



**European Expert Group Meeting
“Confronting family poverty and social exclusion;
ensuring work-family balance;
advancing social integration and intergenerational solidarity
in Europe”**

Convened as part of preparations for the
Twentieth Anniversary of the International Year of the Family, 2014
(Cfr. Report of the Secretary-General ,
Preparations for and observance of the twentieth anniversary of the
International Year of the Family in 2014,
A/67/61-E/2012/3)

6-8 June 2011



BETTER POLICIES FOR BETTER LIVES

Poverty and policy for families in Europe

Dominic Richardson
OECD ELS/SPD

Raise Awareness Meeting
Poverty, work-family balance and intergenerational solidarity

5 June 2012

Family policy in developed countries

- Promoting choice for parents in reconciling work and family life
 - Enabling people to have children at the time of their choice
 - Mobilising hitherto unused labour supply
 - Enhancing gender equity
 - Reducing family poverty and enhancing child development

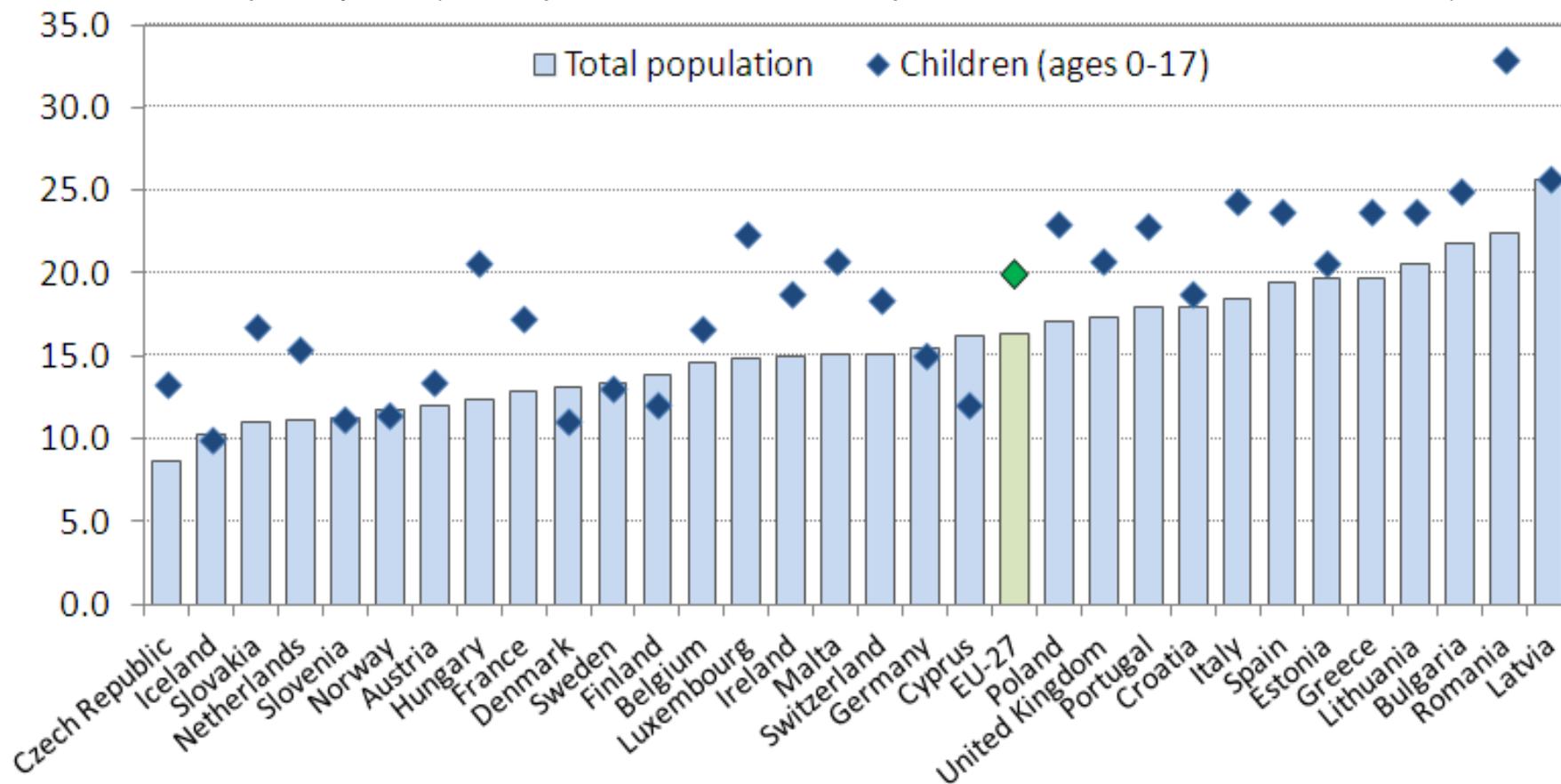
Family poverty and well-being messages

- Families are at a higher risk of poverty than the total population
- Despite strong economies pre-crisis, no real progress has been made in poverty reduction
- Family well-being outcomes are evolving in different directions
- The knowledge base / indicators and indices can be improved on

Child income poverty rates in Europe

In all but 7 European countries, children are at a higher risk of poverty

At risk of poverty rate (cut-off point: 60% of median equivalised income after social transfers), 2009

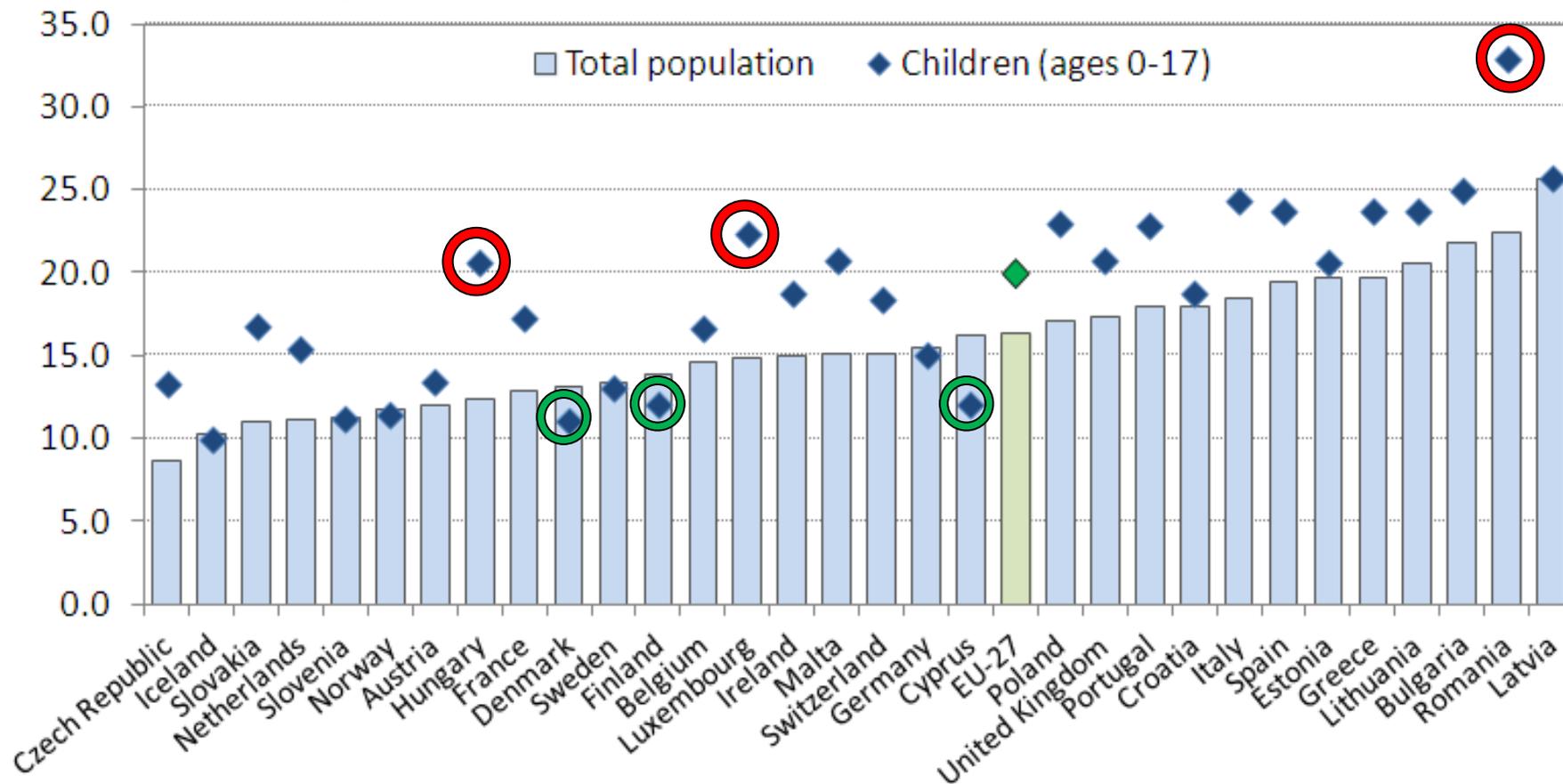


Source: EUROSTAT, June 2011

Child income poverty rates in Europe

In all but 7 European countries, children are at a higher risk of poverty

At risk of poverty rate (cut-off point: 60% of median equivalised income after social transfers), 2009

