

**A thematic study using transnational comparisons  
to analyse and identify what combination of policy  
responses are most successful in preventing and  
reducing high levels of child poverty**

**Final Report**

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Submitted to:

**European Commission  
DG Employment and Social Affairs**

by

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## **SUMMARY OF WORK CARRIED OUT**

The work carried out under the present contract focused on four areas:

1. Documentation of the state of the art concerning child poverty and social exclusion
2. Networking
3. Fact finding missions
4. Analysis of policies to combat child poverty and identification of successful policy packages

### **1. Documentation of the state of the art concerning child poverty and social exclusion**

The documentation of the state of the art concerning child poverty and social exclusion in EU member states and the USA forms the theoretical basis of this study. It comprises three chapters. Chapter 2 gives an overview of the different ways of conceptualising child poverty and social exclusion. The measurement of child poverty and social exclusion as well as the development of common indicators is still in the beginnings though. The discussion of measurement problems and the compilation of indicators for child poverty and well-being shall lay a foundation for this debate.

The third chapter compiles statistical data on the extent and dynamics of child poverty. Though the Laeken agreement on key indicators has brought some improvements, there is still a lack of transnationally comparable data. However, the data that is available is documented. It shows that in most EU member states (except for Greece and Denmark) families and with it children are at the greatest falling into poverty. The last section of the chapter outlines the risk factors for poverty and social exclusion as they concern children and young people.

Poverty and social exclusion have a negative effect on the development of girls and boys. The fourth chapter reports therefore what is known about the negative outcomes associated with poverty and the pathways through which poverty and social exclusion effect children and young people. But not all girls and boys show negative outcomes. Some do remarkably well in spite of adverse living conditions. Against this background the last section looks into coping strategies of children and young people and factors that are protective.

### **2. Networking**

A crucial part of the study is the cooperation with researchers, NGOs and policy makers throughout Europe and the USA. On the one hand these experts provide information and statistical data that is not easily available otherwise. But on the other hand the exchange of information is not only valuable for this research but – in part – also helps to connect other experts and by this fosters the joint work on child poverty.

### 3. Fact finding missions

Fact finding missions to the countries covered by this study help to get a better understanding of the connection between child poverty and the specific societal background. Experts in the field (researcher, policy makers, NGOs) are able to give first-hand information on their experiences as well as country-specific information. In addition these meetings give the possibility for discussing first findings regarding best practice and effective policy approaches.

In the course of this project I did the following trips:

#### *Athens, Greece*

22.06-26.06.2003

Interview partners:

- Evi Hatzivarnava-Kazassi  
National Council for Social Care
- Panos Tsakloglou  
Department of International and European Economic Studies (DIEES)  
Athens University of Economics and Business
- Katerina Poutou and George Moschos  
ARSIS, Association for the Social Support of Youth
- Vivie Papadimitriou  
Family and Child Care Centre, FCCC

#### *Frankfurt/Main, Germany*

21.07.2003

Interview partners:

- Gerda Holz, Vanessa Schlevogt and Andreas Puhlmann  
Institut für Sozialarbeit und Sozialpädagogik (ISS)

#### *Berlin, Germany*

23.07.-25.07.2003

Interview partners:

- Heike Völger  
Arbeitsgemeinschaft für Jugendhilfe (AGJ)
- Michael Kruse  
Deutsches Kinderhilfswerk (DKHW)
- Thomas Lampert  
Abt. Epidemiologie und Gesundheitsberichterstattung  
Robert-Koch-Institut

*London, UK*

01.09.-08.09.2003

Interview partners:

- Steve Clode, Michael Coombs, Chris Burston, Ian Smyth and others from UK government, Department for Work and Pensions and Inland Revenue (2 days)
- Save the Children UK: conference on severe child poverty (02.09.03) and interview with Katherine Pinnock, Europe Policy and Research Officer
- Jo Rowlands, Oxfam UK
- John Micklewright, Department of Social Statistics, University of Southampton
- Fran Bennett, University of Oxford

*Paris, France*

09.09.-12.09.2003

Interview partners:

- Christine Bruniaux  
Conseil de l'Emploi, des Revenus et de la Cohésion sociale (CERC)
- Julien Damon  
Caisse Nationale d'Allocations Familiales (CNAF)
- Xavier Coyer and Francois Delalande  
Ministère de l'Emploi et de la Solidarité
- Pierre Klein, ATD Quart Monde, Strasbourg

*New York City, USA*

28.09.-05.10.2003

Interview partners:

- Lawrence Aber, Elizabeth Gershoff, Nancy K. Cauthen  
National Centre for Children in Poverty (NCCP), Columbia University
- Pamela Morris, Manpower Demonstration Research Corporation (MDRC)
- Sheila B. Kamerman, Institute for Child and Family Policy, Columbia University
- Harlem Children's Zone
- Agenda for Children Tomorrow

*Florence, Italy*

30.10.-01.11.2003

UNICEF Innocenti Research Centre

Interview partners:

- Gaspar Fajth
- Miles Corak

*Utrecht, Netherlands*

03.11.2003

Verwey Jonker Institute

Interview partners:

- Trudi Nederland
- Majone Steketee

*Berlin, Germany*

04.11.2003

Bundesministerium für Familie, Senioren, Frauen und Jugend

Interview partner:

- Thomas Fischer

#### **4. Analysis of policies to combat child poverty and identification of successful policy packages**

The second part of the project focuses on the strategies of the participating countries to combat child poverty. The basic analytical framework is the typology of different welfare regimes (e.g. Esping-Andersen). Though the backgrounds and general approaches to deal with social problems differ widely across different welfare states (chapter 5), the objectives concerning poverty among children and their families are quite the same. Even the strategies that are implemented show a growing convergence across the European Union so that it is possible to identify quasi universal policy clusters (chapter 6). This offers a framework for an in-depth analysis of the policy measures adopted by selected EU Member States and the United States. The detailed presentation of policies that are targeted to tackle or prevent poverty and social exclusion of children and their families show clearly the strengths of different welfare systems but also their specific weaknesses (chapter 7). Nevertheless it is possible to identify common strategies that could be effective. It is obvious though that no single policy alone can be successful in the fight against child poverty. Necessary are a comprehensive and integrated approach and the implementation of a policy mix that meets the complexity of children's life situations (chapter 8).

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## 1. Introduction

Throughout the past 20 years the rates of child poverty in Europe have increased considerably following societal changes and transitions. Nowadays families – and with them children – are in many EU Member States at the highest risk of living in poverty. The reasons are manifold: high rates of unemployment and increasingly insecure, temporary and low-paid employment, a growing diversity in family structures going alongside with a growing number of lone parents and – in many countries – a social system that doesn't meet the challenge of combating poverty and supporting families effectively. In 2001 19% of dependent children under age 16 in the EU were living in low-income households (compared to 15% of adults). However, the national child poverty rates range from about 5% in Nordic countries to 27% in Portugal (European Commission 2003a).

Children growing up in a low-income household are at risk. Financial poverty is often only part of an in many respect deprived life situation that impacts the development of children and limits their chances for participation. Health problems, low educational achievement, low self esteem and well-being, behavioural problems and limited social contacts are some of the problems that affect poor children more often than their better off peers and limit their chances in the future.

Against this background child poverty has become a serious concern for many EU Member States and efforts are made to reduce the number of children growing up poor and most of all to prevent the intergenerational transmission of poverty. Progress is uneven though with some countries setting clear targets for the elimination of child poverty and others just starting to develop strategies while some Member States don't recognise poverty and social exclusion among children yet as a political priority.

In this context the objective of this study is to make the situation of poor children in Europe visible and to support the development of coherent strategies to first reduce and prevent child poverty and second to foster the social inclusion of children and young people. The report analyses exemplarily the situation in six EU Member States, i.e. France, Germany, Greece, the Netherlands, Sweden and the United Kingdom. As a comparison the United States are included as well.

The first part of the study offers background information on the definition and measurement of poverty and social exclusion among children (chapter 2), followed by the presentation of data on the extent and structure of child poverty in Europe (chapter 3). But what does it mean for children to live in poverty? Chapter 4 gives insight in research on impacts of poverty on the development of children but also in children's own experiences. However, not all children who experience poverty suffer from negative outcomes or social exclusion. Some seem to be resilient and are capable of coping with their situation very well. The analysis of those factors that mediate the experience of poverty and the coping strategies of children gives thus important information on what children experience as helpful and protective and offers a positive starting point for the development of child-related policies and services.

Based on the theoretical analysis of child poverty in Europe and the United States the second part looks into the policies that are in place to combat child poverty and to support families. Though the backgrounds and general approaches to deal with social problems differ widely across different welfare states (chapter 5), the objectives concerning poverty among children and their families are quite the same. Even the strategies that are implemented show a growing convergence across the European Union so that it is possible to identify quasi universal policy clusters (chapter 6). This offers a framework for an in-depth analysis of the policy measures adopted by se-



lected EU Member States and the United States. The detailed presentation of policies that are targeted to tackle or prevent poverty and social exclusion of children and their families show clearly the strengths of different welfare systems but also their specific weaknesses (chapter 7). Nevertheless it is possible to identify common strategies that could be effective. It is obvious though that no single policy alone can be successful in the fight against child poverty. Necessary are a comprehensive and integrated approach and the implementation of a policy mix that meets the complexity of children's life situations (chapter 8).

## **PART I:**

### **CHILD POVERTY IN EUROPE**

## **2. The measurement of child poverty and social exclusion**

Poverty and social exclusion are two ways of describing the life situation of people that are not able to reach a standard of living that is seen as acceptable in a given society. According to the European Commission people are characterised as poor or socially excluded, when they “are prevented from participating fully in economic, social and civil life and/or when their access to income and other resources (personal, family, social and cultural) is so inadequate as to exclude them from enjoying a standard of living and quality of life that is regarded as acceptable by the society in which they live. In such situations people often are unable to fully access their fundamental rights” (European Commission 2001, 11). This definition comprises a broad range of issues from a lack of income and material resources to a limited participation in society and reflects the difficulties to come to an agreement over indicators, poverty thresholds and measures across the Member States. Poverty and social exclusion are not the same though. They are complementary, interacting concepts that depict – in spite of overlaps – different kinds of life situations. It is possible to be poor but socially included as it is to be excluded without being poor.

In regard to children the definition and measurement of poverty and social exclusion are even more complex due to the ambiguous role of children. They are dependent on their families and the resources allocated to them while at the same time they are independent members of society with the right to social participation in all areas of life (Atkinson et al. 2002; Micklewright 2002; Beisenherz 2002). Poverty and social exclusion affect both. Children growing up in low-income households are at risk of social exclusion. Financial poverty often is only part of an in many respects deprived life situation that impacts the development of children and limits their chances for participation. On the other hand children who experience social exclusion are at risk of poverty as they may not be able to develop the abilities necessary for full participation in employment and other areas of economic life (e.g. Duncan, Brooks-Gunn (Ed.) 1997). The identification of indicators that capture the complex life situation of young people is crucial for obtaining comprehensive information on children’s life and allows the development of strategies to tackle child poverty. Therefore appropriate indicators of child poverty and social exclusion have to take into account the specific life situations described by poverty and/or social exclusion as well as different levels of investigation (household, individual child, environment).

### **2.1 From poverty to social exclusion – some conceptual issues**

There is still no widely accepted definition of poverty and/or social exclusion. Though there is a broad consensus that in developed countries poverty should be conceptualised in terms of relative deprivation, it is discussed controversially which life situations are to be defined as poverty or social exclusion. Poverty usually occurs in a non-poor environment so that it is a deviation from the normality of society and a standard of living that is considered to be normal. The discourse is therefore formed by explicit or implicit assumptions about which level of deviation is defined as poverty. Against this background the diversity of concepts, indicators and poverty lines

across the EU Member States reflects not only the complexity of the phenomenon but also different national welfare systems, cultural and political traditions. However, the answer to the question where and how poverty lines are drawn has a profound impact on policies and individual lives. (MacPherson, Silburn 1998; Beisenherz 2002; Gallie, Paugam 2002a).

Over time poverty concepts have developed from one-dimensional monetary towards broad, multidimensional definitions that include non-monetary measures as well. The concept of social exclusion brings in an additional point of view, focusing not primarily on the resources of an individual or household but on participation in society and the interaction of an individual with its environment. Recently there are attempts to combine different measures and indicators of poverty and social exclusion to come to a better understanding of deprived life situations. This development takes into account that the social and psychological dimensions of poverty are not just secondary problems that vanish after improving the financial situation but have to be recognised in their own right and in their own complexity (UNICEF Innocenti Research Centre 2000). The following gives an overview of the most important approaches and its applicability for children.

### 2.1.1 Budget standards

Budget standards comprise attempts to determine a normative subsistence minimum that must be met in order to reach an acceptable standard of living. The poverty line is determined by the calculated costs of an agreed basket of goods. This includes the costs for food, housing, clothing, but also for social needs and the access to social services. Though subsistence standards are meant to be an absolute measure of poverty, the underlying decisions are relative. “Any attempt to represent these as a basket of goods and services immediately comes up against the impossibility of avoiding relative judgements. Choices about what to include in a dietary, in a wardrobe, the form of shelter and type of heating are all inescapably determined socially – by the societies we live in and therefore relatively” (Bradshaw 2001, 4).

One of the pioneers in calculating subsistence needs was the Briton Seebohm Rowntree. At the beginning of the last century he established a poverty line by costing a list of essential foodstuffs and household items which he found to be necessary for maintaining health and physical efficiency. In the 40s he added items that were not essential for survival but were quasi universal items of household expenditure like postage stamps or newspapers (MacPherson, Silburn 1998; Rowntree 1901, 1941).

The official US poverty line, developed by Molly Orshansky in the 1960s was established in a similar way. First Orshansky calculated the minimum expenditure necessary for satisfying nutritional needs. Afterwards she multiplied this amount by three to allow for social needs. Since this time the budget has been adjusted annually according to the inflation rate. However, there have been no adjustments to other major changes in living standards, consumption or expenditure patterns. Because of this the validity of the measure itself is questioned. Critics point to the fallen costs of food or the way the net income is calculated (Bradshaw 2001; Mac Pherson, Silburn 1998).

Budget standards are often used to determine the level of social welfare. They have the great advantage of transparency but this will also lead inevitably to disputes about which items are included and how they are priced. The list of items does not necessarily reflect the consumer behaviour of the respective population or their ‘ob-

jective' needs but first of all an expert's view of an appropriate level of well-being (Piachaud 1992).

In regard to children current budget standards are insufficient. They usually depict an adult life style and contain few child related items. Especially those items need to be included that would enable children to participation in their age group. In Germany, for example, welfare for children does cover costs for school trips but not for goods like a children's bike or sports gear or fees for sports clubs. The inclusion of these items in the determination of child poverty should be possible though. The British NGO Child Poverty Action Group (CPAG) (1999) therefore proposes a 'costed' poverty line which uses "a definition of poverty which includes psychological and social as well as physical needs. The costs of education and health care are excluded, because they are freely available, but the costs of access to them – transport, school uniforms, sports gear – are included, as are food purchases, housing, fuel, clothing, personal care, household goods and services, leisure and other costs which together promote health, socially inclusive living in the UK at the turn of the millennium [...] goods are included if 80% or more of UK households have them. On the advice of children's charities, we also include a week's self catering holiday in the UK, school outings, Christmas and birthday presents and occasional family outings" (quoted from White, Leavy, Masters 2002, 5).

### 2.1.2 Income poverty

According to the most common definition poverty is characterised as lack of income compared to the median income of a society, or in other words as extreme form of social inequality. It is measured with poverty lines drawn in relation to the respective median equivalent net income. The EU defines all persons below the 60% line as at risk of being poor; other thresholds are set at 50% (poverty) or even 40% (severe poverty) of the national household median income. To be able to compare different households, the total income is divided by its equivalised size, assuming that larger households do need more income but that they are also able to be more economical with their finances. The current standard is the modified OECD scale<sup>1</sup>, though other scales are still in use. The agreement upon one common scale and its implementation in national as well as cross-national studies is essential, as poverty rates shift considerably using different equivalence scales (for an overview see Andreß, Lipsmeier 1998).

One of the advantages of measuring income-poverty is that it is already ubiquitous in regional, national and transnational statistics and comparable. The necessary data can be easily obtained and is usually disaggregated for age and gender, and often available as longitudinal data. On the other hand it is argued that poverty-lines related to the median income do measure social inequality rather than poverty. Relative poverty depends on the distribution of income. In a growing economy relative poverty may rise in spite of falling absolute poverty rates. And in societies with a high grade of equality relative poverty rates are lower than in those with more inequality, even if absolute poverty rates are higher (e.g. former communist countries like the Czech Republic vs. the US). "Accepting the notion of relative poverty means accepting that poverty may be worsening even if the absolute living standards of the poor are rising. Relative poverty is about inequality; its premise is that what constitutes an acceptable

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<sup>1</sup> The head of the household is weighted as 1, other adults and young people older than 14 as 0.5 and children as 0.3. Equivalised income is defined on the household level, so that each person in a household has the same equivalised income (Eurostat 2000).

quality of life changes over time, and that falling behind the average by more than a certain amount means effective exclusion from the normal life of society” (UNICEF Innocenti Research Centre 2000, 6). Against this background poverty thresholds are quite arbitrary. Many households manage to struggle through and stay out of poverty. The life-situation of these people who permanently fight against poverty is not so different from that of people below the poverty line, but still the poverty line is drawn between them (Beisenherz 2002). Because of this poverty thresholds shouldn't be too low but rather mark the risk of poverty or low income, as it is done with the 60% threshold used by Eurostat.

Another issue is the usability of income data to assess the life situation of children. Income data is raised on the household level and children are considered poor if they live in a household with an income below the poverty line. This calculation takes for granted that a) income is distributed equally within the household, and that the income b) flows into consumption. This is not necessarily the case. First of all, children are not those in charge of making decisions about the allocation and use of family resources. It's the parents who decide about saving and dissaving as well as about priorities in consumption. If a family is saving, consumption is reduced. The savings are usually intended to support parents in old age and not children now and have therefore no benefit for their present situation (Bradbury, Jäntti 1999). In addition the economic situation of children can differ from that of their families. Many families try to protect their children from the impacts of poverty and rather refrain from fulfilling own needs to be able to give more resources to their sons and daughters (BMFSFJ 1998, Schindler, Wetzels 1990). Apart from that many young people get money or goods from relatives or friends of the family or they start earning their own money with little jobs very early. Accordingly many girls and boys describe their families as poor while they think that they themselves have as much as their peers (Hoelscher 2003).

The longer a family lives in poverty the more difficult it becomes to cope with the lack of income and the more likely major adjustments regarding expenditure patterns become necessary. So impacts on the standard of living only become visible in the long run, when consumer durables have to be replaced or other larger expenditures have to be made. Against this background Bradbury, Jenkins and Micklewright (2001) suggest that in regard to children consumption would be a more adequate measure of poverty than income. However, they point out that there are difficulties to find practicable indicators for this. “It is not uncommon to equate household expenditure with consumption, but the two measures often differ ... In wealthy countries, a large proportion of the household budget is spent on infrequently purchased items such as clothing and consumer durables. This means that expenditure measured over the time periods typically used in expenditure surveys, such as a month, may be a less adequate indicator of consumption than the cash income of the family” (Bradbury, Jenkins, Micklewright 2001, 32).

A comprehensive set of social indicators on child poverty and social exclusion should therefore include both, income as a measure of poverty and the risk of social exclusion on the household level and expenditure and consumption patterns as one approach to the question what part of material resources actually reaches children. Up to now household budget expenditure surveys do not explicitly include an analysis of child-related expenditure, except for spending on education. Apart from financial resources directly allocated to children (pocket money, savings), indicators on consumption should include child related expenditure on clothing, education, recreation & sport, transport, consumer durables & new technology. Expenditure on food and housing on the other hand should remain general categories.

### 2.1.3 Subjective poverty measures

While poverty-lines in relation to the national median income are defined by experts and are therefore quite arbitrary, subjective poverty measures are based on a societal consensus. With the society defining poverty itself subjective poverty concepts show a socially realistic picture of poverty, though the data obtained is harder to compare in a cross-national context.

The concept of subjective poverty has been developed by Dutch researchers who wanted to add a democratic element to the income-based poverty measures (cf. Goedhard et al. 1977, Dirven et al. 1998). Different studies use different terms for this approach like “income proxy method” (Veit-Wilson 1987), “consensual poverty lines” (Walker 1987, Halleröd 1995) or “Sociovital Income Level” (Callan et al. 1989). They all have in common that poverty lines are estimated by the population. The surveys usually make use of a “Minimum Income Question” (MIQ) to obtain information about what is the smallest income required to avoid poverty or to get along respectively (cf. Gordon et al. 2000). However, the wording of the question varies considerably across the different studies so that the results are difficult to compare. The simplest and rather widely used procedure to get a subjective poverty line is to use the average response to the MIQ by the population as a whole. In addition it is possible to identify those persons who feel poor, i.e. who say that their household has less than the assumed minimal income (Bradshaw 2001).

Estimations of a personal minimum income depend on many factors, esp. on the actual income of the respondent. The poverty line fluctuates systematically with the household income, with wealthier people stating a higher minimum income. Another factor are changes in the population (e.g. an increase in the living standard of elderly people) or in the overall social and economic situation (e.g. periods of economic crisis) (Gordon et al. 2000). It is not only necessary to consider these factors, they also point to a general conceptual problem. Saunders and Matheson (1992) argue that respondents have to estimate an appropriate income level for persons living in other circumstances and with different preferences, while Piachaud (1992) doubts that it is altogether possible to find a consensus between different segments of the population, between rich and poor people. The German researchers Andreß and Lipsmeier (1998, cf. Lipsmeier 2001) face this problem with the help of statistical procedures that estimate the relation between the declared minimum income, the actual income, the household size and the number of children below the age of 18. In addition they combine subjective income poverty with the concept of relative deprivation (see next section).

In regard to children subjective poverty lines might be more appropriate than poverty lines based on the median income – at least if they are disaggregated according to household size and composition. If families estimate a necessary minimum income they are likely to consider the needs of their children. Conceptual problems like the intra-household allocation of income may be reduced. However, there is still little research on this subject as most studies focus on an adult population.

### 2.1.4 Relative deprivation

According to the concept of relative deprivation poverty is measured with social indicators that depict an adequate standard of living. It is basically a non-monetary concept and includes some areas of social participation but is primarily designed to show one's economic situation. The concept was pioneered by the Briton Peter Townsend (1979) and has gained growing acceptance. Especially since the 1990's it has been applied in studies on the national as well as cross-national level (e.g. the ECHP or the Poverty and Social Exclusion Survey of Britain (Gordon et al. 2000)).

Poverty is defined as lack of resources that are necessary for an adequate standard of living. The ECHP for example includes a set of 24 indicators, grouped under five headings: enforced lack of widely desired possessions (e.g. car, dishwasher), absence of basic housing facilities (e.g. indoor flushing toilet), problems with accommodation and the environment (e.g. shortage of space, damp walls, vandalism or crime in the area), lack of ability to afford most basic requirements (e.g. keeping home adequately warm, buying new rather than second hand clothes, ability to eat chicken, fish or meat every second day) and inability to meet payment schedules (Eurostat 2003f).

Researchers either use a set of indicators that depict a necessary standard of living (usually based on preliminary tests) or the population itself judges which items and activities are deemed necessary and which are not. Items are usually included in the deprivation index if a majority of respondents regards them as necessary. Some researchers make further differentiations. Lipsmeier (2001) uses two different deprivation indices, a basic deprivation index that includes items more than 90% consider to be necessary and a secondary deprivation index with items seen as necessary by the majority of respondents. Nolan, Maître and Watson (2001, cf. Nolan, Whelan 1996) also use this distinction and add "housing deprivation" as third index.

The identification of socially perceived necessities by the population has the advantage of being democratic. In long-term studies the changes in the list of necessary items also gives an insight into social changes. In cross-national studies the use of consensual indicators has to be considered carefully, especially concerning the question whether it is possible to use transnational deprivation indices or if national indices are to be preferred. This may be a reason for Eurostat using in its ECHP a fixed set of a limited number of social indicators that are likely to depict basic deprivation (Eurostat 2000).

Though it is possible to create a list of items that is related to the situation of children, it is seldom done. The reference group are usually households in general and as households with children are not in the majority most child related items are not included in the necessity index. However, an exception can be found in the British Poverty and Social Exclusion Study (Gordon et al. 2000, 80f.). The researchers created a child deprivation index that contained 27 items related to nutrition, leisure activities, clothing, toys, school trips, or the invitation of friends that parents believed to be necessary. Some of the items were age adjusted (e.g. toys, bedroom for every child of different sex). The respondents were parents and they were asked if any of their children lacked an item and if they did so because of not being able to afford it. A different approach would however be to ask children and young people directly which items they regard as necessary for their age-group. This would make it possible to create a child-related list of items that could be used both in general household surveys and child- and youth studies.

### 2.1.5 Lifestyle deprivation

The concept of lifestyle deprivation is quite close to concepts of social exclusion (see next section) as it does not only take into account the economic situation but also other areas of life like employment, health, education or social contacts. The roots of this concept are in Germany. Lifestyles or in German *Lebenslagen* can be defined as the scope that persons have to pursue their interests, determined by their life circumstances. Poverty is against this background understood as limitation in individual capacities (Amann 1983, cf. Weisser 1971).

However, this broad concept of lifestyle deprivation has only seldom been implemented in research. An exception are Lompe et al. (1987) who did a qualitative study on lifestyles of unemployed persons. In quantitative studies a differentiated analysis of individual lifestyles didn't seem to be practicable, so that it was reduced to standardized indicators for different areas of life. The first poverty report of the German federation of trade unions (DGB) and a welfare umbrella organisation (DPWV) (Hanesch et al. 1994) for example included the dimensions income (mean income), occupational status, educational and vocational training, housing, health, and life satisfaction. Additional dimensions could be nutrition, clothing, social relations, cultural, or political participation (cf. Hauser 1984). The analysis takes into account deprivations in single dimensions as well as their accumulation. The main focus usually remains on the economic situation though (cf. Glatzer et al. 1990).

With the concept of lifestyle deprivation poor people's life situation can be described comprehensively but the complexity of this model makes its operationalisation difficult so that in the end it is often reduced to some basic indicators. On the other hand its complexity and multi-dimensionality is also its large benefit and offers the possibility to analyse interactions between deprivations in different areas of life.

