



Addressing Child Poverty: How Does the United States Compare With Other Nations?

Timothy Smeeding, PhD; Céline Thévenot, MA

From the Institute for Research on Poverty, University of Wisconsin-Madison (Dr Smeeding), Madison, WI; and Social Policy Division, Directorate for Employment, Labour and Social Affairs, OECD, (Dr Thévenot), Paris, France

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Address correspondence to Timothy Smeeding, PhD, Institute for Research on Poverty, University of Wisconsin-Madison, 1180 Observatory Dr, Madison, WI 53706 (e-mail: smeeding@lafollette.wisc.edu).

ABSTRACT

Poverty during childhood raises a number of policy challenges. The earliest years are critical in terms of future cognitive and emotional development and early health outcomes, and have long-lasting consequences on future health. In this article child poverty in the United States is compared with a set of other developed countries. To the surprise of few, results show that child poverty is high in the United States. But why is poverty so much higher in the United States than in other rich nations? Among child poverty drivers, household composition and parent's labor market participation matter a great deal. But these are not insurmountable problems. Many of these disadvantages can be overcome by appropriate public policies. For example, single mothers have a very high probability of poverty in the United States, but this is not the case in other countries where the provision of work support increases mothers' labor earnings and together with strong public cash support effectively reduces child poverty. In this article we focus on the role and design of

public expenditure to understand the functioning of the different national systems and highlight ways for improvements to reduce child poverty in the United States. We compare relative child poverty in the United States with poverty in a set of selected countries. The takeaway is that the United States underinvests in its children and their families and in so doing this leads to high child poverty and poor health and educational outcomes. If a nation like the United States wants to decrease poverty and improve health and life chances for poor children, it must support parental employment and incomes, and invest in children's futures as do other similar nations with less child poverty.

KEYWORDS: child poverty; cross-national; income supports; public expenditure; public services

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COUNTRIES ARE OFTEN judged by the way they treat their children. Poverty in early years can have long-lasting consequences on various dimensions of children's future lives, including their adult health status, their performance at school, and future labor market outcomes. Many research studies have also shown that early and continued intervention—social investments and income supports—can curb these trends. High-quality early childhood education and care, continuous access to health care, income support for families most in need, and parenting support to facilitate work and family life can all contribute to lessen the effects of children living in poverty.^{1,2}

This article provides a cross-country comparison of policies to reduce child poverty and support low-income families in a set of selected rich countries. These countries have been chosen to illustrate their diversity, with the United States being the central point of comparison. The set of selected countries encompass other English-speaking countries, like the United Kingdom, Canada, Ireland, and

Australia, as well as other large and rich European countries, capturing the diversity of European policy (Italy, for southern Europe; France and Germany for continental Europe; the Czech Republic for central-eastern Europe; and Sweden and Norway for northern Europe).

The article starts by describing the diversity of child poverty levels in the selected set of countries. The health effects of growing up poor are discussed in the third section. A discussion of the drivers behind different patterns of child poverty: family, earnings, and state support, comes next. We then review existing policies to fight child poverty in the selected countries and compare their size and design, with a special emphasis on cash support compared with in-kind benefits. We especially focus on early childhood care and education, and health care as promising policy levers to address child poverty by investing in poor children's futures. Last, we review a set of policy tools that might be used to fight child poverty in an integrated manner in the United States and in other nations that value children and their futures.

HOW MANY CHILDREN FACE POVERTY IN WEALTHY COUNTRIES?

Child poverty is measured by the share of children living in a household where the disposable income adjusted for household size is below a given poverty line. Technically, this poverty line can be defined in several ways: some methods rely on fixed poverty lines, for example on the basis of the estimated cost of a basket of basic goods as measured in the United States. Other methods rely on so-called “relative poverty lines.” In such cases, the poverty line is set at some fraction, generally half, as in this report, of the adjusted median disposable income in the selected country. Relative poverty measures are often used for international comparisons in rich countries, for example in Europe. They rely on a definition of poverty that places the emphasis on the inclusiveness and the need for individuals to enjoy life conditions similar to those of their peers. All poverty rates provided in this article refer to such relative poverty lines.