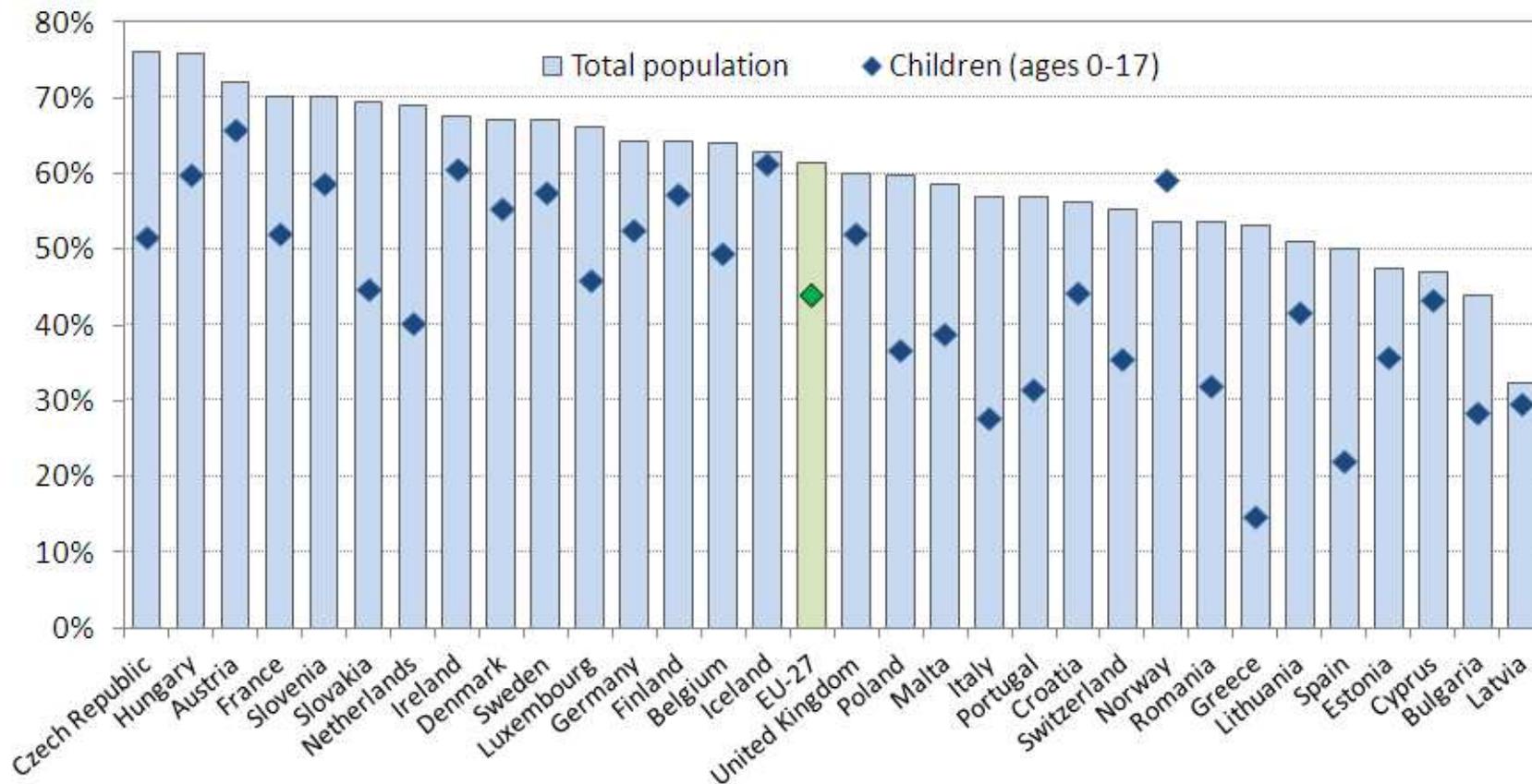


Source: EUROSTAT, June 2011

Redistribution and poverty reduction

Only the Norwegian social security system reduces child poverty risks more than population poverty risks

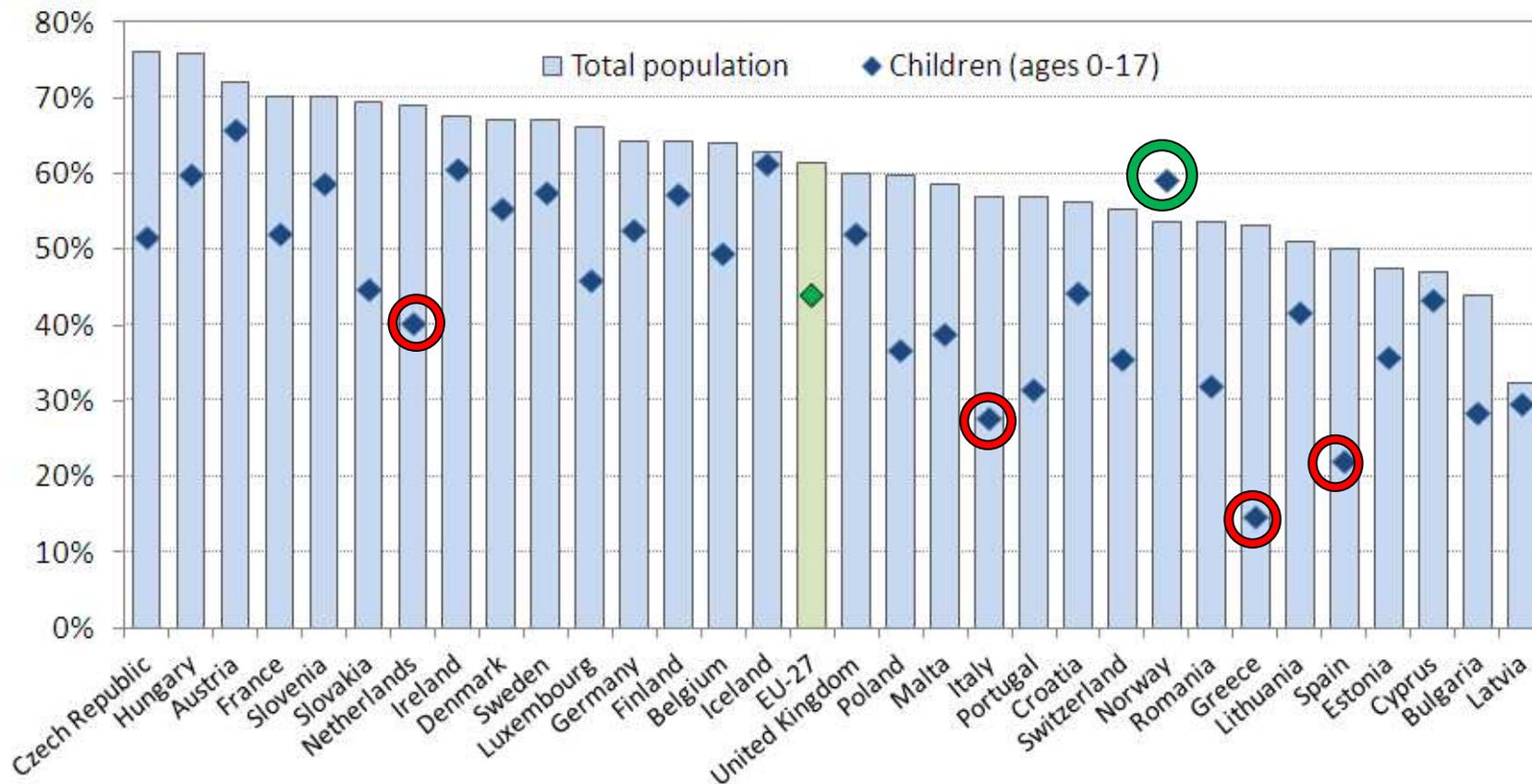
Reduction in the at risk of poverty rate (cut-off point: 60% of median equiv. inc.) after social transfers, 2009



Redistribution and poverty reduction

Only the Norwegian social security system reduces child poverty risks more than population poverty risks

