

The Dynamics of Child Poverty in Industrialised Countries

edited by

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1 Beyond the snapshot: a dynamic view of child poverty

BRUCE BRADBURY, STEPHEN P. JENKINS AND
JOHN MICKLEWRIGHT

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

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

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

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

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*

<i>Western Europe</i>	<i>North America</i>
Austria	Canada
Belgium	United States
Denmark	
Finland	<i>Transition economies</i>
France	Czech Republic
Germany	Hungary
Ireland	Poland
Italy	Russia
Luxembourg	Slovakia
Netherlands	
Norway	<i>Other economies</i>
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

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

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 to 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 vulnerability 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 available 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 definitional 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

consider, ranging from just below 2 per cent to over 26 per cent. Nordic countries and Northern European countries tend to have the lowest rates of child poverty, whereas Southern European and English-speaking countries tend to have higher rates.

These results are obtained when the poverty line for each country is half the median income of that country – a low income cut-off which is higher in real purchasing power terms in rich countries than in poor countries. If, instead, the same fixed poverty line is applied to all countries (equal to the US poverty line in 1995) then, interestingly, the same broad groupings of countries show up as having the lowest and highest child poverty rates (with some changes in detailed rankings). The broad picture of the child poverty 'league' is thus reasonably robust to the switch in definition. There is one important exception, namely the transition countries, which have much higher child poverty rates using the alternative definition of the poverty line that applies a common dollar value across countries. This is not altogether surprising given that the level of national income in transition countries is low compared to that in other industrialised countries.

Diversity of outcome is again the picture when looking at *trends* in child poverty rates over the last two decades. In fact, rates increased in some countries (Germany, Hungary, Italy, the UK and the USA) and decreased in others (Taiwan, Canada, Denmark, Norway and Sweden), regardless of the type of poverty line used. The most common pattern, however, is that relative poverty rates increased – reflecting an increase in income inequality within each country – whereas absolute poverty rates (based on the official US poverty line) decreased, reflecting an increase in real national disposable income.

Bradbury and Jäntti show that, contrary to common belief, variations in rates of lone motherhood across countries are *not* an important reason for the variations in child poverty. (This is notwithstanding the fact that children are more likely to be poor if living in a lone-mother family in all the countries considered.) Cross-national differences in 'social spending' are another factor often emphasised when seeking to explain differences in poverty rates. To investigate this, Bradbury and Jäntti decompose the average income of the poorest fifth of children in order to compare the relative contributions of market income and social transfers to their income packages. They find that cash transfers to poor families are an important contribution to children's economic well-being – as found in other studies.

However, a novel finding is that market incomes play a larger role than cash benefits do in accounting for the cross-national diversity of outcomes for disadvantaged children. Thus, for example, although the English-speaking countries (with the exception of the USA) provide quite substantial income transfers to their most needy children, the living standards of these

children remain relatively low because of low labour-market incomes. The higher living standards of the most disadvantaged children in the 'welfare leaders' (particularly the Nordic countries) is due to the higher market incomes received by the children's families. These results obtained with cross-section data complement those based on longitudinal surveys, since the importance of gaining or retaining work is one factor often emphasised in the dynamic approach to poverty.

The dynamics of child poverty in seven industrialised nations

Chapter 4, written by the editors, presents a substantial body of new evidence on the patterns of income mobility and the movements into and out of poverty among children in Britain, Germany, Hungary, Ireland, Russia, Spain and the USA. The data used for these seven countries vary in several respects, most notably the period of time for which children can be followed. However, the analysis puts the data on as comparable a basis as possible, while at the same time exploiting that information which is available for only a sub-set of the countries. The results that are obtained both extend what is known about the dynamics of childhood deprivation in each country and, critically, place this in a cross-national perspective, allowing the situation in one country to be compared with that in others.

