1   Beyond the snapshot: a dynamic view of child poverty

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1.1   Why study child poverty dynamics?

If one in ten children is currently poor (a child poverty rate of 10 per cent), it could mean that every tenth child is in poverty all the time or, at the other extreme, it could mean that all children are poor for one month in every ten. This book sheds light on where the reality lies between these extremes. For a range of industrialised countries it documents how much movement into and out of poverty by children there actually is. It is therefore a book about poverty among children and about the dynamic aspects of that poverty – how individual children move into and out of being poor.

The focus on the poverty of children as opposed to any other group in the population needs little justification. Children represent a country's future, an obvious reason for societal concern with child well-being. There are innate feelings of protection towards the young and assumptions of their blamelessness for the situation in which they find themselves. Children are unable to take full responsibility for their circumstances and are dependent on others to look after and raise them. Their vulnerability provides a powerful moral imperative in favour of collective action in general to help them, and a welfare state in particular (see, for example, Goodin 1988). To implement this requires prior knowledge about the nature of child poverty and its consequences, plus knowledge of what the causes are.

But why should one wish to know about children's movements into and out of poverty in addition to their poverty at a point in time (the conventional perspective)? First, for the individual child, the adverse impact on his or her living standards of being poor this year depends on past poverty. Poor children who have already been poor a long time are likely to be worse off than those who are newly poor, as families' capacities to get by are used up over time. It is not only the length of the current poverty spell which may matter but also the pattern of poverty throughout childhood: whether, for

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example, it consists of a series of intermittent spells of poverty, a single long spell of moderate poverty, or a short spell of extreme poverty.

Second, the accumulation over time of each child's poverty history tells us whether poverty is concentrated among a small group of children or is an experience that is widely shared. Assuming that society has at least some aversion to 'unequal shares', then the greater the concentration of poverty experience, the greater the concern.

Third, child poverty has impacts which last beyond childhood into adulthood, and the effects depend on the nature of the poverty experienced. There is evidence that the impact of childhood poverty on a variety of outcomes in future life depends on the length of time spent poor. A long period (or repeated shorter periods) of low living standards can be expected to have a greater impact on a child's development and future life chances than an isolated short period.

Fourth, a focus on movements into and out of poverty is useful for explaining who is currently poor and why. A rising child poverty rate may come about either because the number of children entering poverty is rising or because the number of poor children who leave poverty is falling. Thus to understand the incidence of child poverty at a point in time, and its trends, one needs to know about child poverty inflow and outflow rates. At a more fundamental level, analysis of why poverty flows differ provides a more natural way to understand the causes of poverty than does analysis of why poverty rates *per se* differ, particularly since the factors which determine entry (or re-entry) to the ranks of the poor may well differ from the factors determining escape from poverty.

Fifth, and finally, the design of policy to reduce the number of poor children depends on the nature of movements to and from poverty.[1] If turnover in child poverty is low, then policy can concentrate on the relatively unchanging group of poor families that experience long periods of low living standards. If turnover is high, then the target group is continually changing and the challenge for policy is a different one. The whole approach to anti-poverty policy may be influenced by taking a dynamic perspective, emphasising the prevention of entry into poverty and the promotion of exits (as recent US and British experience illustrates), rather than only paying benefits to the currently poor:

[D]ynamic analysis gets us closer to treating causes, where static analysis often leads us towards treating symptoms . . . If, for example, we ask who are the poor today, we are led to questions about the socioeconomic identity of the existing poverty population. Looking to policy, we then typically emphasise income supplementation

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[1] The relevance of dynamic perspectives for policy design has also been stressed by Walker (1994) and Leisering and Walker (1998).

strategies. The obvious static solution to poverty is to give the poor more money. If instead, we ask what leads people into poverty, we are drawn to events and structures, and our focus shifts to looking for ways to ensure people escape poverty (Ellwood 1998: 49).