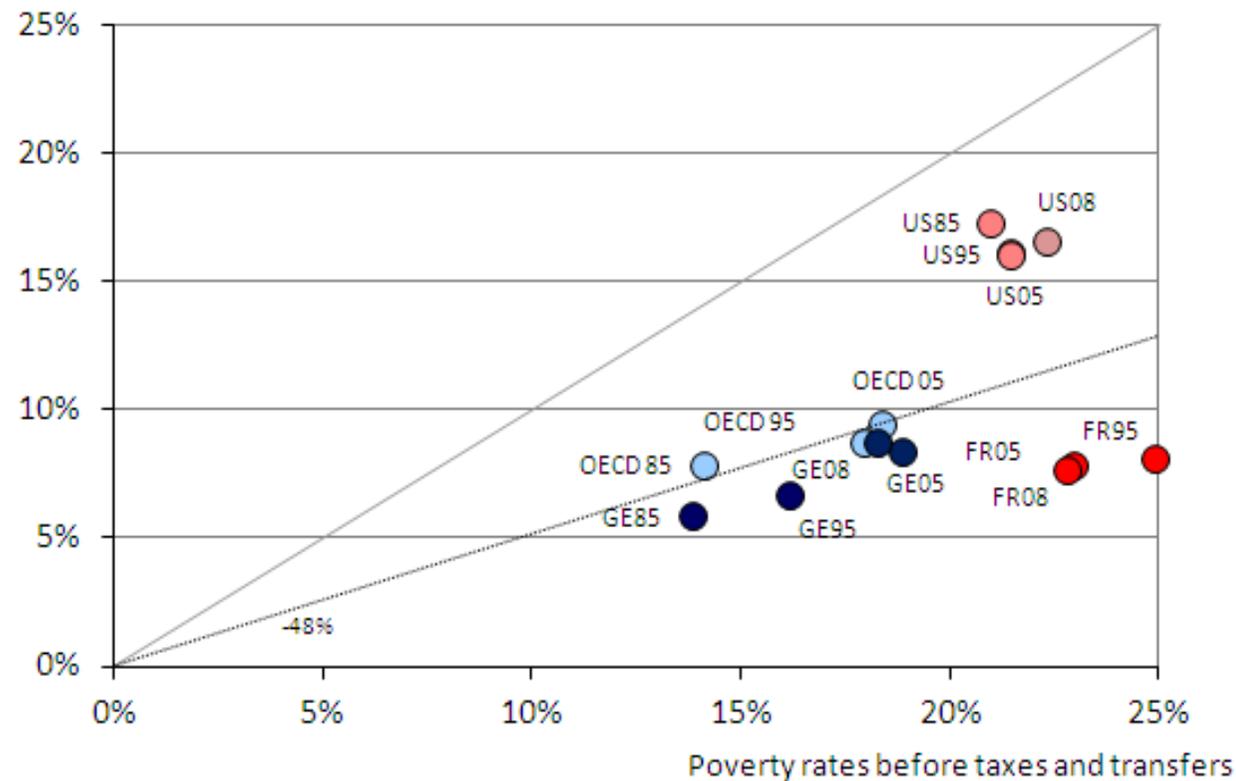
Reduction in the at risk of poverty rate (cut-off point: 60% of median equiv. inc.) after social transfers, 2009



Family policies are working harder

Poverty rates before and after transfers, changes since 1985

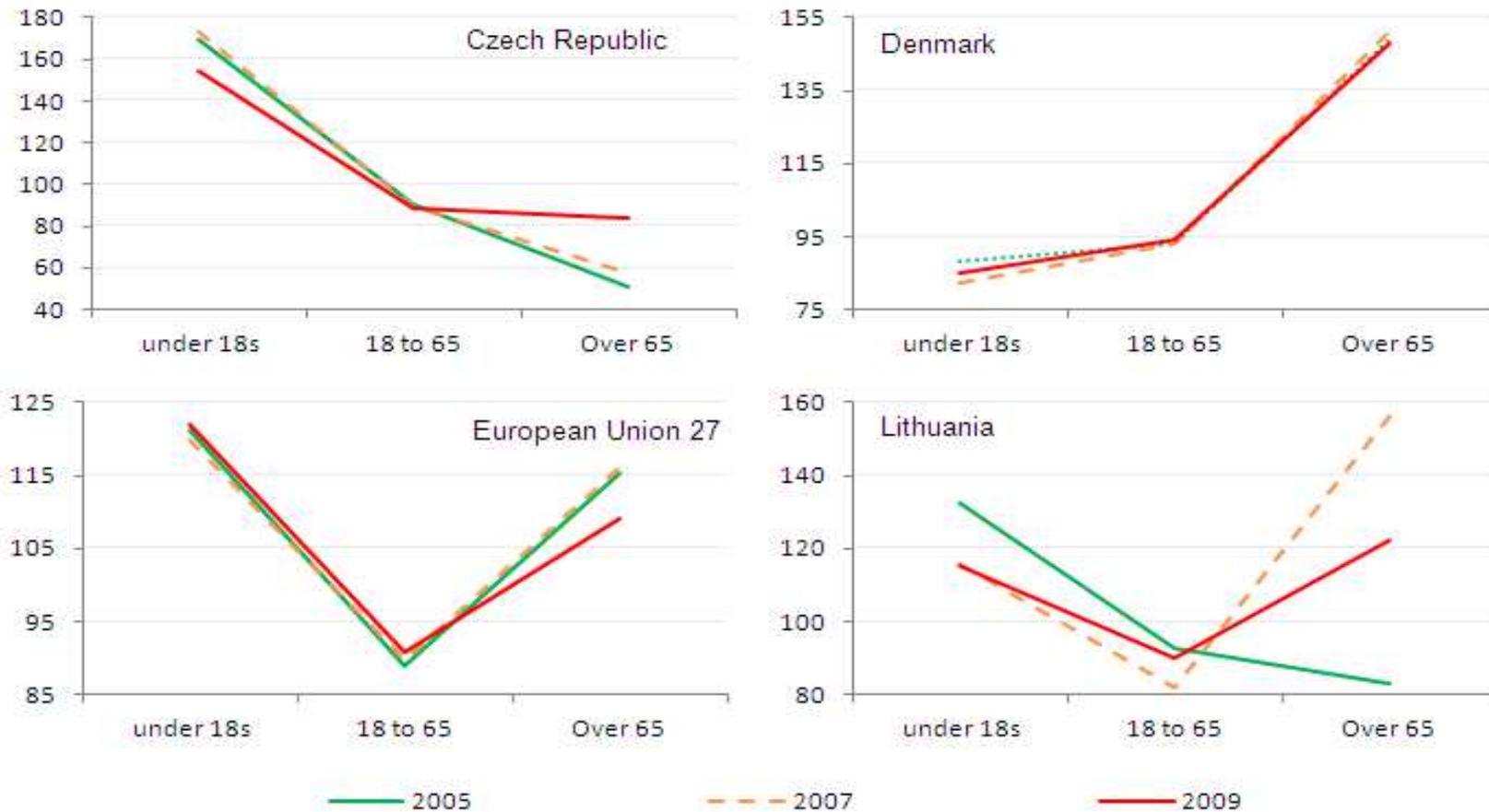
Poverty rates after taxes



Poverty risk trends by age

Over time poverty risks evolve in different directions, Europe-wide children are marginally worse off

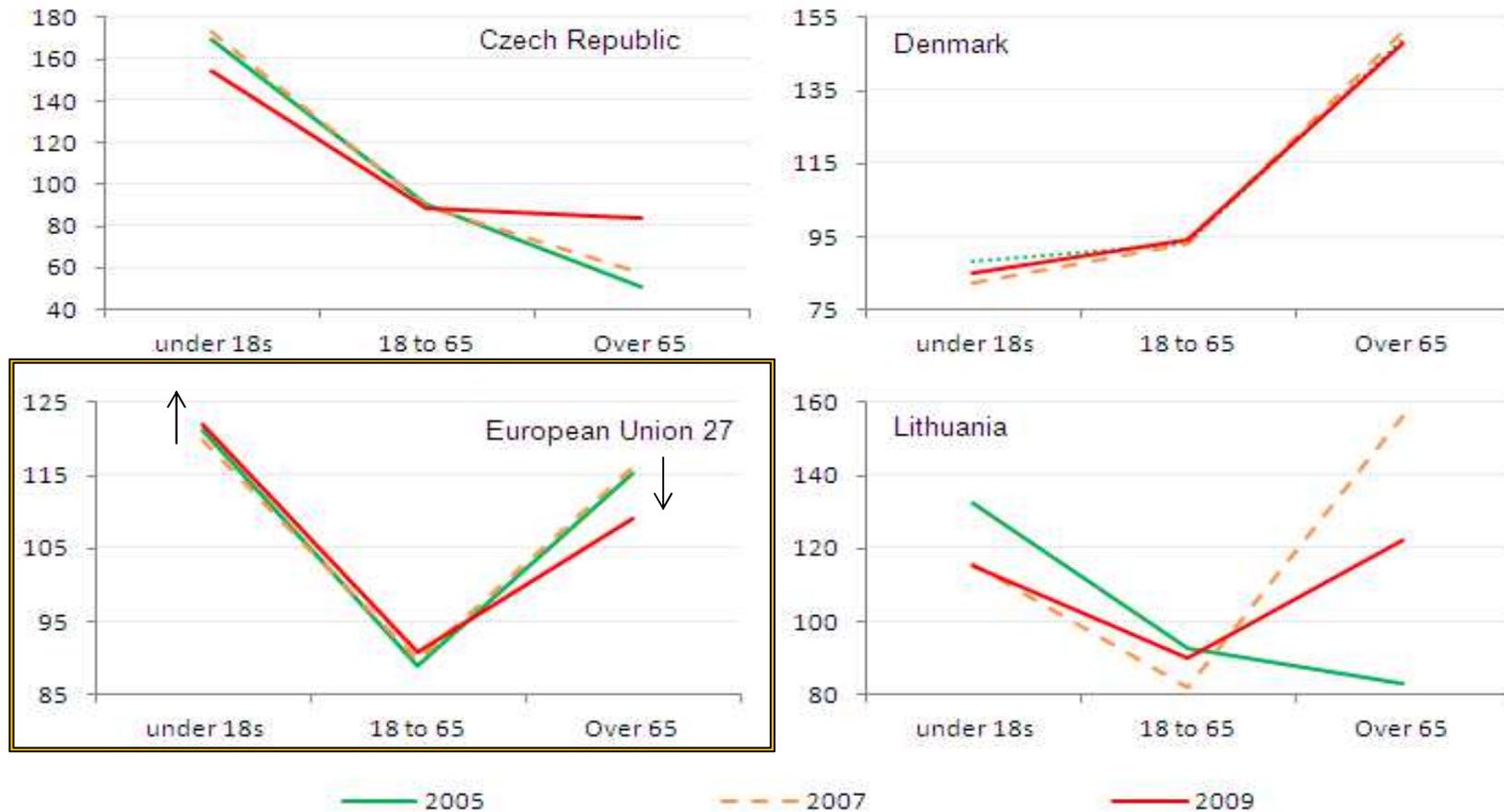
Changes in relative at risk of poverty rate by age (60% of median equiv. inc.) after social transfers, 2009



