Child poverty in the European Union
The crisis and its aftermath

SUMMARY
More than one in four children in the European Union (EU) is at risk of poverty or social exclusion. The poverty rate for children is higher than that for any other age group, though it varies widely across Member States. Furthermore, between 2008 and 2014, Europe has witnessed a rise in the number of severely deprived children.

The five main factors affecting child poverty are: the composition of the household in which a child lives, the parents' labour market situation, the mother’s own working status, the parents' educational level and their country of birth. Alongside these factors, two drivers have played a growing part in the rise of child poverty in the EU since the onset of the 'Great Recession': a cyclical one – the economic crisis – and a structural one – the phenomenon of inherited poverty.

Therefore, child poverty has become a major policy concern for the European institutions. Six recent Council presidencies have commissioned studies and convened conferences on child poverty. In 2013, the European Commission adopted a Recommendation 'Investing in children – breaking the cycle of disadvantage' in connection with the creation of an evidence-based online platform. On 16 June 2016, the European Council adopted conclusions on an integrated approach for combating poverty and social exclusion. Similarly, combating child poverty and social exclusion has moved up the agenda of the two EU consultative committees and the European Parliament. Nevertheless, non-governmental organisations have highlighted some concerns that have not been fully addressed by the EU institutions.

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EPRS | European Parliamentary Research Service
Author: Marie Lecerf
Members' Research Service
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Issue

Amongst European policy priorities in the social field, the reduction of poverty, including child poverty, are at the forefront. Over the past two decades, rich countries have not succeeded in lowering child poverty and many vulnerable families remain in need of social support.\(^1\) Child poverty in the EU has increased further since the onset of the economic crisis, as children have suffered its adverse effects a lot more than the population at large, especially in the hardest-hit countries.\(^2\)

Measuring child poverty in the EU

According to Eurostat’s latest available data, in 2014 there were roughly 27.4 million children under the age of 18 living ‘at risk of poverty or social exclusion’ (called AROPE, this is the key poverty measure at EU level) in the EU. The proportion of children at risk (27.8%) was greater than that of adults (25.4%) and the elderly (17.8%, aged 65 and over).

While the drop in the number of elderly people at risk of poverty or social exclusion is a welcome trend\(^3\), there were more poor children in 2014 than in 2008. Between 2008 and 2014, the situation of children worsened in 22 Member States\(^4\), most seriously in Hungary (+8.4 percentage points, or p.p.), Greece (+8 p.p.) and Malta (+6.3 p.p.). The risk of poverty among children in most crisis-battered southern European countries has been on the increase since the onset of the ‘Great Recession’.\(^5\)

However, five EU Member States have seen a reduction in the number of children at risk of poverty and social exclusion: Poland (-4.7 p.p.), Romania (-0.7 p.p.), Slovakia (-0.7 p.p.), Germany (-0.5 p.p.), and Lithuania (-0.2 p.p.).

Regarding the overall situation in 2014, the percentage of children living in a household at risk of poverty or social exclusion ranged from around 15% in Denmark up to 51% in Romania (see Infograph).

\textit{De facto}, child poverty affects the wellbeing of today’s children. However, the effects of prolonged poverty (especially on younger children) can last long into adult life. Investment in human capital and most importantly in children, is key to ensuring stable and growing societies and economies and prospering individuals.\(^6\)
Measures to combat child poverty are an investment that may produce economic benefits and avoid future social costs. They can also contribute to achieving the Europe 2020 headline target of lifting 20 million people out of poverty by 2020.

Five main child poverty determinants
The main factors affecting child poverty, after taking into account the effect of social transfers, are: the composition of the household in which a child lives; the parents' labour market situation; the mother's own working status; the parents' educational level; and the parents' country of birth.