Since the late 90s some studies have applied lifestyle concepts to studies with children and youth (cf. Hoelscher 2003, Richter 2000, and AWO 2000). The studies differ considerably in regard to the sample (age group, size, informants), methods, and the operationalisation of poverty but they have in common that they consider the situation of young people as independent members of society as well as their dependency on the socioeconomic situation of their family. Apart from the financial situation of the family thus the well-being and experiences of children and young people in different areas of life is analysed e.g. school, health, family relations, recreation, and friendship.

The broad view on life situations of poor young people allows a better understanding not only of their present situation but also of possibilities to support them and to prevent long-term poverty.

### 2.1.6 Social Exclusion

The step from poverty to social exclusion is not characterised by an extension of the concept. Social exclusion is not necessarily the broader or more dynamic concept. Though social exclusion is often equated with a multidimensional approach to poverty, the concept actually stands for a change of perspective. Concepts of poverty focus on the economic situation and – if they are multidimensional – on the question how poverty impacts a person's life situation. The concept of social exclusion, on the other hand, is interested in the conditions for participation of an individual in the society and in the question whether society acts as an agent of exclusion or inclusion. Unlike in traditional societies participation no longer means social integration of a



person into a social system but rather the simultaneous access to many different subsystems like: education, employment, economy, community life, recreation and leisure, religion and spirituality, human rights, political life and citizenship, health, and information and communication. Every person participates in manifold areas of life and in greatly varying ways according to the own priorities and needs. Thus participation in modern societies means the inclusion into self chosen subsystems (cf. Luhmann 1999).

Participation results from a good fit between an individual with its abilities, resources and limitations and the environment with its infrastructure, demands and resources. A process of exclusion starts if a lacking fit between an individual and the environment results in the society inhibiting participation. In the process of social exclusion barriers to participation are built up by many interacting factors in the environment as well as on the individual level. In the same spirit the Eurostat Task Force (1998, 25) defines social exclusion as “a dynamic process, best described as descending levels: some disadvantages lead to some exclusion, which in turn leads to more disadvantages and more social exclusion and ends up with persistent multiple (deprivation) disadvantages. Individuals, households and spatial units can be excluded from access to resources like employment, health, education, social or political life”. The identification of disadvantages and barriers but also of facilitators is crucial for making inclusion possible for all children.

Social exclusion is not necessarily related to a lack of material resources as economic deprivation does not automatically lead to social exclusion. But poverty sets people at a high risk of social exclusion; in fact it has become its most important criterion. This is especially true for children as poverty affects both their present situation and their development and, as a result, their future life chances (Beisenherz 2002).

Understanding social exclusion as limited participation requires an operationalisation that goes beyond the assessment of an individual’s income and life situation by including an assessment of the environment and the chances it offers (e.g. access to public transportation or social services). The International Classification of Functioning, Disability, and Health (ICF), which was introduced by the WHO in 2001, gives a comprehensive overview of these factors. Research on social exclusion in this broad, multidimensional sense is still in its infancy. Important impetus, however, has been given by the ECHP and the study on poverty and social exclusion in Britain (Gordon et al. 2000). Especially the latter takes the accessibility of the environment into account and also covers the situation of children.

## **2.2 Measuring poverty among children and young people – a European challenge**

Poverty and social exclusion among children and young people have become a serious concern for many EU Member States and policies are increasingly focused on the prevention of the intergenerational transmission of poverty. This reflects however an adults’ perspective of child poverty in which the future employability of young people seems to be more important than their present well-being. Accordingly the measurement of child poverty is mainly income-based with parents as respondents. The assumptions behind this are first, that it is money that matters most for children’s development and second, that financial resources are distributed evenly within the family. Both have to be questioned. Children and young people are dependent on their family and the resources parents allocate to them. Growing up in poverty can have a severe impact on children and sets them at risk of social exclusion. It is however

hardly possible to determine whether negative outcomes are solely a result of a lack of financial resources and which other factors – family, school, neighbourhood etc. – play a role (cf. chapter 4). Children's life situations are complex and income is thus an important indicator for children's development and well-being but not the only one. The development of policies that target the improvement of children's living conditions therefore requires more information than income data can provide. Above this little is known about the allocation of resources within families. Children's financial resources can differ considerably from their parents – in both directions. Parents can try to give their children as much money as possible to protect them from experiences of missing out in their peer-group and children can have own income from jobs or other sources of financial support (non-resident parent, grandparents, older siblings, other relatives). On the other hand there are parents who are for instance not able to economize or who allocate resources unevenly, who have high debts or are substance abusers so that children's basic needs are not met.

Against this background the measurement of poverty and social exclusion among children should be laid on new foundations. Children and young people have to be seen in their double role as dependants of their families and in their own right as independent members of society. They should be considered poor and at risk of being socially excluded if they grow up in an economically deprived household and/or are economically deprived themselves. Children might have a different view of poverty than adults and their perspectives and experiences have to be heard and taken into account. If policies are really meant to make a change for children and young people than it is necessary to understand their life situation in its complexity and how it is affected by policy measures. The evaluation of child-related policies should thus be based on the monitoring of progress in child-outcomes.

Because of this research should not solely centre on parents, but should include children's experiences. Consequently data should be collected not only from households but also from the children themselves, disaggregated according to the age of the children and young people. Possible age-brackets could be 0-5 years (parents as respondents), 6-9 years (parents and in some fields children as respondents), 10-13 years (children as respondents), 14-17 years (young people as respondents).

Some countries, like the United States, Great Britain or Canada are running longitudinal studies on child development for many years; Ireland is planning a national longitudinal study on children, while Germany is running a major study on child and youth health that explicitly covers poverty and social inequality (cf. Lampert et al. 2003; European Commission 2003a).

Up to now there is however no EU-wide comparable data source on child development and children's participation in society. In view of the growing European integration and the increasing convergence of social policies in the process of the Open Method of Coordination a joint data base would be highly desirable.

A child and youth panel on the European level would be a huge step towards strengthening children's rights in the process of policy development. The cross-national comparability of data on child poverty and child development would also make benchmarking possible and foster processes of learning from each other – an issue that becomes even more important with the EU enlargement. One possibility would be to link a child and youth panel to the EU-SILC, as this could use already existing infrastructure and offer the possibility of longitudinal data. It must however be ensured that children are interviewed alone, i.e. without the presence of parents, siblings or other persons in order to prevent attempts of influencing children.

As an EU-wide survey is likely to be a long-term rather than a short-term perspective a possibility could be that interested Member States cooperate closely on the devel-

opment of national child and youth surveys and agree on a joint methodology and design. Other countries could join this network and a later institutionalisation would be possible.

## 2.3 Compilation of Indicators

The development of comprehensive and comparable indicators for child poverty and social exclusion is a major task that requires the joint efforts of all EU Member States. This chapter gives an overview of indicators that are already in use, mostly in national or regional studies. The compilation of indicators is by no means complete but meant as a basis for discussing the development of a set of indicators.

### 2.3.1 Economic Indicators

#### *Household Level*

The Social Protection Committee that was set up following the mandate from the Lisbon European Council agreed on a set of primary and secondary indicators of social exclusion ("Laeken Indicators", Social Protection Committee 2001). In 2003 the Indicator Subgroup endorsed the decision to "a standard breakdown by age of all the Laeken indicators, where relevant and meaningful" (European Commission 2003b, 39). They thus propose a standard sub-set of indicators to monitor child poverty and social exclusion:

#### "1. Monetary poverty indicators

- At-risk-of-poverty rate (at 60% of median and dispersion around this level)
  - By type of household
  - By household's work intensity
- Persistent poverty risk (at both 60% and 50% of median)
- At-risk-of-poverty rates before social transfers (but including old age and survivors' pensions)
- Relative median at-risk-of-poverty gap

#### 2. Other economic indicators:

- Population living in jobless households

#### 3. The skill dimension of social exclusion and poverty

- Proportion of 15-year olds at or below level 1 of the PISA combined reading literacy scale (but a final agreement on this indicator has not been reached yet [...])
- Early school leavers"

(European Commission 2003b, 39).

Additionally an index of relative deprivation should be set up. The items included may differ across Member States according to different cultural and consumptive traditions. Therefore the focus should not be laid on the compilation of the basket but rather on the number of lacking necessities. Examples for indices of relative deprivation are to be found in the ECHP (Eurostat 2003f), in the British study on poverty and social exclusion (Gordon et al. 2000) and in the work of Lipsmeier (2001) and Andreß, Lipsmeier (1998).

To capture the individual perception of poverty finally the following question or alike could be included: Compared to other households such as the one you live in, do you have more or less money?

### *Child Level*

The economic situation of children is harder to assess. Children are not likely to give reliable information on the economic situation of their family or even on the occupational status of their parents (cf. Hefler et al. 1998, Hoelscher 2003). Here one has to fall back on the information given by parents.

Analogous to an index on relative deprivation of households there should be an index on relative deprivation of children, like it was done in the British poverty and social exclusion survey (Gordon et al. 2000). This index has to include child related necessities concerning nutrition, clothing, toys, school materials, sports equipment, etc. but also soft indicators like a holiday away from home or a birthday party with friends. Going a step further than the British study indices of child deprivation should be developed with the participation of children and young people.

The “hard facts” concerning income and deprivation have to be raised from parents (see above). But not all information on the economic situation of boys and girls has to be raised from adults. Even young children do have a nose for the financial situation of their families or themselves compared to others. Thus it is possible to ask about the subjective experience of poverty:

- Felt family poverty (Compared to other families, do you think your family has more or less money?)
- Felt child poverty (Compared to other children/youth, do you have more or less?)

The actual economic situation of children, however, depends on the allocation of family assets, on the amount of pocket money (possibly coming from different sources) and also on the amount of money children and youth earn themselves with jobs. Family assets are not distributed equally across the family members and not even across the children in a family. There are not only age-related but also gender related differences. A German study came to the result that in families with traditional gender roles girls tend to get less money than boys (Hoelscher 2003). But even the money that children have at their own disposal is not easily compared. It makes a huge difference if a 13 years old girl has 25 € pocket money to spend on whatever she likes or if this girl has to use it for purchasing clothing or school materials. Subsequently the money at children’s disposal should be assessed as exactly as possible. Secondary students (11 years +) should answer these questions themselves, for younger children parents should give details:

- Pocket money per month (all money regularly given by parents, siblings or other relatives or friends of the parents)
- Gifts of money on special occasions (religious holidays, birthday, etc.) (estimation)
- Money earned through jobs

An index of child related items (in different age-groups) could give information on the use of pocket money as well as the economic resources allocated to a child by its family:

Who pays for these items? (me – family – partly me, partly family – don’t have)

A list of items for secondary students could contain:

- Clothing
- Very expensive clothing
- Break-time snacks
- Sweets and fast food
- School materials
- CDs, videos, computer games
- Books and magazines
- Cinema, disco
- Sport equipment
- Gifts for friends and family

(cf. Hoelscher 2003)

### 2.3.2 Participation in society

#### *Household level*

Household surveys like the European ECHP or the German SOEP describe the life situations of the population and their changes over time comprehensively. The ECHP (Eurostat 2002) raises – next to demographic information – data on the major areas of life: household composition, income and financial situation, accommodation, health, employment and occupation, education and training, social relations, and life satisfaction. The SOEP (Infratest Sozialforschung 2003) also covers daily activities, free-time activities, memberships in organisations or unions, transport and mobility, and attitudes. Both panels thus include a broad range of items and indicators that can be applied to participation and social exclusion.

A different approach can be found in the British poverty and social exclusion survey (Gordon et al. 2000). The authors attempted to operationalise not living conditions in general but social exclusion. They distinguish three dimensions of social exclusion: labour market exclusion, service exclusion, and exclusion from social relations. Non-participation in the labour market is not automatically seen as constituting social exclusion but rather as an important risk factor for other forms of social exclusion as 43 per cent of the respondents had no paid work and more than one third of the population lived in a jobless household (Gordon et al. 2000, 69). Service exclusion contains the access to basic services in the home, as well as to basic public and private services outside it. A further distinction is made in view of the reasons for exclusion: services are inadequate, not available, not affordable or not wanted/not relevant for the respondent.

All in all the following services are included:

- Utility disconnections (gas, water, electricity, and telephone) or restricted use due to cost;
- Public services (libraries, public sports facilities, museums and galleries, evening classes, a public village hall, hospital with emergency unit, doctor, dentist, optician, post office);
- Private services (places of worship, bus services, train or tube station, petrol stations, chemist, corner shop, medium to large supermarket, banks or building societies, pub, cinema or theatre).

(Gordon et al. 2000, 58)

Exclusion from social relations, finally, is operationalised in different ways. Non-participation in common social activities encloses items like visiting friends and fam-

ily, celebrations on special occasions, collect children from school, hobby or leisure activities, or a holiday away from home. In addition respondents had to explain their reasons for non-participation on a list with 14 items ranging from “can’t afford”, “not interested” up to “problems with physical access” or “feel unwelcome”. Other fields of interest were isolation, lack of support in different areas (e.g. informal caring, advice, talking to if depressed), civic activities (e.g. voting, active involvement in civic organisations), and confinement to the home. With this set of indicators the British study forms a good basis for further research on social exclusion.

In summary indicators for participation in society should comprise the activities and life situations in major areas of life, the use and accessibility of public and private services, and finally the reasons for individual non-participation.

### *Child level*

The principles for the assessment of social participation of children are quite the same as for adults. It’s all about involvement in the different areas of life, the accessibility of services and the reasons for a lack of participation. One difference, however, is that the focus on social exclusion of children cannot only be laid on the present situation but has to take into account future life chances. And though the major areas of life remain almost the same, the operationalisation will be quite different due to age-related needs and preferences.

Research on life situations of young people or child poverty includes a broad range of possible indicators. The listed indicators are based on the work of Gordon et al. 2000, Hoelscher 2003, Ridge 2002, Beisenherz 2002, DWP 2001, White et al. 2002, Fischer et al. 2000, Aber et al. 2002, and Klasen 1999.

### *Health*

The health status of children is more than a personal factor influencing their life situation. There is a close relation between health and poverty with poor children having more health related problems. The same is true for nutrition (e.g. Palentien et al. 1999) Above this children growing up poor are at risk of being excluded from the health system – not only because of a lack of money or a poor infrastructure but also due to parents being not well informed or – in case of some migrants – not having sufficient language skills to communicate with doctors. Finally children’s health related attitudes and behaviour are indicators for social inclusion or exclusion. Possible indicators are:

- Reported health and disabilities
- Nutrition status (fresh fruit or vegetable daily, three meals a day, meat, fish or vegetarian equivalent at least twice a week)
- Regular participation in screening tests for children
- Visits to the doctor
- Stays in hospital
- Accidents that require stay in hospital
- Teenage pregnancies
- Use of drugs (smoking, alcohol, drugs, glue/solvents)

### *Education*

Children spend a large part of their time in educational institutions, first in child care facilities, and later at school. Educational attainments of children are a major indicator for their participation in society and especially for their future life chances. But not only the formal qualifications and achievements are relevant. Children’s attitudes towards school, voluntary involvement, social relations to classmates and teachers and

the general well-being at school have a considerable impact on school attainment, on being socially excluded or included and on the chances for participation in society in later life. Important factors are:

- Kindergarten, pre-school attendance
- Well-being at kindergarten
- School enrolment (age 7)
- Level of secondary education at age 12
- Proportion of 16-19 year olds in education or training
- Number of jobless youth
- School achievements (literacy, numeracy, degrees, failure in exams)
- Children needing private lessons to pass exams
- Subjective assessment of school achievements and future perspectives
- Teacher-student relationship
- Participation in school trips
- Voluntary school activities
- Truancy and school exclusion
- Inclusion in classroom (having friends, being outsider, feeling of belonging, classroom atmosphere)
- Bullying, violence at school
- Well-being at school

#### *Family relations*

Family is the place where children are particularly confronted with poverty. But it's also the place where they develop their view of life and learn how to deal with difficult situations (successfully or not) and where they – usually – get support. Family relations thus form the basis for developing the personal (and economical) capability for participation in society. Possible factors for understanding children's family situations are:

- Family composition
- Quality of relation to mother, father, siblings (praise, attention, love, punishments)
- Time spent with parents (including time spent with parent not living in the same household)
- Relations to other relatives
- Support from family members
- Giving support
- Arguments and rows at home
- Well-being in the family

#### *Accommodation*

The family situation and the well-being of children at home are closely connected with housing conditions. Living cramped increases the risk of strained family relations as there is often not enough room for privacy. Poor housing also impacts social participation, as children might not be able to do their homework properly, don't want to invite friends or don't like to go out because of not feeling safe in the neighbourhood. Possible indicators in this dimension are:

- Own room or space
- Own bed and bedding
- Quiet place for doing homework
- Furnishings of children's room

- Garden to play in
- Well-being at home
- Well-being in neighbourhood
- Feeling safe in neighbourhood

### *Social relations*

This dimension comprises quantity and quality of social relations and the feelings children have about their relations:

- Friends and peer-group
- “best” friend
- Girlfriend/boyfriend
- Quality of relations to peers
- Time spent with friends
- Inviting friends home
- Birthday-party last year
- Support from others
- Well-being with friends
- Loneliness

### *Leisure and recreation*

Indicators in this dimension depict the activities of children in their free-time. At the cut between leisure time and education the access to new media (PC, internet) is also assessed.

- Free-time activities
- Time spent with media
- Access to PC and internet
- Activities with PC and internet
- Membership in clubs or organisations
- Private lessons (sports, music lessons, etc.)
- Play group (preschool children)

### *Civic activities*

Children’s participation in civic activities is a dimension that is often neglected in child research. However, it is an important issue concerning participation in society. Indicators might include:

- Interest in policy
- Involvement in civic activities like demonstrations
- Involvement in youth clubs or organisations
- Voluntary work
- Involvement at school (school council, school magazines, being form captain or head boy or girl)



### *Mobility*

The mobility of children is a prerequisite for participation in many areas of life: participation in school activities (after end of lessons), or youth clubs or just for meeting friends.

- Infrastructure of neighbourhood/close environment
- Access to public transport
- Cost of public transport
- Access to family transport (i.e. parents bringing children to school, friends, or activities or picking them up)
- Mobility with bike, by foot, etc.

### *Access to services (in addition to general infrastructure already listed above)*

Social exclusion happens through agents that hinder participation. A very significant factor is the environment with its architecture, landscape and infrastructure, as well as the priority a community gives to the well-being of children. Price-indices for child-related items and the accessibility of streets and grounds for children are some examples. Indicators should therefore include:

- Child care facilities
- Schools
- Safety of streets for children
- Access to playgrounds, sport grounds, swimming-pool
- Quality of playgrounds, sport grounds
- Cultural and school activities offered
- Price index for child specific cultural activities
- Price index for child-related goods
- Forests, fields, parks, or meadows
- Places to meet with friends

### 3. Child Poverty in Europe – an Overview

Throughout Europe the beginning of the new century saw a rising awareness for child poverty. As in most EU member countries<sup>2</sup> children bear an above average poverty risk compared to other age groups there is a growing need to address this problem. However, the development of indicators on the national as well as on an EU wide level is still in the beginning so that there is up to now little comparable data. This chapter gives an overview of what is known about the extent and structure of child poverty in six EU Member States and the US.

#### 3.1 Child poverty rates

The available data on child poverty is still mainly based on national indicators and therefore hard to compare across the EU. For example, the measurement of income poverty is based on a broad range of decisions on the operationalisation of income. This again has a considerable influence on poverty rates. Some sticking points are:

- the definition of income (net income vs. gross income, income before or after transfers)
- the reference period (annual income vs. monthly income)
- the equivalence scale (“old” or “modified” OECD-scale, square root scale)
- the poverty line (50% or 60% of national median income)
- the definition of household types and age groups
- the sample

(cf. Bradbury, Jenkins, Micklewright 2001b; Atkinson et al. 2002).

However, there is also some progress. In the process of developing common indicators in the field of poverty and social exclusion an agreement has been reached on a first set of key indicators (mainly on income poverty and unemployment). As far as possible these indicators are to be calculated on the basis of common EU data sources, in order to ensure their cross-country comparability. While the ECHP (until 2001) and the EU-SILC (from 2004) form the basis for income-based indicators, the EU Labour Force Survey (EU LFS) has been explicitly recognised as data source for the construction of employment-related common indicators (Social Protection Committee 2001). Their implementation in national statistics and in the new EU-SILC should ensure more comparable data in the future. Up to now not all Member States make data on these indicators available and some of those who do use them rather isolated besides their traditional and more comprehensive indicators. An alignment of national indicators to create a broader comparability would be highly desirable.

At this point of time transnational data is not fully comparable so that the presented statistics have to be used with care as they are partly taken from different sources.

Child poverty has to be seen and understood against the background of the structure of society on the one hand and the population as a whole on the other hand. The first tables therefore comprise some structural key indicators. While the first table focuses on the demographic and economic background, the second shows indicators of poverty and social inequality. There is no clear connection between the size of a country, its GDP per capita and the extent of poverty as the economic situation itself doesn't tell much about how financial resources are distributed. The measurement of income

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<sup>2</sup> The only exceptions are Denmark and Greece.

inequality (Gini-coefficient) is thus the link between economy and poverty. The Gini-coefficient has a value between 0 and 1, with higher values representing more inequality. A Gini coefficient of 0 would indicate that everybody has exactly the same income.

*Table 1: Structural indicators 2001*

	<b>S</b>	<b>NL</b>	<b>F</b>	<b>D</b>	<b>EL</b>	<b>UK</b>	<b>USA</b>
<b>Total population (millions) 2001</b>	8.9	16.0	59.6	82.3	10.9	58.9	288.0
<b>Population under age 15 (as % of total) 2001</b>	18.1	18.4	18.7	15.4	14.9	18.9	21.7
<b>Population aged 65 and above (as % of total) 2001</b>	17.4	13.7	16.1	16.7	17.8	15.9	12.3
<b>GDP per capita (PPP US\$) 2001</b>	24,180	27,190	23,990	25,350	17,440	24,160	34,320
<b>Disposable income per capita in PPCS<sup>a</sup> 2000</b>	10,959	12,943	13,427	15,890	11,651	14,784	\$ 43,162 <sup>b</sup>

Sources: UNDP: Human Development Report 2003; <sup>a</sup> Behrens 2003 (Data: Eurostat 2000); <sup>b</sup> DeNavas-Walt, Cleveland, U.S. Census Bureau 2002

*Table 2: Poverty and social inequality*

	<b>S</b>	<b>NL</b>	<b>F</b>	<b>D</b>	<b>EL</b>	<b>UK</b>	<b>USA</b>
<b>Low income (60 %)</b>	11 % <sup>a</sup>	10 % <sup>a</sup>	16 % <sup>a</sup>	11 % <sup>a</sup>	20 % <sup>a</sup>	19 % <sup>a</sup>	23,8 % <sup>b</sup>
<b>Income poverty (50 %)</b>	7 % <sup>c</sup>	5 % <sup>c</sup>	8 % <sup>c</sup>	6 % <sup>c</sup>	14 % <sup>c</sup>	11 % <sup>c</sup>	17,0 % <sup>b</sup>
<b>Income poverty (40 %)</b>	4 % <sup>c</sup>	3 % <sup>c</sup>	4 % <sup>c</sup>	3 % <sup>c</sup>	9 % <sup>c</sup>	7 % <sup>c</sup>	10,8 % <sup>b</sup>
<b>Gini coefficients</b>	0.24 <sup>c</sup>	0.25 <sup>c</sup>	0.28 <sup>c</sup>	0.25 <sup>c</sup>	0.33 <sup>c</sup>	0.32 <sup>c</sup>	0.368 <sup>d</sup>
<b>Unemployment rate<sup>d</sup></b>	4,9 %	2,7 %	8,7 %	8,6 %	9,9 %	5,1 %	5,8 %

<sup>a</sup> Eurostat 2003 (Data: 2000); <sup>b</sup> LIS 2003c (Data: 2000); <sup>c</sup> Eurostat 2003b (Data: 2000); <sup>d</sup> Eurostat 2003 (Data: 2002)

Poverty rates are generally low in Sweden and highest both in the liberal societies of the UK and US and in the southern European country Greece. France, Germany and the Netherlands are somewhere in between. However, France has the lowest rate of severe poverty whereas in the Netherlands low income is least frequent. While the continental and Northern European countries also have a low Gini coefficient, social inequality is more distinct in Greece as in the UK and the USA.

The differentiation in different household types shows clearly which groups of the population are especially at risk: those that are either not able to participate in the labour market (because of child care responsibilities or old age) or who don't earn enough to provide for their family (those with 3 and more children). Children are thus at a higher than average poverty risk but also pose a poverty risk for their families.