Poverty risk trends by age

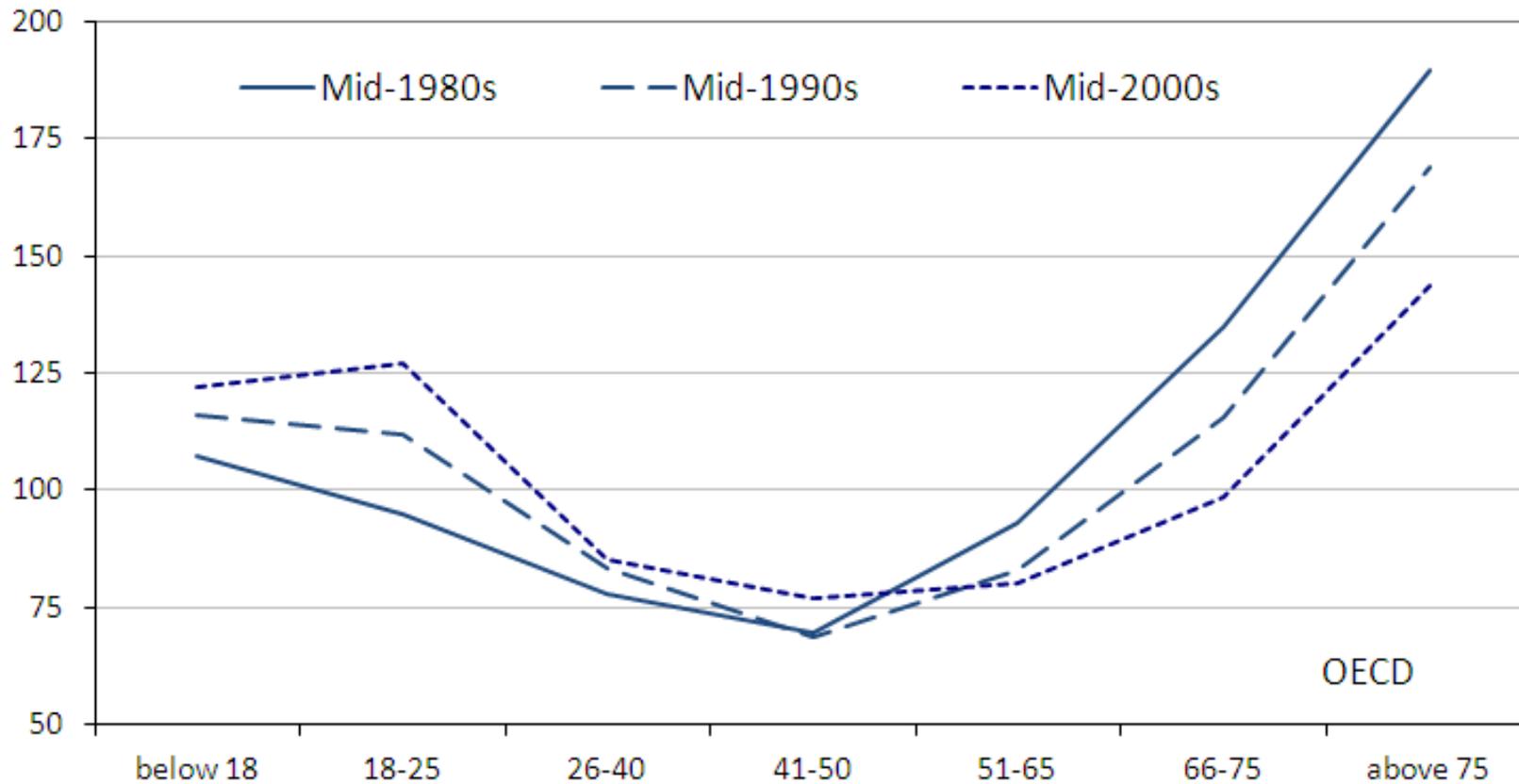
Over time poverty risks evolve in different directions, Europe-wide children are marginally worse off

Changes in relative at risk of poverty rate by age (60% of median equiv. inc.) after social transfers, 2009



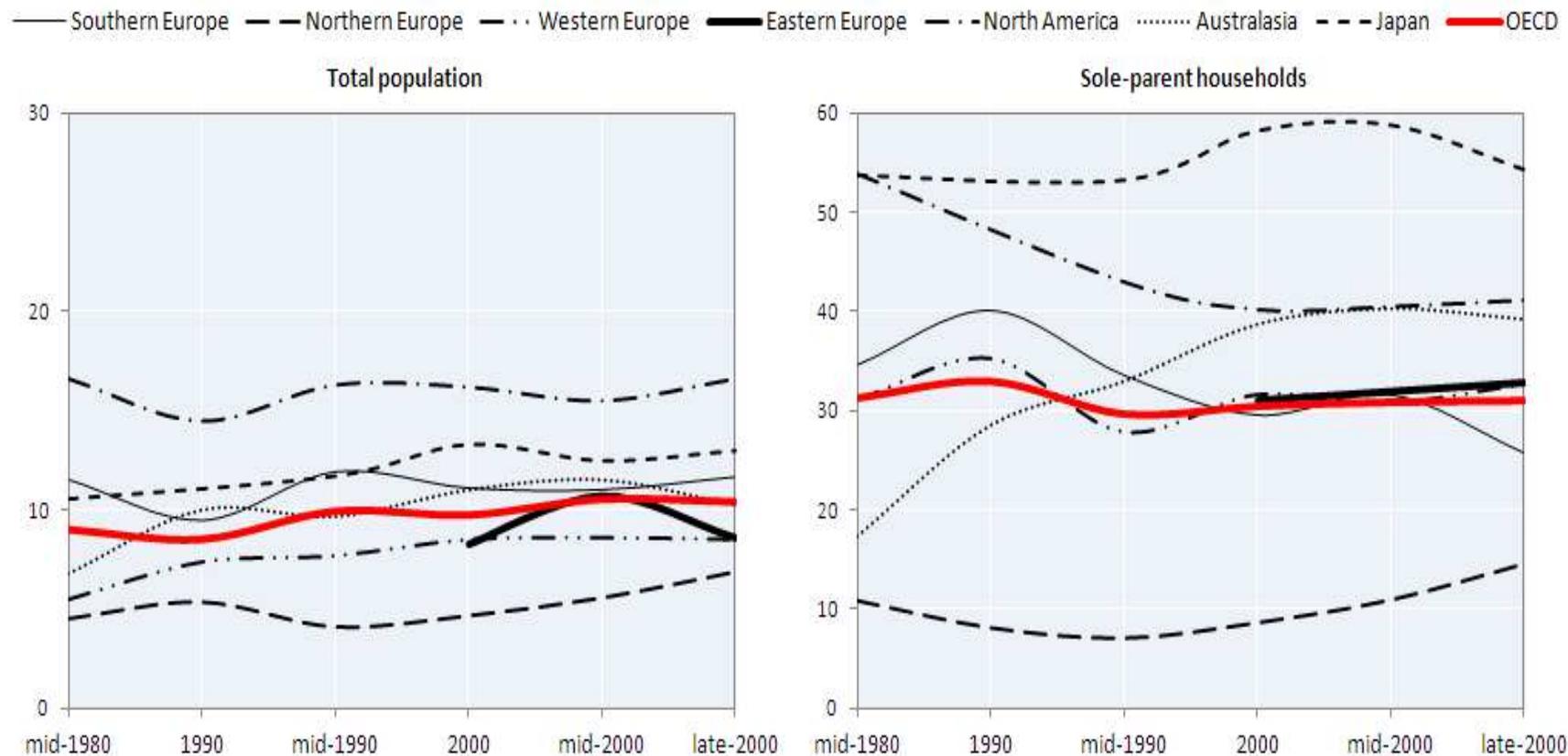
Poverty risks are shifting

Poverty rate for the total population = 100



No evidence of consistent poverty reduction

Trends in poverty rates in OECD regions, mid-1980 to late-2000



Children at risk of social exclusion

The nature of both welfare and work, and their interaction, can lead to contradictory messages along similar measures

Intersections of Europe 2020 Poverty Target Indicators by age (0 to 17 years), 2009

	At risk of poverty, severely materially deprived and living in a household with low work intensity	Not at risk of poverty, but severely materially deprived and not living in a household with low work intensity	Not at risk of poverty, not severely materially deprived, but living in a household with low work intensity
Top 5	Bulgaria Latvia Lithuania Iceland Estonia	Slovenia Norway Spain Finland Italy	Netherlands Finland Denmark Norway Sweden
Range	(0.6 to 1.1%)	(0.9 to 1.5%)	(0.4 to 0.9%)
Bottom 5	Denmark United Kingdom Netherlands Belgium Ireland	Ireland Slovakia Latvia Hungary Bulgaria	Poland Latvia Hungary Romania Bulgaria
Range	(3.1 to 7.1%)	(3.5 to 6.3%)	(7.0 to 21.7%)