In the selected set of countries relative child poverty ranges from 5% in Norway—one of the world’s lowest rates—to over 20% in the United States, twice as high as in the United Kingdom, Sweden, or France (Fig. 1). Child poverty rates exceed overall poverty rates in 17 of 24 European countries for which data³ are available. Various explanations contribute to explain why, in some countries (Denmark, Estonia, Finland, Germany, Slovenia, Switzerland, and the United Kingdom), child poverty rate is lower than overall poverty rate. For instance, in Germany there are very few single parents and all parents face low unemployment; the Scandinavian countries have strong parental work aids, universal subsidized child care and family leave, and also strong and deep income support for children.

Child poverty also varies according to age, with the highest poverty rates found among the youngest children in almost all of these nations, including the United States. For instance, the child poverty rate of children younger than age 6 years in the United States was 24% in 2010 compared with 21% for all children younger than 18 years. The comparable overall poverty rate for all persons is 17%.

Interestingly, country child poverty rankings among some non-US countries have changed dramatically over the past decades. Up to 2000, the child poverty rate was

flat or increasing in each country where we have data back to 1985 or earlier (Fig. 2). But in the new millennium we find both stasis and change. For example in 2000, child poverty in the United States was at 21%, the same rate as in 2011. Canada also was at 14% in 2000 and 2011. However, the child poverty rate was much higher in countries like the United Kingdom and Ireland in 2000 compared with 2011. Both countries achieved a 5 percentage point decrease in child poverty from 15% to 10% over this decade. During the late 1990s, child poverty rose to the top of the policy agenda in Ireland and in the United Kingdom, with the adoption of child poverty reduction targets in the late 1990s.^{4,5} In the United Kingdom, the policy package included work incentives, high-quality child care at a low price, and cash support for single parents with young children who cannot work, but with greater incentives for them to also seek employment. These changes resulted in significant decreases in poverty through 2011.^{6,7}

At the opposite end, child poverty increased in some countries with initial low poverty rates, like Sweden. Child poverty was <4% for Swedish children in 2000, however, it has increased continuously over the past 10 years to 9%, almost the same rate as for Ireland and the United Kingdom, owing to an increase in the number of single parents, a decrease in public income support for low-income families with children, and the immigration of large numbers of refugee families.⁸ Norway has maintained low levels of child poverty, with only a small increase over the same decade. A major source of difference between the 2 countries over this period is the poverty level of children with a migrant background, which increased from 12% to 20% in Sweden, but decreased from 15% to 8% in Norway. Over the same period, the share of children with a foreign background increased slightly in both countries to approximately 14% of all families with children.

GROWING UP POOR ALSO MEANS POORER HEALTH, WEAKER SCHOOL ACHIEVEMENT, AND GREATER CHANCES OF BEING POOR IN ADULTHOOD

Child poverty can have long-lasting consequences on future lives.⁹ As poor children grow up, initial inequities

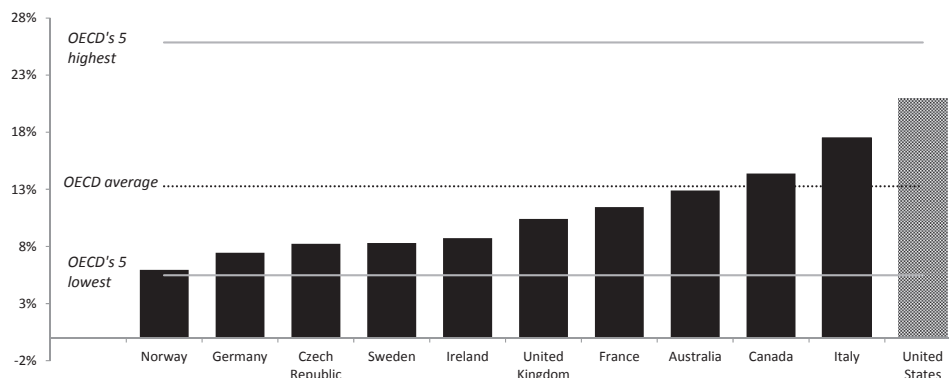


Figure 1. Levels of child poverty in selected countries, 2012. For Canada, data are from 2011. Organisation for Economic Co-operation and Development (OECD), Income Distribution Database.

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