INNOCENTI REPORT CARD
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A LEAGUE TABLE OF CHILD POVERTY IN RICH NATIONS

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This publication is the first in a series of *Innocenti Report Cards,* designed to monitor the performance of the industrialized nations in meeting the needs of their children. Each *Report Card* will present and analyse league tables ranking the performance of rich nations against critical indicators of child well-being.

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The UNICEF Innocenti Research Centre, located in Florence, Italy, was established in 1988 to strengthen the research capability of the United Nations Children's Fund and to amplify its voice as an advocate for children worldwide. The Centre helps to identify and research areas vital to the current and future work of UNICEF. Its prime objectives are to improve international understanding of issues relating to children's rights and to help facilitate the full implementation of the United Nations Convention on the Rights of the Child in both industrialized and developing countries.

UNICEF Innocenti Research Centre
Piazza Santissima Annunziata 12
50122 Florence, Italy
Tel: (+39) 055 20 330
Fax: (+39) 055 244 817
Email: orders@unicef-icdc.it
Web-site: www.unicef-icdc.org

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"The persistence of child poverty in rich countries undermines both equality of opportunity and commonality of values. It therefore confronts the industrialized world with a test both of its ideals and of its capacity to resolve many of its most intractable social problems."

Key findings

- Child poverty rates in the world's wealthiest nations vary from under 3 per cent to over 25 per cent (Figure 1).

- One in every six of the rich world's children is living in poverty. In total, approximately 47 million children in the nations of the OECD live below their national poverty lines.

- Whether measured by relative or absolute poverty, the top six places in the child poverty league are occupied by the same six nations – all of which combine a high degree of economic development with a reasonable degree of equity (Figures 1 and 2).

- In the league table of *relative* child poverty, the bottom four places are occupied by the United Kingdom, Italy, the United States, and Mexico (Figure 1).

- In the league table of *absolute* child poverty, the bottom four places are occupied by Spain, the Czech Republic, Hungary, and Poland (Figure 2).

- Differences in the proportion of children living in lone-parent families have relatively little to do with the differences in child poverty rates or league table rankings (Figure 4).

- The poverty rate for lone-parent families has a more significant effect. A child's chances of living in poverty is, on average, four times greater in lone-parent families (Figure 3).

- There is a close relationship between child poverty rates and the percentage of households with children in which there is no adult in work (Figure 6).

- There is a close relationship between child poverty rates and the percentage of full-time workers who earn less than two-thirds of the national median wage (Figure 7).

- The countries with the lowest child poverty rates allocate the highest proportions of GNP to social expenditures (Figure 8).

- Differences in tax and social expenditure policies mean that some nations reduce 'market child poverty' by as much as 20 percentage points and others by as little as 5 percentage points (Figure 9).

EDITORIAL

Ending child poverty

The league tables of child poverty presented in this first *Innocenti Report Card* are the most comprehensive estimates so far of child poverty across the industrialized world. Based on a new analysis, commissioned by UNICEF, of the latest data from the *Luxembourg Income Study* of household surveys, Figure 1 shows the proportion of children living in poverty in 23 nations of the OECD. It shows that child poverty rates vary from under 3 per cent to more than 25 per cent in the world's economically advanced nations.

By the middle of the century that has just ended, the world's richest nations were confident that poverty would be overcome by a combination of economic growth and welfare spending. A prediction that poverty would still afflict significant numbers of their children in the 21st century would not have been believed. Today, despite a doubling and redoubling of national incomes in most nations since 1950, a significant percentage of their children are still living in families so materially poor that normal health and growth are at risk. And as the tables show, a far larger proportion remain in the twilight world of relative poverty; their physical needs may be minimally catered for, but they are painfully excluded from the activities and advantages that are considered normal by their peers.

Such statistics represent the unnecessary suffering and deprivation of millions of individual children. They also represent a failure to hold faith with the developed world's ideal of equality of opportunity. For no matter how many individual and anecdotal exceptions there may be, the fact remains that the children of the poor simply do not have the same opportunities as the children of the non-poor. Whether measured by physical and mental development, health and survival rates, educational achievement or job prospects, incomes or life expectancies, those who spend their childhood in poverty of income and expectation are at a marked and measurable disadvantage.

Further, the statistics presented in these pages also represent a threat to the quality of life of *all* citizens in those nations with high rates of child poverty. For while it is true that many poor families make sacrifices to give their children the best possible start in life, the broader picture shows that those who grow up in poverty are more likely to have learning difficulties, to drop out of school, to resort to drugs, to commit crimes, to be out of work, to become pregnant at too early an age, and to live lives that perpetuate poverty and disadvantage into succeeding generations. In other words, many of the most serious problems facing today's advanced industrialized nations have roots in the denial and deprivation that mark the childhoods of so many of their future citizens.

Child poverty therefore confronts the industrialized world with a test both of its ideals and of its capacity to resolve many of its most intractable social problems.

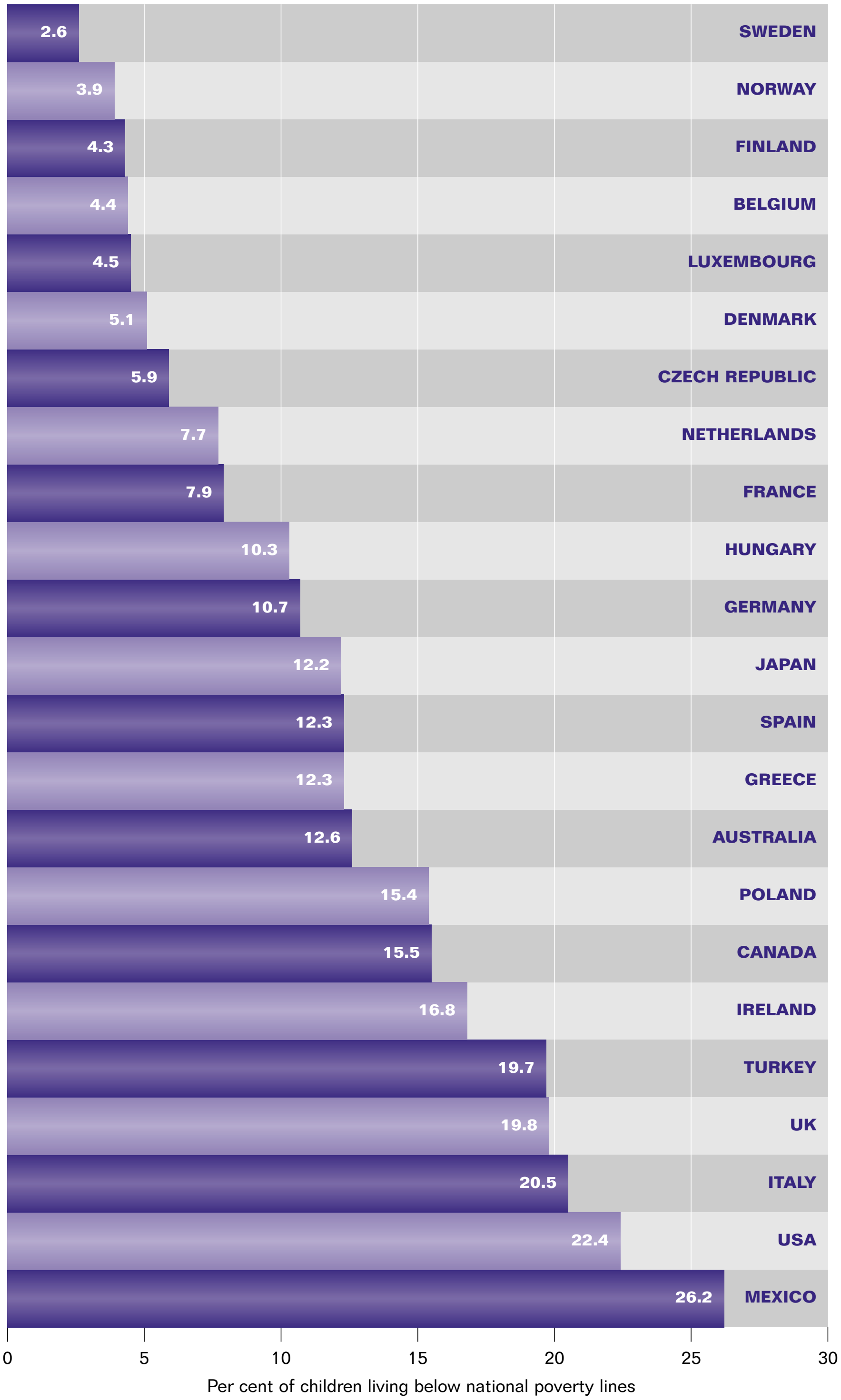
It is a test that cannot easily be avoided by arguments about individual responsibility. No one would argue that being born into poverty is the fault of the child. It is merely the lottery of birth. And it is fundamental to shared concepts of progress and civilisation that an accident of birth should not be allowed to circumscribe the quality of life. The poverty-bar may not be written into the laws and institutions of the land; but it is written into both the statistical chances and the everyday realities of millions of children who happen to be born into the poorest strata of our societies.

For the sake of both today's children and tomorrow's world, therefore, the beginning of a new century demands a new commitment to ending child poverty in the world's richest nations. This first *Innocenti Report Card* is intended as a contribution to the debate on how such poverty can best be defined, measured, and reduced.

The child poverty league

Figure 1

The table shows the percentage of children living in 'relative' poverty, defined as households with income below 50 per cent of the national median (details of the calculations and the years to which the data refer are given on page 25).



Commentary

The new century has opened with a renewal of interest in the issue of poverty within the borders of the world's richest nations. In the European Union, heads of government have called for specific targets to be established as part of an effort to 'make a decisive impact on the eradication of poverty'. In the United States, official poverty lines are being reviewed for the first time in over 30 years. In France, the Prime Minister's Conseil d'Analyse Économique has focused national attention on poverty and social exclusion. In the Republic of Ireland, specific targets and programmes have been announced for a ten-year anti-poverty effort. In the United Kingdom, the government has committed itself to halving child poverty in ten years and eradicating it in twenty.

In part, this new interest appears to be driven by the ethical imperative that poverty, and particularly child poverty, is a stain on the record of today's advanced nations – and one that should not have been allowed to seep into the 21st century. But in part, also, the renewal of interest is born of a growing recognition that many of the other problems confronting today's industrial societies – from drug abuse and crime to educational underachievement and alienation from common values – are strongly associated with the poverty-amid-prosperity that afflicts a significant proportion of their populations.

It is in this context that the first *Innocenti Report Card* presents the most comprehensive analysis to date of child poverty in the nations of the Organisation for Economic Co-operation and Development (OECD).

The league tables (Figures 1 and 2) show what percentage of children live below national poverty lines in each country. They reveal a wide range of child poverty rates in countries at broadly similar levels of economic development. Inset boxes investigate the experience of countries that stand out for their high or low child poverty rates and consider other critical dimensions of the problem. Box 5 presents new research on the important but neglected question of how long children remain in poverty. Box 4 investigates the significance of money alone for the well-being of children. The remaining graphs and tables (Figures 3-10) use international comparison to explore the relationships between child poverty and contributory factors such as lone parenthood, unemployment, worklessness, wage inequality, and levels of social expenditures. Although far from complete, this analysis seeks to bring together recent (1990s) data from across the industrialized world in order to explore what can be learnt about the causes of child poverty and the policies most likely to reduce it.

Defining poverty

Poverty in the world's rich nations has long been seen as the enemy that must inevitably surrender to the combination of economic growth and welfare spending. The deep-rooted social and psychological dimensions of the problem have, for the most part, been seen as secondary problems that would yield once the economic problem had been overcome. More recent interest in the issue has been marked by a humbler

The nations of the OECD

The *Innocenti Report Cards* investigate child well-being in rich nations. The series draws data from the 29 members of the Organisation for Economic Co-operation and Development (OECD), the countries that produce two-thirds of the world's goods and services.

The OECD member countries are: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, the Republic of Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.

1

The poverty paradox

The tensions between relative and absolute measures of poverty are illustrated by events in the Republic of Ireland and in Central Europe.