Composition of the household
Emerging trends such as divorce, later parenting and cohabitation without marriage are changing traditional household and family structures. As the household structure has a significant effect on the total household disposable income, these trends have a major impact on the at-risk-of-poverty or social exclusion rate. Whereas the prevalence of different household types varies greatly between countries, the same household types are at the highest risk of poverty and hardship in most countries: single-parent households, single elderly people and other single adult households.7

In 2014, in the case of single-person households with dependent children, nearly one in every two households was at risk of poverty or social exclusion (48.3 %), compared with only about two in every ten households with two adults and two dependent children (19.0 %, Eurostat). More generally, the AROPE rate for a single person household with dependent children was approximately 22 p.p. higher than for households with dependent children in general (48.3% vs. 26.0%). Almost one third of households with two adults and three or more dependent children and households with three or more adults with dependent children were at risk of poverty or social exclusion (respectively 32.5 % and 30.6 %). According to Eurofound, throughout Europe, the situation of single-parent families and large families with three or more children has worsened during the crisis.

Low work intensity
Labour is the most important source of income for most households and has a significant impact on the AROPE rate. While other risk factors exist, the labour market situation of parents is a powerful determinant of the conditions in which children grow up and their opportunities in the long run. Households with very low work intensity8 are facing huge difficulties. In the EU-28, 2014 was the year with the highest recorded AROPE rate for very low work-intensity households with dependent children (74.7%). Moreover, more than two-thirds of the low and very low work-intensity households with dependent children in the EU-28 were at risk of poverty (65 %).

However, jobless households are not the only ones at risk of poverty (see box below). Some have a job yet are still unable to make a living. In-work poverty is a phenomenon that affected 9.5% of the working-age EU population in 2014 (Eurostat).
Mother’s working status

The one-breadwinner family model no longer appears sufficient to protect families against poverty. The higher the work intensity in the household, the lower the poverty risk. Mothers’ employment helps reduce child poverty. Countries with a larger share of mothers in paid work often record lower poverty rates among children. In the EU, only 61.7% of mothers (aged 25–49) with children below the age of six are employed, compared to 76.9% of those without children, which increases the risk of poverty in families.

Education

Social origin remains the strongest determinant of educational success which in turn is a major driver of inequality, perpetuating the poverty cycle. Its impact has not decreased during the crisis. In 2014, more than one out of two children whose parents’ level of education was very low were at risk of poverty (50.4%), compared to less than one out of ten children whose parents had a high level of education (8%). The difference between households with parents having a high/low level of education is 42.4 percentage points in 2014, and is higher than in 2008 (38 percentage points). At country level, the difference between the AROPE rates for children with parents with low and high levels of education ranged from 12.1 to 24.3 percentage points in Finland, the United Kingdom and the Netherlands, to 73.7 to 80.2 percentage points in Bulgaria, Slovakia and Romania (Eurostat).

Country of birth

Some groups of children, such as those with migrant parents, are more vulnerable than the rest. Poverty is more widespread in families where women are economically inactive or where there are many children to be looked after. Both situations are more common in immigrant households (OECD). Overall, in 2014 children with at least one foreign-born parent were at a greater risk of poverty (14.4 percentage points higher) than children with native-born parents (32.7%, Eurostat). The greatest differences between children with foreign and native-born parents were recorded in Spain (+32 p.p.) and Greece (+29.3 p.p.). For seven other EU Member States for which data is available, the difference was more than 15 p.p. The highest AROPE rates for children with at least one foreign-born parent were recorded in Belgium (37.2%), Greece (48.9%) and Spain (55.1%). The lowest rates were observed in Latvia (15.2%), Denmark (16.4%) and Hungary (17.8%). However, in some EU Member States having a migrant background did not result in more exposure to poverty than being native-born. Latvia and Hungary (-9.6 p.p.}

Getting by?