*Table 3: Household structure of the total population*

	<b>NL</b>	<b>F</b>	<b>D</b>	<b>EL</b>	<b>UK</b>	<b>EU-13</b>
<b>Single</b>	16 %	12 %	15 %	6 %	12 %	11 %
<b>Couple no child</b>	26 %	20 %	25 %	16 %	22 %	20 %
<b>Single parent</b>	5 %	7 %	6 %	5 %	11 %	7 %
<b>Couple + 1 dep. Child</b>	7 %	11 %	11 %	9 %	10 %	10 %
<b>Couple + 2 dep. children</b>	19 %	15 %	14 %	18 %	16 %	15 %
<b>Couple + 3 or more dep. children</b>	11 %	9 %	7 %	4 %	9 %	7 %
<b>Other</b>	19 %	25 %	23 %	40 %	19 %	31 %

Source: Eurostat 2000 (Data: ECHP 1996)

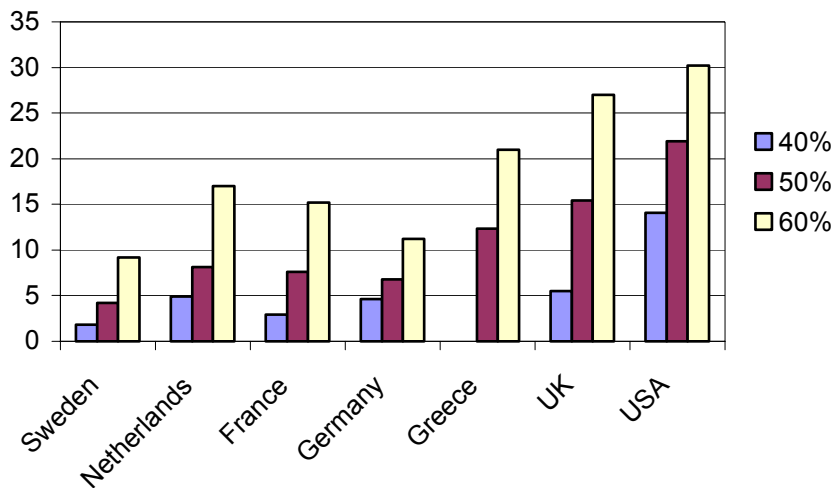
*Table 4: Low income rates of different household types – 60% of median income (2000)*

	<b>EU</b>	<b>S</b>	<b>NL</b>	<b>F</b>	<b>D</b>	<b>EL</b>	<b>UK</b>
<b>Single</b>	23 % <sup>e</sup>	22 %	12 %	22 %	20 %	29 %	31 %
<b>Couple without children (&lt; 65)</b>	10 % <sup>e</sup>	6 %	5 %	11 %	9 %	20 %	7 %
<b>Couple, one at least 65</b>	14 % <sup>e</sup>	4 %	3 %	16 %	7 %	33 %	15 %
<b>Families with 1 child</b>	10 % <sup>e</sup>	5 %	9 %	10 %	7 %	9 %	12 %
<b>Families with 2 children</b>	13 % <sup>e</sup>	8 %	8 %	11 %	8 %	15 %	13 %
<b>Families with 3 or more children</b>	26 % <sup>e</sup>	13 %	15 %	28 %	17 %	26 %	32 %
<b>Lone parent family</b>	40 % <sup>e</sup>	14 %	46 %	30 % <sup>u</sup>	45 %	23 % <sup>u</sup>	57 %

Source: Eurostat 2003c (<sup>e</sup> Estimation Eurostat; <sup>u</sup> Unreliable or uncertain data)

It is therefore not surprising that child poverty rates are in most countries higher than those of the population as a whole. Again rates are very high in the UK and the USA and lowest in Sweden with the continental European countries hovering somewhere in the middle

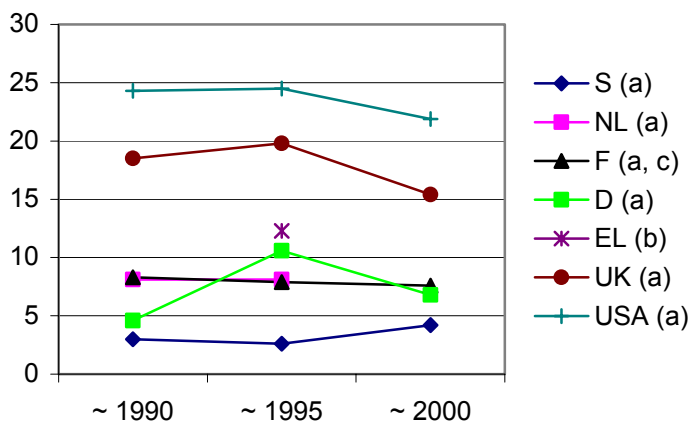
Figure 1: Child poverty rates for different income thresholds



<sup>a</sup> LIS Key Figures 2003 (Data: 2000); <sup>b</sup> Butterwegge, Christoph; Holm, Karin; Zander, Margherita et al. 2003 (Data: ECHP 1998); <sup>c</sup> LIS Key Figures 2003 (Data: 1994); <sup>d</sup> Gouvernement Français 2003 (Data: INSEE 1999); <sup>e</sup> LIS Key Figures 2003 (Data: 1999)

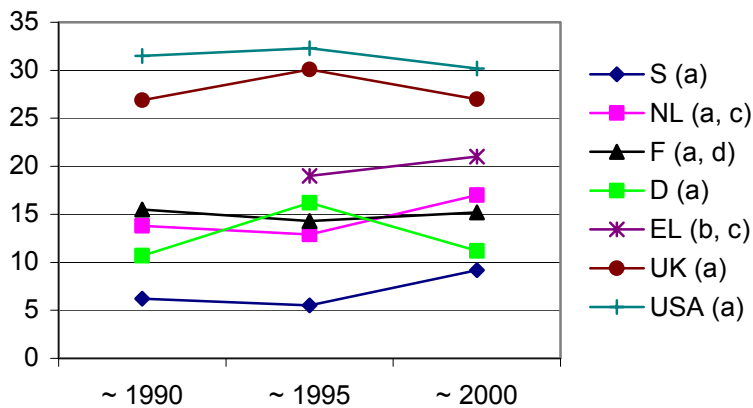
The development of child poverty rates during the 90s is inconsistent, even within and between countries with a similar level of economic development or similar welfare systems. This suggests that child poverty rates depend on other factors and reflect economic and demographic trends, but also political decisions. In addition one has to keep in mind that poverty lines are set quite arbitrary. Those hardly above it are not recognised as “poor” though their life situation is in no way easier than that of those just below the line. Thus it is possible that a part of the changes of poverty rates in time can be explained by such slight movements into and out of poverty or low income.

Figure 2: Development of child poverty rates (50% threshold)



<sup>a</sup> LIS Key Figures 2003; <sup>b</sup> OECD 2003 <sup>c</sup> Gouvernement Français 2003 (Data: INSEE 1999)

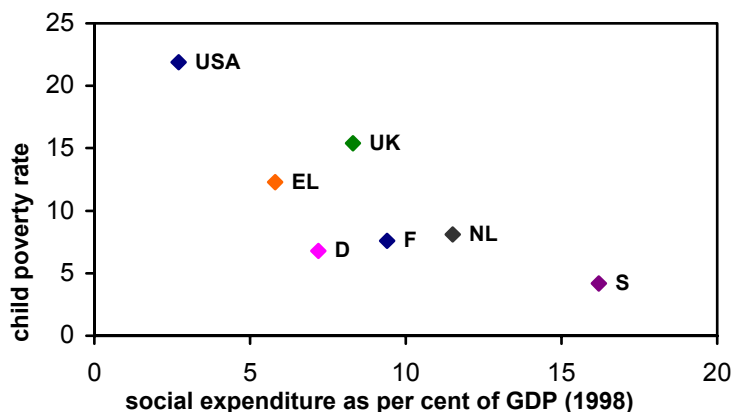
Figure 3: Development of child low income rates (60% threshold)



<sup>a</sup> LIS Key Figures 2003; <sup>b</sup> Eurostat 2000 (Data: ECHP 1996); <sup>c</sup> Butterwegge, Christoph; Holm, Karin; Zander, Margherita et al. 2003 (Data: ECHP 1998); <sup>d</sup> Gouvernement Français 2003 (Data: INSEE 1999)

There is however a relationship between the level of social expenditure and child poverty rates. Countries with a high level of social expenditure have considerably lower poverty rates than those countries with low expenditures on social protection. Cash transfers and social protection thus have a significant impact on the extent of child poverty.

Figure 4: Social expenditure (without pensions and health) and child poverty rates (50%)



Source: OECD 2001b; child poverty rates: see above, figure 1

### 3.2 Dynamics of child poverty

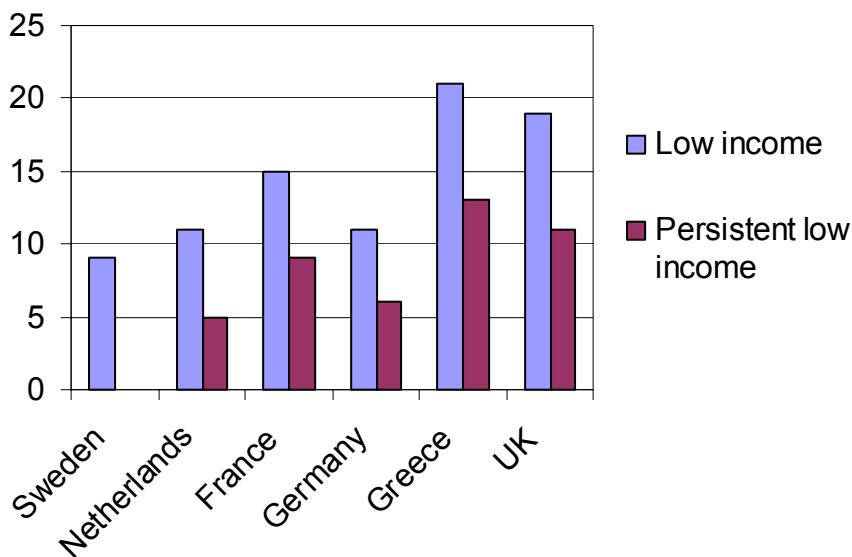
The number of children in poverty alone doesn't tell us much about the nature of poverty. The population in poverty is not static but moves up and down the income ladder. How long do children live in poverty and how severe is their situation? Do their families manage to move well out of poverty or do they stay nearly poor, falling back into poverty now and then? And how large is the risk for children to become poor at all during their childhood?

Throughout the OECD there are some attempts to address the question of income dynamics of families and children, in spite of methodological problems (different op-

erationalisation of income, lack of longitudinal data etc.). Concerning the countries covered in this study in depth information is available for Germany, the UK, and the US<sup>3</sup> and also some ECHP data for the UK, Germany, the Netherlands, France and Greece.

In 1999 15% of the population of the EU 15 had an equivalised disposable income below the 60% threshold. Almost every tenth EU citizen lived below this line for at least three consecutive years. While the rates for the Netherlands and Germany are well below average, low income is more prevalent in the UK and especially in Greece.

Figure 5: Low income and persistent low income of total population

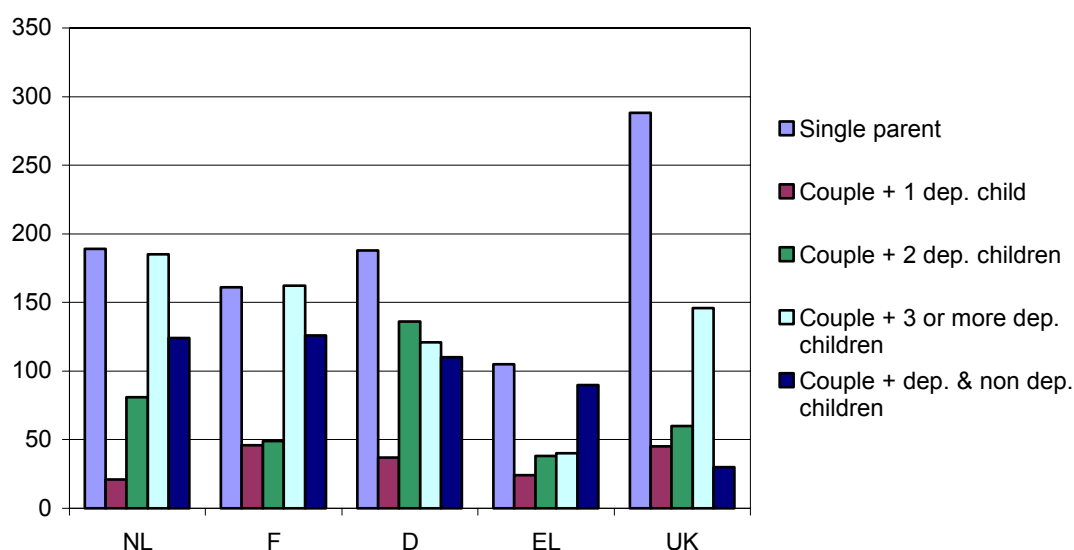


Source: Eurostat 2003 (Data: 1999)

Data from the 1996 wave of the ECHP show that in the EU12 children, young adults and elderly people have above average risks of living persistently in poverty. On a closer look persistent poverty mainly concentrates on four household types: Single parent families, large families with three or more dependent children and elderly singles and couples with families facing in many countries the highest poverty risk. An exception is Greece where there are more elderly than young people in poverty. Though these differences reflect the specific societal backgrounds and correspondent welfare systems, they also point out particularly vulnerable groups that have transnationally more difficulties to secure the living of their family. They are also more likely to live on a low income persistently. The next graph depicts the risk of persistent low income for families throughout Europe. A value of 100 is equivalent to the specific average poverty rate.

<sup>3</sup> Bradbury, Jenkins, Micklewright 2001b; Gottschalk, Danziger 2001; Schluter 2001; Hill, Jenkins 2001; Wertheim, Long, Jager 2001; Jenkins, Schluter, Wagner 2000

Figure 6: Persistent poverty risk index of persons by household characteristics (1996)



Source: Eurostat 2000 (ECHP 1996)

In spite of children facing a relatively high risk of persistently growing up poor, there is high income mobility amongst families with children – in both directions. In their study on the dynamics of child poverty Bradbury et al. (2001b)<sup>4</sup> grouped children in decile groups according to the respective national income distribution and examined how many of them changed their decile group in year 1, 5 and 10 (the latter data was only available for West Germany and the US). Regarding the annual net income for Germany and the annual gross income for the UK and the US respectively almost 60% of all children were in a different decile after one year, and almost 70% four years later. After 10 years 72% of children in West Germany and about 78% of those in the US had moved along the income ladder. The broad majority of children thus change their income position sooner or later. Income mobility is yet not related to income distribution and inequality. While income mobility is quite similar in the three countries over a 5 year period, the Gini coefficients are quite different with inequality being much larger in the US than in Germany.

Table 5: Income mobility of children

	Percentage of children in a different decile group of the income distribution of children in waves			Gini	
	t – 1 and t	t – 4 and t	t – 9 and t	Overall Gini coefficients	Child Gini coefficients
<b>Annual net income</b>					
<b>Germany</b>	59.5	69.3		0.27	0.24
<b>West Germany</b>	57.1	69.6	72.1	0.27	0.23
<b>Annual gross income</b>					
<b>Britain</b>	58.9	69.7		0.36	0.36
<b>USA</b>	57.3	67.5	77.8	0.41	0.40

Source: Bradbury et al. 2001b, 103

<sup>4</sup> Research results from the project “Children In and Out of Poverty“ at the UNICEF Innocenti Research Centre, Florence; published as Bradbury, Jenkins, Micklewright (Eds.) (2001). The in-depth studies comprise Russia, Spain, Hungary, UK, Germany, Ireland and the US. In this context only the results for Germany, the UK and the US are reported.



How does high income mobility fit to the above average risk of children to grow up in persistent poverty? In fact, both is true. Many poor children do manage to escape poverty but there are also a significant number of children staying poor for a long time.

Jenkins et al. (2000) analysed the dynamics of child poverty during 1992 and 1997 in Germany and the UK, based on data from the British BHPS and the German GSOEP. Child poverty rates in Britain are substantially higher than in Germany with 29% compared to 18% in 1997 (60% national median income line). About 9% of British children enter poverty each year (1992-97 period) and 26% of those in poverty exit. In Germany the respective entry rate is with 8% almost the same, but 36% leave poverty each year. While in both countries children are more likely than the whole population to live in persistent poverty the patterns are different. Over a four year period almost half of British children enters poverty at least once, compared to about a third of German children. Growing up in a family with a lone parent or with a household head, who is not working, increases the risk not only of entering poverty but rather of staying poor for a longer period: 12-13% of British children and 7% of German children respectively. It is amazing though, that 46% of German children whose parents are not in work, stayed out of poverty over this four-year period.

*Table 6: Number of years poor out of four*

	Britain			Germany		
	0	1-3	4	0	1-3	4
<b>All persons</b>	60	35	5	70	27	3
<b>All Children<sup>a,b</sup></b>	51	42	7	66	31	3
<b>Lone parent household</b>	17	71	12	31	62	7
<b>Household head aged less than 31 years</b>	24	68	6	45	50	5
<b>Household head not working</b>	17	71	13	46	47	7
<b>Household head in part-time work</b>	47	46	7	58	39	4
<b>Household head in full-time work</b>	69	28	3	73	25	2
<b>At least 1 full-time secondary earner in household<sup>c</sup></b>	70	27	3	76	22	2

Source: Jenkins et al. 2000,18; Estimates refer to averaged estimates for observation periods 1992-5, 1993-6, 1994-7. <sup>a</sup> child throughout the observation period. <sup>b</sup> Characteristics defined at beginning of observation period. <sup>c</sup> a secondary earner is a worker who is not the household head (the head need not be working)

British children face not only a higher risk of falling into poverty but also have longer poverty spells. The median duration of poverty is 3 years in Britain and only 2 years in Germany. However, leaving poverty does not necessarily improve children's living standard. A considerable number of children re-enters poverty during the following four years (Jenkins et al. 2000).

Table 7: Re-entry rates, percentage of exiters remaining non-poor

	Length of poverty spell	British children	German children
Re-entry rate	1	38	24
	2	15	17
	3	14	8
	4	18	15
Percentage of exiters from poverty remaining non-poor	1	62	76
	2	53	63
	3	45	58
	4	33	49

Source: Jenkins et al. 2000, 21.

Compared to Germany and the UK, children in the US are even more likely to enter poverty and to stay there for a longer period of time. Drawing the poverty line at 50% of the annual gross income the exit rate of poor children within one year is with 23.1% quite low. The correspondent figure for the UK is 28.8%, for Germany (annual net income) 46% (Bradbury et al. 2001b). So it is not surprising that the percentage of children remaining poor is higher for the US than for German and British children. On the other hand the risk of ever living below the 50% median income line is in Britain slightly higher than in the US – and in both countries more than twice the corresponding rates for Germany.

Table 8: Poverty persistence of children

	Percentage of children with household income always below half median income			
	1 wave	2 out of 2 waves	5 out of 5 waves	10 out of 10 waves
<b>Annual net income</b>				
Germany	9.3	4.7	0.7	
West Germany	6.9	4.1	2.0	0.4
<b>Annual gross income</b>				
Britain	24.5	17.4	9.3	
USA	24.7	19.3	13.0	6.8

Source: Bradbury et al. 2001b, 121

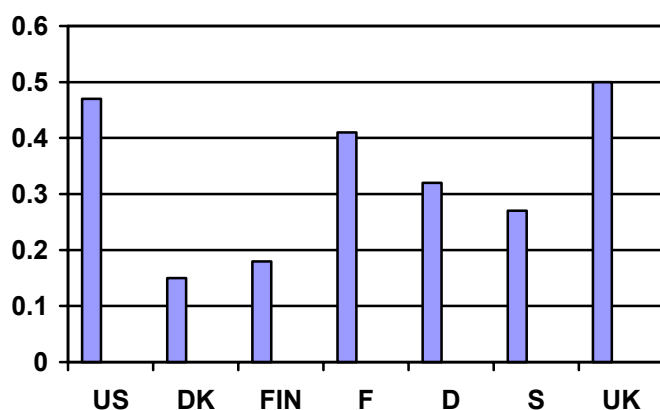
Table 9: Poverty persistence of children

	Percentage of children with household income ever below half median income			
	1 wave	2 waves	5 waves	10 waves
<b>Annual net income</b>				
Germany	9.3	13.2	17.9	
West Germany	6.9	10.4	16.3	21.5
<b>Annual gross income</b>				
Britain	24.5	31.5	43.0	
USA	24.7	30.4	37.6	44.7

Source: Bradbury et al. 2001b, 121

Finally, not only the persistence of poverty during childhood is of importance but also the generational cycles of poverty, i.e. to which extent the family economic status is related to the labour market success of children in adulthood. Cross-national research shows substantial differences between countries and welfare systems. The analysis of Corak (forthcoming) shows that in the UK and the US roughly 50% of parental income advantages – or disadvantages – is passed on to children, while the respective rates for the Nordic countries are only between 15% in Denmark and 27% in Sweden. Thus in those countries with particularly high rates of child poverty (UK, US) children are not only at a higher risk to become poor, but also to be poor later in life. Income mobility in Nordic countries on the other hands is much larger and corresponds with a higher level of income equality.

*Figure 7: Generational earning elasticities for cross-country comparisons*



Source: Corak (forthcoming)

There are many factors accountable for the differences in child poverty rates and dynamics. As already noted, some population groups face higher poverty risks than others, so that their specific share in the whole population affects the incidence of poverty. The next chapter gives an overview of these populations at risk as children are concerned.

### **3.3 Risk factors for child poverty and social exclusion**

Though children face in most countries a higher poverty risk than the population in general, the risk is distributed unevenly. Children in two-parent families with at least one parent having a qualified full-time job are not at a particular risk of becoming poor. Income poverty affects those people whose participation in the labour market is – out of whatever reason – limited or whose work doesn't pay off. Because of this, populations at risk don't differ much across Europe and the U.S. though their share in the respective national population can vary considerably. The main risk groups are:

- lone-parent families
- large families (3 and more children)
- young parents
- immigrants (especially those from Non-EU countries) and people from ethnic and racial minorities
- unemployed or under-employed parents
- families with a disabled or chronically sick household member

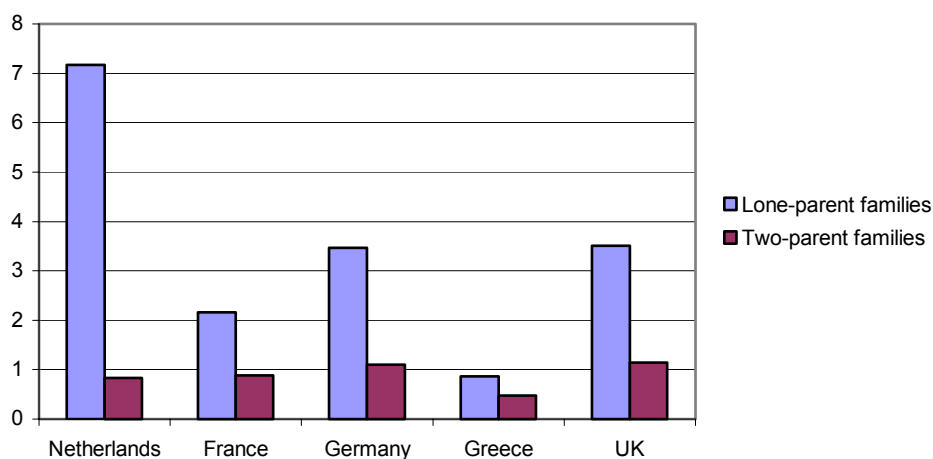
- elderly people

(cf. Jenkins et al. 2000; Papadopoulos, Tsakloglou 2003; Tsakloglou, Papadopoulos 2002; Kamermann et al. 2003).

### *Lone parent families*

The high vulnerability of children growing up in lone parent families has already been highlighted in the previous sections. Both the proportion of persons living in lone parent families and their risk of social exclusion varies considerably across the European Union. Papadopoulos and Tsakloglou (2003) analysed populations at a high risk of social exclusion based on ECHP data<sup>5</sup>. The analysis showed for most countries – compared to the population as a whole – an above average risk of social exclusion for these families, particularly for the Netherlands (7.17), the UK (3.51) and Germany (3.41) (Papadopoulos, Tsakloglou 2003). Only Greek lone-parent families are less at risk of social exclusion than the total population.

*Figure 7: Relative risk factor of social exclusion of lone-parent families and two-parent families*

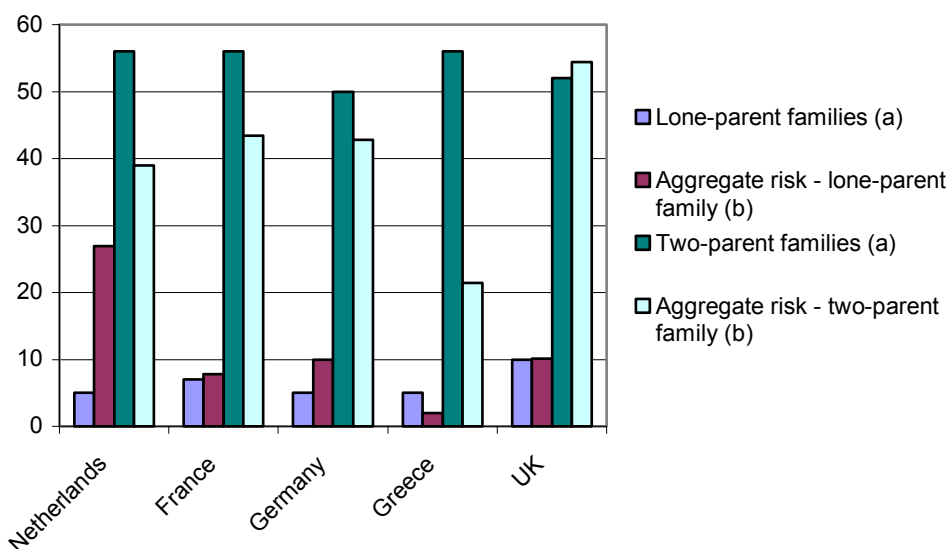


Source: Papadopoulos, Tsakloglou 2003 (ECHP 1996); Index 1 = country specific average risk of social exclusion

The low poverty risk of children in Greece matches the low incidence of family poverty. The relatively high social security of Greek children points to some specific characteristics of Greek families: Though family structure is gradually changing most children grow up with both parents and the number of children born out of wedlock is very small. In addition, informal support by the wider families seems to be widespread and protects children from poverty (Bagavos 2001). The situation in liberal societies like the UK and the USA is fairly different. The coherence of families is lower and accordingly families with a single parent or with parents who are not married are more frequent, and family networks smaller and less stable.

<sup>5</sup> People were defined as at “high risk of social exclusion“, if they a) experienced disadvantages in two of the following indicators: current net monthly income, living conditions, necessities of life and social relations and b) were deprived in at least 2 out of three years.

Figure 8: Proportion of persons living in lone-parent families and two-parent families and their contribution to aggregated risk of social exclusion



<sup>a</sup> OECD 2001 (Data: 1995); <sup>b</sup> Papadopoulos, Tsakloglou 2003 (ECHP 1996)

The main challenge lone parents have to face is the need to reconcile the care for their children with the provision of enough income. Affordable and high quality child care facilities and all-day schools as well as flexible working conditions are crucial for enabling these mothers (and fathers) to take up work.

#### *Large families and young parents*

The reason for the particular poverty risk of these family types is quite the same: it is difficult to gain enough income to provide for the family. While large families naturally need more income than small families young parents are often still in training or at the beginning of their career so that income is still low (Jenkins et al. 2000; Kamerman et al. 2003).