The Irish economy has recently been growing at an annual rate of 7 or 8 per cent. Unemployment has fallen, wages have risen, and social security payments have increased. But the incomes of those without jobs and of the low paid, though rising, have not kept pace with average incomes. Relative poverty, as measured by the numbers living below 50 or 60 per cent of average income, has therefore been rising. In such a context, it may prove difficult to persuade politicians and public that a rise in the numbers below the relative poverty line represents a genuine increase in poverty.

The same apparent contradiction can operate in reverse. The Czech Republic, Hungary and Poland all suffered falls in national income of 15 to 20 per cent in the first half of the 1990s. Real living standards clearly fell – something ignored in calculations of relative child poverty that use a fixed percentage of the falling average income.

Accepting the notion of relative poverty means accepting that poverty may be worsening even if the absolute living standards of the poor are rising. Relative poverty is about inequality; its premise is that what constitutes an acceptable quality of life changes over time, and that falling behind the average by more than a certain amount means effective exclusion from the normal life of society.

understanding of poverty's complexity, and of the inter-relationships between its economic and social dimensions. Increasingly, poverty of expectation and poverty of opportunity are being recognised as forces to be reckoned with in their own right rather than as mere camp-followers of low income.

Future *Report Cards* will examine other dimensions of child poverty and its links with other problems facing the children of the industrialized world. This first issue focuses on income poverty itself – not as the only chain that binds but as a significant strand in the web of inter-related problems that so tenaciously ensnares one in every six children in the rich world.

Even with the focus narrowed to income-poverty, measurement remains a complex issue. And underlying all attempts at measurement is a fundamental problem of definition. Is poverty to be defined as an absolute condition – the inability to purchase or consume a fixed minimum package of goods and services? Or is it to be defined as a relative state – the falling behind, by more than a certain degree, from the average income and life-style enjoyed by the rest of the society in which one lives?

This *Report Card* opts for the latter concept. The poverty measured and analysed in these pages (with the exception of Figure 2) is the poverty of those whose 'resources (material, cultural, and social) are so limited as to exclude them from the minimum acceptable way of life in the Member States in which they live'. This definition, adopted by the European Union in 1984, is today the most commonly used definition in the industrialized world. For practical purposes, it is usually interpreted as 'those whose incomes fall below half of the average income (as measured by the median) for the nation in which they live'. In other words, it is a measure of *relative* poverty.

In the United States, an alternative approach holds sway. Here, the official poverty line is set in dollars and represents the annual income required to allow a family of a given size to purchase the range of goods and services that are seen as constituting the minimum acceptable way of life in America. Originally drawn in the 1960s as a battle line in President Johnson's 'War on Poverty', the dollar figure was arrived at by taking the cost of an adequate diet and multiplying by three (in line with the fact that food accounted for one third of average household expenditure). For almost forty years, this figure has been adjusted to reflect only changing prices rather than changing perceptions of what constitutes a minimum acceptable American way of life.

It is therefore intended as a measure of *absolute* poverty.

The different pictures of poverty generated by these two different approaches are revealed in the first two tables of this *Report Card*.

Figure 1 shows the percentage of children living below the relative poverty line in 23 nations of the OECD. Figure 2 shows the percentage of children living below the equivalent of the US official poverty line (translated into each national currency and adjusted to take into account national prices). For the latter table, data are available for 19 countries only.

The difference comes into a particularly sharp focus when we compare the placings of the United States and of the three former communist countries admitted to the OECD in the 1990s. In the relative league table, the Czech Republic is placed seventh with fewer than 6 per cent of its children below the poverty line. The United States is in next-to-bottom place with over 22 per cent of its children in poverty. When we turn to the league table based on poverty defined as an 'absolute' (the equivalent of the US poverty line), we find that the three former-communist states have fallen to the bottom of the rankings with over 80 per cent of their children below the poverty line – a proportion approximately twice that of any other OECD nation. The United States, on the other hand, rises to the middle of the table with a child poverty rate of just under 14 per cent – about the same as Germany or the Netherlands.

It might be argued, therefore, that the concept of relative child poverty is merely measuring inequality. In support of this view, it could be said that the low levels of child poverty revealed in the Czech Republic or Hungary are attributable to nothing more than a degree of income equality, and that this is in itself no more than a passing legacy of the communism that also bequeathed so much misery and pollution before being overthrown by the popular will. Conversely, the supposedly high level of child poverty in the United States might be said to reveal nothing more than the higher degree of income inequality which is what provides the incentives to make the United States what it is – the richest country on earth.

Counter-argument

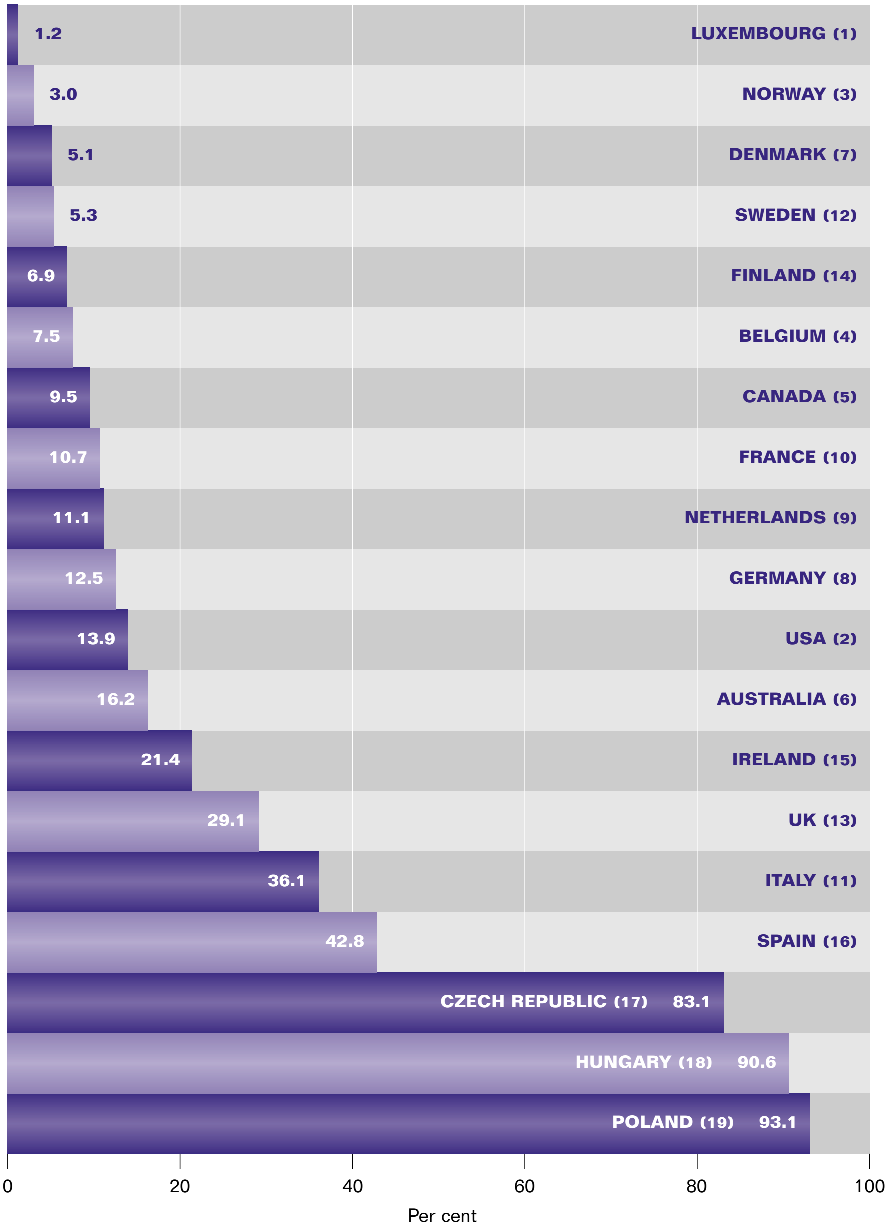
The use of a relative definition of child poverty can, however, be just as vigorously defended.

The current review of the poverty line in the United States is being driven, in part, by the fact that over the last 40 years great changes have occurred in American society and in Americans' perceptions and expectations of what constitutes a minimum acceptable way of life (changes which can to some extent be captured in the fact that food now accounts for considerably less than one third of average household expenditure). This, by implication, is an admission that the poverty line ought to change as society becomes wealthier. This conceded, it can be argued that the necessary relationship between poverty lines and rising national wealth ought to be maintained in a way that is consistent and dependable, rather than arbitrary and uncertain.

It can further be argued that it is relative poverty which most accurately reflects the equality of opportunity that has long been the boast and battle-cry of the industrialized nations. No matter how complicated the debate about the

Figure 2 'Absolute' child poverty

The table shows the percentage of children living in households with incomes below the US official poverty line converted into national currencies (with purchasing power parity exchange rates). GNP per capita ranks are given in brackets (GNP values are in purchasing power parity terms and relate to the same years as the poverty data). The child poverty rate for the US is lower than the official figure of 19.9 per cent for the year in question, 1995. This is because the calculations in this Report Card use a wider definition of income (including Food Stamps) and a different adjustment for household size.



The five per cent club

For the best part of 20 years the Nordic countries of Denmark, Finland, Norway and Sweden have held child poverty at around 5 per cent. The consistently low rates, even in the face of economic recession and rising unemployment during the early 1990s, suggest that these countries share effective policies that offer lessons for elsewhere.

What policies?
All OECD countries implement policies that are designed to help the poor by harnessing market forces and then redistributing income. However, policies vary greatly between countries in their breadth and effectiveness. Nordic policy places emphasis on helping people into paid work. This is then complemented by a wide range of social policies aimed at redistributing income to reduce the inequalities that have arisen from the market. Moreover, unlike many industrialized countries that target resources towards particular problem groups, Nordic social legislation is designed to include the entire population.

One element of the drive for high employment has been the focus on promoting gender equality. Expenditure has been directed specifically at enabling a combination of work and parenting while also stimulating a more equal share of responsibility for childcare between men and women.

All the Nordic countries provide generous maternity leave allowances that go unmatched elsewhere. For example, in 1999, women in Norway could expect either 42 weeks on 100 per cent pay or 52 weeks on 80 per cent pay. In addition, Nordic countries have legislated in favour of extended parental leave schemes which allow one parent to care for a child at home until the age of three, without losing their job. Day care is universal in Denmark, Finland and Sweden where, in theory, every child is entitled to a place.

The impact of such measures is reflected in high female labour force participation rates that averaged over 70 per cent in 1997. This is a most significant aspect of Nordic policy. For research reveals both a strong link between high female employment and low child poverty, and a corresponding link between comprehensive levels of family policy and high employment among women. The third side to this triangle is the correlation between extensive family policy legislation and low rates of child poverty.

The graph plots the link between high female employment and low child poverty in a number of OECD countries. The Nordic countries can be seen grouped in the bottom right corner.

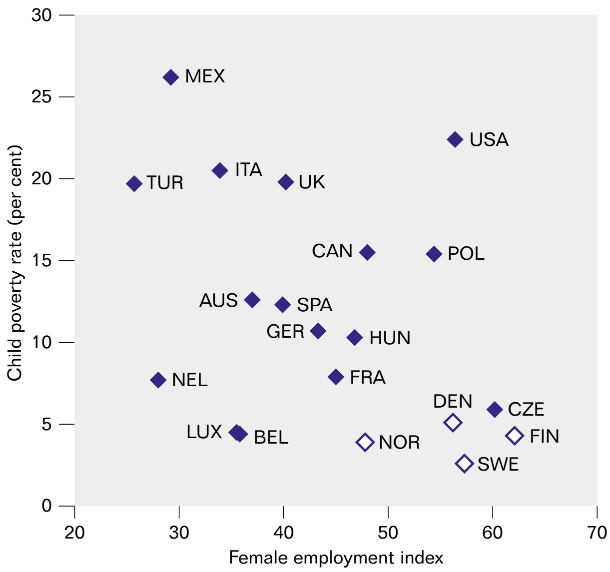
What's the cost?
High investment in family policy means high social expenditure, funded by tax revenues and other sources. The Nordic countries have the greatest workforce age social expenditure in the OECD (Figure 8) and, not surprisingly, the Nordic model depends on a high tax burden. Tax and social contributions in Denmark, Finland and Sweden averaged 52 per cent of GDP in 1997 compared to an average of 41 per cent in other European Union member states. However, the continued affluence of the Nordic countries argues against claims that high taxes must greatly hinder economic growth. Despite a high tax, high spend approach, levels of absolute poverty among children remain very low (Figure 2).