The analogy with the study of unemployment and policies to deal with it is instructive. Both academic research and public policy have long recognised that the unemployed are not an unchanging pool. Unemployment is widely seen as an essentially dynamic process – people move *into* unemployment and in general move *out* again. Some people move out much more slowly than others – these are the long-term unemployed and their number is both routinely reported by statistical offices throughout the industrialised world and is a closely monitored statistic, on grounds that are analogous to those for interest in the dynamics of child poverty.[2]

The state of discussion of child poverty is nowhere near this situation: for example, the number of persistently poor children is a rarely presented national poverty statistic. Quite simply, the body of knowledge on the dynamics of child poverty does not match the need for information on the subject, and this provides the motivation for the current volume. There are important recent books on childhood poverty and deprivation that, like this one, provide a cross-national perspective (for example, Cornia and Danziger 1997, Vleminckx and Smeeding 2001) but none to our knowledge that focuses on the dynamic aspects of the subject.

It is true that in some countries there *is* quite a lot that is already known about the dynamics of child poverty. In these countries the two requirements have been fulfilled: there has been the collection of the necessary data – through repeated interviews over time of the same persons ('panel surveys') – and the appropriate research has taken place that uses this information. In particular, a great deal has been discovered about the dynamics of child poverty in the USA, which definitely leads the field in this respect. Appropriate longitudinal data have been collected for a long time, including the widely used Panel Study of Income Dynamics (PSID). There has been considerable investigation of the issues following the pioneering research during the 1980s by Bane and Ellwood (1986) which built on earlier use of the PSID (see, for example, Duncan *et al.* 1984, Hill 1981). Ten years later, Ashworth *et al.* were able to comment that the distribution of the number of years during childhood spent poor was 'quite familiar territory' in the USA (1994: 663). The authors show that if poverty had been evenly distributed among American children, each child born in 1969–73

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[2] Long-term unemployment is unpleasant at the time for the individuals concerned and may have a negative impact on their futures as well. Also long-term unemployment may lead to persistent under-performance of the national economy (the so-called hysteresis effect).

would have spent two years in poverty (defined on the basis of annual family incomes) in the first fifteen years of their lives, whereas in reality 62 per cent were never poor; on the other hand 7 per cent of children were poor in at least eleven years (Ashworth *et al.* 1994: table 2). National government statistics include information on the duration of childhood poverty (for example, Federal Interagency Forum on Child and Family Statistics 1998).

In countries other than the USA, there has been recent progress as new data have become available and the necessary research has been carried out. For example, Robert Walker noted in his 1994 book, *Poverty Dynamics*, that 'little is known about the duration of poverty in Britain', and his empirical investigation relied largely on data recording movements in and out of receipt of income-tested cash benefits.[3] Since then the British Household Panel Survey (BHPS), which started in 1991, has begun to reveal much about poverty dynamics, although most of the research using this source has not focused on childhood *per se* (for example, Jarvis and Jenkins 1997, Department of Social Security 1998). Evidence on the persistence of childhood deprivation in Britain has started to feature in analyses of poverty by government departments as well as by academic researchers (HM Treasury 1999). The new annual government report on poverty and social exclusion that was announced in 1999 will include some information on the persistence of childhood poverty. Nonetheless data spanning the whole of childhood are still not yet available for the UK as they are in the USA.

Several other European countries have longer-running socio-economic panel surveys than Britain. Germany, the Netherlands and Sweden have panels that began in the mid-1980s. Some analyses of movements into and out of poverty have certainly been made with these (for example, van Leeuwen and Pannekoek 1999, Krause 1998), although the focus has not been on children. An important paper by Duncan *et al.* (1993) pulled together evidence from panel surveys for eight different countries to document movements into and out of poverty by families with children.

But in many industrialised countries the picture describing the dynamics of child poverty remains to be painted. As far as the availability of data is concerned, the creation of the European Community Household Panel (ECHP) in the mid-1990s is a major step forward, providing longitudinal data on a comparable basis for most of the European Union member states (Eurostat 1999). This survey will become an increasingly important source as the period covered lengthens (assuming that funding for the data collection will continue). However, the mere collection of the data is no guarantee

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[3] The work of Hancock (1985) was an early investigation into the dynamics of poverty among families with children in Britain, but was restricted to use of a single follow-up survey after twelve months of a sample of low-income families.

that the necessary analysis to shed light on the dynamics of child poverty will be undertaken. For example, there has been no early move by Eurostat (the European Union's statistical office) to use the data to measure the well-being of children in this way.