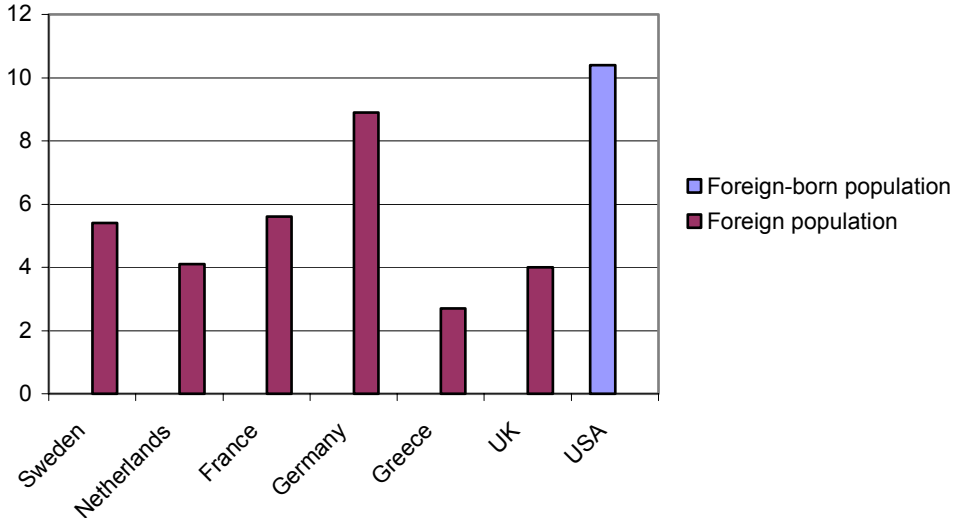
#### *Children in immigrant or ethnic and racial minority families*

Throughout Europe and the USA children in immigrant or minority families are seen at a particular risk of poverty and social exclusion. In many countries there is a growing concern about disadvantaged living conditions and a lack of integration and participation in society – partly determined, however, by their legal status and the corresponding rights and restrictions. Children from some minorities are also especially vulnerable to racial discrimination and ethnic conflicts, though the groups are diverse and may change over time (BMFSFJ 2002; Ruxton, Bennet 2002; Kamerman et al. 2003).

The experience of poverty and social exclusion can foster processes of withdrawal into the own ethnic community that in turn make integration into society more difficult. Not surprisingly many children from minorities – and not only those that are foreign-born – have problems mastering the official language. These disadvantages make a successful educational career very difficult. In Germany, for example, immigrant children are likely to be on lower educational tracks than native-born children (Büchel et.al. 2001; Frick, Wagner 2001). Similar outcomes are among others reported from France, Greece and the USA (Kamerman et al. 2003).

The poverty risk of immigrants and minorities among Europe is very difficult to estimate. Some of the groups that are especially vulnerable like asylum seekers and Travellers are not included in the common household-based statistics. Above this, the immigrant populations are very diverse and not always recorded separately. Ethnic Germans immigrating from Russia and Eastern Europe, for example, have the German citizenship but have to deal with quite the same adaptation problems than foreigners, including lacking language skills. The extent of poverty and social exclusion among immigrants and/or foreigners can therefore only be estimated. The graph gives an overview of the proportion of the foreign population as percentage of the total population.

Figure 9: Proportion of foreign population



Source: OECD 2003 (Data: 2000)

Looking at ECHP data it is only possible to distinguish between EU and Non-EU citizenship. A comparison between the relative risk factors of social exclusion and the share of adults at risk of social exclusion belonging to these groups shows a 2 to more than 6 times higher risk for Non-EU citizens, though their absolute number is relatively small (Papadopoulos, Tsakloglou 2003, cf. footnote 5).

*Table 10: Risk factors and contributions to aggregated risk of social exclusion for foreigners*

	Relative risk factor <sup>a</sup>	Contribution to aggregated risk of social exclusion <sup>b</sup>
<b>Germany</b>		
Non-EU	3.16	5.1
EU	0.97	94.9
<b>Greece</b>		
Non-EU	1.31	1.5
EU	0.99	98.5
<b>France</b>		
Non-EU	3.55	20.3
EU	0.85	79.7
<b>Netherlands</b>		
Non-EU	6.39	5.3
EU	0.95	94.7
<b>UK</b>		
Non-EU	2.05	2.6
EU	0.98	97.4

<sup>a</sup> proportion of the group at high risk of social exclusion divided by the proportion of all persons at high risk of social exclusion; <sup>b</sup> proportion of all persons aged 16+ at high risk of social exclusion who are members of the group

Source: Papadopoulos, Tsakoglou 2003

### *Unemployment and under-employment*

Unemployment and underemployment are the most obvious reasons for poverty. Job loss, low chances on the labour market, precarious and low-wage employment bring many people into an economic plight. Many of these persons have only low educational and vocational qualifications so that their employment opportunities are generally restricted. Throughout Europe unemployment rates reached a peak at the beginning of the 90s but have declined since then in most countries. However, joblessness and marginal or precarious employment are still widespread and especially those people who are persistently excluded from the labour market are a major concern for governments.

*Table 11: Unemployment and long-term unemployment 2001*

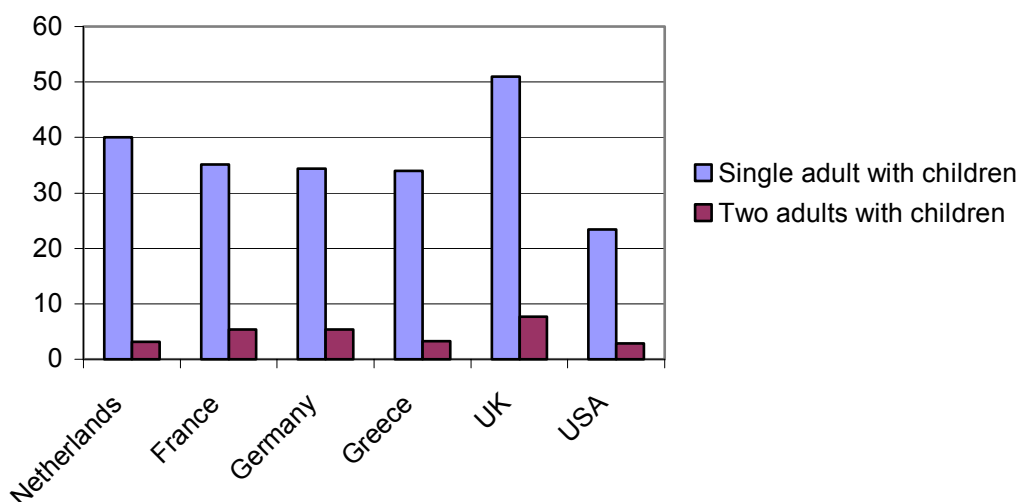
	Unemployment as a percentage of the labour force	Incidence of long-term unemployment by duration as a percentage of unemployment	
		6 months and over	12 months and over
	<b>Total</b>	<b>6 months and over</b>	<b>12 months and over</b>
<b>France</b>	8,8	57,2	37,6
<b>Germany<sup>a</sup></b>	8,0	67,6	51,5
<b>Greece</b>	10,4	69,0	52,8
<b>Netherlands<sup>b,c</sup></b>	3,3	80,7	43,5
<b>Sweden</b>	5,1	36,7	22,3
<b>UK</b>	4,8	43,6	27,7
<b>USA</b>	4,8	11,8	6,1

<sup>a</sup> Germany: data for incidence of long-term unemployment by duration: 2000; <sup>b</sup> Netherlands: data: 2000; <sup>c</sup> Netherlands: data for incidence of long-term unemployment by duration: 1999

Source: OECD 2003 (Data: OECD 2002, Labour Force Statistics)

In regard to children, growing up in a jobless family is much likelier for those in lone-parent than for those in two-parent-families.

Figure 10: Children in jobless households



Source: OECD 2003

Unemployment is a very strong risk factor not only for poverty but for social exclusion in a broader sense (Papadopoulos, Tsakloglou 2003). Losing a job or being in very unstable employment is not only linked to a loss of income but can also lead to a loss of social relations, to stress and depression (Klink 1995; Kamerman et al. 2003). This in turn has the potential of burdening family relations considerably and may lead to more conflicts, marital instability and less effective parenting practices. Therefore it is not surprising that parental unemployment is linked to negative child outcomes (Kamerman et al. 2003; Walper 1999; Schindler et al. (Eds.) 1990).

Living in poverty in spite of employment may affect children differently. While financial problems put a strain on families, with all the consequences for family well-being and parenting practices (cf. chapter 4; Wertheimer et al. 2002) children might be able to accept poverty more easily. The fact that their parents are working but just aren't able to earn enough may buffer feelings of shame and embarrassment and protect children from being excluded from relations with peers (Hoelscher 2003).

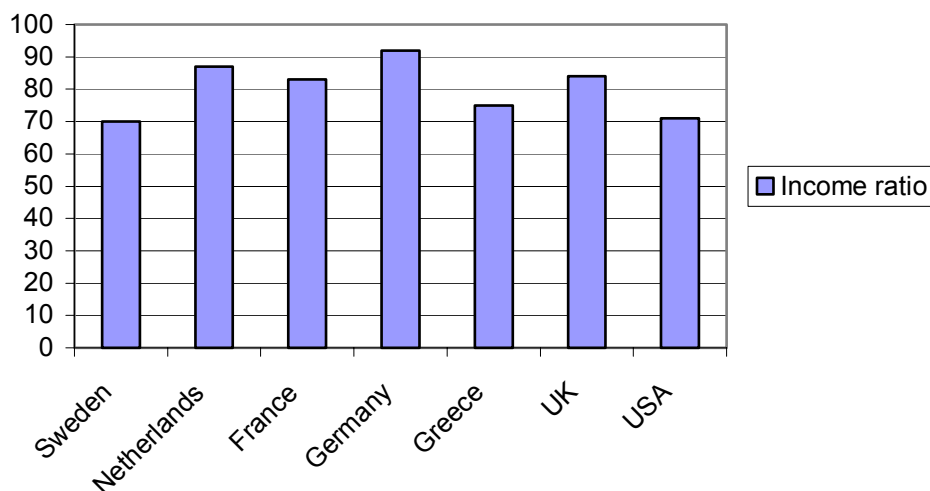
Bringing parents into employment is against this background a very effective way of protecting children from poverty. Especially important is in this context maternal employment, especially the employment of single mothers. This requires of course the availability of affordable child care facilities.

#### *Household members with a disability or chronic sickness*

Children with disabilities and children growing up in families with a disabled or chronically sick household member respectively are out of several reasons another group at risk of poverty and social exclusion. Persons living with a disability or chronic sickness have very often higher income needs (e.g. aids, medical and therapeutic treatment, needs for transport or special food, clothing, etc.). At the same time the employment opportunities are limited and disabled people reach considerably lower income levels.



Figure 11: Average personal income from work of disabled relative to non-disabled persons in work (income ratio)



Source: OECD 2003

Parents of disabled children have not only more income needs, they also have to spend considerably more time with child care and medical or therapeutic treatment. In addition the special needs of disabled children may make it more difficult to find qualitatively high and affordable child care. Children with disabilities are above this at a high risk of social exclusion in many ways, starting from exclusion from the regular school system to limited participation in social relations and environmental barriers. Poverty and disabilities are thus intertwined in a very unfavourable way: poverty increases the risk of health problems and disabilities (for children as well as for adults) while disabilities are a risk factor for poverty (cf. Evans et al. 2002; Elwan 1999).

## 4. Growing Up Poor

Children growing up in a poor household are disadvantaged in many aspects of their life, from health to social relations and educational achievements. The negative impacts of poverty on the current well-being of children as on their future life chances have been described in many studies (chapter 4.1). However, it is often difficult to distinguish if negative outcomes are due to poverty or other difficult life circumstances like family disruptions. The more comprehensive approach of the concept of social exclusion comes in useful here.

The clear link between child poverty and negative outcomes masks the fact that many children and young people are able to cope and manage to break out of the cycle of poverty (chapter 4.2). Whether a child will be able to cope or will be socially excluded doesn't depend primarily on individual characteristics. There is a range of mediating factors in the environment – family, school, friends – that are decisive (chapter 4.3). Strengthening these empowering factors is an effective approach to supporting these young people.

### 4.1 Impacts of child poverty

Poverty and social exclusion affect children directly as well as indirectly. Direct impacts are a consequence of financial constraints in the different areas of life – family and housing, school, social relations and leisure time. Indirect impacts on the other hand can be seen as a result of having to deal with many difficulties in everyday life and having to cope with the life events that have led into poverty and may require major adjustments in life (e.g. a divorce or the chronic illness of a family member).

The presented studies show that growing up in poor families is associated with negative outcomes in child development. Though a causal link between financial poverty and child poverty often can't be proved, it is obvious that children in poverty face more disadvantages and developmental risks than their better off peers (cf. Gershoff et al. 2001). Above this the impacts of poverty tend to be stronger the longer and the more frequent the spells of low income last, the severer poverty is and the younger the children are.

This chapter is to a large extent based on US research and some European small scale studies. In many European countries very little is known about the impacts of poverty on child development and children's experiences. Cross-national studies are likewise rare. Thus research on these issues should be fostered.

#### 4.1.1 Health and physical well-being

Living in poverty increases the risk of health problems. A deficient or wrong nutrition, living and working in an unhealthy or dangerous environment and insufficient medical care increase the risk for illnesses and disabilities. A poor health status on the other hand cements poverty as the chances for employment and a self-sufficient life decrease.

Poor children are more likely to grow up with parents who have health problems, as poverty affects mortality as well as morbidity. The German health report shows a linear association between income and mortality and also between education and mortality. The mortality of persons who have completed less than 9 years of education is 1.46 times as high as that of persons with more than 15 years of education. Morbidity

is estimated to be twice as high for poor persons than for rich persons. The prevalence is especially high for allergies, cardiovascular diseases and strokes. In addition poor persons are less content with their own health and 20% of those with a low educational level (without secondary school qualification or vocational training) describe their health condition as “not so good” or “bad” (Statistisches Bundesamt 1998).

What are the reasons for this? There are different pathways through which poverty can lead to health problems: lack of financial resources, burdening living conditions and personal problems, low quality of housing and environment, lack of information and a lack of accessibility e.g. because of language barriers or lack of transportation. All these factors can cause not only a higher morbidity but also an unfavourable course of illnesses.

A particularly important role plays the accessibility of the health system and the services that are provided to people with low income as the quality of medical care has a direct impact on health. The costs for medical treatment, medicine, dental prostheses, glasses and aids can be a strong barrier to making use of medical care. In addition, many poor people especially those with a low educational level show less favourable health behaviour, e.g. in regard to nutrition, smoking, alcohol consumption, and the participation in screening tests. Difficulties can also arise from a lack of knowledge about a healthy life style and prevention, as about how to behave in case of illness (Statistisches Bundesamt 1998, Mielck 1998).

Health problems of parents, lack of information and barriers to the health system have a strong effect on children. Many children who are born into poor families are disadvantaged from the start. For example, they have an increased risk of premature or stillbirth (Duncan, Brooks-Gunn 2000, Elkeles et al. 1994, Gortmarker 1979). Low birth weight again is linked to a high risk of infant mortality and problems in the later cognitive and physical development (Bradley et al. 1994, Klebanov et al. 1994, McCarton et al. 1997). Poor relative to non poor children face 1.7 times the risk for child mortality, even 3.5 times the risk for lead poisoning and twice the risk for short stays in hospitals (Duncan, Brooks-Gunn 2000). Children from families with a very low level of education or long-term unemployment take less often part in medical early screening programmes and get less vaccination (Neuberger 1997; Schone et al. 1997). But not only young children suffer from medical problems. Health problems may become chronic early in life. In a German longitudinal study on children in poverty the condition of those children who had health problems in kindergarten tended to have become worse when they were in primary school. Many suffered from psychosomatic illnesses like headache or stomach-ache or reported that they generally felt bad. Some children had chronic diseases (Holz, Skoluda 2003). The analysis of school medical screenings among German students in *Gymnasien* relative to other secondary schools gives a similar picture. Young people in *Gymnasien* – and those are in Germany mainly students from families with a high social status – have a significantly better health than their peers from other schools. They have less acute illnesses, less accidents and less stays in hospital (Mielck 1998). Poor children and young people also have more dental health problems (Mielck 1998; Frühbuß 1995; Dumesnil, Le Fur 2003).

Asked directly, poor children and young people rate their own health considerably lower than their better off peers. The WHO-project “Health Behaviour in School-Aged Children” showed a linear correlation between health and social status with poor girls and boys feeling generally worse, having more headaches and back pains and having more difficulties to fall asleep (Klocke, Hurrelmann 1995; Palentien et al. 1999).

Like many adults they show worse health behaviour than wealthier young people: they eat more fast food and less fruits and vegetables, they brush their teeth less fre-

quently, do less sports and smoke more often (Klocke 1995; Klocke, Hurrelmann 1995). However, many young people (rich and poor alike) don't think much about health and health behaviour. They are mainly interested in their present situation, e.g. in how they are seen by their peers than in possible negative outcomes of their behaviour later in life. In this context the consumption of tobacco and alcohol has to be understood as social behaviour that depends on the attitudes of friends and models as well as on expected effects (e.g. smoking is relaxing, alcohol as problem solver) (Kahl, Fuchs, Semmer et al. 1994; Mielck 1998). On the other hand the results of the WHO study suggest that negative health behaviour is also linked to a low psycho-social well-being of poor boys and girls. These young people may lack the strength and resources to realise healthy behaviour in daily life (Klocke 1996).

#### 4.1.2 Cognitive development, educational attainment and well-being at school

Parents' poverty and social exclusion have a strong impact on the cognitive development and educational attainment of children. There are direct income-related effects as well as indirect effects so that it is not money alone that matters but rather the cumulation of disadvantages children face in their family, their neighbourhood and at school and that in turn may lead to a limited access and participation in the educational system.

Poverty has a direct impact on the cognitive development of children (cf. Peters, Mullis 1997; McLanahan 1997). The adverse effect of early poverty on the cognitive development of preschoolers can already be seen at age 5 with persistent poverty (> 36 months) having twice the effect of transient poverty. The link between family income and test performance is linear: an increase in average family income is associated with a better test performance (Duncan et al. 1994; Brooks-Gunn, Klebanov, Duncan 1996; Smith et al. 1997). Other studies find that early childhood poverty is a risk factor for later performance at school with differences in math and reading achievements already appearing in 1<sup>st</sup> grade (Lipman, Offord 1997; Entwistle, Alexander 1992; cf. Gershoff et al. 2001). Poor children bear twice the risk for grade repetition and dropping out of high school and are 1.4 times as likely to have a learning disability. The outcomes are the stronger the lower family income is and the earlier in life poverty occurs (Duncan, Brooks-Gunn 2000).

Research on the experiences of children and young people in poverty shows the complexity of the relationship between the life situation at home and the success and well-being at school. A lot of children have ambivalent feelings about school. Many children and young people like going to school. Those with a very difficult family background often enjoy school as a place where they don't have to deal with family problems. School is also a place to meet friends, especially when poverty and/or the family situation make it difficult to spend time with friends outside school. But many adolescents also perceive school as a chance to escape from poverty and work hard. At the same time school life seems to be more difficult for poor children and adolescents than for their better off peers. Their achievements are lower, and they are also less self-confident about their capabilities. They report more conflicts with teachers and show more behaviour problems. Truancy and expulsion are to be found more often for poor adolescents and especially for poor boys. Children in poverty are at risk of being excluded in the classroom and being bullied by other students. Especially the inability to afford brand name clothing or equipment or to participate in school trips sets poor students apart as does the dependency on benefits like free school meals. Against this background it is not surprising, that poor students com-

plete less school years (Ridge 2002, Hoelscher 2003, Holz, Skoluda 2003; Axinn et al. 1997; Conger et al. 1997).

The broad range of difficulties poor children face at school and that result in low educational achievements suggest that not only income but particularly family factors play an important role: parents' education and social status, educational resources, family structure, parents' psychosocial problems and conflicts, parenting practices, and, finally, the well-being of children and young people at home.

The educational level of parents, especially of mothers, is closely related to children's educational attainment. Parents with a low educational status show less interest in the educational achievements and the school life of their children and have fewer expectations concerning the vocational training of their children. Parents, especially when experiencing financial hardships, may want their children to leave school early to be able to earn money as soon as possible. Parents with little educational resources are less likely to read to their children when they are young and are often not able to support them with their homework when they go to school. Above this these children have less access to educational resources like reading material (access to library, newspaper, and journals), visits to museums or cultural events, but also to computers and the internet. As a consequence many children grow up in an environment with little educational stimulation (Haveman et al. 1997; Walper 1999; Felner et al 1995; Büchner, Krüger 1996; Baumert, Schümer 2001; Peters, Mullis 1997).

Another important factor is the quality of family relations. Children who experience the divorce of their parents are less likely to be successful at school. As living with only one parent is also related to a high risk of poverty, many children have to cope with the adjustment to both a new family situation with all the burdens involved and a decline in financial resources. However, remarriage doesn't seem to improve children's situation. On the contrary, these children display a lower level of well-being and educational attainment (Peters, Mullis 1997; Hoelscher 2003). Thus, these results suggest that having to cope with a new family situation and the often ambivalent feelings going along with it can't be easily compensated by financial resources. Poverty is also linked to other family problems either because financial strain leads to a tense family situation and psychosocial problems or – vice versa – because psychosocial problems prevent parents from successful employment. Parents that are under pressure are less capable of giving their children the necessary support and affection. Their struggle to secure the family's livelihood may take up much of their strength. As a consequence harsh parenting practices and conflicts between parents and children might become more frequent (Jackson et al. 2000; Conger, Conger, Elder 1997; Conger et al. 1994; McLoyd 1990). Family problems put an additional strain on children that are already burdened by poverty. They become more vulnerable. Some children have to take over the responsibilities of adults (e.g. preparing breakfast and going to school on their own, taking care of younger siblings, running the household). In an extreme case they run a higher risk of child abuse and neglect, with all the negative consequences related to this (Walper 1999; Duncan, Brooks-Gunn 2000; UNICEF Innocenti Research Centre). A higher level of strain makes it more difficult for children to concentrate on their school work. They also may try to cope by displaying behaviour problems which in turn leads to conflicts with teachers or other students. Obviously, both reduce the students' chances for high educational achievements.

But it's not only the individual situation of children and their family background that hinder their educational achievements. Children are also excluded by the school system. Their behaviour is more likely to be labelled as "deviant", they are more likely to be viewed negatively, to receive less positive attention and to be more often criticised

by teachers. Subsequently they are more likely to be expelled and – in some countries – less likely to visit a high school (cf. McLoyd 1990; Ridge 2002; Baumert, Schümer 2001). According to a German study primary school children from families with low social status are less likely to get a recommendation for high school than children with a high social status – in spite of the same educational attainments (Lehmann et al. 1997; cf. Baumert, Schümer 2001). One reason for this discrimination might be found in a school system that is middle class-oriented and might have too little understanding for the social background and behavioural norms of poor children (cf. Seus 1993).

#### 4.1.3 Psycho-social well-being

Poverty and social exclusion are per definition linked to an increased exposure to stressful conditions and events: economic loss or chronic economic stress (e.g. difficulties to make ends meet and to pay rent, utility bills etc., worries about money) and – in case of social exclusion – a growing constriction of choices and participation in all areas of life (e.g. choice of neighbourhood, school and education, recreation, health care, transport) (cf. McLoyd 1990). Therefore it is not surprising that poverty and social exclusion affect the well-being of both adults and children and increase the vulnerability to other stressors.

Income loss, economic uncertainty or continuing financial strains are painful for parents. As a consequence feelings of depression, anger and hostility may become more frequent and lead to an increased risk of mental health problems (cf. McLoyd 1990; Conger et al. 1997; Duncan, Brooks-Gunn 2000). Such negative moods affect family functioning. Interaction between parents becomes more conflictual, especially on financial matters. Parents who are under stress are in turn at an increased risk of displaying less support, warmth, affection and consistent child-rearing practices (Conger et al. 1997; Conger et al. 1994; Duncan, Brooks-Gunn 2000).

Poor children and adolescents tend to feel burdened and unhappy as well. They are less confident, feel more often lonely or in bad mood (Palentien et al. 1999; Klocke, Hurrelmann 1995). Teenage girls (but not boys) feel much more frequently discontented, unhappy, sad, depressed, neglected or furious than other young people (Hoelscher 2003). These gender differences for adolescents are consistent with other research findings (Schindler, Wetzels 1985; Brake, Büchner 1996). Assumedly a high exposure to stressful conditions coincides with an increased vulnerability during adolescence. About corresponding gender differences for younger children little is known yet. However, the higher vulnerability of boys to developmental problems and disabilities might also increase their vulnerability to poverty and social exclusion. In this regard we still need more research.

Another facet of a low well-being are internalising and externalising behaviour problems. Boys and girls of all age groups express emotional strain as anxiety, depressive moods, feelings of sadness and helplessness, but also as aggression, hostility, or an increased willingness to offend against rules (e.g. Conger et al. 1994; Felner et al. 1995; Duncan et al. 1994; Raadal et al. 1994; Conger et al. 1997; Hanson et al. 1997; Pagani et al. 1997). Walper (1999) points out that internalising and externalising behaviour are not mutually exclusive but on the contrary get each other going. For example, low self-confidence is often seen as starting point of anti-social behaviour which on the other hand has a further negative impact on self-confidence (e.g. because of feelings of guilt).

Because of the complexity of life situations it is hard to distinguish between direct effects of financial hardship and indirect effects that are mediated by family relations. As for children, research suggests that the composition of effects changes as children grow up. While in early childhood impacts of poverty on the psycho-social well-being of children are mainly mediated by family relations, direct consequences of poverty gain importance in later childhood as girls and boys have to deal directly with the experience of having less money than others (McLanahan 1997; Bacher 1997). It belongs to the fundamental experiences of poor children to have to live on a very tight family budget and to be dependent on benefits. Because of this many children feel ashamed and embarrassed, somehow different and set apart from others (Ruxton, Bennett 2002; Ridge 2002; Hoelscher 2003).

Poverty can make daily life very difficult for children. Having the “right” clothes and appearance is important for many children, especially in secondary school and in urban areas. Even school uniforms can’t buffer this effect completely as dress codes just become more subtle, and fashionable shoes, trainers or bags become the benchmark. Being able to wear the “right” clothing helps children to fit into social groups and protects them from exclusion and bullying. In addition it can also play an important role in developing self-confidence and self-esteem. Thus a lot of children don’t really desire expensive brand name clothing but just want to make sure that they feel well and are not singled out. The experiences of children that can’t afford fashionable items and become the target of bullying make clear that the fears of poor children are realistic (Ridge 2002; Hoelscher 2003). Against this background school plays a very important role in creating an atmosphere of tolerance and acceptance in the classroom to protect children at risk of social exclusion.

A likewise difficult field is the participation of poor children in leisure-time activities. Girls and boys from poor families are less likely to participate in clubs or age-specific activities like doing sports or going to the cinema, as the costs generally are too high. Some children don’t go to birthday parties as they either can’t afford a gift or won’t be able to return the invitation. Others avoid visiting friends as they don’t want them to come for a visit because they don’t have enough room or feel ashamed of their family situation. Poverty therefore sets children at risk of social exclusion. The situation becomes especially difficult if children keep their poverty secret so that friends can’t understand their behaviour. However, many girls and boys have at least one “best” friend to trust and to talk to about their experiences (Ridge 2002; Hoelscher 2003; Richter 2000).