Above all, it is clear that family-focused social policy is deep-rooted in Nordic culture and that the principle of social entitlement is highly institutionalized, enjoying wide support among the electorate.

Source: paper by K. Forssén

Women's employment and child poverty

The female employment index is the labour force participation rate for women multiplied by the share of female employment in full-time jobs. For example, Sweden has a female participation rate of 76 per cent and three-quarters of women who do work have full-time jobs, giving an overall index value of 57.



relationships between poverty in childhood and prospects in later life (Box 4), few would seriously maintain that the sons and daughters of the poor have the same opportunities as the sons and daughters of the rich.

But perhaps the most important argument is that it is the level of relative poverty that most accurately captures what it is that we should be concerned about. Once economic development has progressed beyond a certain minimum level, the rub of the poverty problem – from the point of view of both the poor individual and of the societies in which they live – is not so much the effects of poverty in any absolute form but the effects of the contrast, daily perceived, between the lives of the poor and the lives of those around them. For practical purposes, the problem of poverty in the industrialized nations today is a problem of *relative* poverty.

As for the argument that such an emphasis on relative incomes runs counter to the need for incentives, it can be argued that, whatever the intricacies of this long-running debate, nations such as Sweden, Norway and Finland contrive to be among the most egalitarian and yet among the wealthiest countries in the world. The top six places in both child poverty league tables – relative and absolute – are occupied by the same six northern European countries all of which combine a high degree of economic development with a reasonable degree of equity.

Finally, there is the essentially ethical argument that clearly underlies the European Union definition of poverty cited above, and that is enshrined in the United Nations Convention on the Rights of the Child which provides for the right to 'a standard of living adequate for physical, mental, spiritual, moral and social development' (Article 27).

It is a definition not dissimilar to one articulated by an American economist nearly half a century ago:

"People are poverty-stricken when their income, even if adequate for survival, falls markedly behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgement of the larger community that they are indecent. They are degraded, for, in a literal sense, they live outside the grades or categories which the community regards as respectable."

J. K. Galbraith,
The Affluent Society (1958)

Not either but both

The debate is far from being theoretical. The issue of how and where poverty lines are drawn can have a profound influence on public policy and individual lives. Used to monitor poverty over time, for example, an absolute poverty measure may suggest that poverty is stable or diminishing and that social security expenditures are adequate. Applied to the same situation, the use of a relative poverty measure may suggest that poverty is increasing sharply and focus attention on such issues as the growing gap between social security levels and average wages and the long-term consequences of allowing that gap to remain too wide for too long.

In determining each country's ranking in the league table of child poverty, however, the difference between relative and absolute poverty measures should not be exaggerated. Most of the industrialized nations remain in approximately the same region of the child poverty league table whichever measure is used. Only the United States and Canada suffer a sharp fall from grace when measured by a relative as opposed to an absolute standard. Only the Czech Republic, Hungary, and Poland suffer a dramatic demotion when measured by the equivalent of the US poverty line.

3

Closing the gap

How much would it cost to close the child poverty 'gap' – the total amount by which poor families with children fall below the poverty line? The table gives the answer for 17 OECD nations using the same definition of poverty as in Figure 1. It shows that the gap ranges from less than 0.1 per cent of national income to a high of 0.66 per cent. So in purely financial terms, the problem is far from insurmountable.

The numbers are small because many families live just below the poverty line rather than in deep poverty. Of course, getting families up to the line – and no further – should not be the limit of ambition. The aim should be to move children well away from the poverty zone and, just as important, to stop them moving into it in the first place.

The child poverty gap

	per cent of GNP
SWEDEN	0.07
FINLAND	0.08
BELGIUM	0.09
LUXEMBOURG	0.09
NORWAY	0.12
DENMARK	0.12
FRANCE	0.14
HUNGARY	0.24
GERMANY	0.26
SPAIN	0.31
NETHERLANDS	0.31
AUSTRALIA	0.39
CANADA	0.46
UK	0.48
ITALY	0.50
POLAND	0.56
USA	0.66

In practice, most industrialized nations now recognize that the complexities of poverty are amenable to no single test or measure, and many are beginning to put in place a range of poverty measures, both relative and absolute and including non-monetary measures of deprivation. Eurostat, the statistical arm of the European Union, is now collecting cross-national statistics on a variety of poverty measures such as housing conditions or the inability to afford a week away from home each year (Box 6). In the United Kingdom, the government is monitoring progress against child poverty in an annual report that uses both relative and absolute incomes, plus a variety of direct measures including children in poor housing conditions, children admitted to hospitals as a result of unintentional injuries, and rates of teenage pregnancy and educational achievement (Box 8). Similarly, the Republic of Ireland has evolved a new national poverty line that defines poverty by a combination of relative income and directly-measured deprivation. The French Prime Minister's Conseil d'Analyse Économique has also considered various indicators of deprivation, together with families' own opinions of the minimum income they think necessary – an approach that has been used extensively to measure poverty in the Netherlands.

In sum, absolute and relative poverty definitions only conflict when seen as an 'either/or'. They capture different concepts of the poverty problem, both of which are important and both of which need to be monitored. And the more governments commit themselves to reducing both, the less important the conflict between the two.

Lessons from leagues

A relative poverty measure has been used to generate the league table of child poverty (Figure 1) on which the analysis in this *Report Card* is based. In part, this is because the judgement has been made that if one measure has to be chosen as a basis for comparison, then this is the most revealing single indicator of child poverty in the industrialized nations. In part, also, it is because there is currently no definition or measure of absolute child poverty that is widely accepted across the industrialized world. The absolute standard used in Figure 2 is based on applying the official United States poverty line to 18 other OECD countries, with adjustments made only for differences in the purchasing power of each national currency.

The league table shows that child poverty rates vary from under 3 per cent to over 25 per cent in the 23 OECD nations surveyed. What explains this wide variation in levels of child poverty in countries at similar levels of economic development? What determines each nation's league table position? How have a small group of Nordic countries managed to reduce child poverty to levels considerably lower than the rest of the industrialized world (Box 2)? What are the UK and the US doing to address persistently high child poverty rates (Boxes 8 and 10)? And what lessons can be learnt from this cross-national comparison about the causes of child poverty and possible approaches to reducing it? The tables and figures in these pages bring together the data that allow an analysis that helps to answer these questions.

That analysis begins with an examination of one factor that is widely held to be responsible for child poverty in many industrialized nations today – the rise of the lone-parent family.

Figure 3 Child poverty in different families

The definitions of family types are given in the Sources. The child poverty rates are as in Figure 1 (a poverty line of 50 per cent of the national median).

	Share of all children in lone-parent families	Poverty rate of children in:		Risk of poverty for children in lone-parent families relative to that in other families
		Lone-parent families	Other families	
	(%)	(%)	(%)	(ratio)
TURKEY	0.7	29.2	19.6	1.5
SPAIN	2.3	31.6	11.8	2.7
ITALY	2.8	22.2	20.4	1.1
GREECE	3.7	24.9	11.8	2.1
MEXICO	4.3	27.6	26.1	1.1
POLAND	5.6	19.9	15.1	1.3
LUXEMBOURG	5.8	30.4	2.9	10.5
HUNGARY	7.4	10.4	10.3	1.0
NETHERLANDS	7.4	23.6	6.5	3.6
FRANCE	7.7	26.1	6.4	4.1
IRELAND	8.0	46.4	14.2	3.3
BELGIUM	8.2	13.5	3.6	3.8
CZECH REPUBLIC	8.3	30.9	3.6	8.6
GERMANY	9.8	51.2	6.2	8.3
FINLAND	11.8	7.1	3.9	1.8
CANADA	12.2	51.6	10.4	5.0
AUSTRALIA	14.1	35.6	8.8	4.0
NORWAY	15.0	13.1	2.2	6.0
DENMARK	15.2	13.8	3.6	3.8
USA	16.6	55.4	15.8	3.5
UK	20.0	45.6	13.3	3.4
SWEDEN	21.3	6.7	1.5	4.5

Lone-parent families

A child living in a household with either no working adult or only one working adult is clearly more likely to fall below the poverty line than a child in a two-income household. We might therefore expect to find that the greater the share of children living in lone-parent families the higher the child poverty rate. Figures 3 and 4 show that this is not the case.

Figure 3 shows the percentage of children living in lone-parent families in each OECD nation. That percentage varies from over 20 per cent in Sweden to less than 1 per cent in Turkey. But it bears very little relationship to the child poverty rate. Sweden has a slightly higher proportion of its children living in lone-parent families than the United States or the United Kingdom, yet its child poverty rate is under 3 per cent as opposed to 20 per cent. Canada and Finland have almost the same proportion of children in lone-parent families, but the child poverty rate is over 15 per cent in Canada and less than 5 per cent in Finland.

This is not the same as saying that growing up in a lone-parent family does not make a significant difference to the individual child's chances of living in poverty. Figure 3 also shows, for each country, the widely differing poverty rates for children in lone-parent families and children in two-parent families. The fourth column reveals that the likelihood of living in poverty, for a child in a lone-parent family, is approximately four times greater in Australia, Belgium, Denmark, France and Sweden; five or six times greater in Norway and Canada; and eight times greater in the Czech Republic, Germany, and Luxembourg.

Figure 4 What if all countries had 1 in 10 children in lone-parent families?

The child poverty rate in the first column is as in Figure 1 (based on a poverty line of 50 per cent of the national median). The second column shows the child poverty rates that would prevail if all countries had 10 per cent of their children living in lone-parent families (the average for the 22 nations in the table).

	Actual child poverty rate (%)	Child poverty rate with 1 in 10 children in lone-parent families (%)	Difference
SWEDEN	2.6	2.0	-0.6
NORWAY	3.9	3.3	-0.6
FINLAND	4.3	4.2	-0.1
BELGIUM	4.4	4.5	0.1
LUXEMBOURG	4.5	5.5	1.0
DENMARK	5.1	4.5	-0.6
CZECH REPUBLIC	5.9	6.2	0.3
NETHERLANDS	7.7	8.1	0.4
FRANCE	7.9	8.3	0.4
HUNGARY	10.3	10.3	0.0
GERMANY	10.7	10.5	-0.2
GREECE	12.3	13.1	0.8
SPAIN	12.3	13.7	1.4
AUSTRALIA	12.6	11.4	-1.2
POLAND	15.4	15.6	0.2
CANADA	15.5	14.3	-1.2
IRELAND	16.8	17.3	0.5
TURKEY	19.7	20.5	0.8
UK	19.8	16.4	-3.4
ITALY	20.5	20.6	0.1
USA	22.4	19.5	-2.9
MEXICO	26.2	26.3	0.1

But as Figure 4 shows, the overall effect of lone parenthood on child poverty rates is small. The first column shows the actual child poverty rate for each country. The second column indicates what that child poverty rate would be if all countries had just 10 per cent of their children living in lone-parent families (the average for the 22 nations in the table). This allows us to see (column 3) how big a part the lone-parent factor plays in explaining variations in child poverty rates between countries. And it shows that if all countries had the same percentage of children living in lone-parent families, then only four countries in the list would see child poverty fall by more than one percentage point. The league table positions would change hardly at all.

It follows, therefore, that in most industrialized nations policies aimed at reducing the proportion of children in lone-parent families would not have any very dramatic effect on child poverty. Even in those countries with the highest proportion of children in lone-parent families, reducing that share to the average for the OECD as a whole would bring down child poverty rates by a maximum of one sixth in the UK and one eighth in the United States. This limited effect can be attributed to the fact that, despite the large variation between nations, lone-parent families are a relatively small proportion of all families in all OECD countries. In the United States, for example, the 16 per cent poverty rate for the 83 per cent of children who live with both parents contributes half as much again to the overall child poverty rate as the 55 per cent poverty rate for the 17 per cent of US children who live in lone-parent families.

