

X-ray analysis of a societal challenge

## The risk of child poverty increases by 35.5% in households where only one parent works

- The dossier *Objective: To Palliate Child Poverty*, published by "la Caixa" Social Observatory, analyses the close links between child poverty, the employment market and public monetary assistance.
- Employment is a determinant of child poverty, even in times of prosperity. In 2008, the risk of anchored poverty among children living in households where only one parent had a job was 35.5%, while in 2018 the figure stood at 48.1%, an increase of 35.5%.
- Spain has one of the highest child poverty rates in Europe. In 2018, 29.9% of children lived below the anchored poverty threshold in our country, a figure higher than before the crisis.
- Assistance aimed directly at children is three times more effective at alleviating child poverty than benefits based on family income. Spain is among the five European countries that provide the least direct assistance for children.

**Barcelona, 18 February 2020.** The risk of anchored child poverty has increased by 35.5% in households where only one parent works. This is one of the conclusions of the dossier *Objective: To Palliate Child Poverty*, published by "la Caixa" Social Observatory.

The main report in the dossier, titled "The Persistent Impact of the Economic Crisis on Child Poverty", is by Sara Ayllón, a researcher in the Economics Department of the University of Girona. In it, the author highlights the close link between child poverty and the employment market, and not only as a result of the economic crisis.

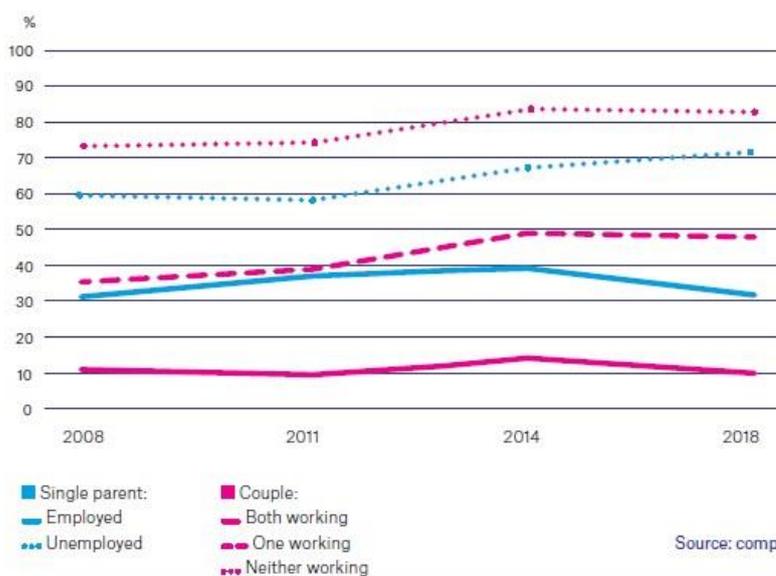


Ayllón's article specifies that the risk of child poverty varies according to family composition and the parents' employment situation. When only one parent is in employment, living with both does not guarantee a decent standard of living. In 2008, the opening year of the period studied, more than three in ten children in this situation line (35.5%) were living below the anchored poverty threshold. And this group's situation has not improved: in 2018, 48.1% of children in households with one working parent were living in poverty.

The most vulnerable group is formed by children in families where neither parent works. In 2018, eight out of ten minors in this situation were poor, compared to seven out of ten in 2008. This group is followed by children living in single-parent families where the parent does not work (seven out of ten are poor).

**Figure 5. Risk of anchored child poverty**

By household composition and relationship of parents with the labour market



**When neither of the parents in the household works, the risk of child poverty is extremely high**

Source: compiled by the author based on data from the Survey on Living Conditions (ECV).

Moreover, according to the study, in 2008, 71.7% of children living in homes with low work intensity – that is, where families have little income from the employment market and work less than 20% of their total potential – were poor. By 2018 this figure had increased to more than eight in ten.

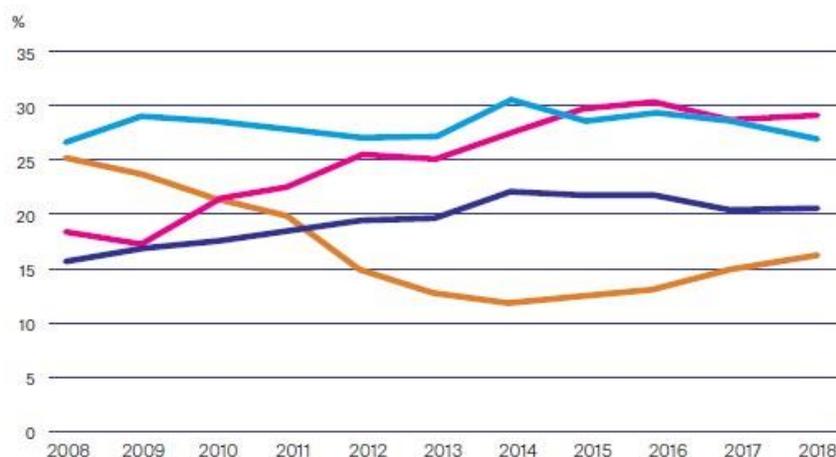
Ayllón also studies the evolution of poverty from 2008 to 2018, noting that the economic recession had serious impact on children, worsening a situation that was already a cause for concern even before the crisis.