Children at risk of social exclusion

The nature of both welfare and work, and their interaction, can lead to contradictory messages along similar measures

Intersections of Europe 2020 Poverty Target Indicators by age (0 to 17 years), 2009

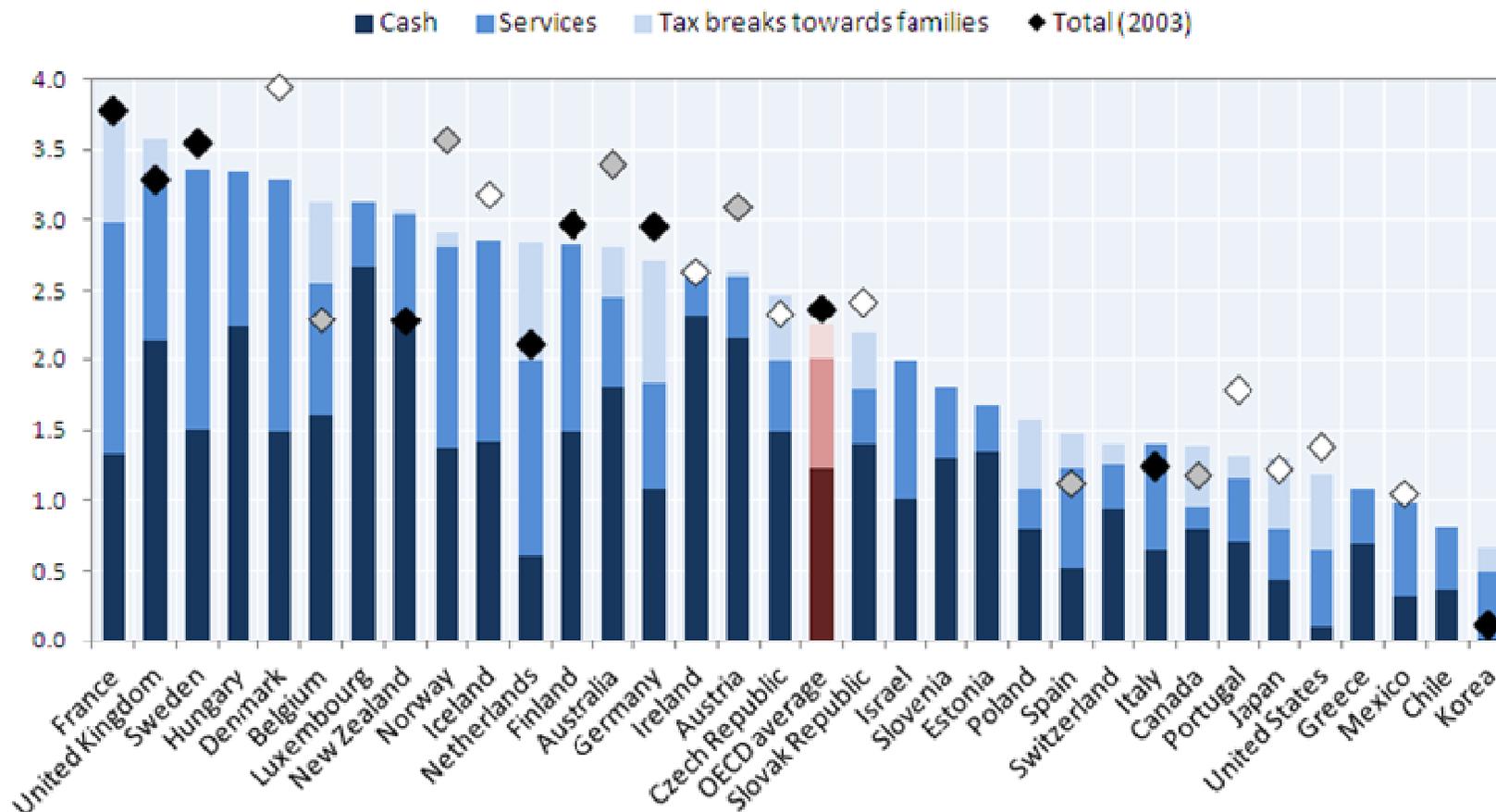
	At risk of poverty, severely materially deprived and living in a household with low work intensity	Not at risk of poverty, but severely materially deprived and not living in a household with low work intensity	Not at risk of poverty, not severely materially deprived, but living in a household with low work intensity
Top 5	Bulgaria Latvia Lithuania Iceland Estonia	Slovenia Norway Spain Finland Italy	Netherlands Finland Denmark Norway Sweden
Range	(0.6 to 1.1%)	(0.9 to 1.5%)	(0.4 to 0.9%)
Bottom 5	Denmark United Kingdom Netherlands Belgium Ireland	Ireland Slovakia Latvia Hungary Bulgaria	Poland Latvia Hungary Romania Bulgaria
Range	(3.1 to 7.1%)	(3.5 to 6.3%)	(7.0 to 21.7%)

Some issues with income poverty...

- *... or problems with a policy-friendly indicator*
- Mis- or under-reporting
 - Earned income and benefits
- Arbitrary thresholds, equivalisations
 - By age / disability
- Missing populations (homeless families)
- Cash as a 'catch-all' for families and children
- Might not represent societal progress

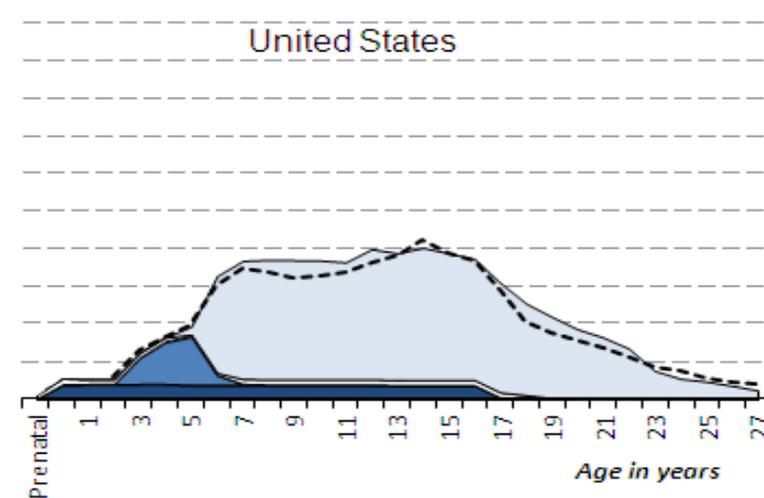
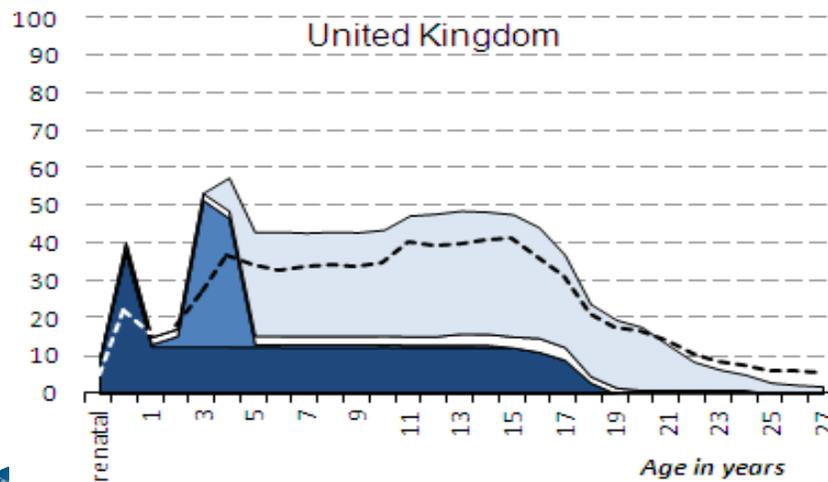
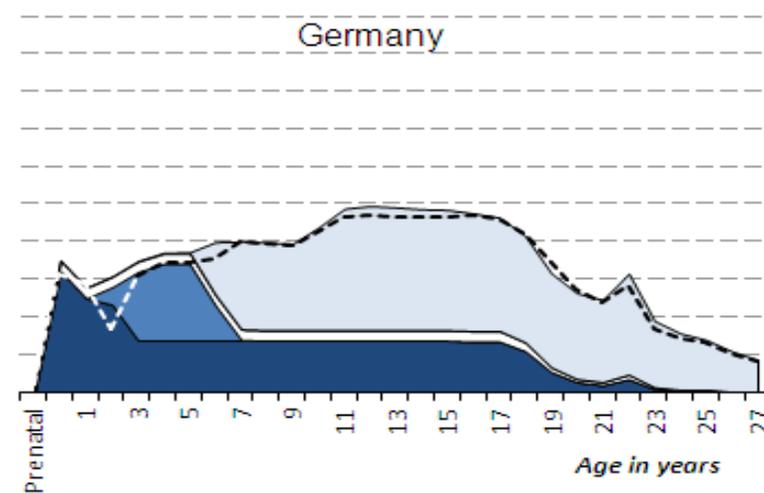
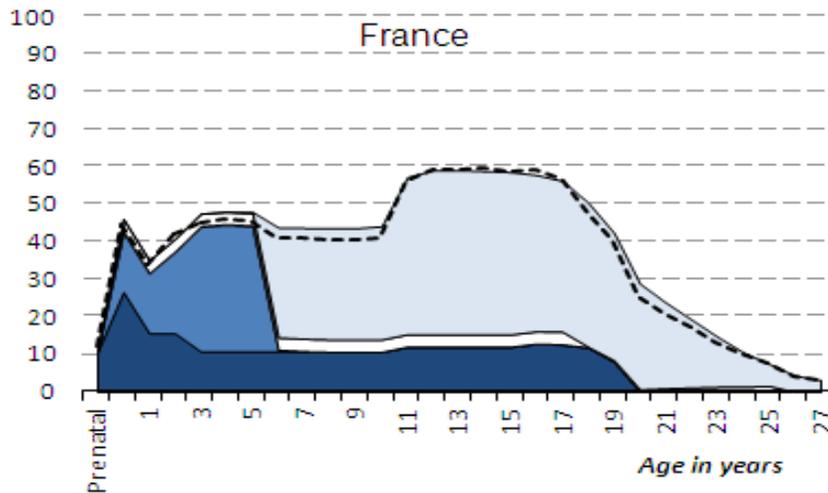
Good evidence of policy change