But as this example implies, reducing the *poverty rate for lone-parent families* does have a significant potential. This is of

Does money matter?

To what extent does low income really matter for children's well-being?

The implications for the current living standards of children are obvious. Parents can buy fewer of those goods and services that benefit all the family. And poorer households are more likely to be in poorer housing in poorer neighbourhoods with an environment and local schools to match.

Lower family income also reduces expenditure directly devoted to children. Besides items such as shoes and clothing, less income means fewer opportunities for children to participate in social and cultural activities like sports and school excursions.

The long term effect

Does low income in childhood leave a lasting scar? Studies from the few countries with the data necessary to track children through to later life confirm that there is a very strong association between low income in childhood and a whole range of later outcomes. Children from poor households are much more likely to have low educational achievement, to become teenage parents, to serve a prison sentence, and to have less success in the labour market.

But are these worse outcomes *because of* the shortage of money during childhood? Or are they due to a range of factors associated with, but not necessarily caused by, low income – including low parental education and weak 'parenting skills'?

Recent evidence from Germany shows children from the poorest fifth of households (averaging income over their childhood years of 6 -13) to be only a quarter as likely to attend a *gynasium* secondary school – the best route to university – as those from the richest fifth. But after allowing for the relationship of income with such things as parents' education and work, the difference between rich and poor children's *gynasium* enrolments was substantially reduced.

Many factors at play

The independent impact of low family income during childhood was the focus of a major study in the mid-1990s in the US. This research confirmed that childhood poverty in America does indeed have a genuine impact on a range of future events – allowing for other factors associated with income. But it also concluded that the impact was not nearly as large as that found in earlier studies. For example, the results indicated that a doubling of the income of the poorest fifth of families would only reduce the high school dropout rate from 17.3 to 16.1 per cent.

Evidence from UK research shows a similar pattern, although the authors in this case are stronger in their conclusions that income plays a significant role. For example, 'financial difficulty' in the family during childhood was associated with a fall of about 20 per cent in men's wages at age 33. But the reduction fell to 10 per cent when allowing for the impact of parents' education (and the child's own characteristics, including early learning, at age seven).

One reason why childhood income may have only modest effects on any particular outcome could be that government policies have done much to ensure that the basic material needs of poor children are provided for most of the time. Hence any reductions in state benefits could lead to an increase in the importance of income on children's future well-being.

Lessons learned

A number of messages emerge from the research. Firstly, although childhood income might have only a modest independent impact on each later outcome (educational progress, wages etc.) the total impact when summed across each of these different outcomes will be much larger. Secondly, policies that raise family incomes may have a positive effect other than through income itself. Helping a parent move into work may alter children's expectations for the future with a beneficial impact on later life. Lastly, raising family incomes, even if it is a rather blunt tool, may be a lot easier to bring about in the short term than changing 'parenting skills' or other deeper fundamental influences on children's future lives.

The necessary evidence to even start the debate is missing in many countries. Nevertheless, existing studies that call into question the size of income's role do clearly underline the need for government polices to operate on a whole range of issues in order to equalize lifetime opportunities.

Source: papers by F. Büchtel et al. and P. Gregg and S. Machin, and book by S. Mayer course especially true for those countries with both a high percentage of children living in lone-parent families and a high lone-parent poverty rate. If such countries were to succeed in reducing the lone-parent child poverty rate to the same as the two-parent rate, for example, then the overall reduction in child poverty would be approximately 40 per cent in Germany and the Czech Republic and 30 per cent in Australia, Canada, the United Kingdom, and the United States.

Jobs, households, wages

A comparison of unemployment rates is another, equally obvious, starting point in looking for possible explanations of the wide variety of child poverty rates among the nations of the OECD.

But Figure 5, comparing unemployment rates and child poverty rates, shows that there is again no very clear-cut relationship between the two. Spain and Japan, for example, have widely differing unemployment rates but about the same levels of child poverty. The United States and Mexico have low levels of unemployment but high levels of child poverty, whereas in Finland the reverse is true.

There are many possible reasons for this lack of any consistent relationship between unemployment and poverty. In countries such as the United States, the wages of the employed but low-paid, when divided by family needs, may be insufficient to lift children out of poverty. In the Nordic countries, state provision for the unemployed may be sufficient to keep families above the poverty line.

Figure 6 examines what appears to be a closer and more revealing relationship – that between child poverty and the percentage of households with children in which there is no employed adult. This takes into account the distribution of work opportunities. And it helps, for example, to explain why a country like Spain has a significantly lower child poverty rate than the United Kingdom. Unemployment in Spain may be 16 per cent as opposed to 8 per cent in the United Kingdom, but when it comes to the proportion of households with children in which there is no employed adult the picture is almost reversed – 10 per cent in Spain and almost 20 per cent in the United Kingdom. The explanation is that households in Spain are generally larger, and that much of Spain's unemployment is concentrated among young adults many of whom are living with parents. In Britain, households are smaller, and the share of children living in lone-parent families is 20 per cent as opposed to 2.3 per cent. It is therefore not overall employment levels but the *distribution of employment among different kinds of household* that contributes most significantly to the difference in child poverty rates.

Overall, the 'workless household' factor represents a sharp increase in risk for children in the OECD nations. Figures for the European Union, for example, show that, on average, a child living in a household with no working adult is approximately four times more likely to be growing up in poverty than a child

Figure 5 Unemployment and child poverty

The child poverty rate is as in Figure 1 (based on a poverty line of 50 per cent of the national median).

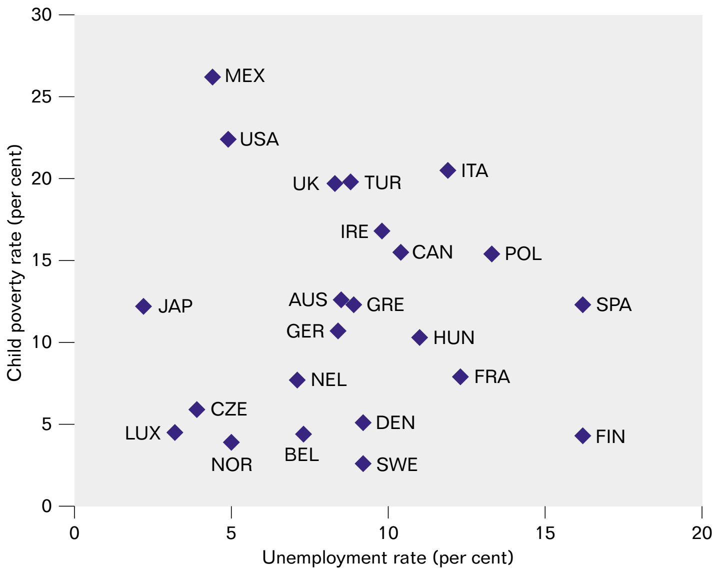
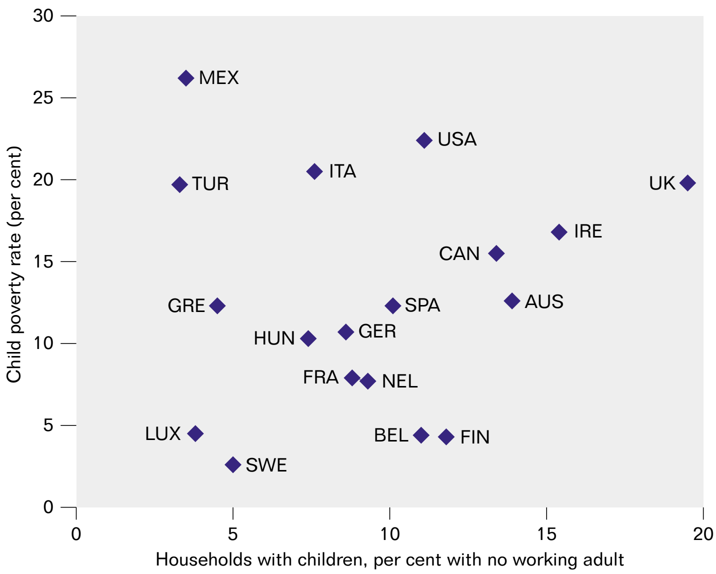


Figure 6 'Worklessness' in households with children and child poverty

A 'workless' household is one in which no adult does paid work. The child poverty rate is as in Figure 1 (based on a poverty line of 50 per cent of the national median).



in a household with at least one working adult.

Figure 7 examines a third employment-related factor – the link between child poverty rates and the percentage of full-time workers who are low-paid (defined as earning less than two-thirds of the national median wage). And it shows an even more striking association between the two. This is perhaps less than surprising, given that both axes record different aspects of inequality. Nonetheless, the two measures are not the same. The child poverty rate is based on household incomes whereas the percentage of workers earning less than two-thirds of the median wage is based on individual earnings, showing that it is cross-national variation in actual *wage inequality* that is so strikingly associated with variations in child poverty rates – despite the fact that many poor children are reliant upon state support rather than wages.

Figure 7 Low wages and child poverty

The child poverty rate is as in Figure 1 (based on a poverty line of 50 per cent of the national median).

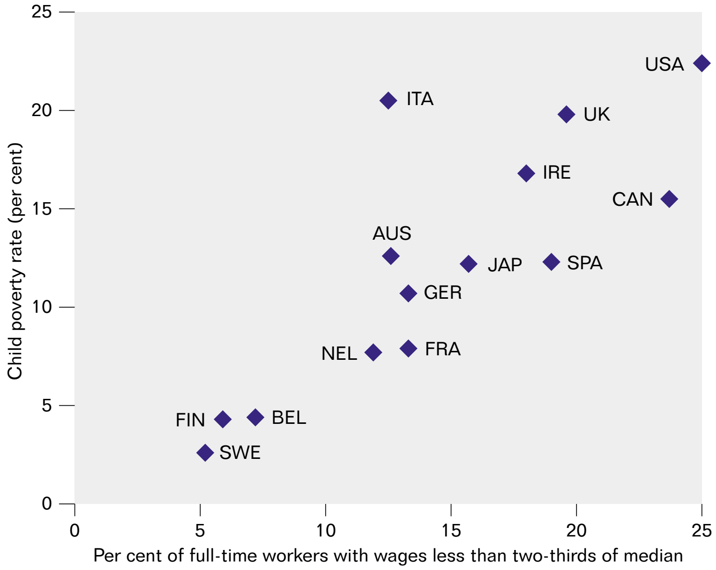
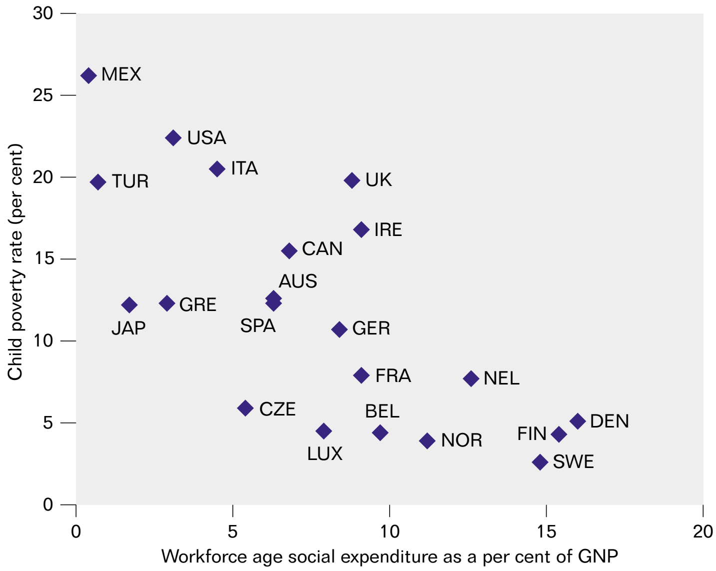


Figure 8 Social expenditures and child poverty

Social expenditures in the graph are those going to persons of working age (and hence exclude pensions). Expenditure on education and health is not included. The child poverty rate is as in Figure 1 (based on a poverty line of 50 per cent of the national median).