It is clear that persistence in child poverty is a widespread phenomenon. In most countries about 60 per cent of the children found in the poorest fifth of the income distribution in one year are still in the poorest fifth the next year. Among the four countries for which the period that can be studied is five years or more – Britain, Germany, Hungary and the USA – the proportion of children in the poorest fifth in each of five consecutive years ranges between 6 and 9 per cent. Many more children are in the lowest fifth at some time, rather than persistently. Depending on the country and income definition concerned, between 33 and 43 per cent of all children were in the poorest fifth at least once during a five-year period. Over a ten-year period, 5–6 per cent of all children in Germany and the USA were in the bottom fifth in each and every year while 41–44 per cent were there at least once.

These results emphasise the similarities across countries in patterns of childhood poverty, in contrast to chapter 3 which emphasises the differences. In part this is because the results just mentioned are obtained by 'standardising' across the countries, by focusing on the poorest 20 per cent of children in each case. Other results in the chapter use a conventional definition of poverty based on half median income (as in chapter 3) and here differences in patterns of dynamics are more notable. For example,

while 15–20 per cent of children in Germany and Hungary are found to be in poverty on the ‘half median income’ basis at least once over five years, the figure is 38–45 per cent in Britain and the USA.

The analysis also looks at the issue of whether movements into and out of poverty are typically just short moves around the poverty line. The strong conclusion emerges that the great majority of entries and exits by children on most income definitions do *not* merely involve movement either way between ‘near poverty’ and being ‘just below’ the poverty line – the movements into and out of poverty in the seven countries typically involve sizeable changes in income. Other results provide intriguing cross-national comparisons of movements into and out of poverty by children in lone-parent families. The discussion in chapter 4 draws attention to the contribution to their poverty of their rate of entry *to* low income, in contrast to much discussion of policy that focuses on their exits *from* low income.

The cross-country comparisons in this chapter highlight the positions of two countries in particular. First, the most obvious exception to any picture of similarity in dynamics is Russia, where rates of exit from and entry to the poorest fifth of all children were noticeably higher than those for the other six countries, reflecting the turmoil of the transition years that have followed the fall of communism. Second, no evidence is found that the USA has greater mobility among children across the income distribution or mobility into and out of poverty. Indeed, in some respects movements in the USA appear to be fewer than in countries such as the UK and Germany, challenging common perceptions about mobility and opportunity in this the richest of the world’s large industrialised countries. It is with the USA that part II of the book’s studies of individual countries begins.

Income mobility and exits from poverty of American children

In chapter 5 Gottschalk and Danziger start by noting that child poverty rates in the USA have increased over the last two decades, even though economic growth was greater in the 1980s than in the 1970s. This result was largely due to the increase in income inequality that accompanied the economic growth, combined with the use of a poverty line defined as half average income in each year. As the authors point out, the resulting high poverty rates could, however, have been accompanied by an increase in income mobility which would have reduced the probability that a given child would remain poor. It is this issue that is the focus of the chapter, which provides an analysis exploiting the longest-running panel survey used in the book.

Gottschalk and Danziger analyse the extent of children's income mobility, and its changes over time, using both absolute and relative mobility concepts. Roughly half of the children who were in poor families at the start of each decade remained poor ten years later. (Poverty is assessed in most of the analysis on the basis of incomes averaged over three years, but the authors inspect the sensitivity of the results to the use of a one-year period.) Besides providing results for all children taken together, the analysis also distinguishes black and white children, children in lone-parent households, and children in households receiving 'welfare' (means-tested benefits). Some important results on differences in exit rates among American children are established. Exits out of poverty (whether relative or absolute) are found to be considerably lower for black children, children in lone-parent households and children in households receiving welfare. For example, 47 per cent of white children in the poorest fifth of all children at the start of the 1980s were poor again at the start of the 1990s, but the figure was as high as 78 per cent for black children.

As far as the main issue addressed in the chapter is concerned, a clear result emerges: the authors conclude firmly that there was no significant change in the degree of mobility between the 1970s and the 1980s. They argue, therefore, that there is no evidence that the increase in inequality in the USA during the 1980s, which contributed to the rise in child poverty, was offset by an increase in children's mobility out of poverty.