This X-ray analysis shows that Spain currently has one of the highest child poverty rates in Europe. Taking relative poverty (an indicator that considers those who live in households with income less than 60% of median earnings to be poor) as a reference, the rate was high already in 2008 (26.9%), and reached its maximum in 2014 (30.2%), falling slightly later as the economy began to grow again. In 2018, 26.6% of children in Spain were below the relative poverty line.

The figures on anchored poverty are no more optimistic. In six years (from 2008 to 2014), anchored poverty among the child population increased by 12 percentage points, from 26.9% to 38.9%. Like the relative poverty rate, following the improvement in the general economic situation, child poverty decreased to 29.9% in 2018.

Figure 1. **People who live in relative poverty.**

By age group. SPAIN, 2008-2018



**Child poverty has remained stable according to the relative poverty approach**

■ 0-17 years ■ 18-29 years

Source: Compiled by the author based on data

### Effectiveness of aid to children

The dossier also contains the study "Transfers to Childhood as a Better Method of Combatting Child Poverty", by Elena Bárcena, M. Carmen Blanco and Salvador Pérez, researchers at the University of Málaga. According to this report, concentrating monetary assistance on children is three times more effective at combatting child poverty than channelling benefits to the population as a whole based on income.

The authors estimate that a 1% increase in spending on income-based transfers, such as unemployment benefits, reduces the probability that a minor will be at risk of poverty by between 2% and 2.3%. On the other hand, if spending aimed directly at children (benefits for childbirth and child care and so on) is increased by the same percentage, this probability decreases by between 5.7% and 6%. The authors emphasise that these differences remain similar whatever the phase of the economic cycle studied (2012 or 2016).

In relative terms, Spain devoted just 3.3% of total transfers to children in 2016, compared to the European average of 9%. The figures suggest that our country is among the five worst European Union member states in providing this kind of child support.

The amount spent on direct assistance for children is only low, but also has little impact. The figures suggest that, taking monetary assistance as a whole, Spain is among the European countries that least reduce the risk of child poverty.

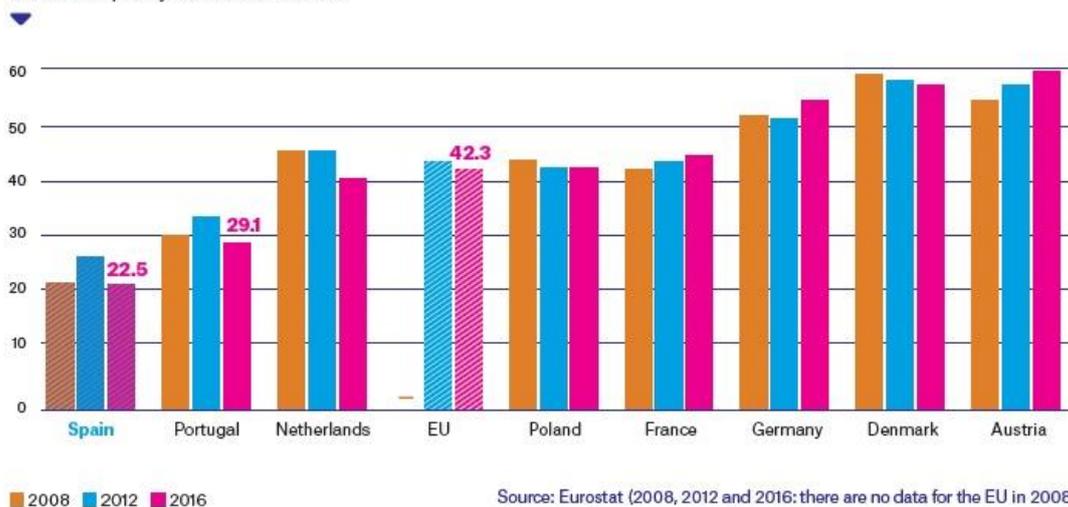
As the report notes, the reduction in child poverty through such assistance was higher in 2012 than in 2016, an observation which reflects the particular importance of the palliating effect of transfers during the recession. However, despite this greater impact in 2012, in relative terms it was precisely during the crisis that Spain most greatly reduced the amount of monetary support for children.

According to the authors, Austria, Denmark, Sweden and Germany have the highest social spending and provide universal child protection aid, such as child support, which benefits a wider population and tends to be more generous. This helps to generate considerable social support and, therefore, a lower risk of cuts in times of austerity.

**Figure 3. Impact of social transfers on the child poverty risk rate.**

Difference (%) between the child poverty risk rate before transfers and the child poverty risk rate after transfers (2008, 2012 and 2016)

Vertical axis: difference between the child poverty risk rate before transfers and the child poverty risk rate after transfers



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"la Caixa" Social Observatory was established as part of an initiative aimed at studying new social phenomena in four fields: social inclusion, education, science, and culture. The studies published by the observatory are based on a barometer of key indicators on issues of social interest in European Union and OECD member countries, as well as articles, interviews and expert reviews.

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