As with the analysis of the lone-parent factor, the cross national comparison of child poverty with unemployment, workless households, and wage inequalities at the bottom of the earnings scale, demonstrates that creating more jobs is a part – but only a part – of the task of reducing child poverty. Even a significant increase in employment opportunities is unlikely to make significant inroads into the problem if wages at the bottom of the income scale are too low, or if a large share of a country's poor children live in families where no adult is available for paid work. If the *distribution* of new job opportunities is not also taken into account, then child poverty may even increase. If, for example, the majority of new job opportunities are taken up by those living in households where there is already one well-paid income earner, then average household income will rise and so will poverty rates. Recent studies have shown that there can be, and in countries like the United Kingdom have been, simultaneous rises in both two-worker and no-worker households.

Social expenditures

Finally, the level of state benefits for workless and low-paid parents also affects each nation's child poverty rate.

Figure 8 compares child poverty rates with the share of national income devoted to unemployment benefit, family allowances and services, disability and sickness benefits, housing benefits, and other forms of social assistance. (In order to focus on those aspects of social spending likely to have a direct impact on child poverty, state expenditures on pensions, education, and health services are not included.)

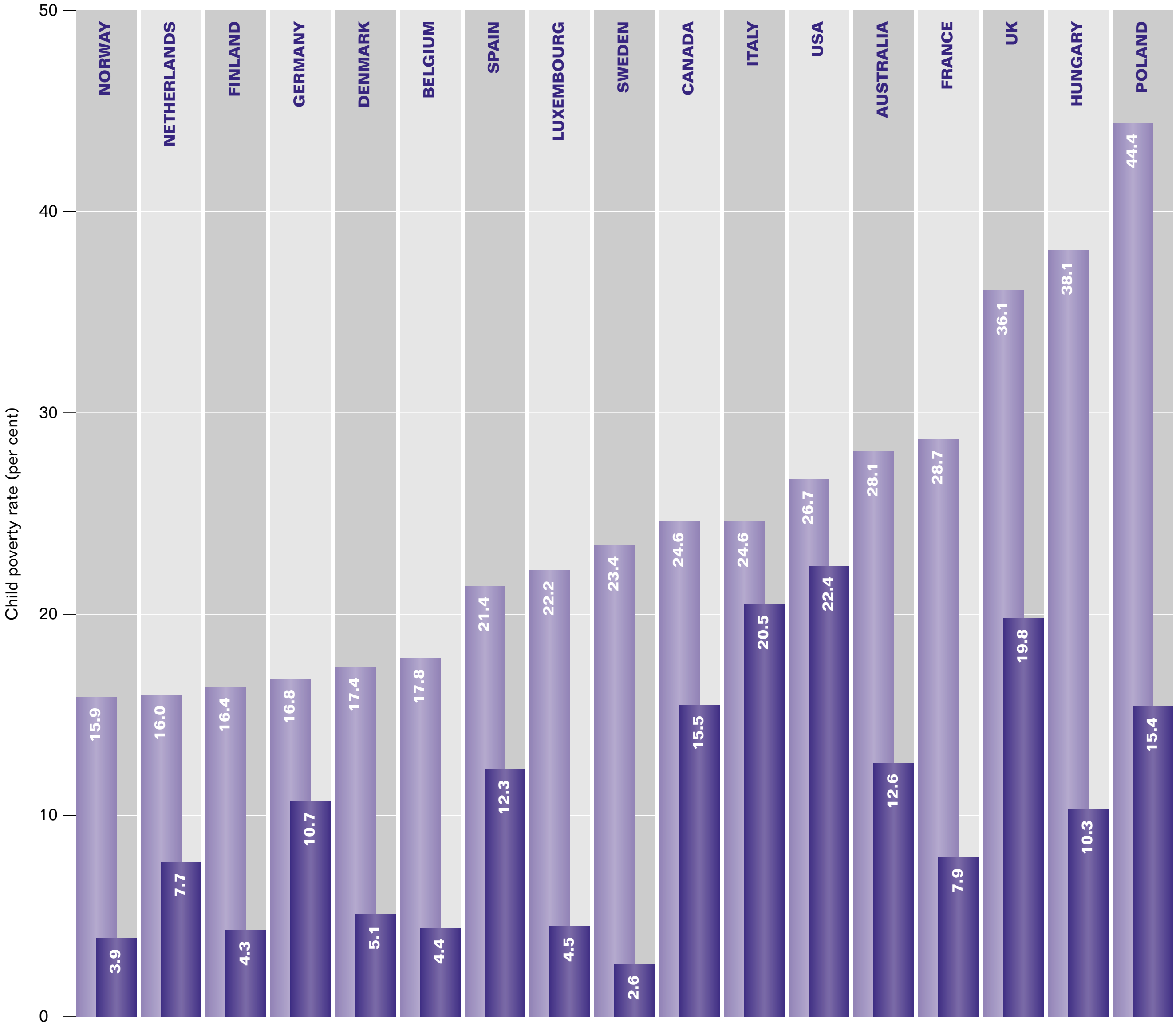
The relationship revealed is not as close as might be expected. Despite this, Figure 8 shows very clearly that no country with a high rate of gross social expenditure has a high rate of child poverty. The countries that sit at the top of the child poverty league tables also sit at the high end of the social expenditure axis.

It is in the middle of the table that the surprises occur. Japan and Greece are seen to have low levels of social expenditure but only average levels of child poverty, whereas the United Kingdom and Ireland have high levels of child poverty but reasonably generous levels of social expenditure. Yet again, this points to the fact that no one factor appears to dominate the explanation of the very different child poverty rates in the nations under review.

Figure 9 takes this analysis a stage further by showing the extent to which state intervention could be said to reduce child poverty rates in the 17 OECD nations for which data are available. It does so by comparing actual child poverty rates with the rate that would theoretically prevail in the absence of the tax and benefit policies by which all governments attempt to mitigate market forces. It is by this latter rate that the countries are ranked. The table is hypothetical in that market behaviour would clearly not remain constant in the total absence of all state-provided benefits; nonetheless, the differences in child poverty rates before and after tax and transfer policies provide an approximate measure of the extent to which different nations

Figure 9 The impact of taxes and transfers

The taller bars show child poverty rates based on household incomes before taxes and transfers while the lower bars show the rates after taxes and transfers. The poverty line in both cases is 50 percent of median post-tax and transfer income (as in Figure 1).



implement policies designed to protect their poorest children.

Tax and benefit polices in Hungary and Poland, for example, succeed in reducing ‘market child poverty rates’ by almost 30 percentage points, reinforcing the key lesson to emerge from Box 7 – that government policy is still a vital factor even in times, such as the turbulent transition to market economics, when a landslide of macro-economic forces threatens to sweep all before it.

But as the table also clearly shows, it is not only in former communist states that tax and benefit policies have a major mitigating effect. State intervention reduces ‘market child poverty rates’ by over 20 percentage points in Sweden and France, by almost 18 percentage points in Luxembourg, and by 16 percentage points in the United Kingdom. In five other countries – Australia, Belgium, Denmark, Finland and Norway – the reduction exceeds 10 percentage points. Only in two countries – Italy and the United States – does state intervention mitigate ‘market child poverty rates’ by fewer than 5 percentage points. These same two countries are also to be found in the bottom two places in the child poverty league (excluding Mexico for which tax and transfer data are not available).

In sum, it is clear that state provision for poor families is an important factor in all countries that have succeeded in reducing child poverty rates to low levels. Its broad significance is also made evident in the fact that most European nations have seen significant rises in unemployment in recent decades without correspondingly significant rises in child poverty – except in the case of the United Kingdom.

A synthesis

A clear overall message emerges from this cross-national analysis of child poverty rates. All of the possible factors examined – lone parenthood, employment and its distribution, wage inequality, and state transfers to the workless and low paid – are important; but none is pre-eminent. Children are kept in poverty not by a padlock to which there is a single key but by a combination lock that requires an alignment of factors if it is to be released.

Given sufficiently detailed data, it would be possible to analyse child poverty levels in each OECD country in terms of each of these major variables, and to come closer to understanding their relative importance.

Figure 10 attempts a synthesis of a much more limited kind. Despite gaps in the data, it provides an overview of the factors that can contribute to a reduction in child poverty rates.

The first column is the child poverty league (Figure 1) divided into three groups – deep blue for those with high child poverty rates, mid-blue for those in mid-table, and light blue for those nations that have succeeded in reducing child poverty to low levels. The remaining four columns assess each country from the point of view of the already identified factors that help to determine child poverty rates – lone parenthood, worklessness, wage inequalities at the bottom of the earnings scale, and social expenditures. In each case, a deep blue indicates the least desirable contribution to poverty rates, mid-blue indicates an average contribution, and pale blue indicates a positive contribution. For many of the 23 countries listed, precise indicators are not available. In such cases, no number is shown and the country has been assigned a tint on the basis of the likely position of that country given other available information. The table is therefore impressionistic rather than precise.

Reading across the columns provides a summary of the key factors that contribute to each country’s ranking in the child poverty league. The United States, for example, has a high proportion of children in lone-parent families, a high proportion of its employed population working for wages less than two-thirds of the median income, a low level of social expenditures, and fairly high levels of worklessness. The United Kingdom, on the other hand, has a more generous level of social expenditure but a high proportion of its children in lone-parent families and of households with children without an employed adult. At another extreme, Sweden, also with a high proportion of children in lone parent families, has low rates of worklessness, low wage inequality and a high volume of social transfers – leading to a low child poverty rate.

Reading the columns downwards reinforces the points already made in the individual scattergrams and provides some indication of the relative importance of each factor. It shows, for example, the relative weakness of the relationship between lone parenthood and child poverty – with three countries in the top seven places having a high percentage of children living in lone-parent families. Without the lone-parent factor, the relationships within the table become much more consistent. No country makes it into the top third of the table with more than one ‘below average’ contribution against its name. No country falls to the bottom third if its record includes more than one ‘better than average’ or more than two ‘average’ contributions.

The table provides a broad overview of the conclusions that emerge from cross-national analyses of child poverty. It is progress on all fronts – reducing poverty among lone-parent families, reducing the proportion of children in workless households, reducing severe wage inequalities at the bottom end of the income scale, and preventing too wide a gap from opening up between state benefit payments and average wages – that will most effectively lower child poverty rates.

Social versus economic policy

Finally, there is also a broader lesson to be drawn from this analysis of why countries are where they are in the league table of child poverty.

It is clear from the above that child poverty levels are determined by a combination of both macro-economic conditions and social policies. It is also clear that there is significant potential for conflict between the two. Higher interest rates, for example, may simultaneously reduce poverty among older people with incomes dependent on savings, while increasing poverty for poor and indebted families with children. Similarly, a rise in employment levels may result in an increase or a decline in relative child poverty depending upon the distribution of the new job opportunities. Conversely, social policy also has considerable capacity to conflict with economic aims, for example by focusing benefits so narrowly that incentives to move from welfare to work are reduced and the division into two-income and no-income households is accelerated.

So far, conflicts have typically been resolved in favour of economic policy. As a general pattern, ministries of finance set policies and targets designed to achieve overall economic goals while ministries of social affairs follow behind picking up the pieces. As noted by the economist A. B. Atkinson, upon whose 'Macroeconomics and the Social Dimension' this discussion draws, it is a process that may be compared to the setting of macroeconomic stabilization policies by the World Bank and the IMF, leaving the social and human consequences to be addressed by

Figure 10 Child poverty: a summary

Dark blue denotes the worst performing countries, medium blue the average performers, and light blue the best. The numbers are the percentages given in the relevant Figures earlier in the Report Card. Where no number is given, the grouping has been estimated.