Public spending on family benefits in cash, services and tax measures, as a percentage of GDP, 2003* and 2007



Spending patterns by age

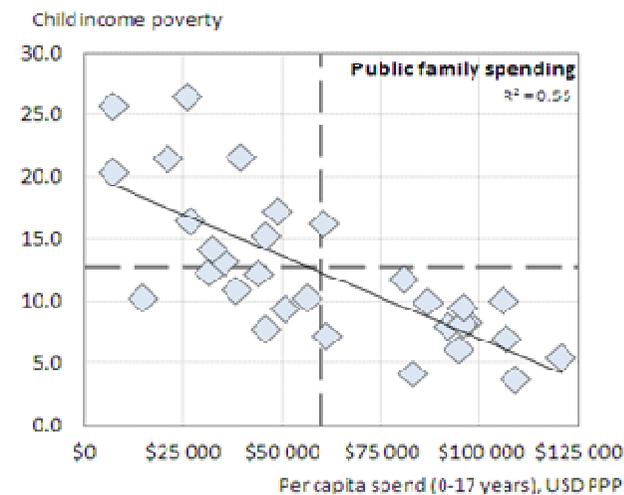
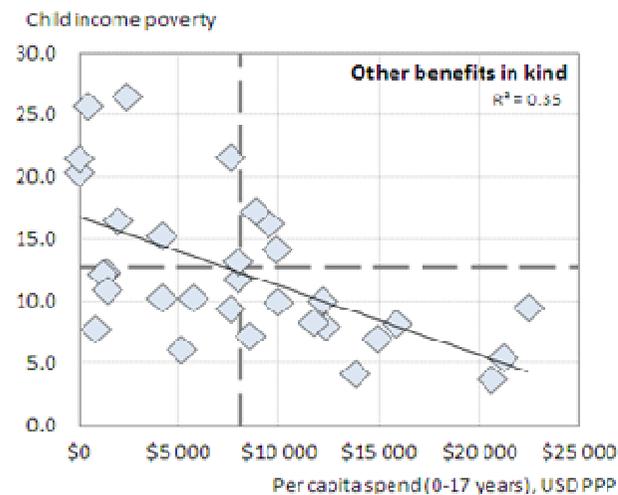
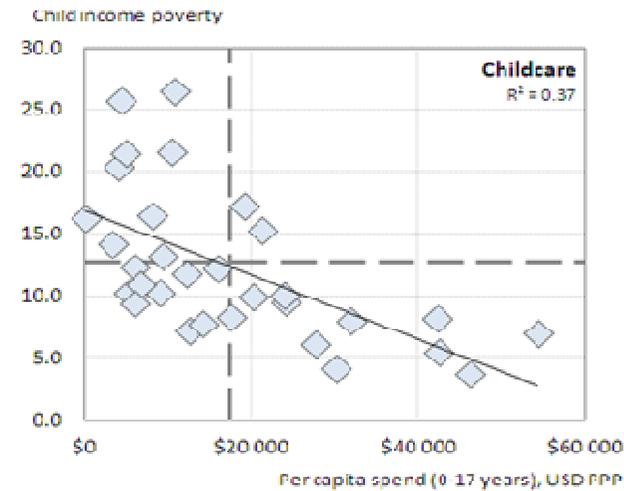
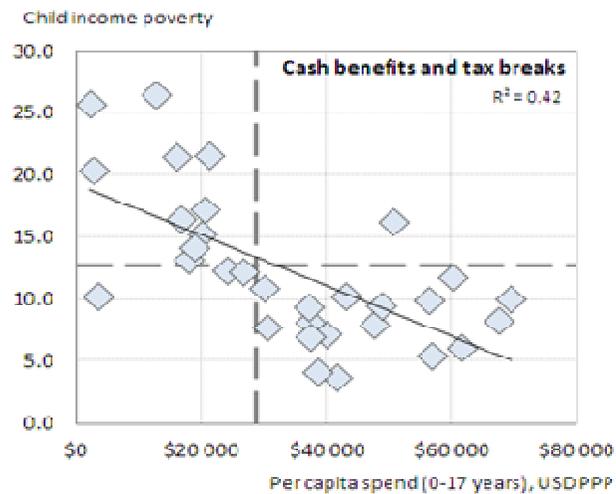
Cash benefits
 Childcare
 In-kind benefits
 Education
 ----- 2003 profile



Source: OECD forthcoming (preliminary data)

Bigger spenders better outcomes

Associations between spending types and risks of poverty during childhood



Early years interventions matter ...

Correlations between spending relative to family income and children's outcomes circa 2007

		PISA reading literacy, students aged 15, 2009	Children aged 11 to 15 years, with higher life satisfaction, 2005-2006	Low birth weight babies, 2007	Child Poverty (most recent data)	Infant mortality rate 2007
Cash and tax breaks	0 to 5	0.00	-0.47	0.03	-0.46	-0.06
Childcare		-0.01	0.26	-0.40	-0.47	-0.11
Benefits in kind		0.42	0.39	-0.09	-0.61	-0.35
Cash and tax breaks	6 to 11	0.05	-0.24	0.11	-0.36	-0.15
Childcare		0.08	0.07	-0.34	-0.42	-0.10
Benefits in kind		0.26	0.38	-0.09	-0.57	-0.35
Education		-0.35	-0.35	0.22	0.13	0.37
Cash and tax breaks	12 to 17	0.01	-0.24	0.14	-0.34	-0.12
Benefits in kind		0.31	0.29	-0.12	-0.53	-0.40
Education		0.22	0.06	0.03	-0.39	-0.15

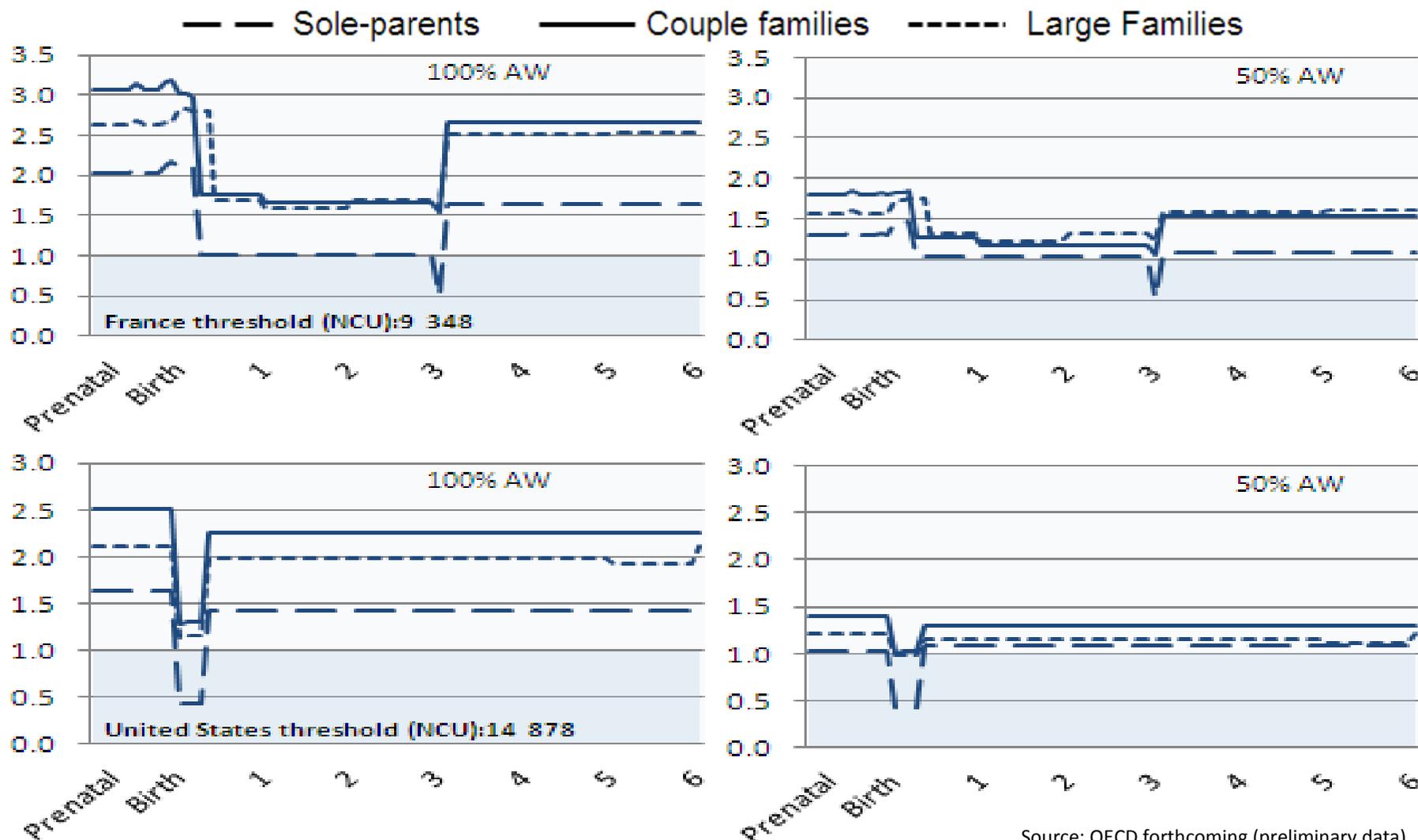
...for family outcomes too!