School activities can be challenging out of similar reasons. School trips are often very expensive and mean an additional burden on the family budget. Non-participation, however, does not only prevent children from making important educational but also social experiences as especially over-night trips knit classes together and have a rather long-lasting effect. Though many schools offer the possibility of reduced payment for poor children, sometimes families don’t take up this opportunity: some children are afraid to admit being poor, some families don’t know about the benefits and for some even reduced rates may be unaffordable (Ridge 2002).

The above suggests that the emotional burdens are the stronger the deeper poverty is, the longer it lasts and the more school-aged children live in a family.

The inability to keep up with others is only one of the issues that are difficult for children. Other sensitive subjects are unemployment and the dependency on benefits. Research on adolescents suggests that they need an acceptable explanation for the non-engagement of their parents in the labour market. Reasons that are considered “acceptable” include the inability to work because of a disability or chronic illness, the participation in training programmes and the active search for a new job. Many of

those children who perceive that their parents don't try to find employment feel ashamed and tend to try to keep their family situation secret (Hoelscher 2003). Similarly, many girls and boys feel ashamed of being dependent on welfare or other benefits. They feel like "beggars" and are afraid of other children harassing them. Some children rather prefer to go without free school meals or school trips than to admit that they are not able to afford them and to ask for support. By this the attempt to protect themselves from exclusion can easily lead to self-exclusion (Ridge 2002; Hoelscher 2003).

Many parents try to protect their children from the effects of poverty and rather refrain from spending money for themselves than for their children. Most parents try to give their children some pocket money; though it may be irregular or coming from different sources (e.g. older siblings, grand parents or other relatives). On the other hand children understand financial hardship very early and learn to do without things. Some children don't even ask for money or for their needs to be met any more so that they, too, seem to protect their parents (Hoelscher 2003; Ridge 2002). In adolescence many children start working to earn their own money and to become economically more independent from their parents. For many young people this proves to be a very positive experience. They tend to deal responsibly with their money, are more self-confident and above this gain status in their peer group. However, children are at risk of being exploited in their jobs, e.g. because of dangerous working conditions or unreliable payment patterns. In case of conflict children have little chances to get their rights through. Working besides school hours can also mean an overload for young people and may clash with their schoolwork (Ridge 2002; Hoelscher 2003; AWO 2000). This example illustrates that though young people are more sensitive to the direct impacts of financial hardships many are nevertheless capable of coping with their situation. At risk, on the other hand, are young people with severe family problems and/or low educational achievements.

## **4.2 Coping with Poverty**

Poverty doesn't affect all children in the same way. Some girls and boys manage to cope very well with their situation and are able to lead a healthy and successful life, while others are caught in the cycle of poverty. Why do children react so differently? To approach an answer to this question this chapter gives an overview of factors that mediate the experience of poverty and of coping strategies of young people.

### **4.2.1 Risk and Protective Factors**

Children's ability to cope with strain depends on many factors. It's not only the severity of a stressor but rather the interplay between a variety of risk and protective factors. As long as it is possible to keep the balance between stressors and resources children are able to cope and are unlikely to be negatively affected in their physical, cognitive or psycho-social development.

Risk and protective factors are not independent from each other but rather represent the opposite ends of the same thing (cf. Laucht et al. 1997; Lösel et al. 1990; Scheithauer, Petermann 1999). For example, a close relationship to a parent is protective while its absence increases the risk of stress reactions. The quality of such a relation can determine if, for example, a child that is bullied at school finds support at home and is stabilized or if it faces on the contrary an additional strain. If the child,



however, doesn't attach any great importance to its relationship to its parents in this situation it is unlikely that it influences the child's coping behaviour. Thus, the absence of a risk factor doesn't automatically have a protective effect.

### *Economic Factors*

The risk poverty poses to the development of children depends mainly on three different factors: the depth, timing and duration of financial hardship.

Families that suffer an income loss e.g. because of a parent's unemployment are initially often able to tide it over by using up savings. If the economic hardship persists it becomes more and more difficult to maintain the previous way of life and major changes become necessary. The process of adjusting to a lower standard of living is difficult and often involves conflicts that affect family relations. The strain is the higher the larger income changes are, though it is not the absolute but rather the relative income loss that is decisive (Walper 1999). While in families that live on a low income the additional decrease aggravates an already tight financial situation, middle class families face the fear of social decline and economic uncertainty. For them the adjustment to a low budget seems to be especially difficult (cf. Duncan, Brooks-Gunn 2000).

For children family poverty is mediated by the financial resources that actually reach them. Children are highly sensitive to the attempts of parents to protect them from material deprivation. The experience that parents struggle to meet their needs as far as it is possible seems to help them to do without in other situations. Above this the amount of money young people have at their disposal is an important factor as well: They perceive their situation the less burdening the more financial resources they have – independently from their source of income (pocket money or own earnings) (Hoelscher 2003; Ridge 2002).

With the persistence and increasing depth of poverty many families are no longer able to protect their children from the effects of cutting down expenses. The children thus have to face the consequences of having less than others and of being excluded in many areas of child and youth culture. Particularly at risk are young children who are born into poverty or are growing up poor, as the early confrontation with disadvantages might prevent the development of personal resources so that subsequently processes of social exclusion might start very early in life. Thus poverty is not only a single risk factor but a complex phenomenon that increases the vulnerability of children to other stressors (Duncan et al. 1994; Bolger et al. 1995; McLoyd 1990).

Closely related to the financial situation are the living conditions of the family, as persistent income losses or chronic poverty forces families to move into cheaper housing. Poor standard rented accommodation in economically rundown areas, as well as overcrowding or the inability to pay utility bills have to be seen as significant risk factors for the development of children (cf. Evans et al. 2002)

### *Family Factors*

The most important mediator of child poverty is the family. Children experience poverty through their family and are affected not only by how financial assets are distributed but also by the way parents and other family members cope with poverty and with the events that have caused the economic pressure (e.g. unemployment, divorce, chronic illness).

A basic protective factor that helps girls and boys to cope with poverty and to develop healthily is a high quality of family relations. Duncan and Brooks-Gunn (2000) stress the importance of the home environment: the warmth of mother-child interactions, the physical condition of the home and also the opportunities for learning that children have. These comprise the interest parents show in the progress of their children and the aspirations they have for them – both factors are associated with children's educational achievements (Evans et al. 2002). Adolescents report a higher level of well-being in their family if they have a good and stable relationship to at least one parent. The assurance to get support within the family whenever it is necessary is another factor that stabilises young people when facing difficulties in other areas of life (Hoelscher 2003).

Positive parent-child interactions require a context of functioning family relations in general. Positive factors are a good and harmonious relationship between parents with few conflicts, a high level of family cohesion, open communication strategies, a high educational level of parents and the parents' ability to act as role models for their children (Walper 1999, Liker, Elder 1983; Evans et al. 2002). Regarding poverty children are more capable of accepting the situation if their parents manage to adjust to the economic hardship and if the reasons for poverty are acceptable for children.

Family risk factors are often intertwined with poverty. Family problems like break-ups, mental health problems or substance abuse increase the risk of poverty as parents are less capable of employment while economic pressure puts an additional strain on families. If parents are already burdened because of marital conflicts or personal problems or if they only have few social or personal resources, family relationships are likely to worsen, leading to increasing numbers of conflicts and less positive parent-child interactions. "Rewarding, explaining, consulting, and negotiating with the child require patience and concentration – qualities typically in short supply when parents feel harassed and overburdened" (McLoyd 1990, 322). This can mean that parents give their children less support and attention, that they don't supervise them sufficiently and that they tend to use more arbitrary, punishing educational practices. In extreme case this can lead to child maltreatment (cf. Duncan, Brooks-Gunn 2000; Walper 1999; Conger et al. 1994; Conger et al. 1993; Hashima, Amato 1994).

Family disruptions and changes in family structures also have to be seen as risk factors. It's not only the break-up of families but also following new partnerships that have a negative effect on the well-being of children (Peters, Mullis 1997; Chase-Landsdale et al. 1995; Hoelscher 2003). Against the background of the high relevance of the family it is not surprising, that young people who report severe family problems often face problems in other areas of life as well, especially at school and in relations to peers (Ridge 2002; Hoelscher 2003).

### *Child factors*

Child factors can only be understood in their interaction with the general life situation and – in case of poverty and social exclusion – with the corresponding protective or risk factors. Children born into poverty face a lot of risk factors from the start like low birth weight, physical and mental disabilities, and poor visual-motor skills. These factors increase in the long run the risk for a poor cognitive development with subse-

quent low educational achievements but also for the whole range of temperamental difficulties and behavioural problems (Evans et al. 2002; cf. chapter 4.1).

Children that become poor later in life have better chances for coping as many of them had more possibilities to develop their own personal and social resources. Generally protective factors are a high self-esteem, a good sense of self-efficacy and the conviction that whatever happens can be controlled. These factors are protective because they make it more likely that strains and problems are perceived as surmountable. The experience of successful coping, on the other hand, makes it more likely that future problems can be solved as well (Dumont, Provost 1999; Lösel et al. 1990; Kolip 1997). Self-confidence also helps young people to adjust to poverty as they are less dependent on the opinions of others. Attitudes and values that match the necessities linked to living on a low budget help to reduce strain. Adolescents, for example, who don't care about brand name clothing, are more likely to cope with economic pressure than those for whom consumption goods are very important (Walper 1999, Kolip 1997, Brake 1996). Other factors are intelligence but also the temperament of children. Temperamental difficulties like hyperactivity, impulsiveness, aggressiveness, or lack of attachment to parents or other adult role models increase the probability that children are more often punished by their parents, that they are socially less included and that they more often develop behavioural problems (Evans et al. 2002; Zinnecker, Silbereisen 1998; Scheithauer, Petermann 1999).

Children's reactions to poverty and social exclusion also depend on their age, gender and level of development. Young children (up to age 4) are especially vulnerable as they had no chance yet to develop enough cognitive and social skills to understand stressful events and to cope with them. In early childhood and pre-adolescence boys tend to be more vulnerable to stressors than girls whereas later on the situation is vice versa with girls displaying higher levels of strain. In addition developmental tasks can in some phases be linked to significant strain (e.g. low self-esteem, conflicts with parents) that increase the vulnerability to other stressors like poverty or family conflicts (Kolip 1997, Rutter 1988).

### *Environmental factors*

Environmental factors comprise a broad range of aspects. In this context the focus is laid on the neighbourhood children live in and the informal and formal social support they get there.

Poverty tends to concentrate in urban but also in socio-economically disadvantaged rural areas. These neighbourhoods are characterized by persistent severe poverty and a withdrawal of public and private institutions leading to social disorganization and few resources for children. Thus disadvantaged communities are associated with a broad range of risk factors:

- poor housing conditions
- population consists of many people at risk of social exclusion (migrants, welfare recipients, large families, single parent families)
- high poverty rate
- high unemployment rate
- low social cohesion
- crime and violence
- drug and alcohol abuse
- lack of public transport
- lack of social and health-care services
- lack of access to cultural and leisure activities
- adults who don't monitor behaviour of adolescents

- lack or low standard of child care facilities and after-school programs
- low standard of schools
- little space children can use (playgrounds, parks etc.)

(cf. Duncan, Brooks-Gunn 2000; Aber et al. 2002; Brooks-Gunn et al. (Eds.) (1997)).

Neighbourhood poverty can affect child development quite independently of family poverty, especially in large urban areas where neighbourhood poverty is severe. In fact the risk neighbourhood conditions pose to the development of children and young people seems to increase exponentially rather than linearly (Duncan, Brooks-Gunn 2000; Spencer et al. 1997). Access to services, however, may be more restricted in rural areas, where population density is low and families have to travel far to services. Public transport often is rare and expensive so that low-income families without an own car are particularly disadvantaged (Aber et al. 2002; Ridge 2002).

There are also age and gender differences in the effects of poverty. For young children the home environment and family processes seem to be more important than the environment. The neighbourhood has an indirect influence though through the level of social support and social cohesion as well as through predominant values and parenting practices (Klebanov et al. 1997). As children grow older and spend more time on the streets negative effects of neighbourhood poverty become more prevalent for boys than for girls with family and school mediating the effects (Halpern-Felsher et al. 1997).

But neighbourhoods can also be protective for the development of children and young people. One factor is a high level of social cohesion and “collective efficacy” of neighbourhoods, as Duncan and Brooks-Gunn (2000, 191) call the “agreement on and enforcement of norms for child and youth behaviour”. Such awareness for young people can result in neighbourhoods providing resources for children like safe sports- or playgrounds or the access to libraries.

Another, likewise important environmental factor is social support. Informal social support helps families in many ways. It eases the burdens of parents what can result in less conflictual relationships and more effective parenting practices. Research based on the US panel NSFH shows that poor parents who receive little social support and only have few people who would help in a crisis are especially likely to yell at or slap their children. Positive effects of social support become visible for parents who are under stress and in need for support. The more people these parents had to rely on, the less likely they were to report problematic parenting behaviour. The key form of support that was protective was help with baby-sitting and child care (Hashima, Amato 1994).

Likewise the access to high quality child care and educational facilities is protective. In toddler and preschool years good child care is linked to enhanced social, emotional and sometimes also linguistic competences for both low and middle income children (Duncan, Brooks-Gunn 2000). Early-childhood education programmes for poor children have also resulted in enhanced verbal abilities, reasoning skills, persistence and enthusiasm in learning and reduced behavioural problems (Yoshikawa 1994; Burchinal et al. 1997; Ramey, Ramey 1998; cf. Duncan, Brooks-Gunn 2000). For children social support is equally important. Not only the involvement in social networks (e.g. peers, wider family, and other supportive adults like teachers or youth club staff) but particularly the satisfaction with these contacts is relevant. More important than the support young people actually get seems to be the confidence that somebody will help when they need it. Adolescents who get only little support by family or peers report a low level of self-esteem, while reliable support by at least one person was protective: as long as there are relevant supportive people in the life of

girls and boys their number doesn't seem to matter for the development of self-esteem. However, children look for support mainly in their close environment: they name parents (especially mothers), friends, and (older) siblings as most important sources of support (Van Aken et al. 1996). As children grow older the relationship to peers gains importance and most girls (and many boys) build up a close relationship to a "best friend" that includes sharing private issues (Kötters et al. 1996; Von Salisch, Seiffge-Krenke 1996). Siblings play a vital role if girls and boys are isolated in their peer group or if they can't expect support from friends. Thus siblings seem to compensate problems children have with peers (East, Rook 1992).

### *School Factors*

The consequences of poverty on the cognitive development and educational attainment of children illustrate the importance of school as a mediating factor of poverty. In many countries poor children and young people face barriers and disadvantages in the school system just because of the social status of their families. However, some of the countries that achieved high results in the PISA study on literacy performance (in the EU Finland and Sweden) also managed to – at least partly – level social differences. In Germany on the other hand a below average outcome in PISA goes along with a high level of social disparity (OECD, UNESCO UIS 2003). Another result of PISA is that school characteristics have a stronger impact on students' performance than family characteristics. Thus school is a major agent for the inclusion or exclusion of children and young people. The ability of schools to enable students to enjoy learning is only partly a question of how to deliver knowledge. More decisive is the commitment of schools and teachers to their students and their skills to manage both school and classroom in an inclusive way, i.e. in a way that caters for all children and young people.

Poor adolescents emphasize the importance of the atmosphere in the classroom (i.e. a climate of acceptance and respect). Teachers who manage their classroom in a way that puts a stop to bullying and social exclusion, e.g. because of not wearing brand name clothes, help increasing the well-being of poor students in their class. Another protective factor can be seen in a good student-teacher-relationship, with teachers being perceived as fair, committed and trustworthy. Conflicts on the other hand, especially if they happen regularly, can prevent students from effective learning and sometimes decreases their well-being at school so much that they would like to change class or school. These social factors are decisive for both students' achievements and well-being. Well-being at school has the potential of counterbalancing a difficult family situation. And while most boys and girls wouldn't ask teachers or social workers for help with personal problems they appreciated these persons noticing their problems and offering support. Out of the same reason the quality of social services at school depends on the capability of their staff to get involved in "normal" school life to give students a chance of getting to know them and to build up confidence (Hoelscher 2003). In conclusion schools, teachers and counsellors therefore need to be committed to their students and willing to take into account the impact of children's social situation on their functioning at school (cf. Pilling 1990).

Another issue is the way schools deal with the poverty of some of their students. The purchase of books, stationary and materials, of school uniforms (in some countries), school trips or school meals can be very difficult for poor families. Some children prefer to do without rather than tell at school that their family can't afford these things – even if there are means of financial support from schools or the social welfare office. The decisive question in this context is, whether students have to fear social exclusion and bullying if their economic situation becomes obvious or if teachers and

classes are not only tolerant but also ready to search for solutions that include poor students in school activities. Also important is the information about financial support schools provide to low-income parents and generally the willingness to keep costs on a reasonable level (cf. Ridge 2002).

All-day schooling or afternoon activities at school are also helpful for students from disadvantaged or otherwise problematic families. On the one hand the monitoring of children and young people in the afternoon and the possibility of spending time with friends and discovering new skills can be protective, but on the other hand many girls and boys from difficult backgrounds appreciate the time away from their families (cf. Hoelscher 2003).

Finally the ability of schools to get parents – especially of disadvantaged girls and boys – involved in school life is also an important factor. The ties between schools and parents of disadvantaged students tend to be weak (cf. Evans et al. 2002). Parents might show little interest and schools often don't put efforts into reaching them – with the consequence that these parents know little about what is going on at school and can't monitor and support their children sufficiently.

#### 4.2.2 Children between strain and resilience

The extent and interrelationship of risk and protective factors mediate the reactions and coping strategies of young people. If they only have little personal or social resources to deal with stressors, they are likely to be overburdened and to react with behaviour or health problems. On the other hand studies on the resilience of young people suggest that the accessibility of a broad range of resources can protect children in spite of large strain. Resilient young people are able to access more personal and social resources than young people who display problem behaviour and are thus able to cope with difficult life situations. They don't differ much though from those not facing heavy strain, what points to the activation of those resources that generally serve to a healthy development. Resilience is, however, neither absolute nor timeless but relative. The reactions of young people on strain can change in the course of their development or changing life circumstances (cf. Lösel et al. 1992; Lösel et al. 1990; Dumont, Provost 1999).

Young children learn coping strategies mainly from their close environment, especially from their parents. They are dependent on their families and problem behaviour has to be seen in the context of the family system. Sustainable positive effects of (therapeutic) interventions are therefore only likely if they involve all family members. As children grow older, they become more independent and start developing their own coping style during adolescence, i.e. a bundle of strategies they prefer to use to deal with problems.

In general there are two different ways of coping: problem solving and problem avoiding strategies. Problem solving aims at changing the difficult situation while problem avoidance tries to reduce the emotional strain without solving the basic problem. Problem solving strategies can be further differentiated into active and internal strategies (cf. Compas 1997; Dumont, Provost 1999; Seiffge-Krenke et al. 1997; Lohmann, Jarvis 2000).

Active coping is possible, if children perceive that they can control and influence a situation. But it can also be the other way round: somebody who copes with problems actively is more likely to experience that he can change a difficult situation (Compas 1997; Kolip 1993). Girls and boys who solve problems actively can use personal as well as social resources. They try to solve conflicts with the persons involved or look

for support by talking with parents, friends, siblings or other persons they trust. A study on adolescents suggests that girls seem to use more social resources than boys. Girls and boys both prefer talking to parents or other close family members when they need support. However, while girls also usually have close friends in whom they confide, boys tend to keep their problems secret (Hoelscher 2003).

Many poor young people experience however, that there are problems they can't talk about with anybody, as the family can't help (or is itself the problem) or because problems are too difficult and delicate to tell friends about. Some young people don't believe that friends could help them, others don't have the confidence that private issues are kept secret and finally some are afraid of showing their vulnerability (Hoelscher 2003). If boys and girls stay alone with their problems they are thrown back to internal or avoiding strategies. Using internal coping strategies means to solve problems by thinking about a solution and reflecting the own situation to reach changes in one's own attitudes or behaviour. Kolip (1993) suggests that young people often use internal coping if a problem comes back repeatedly but is perceived as manageable. Problem avoidance on the other hand comprises all attempts to avoid dealing actively with a straining situation: withdrawal, diversion or the hope that the problem just might vanish. Many children try to avoid dealing with a problem because they feel helpless and unable to control or change a situation. Accordingly this is often a reaction on very burdening events. Seiffge-Krenke et al. (1997) point out that problem avoidance is protective after being confronted with a severe stressor as it helps to control one's own feelings. However, in time it becomes a risk factor if it doesn't develop towards some kind of problem solving behaviour. Exceptions are problems that are objectively beyond the control of children, e.g. parents' divorce, alcoholism or cancer. Any attempt of young people to change such a situation is almost certainly bound to fail so that it might be healthier for them just to try to get through themselves (Kolip 1993; Compas 1997).

How young people cope with burdens depends on the personal and social resources they can use. If children can't cope successfully they show internalising or externalising problem behaviour. Problem behaviour only differs quantitatively rather than qualitatively from successful coping. It's still a strategy for dealing with problems in a way that is subjectively meaningful in a situation where burdens are too strong and numerous or where protective factors are insufficient.

There are also still gender differences in the socialisation of young people so that girls and boys tend to develop different resources and subsequently different ways of coping. As mentioned above girls have more persons to talk to about problems and to ask for support. Looking for emotional support seems to be a very effective strategy as young people don't stay alone with their problems but can solve them with the help of others. The use of social resources belongs to the most important prerequisites of active coping. Internal and problem avoiding strategies on the other hand are used equally by boys and girls. However, boys and girls seem to have a different perception of difficulties. Boys tend to have a higher threshold for defining a situation as "problem" that needs coping than girls so that girls see themselves confronted with burdens more frequently (Kolip 1997; 1993).

## **PART II: TACKLING CHILD POVERTY**

The overview of the extent and structure of child poverty in EU Member States and the US has shown a great diversity (chapter 3). The incidence of child poverty has to be understood against the background of the complex interplay between economic factors (e.g. labour market), societal factors (esp. social cohesion and the role of the family) and the specific welfare tradition. These factors not only determine the picture of poverty and social exclusion within a Member State but also the policies that are adopted and the path on which reforms are likely to take place (cf. Begg et al. 2002). Chapter 5 thus gives an overview of child poverty in the context of different welfare traditions, mainly based on Esping-Andersen's (1990; 1999) welfare regime typology. In spite of different societal backgrounds and traditions it is possible though to identify common objectives and responses that are adopted to tackle poverty and social exclusion among children and families (chapter 6). These policy clusters form the background against which the different approaches of welfare states are depicted in detail (chapter 7). Chapter 8 finally summarises those combinations of strategies that are effective in tackling child poverty and promoting the social inclusion of children.

### **5. Child poverty in the context of different welfare systems**

Social policy and welfare, though being national territory, have always given reason for international discussions and processes of learning from each other. Bismarck's introduction of social insurance laws in Germany in the late 19<sup>th</sup> century was discussed throughout Europe and adopted by many countries during the following years – characterising the design of many continental European welfare states to date. Though the main challenges – the management of new vulnerabilities and social risks following industrialisation – were similar across the industrialised world, the social policies that were adopted had to correspond to the respective national political and social conditions. Thus it is not surprising that when modern welfare states took shape after WWII concepts were already competitive, with Lord Beveridge in Britain, Gustav Möller in Sweden and Franklin Roosevelt in the US being the main architects. Supported by steady economic growth and high employment rates social policy delegated the main responsibility for welfare to the labour market and the family, assuming and promoting the male bread-winner and female housewife-and-mother norm. Accordingly the focus was laid on securing the men's ability to provide income for their family: income-maintenance, job protection, health insurance, benefits for large families, old-age and survivors' pensions. Throughout the industrialised world welfare states expanded during the post-war decades, adopting considerably varying courses in defining and delivering welfare. Against different political and societal backgrounds (e.g. social democracy, Catholicism) responsibilities were distributed between the state, families, local communities and the labour market. The distinctive balance between the different actors again influenced the further development of both the society and the welfare state. However, regional similarities are reflected in similar patterns of welfare states, allowing the clustering of welfare states in different types of welfare systems (Esping-Andersen et al. 2002; Esping-Andersen 1999; Katrougalos, Lazaridis 2003; Myles, Quadagno 2002; Kuhnle, Alestalo 2000; Pearson, Scherer 1997).



Esping-Andersen (1990; 1999) thus has identified three welfare regimes that represent different ways of understanding and tackling social problems: the social democratic, the conservative and the liberal welfare regime. This classification has since been adopted by many researchers, but it is often suggested to add the Southern European welfare state with its stress on families and a generally selective security system as fourth category (e.g. Leibfried 1992, Ferrera 1996, Muffels, Fourage 2002). Katroulagos and Lazaridis (2003) follow Esping-Andersen though, arguing that the Southern European states have still less developed but similarly structured welfare systems compared to continental Europe. In the context of combating child poverty the extraordinary strong role of the family is nevertheless a very distinctive feature of Southern European welfare states so that it is taken as a separate type of welfare regime within this study.

Not only has the discussion on whether or not to treat Southern Europe as distinct category pointed to the problems of typologies, some countries also seem to elude classification as they display elements typical for different models. Thus the Netherlands are sometimes grouped with conservative, sometimes with the social democratic states, whereas Ireland is by some treated as liberal, by others as conservative welfare state. One has therefore to keep in mind that firstly any classification is tentative and secondly states are not static but dynamic. Policies change over time, and reforms and social developments may move countries from one category to another.

In brief the different types of welfare states are characterised as follows:

#### *The Liberal Welfare States*

The liberal welfare states, like the UK and the US, try to keep the social responsibilities of the state as limited as possible. Citizens are expected to be self-supporting and so it's the market that is seen as the main agent to counter social risks by offering private welfare plans. This is encouraged by the government through substantial tax concessions. The state steps in where people are left behind. Accordingly any form of social assistance is traditionally both targeted and means-tested. This kind of benefits creates a clear barrier between the welfare-dependent minority and the independent majority and thus tends to foster stigmatisation and social exclusion. At the same time benefit-levels are rather low.

However, the last years also saw a move towards more universal policies, especially to work-conditioned benefits like work and child tax credit schemes for which large parts of the population are to some extent eligible. Work-conditioned benefits were introduced to meet two major problems, the perceived lack of work incentives (both financial and through services like child care) and the rise of low-wage employment linked to a growing number of working poor (DWP 2003c; Esping-Andersen 1999; Esping-Andersen et al. 2002).