	Child poverty rate	Lone-parent families	Workless households	Low wages	Low social expenditures
SWEDEN	2.6	21.3	5.0	5.2	14.8
NORWAY	3.9	15.0			11.2
FINLAND	4.3	11.8	11.8	5.9	15.4
BELGIUM	4.4	8.2	11.0	7.2	9.7
LUXEMBOURG	4.5	5.8	3.8		7.9
DENMARK	5.1	15.2			16.0
CZECH REPUBLIC	5.9	8.3			5.4
NETHERLANDS	7.7	7.4	9.3	11.9	12.6
FRANCE	7.9	7.7	8.8	13.3	9.1
HUNGARY	10.3	7.4	7.4		
GERMANY	10.7	9.8	8.6	13.3	8.4
JAPAN	12.2			15.7	1.7
SPAIN	12.3	2.3	10.1	19.0	6.3
GREECE	12.3	3.7	4.5		2.9
AUSTRALIA	12.6	14.1	13.9	13.8	6.3
POLAND	15.4	5.6			
CANADA	15.5	12.2	13.4	23.7	6.8
IRELAND	16.8	8.0	15.4	18.0	9.1
TURKEY	19.7	0.7	3.3		0.7
UK	19.8	20.0	19.5	19.6	8.8
ITALY	20.5	2.8	7.6	12.5	4.5
USA	22.4	16.6	11.1	25.0	3.1
MEXICO	26.2	4.3	3.5		0.4

How long do children stay poor?

5

The longer a family stays poor, the harder it is to sustain expenditures on a range of goods and services that are important to children's development by drawing upon savings or by going further into debt. And prolonged low family income can be expected to lead to a more ingrained feeling of social exclusion, which may also have more lasting consequences.

But standard calculations of child poverty say nothing about how long children stay in poverty. If one in ten children are found to be currently poor it could mean that every tenth child is in poverty all the time – and the other nine never poor – or it could mean that all children fall below the poverty line from time to time.

A study carried out by the UNICEF Innocenti Research Centre shows where the reality lies between these two extremes, and how the picture varies across a number of industrialized countries. The results show that poverty persists for many children – but also that poverty touches many more children over the years than a focus on just the currently poor might suggest.

Surveys tracking the same families over time reveal the proportion of children in six OECD countries who are in the poorest fifth of all children over one, two, and (in some cases) five and ten consecutive years. The focus on the poorest fifth ensures that the figure for poverty over one year is exactly the same in each country – 20 per cent. This makes it possible to see how the figures differ in subsequent years, reflecting the speeds at which children move out of poverty in each country.

Many stay poor

The data show that there is substantial persistence of low family incomes. In all countries, around six or seven out of every 10 children found in the poorest fifth in one year are still there the next year. Between 6 and 9 per cent of all children are in the poorest fifth for five consecutive years. The perpetuation of poverty year after year for these children gives great cause for concern.

The US records the highest figure – American children are less likely to move out of the bottom of the income distribution than children elsewhere, something which challenges common perceptions about mobility and opportunity in the US. And in both the US and Germany some 5 to 6 per cent of children were in the poorest fifth in each of 10 consecutive years.

The surveys also show that many more people experience poverty in their childhood than the standard 'point-in-time' snapshot reveals. Hungary heads the rankings among the four countries with data covering five years for the proportion of children who were *ever* in the poorest fifth during this period – 43 per cent. This is substantially higher than in the US where the lowest figure is found, 33 per cent (The UK and Germany record figures of 39 and 38 per cent respectively). These figures are a reminder that over the years government policy aimed at poor families helps many more children than would be implied by a focus on just those that are currently poor.

Source: paper by B. Bradbury, S. Jenkins and J. Micklewright

The persistence of child poverty

	Per cent in the poorest fifth of all children			
	in 1 year	in 2 consecutive years	in all 5 years	in all 10 years
IRELAND	20	13		
SPAIN	20	13		
HUNGARY	20	13	7	
UK	20	14	6	
GERMANY	20	14	6	5
USA	20	14	9	6

international 'social affairs agencies' such as the World Health Organisation and UNICEF.

The injustices and inefficiencies of this economic-priorities-first and social-needs-later approach have become evident on both national and international stages. Social policy should not be an afterthought. Attempts to reduce poverty, if they are to be even partially successful, demand integrated policy making.

Forty years ago in the United States, Presidents Kennedy and Johnson took up this challenge by combining economic and social programmes into the 'War on Poverty' that contributed to halving the US poverty rate in ten years. Since then, partly under the influence of evolving economic theory, there has been a widespread return to a 'separation of powers' in which economic and social policy have often appeared to be in conflict. Economic policy has come to be seen as increasingly inhuman, while 'welfarism' has been accused of undermining competitiveness and damaging growth and employment.

Atkinson has proposed a return to a more complex relationship between economic and social policy in which each takes the broader picture into account. But he notes that a basic problem for any 'new relationship' between economic and social policy is that the two are often seen as operating on different planes. Macroeconomic policy is typically concerned with aggregate effects on inflation or unemployment. Social policy is concerned with outcomes for individuals. And as the analysis in this *Report Card* has illustrated, linking the two will not be easy. It is not possible to assume, for example, that achieving low levels of unemployment will translate directly into reduced levels of child poverty; the interaction between the economic factor of employment opportunities and the social factor of the distribution of those opportunities among different kinds of household must also be taken into account. Similarly, the effects of social transfers can be either positive or negative depending on what form they take (unemployment compensation, for example, may facilitate the transition to new employment opportunities whereas employment protection may have the reverse effect).

Europe commits to monitoring

6

Declaring the number of poor people in the European Union to be 'unacceptable', the March 2000 meeting in Lisbon of the European Council – the heads of government of EU member states – called for decisive steps to eradicate poverty. Children were one of the specific groups singled out for concern. The Council noted that a key element in the struggle against poverty and social exclusion will be the agreement by the end of the year of targets against which progress can be monitored.

Cross-national comparison of EU members' performance, of the type undertaken in this *Report Card*, is an essential part of this process. The European Community Household Panel (ECHP), a set of household surveys conducted with a common methodology and questionnaire in each country, provides an invaluable resource for the monitoring effort. These surveys collect information not just on incomes but also on a range of direct indicators of household deprivation. And the surveys follow the same households over time, meaning the persistence of child poverty can also be tracked.

Taking one example of household deprivation, the table illustrates the information from the ECHP for 12 member countries – children in Portugal were over four times as likely in 1993 to live in households that reported being unable to afford a week's holiday away from home than children in the Netherlands.

But the collection of suitable information is only part of the job. The data also have to be analysed to reveal their secrets. The European Council's singling out of children as a priority group needs to be reflected in a focus on children in the analysis of the data assembled by Eurostat, the EU's statistical office. One step forward would be an annual report on child well-being in the member states, comparing their records and their progress over time.

Children in households unable to afford a week's holiday away from home

	per cent
NETHERLANDS	14
GERMANY	18
LUXEMBOURG	21
DENMARK	23
BELGIUM	27
FRANCE	34
ITALY	36
GREECE	47
UK	47
SPAIN	52
IRELAND	53
PORTUGAL	62

The links between economic and social policy are often complex, and the insights gained in both fields over recent years need to be combined. This may be best achieved through shared goals and agreed means of assessing the combined impact of both on human wellbeing.

One of many reasons behind the pre-eminence of macroeconomic policy in recent years has been the widespread acceptance of economic targets (a process that has assumed an even more dominant role in Europe through the setting of economic convergence goals as a prelude to monetary union). This has led commentators such as Atkinson to ask whether the setting of equivalent social targets – and in particular targets for poverty reduction – might be an essential step towards redressing the balance and bringing social and economic policy into closer conjunction. Social targets, it is argued, can provide the common basis for assessing the impact of, and resolving potential conflicts between, macroeconomic and social policy. In the case of the European Union, they might also help to reinstate the primacy of ends over means: one of the fundamental purposes of European Union is 'raising the standard of living and quality of life' (Article 2 of the Treaty); the single currency and macroeconomic convergence, by contrast, are just some of the means for achieving these ends.

Central Europe: policy matters 7

Economic and social transition in the former communist countries of Central and Eastern Europe has brought unemployment, greater inequality in wages, and cuts in government spending. What has happened to child poverty?

Three countries from the region were admitted to the OECD in the mid-1990s: the Czech Republic, Hungary and Poland. Measured on the same basis as in Figure 1, child poverty in the Czech Republic and Hungary rose by about 3 percentage points during the upheaval of the first half of the 1990s. But it is notable that their governments have so far been able to keep the figures in check by maintaining significant redistributive taxes and social transfers.

Governments make a difference

In fact, the Czech Republic has held on to a ranking near the top of the league table (Figure 1). Former Czechoslovakia had a markedly compressed income distribution, even by comparison with other communist countries, and the positive impact of this inheritance is still seen in the figures for relative child poverty.

The rise in child poverty in Poland appears to have been significantly larger, about 7 percentage points, reflecting the larger increase in income differences in this country. (By the late 1990s Poland registered a level of income inequality that was slightly above the OECD average.) These increases are a price paid for the move from the planned to the market economy and must be set against the many positive aspects of the change in economic and political system. Child poverty has risen further in Poland but it is still the case that taxes and transfers have a large impact in keeping poverty rates down (Figure 9).

Further east, Russia provides an example of a former communist country where public policy has failed to counteract the effect of a huge rise in the inequality of labour income. Child poverty in Russia in 1995 measured on the same basis as in Figure1 stood at 26 per cent, on a par with bottom of the league Mexico.

Even in times of economic turmoil, governments can do much to hold child poverty in check.

Social goals

Among the problems most frequently raised in objection to the adoption of social goals, and in particular of poverty reduction targets, is the difficulty of definition and measurement. And it is a difficulty compounded by the need for social goals to be relatively straightforward and few in number in order that they might command the necessary public and political acceptance. In this respect, recent developments in the Republic of Ireland may have much to offer. Following the UN World Summit for Social Development, the government of Ireland adopted a novel official poverty measure which combined low relative income with selected direct indicators of deprivation (such as not being able to afford adequate meals or sufficient heating). Based on this new definition, a National Anti-Poverty Strategy set specific poverty reduction goals to be achieved by the year 2007. These goals have won widespread acceptance among political parties and non-governmental organizations and survived the crucial test of a change of government.

The exact measures used in the Republic of Ireland are of course open to discussion. But the experiment is showing that it is possible to conduct a public debate on the definition and measurement of poverty, to develop poverty-reduction targets that command national support, and to establish social goals alongside economic targets as measures of national progress.

It is too early to evaluate the effectiveness of this approach. But in a country with a relatively poor child poverty record over recent decades, the setting of poverty-

The Great British promise

A fifth of Britain's children lived in poverty in the 1990s, a rate more than twice as high as in France or the Netherlands and five times higher than in Norway or Sweden (Figure 1). And while child poverty has remained stable or risen only slightly in most industrial nations over the last 20 years, it tripled in Britain.

In 1997 a Labour government came to power promising to end decades of neglect for Britain's poorest families. Two years later, Prime Minister Blair announced that it was to be his government's 'historic mission' to eradicate child poverty by the year 2020. The seriousness of the pledge is underlined by the government's willingness to see progress measured by a wide range of indicators including absolute and relative incomes, health, housing, crime, lone-parenthood, teen pregnancy and educational achievement.

Action

Under the overall banner of 'work for those who can, security for those who can't', a barrage of policy initiatives have been announced in support of this new commitment.

Child benefit and means-tested support for families have been raised, and a working families tax credit has increased incentives to leave welfare for work. Employment initiatives include a new minimum wage that has already raised the incomes of approximately two million people, two-thirds of them women, by an average of 30 per cent. Longer term measures will seek to reduce educational under-achievement and rates of teenage pregnancy, currently the highest in Western Europe. A national childcare strategy aims to make free nursery school places available to many more three and four-year-olds, and special help will be targeted to children aged 0-4 in areas most at risk from poverty and social exclusion.

Impact

The government has said that the measures currently being implemented will lift 1.2 million British children out of poverty by April 2002. An independent study, commissioned by the UNICEF Innocenti Research Centre, confirms this figure, indicating that the child poverty rate will be cut by about a third from 26.3 to 17.0 per cent. (The study bases its calculations on the UK government's own definition of the poverty line, which differs slightly from that used in Figure 1.) A second calculation takes into account that the poverty line also moves as a result of the measures' impact on average incomes. In this case the reduction is to 18.7 per cent, and the fall in numbers is one million.

Despite the large overall improvement, the study also shows that not all the poor will benefit. Cuts in lone parent benefit and other changes will mean that one in six children in the poorest tenth of the population will see their household incomes fall.