The main aim of this book is to make a start in filling the gap in current knowledge about child poverty dynamics, showing what can be revealed about the movements by children into and out of poverty, with a particular focus on seven industrialised countries: the USA, Britain, Germany, Ireland, Spain, Hungary and Russia. A part of the book provides results on a basis that is as comparable as possible for these countries. The cross-national perspective provides a yardstick against which the results for individual countries that we present (and also the results of other researchers) may be compared. Additional goals are to demonstrate the possibilities for analysis of child well-being with longitudinal data and to stimulate research on child poverty dynamics in European Union and other industrialised countries. We hope to highlight the issues that can be addressed, while at the same time marking out some of the pitfalls in this area of measurement and analysis. The book covers policy issues at various points (and this is the particular focus of the final chapter), as described below. It is not principally a book about policy to reduce child poverty, however. Rather it aims to provide analysis that is relevant to policy.

In the remainder of this chapter we provide an introduction to the rest of the book and summarise and highlight its principal findings. After introducing the countries that we analyse and explaining our selection of them (section 1.2), we outline the main topics to be addressed and the organisation of the volume as a whole (section 1.3). Then the findings of each chapter are reviewed in turn (section 1.4). Although the book addresses some complex issues, we have attempted to make the results accessible to as wide an audience as possible without compromising rigour.

1.2 The countries covered

The industrialised countries covered in the book differ in various dimensions. These include the level of economic development, the availability of longitudinal data, the place of the family in society, and the type and strength of welfare state. These features are discussed in more detail in chapter 3 which provides a comprehensive analysis of child poverty based on cross-section surveys. Twenty-five countries are included: see table 1.1 which provides a full list. Clearly the sample is extensive and covers a diverse set of nations. The majority (fifteen) are in Western Europe, but the

Table 1.1. *Countries covered in the book*

Western Europe	*North America*
Austria	Canada
Belgium	**United States**
Denmark	
Finland	*Transition economies*
France	Czech Republic
Germany	**Hungary**
Ireland	Poland
Italy	**Russia**
Luxembourg	Slovakia
Netherlands	
Norway	*Other economies*
Spain	Australia
Sweden	Israel
Switzerland	Taiwan
United Kingdom	

Note: All the countries listed are included in the analysis in chapter 3. Those with names shown in boldface are analysed in chapter 4 and part II.

coverage also extends to North America (two countries), five are so-called 'transition economies' from Central and Eastern Europe, and there are three countries from other regions. The selection of countries represents the largest number available for analysis using the Luxembourg Income Study (LIS) database of household surveys (more about this in chapter 3).

Our analysis of the dynamics of child poverty – the main focus of the book – covers a sub-set of seven countries (the names in boldface in table 1.1). What are the grounds for our selection of these?

The USA picks itself. This is the country with the longest history of research on the dynamics of child poverty. The available data allow issues to be addressed for this country that cannot be tackled elsewhere, and the prevalence of childhood poverty in the USA has long been a concern. The proportion of children below the official US poverty line rose notably in the last quarter of the twentieth century, from 15 per cent in 1970 to 23 per cent in 1993, 'the highest poverty rate experienced by children since the mid-1960s' (Hernandez 1997). Chapter 3 shows the USA (with Russia) topping the table in terms of the percentage of children in households with income below half of the median (a standard measure of relative poverty): 26 per cent compared to an average of 11 per cent across the twenty-five countries included. A dynamic perspective of family incomes and receipt of state benefits played an important part in the 1990s' reforms of 'welfare', the term used in the USA to refer to means-tested benefits received by low-income families.