Correlations between spending relative to family income and female labour market's outcomes 2007-2009

		Total fertility rate, 2009	Female labour market participation rate, women aged 15-64 years, 2009	Childcare enrolment rate, children aged <3 years, 2008	Gender wage gap, 2008	Maternal employment rate, with children aged 0-16, 2007
Cash and tax breaks	0 to 5	-0.25	0.13	-0.22	-0.30	-0.30
Childcare		0.22	0.31	0.41	-0.45	0.43
Benefits in kind		-0.08	0.33	0.52	0.01	0.31
Cash and tax breaks	6 to 11	-0.17	0.10	-0.02	-0.23	-0.28
Childcare		0.02	0.34	0.27	-0.16	0.35
Benefits in kind		0.05	0.42	0.47	-0.26	0.30
Education		-0.14	-0.16	-0.04	-0.46	-0.22
Cash and tax breaks	12 to 17	-0.18	0.06	-0.03	-0.24	-0.31
Benefits in kind		0.04	0.39	0.34	-0.25	0.19
Education		-0.22	0.31	0.29	-0.43	0.06

Poverty risks and the lifecycle

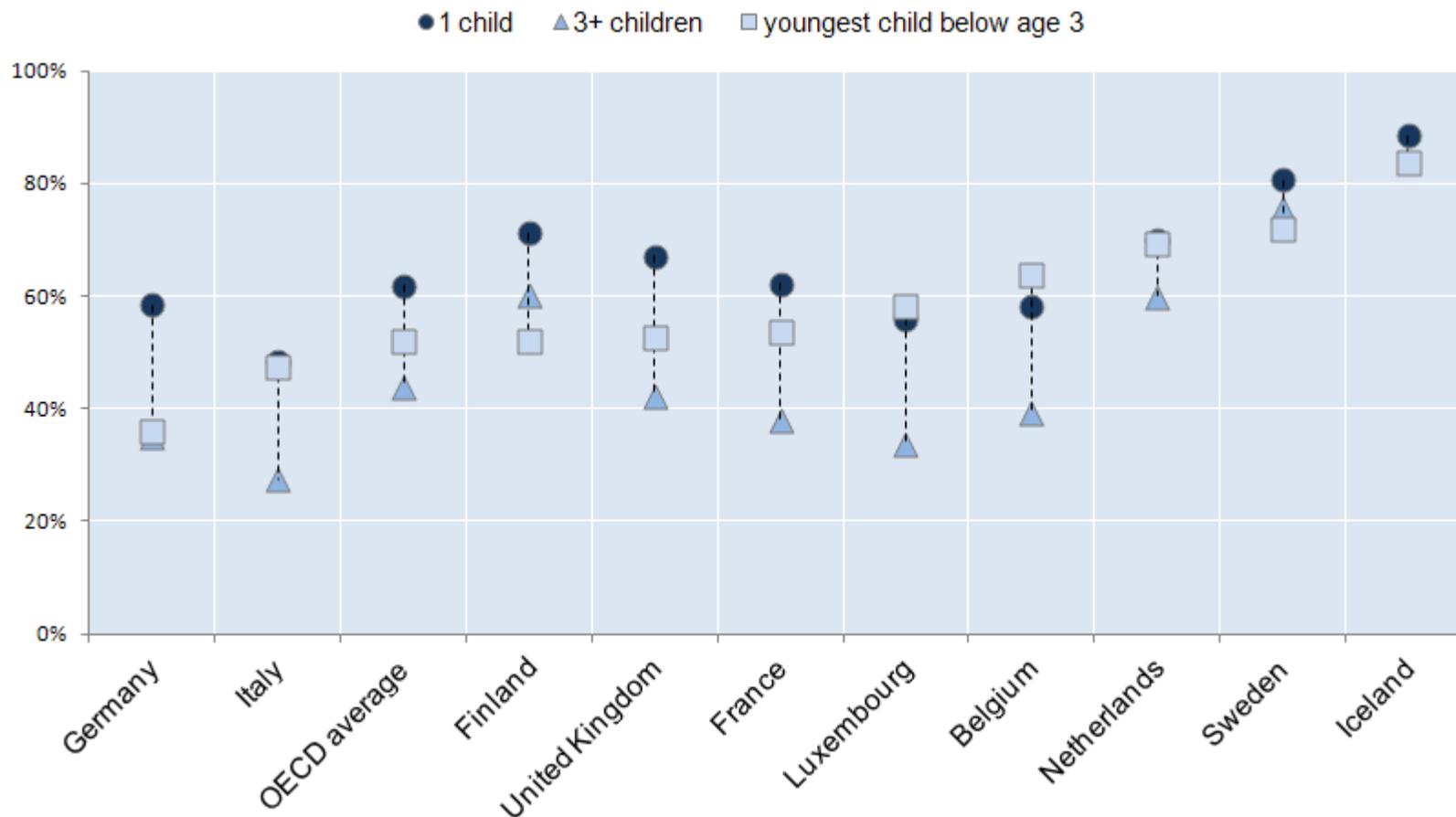
Equivalised net household income in employed households as a ratio of the total poverty threshold 2008



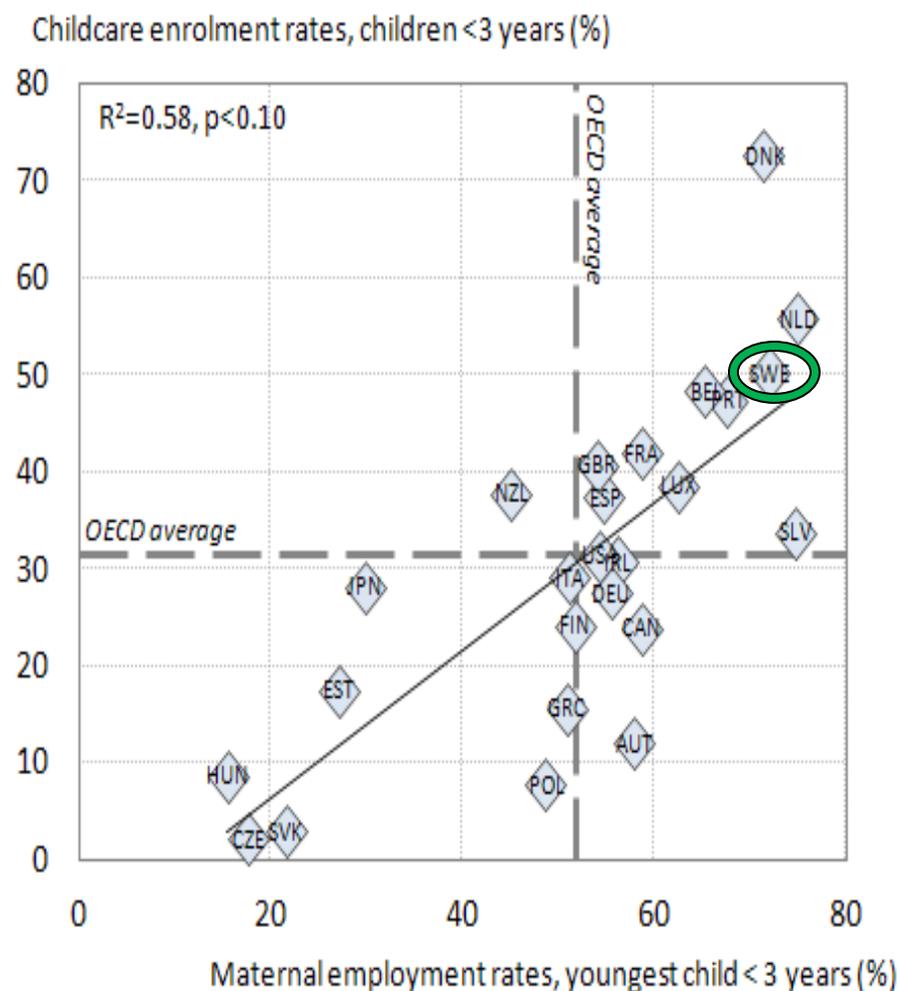
Source: OECD forthcoming (preliminary data)