These calculations take no account of any increase in jobs resulting from measures to promote employment. The UNICEF study then goes on to make the implausible but illuminating assumption of complete success – jobs (at the minimum wage) for all parents available for work. Even on this basis, child poverty falls by about two thirds rather than being eradicated. This is because about a half of Britain's poor children live in households where parents are unavailable for work – through sickness, disability or because a child is below school age – and because one in ten entering work would earn too little to lift them out of poverty. Many children will continue to depend on state benefits that currently leave them well below the poverty line.

Dilemma

A significant increase in benefits, possibly implying higher taxation, would be a politically challenging step. It also runs the risk of impaling the government more deeply on the horns of a familiar dilemma. The higher the benefits to those not in work, the lower the incentive to move from welfare to employment. 'Work for those who can, security for those who cannot' is a compelling slogan. But it involves a contradiction: more and more closely targeted state benefits may be the most cost-effective means of reducing poverty in the short term, but they run the danger of creating two-classes of families – those who receive large amounts of state support and those who receive none. As such, they threaten to undermine self-reliance – the declared foundation stone of the government's policy. A strategy of walking on two legs may in practice more closely resemble trying to walk with one leg constantly kicking away the other.

Source: paper by D. Piachaud and H. Sutherland. Data are for the UK

Poverty relative to what?

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Should relative poverty be measured in relation to the average for the country? Or should the basis of comparison be the neighbourhood or the city, or the state or province?

The practical answer to that question has always been that data are collected and policy is made at national level. But the gradual devolution of power over social programmes, and the increasing availability of disaggregated data, are beginning to erode these arguments.

Would the picture of child poverty change significantly if the basis of measurement were to be changed? A recent study has attempted to answer this question by looking at five countries for which sub-national data are available – Australia, Canada, Italy, Spain, and the United States. The results reveal marked differences.

The US and Spain followed a similar pattern. In the states or provinces where average incomes differ little from the national average (as in California and Comunidad Valencia), the change of definition had correspondingly little effect on child poverty rates. But where average state incomes are much higher or lower than the national average, the kaleidoscope of poverty was more severely jolted. In America's richest state, New Jersey, the child poverty rate jumped from 14 to 22 per cent when measured against the median income of the state rather than of the US as a whole. In the poorest state, Arkansas, child poverty fell from 26 to 14 per cent. Similarly, the child poverty rate in Spain's poorest province, Extremadura, fell from 27 to 15 per cent.

In Canada and Australia, where income variations between regions are not as large, the shift to a province or state-based relative poverty line had little effect. In Australia's poorest state, Tasmania, the shift to a state poverty line produced only about a 1 percentage point fall in poverty rates. In Canada's richest province, Ontario, the rate rose only slightly from 11 to just over 14 per cent.

Italy stands out

Of the five nations studied, it was in Italy that the new measure produced the most transforming effects. The child poverty rate for Sicily and Calabria plummeted from 45 to 19 per cent. In the rest of southern Italy, the fall was almost as spectacular – from 27 to 16 per cent. Nationally-based poverty lines reveal a poverty rate that is four times higher in the mid-south than in Lombardy; state-based poverty lines show almost no difference between the two. In other words, it is possible for a family living in Sicily or Calabria to fall below the national poverty line whilst being no worse off than most of their fellow Sicilians and Calabrians.

Which definition is best?

It can be argued that moving from the national to the state level is an improvement both because it comes closer to the reality of poverty and because it provides more relevant information to policy makers in countries where many decisions are now made at the state level.

But it might also be argued that a measure of relative poverty ought to be based on asking 'what are people actually comparing themselves with?' And in a world where international media are unifying expectations and enlarging the society that people feel themselves to be living in, it is probable that the nation will remain the most widely used basis of comparison. Children in Arkansas or Sicily watch the same television programmes as their contemporaries in New Hampshire or Madrid. Which brings us to the uncomfortable thought that the same programmes are also being watched by children in Lagos and Delhi. In theory, there is as strong a case for enlarging the basic unit of comparison as for shrinking it.

In practice, the nation state will probably continue to be the more realistic basis for people's own perceptions of whether they are poor and excluded or not. And for the foreseeable future, it will also continue to be the basic unit for the collection and allocation of resources to fight poverty. State-based measurement of poverty is therefore more likely to inform state-level policy than to replace national standards of poverty measurement. State-based measures may push up poverty rates in New Jersey and bring them down in Arkansas, but they are not an argument for making available more resources to America's richest state and fewer to its poorest.

Source: Paper by L. Rainwater, T. Smeeding and J.Coder reduction targets has already succeeded in broadening and deepening public debate, and in winning a new place for poverty on Ireland's national agenda. Equally important, it has provided a common framework within which both economic and social policy can be assessed, and within which governmental and non-governmental agencies can work towards common goals.

Box 11 attempts to distil the lessons of this experience. And it shows that Ireland's new commitment is the outcome of a ten-year campaign by anti-poverty groups, community and voluntary organizations, researchers, trades unions, politicians, and members of the public. It therefore reinforces the most fundamental lesson to emerge from this analysis. Reducing child poverty is not a task to be left in the sole care of economic progress. Nor is it susceptible to any single stroke of social policy. Rather, it is a complex process that must be advanced on many fronts by research, debate, consultation and advocacy – a process that gives practical expression to the ideal summed up, appropriately, by another Irishman, James Connolly, who at the beginning of the last century wrote that *"By spending itself for the benefit of its children, the human race ensures the progressive development of all"*.

This issue of the *Report Card* began by arguing that child poverty presents the developed world with a test both of its ideals and of its ability to overcome some of its most deep-rooted social problems. It ends by suggesting that this is a challenge that requires the participation and commitment of individuals and organizations throughout the industrialized world. Few challenges could be more complex. None could be more important. For it is by how society protects and cares for the development of its children that its civilization is measured, its humanity tested, and its future shaped.

10

United States: welfare reform

Major reforms were made in 1996 to 'welfare', the term used in the United States of America for means-tested cash benefits for low-income families. The reforms were intended to help move families off benefit and into work, and to give the individual states more freedom in the design and operation of their welfare schemes.

Benefits are now limited in duration and parents must work for their benefit within two years or less. About half the states limit benefits to five years while most others apply shorter periods. More than a third oblige immediate work to qualify. Other changes include better enforcement of child support by absent parents, additional funds for child care, and tax changes to make work more attractive financially.

Has it worked?

What effect has welfare reform had on the number of families receiving benefits and – more important – on the number of American children in poverty? The welfare 'case-load' has fallen enormously – from five million families on benefit in 1996 to 2.5 million in 1999, a level not seen since the 1960s. Official estimates are that only a tenth of the decline over 1996-98 was due to the expanding job market in a growing economy. Studies of families moving off benefit indicate that 75-80 per cent of former recipients found some kind of paid work during the first 12 months.

And child poverty? Many parents moving into work appear to get jobs that are unstable and which pay low wages. Other parents cannot find work despite leaving the welfare rolls. Moving off welfare may not mean moving out of poverty. And the living standards of families remaining on welfare continue to depend on the level of generosity of their state benefit schemes.

The official rate of child poverty calculated by the US Census Bureau fell steadily from a peak of 22.7 per cent in 1993 to 20.8 per cent in 1995, then to 18.9 per cent in 1998 (the last year for which data are available). The reduction has thus been small so far. Improved experimental measures of child poverty from the Census Bureau show somewhat larger falls over 1993-98, ranging from 5.4 to 6.1 percentage points.

Child poverty still high

Child poverty is now at its lowest level since 1980, but higher than in the late 1960s and the 1970s. The child poverty rate is nearly double the overall poverty rate. 13.5 million children are still officially poor, and far more children live in families that are poor than in families on welfare.

Renewed effort is required to combat poverty among children in the US, including in the area of encouraging and enabling work – the heart of welfare reform. For example, the federal government admits a large unmet need for childcare to help parents get and keep jobs. More than 10 million children are eligible for federal-funded childcare but only 1.25 million children received such support in 1997.

Waging the campaign

11

The government of Ireland committed itself in 1997 to a ten-year National Anti-Poverty Strategy.

The overall goal was to reduce from 15 to less than 10 per cent those living on incomes below 60 per cent of the average *and* experiencing deprivation by 2007. In 1999 the target was revised to less than 5 per cent by the year 2004. A Cabinet committee, chaired by the Prime Minister, has been set up to oversee progress towards reaching these targets.

This new place for poverty on Ireland's national agenda is the result of a ten-year campaign by anti-poverty groups, community and voluntary organizations, researchers, trades unions, and politicians.

Hugh Frazer, Director of Ireland's Combat Poverty Agency, distils an eight-point lesson from this decade of campaigning:–

Moving poverty from the periphery to the centre of national policy-making in Ireland has been a long process of building and sustaining a national consensus. The main challenges and tasks have been to:

- **Define and measure poverty**
  Evolve a limited range of indicators that can stand up to academic and political challenge, and yet are intelligible and persuasive to activists, policy makers, and public.
- **Prove there is a problem**
  Establish the scale and trends of poverty and demonstrate its full meaning. Show that poverty is not just lack of income but that it limits opportunity and lowers expectations.
- **Create awareness**
  Publicize the problem through the media and by directly addressing opinion formers and policy makers – politicians, journalists, business leaders, the churches, and the trade union movement.
- **Highlight risks to children**
  Make the links between children growing up in poverty and a wide range of other public concerns such as poor health, crime and drug abuse. Point out the economic costs of educational underachievement.
- **Appeal to a respect for human rights and fairness**
  In this context, reports on the implementation of the UN Convention on the Rights of the Child have been useful.
- **Debunk myths**
  Prove that poverty is not inevitable but is a structural problem to do with the unequal distribution of resources and opportunities. Demonstrate that it is not primarily the fault of those who live in poverty.
- **Build partnerships**
  Develop a strong coalition of community and voluntary organizations – including people living in poverty. Promote the idea of partnership with government, the private sector, and trades unions.
- **Demonstrate need for action**
  Warn that the problem will not simply fade away with time and economic growth. Show that there are policies that can be implemented to tackle poverty.

Source: based on paper by H. Frazer

Sources

Figures 1-10 are based largely on analysis of the household datasets in the Luxembourg Income Study (LIS). (Details of the LIS and how to access the data are given at http://lissy.ceps.lu.) The exceptions are the poverty rates for (a) Japan (from LIS Working Paper 155 by T. Smeeding, available from the LIS website), (b) the Czech Republic, Ireland, and Australia, which were supplied by B. Nolan, J. Večernik and B. Bradbury respectively, and (c) Greece, Mexico and Turkey, which were taken from H. Oxley, T-T. Dang, M. Förster and M. Pellizzari, 'Income Inequalities and Poverty among Children and Households with Children in Selected OECD countries: Trends and Determinants', a paper presented at the LIS Child Poverty Conference, September 1999 and available from the LIS website at http://lissy.ceps.lu/CPConf/agnd.htm. (A revised set of papers from this conference is forthcoming in a book edited by K. Vleminckx and T. Smeeding, to be published by The Policy Press, Bristol.)

The sensitivity of the results using the LIS data to a range of conceptual and measurement issues together with further details of the calculations (using earlier years of data in some cases) can be found in B. Bradbury and M. Jäntti, 'Child Poverty across Industrialized Nations', *Innocenti Occasional Paper* ESP 71, available from the UNICEF Innocenti Research Centre website http://www.unicef-icdc.org. The LIS data refer to annual incomes (which may involve imputation if the data are collected for shorter periods, as for example in the UK) as do the data from the other sources (except Ireland and Australia where the data are for 'current income').

The poverty rates refer to the following years: 1990 (Spain), 1992 (Belgium, Denmark and Japan), 1994 (Canada, France, Germany, Greece, Hungary, Luxembourg, Mexico, Netherlands, Turkey), 1995 (Finland, Italy, Norway, Poland, Sweden, UK), 1996 (Czech Republic), 1996-7 (Australia) and 1997 (Ireland, US). The OECD countries not included in the analysis of this Report Card are Austria, Iceland, Republic of Korea, New Zealand, Portugal, and Switzerland. (Results on a comparable basis for Austria and Switzerland for the 1980s and for the non-OECD members Israel, Russia and Slovakia are included in *Innocenti Occasional Paper* ESP 71.)