The emphasis on employment policies and individual responsibility has put those people at risk whose chances for participation in the labour market are limited either because of difficulties in reconciling work and care for children and/or because of low qualification levels. As a consequence it is not surprising that child poverty rates in both countries are exceptionally high.

### *The Social Democratic Welfare States*

In contrast to the liberal states child poverty rates are very low in Nordic countries. This is not least due to the very strong role of the government in providing security against a broad range of social risks for all individuals. Universal benefits on a generous level are combined with a policy of activation that seeks to bring people into employment and highly developed public services for children and families, disabled or elderly people. These services relieve families from caring responsibilities and by this enable parents to reconcile work and family life. This again encourages mothers to have children and fathers to get involved in education and care. Relying almost exclusively on government, the social-democratic welfare system is very expensive and depends on high tax revenues that require high levels of employment. However, the costs for welfare don't seem to be higher than in other countries if private contributions to welfare are taken into account (Esping-Andersen 1999; Esping-Andersen et al. 2002).

A great advantage of the social-democratic welfare system is its preventive design so that these countries have managed to keep both child and old age poverty low. Against this background universal benefits not only create a high level of equality but also make it possible to focus on particularly vulnerable groups that are at risk of being left behind.

### *The Conservative Welfare States*

The conservative welfare model is widely spread in the continental, Western European world, in this study Germany, France and the Netherlands belong to this cluster. These welfare states are characterised by a mixture of familialism and strong state regulation. In spite of societal changes that involve e.g. a higher level of education and labour market participation of women the system has maintained a rather traditional focus on the ideal of a male bread-winner who provides for his family and whose capability to do so has to be protected. The possibilities for mothers to balance work and family life are therefore – with the exception of France – often limited. With the strong emphasis on full-time employment a considerable part of social security is insurance-based. Against the background of high unemployment on the one hand and increasingly unstable employment careers on the other hand the system gets caught up in a financial crisis and requires major reforms. Contribution-based allowances are supplemented by universal benefits like child allowances or public services as well as by means-tested social assistance targeted at those people not included in the labour market.

Familialism, state regulation and a tendency to passive rather than active labour market policies (though mass unemployment is enforcing changes) have created barriers to labour market participation, especially for vulnerable groups of the population. However, the general generosity of benefits and child allowances help preventing income poverty so that child poverty rates in these countries are on a medium level.

### *The Southern European Welfare State*

The Southern European countries, in this study Greece, set up a fourth category of welfare states. Though there are quite a few similarities between the conservative and Southern European welfare model there are significant differences in the field of family and child policy. Like conservative countries Southern European welfare states are characterised by strong familialism, reflecting still prevailing traditional family structures and strong family cohesion. Young people leave their parents' home to form their own families only when they have reached financial self-sufficiency and thus relatively late. At the same time the wider family often steps in and takes care of

children or gives financial support. This in turn has relieved the state from the responsibility of developing coherent strategies of social protection. Accordingly social benefits are fragmentary, unevenly distributed and generally on a low level. Against this background the Southern European welfare model is sometimes called “rudimentary” (cf. Moreno 2000).

A broadly family-based welfare system has protective effects for children but sets those people at risk who are particularly vulnerable, e.g. because they can't fall back on a broader family. With traditional family structures becoming more fragile recently, the welfare state has to face new challenges. Most children in Southern European welfare states face an equal or lower poverty risk than the general population, due to the wider family stepping in if need arises.

Despite of all the differences in setting priorities and designing policies the different welfare states have in common that they are deeply rooted in the middle of the 20<sup>th</sup> century. Thus they have to face fundamental challenges as social, economic and political circumstances change and threaten the very structure and functioning of the social system:

- Across Europe populations are ageing as an increasing life expectancy coincides with decreasing fertility rates. The traditional generational contract has lost its balance as growing financial burdens (health, social care and pensions) have to be taken on by less and less young people. Against this background investments in child welfare become a salient issue as countries realise that they can't afford leaving a growing number of children behind. Many countries recognise therefore child poverty primarily as a risk for future employability and as a threat to the sustainability of the social security system.
- The growing individualisation of society during the past 20 years is particularly evident in family structures that are and have been moving from traditional to pluralistic family settings. It is less normal for children today to grow up with both natural parents and many have to cope with substantial changes in their immediate environment (divorce and new partnerships, often coupled with the need for relocation of the household). Less stable family structures have, above this, created groups with a high vulnerability to poverty and social exclusion like single-parent families.
- All this happens in a context of low economic growth and the substantial transformation from an industrialised to a service-oriented society. This goes along with a flexibilisation of the labour market, i.e. unstable career and employment patterns, and an increased demand for highly qualified personnel. In consequence inequality is on the rise as those who can't comply with the new conditions face a high risk of social exclusion: people with insufficient skills, cultural or social resources, people facing barriers to labour market participation (e.g. mothers, disabled persons) but also young people at the transition from school to work. The new instability of the labour market questions the whole financial set-up of social security arrangements as the financial basis (taxes, contributions) diminishes and workers have more problems to gain sufficient claims (e.g. pensions, unemployment insurance).
- Last but not least welfare states have to face the impacts of globalisation, holding chances like a growing European economic and political integration, as well as threats like global terrorism and growing cross-national dependency and responsibility.

(Van Kersbergen 2000; Esping-Andersen et al. 2002; Esping-Andersen 1999).

Social problems thus demand new solutions that cut across traditional policy approaches. With the Open Method of Coordination that was adopted at the Lisbon Council in 2000 the fight against poverty and social exclusion has become a European Issue. Recent developments show in fact a growing convergence of objectives and policies, even if the transfer to the national and local situation differs widely. Some of the main challenges emerge from demographic changes: the ageing of society and the erosion of traditional family structures. This has broadened the focus towards both ends of the life-cycle. The conditions under which children grow up thus attract more and more attention, on the national as well as European level. Compared to the first round of National Action Plans against Social Exclusion the new NAP/incl. 2003-2005 overall shows an increasing acknowledgement of poverty and social exclusion among children and contains more strategies to ensure children's healthy development and social inclusion – not least because the situation of children has been highlighted in the Common Outline (The Social Protection Committee 2003) as well as in the Common Objectives (The Social Protection Committee 2002). Though this development is encouraging, children's interests and rights are still not broadly taken into account. Many countries see children and their well-being mainly from an adult's perspective and focus on the needs of parents and families whereas children's views tend to be ignored. The growing convergence of objectives and policies to tackle child poverty and social exclusion thus still goes along with a persistent divergence in the underlying perception and recognition of children and their rights (cf. Ruxton, Bennet 2002; Ruxton 2001).

## **6. Identification of “universal” policy clusters to combat child poverty**

Though the perception of child poverty and social exclusion differs across the EU as widely as the policies to improve children’s living conditions, the main objectives remain quite the same: it is on the one hand necessary to improve families’ financial situation, either by increasing income and assets or by reducing expenses and on the other hand to prevent poverty and social exclusion and their intergenerational transmission (cf. Meyers et al. 2001). While the first objective focuses on poverty reduction in the narrow sense, the second has to be understood in the wider sense of social inclusion of children and young people at risk, including a broad range of policies that aim at a healthy development of children as well as at the development of resources they need for participation in society and a life in material security. These objectives offer a framework for clustering and analysing the policies and programmes implemented by the different countries. Three clusters are differentiated:

1. Policies to increase families’ financial resources
2. Policies to reduce expenses of families
3. Policies focusing on prevention and child well-being

### **6.1 Policies to increase families’ financial resources**

There is a broad range of policies that focus on increasing income and assets of families in need. Generally there are two different ways to pursue this goal: first to enable people to earn their own living and second to secure their living by cash or near-cash transfers. Direct transfers are in addition used to compensate disadvantages people face (e.g. because of disabilities or lone parenthood) or to cover some of the costs that result from living with children. Noteworthy are also the prevention of overdebtedness and the promotion of saving as an area that gains growing attention as governments here recognise the possibility of financial education and the prevention of future financial hardships. Though most countries have implemented a combination of all these strategies, many governments have made it a priority to bring people into work that pays. Paid employment is generally perceived as best way to escape poverty and social exclusion as it not only produces income but also gives opportunities for social contacts and personal development. Against the background of persistent economic slowdown and high unemployment rates in many EU Member States, however, job creation and the placement of people with low skills, long spells of unemployment or other disadvantages prove to be a serious challenge and a key priority for social policy.

The same is true for social benefits. The financing of social security is a salient issue in those countries that are particularly affected by mass unemployment and low economic growth. Thus many countries have gone or are going through a process of reforming their benefit system to make it sustainable and capable of managing the challenges of a globalised and individualised society.

One of the basic questions that have to be solved is that of eligibility, i.e. whether allowances are universal or means-tested, whether or not work requirements are imposed and which disadvantages are compensated. Likewise difficult is the decision about the amount of support and to which part it is given in cash and/or in kind. Finally welfare states have to find a strategy to balance labour market policies and cash transfers in a way that on the one hand encourages people to take up employ-

ment without leaving them undersupplied and on the other hand ensures that people in work have more income at their disposal than people out of work.

By way of summarizing the following gives an overview of targets in this policy area and examples of corresponding programmes:

#### 1. Bring people into work that pays

- job creation
- job training programmes
- support of maternal employment
- reduction of barriers to labour market
- incentives to employers
- work incentives (e.g. tax credits)
- minimum wages
- wage supplements
- tax exemptions

#### 2. Improving living standard through direct cash transfer

- social assistance
- child benefits
- family allowances
- lone-parent allowances
- disability benefits
- maternity allowances
- unemployment insurance
- child support enforcement
- child asset development
- combat heavy debts

## 6.2 Policies to reduce expenses of families

A different way of supporting poor families is to reduce their expenses and to provide them with basic services. Costs for services like childcare, healthcare, and housing put a much higher strain on low-income than on better off families so that inequalities persist. The access to affordable and high quality childcare is likewise important for supporting the development of children as for enabling parents, and particularly mothers, to take up employment. Access to decent and affordable housing can prove very difficult for low-income families, especially for large families. But not only housing itself is an issue but also the cumulation of problems in disadvantaged urban areas and poor rural communities and their growing marginalisation. Children growing up in such neighbourhoods face a very high risk of persistent poverty and social exclusion. Healthcare in EU Member States in general offers universal access to low-income families. However, health inequalities remain salient. Poor children and families live with higher health risks but make less use of screening, vaccination or medical treatment. Lack of information as well as cultural, geographical or language barriers need to be addressed by policy. Health policies thus comprise services in kind as well as financial redistribution of resources to create equity for all citizens.

Examples of targets and programmes in this area are:

1. Make high quality childcare affordable
  - childcare allowances
  - access to flexible and affordable childcare
2. Make decent housing affordable
  - housing allowances
  - access to subsidised housing
  - community and neighbourhood programmes
  - public transport
3. Health care
  - public health insurances
  - disability benefits
  - rehabilitation services

### **6.3 Policies focusing on prevention and child well-being**

Preventive policies aim at keeping families and their children out of poverty, but also at ensuring a healthy development of those children that do grow up poor. Promoting well-being of children is thus an important aspect of preventive policies. Some schemes of allowances and insurances mentioned above are already successful in preventing poverty, especially in regard to families close to the poverty line. However, in spite of the dynamics of poverty there is a small group of persistently deprived persons and there is evidence that children growing up in severe and/or persistent poverty are at a high risk of staying poor later in life. In addition even short spells of poverty can adversely affect children's development (see chapter 4).

Many countries see the main objective of prevention in breaking the cycle of deprivation and thus primarily focus on the future life chances of children. Children should however also be seen and supported in their own right and in view of their present well-being. Programmes that have a participatory, community-based approach are thus particularly important.

Prevention is nevertheless a very broad field that comprises first and all mainstream policies and programmes that are implemented in an inclusive way. Above this preventive measures are in many countries in the responsibility of local authorities or provided by (or in co-operation with) non-governmental organisations. Thus it is very difficult to obtain sufficient information on the policies that are in place in the different countries. In the context of this study it is thus only possible to highlight main strategies and some examples of good practice.

Main issues of prevention are seen in ensuring equal access to education and providing support for disadvantaged children to catch up, in empowering neighbourhoods and in strengthening families. Child protection and the inclusion of vulnerable groups, e.g. children with disabilities, children with ethnic minority background or children in care are also recognised as important issues.

## 7. Policies to reduce child poverty – country profiles

This chapter gives an overview of the policies and strategies that the examined countries use to reduce poverty and social exclusion among children. The presentation is by no means complete but rather highlights main strategies and profiles.

The portrayals focus on mainstream policies and therefore only touch policies that are targeted to particularly vulnerable groups of children that face multiple risks of social exclusion like disabled children, refugees, travellers, homeless children, children in care and children with experiences of abuse and neglect. Likewise not included are social policies that don't centre on children and their nuclear family (e.g. pensions and social care). Despite their importance in regard to prevention school education and health are only covered in a selective way, highlighting issues that are of specific significance for children in poverty.

### 7.1 The liberal welfare states

The United States and the United Kingdom are both classified as liberal welfare states as they traditionally hold the individual responsible for their own life and welfare. The state thus only steps in where self-sufficiency can't be reached and people are left behind. However, starting from a similar background the recent developments in the US and the UK diverge considerably. While the United States have broadly decentralised federal responsibility for social policy and are planning to further tighten up eligibility criteria for benefits, the development in the UK points to the opposite direction with the government now strongly focusing on combating poverty and social exclusion, particularly among children.

#### 7.1.1 The United States

The United States put a strong emphasis on individual responsibility and self-sufficiency coupled with a firm belief in the power of markets. Thus it is not surprising that the United States don't have an explicit and comprehensive national child or family policy. On the contrary, most social policy measures are targeted to the poorest and subject to tight eligibility criteria. This is backed by a very low federal poverty line (cf. chapter 2). Experts see a chance for self-sufficiency however only for families with an income of at least 200% of the poverty line (Cauthen, Lu 2003). There is one exemption though: Earned Income Tax Credits (EITC, see below) that were introduced in 1975 to help low-wage workers with the increasing Social Security payroll taxes, have today become the most successful and universally acclaimed support and work incentive for low-income families and its effectiveness has led to a continuous expansion of the scheme, supplemented by the reform and expansion of Child Tax Credits (CTC) in 2001.

The US federal government has broadly decentralised the responsibility for social and family policy, education and childcare to the states. States can put federal legislation into action like it is but have much scope to apply even tighter regulations or to add additional means and measures. They can also pass responsibility further down to local authorities. Against this background the picture of social policies and poverty reduction strategies across the United States is very diverse. This overview focuses mainly on federal programmes.<sup>6</sup>

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<sup>6</sup> For a deeper insight into state initiatives for children and families see e.g. Cauthen et al. 2000.



### 7.1.1.1 Policies to increase families' financial resources

In difference to the European welfare states it is not the increase in family income that motivates American anti-poverty policies but explicitly the prevention of dependency – even if this for some families involves having less money than before. The national system of support for low-income families with children changed fundamentally in 1996 when the *Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)* was introduced. One of the most important features was the replacement of the former social assistance scheme *AFDC (Aid to Families with Dependent Children)* by *TANF, the Temporary Aid for Needy Families*, involving tightened eligibility criteria. Under TANF the federal government gives block grants to States which they can use to meet specific programme objectives. Basic cash assistance to poor families is the strongest but not only feature of TANF. States can also use these funds to offer additional services to bring low-income families into work. TANF grants must be supplemented with States own funding for families in need at a rate of at least 75-80% of their former contribution to AFDC-related programmes in 1994. States have to meet some main requirements for families receiving cash or other basic support through TANF. Families can receive basic assistance under TANF for a life-time limit of 5 years and the states are only permitted to extend this limit for up to 20% of the recipients. In addition half of families receiving TANF have to be engaged in an approved work-related activity for at least 30 hours per week (Iceland 2003; Morris et al. 2001; The Finance Project 2002).

Against this background job creation and pressure on families to take up gainful employment is the most important measure to reduce welfare dependency. This is supplemented by financial work incentives like tax credits to secure the living of families and prevent the return into welfare dependency. Cash transfers finally are seen as last resort to provide families with basic necessities. In addition there are basic insurance-based social protection schemes for unemployed, disabled or elderly persons.

#### 1. Bring people into work that pays

Workers losing their jobs have access to services through local “*One-Stop Career Centres*”. Besides support and information on entitlement for *Unemployment Insurance, Pension Benefits* and *Health Insurance Coverage*, assistance is given with job search. In the first instance support focuses on *job placement* (job referral, information on local job openings, résumé assistance, training). If this doesn't work out support gets more intensive with *one-on-one assistance* or *group career workshops*. Services include an assessment of skills and abilities, résumé writing classes, personalised job counselling and workshops on stress and financial management. In addition there is a broad range of training services such as occupational skills training, on-the-job training, English language courses, math and reading training. Participants have to pay for training courses but get support in identifying sources for financial assistance (U.S. Department of Labour 2003)

*Welfare-to-Work (WtW)* is a federal programme under which states and local communities get grants and technical assistance for programmes to bring hard-to-employ welfare recipients into work. Programmes are thus targeted to long-term welfare dependants with a low level of education, low skills and little job experience with the objective to bring them into long-lasting, sustainable work. An example for a key project is the “*Worker and Training Assistance Program*”. It is designed to train and develop new skills necessary for the transition from welfare into government jobs. Training

covers four components: orientation, workplace skills, transition skills, and a managerial component. How this programme is implemented depends on the local agencies and can be very flexible. Some programmes for example employ participants for a three-year period in which on-the-job support, training and counselling is provided and promote them afterwards to a regular position (ILO 2003a).

There is also a broad range of TANF-related strategies to encourage employment. These are in the responsibility of states and differ widely across the United States. *Earned income disregards* help to reduce high marginal effects of taking up employment. Disregards are usually temporary and/or decline over time. It thus is understood as support to cope with initial work-related expenses and to help developing some kind of labour force attachment. The maintained – and often thus very low – social assistance counts to the 5 year life-time limit on welfare receipt though, unless states bring in their own so-called *MOE funds*. Other strategies include an additional *State Earned Income Tax Credit* that is granted on top of the federal tax credits (in 17 states, but only refundable in 12 states), *subsidised wages*, the *reimbursement of training costs* of an employer, *additional family allowances* to temporarily cover work expenses, *employment bonuses* and *short term emergency assistance*. The latter is to be found in 31 states as it became clear that a one-time cash benefit can help to cope with a crisis and thus avoids returning to welfare. Widely spread are also programmes that grant parents who want to take up employment, *child care subsidies* and *transportation subsidies*, in some states also *housing benefits* or *medical insurance* (The Finance Project 2003).

Currently TANF is undergoing congressional reauthorisation. Many states face deep fiscal crises that force them to cut back programmes and to consider raising taxes. The structure of TANF secures the provision of cash benefits to needy families but allows cuts in non-cash programmes. Thus childcare subsidies and job training assistance is subject to considerable cuts in many states. In addition President Bush proposes a further tightening of eligibility criteria for families claiming welfare as he plans requiring welfare recipients to work 40 hours per week either in jobs or job placement programmes (The Finance Project 2003).

The United States have a *minimum wage* that in 2001 was pegged at \$ 5.15 per hour. Ten states have higher minimum wages at an hourly rate of up to \$ 6.75 in California and Massachusetts. The effectiveness of minimum wages is discussed controversially particularly in regard to the question whether the higher costs for employers outweigh the benefit to low-wage workers (The Finance Project 2003).

More public support get *Earned Income Tax Credits* (EITC) and *Child Tax Credits* (CTC), income supplements that are directed at low and middle income families. EITC is usually paid with the annual income tax returns but claimants can also opt for a portion of it being paid with their wages. EITC is refundable so that even working persons who don't earn enough to pay income tax or whose entitlement is higher than their tax liability can profit from this scheme and are paid a rebate. Eligibility and the amount of benefits depend on three criteria: whether the tax payer has no child, one child or more children, whether he or she is married or single and how much he or she earned during the year in relation to marital status and family size. Families with one child can receive up to \$ 2.506 per year, those with two or more children up to \$ 4.140. The maximum is paid for yearly income between \$ 7.350 (10.350 for two and more children) and \$ 13.549 for lone parents or \$ 14.549 for married couples respectively. Afterwards, when a family reaches poverty level, EITC is phased out with the highest income threshold set between \$ 29.200 (lone parents with one child) and \$ 34.177 (couples with more than one child). Families with very low income benefit

particularly of any raise in working hours and therefore income, as EITC increases by 40 cents for each additional dollar of earnings.

EITC lifts more families out of poverty than any other programme – in 1999 4.7 million people including 2.6 million children. The National Centre for Children in Poverty (NCCP) estimates that an additional 1.1 million children could be lifted out of poverty if all states adopted state-level refundable tax credits set at 50% of the federal credit. This is due to the structure of the federal EITC. Working families near but below the poverty line receive a maximum benefit and can thus be pushed above this line. This is not possible for poorer families who receive less tax credit but nevertheless reduces the 'poverty gap'. Research shows that EITC increases the labour market participation of single mothers considerably but slightly decreases employment rates of married couples. It is likely that these families are in the income range where EITC is phased out so that work might not pay enough (Cauthen 2002; The Finance Project 2003).

Child Tax Credits (CTC) were introduced in 1998 as non-refundable tax credit and were then reformed – together with EITC – under the Economic Growth and Tax Relief Reconciliation Act of 2001. Under the new tax law CTC became partly refundable so that poor working families can now benefit from the scheme. In 2001 and 2002 CTC was paid at a maximum rate of \$ 600 per dependent child under age 17, and raised in 2003 and 2004 to \$ 1000. But it is planned to reduce CTC to \$ 700 in 2005 and then to increase it steadily to \$ 1000 again in 2010. The benefit is phased out for lone parent household with gross incomes above \$ 75,000 and married couples with income above \$ 110,000 at a rate of \$ 50 per \$ 1000 of income. CTC is partially refundable. A family that earned more than \$ 10,000 in 2001 was thus eligible for a refund equal to 10% of their taxable earnings above \$ 10,000 up to the maximum benefit of \$ 600 per child. The qualifying \$ 10,000 income threshold will be adjusted annually for inflation. With drawing the qualifying income line at \$ 10,000 – roughly the income earned in a full-time job at minimum wage – CTC promotes and rewards full-time employment and sets a strong work-incentive. EITC and CTC are designed to be complementary. The different thresholds after which tax credits are phased out help to reduce marginal taxes for families with children and makes it easier for married couples to work both as losses through marginal taxes and lost eligibility to benefits are alleviated (The Finance Project 2003).

## *2. Direct cash transfers*

Direct cash transfers are not very common in the United States. Apart from CTC there are no child or family allowances. There is also no national maternity, paternity or parental leave policy, though some states have implemented such policies (The Clearinghouse 2003f).

*Unemployment insurance* (UI) is paid to eligible claimants with benefits representing – up to a ceiling – 50-60% of a workers' net-income. Most states set a time-limit at 26 weeks. Against the background of an economic slowdown and prolonged periods of unemployment the *Temporary Extended Unemployment Compensation* (TEUC) passed Congress in 2002 and provides up to 13 more weeks of federally funded UI benefits. For unemployed persons in states with high unemployment rates a further extension of 13 weeks is possible. Eligibility criteria are tight and put particularly low-income workers and mothers at a disadvantage. The requirement to be available for full-time work, for example, makes it impossible for women, who are seeking part-time employment in order to balance work and family responsibilities, to receive UI benefits. The same is true for lone parents who have to quit work in order to take

care of a sick child. In addition states have set earnings requirements rather than time-based criteria to qualify for UI. These are hard to achieve for low-wage workers so that this group is underrepresented among recipients in spite of being at a higher risk of unemployment.

As described above, *TANF* is a *means-tested cash benefit* for poor families with children under 18. Claimants are required to work (with requirements varying across the states) and are subject to a life-time limit of 5 years (unless states apply other rules). The programme also encourages marriage and works to prevent out-of-wedlock pregnancies. In 2000 the average monthly cash payment to families with one child was \$285, for two children \$356, for three children \$423 and \$516 for four and more children. Most TANF recipients qualify for Food Stamps as well, a voucher issued to eligible families as basic security. Families are eligible if at least one member is employed or seeking work and the family income doesn't exceed 130% of the federal poverty line. All income and other benefits are taken into account. Children from families receiving TANF or Food Stamps may receive free school meals (The Clearinghouse... 2003f; Pecora et al. 2000; Office of Planning, Research and Evaluation 2000).

In regard to high numbers of poor lone parents in the United States child support is seen as an important strategy to secure the living of lone parent families. Legislation on child support enforcement gives states a variety of tools to collect child support from non-residential parents. Penalties for failure to pay child support obligations include revoking licenses, imposing work requirements, denying food-stamps, withholding federal income tax and denial of passports (The Finance Project 2003).

Disabled children and adults are entitled to a means-tested Supplemental Security Income (SSI) that is paid as a monthly benefit. States are free to supplement federal payments (Pecora et al. 2000).

#### *7.1.1.2 Policies to reduce expenses of families*

##### *1. Make high quality childcare affordable*

The United States have no national childcare system and there are no state-wide coherent policies or programmes. Most 5 year olds – and an increasing number of 4 year olds – have access to free *half or full day kindergartens* as part of formal primary schooling (OECD 2001).

There is a broad range of programmes and facilities for younger children, both part-time and full-time and there is considerable federal or state support. These activities include the direct delivery of childcare programmes as well as direct or indirect subsidies to providers. Parents may get subsidies like *cash benefits*, *vouchers* or *tax benefits*. On average they pay about 60% of childcare costs while about 25% are covered by the federal government 15% by the states. Federal funding is mainly targeted to programmes for low-income children and children with disabilities. The most important federal programmes for children from families leaving welfare for work are *Head Start* and *Early Head Start* that are designed to give young children and their families comprehensive support. As these programmes are a good example for a preventive approach to support children in poverty they are described below (The Clearinghouse ... 2003f).

## 2. Make decent housing affordable

Again policies to make housing affordable are decentralised to the state and local level. The federal government gives *housing block grants* to state and local governments that can be used for various housing assistance programmes, e.g. *rent subsidies*. There is some social housing and under some programmes families can receive *housing vouchers*. Coverage is low though with only 3% of housing being publicly subsidized. Extensive *tax benefits* are however available for house or apartment owners (*subsidies to mortgage interest, local property taxes*) (The Clearinghouse... 2003f).