Child poverty in Germany: trends and persistence

Chapter 6 by Schluter begins by pointing out the new interest in Germany in the issue of poverty, and the controversy in this debate over what 'poverty' really means. He notes that information on the dynamics of childhood deprivation in Germany is scarce, despite a household panel that has been in existence for a substantial length of time. Also the debate on any aspect of poverty in the country has not been marked by a focus on children.

Schluter explores the evolution of child poverty in Germany from the early 1980s to the mid-1990s, showing how the changes in the numbers of poor children were driven by the entries into poverty and the exits out of poverty from year to year. He then shows how the persistence of poverty over a five-year window changed between three periods, 1983–7, 1987–91 and 1991–5, thus exploiting the long existence of the German survey. His analysis distinguishes various different groups of children in the population: young children aged 0–6, children in lone-parent households, those in

households where the head does not work and those in households receiving social assistance (means-tested benefit). In addition, two features of poverty of particular relevance to Germany are addressed, namely the differences between former West and East Germany and the situation of children of 'guestworkers'.

In the first half of the 1990s about one sixth of all children in West Germany experienced at least one year of poverty over a five-year period – which is roughly double the percentage of children who were found to be poor in any single year. The same differential is found in the former East Germany: almost one third of all children experienced at least one year of poverty over a five-year period, compared to the average annual poverty rate of roughly half this. As these figures indicate, child poverty is, not surprisingly, notably higher in the eastern part of the country. Children in lone-parent households have a much higher probability of poverty: more than a half (of those in western Germany) were poor at least once during 1991–5, a figure higher even than that for children in households receiving social assistance (one third).

One result which contrasts with findings for most other countries considered in this book is that the poverty experienced by children is not very different from the poverty experienced by all persons in the population at large. This is true whether one looks at poverty rates at a point in time or longitudinal measures of poverty persistence.

Poverty among British children: chronic or transitory?

Chapter 7 by Hill and Jenkins highlights a distinction between chronic and transitory child poverty, using data that provide six years of observations of the same children. The authors start their analysis, however, by charting the long-term trends in child poverty in Britain. Their research shows that, using poverty lines equal to half average income, child poverty rates in Britain showed no trend during the 1960s and 1970s, but increased substantially during the 1980s before levelling off again in the early 1990s. If instead the poverty line is fixed at half 1991 average income in real terms, then child poverty rates have fallen over the last thirty years. Regardless of the type of poverty line used, child poverty rates remain several percentage points higher than the rates for all persons. Not surprisingly, therefore, child poverty is a subject of considerable topical interest in Britain.

Against this background, Hill and Jenkins examine children's experience of poverty over time by considering what poverty patterns look like if people's longer-term living standards are summarised in terms of their

‘smoothed income’ – the income which each person would have were everyone able to spread their income evenly over time. (In practical terms in the authors’ research, this figure is the average over six years of the figures for current income in each year.) Making a distinction between current income streams and smoothed income is useful because it draws attention to the fact that some of the child poverty observed at a point in time is transitory rather than chronic. Chronic poverty is defined by the authors as poverty measured on the basis of smoothed income.

For the six-year period 1991–6, Hill and Jenkins find that both total poverty and chronic poverty are of sizeable magnitude among British children, especially very young children. If income were able to be perfectly and costlessly smoothed over time, the poverty of children would be almost halved, but a significant level of poverty (chronic poverty) would still remain. If the reduction of this chronic poverty is the goal of policy, then policymakers have a problem: it is current incomes that are observed rather than smoothed incomes. The chapter’s analysis closes with a numerical illustration to show that this problem of unobservability can substantially reduce the effectiveness of transfers in cutting chronic child poverty.

Child income poverty and deprivation dynamics in Ireland

The authors of chapter 8, about Ireland, had only two years of panel data available when they carried out their research, and so extensive longitudinal analysis of child poverty was severely constrained. Instead, Nolan, Maître and Watson address a complementary issue, drawing on a strength of their survey data, namely extensive information about non-monetary indicators of household deprivation. (Examples are the lack of particular durable goods, the inability to keep the home adequately warm and a restricted diet.) The authors argue that the use of non-monetary indicators, in addition to income, reveals much more about the living standards of children. They also note that the value of these alternative measures of deprivation has already been recognised by Irish policymakers with their incorporation (together with monetary indicators) into the overall poverty reduction target in the country’s official National Anti-Poverty Strategy.