In 1913, Maud Pember Reeves carried out a study on a working class community in Vauxhall – Round About a Pound a Week – which proved to be an influential survey of poverty and infant mortality in London. At that time, interviewed women were asked to keep a diary detailing their household income and expenditure. In 2013, a new research project was launched in Liverpool which comprised five of the 20 most deprived areas in England. Getting By? A Year in the Life of 30 Working Families in Liverpool is the ensuing report of this scientific project seeking to bring to life the difficulties faced by households in working poverty. The report comprises interviews with Liverpool families with one or more children under the age of 18, and at least one family member in employment. Over the course of the year, the families kept spending diaries, as in the Vauxhall study, to enable researchers to examine how families in low-paid work cope and struggle with the ordinary and unexpected costs of running a household.
and -6.8 \text{ p.p.}, respectively) were the only EU Member States, along with Portugal (+0.2 \text{ p.p.}) and Slovakia (+1.3 \text{ p.p.}), where children with at least one foreign-born parent had a lower or similar at-risk-of-poverty or social exclusion rate than children of native-born parents.

**Figure 1: Personal characteristics determine poverty status – Regression analysis based on EU statistics on income and living conditions, 2006–2012**

![Figure 1: Personal characteristics determine poverty status](image)

Data source: European Commission, 2015.

*Notes: This graph presents the average marginal effects when all personal characteristics are held constant; only mothers aged 25–49 with children below the age of six are considered. No data for Croatia and Malta.*

Both the number of workers in the household and the mother's own working status appear to be the main determinants of lower child poverty rates, together with the parents' educational level. Inversely, single parenthood and migrant background are associated with a higher child poverty risk (see Figure 1).

**Two drivers of child poverty notably strengthened by the crisis**

The risk of poverty has always been determined by the combination of the way a society is organised and the economy regulated. Since the first oil shock in 1973, two main developments or drivers help to understand overall poverty patterns in the EU: economic downturns and inherited poverty\(^{16}\). The current crisis has exacerbated both these drivers.

**The impact of the economic crisis**

*Changes in family policies*

The economic crisis has deeply affected many public policy areas through cuts in public spending. Child and family policies have mostly been spared any direct cuts and their advancement continues in many Member States. That said, some measures have been introduced that may have indirectly reduced the level of support for families. Austerity measures have affected households with children more strongly than other types of households, as some Member States have replaced universal family support with means-tested measures or payment ceilings (Eurofound). As a consequence, child and family-related benefits have been highly affected, for instance in Estonia, Ireland, Spain and Portugal.
Unemployment
Since 2008, Europe has observed historically high unemployment and long-term unemployment rates, and a decrease in the quality and quantity of jobs (Eurostat). The rise in unemployment over the crisis period is a major reason for the increase in the number of families at risk of poverty or social exclusion across the EU. Actually, the increase in the AROPE rate between 2008 and 2014 among those of working age but not in work (inactive) is common to all EU Member States except three – Slovenia, Poland and Lithuania. In 2014, more than two thirds of children living in jobless households in Europe were living below the poverty threshold (64.3%). Working parents are the best protection against child poverty (see Figure 1 above); high poverty risk of children living in households of very low work intensity and/or where the mother does not work.

Inherited poverty
The intergenerational transmission of disadvantages is an old phenomenon. It can be characterised by: the persistence of a low level of education in the family; a low ability to make ends meet; or the succession of a 'not in work' economic situation for individuals through two generations (from parents to their children). In 2012, Eurostat re-examined the role of inherited poverty in the transmission of poverty patterns. The economic crisis is likely to reinforce the cumulative effects of the transmission of these three characteristics from one generation to another:

- In 2012, in the EU-28, the at-risk-of-poverty rate was 24.8%, while the at-risk-of-poverty rate for less educated people was 27.6% (aged 18 to 64 years). The educational level of parents has a strong impact on the educational level of their children, as parents either can or cannot support their children's studies financially. In turn, educational level is one of the most important individual factors for adults in reducing the risk of poverty and enabling them to secure acceptable living conditions for themselves and their families;

- The transmission of a low ability to make ends meet from parents to their children significantly exceeds the transmission of a high ability to make ends meet, at 68.9% and 55.9% respectively. This is likely to increase mechanically with the economic crisis;

- Finally, in the EU-28, an average of 28.6% of adults having at least one parent not in work in their childhood are likewise not in work.