## 3. Health care

There is no national universal health insurance scheme. Insurances are privately funded and insurance schemes are often provided by employers. Access to health-care is difficult for families with low income as low-wage and part-time jobs usually don't provide health insurance benefits. Given the high costs of health insurances most low-income families can't afford insurances on their own. The state-based programmes *Medicaid* and the *Children's Health Insurance Program (CHIP)* offer therefore health insurance for all children up to age 18 in families with an income at or below the poverty line. Some states extend health care coverage to children that are older or whose families are considerably above the poverty line (The Clearinghouse ... 2003f; Pecora et al. 2000).

Health insurance programmes help children in poverty but have their faults. Insurances for children while their parents may remain uninsured are problematic as barriers to the healthcare system are increased and parents may seek medical services for their children less frequently than insured parents. Likewise difficult is the situation for families between 100% and 200% of the poverty line. These families usually don't get state subsidies for health insurance any more, so that health costs are disproportionately high. Health insurance coverage thus is not sufficient in this income group.

### 7.1.1.3 Policies focusing on prevention and child well-being

Head Start and Early Head Start are federally funded community-based programmes that provide comprehensive child development services to low-income children and their families. The objective of Head Start is to prepare children aged 3 to 5 for success in school. The programme comprises individualised education, health and nutrition services. Support and training of parents is also an important feature to enable them to foster the development of their children and also to move towards self-sufficiency. Programmes have to include at least 10% children with disabilities and also permit the participation of up to 10% of children from families with incomes above the poverty line. Studies give evidence for short-term benefits to children's cognitive and social development, though the effects seem to fade out during primary school. This might be linked to the low quality of schools many children attend after they leave the Head Start programme (Head Start Bureau 2003; Kamerman et al 2003).

Early Head Start was introduced in 1994 as a complementary programme to Head Start to offer services for pregnant women, infants and toddlers. The main objectives are the promotion of healthy prenatal outcomes for pregnant women, the improvement of early child development and the enhancement of the quality of parent-child relationships. Services take place in home- and/or centre-based settings. Parents are

recognised as main carers and advocates for their children. Programmes are therefore based on parent involvement and partnership and have a strong focus on supporting family relations and parenting behaviour. Likewise important is that services are rooted in the community and act within a comprehensive network of services so that families find easier access to community support. Programme evaluations show (modest) benefits for child outcomes but also positive effects on parents. Parents were more likely to be emotionally supportive, to provide more cognitive stimulation and to be less likely involved in negative parenting behaviour. Mothers were more often in training or employment and less likely to have subsequent births during the first two years after enrolment (EHS National Resource Center 2003; Love et al. 2002; Kamerman et al. 2003).

There is a range of other programmes that aim at improving child development which are organised and funded at local or state level. In addition voluntary and faith-based organisations play an important role in supporting children and families. One very successful example for a community-based organisation is the Harlem Children's Zone Project (HCZ) in New York City<sup>7</sup>. Based in some of New York City's most deprived neighbourhoods, HCZ pursues the objective to rebuild a 24-block area in Harlem in a way that ensures positive opportunities and outcomes for all ~ 3000 children living there. HCZ offers comprehensive services for children and their families covering all aspects of child and youth development, family and community life. It is remarkable that the focus is not solely on service delivery but rather on empowering residents to become involved and active in the revitalisation of their neighbourhood. This has led to substantial changes within the community with children and young people reaching above average educational achievements and families being supported and stabilised. Joint efforts to develop the physical environment and to create a safe neighbourhood have improved the quality of life in the community as well as social cohesion. Some of the main factors for these developments are

- committed staff members who have a clear vision of what they want to achieve, focus on the resources of residents and treat them with respect,
- collaboration with schools, churches, businesses and local policy
- and a good coordination of services.

#### *7.1.1.4 Summary*

The United States are exemplary for the liberal welfare system. The individual is held responsible for his or her own welfare and well-being and federal while state involvement is mostly limited to basic security for vulnerable groups, linked to tight eligibility criteria.

Against this background it is not surprising that though there is a public consensus in the United States that poor families should be supported, social policies don't primarily aim at the eradication of poverty but rather at the reduction and prevention of welfare dependency. Thus the barriers to welfare are high, and time-limits on welfare as well as on unemployment insurance benefits force parents into work. Policies were effective in the sense that welfare dependency decreased dramatically since the 1996 reform but the effects on families and child development are discussed controversially. The Manpower Demonstration Research Corporation (MDRC) in New York is evaluating the effects of welfare-to-work programmes on children and adolescents through random assignment experiments. Programmes that increased the income of

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<sup>7</sup> Oral information from the Harlem Children's Zone. For more information see: <http://www.hcz.org>.

families had modest positive effects on elementary school children, mainly on school achievements but partly also on social behaviour and overall health. Mandatory employment of parents didn't seem to change much of these effects. But if income didn't increase effects were mixed at best, with as much positive as negative impacts on child development. Parents' involvement in employment thus doesn't seem to have positive effects on primary school children in itself (Morris et al. 2001). While US welfare policies might benefit younger children, the effects on adolescents tend to be modestly negative, particularly in regard to school outcomes. The MDRC assumes that adolescents on the one hand lack supervision at a critical stage of their development but on the other hand have to take over responsibilities in their household like the care for younger children. This may interfere with their work for school and set them at an even higher risk (Gennetian et al. 2002).

Though some effort is made to support particularly the poorest children, social inequality not only remains high but also persistent: poor children are quite likely to become poor adults. To an extent of more than 45% the parental economic status is passed on to children. Children from families with below average income are even more likely to inherit their parents' social status while income mobility tends to be larger in the higher income groups (Corak, forthcoming). Welfare policies in the US thus may reduce welfare dependency but doesn't seem to be helpful in breaking the generational cycle of poverty.

### 7.1.2 The United Kingdom

Since Labour took power in 1997 social policy has undergone major changes. Especially Tony Blair's announcement to eradicate child poverty within a generation has triggered off a comprehensive welfare reform process.

In 1999 the UK government published the first "Opportunity for All" report in which it presented a coherent evidence-based strategy to tackle poverty and social exclusion (DWP 1999). An annual update accounts for progress that has been made, for obstacles and new strategies. One noteworthy aspect is the involvement of the public. In order to develop indicators for child poverty the government carried out a consultation process that involved experts as well as citizens, including children in poverty. The conclusions were published in December 2003 and form the basis for the further measurement of child poverty (DWP 2003e). The focus on child poverty is central but involves strategies to improve the living conditions of families and thus strategies that benefit all people in or at risk of poverty.

The general objective of British social policy is in short to bring as many people as possible into work that pays and to secure a decent living standard for those who can't be self-sufficient. This of course requires a bundle of policies that not only focus on financial resources but also on the accessibility of the labour market and in particular the compatibility of work and family life. In view of children the UK is one of the few EU Member States that has set clear targets for the eradication of child poverty: reduce it by 25% until 2004 (in relation to 1997), half it by 2010 and eradicate it by 2020. Thus a strong emphasis is laid on breaking the cycles of deprivation, not least by preventive measures. Finally, British social policies aim at improving public services for all (DWP 2003c; DWP 2003d).

Many of the programmes and policies that were introduced during the last years are still in the process of implementation so that the effects can't be fully evaluated yet.

### 7.1.2.1 Policies to increase families' financial resources

Given the objective of bringing people into work that pays and of providing financial security, policies to increase the financial resources of families are very high on the British social political agenda. Thus there is a range of policies under all four targets belonging to this policy field.

#### 1. Bring people into work that pays

Gainful occupation is seen as best route out of poverty and social exclusion so that it is not surprising that the UK government pursues this target with a multidimensional approach. The UK is moving from a passive benefit system towards an active welfare state. Financial incentives, voluntary and also compulsory programmes aim at helping people into work while at the same time the needs of potential employers are taken into account. The main general instrument is the *Jobcentre Plus* that has replaced the former jobcentres and social security offices in April 2002. It covers both, services for jobseekers (comprehensive support by a personal advisor, information about entitlement to benefits) and the payment of financial support. Support becomes more intensive as unemployment persists and customers may be referred to one of the more targeted services of the different *New Deals* (e.g. for lone parents, young people, partners, older workers), the *Action Teams for Jobs* or the *Employment Zones* which address the needs of people in particularly disadvantaged areas.

In regard to the reduction of child poverty the *New Deal for Lone Parents* is of particular interest. About a quarter of all families in the UK are lone parent families of which 53% are in some kind of employment, according to the Department for Work and Pensions an increase of 6% over a period of six years. The government's target is an employment rate of 70% though. Lone parents claiming *Income Support* (see below) have to take part in a work-focused meeting with a personal advisor to discuss work opportunities, to get information about services offered and to be referred to the *New Deal for Lone Parents*. This programme is designed to encourage lone parents to enter the labour market by enabling them to reconcile work and the care of their children. Besides the provision of affordable childcare the programme offers comprehensive support through a personal advisor. This can include counselling, training courses related to work or personal development but also financial support, including funds to cover costs for taking up employment, e.g. appropriate clothing (*Adviser Discretion Fund*), or – to be introduced in 10/2004 – transitional costs in the first month in work, e.g. for tiding over housing costs (*Job Grant*). To reach lone parents on a voluntary basis the DWP is about to introduce "Discovery Weeks" in six metropolitan districts to win them for participation in the New Deal. Main issues are information and career guidance. To avoid barriers to participation the events take part outside official buildings and during school hours, providing childcare and giving some incentives (e.g. a hair dress) (DWP 2003c, DWP 2003d, oral information from the DWP 2003).

While the *New Deals* focus on specific vulnerable groups, the *Action Teams for Jobs* are targeted to persons living in disadvantaged areas who face complex barriers to employment. *Action Teams* cooperate with local employers and seek to help people flexibly according to their needs. In a similar way *Employment Zones* have a regional focus, though they cover a larger area than the *Action Teams*. Evaluation shows that personal advisors in *Employment Zones* have more flexible and autonomous possibilities to support jobless people and that these programmes are less complicated



than the New Deals so that it is planned to extend the programme to new client groups (DWP 2003 c).

A fundamental principle of British social policy is that people in work should be better off than people not in work. Main measures are a low starting rate of income tax (10 %), a raised entry point to the payment of National Insurance contribution and the introduction of a *National Minimum Wage* in 1999 that is currently at a rate of £ 4,50 an hour for adults and £ 3,80 for 18-21 year olds. The most important instruments however are the reformed *Working Tax Credit (WTC)* and *Child Tax Credit (CTC)* that were implemented in April 2003 and are still in a transitional stage.

Child and Working Tax Credits provide a non-stigmatising system of support for people with a low income. Though adults (25+) without children or a disability are entitled to WTC if they work at least 30 hours, the system has the greatest effects for families with children and supports them by financial incentives and help with the balancing of work and family life. Unlike WTC entitlement to CTC is not bound to the employment status of parents. Above this, the new credit system marks the move from means-tested to a more universal, though income-tested approach. Support decreases with rising income but CTC eligibility extends to middle-income families. Thus families with an annual income of up to £ 50.000 receive the full family element of CTC. In addition all families are entitled to *child benefits* (see below). In difference to the former tax credit system all payments for children are paid to the main carer, thus in most cases to the mother. Tax credits for families with children are composed of the following elements; the amounts represent the maximum weekly payment:

Working tax credit:

- Basic element (£ 29.20)
- Couples and lone parent element (£ 28.80)
- 30 hour element (as incentive to take up full-time work) (£ 11.90)
- Disabled worker element (£ 39.15)
- Enhanced disabled adult element (£ 16.60)
- Childcare element, paid to main carer, up to 70% of eligible costs (1 child: £ 135.00, 2 or more children: £ 200.00)

Child tax credit:

- Family element (£ 10.45)
- Family element, baby addition for one year (£ 10.45)
- Child element (£ 27.75)
- Disabled child element (£ 41.30)
- Enhanced disabled child element (£ 16.60)

(HM Treasury, Inland Revenue 2002, 32)

## 2. *Direct cash transfers*

There is a range of direct cash transfers, some of them universal and/or contribution based, others targeted to compensate disadvantages of particularly vulnerable groups (e.g. persons with disabilities) or to secure a basic living standard of those people not in work.

Families get universal financial support for their children. The rate of *Child Benefit* is £ 16<sup>8</sup> per week for the first and £ 11 for every other child. Child Benefits have increased by 25% since 1997 (DWP 2003 c; DWP 2003d).

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<sup>8</sup> Amounts of benefits are rounded to full pound sterling, euros or US dollars.

Pregnant employees are entitled to up to 26 weeks of maternity leave, with the earliest start 11 weeks before the baby is due. It is possible to extend this period with up to 26 weeks unpaid leave. Those who have been employed at least half a year before the 15<sup>th</sup> week before the baby is due, earned at least £ 77 per week and contribute to National Insurance are entitled to *Statutory Maternity Pay*. During the first 6 weeks women are paid 90% of their income, and receive afterwards a lower weekly flat rate of up to £ 100 (or 90% of their income if that is lower). Employed or self-employed women who are not entitled to this allowance may get a *Maternity Allowance*, paid by the Jobcentre Plus office with payments up to £ 100 per week (or 90% of their income if that is lower). Women who aren't entitled to neither of these benefits may be able to get *Incapacity Benefit* that is paid from the 6<sup>th</sup> week before birth up to 14 days afterwards. Fathers in employment with earnings of at least £ 75 a week are entitled to one or two consecutive weeks paid leave in the *Statutory Paternity Pay* Scheme. They are paid a flat rate of £ 100 or, if lower, 90% of their income per week. Families on low income are eligible for the *Sure Start Maternity Grant*. This £ 500 grant shall help to cover the costs associated with a new baby.

For those people not in work or working less than 16 hours a week there are two different kinds of social assistance depending on whether somebody is capable of working or not. Those who are not able to take up employment because of being a lone parent or having caring responsibilities, or because of having a sickness or disability are entitled to *Income Support*. Lone parents have to consult a personal advisor before they can claim Income Support though. All others have to register at a jobcentre to get *Jobseeker's Allowance*. This requires signing a Jobseeker's Agreement and looking actively for work. Regular mandatory visits and interviews at the jobcentre shall help bringing people into work. The weekly amounts of both allowances are the same in both schemes, e.g. £ 55 for a single adult, £ 86 for an adult couple, £ 39 for dependent children. In addition there are premiums, e.g. for families (£ 16) as well as an entitlement to *Housing Benefits* (see below) (Department of Trade and Industry 2003; DWP 200c; DWP 2003d; Jobcentre 2003).

Another field of benefits that may affect families with dependent children are disability benefits. The *Disability Living Allowance* can be claimed for severely disabled children up to the age of 16. Weekly amounts depend on the severity of the disability with the basic element ranging from £ 14 to £ 54. Disabled children (5-16) not attending school can get free milk. People caring full-time for a disabled person get a *Carer's Allowance* at an amount of £ 43. Finally severely disabled people may be entitled to *Independent Living Funds* that gives them the opportunity to organise and pay their own support outside a residential home, regardless of own or parents' earnings (DWP 2003 c; DWP 2003d).

An innovative programme is the *Child Trust Fund* that the UK government is about to introduce. The fund offers a bank account for all children across the UK. The accounts will be opened at birth with an initial endowment of £ 250 or £ 500 for the poorest children respectively. Though everybody can pay into the account, the funds are not accessible until the child reaches 18 years of age. Thus the government wants to make sure that every child enters adulthood with a stock of financial assets and above this wants to foster saving habits. The funds are expected to be available by 2005 with children entitled who are born from September 2002.

To encourage saving by low and moderate income earners the government has introduced the *Saving Gateway*. Within this scheme the government matches, up to a limit, all money saved. The programme is flanked by tailored financial information and education (DWP 2003c).

### 7.1.2.2 Policies to reduce expenses of families

The British government recognises a need for investments in public services to raise their standards and to extend choices for the population. Though accessible and high quality services are seen as universal issues emphasis is laid on people living in disadvantaged areas. It is therefore not only the goal to raise the overall standard but also to level inequalities. Thus the UK has set up floor targets in the fields of jobs, crime, education, health, housing & the environment, and neighbourhood renewal (DWP 2003c).

In this context those policies are highlighted, that are of high importance for families: the accessibility of childcare, decent housing and health care.

#### 1. Make high quality childcare affordable

The accessibility of affordable, flexible and high quality childcare is the prerequisite for parents – i.e. most times mothers – to be able to reconcile work and family life. While better off families might have the financial resources to pay for childcare or to afford one parent staying at home during the child's first years the situation is quite different for low-income and/or single parent families. Limited access to employment sets these parents and their children at risk of both poverty and social exclusion and at risk of staying poor for a longer than average time.

The UK addresses this problem on the one hand through the Childcare element of the *Working Tax Credit* which covers up to 70% of eligible childcare costs for the first two – but not more – children (see above).

The picture of childcare in the UK is mixed though. Early education and childcare provision is at present available for all 4-year-olds and most 3-year-olds. The programmes are free of cost but only part-time. Day-care facilities and programmes for younger children are less frequent and more expensive. The expansion of early education and childcare is targeted to disadvantaged rural and urban areas, notably with *Sure Start*, local programmes that not only provide childcare but also a broader range of family services. To date *Sure Start* reaches about 30% of English children under 4 living in poverty and evaluations have so far been positive (cf. Bradshaw, Bennett 2003). From 2003 to 2006 new *children's centres* are to be built up in the 20% most disadvantaged communities to comprehensively provide good quality childcare, early education, family and health services (DWP 2003c; DWP 2003d; The Clearing-house... 2003a).

#### 2. Make decent housing affordable

Poor housing, either because of living in homes with a low standard or in deprived communities, is particularly prevalent among large families, lone parent families and some ethnic minorities (esp. African-Caribbean and Bangladeshi groups). One governmental objective is to ensure a decent standard for all social housing by 2010, i.e. a home above the statutory minimum standard for housing, in a reasonable state of repair, with reasonably modern facilities and services and providing a reasonable degree of thermal comfort (DWP 2003c). In this context the reduction of fuel poverty is a likewise important issue. Of all benefits in kind housing benefits are targeted strongest to poor people, with more than 40% of the lowest income quintile using housing services (Selon 2002).

*Housing Benefit* covers the eligible rent of tenants in social or private housing. The system has seen some cut-backs under previous governments but is still capable of securing the basic housing needs. As the scheme is quite complex and doesn't seem to be very effective some reforms are currently under way like a new *Standard Local Housing Allowance*, improvements in administration and simplification of reclaiming processes (Bradshaw, Bennett 2003; DWP 2003d).

An example for programmes to tackle fuel poverty is the English *Warm Front Scheme* for tenants in the private sector that provides insulation and heating improvements for eligible households (DWP 2003c).

Bradshaw and Bennett (2003) point to the situation of home-owners. Though there is a considerable share of them among the poor population, they can get support with their housing costs only if out of work – an issue that should be addressed in future.

### *3. Healthcare*

Access to healthcare services is universal and available regardless of income through the National Health Service. People on Income Support or Jobseeker's Allowance are exempted from a range of additional health costs like NHS prescriptions, dental care, costs of glasses or travel expenses to hospital (MISSOC 2002).

The major challenge is thus not the general accessibility of health services but their quality and the still persistent – and in some areas growing – health inequalities between poor and rich people.

Following an independent inquiry chaired by Sir Donald Acheson in 1998 the government has set up a long-term Health Inequalities Programme for Action that aims at the health of the poorest people catching up faster than before. Important features include among others the setting up of floor targets, improved access to better quality health services, prevention, and a focus on both communities and individuals (Department of Health 2003).

#### *7.1.2.3 Policies focusing on prevention and child well-being*

One of the main objectives in the UK's fight against child poverty is to break the "cycle of deprivation" and thus to tackle disadvantages early in life and to ensure a sound development of children (DWP 2003d). In consequence there are a range of targeted services for vulnerable children. Moreover, during the past few years, children's services, particularly child protection services, have been reviewed resulting in the Green Paper "Every child matters" (DFES 2003a). It proposes changes both in planning and delivery of services and demands an integrated approach to facilitate a healthy development of all children. Main issues are the development of local partnerships and the coordination of services, participation of children and parents, the quality of services and accountability.

As preventive measures to ensure a sound development of children include a very broad range of policies, both universal and targeted to particularly vulnerable groups, it is not possible to cover here all relevant issues. The focus is therefore laid on a few examples of good practice in selected fields.

#### *Listening to Learn*

In 2001 the UK government has committed itself to the involvement of children and young people in the design and delivery of all policies and services that affect them. Thus all departments have agreed to follow main principles for the participation of

children and young people and to set up yearly action plans to ensure that the strategy is put into action. Children and young people's involvement is encouraged on all levels: where individual decisions over children's own lives are concerned, where services for, or used by children are being developed or provided and where national policies and services are being developed or evaluated. One of the core principles is to give all children and young people equal opportunities to involvement and thus to follow a proactive approach to reach those who face the greatest barriers to involvement, e.g. children in disadvantaged neighbourhoods, children from ethnic minorities or children with disabilities (Children and Young People's Unit 2001). In the meantime there have been considerable activities on consulting children and young people, to create information material and to involve children and young people in the development and delivery of services (e.g. Department for Education and Skills 2003).

The experience to be heard, to be involved and to have influence can make a real change for children and young people, particularly for those who are (at risk of being) socially excluded and can help them to develop personal and social resources they need for their life. Similarly UNICEF (2003, 9) highlights the importance of children not least "Because promoting meaningful and quality participation of children and adolescents is essential to ensuring their growth and development. A child whose active engagement with the world has been encouraged from the outset will be a child with the competencies to develop through early childhood, respond to educational opportunities and move into adolescence with confidence, assertiveness and the capacities to contribute to democratic dialogue and practices within the home, school, community and country".

### *Connexions*

Connexions is a new universal service for young people (13-19) in England offering integrated advice, guidance and access to personal development opportunities. It aims at helping young people to manage the transition from adolescence to adulthood and working life smoothly. Personal Advisers give support on a broad range of issues from career guidance and educational choices over relationship issues to problems with drugs, bullying or homelessness but young people can also get more anonymous help through Connexions Direct, a helpline and internet service. Other services include targeted programmes to bring young people back into education or training, to improve behaviour and to reduce crime. At the same time young people are encouraged to get involved in the development of services and to commit themselves to volunteering that benefit their communities (DWP 2003c, DWP 2003d).

The evaluation of the first year of Connexions shows all in all positive results, particularly concerning the level of young people's involvement, the partnerships between different public, private and voluntary partners and the quality of the work of Personal Advisors. Users also give a very positive feedback. However, the evaluation also points to some need for improvements with the management of partnerships (e.g. relating to roles and responsibilities of partners) and a coordinated strategy to young people's involvement. It also shows mixed results concerning the quality of information in schools about work-based training opportunities (OFSTED 2002).

### *Children's Fund*

The likewise new Children's Fund is targeted to children aged 5-13 facing poverty and social exclusion. Like Connexions it is based on a multi-agency approach, working in partnerships of statutory, voluntary and community sectors. The focus is laid on ensuring that the needs of all children, including those with special needs, are met

locally, building capacity in the local communities. Thus the Fund sees itself as preventative rather than just intervening service.

Taking into account national priorities like the improvement of health and educational attainment, services are designed to fit to the respective local situation and are planned together with children and their families. Services are integrated and comprehensive, focusing on early intervention and support, family support, support in school, preventative health services and the prevention of youth crime (Children and Young People's Unit 2003).

Evaluation is currently under way. Connexions and the Children Fund seem to build a comprehensive system of support for children and young people, based on the strengths of the communities and the participation of the children, young people and families concerned.

There is a range of other policies and programmes designed to reduce the gap between – well-performing – socially advantaged and vulnerable children and young people. Programmes are targeted particularly to children and young people growing up poor or in disadvantaged communities (e.g. *New Deal for Communities*, *Excellence in Cities*), to those with an ethnic minority background (e.g. based on the *Race Relations (Amendment) Act*) or to other vulnerable groups like children in care and children with disabilities. Main topics are improvements in education, raising the overall standard of performance as well as tackling educational inequality but also – against the background of high numbers of teenage mothers – the prevention of teenage pregnancies (DWP 2003c; DWP 2003d).

#### 7.1.2.4 Summary

The UK government shows a genuine interest in and strong commitment to the eradication of child poverty and its strong political will to fundamental reforms goes along with remarkable financial investments. Unlike the “traditional” liberal approach to welfare, there is now a stronger governmental involvement. The United States have served as a model in some respect, particularly the tax credit system and the Head Start/Early Head Start programmes. However, the UK seems to avoid the problems of the American programmes. Benefits and services are more generous and universal and aim at lifting families above the poverty line. Tax redistributing measures like the introduction of Work Tax Credits and Child Tax Credits and active labour market policies to create work incentives and bring people into work are signs of the emerging of an active welfare state.

Based on microsimulation processes, Piachaud and Sutherland (2000) notice already in the early stage of child poverty reduction strategies a considerable potential for the improvement of families' financial situation. They argue however, that the benefit is greatest for those children and families close to the poverty line, while those in severe poverty tend to be left behind. This view is backed by a new report on severe child poverty in Britain, issued by Save the Children (Abelman et al. 2003). Though the study acknowledges substantial improvements in the government's strategy to reduce child poverty, it also identifies gaps. The authors highlight times of transition – from work to benefit and vice versa or through changes in family composition – as situations in which families face a higher vulnerability of severe or persistent poverty. They point out that it is necessary to a) support that jobs are retained, b) smooth the transition from benefit to work (as it is now done with WTC/CTC and related pro-

grammes) and c) to avoid delays in the receipt of benefits. In the same spirit they stress the importance of ensuring that entitlements are actually claimed.

Against the background of a traditionally strong focus on targeted services and strictly means-tested benefits which tend to strengthen social inequality the current new developments are encouraging. New measures like the tax credits or the Child Trust Fund are more comprehensive and transparent. Participation of citizens – and particularly children – is being mainstreamed (cf. DWP 2003) and cooperation between different ministerial departments and different services improves. In regard to the reconciliation of work and family there are substantive investments in childcare facilities. The needs are still not met though and childcare remains too expensive or inaccessible for many families.

The UK sees a key task in breaking the cycles of deprivation. Up to now, intergenerational income mobility is low with an even slightly stronger relationship between the family's economic status and the labour market success of children in adulthood than in the US (0.50 vs. 0.47). In contrast to the United States there seems to be more upward- than downward mobility though (Corak, forthcoming). Whether the current developments in social policy foster a stronger generational income mobility remains to be seen.