Nolan, Maître and Watson begin by demonstrating that income alone, measured in a single cross-section, may mislead about which children are in the most severe poverty. They show that some children in households on the lowest incomes are not among those suffering the most deprivation as measured by non-monetary indicators. The children in greatest need at any

point in time, at whom policy should be targeted, turn out to be those just below or just above a conventional income poverty line.

The authors then show that income averaged over two years has a somewhat stronger relationship with the non-monetary indicators, a result that strengthens the case for measures of child poverty based on sustained low income. However, the relationship is not a lot stronger, underlining the independent value of the non-monetary indicators. Finally, the dynamics of non-monetary deprivation between the two survey waves are analysed. One half of children in the top fifth of a summary index (i.e. the most deprived children) in one year had moved out by the next year. This degree of mobility may appear high (especially when compared with the extent of mobility out of low income shown in chapter 4), but one explanation is the general fall in measured deprivation in Ireland over the period as real incomes rose sharply.

The survey used in chapter 8 is the Irish element of the European Community Household Panel (ECHP), and the non-monetary indicators of deprivation used by Nolan, Maitre and Watson are also collected in the other ECHP data sets. As the authors point out, their analysis can therefore be extended to other European countries and, as more waves of the ECHP become available, this line of research on the dynamics of childhood poverty can be further developed in a number of exciting directions to improve the identification of children in most need and the design of policy to combat the problem.

Young people leaving home: the impact on poverty in Spain

Chapter 9 on Spain tackles a theme that underlines the rather arbitrary definition of a 'child' by focusing on poverty among youth, that is young people aged 18–29. This has special relevance for Spain, as well as for other parts of Southern Europe, because of the country's distinctive pattern of living arrangements: many children do not leave their parents' home until they are 30 years old or more.

In 1994 two thirds of young Spanish men aged 25–29 were still living with their parents, and almost a half of young women – both figures sharply up from their levels in the mid-1980s. Moreover youth unemployment in Spain is very high, and if young people work they are more likely than other groups to have a temporary rather than permanent employment contract. But while the weakness of the Spanish youth labour market is well known, there has been very little work to date on poverty among young people in

Spain – and on the impact on family incomes when they do eventually leave the parental home. More generally, the literature on the dynamics of household incomes that has considered the impact of changes in household composition has focused on the impact of marital breakdown or the birth of a new child rather than that of a ‘grown-up’ child leaving home.

Using two different data sources, one a large cross-section survey and the other a panel survey providing observations one year apart, Cantó and Mercader-Prats show that the Spanish family plays a key role in defending its members against economic difficulties. Youth poverty rates turn out to be relatively low, lower than those for children (aged 0–17), working-age adults and the elderly. (Children have the highest rate.) Young people are protected by staying at home: poverty is substantially higher for youths who leave their parental home compared to those who remain. On the other hand, parents who have children aged 18–29 still living with them may do so at the expense of increasing their own risk of being poor, and that of their younger children. Here the employment status of the grown-up children still in the home matters: families with an employed youth have a lower risk of poverty – in this case the young person is protecting the rest of his or her family. Cantó and Mercader-Prats find that on average a young person leaving the parental home in Spain is associated with an increase in the probability of the household entering poverty.

Are children being left behind in the transition in Hungary?

In chapter 10 Galasi and Nagy consider how the incomes of children have fared in a country well at the front of the transition process in Central and Eastern Europe. They track changes in child poverty in Hungary over the years 1992–6. In contrast to the situation in other countries further behind in the transition from the planned system, this was a period of economic recovery (albeit rather weak) in Hungary. How did children fare during this period? And is it the case that economic deprivation during these years was severely concentrated on the few?

