone parenthood or marital instability. For this reason, it would be a mistake to stigmatise lone mothers with children by blaming them as the culprits for the growth of child poverty. On the contrary, their well-being depends on how they are treated by governments and on the extent to which there is a gap between emerging social structures and the existing provisions of welfare states. In this sense, the policy logic -that is, the assumptions, principles and premises underlying welfare regimes- becomes of prime importance. Defining the policy logic needed for a more child-friendly architecture within welfare states will contribute to properly responding to the challenges and opportunities that these states face in their process of restructuring.

5. Conclusion

The abolition or minimisation of child poverty can be predicated on moral, legal and economic grounds. The growth of child poverty causes strong moral indignation among sensitive sectors of the European population, given that children are more vulnerable than adults and are fully dependent upon them. International agreements such as the UN Convention on the Rights of the Child approved by nearly all states throughout the world define children as citizens with entitlements to rights; clearly, some of these very rights are harshly violated by severe poverty. Finally, a child-centred social-investment strategy conjoining private gains and public utilities can be posited for the sake of economic efficiency in a knowledge-based society in which life chances increasingly depend on cultural, social and cognitive capital and in which, in turn, these are particularly developed in childhood.

The policy logic of different welfare regimes is one of the main relevant factors in understanding the processes underlying patterns of child poverty. A good indicator of the extent to which the poverty of children is being detected and opposed is the degree of development of welfare states in terms of social expenditure. Generous spending on several ambits such as family benefits and services, intense work activation policies, a multi-pronged strategy combining both preventive and remedial measures, the capacity for heavy financial redistribution and, of course, a strong-willed political commitment as a result of national priorities are all crucial considerations for success in eradicating child poverty. On the contrary, targeting benefits for deprived children without developing a general package for conventional families does result in rather unsatisfactory outcomes. While the Nordic countries may exhibit very high levels of child-poverty reduction, other European countries fall short of this objective. In particular, the low levels of family expenditure in the Mediterranean countries do not leave much scope for fighting against child poverty, although other preventive mechanisms such as selective divorce and household complexity are at work in these nations. Failing to develop a common EU family policy because of a weak consensus due to cultural and ideological diversity throughout Europe is possibly the key factor impeding a significant progress in the minimisation of child poverty.

Disjunction between new developments in the field of family organisation and a very limited reform of most welfare states as a response to this challenge is one of the main reasons for the unremitting prevalence of child poverty. Welfare architecture that is more child-friendly is needed if we are to effectively combat the impact of social exclusion on families. The well-being and life chances of children 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 the material, cultural, social, personal or emotional. If, for example, in the process of social and family change, a loss of traditional social capital, embodied in networks of community solidarity, is not compensated for by a corresponding increase in the level of welfare benefits and services, a number of citizens will be affected by situations of risk.

The poor child is far more likely to end up as a poor parent. Any measure that effectively curbs child poverty amounts to a key investment not only in children's life chances but also in our collective future well-being. Equality of opportunity will not become a reality until all children are provided with enhanced opportunities to

maximise their full potential. However, if intervention is to be successful, it must be responsive to the diverse needs of children. The growth of family diversity calls for the implementation of serious reform in the institutional layout of the welfare states. If family diversity as a desirable value is not to be mere rhetoric, social policy must address the problems of unequal opportunity faced by children living in different kinds of households.

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