The United Kingdom, Germany and Ireland are all countries in which there has recently been renewed concern over child poverty.[4] It was natural to include these countries, given the available data. The UK government elected in 1997 has placed poverty among children high on its agenda, with the Prime Minister vowing in 1999 to end child poverty within twenty years (Blair 1999). The UK comes third in the league table of relative poverty in chapter 3, with 21 per cent of children classified as poor, a figure sharply higher than twenty years earlier. Germany has had a parliamentary commission on the economic well-being of children (Kommission zur Wahrnehmung der Belange der Kinder 1997), and has a long-running household panel survey which can be exploited to investigate the issues within a dynamic framework. Ireland has a proportion of the population aged 0–17 that is higher than that of any other OECD member (with the exception of Mexico); the position of children in any debate on living standards should receive special prominence in this industrialised country. The National Anti-Poverty Strategy introduced by Ireland's government in 1997 demonstrates a commitment to combating poverty among children as well as other groups in the population. (The Strategy is discussed by Nolan 1999.)

Spain provides an example from Southern Europe to contrast with this Northern European trio. The cross-national literature on poverty among children in industrialised countries has paid relatively little attention to the Mediterranean and other Southern European countries (although see, for example, Saraceno's (1997) and Silva's (1997) discussions of Italy and Portugal respectively). Analysis of poverty within Spain has not centred on children (Cantó-Sánchez and Mercader-Prats 1998). Amongst other things, the common situation in Spain and other Southern European countries for grown-up children to live with their parents raises the question of how to define a 'child'.

The impact on children of economic and social transition in the countries of Central and Eastern Europe and the former Soviet Union is a natural subject for anxiety, leading to concerns about a 'generation in jeopardy' (Zouev 1999; see also UNICEF 1997, 1999). It is impossible for analysis of the 'industrialised countries' today to ignore those that were to the east of the former Iron Curtain. Hungary and Russia provide contrasting examples. The Hungarian economy shrank by less than 20 per cent after 1989 and has been growing slowly since 1994. Russia, however, was still in great economic turmoil at the end of the 1990s, with national income down

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[4] The data used in chapter 3 refer to the United Kingdom of Great Britain and Northern Ireland. The UK data used later in the book only cover Great Britain ('Britain' for short), i.e. England, Wales and Scotland.

by a half since 1989 according to official figures. Both countries experienced rising income inequality (Russia much more than Hungary) during the decade (Flemming and Micklewright 2000).

An analysis of child poverty dynamics that covered all industrialised regions would in addition include countries from Australasia, Scandinavia, and the rich industrialised nations of Asia. For various reasons this has not proved possible in the current volume (no household panel data are available yet for Australia or New Zealand, for example). However, Australia, Taiwan and four Nordic countries do enter the analysis in chapter 3. We welcome the day when cross-national studies of the dynamics of child poverty can be truly comprehensive in geographical coverage.

1.3 The organisation of the book and the topics addressed

Five main topics are addressed by this book: issues of definition and measurement in the dynamic analysis of child poverty; cross-national comparisons of child poverty rates and trends; cross-national comparisons of children's movements into and out of poverty; country-specific studies of child poverty dynamics; and the policy implications of taking a dynamic perspective. The first three topics are covered in part I of the book (chapters 2–4). The country studies form part II (chapters 5–11). Policy implications and directions for further research are reviewed in chapter 12, although several of the chapters in part II also discuss policy in a national context.

The first topic (chapter 2) covers issues of definition and measurement which arise when analysing child poverty and, in particular, those that are relevant to the analysis of dynamics. Under this heading we consider, for example, the appropriate measure of living standards (and their changes), the definition of poverty and the poverty line (and movements across the line), and how to measure the dynamics of child poverty in practice, given the data that are available. Since empirical findings raise questions about causes, we also briefly review the principal explanations for the patterns of movement into and out of poverty which have been observed (related to changes over time in household income from the labour market, the changes in non-labour income, especially state benefits, and the changes in household composition).