Poverty rates from all sources were calculated in the same way. Individuals (households weighted by household size) were ranked by total household disposable income (divided by the square root of household size to allow for differences in households' needs). The exception is in Sweden where the LIS data allow only the nuclear family unit rather than the wider concept of the household to be taken as the income unit. The poverty line, except in ***Figure 2,*** was taken as 50 per cent of the median of this distribution of individuals, with children (defined as all individuals less than 18 years old) who live in households with incomes below the line classified as poor.

The ***Figure 2*** 'absolute' poverty rates use a common income line based on the US official poverty line for a two-adult and two-child household in 1997 which is adjusted to the year in question using each country's GDP deflator and then converted into domestic currencies using purchasing power parity exchange rates (calculated by the OECD). (The adjustment for differences in household needs again uses the square root of household size.)

Lone-parent households in ***Figures 3 and 4*** are defined narrowly as households in which there is only one adult (and at least one child). The share of children in lone-parent households in ***Figure 3*** for Sweden is biased upwards since the income unit for this country is the nuclear family and not the household.

The unemployment rates in ***Figure 5*** refer to the same years as the poverty rates and are from OECD *Quarterly Labour Force Statistics,* 1997, No. 4, 'Standardised unemployment rates of OECD countries', the February 2000 update to the same series (from http://www.oecd.org/std/lfs.htm), and in the case of Turkey and Mexico the labour force survey estimates from OECD *Employment Outlook,* 1999, Statistical Annex Table B. The workless household rates in ***Figure 6*** refer to 1996 and are from OECD *Employment Outlook,* 1998, Tables 1.6 and 1.7 (children defined as aged under 15) other than for Hungary (calculation by G. Redmond from the 1995 Household Budget Survey) and Turkey (figure from the same source as the Turkish child poverty rate – see above). The percentages of employees earning low wages in ***Figure 7*** typically refer to the mid-1990s and are from OECD *Employment Outlook,* 1996, Table 3.2 with the exception of the data for Ireland (1987) and Spain (1985) which are from *The OECD Jobs Study: Evidence and Explanations,* Part 1, Table 1.11.

The social expenditures data in ***Figure 8*** refer to 1995 and are taken from the OECD Social Expenditures database. The income data for the 'market' poverty rates in ***Figure 9*** are net of income taxes in France, Italy, Luxembourg, Spain, Hungary and Poland.

The penultimate section, 'Social versus economic policy', is based on A. B. Atkinson, 'Macroeconomics and the Social Dimension', a background paper written for the five-year follow-up to the 1995 World Summit for Social Development, available from http://www.nuff.ox.ac.uk/users/atkinson. (See also Atkinson's *Innocenti Occasional Paper* ESP 68, 'EMU, Macroeconomics and Children', available from http://www.unicef-icdc.org.)

Box 1
The poverty paradox

The movements in child poverty in Ireland since the late 1980s are discussed in B. Nolan, 'The Evolution of Child Poverty in Ireland', prepared for the 1999 LIS Child Poverty Conference and available from http://lissy.ceps.lu/CPConf/agnd.htm.

Box 2
The five per cent club

Box 2 draws on a paper by K. Forssén, 'Child Poverty in the Nordic Countries', commissoned for this *Report Card* and available as University of Turku Department of Social Policy Working Paper Series B:22/2000 from http://www.utu.fi/yht/sospol/working papers.html. The child poverty rates in the graph are the same as in Figure 1. The female employment index refers to 1997 and uses data from OECD *Employment Outlook,* 1999, Tables 1.A.4 and Statistical Annex Table B. The figures on tax and social insurance contributions as a per cent of GDP in EU countries are taken from *Eurostat Yearbook 98/99*, p.256. The impact of unemployment in the 1990s on the distribution of income in the Nordic countries is discussed in 'Unemployment Shocks and Income Distribution: How did the Nordic Countries Fare During their Crises?' by R. Aaberge, A. Björklund, M. Jäntti, P. Pedersen, N. Smith and T. Wennemo, *Scandinavian Journal of Economics,* 2000, vol. 102 pp.77-99.

Box 3
Closing the gap

Box 3 is based on analysis of LIS data by B. Bradbury and M. Jäntti. The cost shown is that of bringing all poor children (and other members of their households) up to a poverty line of 50 per cent of the national median (it ignores households that are poor but which do not contain children). Negative incomes were censored at zero in the calculations.

Box 4
Does money matter?

Box 4 draws on F. Büchel, J. Frick, P. Krause and G. Wagner, 'The Impact of Poverty on Children's School Attendance – Evidence from West Germany' and P. Gregg and S. Machin, 'Child Development and Success or Failure in the Youth Labour Market'. Both of these were presented at the 1999 LIS Child Poverty Conference and are available from http://lissy.ceps.lu/CPConf/agnd.htm. The US study drawn on is S. Mayer, *What Income Can't Buy: Family Incomes and Children's Life Chances,* Harvard University Press, Cambridge MA, 1997 (see also G. Duncan and J. Brooks-Gunn (eds.), *Consequences of Growing up Poor,* Russell Sage Foundation, New York, 1997).

Box 5
How long do children stay poor?

Box 5 is based on B. Bradbury, S. Jenkins and J. Micklewright, 'The Dynamics of Child Poverty in Industrialized Countries', *Innocenti Working Paper* 78, available from http://www.unicef-icdc.org. The data refer to annual incomes in all cases (gross for the UK and US and net for others) and typically refer to the early 1990s. (This paper is also a chapter in a forthcoming book with the same title, edited by Bradbury, Jenkins and Micklewright, to be published in 2001 by Cambridge University Press.)

Box 6
Europe commits to monitoring

The conclusions of the March 2000 European Council meeting are at http://ue.eu.int/newsroom/main.cfm?LANG=1. The table in the Box uses data relating to 1993 from the first wave of the European Community Household Panel (ECHP), given in Table 2.12 of J. Ditch, H. Barnes, J. Bradshaw, and M. Kilkey, *Developments in National Family Policies in 1996,* The European Observatory on National Family Policies, European Commission, Brussels, 1998. Analyses of ECHP data appear periodically in the Eurostat publication *Statistics in Focus: Population and Social Conditions* which is published several times a year. The measurement of poverty in the EU, including the idea of a common EU poverty line, is discussed in A. B. Atkinson, *Poverty in Europe,* Blackwell Publishers, Oxford, 1998. Trends in a variety of indicators of child well-being in the EU are analysed in the UNICEF Innocenti Research Centre study by J. Micklewright and K. Stewart, *The Welfare of Europe's Children: Are EU Member States Converging?,* published by The Policy Press, Bristol, 2000 (the results are summarized in a paper in the *Economic Journal,* 1999, pp. F692-F714) and in 'Child Well-Being in the EU – and Enlargement to the East' by the same authors, *Innocenti Working Paper* 75, available from http://www.unicef-icdc.org.

Box 7
Central Europe: policy matters

Box 7 draws on calculations of child poverty in Central Europe for earlier years that were made in the same way as those in Figure 1. The changes described relate to the period 1992-96 for the Czech Republic (the 1992 figure of 2.3 per cent was, like that for 1996, produced by J. Večernik from the Czech microcensus), 1991-94 for Hungary (the 1991 rate was 7.4 per cent) and 1992-1995 for Poland (the 1992 rate was 8.4 per cent). (The earlier years' figures for Hungary and Poland were both calculated from the LIS database.) The figure for Russia, again calculated in the same way, is given in *Innocenti Occasional Paper* ESP 71 by Bradbury and Jäntti (this paper contains a different figure for Poland in 1992 that was calculated with an earlier version of the LIS data for that year). Information on changes in income and earnings inequality in Central Europe and Russia and the impact of government policy is reviewed in J. Flemming and J. Micklewright, 'Income Distribution, Economic Systems and Transition', *Innocenti Occasional Paper* ESP 70, available from http://www.unicef-icdc.org. (Information on the changes in many other aspects of child well-being during transition can be found in the annual *Regional Monitoring Report* of the MONEE project, also available from http://www.unicef-icdc.org.)

Box 8
The Great British promise

Box 8 is based on 'How Effective is the British Government's Attempt to Reduce Child Poverty?' by D. Piachaud and H. Sutherland, commissioned for this *Report Card,* and available as *Innocenti Working Paper* 77 from http://www.unicef-icdc.org. The results in this paper were updated taking into account further calculations made after the March 2000 UK government budget – see the University of Cambridge Microsimulation Unit website at http://www.econ.cam.ac.uk/dae/mu/microsim.htm. The indicators which the government intends to use to measure progress on poverty and social exclusion are described at http://www.dss.gov.uk/hq/pubs/poverty/sum/sumf.htm. Prime Minister Blair's speech declaring the government's intention to end child poverty and papers by various authors commenting on different issues related to this aim are in R. Walker (ed.) *Ending Child Poverty,* The Policy Press, Bristol, 1999.

Box 9
Poverty relative to what?

Box 9 is based on L. Rainwater, T. Smeeding and J. Coder, 'Poverty Across States, Nations, and Continents', prepared for the 1999 LIS Child Poverty Conference and available from http://lissy.ceps.lu/CPConf/agnd.htm. For the US, a variety of indicators are available at the state level for poverty and deprivation among children on a wider definition than cash income. For example, the US Census Bureau publishes figures for the variation across States in the proportion of children who are in low income families with no health insurance (http://www.census.gov/hhes/hlthins/lowinckid.html). See also the online Kids Count database of the Annie E. Casey Foundation (http://www.aecf.org/kidscount) and Child Trends (http://www.childtrends.org).

Box 10
United States: welfare reform

Box 10 draws on the *Second Annual Report to Congress* of the US Department of Health and Human Services on the Temporary Assistance for Needy Families (TANF) Program, August 1999 (available at http://www.acf.gov/programs/opre/director.htm) and on the Department's statistics on receipt of TANF (http://www.acf.dhhs.gov/news/tables.htm). Independent assessments of different aspects of welfare reform can be found at various websites including http://jcpr.org, http://www.researchforum.org and http://www.urban.org (notably the 'Assessing the New Federalism' project). The US Census Bureau figures for child poverty in the 1990s on the official definition come from http://www.census.gov/hhes/poverty/histpov/hstpov3.html and on the various experimental definitions that have followed the mid-1990s National Academy of Sciences review of the official poverty line from K. Short, J. Iceland and T. Garner, 'Experimental Poverty Measures: 1998' (Table E), available at http://www.census.gov/hhes/poverty/povmeas/exppov/exppov.html. Child poverty in 1998 according to these experimental measures ranged from 19.0 to 20.4 per cent, compared to the official rate of 18.9 per cent. (See http://jcpr.org/conferences/policy98.html for a discussion of the interpretation of poverty statistics in the light of welfare reform.)

Box 11
Waging the campaign

The Irish National Anti-Poverty Strategy is described at http://www.cpa.ie and is discussed in B. Nolan, 'Targeting Poverty: Lessons from Ireland on Setting a National Poverty Target', *New Economy,* 1999, vol. 6 pp. 44-9. The use of measures of deprivation to complement those based on cash income is analysed in B. Nolan and C. Whelan, *Resources, Deprivation and Poverty,* Oxford University Press, Oxford, 1996. The paper drawn on by H. Frazer, 'The Use of Social Indicators to Influence Policy in Ireland', was presented at the meeting in Kiawah in 1998 of the Jerusalem Initiative, a cross-national project devoted to the measurement of child well-being in rich countries (see A. Ben-Arieh and H. Wintersberger (eds.), *Monitoring and Measuring the State of Children: Beyond Survival,* Eurosocial Reports No. 62, European Centre, Vienna, 1997)

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The next *Innocenti Report Card* will present a new league table and analysis of **Childhood Injuries** – the leading cause of death and hospitalization among children in rich nations.

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Innocenti Report Card, No.1

A league table of child poverty in rich nations

The original data and analysis presented in this first *Innocenti Report Card* provide the most comprehensive estimates so far of child poverty across the industrialized world.