EU child poverty reduction policies
Child poverty is an important policy concern for EU institutions as well as for the Member States. Six recent Council presidencies (Belgium in 2010, Hungary in 2011, Cyprus in 2012, Ireland in 2013, Greece in 2014 and the Netherlands in 2016), commissioned studies and convened conferences on child poverty, with the active participation of civil society.

The European Commission
In February 2013, as part of its Social Investment Package (SIP), the European Commission adopted a long-awaited Recommendation 'Investing in children – breaking the cycle of disadvantage'. The adoption of this recommendation was followed by the creation of the European Platform for Investing in Children (EPIC). EPIC is an evidence-based online platform that provides information about policies that can help children and their families face the current economic challenges in Europe. It is intended to help
Member States implement the recommendation through the collection and dissemination of innovative practices found to have a positive impact on children and families across the EU.

**The European Council**
Tabled at the initiative of the Netherlands Presidency, the 'Employment, Social Policy, Health and Consumer Affairs' (EPSCO) Council adopted conclusions on an integrated approach for combating poverty and social exclusion on 16 June 2016. The Council encourages MS to 'address child poverty and promote children's well-being through multi-dimensional and integrated strategies, in accordance with the Commission Recommendation Investing in Children'.

**The consultative committees**
Combating child poverty and social exclusion is also a specific social policy goal for the European Economic and Social Committee (EESC) and the Committee of the Regions (CoR).

In April 2012, the CoR issued an opinion on child poverty highlighting the key role of local and regional authorities in tackling child poverty.

On 18 February 2016, the EESC adopted an opinion urging the EU Council to stick to its commitment to get at least 20 million people out of poverty by 2020. In this opinion, the Committee highlights the high level of child poverty across the Member States and insists that child poverty, among others, requires immediate attention. It also urges the Commission to implement its above-mentioned recommendation.

**The European Parliament**
Along this line, Parliament has adopted resolutions addressing child poverty, including on Promoting inclusion and combating poverty, and on the European Platform against poverty and social exclusion. On 24 November 2015, Parliament adopted a resolution on reducing inequalities with a special focus on child poverty. It recommended that Member States make a real commitment to developing policies to fight child poverty. These should focus on correcting child poverty factors and increase the effectiveness, quantity, amounts and scope of the social support specifically directed at children, and promote labour laws that guarantee social rights, including a statutory adequate minimum wage. It also called for the reduction in child poverty and social exclusion to be made more visible and explicit at all stages of the European Semester.

**Stakeholders**
However, a group of non-governmental organisations has pointed out some concerns that have not been fully addressed, among which the need for: 1) more rigorous monitoring and reporting, including setting of sub-targets in the Europe 2020 strategy and the development of better indicators for children’s wellbeing; 2) the development of a multiannual roadmap setting out implementation plans for the Commission’s recommendation; and 3) a commitment to long-term funding, particularly through earmarking portions of the structural funds for investments to help reduce poverty and exclusion.

**Main references**

**Endnotes**

4. No data available for Croatia.
8. For example, households with very low work intensity (equal or inferior to 0.2) are those where, on average, the adults worked less than 20 % of their time in a year.
9. An evidence review of the drivers of child poverty for families in poverty now and for poor children growing up to be poor adults / HM Government, United Kingdom, January 2014, p. 22
10. An ever closer union among the peoples of Europe? Rising inequalities in the EU and their social, economic and political impacts, Outcomes of EU-funded research / European Commission, 2014, pp. 20–21.
11. Less than primary, primary and lower secondary education (International Standard Classification of Education – ISCED 0–2).
15. A child is considered to have a migrant background if at least one of the parents living with him/her was foreign born. On the other hand, a child is considered to be native-born if both parents living in the household are native-born or if there is only one parent in the household, that parent is native-born.
19. ATD Fourth World, Caritas, Coface, EAPN, Eurochild, Eurodiaconia, European Social Network and PICUM.

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eprs@ep.europa.eu
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