Work by age and number of children

Fewer mothers are employed in larger and younger families

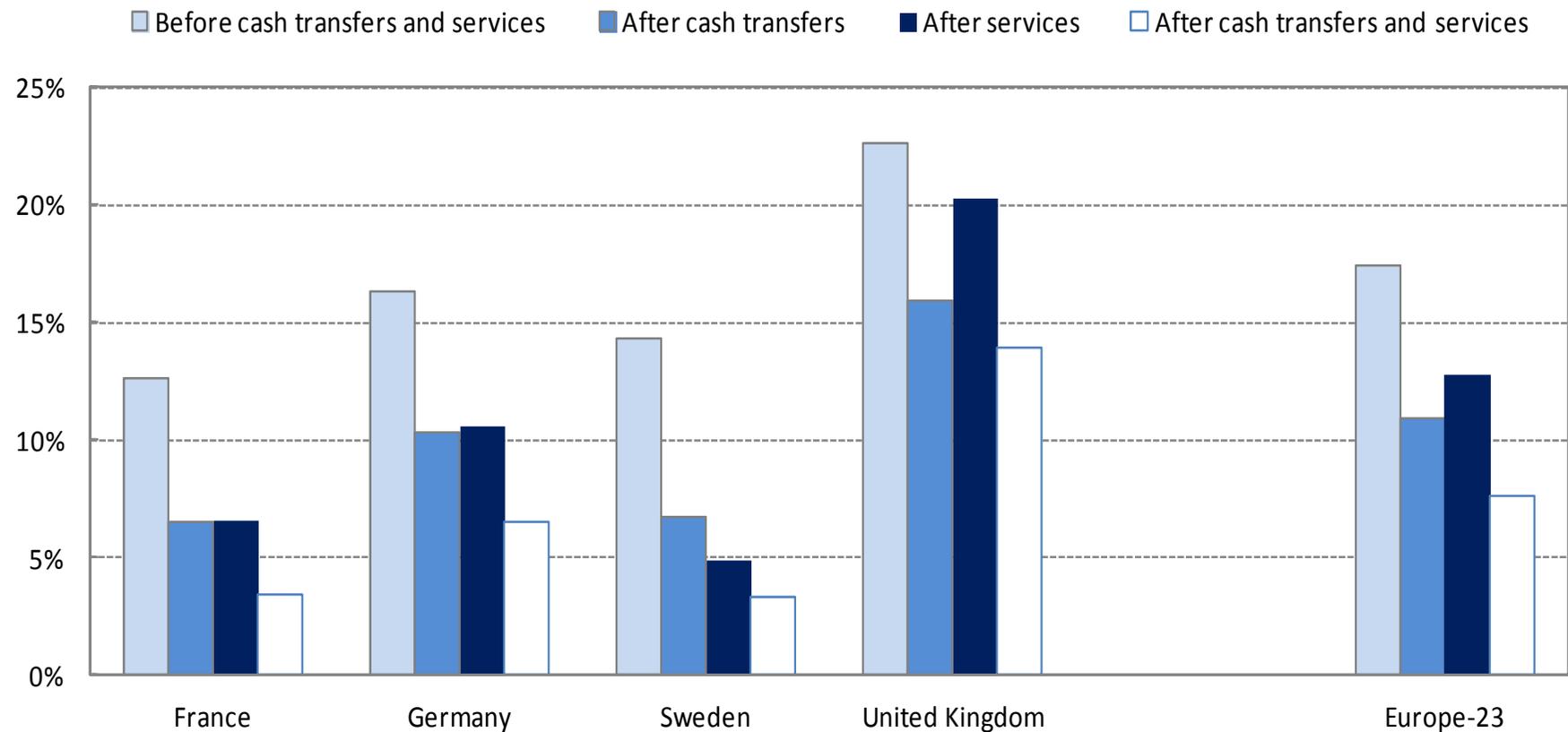


Childcare, working mothers and child poverty



Relative effects, joint efforts

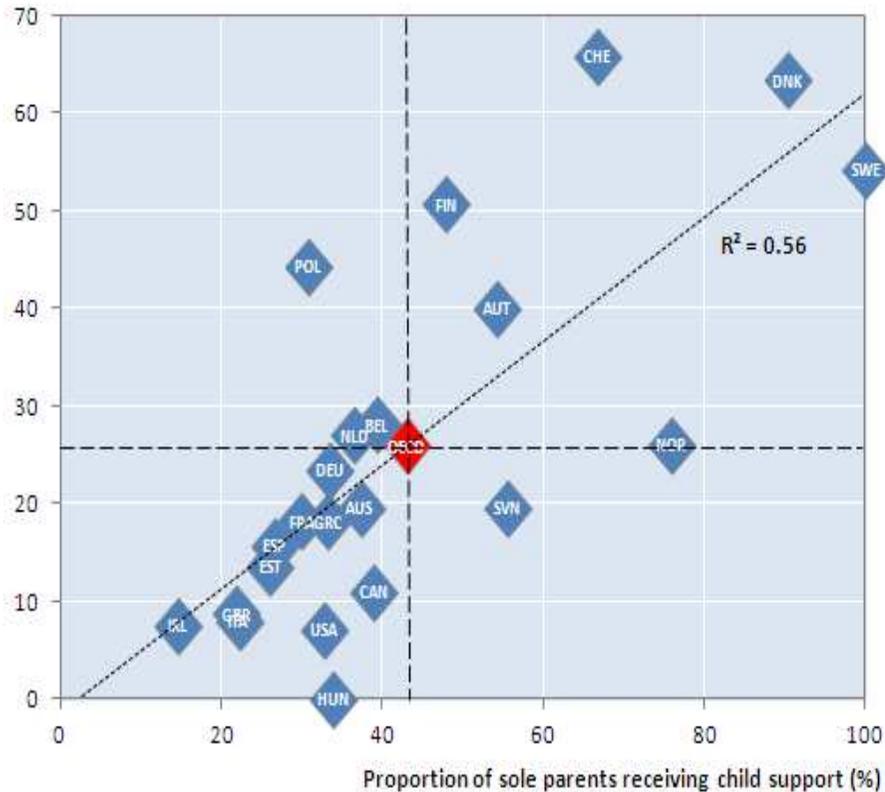
Different impacts of benefit type on risks of poverty during childhood



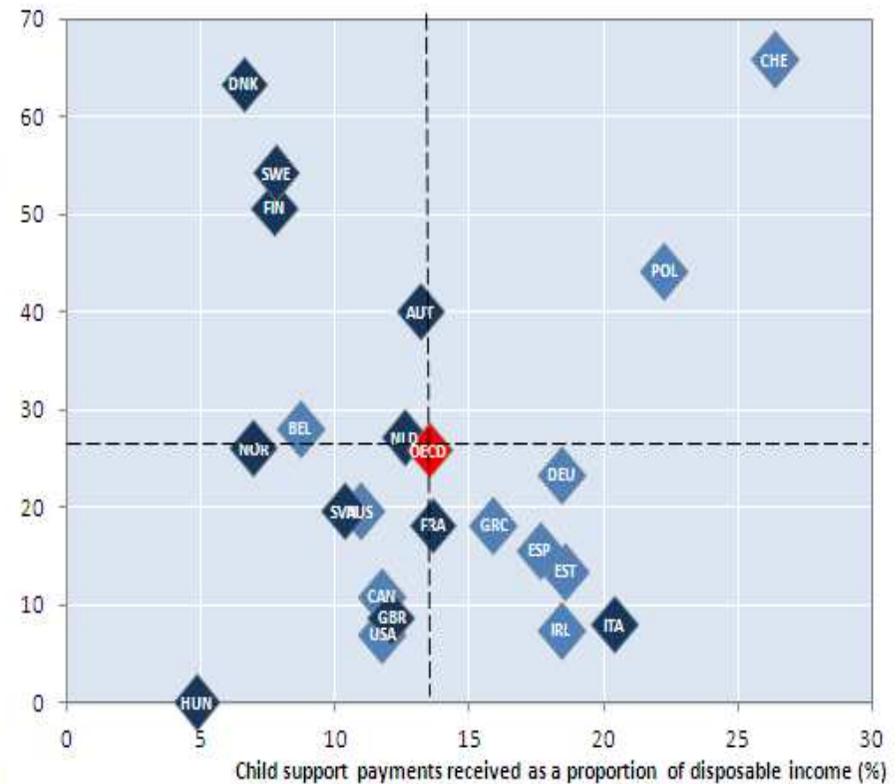
In child support, coverage counts

Relationship between reduction in child income poverty in sole-parent families due to child support coverage and the amount of child support payments

Decrease in sole-parent family poverty due to child support payments (%)



Decrease in sole-parent poverty due to child support payments (%)



Family policies and the crisis

- **Stimulus:** temporary cash benefit increases, some evidence for childcare expansions (examples in Germany, Italy, Austria)
- **Austerity:** freezing child payments and restrictions to coverage, cuts to baby grants, reducing leave lengths, cuts to housing benefits (examples in the United Kingdom, Spain, Finland)

Some relevant links

www.oecd.org/els/social

www.oecd.org/els/social/expenditure

www.oecd.org/els/social/family/database

www.oecd.org/els/social/childwellbeing