Our second topic, the cross-national comparison of child poverty rates and trends, is covered in chapter 3. Results are provided on a consistent basis for twenty-five industrialised countries from the Luxembourg Income Study (LIS), a collection of household surveys providing data that are sufficiently comparable to allow meaningful cross-national comparisons to

be made. The analysis is the most wide-ranging study of child poverty rates and child poverty trends using the LIS data that there is (at the time of writing), especially in terms of the range of countries covered. The LIS provides cross-section information, the type of data source traditionally used to analyse child poverty. These surveys provide a 'snapshot' observation of the population of children at one point in time or, for poverty trends, a sequence of snapshots, each based on a different sample. In contrast longitudinal data used to analyse income changes provide repeated observations on the *same* children. Our focus in the book on the dynamics of child poverty is not to argue that the static pictures shown by cross-section data are without interest. The invention of motion pictures did not drive still photography into obsolescence and, in the same way, cross-section and dynamic analyses of child poverty complement each other.[5]

The book's third topic is cross-national comparison of the movement – or lack of movement – by children into and out of poverty. This is the subject of chapter 4, written by the editors. We focus on the seven countries – the USA, Britain, Germany, Ireland, Spain, Hungary and Russia – that are analysed further in part II of the book. As in the analysis of the LIS data in chapter 3, the data are put on a comparable basis for each country (as far as possible). This was achieved by asking the authors of each chapter in part II to provide results for their country in a standardised format. (We are very grateful to them for their patience in this process.) This chapter substantially develops the cross-national analysis of dynamics pioneered in the paper by Duncan *et al.* (1993) that we noted above.

Chapters 5–11, forming part II of the book, focus in more detail on particular aspects of child poverty dynamics in each of seven countries (our fourth topic). Each chapter provides contextual information about child poverty and its trends in the country in question as well as original analysis of movements by children into and out of poverty. The range of issues considered is diverse, partly reflecting the lengths of time for which panel data are available in the different countries. For instance, for the two countries with long panel surveys (the USA and Germany) it has been possible to compare patterns of poverty dynamics not only in the early- to mid-1990s, but also in earlier periods. One common subject of investigation is the extent to which child poverty is persistent: how many children are found to have multiple years of poverty over an interval of five (or six) years, or not to experience poverty at all over the same interval? The chapters also investigate the heterogeneity of poverty persistence among children with

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[5] One might ask if one could use individual frames from the panel data movie as stills, i.e. using panel surveys for their cross-section data as well as their longitudinal data. This is indeed sometimes done, but cross-section surveys tend be better for this: they are more representative and yield larger samples for a given budget than single waves of on-going panel surveys.

different characteristics, for example exploring the extent to which vulner-
ability is greater for younger children, for children in lone-parent families
and so on.

Some of the subjects that are examined are country-specific, while still
illustrating wider issues. For instance, the chapters about Russia and
Hungary consider the character of movements into and out of poverty in
countries experiencing substantial economic transition. Spain, as noted
earlier, stands out for the relatively late age at which children leave the
parental home (typically in the late twenties). This raises interesting issues
about the poverty of older youths compared to the under 18-year-olds
focused on in the rest of the book, and about what happens to the poverty
of others when they do eventually leave home. The chapter about Ireland
exploits the rich data about non-monetary indicators of deprivation avail-
able in this country's panel survey (information also collected in other
European panels). It considers the relationship between the dynamics of
child poverty summarised in terms of income or expenditure (as in the rest
of the book) and the dynamics of multiple deprivation.

The fifth topic of the book concerns the policy implications of findings
about child poverty. These are considered in some of the part II country
studies but are the particular focus of the final chapter, chapter 12. This
picks up the policy debate, in the light of both the cross-national analysis
of chapter 4 and the studies of particular issues in different countries in the
part II chapters. The chapter analyses the implications for anti-poverty
policy of a dynamic perspective on the issue – the fifth reason given earlier
for wishing to know about movements of children into and out of poverty.

1.4 The principal findings

This section provides a brief overview of the principal findings from this
book on a chapter-by-chapter basis. The discussion of conceptual and defi-
nitional issues is not reviewed here, however. By its very nature, chapter 2
is concerned more with raising methodological questions rather than with
providing answers.

Child poverty across twenty-five countries

In chapter 3 Bradbury and Jäntti show that there is a large variation in child
poverty rates in the 1990s across the twenty-five industrialised nations they