The authors begin by showing that, on average, children dropped down the income distribution. In 1992 they were under-represented in the poorest fifth of the population while by 1996 they were over-represented. This change in position contrasts sharply with that made by the elderly, whose representation in the poorest fifth of the distribution fell markedly over the period. As far as movements by individual children are concerned, one in ten were in the bottom fifth of the income distribution in every year from 1992 to 1996, and 44 per cent of children were found there at least once.

The analysis in the chapter then addresses the importance of work to avoid being poor. On the one hand, Galasi and Nagy find that an increase or reduction in the number of workers (or unemployed persons) in a household with children is often associated with a notable change in the probability of entering or leaving poverty. On the other hand, they discover that the majority of entries and exits occur with no such increases or reductions, something which underlines the importance of other explanations for movements into and out of poverty.

The authors conclude by discussing policy developments on the targeting of family benefits in Hungary, relating the debate on higher marginal tax rates that would be generated by income-testing to the evidence that their research produces on the degree of persistence of child poverty. Income-testing of social transfers is a key policy issue in Hungary where – as in other transition countries in the past – there has traditionally been a system of generous family benefits (albeit now substantially eroded). They warn that the standard discussion of the advantages of finer targeting of benefits takes insufficient notice of the impact that higher marginal tax rates might have on reducing income mobility.

Mobility and poverty dynamics among Russian children

Chapter 11 considers a very different country undergoing the transition towards a market system, and one much further behind in the process than Hungary and the rest of Central Europe. Klugman and Kolev's analysis is the first study of the dynamics of poverty in Russia that has focused specifically on children. It looks at the years 1994–6, a period during which great changes were taking place and when, in contrast to Hungary, the economy was still contracting.

Focusing on expenditures rather than incomes, the authors first develop one of the results coming out of the cross-national analysis in chapter 4: the high amount of mobility in Russia. Their analysis, however, differs from that of the Russian data in chapter 4 in several ways, including the definition of the poverty line (Klugman and Kolev take the official subsistence minimum), the longer period of time covered by the data (three years rather than two), the degree of disaggregation (for example, by age of child and type of locality), and the comparison with other groups in the population. Changes in expenditure are shown to vary across different groups of children. In particular, children in lone-parent and, especially, rural households are less likely to move out of the bottom fifth of the distribution.

Klugman and Kolev next compare the poverty experience of children

with that of working-age adults and the elderly. Contrary to common perceptions of the impact of the transition process, the elderly were the least likely to experience any poverty over the three years, and children the most likely: 31 per cent of elderly are found to be poor at least once compared to 41 per cent of children. Similarly, children are the most likely among the three groups to be found to be poor in all three years – 5 per cent of all children are in this position (with the figure for rural children double that for urban children). The authors call attention to the adverse effects that this longer-term poverty may have for children's development in terms of health and schooling, especially as income has become more important during the transition in Russia to the determination of access to education and health services.

The authors conclude by noting the more limited capacity of the Russian state to mount a concerted attack on child poverty compared to the other countries covered in this book, all of which have stronger economies and institutions. Nevertheless, they argue that the Russian government's response to the problem of child poverty has been inadequate, as illustrated by their finding that child benefits are no more likely to be received by children persistently poor over three years than they are by children who experience no poverty at all.

Thinking about children in time

Good policy analysis requires several ingredients: detailed information about the nature of a problem and its consequences and what the causes are, plus, of course, knowledge of the efficacy of alternative policy programmes. Since this book is more about providing new 'facts' about child poverty than it is about the causes or programme evaluation, few conclusions about specific programmes can be drawn. This emphasis is reflected in chapter 12 which focuses on the policy implications of the dynamic perspective on child poverty.

Aber and Ellwood's chapter discusses 'what we have learnt' from the studies in the book and reflects on 'what we need to know'. From the diversity in the methods used and the countries analysed, they draw together a number of generalisations about the nature of child poverty. Their review of the book's contents is thematic, thus complementing the chapter-by-chapter review provided above. They draw out common threads but also emphasise results that vary across countries. While acknowledging the increments to knowledge that the book provides, Aber and Ellwood also point to the directions in which future research could be aimed, especially