## **7.2 The social democratic welfare states – Sweden**

Sweden is exemplary for the Nordic welfare states that are characterised by high public expenditure financed by high taxation and universal, individualistic benefits and services. In spite of high taxation the Swedish welfare state enjoys broad public support, mainly because of the universalistic nature of social policies. The outcomes of the social democratic welfare states are remarkable with generally low poverty rates, an equal income distribution and progress in gender equality. Moreover, they reach high scores in comparative indexes like the Human Development Report (HDR), PISA, health and social welfare (A Balance Sheet... 2000; Halleröd 2003).

The economic crisis during the 1990s has been a major challenge to Sweden and the other Nordic countries though. Cuts in social benefits were inevitable, unemployment and child poverty rates increased considerably, particularly for young children and those with foreign background (Save the Children Sweden 2002). Nevertheless the Swedish government maintained a high quantitative and qualitative level in benefits and services for children and their families and increased benefits again to roughly the former level as soon as the economy recovered.

Not all families benefited from the economic upturn though. Inequality is on the rise and the poorest families seem to have been left out. Child poverty rates are not yet back down to the levels of the early 90s. The Swedish government has thus made child poverty a political priority and has set up a cross-governmental working group on this issue in autumn 2003 with results being expected in summer 2004 (written information from the Ministry of Health and Social Affairs 2003).

### **7.2.1 Policies to increase families' financial resources**

One of the principles of Swedish social policy is equity and equality. Income is redistributed from the wealthy to the poor and from those without children to families. Thus the Swedish government has a vital interest in increasing and securing the financial resources of families. The overall objective is however to bring people into work so

that they can be self-sufficient so that the Ministry of Health and Social Affairs (2003) states in this context that benefits that encourage work and make work possible are seen as more important than generous levels of child allowances.

### *1. Bring people into work that pays*

The explicit objective of Swedish labour market policy is full employment for both men and women. Sweden has a very high employment rate of 78.1% among 20-64 year-olds that is currently expected to decline slightly to 77.3% in 2004. The short-term target is a general employment rate of 80% (Swedish government 2003). Despite unemployment rates having decreased since the 90s, long-term dependency on social assistance has remained stable. Groups at risk of labour market exclusion are immigrants, lone mothers (though they still have an employment rate of almost 70%), older workers and young people.

High taxation that cuts in as benefits decrease tends to keep people out of employment. Particularly for lone mothers the interplay between income tax, childcare charges, housing benefits and – for some – social assistance is unfavourable so that employment may not seem worthwhile. A large-scale *tax reform* that was initiated in 2001 to relief above all low and middle incomes has reduced marginal effects. This development will be continued with the implementation of the fourth stage of the tax reform on the precondition of sound public finances (Swedish government 2003)

People who receive benefits through *unemployment insurance* (see below) are required to look actively for work, supported by *personalised action plans*. During the first 100 days they are permitted to limit their search occupationally and geographically, but afterwards have to apply for jobs more broadly. Job seekers who decline offers of suitable work risk a reduction of unemployment benefits. In addition suitable training or other skill-building programmes are offered, especially to those people who are excluded from the labour market for a longer time. One strategy are *labour market trainings*. They are described by the government as most effective means to increase the access to the labour market and have the goal to bring 70% of those completing the training in regular work within three months. Within this scheme institutes of adult education offer six-months training courses to persons up to 50 years and up to 12 months trainings for older people. In addition general adult education is rooted strongly in Swedish society and offers a broad range of learning opportunities free of charge. It is seen as important to enable people to combine work and training to improve skills and employability throughout the life-course (Ministry of Health and Social Affairs 2003a).

Another programme is the *activity guarantee* for long-term unemployed people which offers stable “activity” either through employment or education/training and has the goal to break the vicious circle of labour market measures and repeated unemployment. Participants get additional support through individualised programmes and activities to facilitate the step into regular employment. Parallel to this “special employment support” is given as a state wage to employers for hiring people who are unemployed for more than 24 months, older than 57 years or have taken part in the activity guarantee system for three months (Ministry of Health and Social Affairs 2003a).

Special measures are undertaken for particularly vulnerable groups. Measures for immigrants e.g. include *supplementary professional training, regulations against discrimination, validation of foreign qualifications and language training*. Other target groups are people with disabilities and unemployed young people who are supported in *youth programmes* of local authorities. Young people under age 20 receive individually tailored programmes in the form of traineeships or instruction to facilitate the



transition to the regular labour market. By this long-term unemployment shall be prevented. Participants get compensation from the municipal government (Ministry of Health and Social Affairs 2003a; Swedish Institute 1999).

## 2. Direct cash transfers

Sweden has a comprehensive system of universal benefits, some of which are financed through universal insurance schemes, others by taxes. Means-tested social assistance only comes in as a last resort.

Child Benefits are paid to all children. *Basic child allowances* (SEK 950/month) are paid to all children under the age of 16. Young people aged 16 or over who are still in secondary school are eligible to *extended child allowance* (SEK 950/month), children attending upper secondary school are paid *student grants* (SEK 950/month) for nine months a year. Families with three or more children get *additional child allowances* (SEK 254/month for third child, SEK 760/month for fourth child, SEK 950/month for any further child). Parents of disabled children are eligible for an *allowance for disabled and handicapped children* related to the needs of the child at a maximum of 2.5 times the base amount. In case a severely disabled or ill child needs personal assistance for more than 20 hours per week *attendance allowance* is paid at a rate per hour that is fixed for each year by the government (2001: SEK 184/hour). In case of separation of parents the custodial parent gets *maintenance support* for the child from the local Social Insurance Office at a rate of SEK 1173/month. The liable parent has to repay the state according to the income and total number of children but independently of the custodial parent's income (Ministry of Health and Social Affairs 2003; European Observatory 2002).

Another set of cash benefits is targeted to employed parents and organised through parental insurance. *Pregnancy benefit* is paid for up to 50 days to expectant mothers who are unable to work at a rate of 80% of qualifying income. In connection with childbirth or adoption *parental benefit* is paid for a period of 480 days, divided equally between both parents, though up to 180 days can be transferred to the other parent. 390 days are paid at 80% of the parent's qualifying income, the remaining 90 days at a flat rate of SEK 60/day. Parents on low income or without any income get a minimum guaranteed income of SEK 150/day. Nearly all parents claim parental benefit and since the option for fathers to take parental leave was introduced in 1974 their proportion steadily increased to 13.8% in 2001. Both parents can also receive *temporary parental benefit* for caring for a sick child up to 12 years (or in some cases up to 16). 120 cash benefit days are available at a rate of 80% of the qualifying income. Again this benefit is widely used by both mothers and fathers, with the latter accounting for 41% of all days claimed in 2001. Fathers of a new-born child are entitled to 10 days parental benefits and almost all make use of these "*dad's days*". Parental leave policies have been quite successful in encouraging men to take a more active parental role and to share parenting responsibilities more equally between the parents (Ministry of Health and Social Affairs 2003).

Cash benefits for unemployed persons consist of two parts: basic assistance and voluntary unemployment insurance. In both cases entitlement is linked to the availability for the labour market and the registration with the employment office and is available for persons aged 20 to 64. Assistance is paid at a daily rate of SEK 230 for five days a week for a maximum of days between 150 and 450 days depending on the age of the claimant. Insurance-based benefits are paid at a daily amount of between SEK 230 and SEK 564 at a maximum of 80% of the person's income. It is available for 300 days for persons under 55 and 450 days for persons aged 55 and

older. Allowances can be drawn for a second period after a person has resumed work but all in all, benefits are limited to a period of a maximum of 3 or 4 years. Both schemes also cover partial unemployment, i.e. if a person works less than he or she wants to work and has done so in previous employment (European Commission 2003; The Clearinghouse ... 2003a).

*Social Assistance* finally serves as the last safety net and is paid, when a person or a family is not capable of self-sufficiency. As long as somebody is able to work, he or she is required to actively seek employment with a sufficient salary. Thus social assistance is means-tested. Eligible are all adults (18+), regardless of their nationality. Though the right is in principal individual, families are regarded as a whole as long as parents are obliged to support their children. The amount of the assistance depends on the number of adults in the household and the age and number of children. In addition there is a supplement for common household expenses and it is possible to get support for other basic expenditures. People receiving Social Assistance are also eligible for Housing Benefits (see below) (MISSOC 2002).

### 7.2.2 Policies to reduce expenses of families

The redistribution of resources from wealthy to poor people and from those without children to families is a strong feature of the Swedish welfare system. Equity is seen as very important and is reflected in a low level of income inequality. Thus most public services are universal with some additional support for particularly vulnerable groups.

#### *1. Make high quality childcare affordable*

Sweden is well known for its outstanding *universal childcare* system. Its objectives are twofold: to enable mothers and fathers to reconcile work or studies with family life and to support and encourage the development and learning of children. Since the mid 90s the focus has increasingly shifted from child care to education – not least reflected in the transfer of political responsibility from the Ministry of Health and Social Affairs to the Ministry of Education and Science in 1996. Quality standards concerning group size, staff:child-ratio, and caregiver qualification are high, rigorously set and equally applicable to public and private institutes. Staff salaries are comparable to other occupations and staff turnover is low with a rate of about 10% a year (The Clearinghouse... 2003a).

All children aged 4 are to be offered a place in *pre-school*. Working parents are entitled to pre-school places for their children from age one though. Since 2001 the access to childcare for children of unemployed parents and immigrant children has also improved. Pre-schools are either part-time or full-time and provide educational activities as well as practical care. Half of the staff holds a professional qualification as pre-school teachers or recreation instructors, the other half are child-care attendants. Similarly qualified is the staff in *after-school centres*. These can be attended by school-children before and after school hours and also during school holidays. Like pre-schools these centres offer both educational activities and practical care.

Parents pay for pre-schools and after-school centres a fee of 1-3 % of the household income before tax. Since January 2002 a maximum fee was introduced so that parents pay a maximum fee of SEK 1260/month for the first child in pre-school, SEK 840 for the second and SEK 420 for the third child. Fees for school-aged child-care don't

exceed SEK 840 for the first and SEK 420 for the second and third child (The Clearinghouse... 2003a; Ministry of Health and Social Affairs 2003).

*Children with special needs* are generally included in the regular educational system. Special schools are only in place for deaf and hearing impaired children to ensure the development of good sign-language skills (Ministry of Health and Social Affairs 2003a).

## *2. Make decent housing affordable*

The Swedish government puts effort in providing access to decent and reasonably priced accommodation for all and particularly to low and medium income households. It stresses the importance of giving children a good environment for growing up. One strategy is to regulate the housing supply through incentives to investors. An investment grant was introduced for property owners in areas with housing shortage for rented accommodation. Periods and purposes of this scheme can change, currently there is e.g. a scheme for student housing.

A means-tested *housing allowance for households with children* is paid to nearly 30% of Swedish households with children. It has two components: the first is related to the housing costs, the second to the number of children in the household (one child: SEK 600/month, two children: SEK 900/month, three or more children SEK 1200/month) (Ministry of Health and Social Affairs 2003).

## *3. Health care*

Sweden has a *universal health care system* that is open to all residents regardless of their nationality and that is financed by tax revenues. As health care is organised locally the county councils levy a proportionate income tax, on average beginning at a rate of 10%.

All medical and dental treatment of children and young people under age 20 is free of charge. Other patients pay fees for consulting a doctor in the primary health system and daily fees in hospital. The maximum fee for a 12 months period is SEK 900 for medical treatment and another SEK 900 for pharmaceutical preparations.

Health care services below the level of hospitalisation are provided through health centres in which a wide variety of health professionals cooperate (physicians, nurses, auxiliary nurses, midwives, physiotherapists). In addition there are general practitioners as well as private doctors. Clinics for child and maternity health provide free vaccinations, health checks, consultation and some kind of treatments for children under school-age (Swedish Institute 2003).

Disabled and elderly people mainly live on their own. This is made possible through adapting housing and the use of technical aids. Medical services and nursing are provided at home. Those living in nursing homes or services apartments have a 24 hours access to nursing services (Swedish Institute 2003).

### 7.2.3 Policies focusing on prevention and child development

The Swedish welfare system is by definition a preventive one through individual and universal provision of services and benefits and the stress on equity. Child well-being is high on the policy agenda and not least pursued by the implementation of the UN Convention on the Rights of the Child in national policy following a Government Bill in 1999.

The Swedish Government highlights four features of child policy:

- “children’s best interests have to be taken into account in all decision-making and measures that affect them;
- no discrimination against children is permitted on the grounds of origin, sex, religion, disability or similar factors;
- children must be allowed to develop in their own time and on their own terms; and
- children must be given the opportunity to express their views in all matters affecting them” (Ministry of Health and Social Affairs 2003a, 18).

This has led to a range of measures both on governmental level and the design and provision of services for children and their families. Noteworthy is the establishment of a coordinating function in the Government Office under the Ministry of Health and Social Affairs to ensure that the Convention is recognised in government business and decisions. The Government Bill “Democracy in the New Century” of 2002 in addition gives local and regional governments the possibility to give all registered residents the right to submit motions to the local or regional council, including children and young people (Ministry of Health and Social Affairs 2002).

Strategies to support children and their families are comprehensive, family centres for example offer a broad range of services for children and parents while youth advice centres offer support in sexual matters (sexually transmitted diseases, birth control, etc.) (Hessle, Vinnerljung 1999). Universal systems and broad-based solutions are seen as the appropriate way to support children at risk.

The effectiveness of the Swedish approach can be seen in low poverty rates, a good educational system and high employment rates of both men and women. This good basis enables the Swedish government to target policies to particularly vulnerable groups who are at risk of social exclusion. Disabled children generally live at home and are included in the regular school system, except for deaf children or those with severe learning disabilities to cater for their specific needs. Children in the asylum seeking process have access to free dental and medical care regardless of their immigration status (including children kept in hiding). Those with a time-limited residence permit have access to pre-school, school and childcare services. Another important issue is child protection (in case of e.g. child maltreatment, sexual abuse, inadequate care). Social services aim at supporting children within their families and at enabling parents to care adequately for them. But children also have a right on their own to request support. An issue of growing concern is the increasing concentration of immigrants in disadvantaged urban neighbourhoods. The bad reputation of these areas has led to marginalisation with quality of services going down and problems going up (language difficulties, high unemployment, youth gangs, criminality, vandalism). In these neighbourhoods the traditional services don’t seem to be sufficient any more so that local authorities try new, comprehensive measures of community development. Social work is done in cooperation with schools, landlords and local community organisations and involves the participation of the population (Hessle, Vinnerljung 1999).

#### 7.2.4 Summary

Of all European countries Sweden has the lowest child poverty rate. Particularly the combination of generous universal benefits that secure a decent living standard with a policy of activation seems to be successful. The Swedish welfare state is universal and based on the assumption that poverty and social exclusion are best alleviated or

prevented if as many people as possible are integrated into the general welfare system as selective social policy efforts by itself might foster processes of stigmatisation and social exclusion (Halleröd 2003). In regard to children great importance is attached to the UN Convention on the Rights of the Child what has further strengthened child policies and children's position in society.

The provision of flexible, affordable and high standard childcare makes it possible for families – including lone parents – to reconcile work and family. This is flanked by access to counselling and other social services that help with the job search but also give support with personal and family problems. All this only becomes possible with a high level of public funding that goes into social programmes. This demands however a high labour market participation and low unemployment rates. Consequently the economic upheavals during the 90s enforced major cut backs in social welfare. It is remarkable though, that with the recovery of the economy benefits and social services were expanded again. This clear link between public finances and social policies might be essential for maintaining public acceptance of social policy reforms.

The recent years however have also brought new challenges like a growing income inequality, leaving the poorest families behind and a growing marginalisation of children with foreign background, mainly living in disadvantaged neighbourhoods. An extension of community-based approaches to urban development and a securing of quality standards of schools and social services in these areas could be important steps to prevent an aggravation of the situation.

### **7.3 The conservative welfare states**

The German, French and Dutch welfare states share a common fundament and a similar social and cultural background. Solidarity, equality and social justice are basic principles of the social system and have remained the driving force in the development of social policies. Traditionally the welfare state has been rather passive, a provider of social security in case of need. Thus a comprehensive social insurance system covers the fundamental social risks, supplemented by a range of universal family allowances and means-tested social benefits. Benefits are comparatively generous and are therefore effective in preventing poverty while at the same time are organised in a way that tend to lead people into a poverty trap. The welfare state and its generosity are however strongly supported by the public (cf. Gallie, Paugam 2002). The effort to create equity for every single vulnerable group has fostered the growth of an extensive, strongly regulated and differentiated social security system with responsibilities distributed over a range of different public actors. This has led to a high level of complexity and high administrative costs and at the same time low user-friendliness.

Germany and the Netherlands also share a tradition of familialism. The ideal of the family is still that of a married couple with children with the father being in stable full-time employment while the mother takes care of the children and the home. Family structures have become diverse though, and women – now equally or better educated than men – push onto the labour market. Nevertheless public opinion still supports the view that the best place for young children is at home with their mothers. Supply of flexible childcare that allows mothers the reconciliation of family and work or the encouragement of fathers to take on responsibility for the rearing of their children has thus traditionally been low.

Based on similar conditions the conservative countries have developed their own profile, e.g. because of different political systems, and now have to face the chal-

lence to adapt their welfare system to the changed social national and global conditions.

### 7.3.1. Germany

Germany can be seen as the prototype of the conservative welfare state, as the origin of the Bismarckian social insurance system. Compulsory social insurances and universal benefits cover social risks and secure a decent living standard. The family, and particularly marriage, is strongly protected and tax subsidised (*"Ehegattensplitting"*) while other family arrangements are still disadvantaged.

Poverty – and especially child poverty – in Germany has only been acknowledged under the current government of the Social Democratic Party and the Green Party and has become an issue on the political agenda in recent years. The government has thus started to document poverty with regular reports. The first *"National Report on Poverty and Wealth"* (Bundesministerium für Arbeit und Sozialordnung 2001) was issued in 2001; the next is due in 2005. Child poverty is discussed in the *National Reports on Children and Youth* (Kinder- und Jugendbericht; BMFSFJ 1998; BMFSFJ 2001).

Currently German social policy is in a state of rapid flux. Continuing mass unemployment, particularly in Eastern Germany, with corresponding revenue shortage, persistently low economic growth and the financial crisis of the social security system enforce fundamental reforms of the welfare system. The reform strategies presented by the government (*"Hartz-Concept"* for labour market reforms and the more general *"Agenda 2010"*) are discussed controversially not only across but also within parties. Main issues are the fight against unemployment through a policy of activation of job seekers (*"fördern und fordern"* – to care and to activate), a flexibilisation of the labour market and major tax reforms. On December 14<sup>th</sup> 2003 the mediation committee of the lower and upper house of the German parliament agreed upon compromises on social reforms, the most important part being the partial introduction of the 3<sup>rd</sup> stage of the tax reform one year earlier than planned. This involves a reduction of income taxes from January 2004 with a minimum tax rate of 16% instead of 19.9% and a maximum tax rate of 45% instead of 48.5%. Tax concessions on the other hand are cut. In addition job protection is loosened, unemployment benefit for long-term unemployed people and social assistance are combined to unemployment benefit II (from 2005), work requirements for long-term unemployed are tightened and the structure and financing of municipal budgets are reformed (Deutsche Bundesregierung 2003).

But the crisis on the labour market is not the only challenge Germany has to face. The results of the OECD-study PISA revealed problems in the German educational system. Students' achievements were below average and although the German school system claims to offer equal chances to every child, PISA showed that on the contrary the educational career of students is strongly linked to the parents' social status. At the same time mothers demand an expansion of full-time childcare services and crèches for younger children in order to be able to take up employment. A reform of the educational system and quantitative and qualitative improvements in schools and childcare services are therefore high on the political agenda.

### 7.3.1.1 Policies to increase families' financial resources

#### 1. Bring people into work that pays

Mass unemployment and particularly long-term unemployment is a major concern in Germany. The situation is especially difficult in the Eastern part of Germany, where much of the industry went down after reunification. The creation of new jobs thus has highest priority in German policy on all levels and is the driving force behind all efforts to reform the German welfare system. "Social is what brings jobs" is the common credo.

The reform of labour market policies is still underway so that much is still changing. Current strategies are mainly based on the so called *Job AQTIV-Law* that was introduced on January 1, 2002 and the "*Hartz-concept*" for the reform of the Federal Employment Service. The latter is the report of an independent commission chaired by Dr. Hartz, the head of the personnel department of Volkswagen AG that presented its result in August 2002, a few weeks before general elections.

The Job AQTIV law aims at improving active labour market policies – the acronym stands for "*Activating, Qualifying, Training, Investment, Job-Placement*" and already summarises the main issues of the main law. One important aspect is the intensification of *individualised job placement strategies*, e.g. by the creation of a profile of the competences and chances of the jobseeker and a written agreement on job placement strategies and the activities of the employment service and the unemployed person. To improve the reconciliation of work and family the rates for the *reimbursement of childcare costs* while taking part in vocational training have been more than doubled (from 62 € per month and child to 130 €). In addition periods of incapacity benefits, maternal protection and parental leave have been made subject to *compulsory insurance* so that these persons are protected by unemployment insurance when returning to the labour market. The law also regulates incentives for employers (*wage subsidies*) to create jobs and training opportunities particularly for vulnerable groups like early school leavers or older persons (Deutscher Bundestag 2002).

The report of the so called "Hartz-Commission" has led to the first two "*Modern Services on the Labour Market*"-Acts that have been introduced lately and have brought major changes to the organisation of employment services. These include:

- A *registration as unemployed* is necessary as soon as a person learns that he/she will lose his/her job or three months before a fixed contract ends. Late registration leads to cuts in benefits.
- Temporary work is promoted and corresponding regulations are flexibilised. The establishment of *Personnel Service Agencies* (PSA) employs jobseekers and loans them to companies with the objective of their permanent inclusion.
- Jobseekers in need for training get *vouchers* and thus can choose freely among certified educational measures and institutions.
- *Jobcentres* are established as joint contact centres for employment offices and the respective social welfare services to achieve more efficiency for the job placement of recipients of social assistance. For clients the jobcentre becomes the single responsible agency so that processes are simplified.
- Start-up grants for "*Ich-AGs*" (Me, Inc.): Unemployed persons who want to start their own little business (Ich-AGs) are entitled to a tax and levy free grant over a period of three years, as long as the person's income doesn't exceed 25.000 €.
- Marginal employment (*Mini-Jobs*) is promoted as incentive to take up employment instead of illicit work. Thus since 01.04.2003 the income limit for marginal employment has been set at 400 €. Up to this limit employers now

pay a blanket contribution of 25% (12% pension insurance, 11% health insurance, 2% blanket tax) whereas the worker doesn't pay any contributions. Lower contributions of 12% apply for employment in private households. The pay from one mini job remains contribution free, even if the worker holds another employment that is subject to social contributions. To keep up incentives to work more, social contributions for workers are phased in slowly for a remuneration between 400 € and 800 €.

The impact of these new measures is still hard to measure. Some parts of the new legislation (e.g. PSA or mini-jobs) are still strongly regulated and lack flexibility and simplicity. Other strategies mark clearly a step towards prevention and improved job placement (e.g. early registration at the employment office and the establishment of jobcentres). Effects on unemployment rates remain to be seen (Federal Republic of Germany 2003).

In addition there is a range of programmes on the state level as well as in municipalities to address unemployment at the local level, particularly in regard to vulnerable groups, and on the other hand to create incentives for employers and companies to create jobs in the region. Job creation is an immediate demand in the Eastern part of Germany where the cuts in industry and services after the reunification still couldn't be compensated.

It is noteworthy that Germany puts much effort into preventing overdebtedness. High debts can create a strong barrier to employment as a large part of the income is seized to pay back debts. Thus Debtor Counselling Services ("*Schuldnerberatungsstellen*") not only give advice and practical support but also negotiate with banks and lenders as well as with companies to which invoices haven't been paid. Deeply indebted persons can declare themselves bankrupt under the law for private insolvency and thus have the chance for being relieved of the rest of their debts after six years of good conduct (Bundesregierung Deutschland 2003).

## *2. Direct cash transfers*

Germany has a relatively close-meshed safety-net with statutory social insurances for the main social risks (sickness, unemployment, pension), universal benefits for families and means-tested support for person with no or low income.

However, the social security system rests mainly on the shoulders of employees and employers, while self-employed, free-lancers, civil-servants and people with a high income are not included in all insurances or have the option to opt out into the private insurance system. Against the background of high unemployment rates and an ageing society the financial bases of the social system is increasingly becoming insecure. Thus the German government has made it a high priority to find solutions for securing the future of the social insurance system while at the same time ensuring solidarity and "social justice".

Family benefits are still high on the political agenda. The universal child benefit ("*Kindergehalt*") is paid for all children resident in Germany up to age 18, for children not in vocational training or employment until age 21, for children in training or higher education up to age 27 and for disabled children unlimited. Child benefit is not paid if the child has own income of at least 7.188 € per year. Parents have the choice between direct monthly payments and a tax benefit. For the first three children the monthly child benefit amounts to currently 154 € for the first, second and third child and 179 € for any further child. Child benefits are completely taken into account for the calculation of social assistance ("*Hilfe zum Lebensunterhalt*"), so that children on welfare



haven't profited of any increases during the past years. Against the background of the high risk of children to grow up poor, the government is currently planning to introduce a monthly child addition ("*Kinderzuschlag*") of about 140 € to bring children out of poverty<sup>9</sup>.

In addition to the monthly child benefits there are tax allowances for children ("*Kinderfreibetrag*") at a rate of 3.648 € per year as well as for care, education or training ("*Freibetrag für Betreuung und Erziehung oder Ausbildung*") at a rate of 2.160 €. For children below the age of 14 there is a childcare tax allowance of up to 1500 €, if the childcare becomes necessary because of gainful employments ("*Freistellung erwerbsbedingter Betreuungskosten*").

Lone parents get in each case only half of the amount of benefits and allowances, while the non-residential parent gets the other half if he pays child maintenance. If child support isn't paid regularly, if a parent is not paying income tax or has died, lone parents are entitled to the full tax allowance. Until 2001 lone parents were entitled to a household tax allowance ("*Haushaltsfreibetrag*") that is currently phased out. Those still eligible get a tax allowance of 2.340 € for 2002 and 1.188 € for 2003 (BMFSFJ 2002). In 2004 this scheme will be replaced by a lone parent tax allowance at a rate of 1300 € ("*Steuerfreibetrag für Alleinerziehende*") (Deutsche Bundesregierung 2003b).

Lone parents who don't receive any or any sufficient (according to current regulations) child maintenance from the non-residential parent get maintenance advance payments ("*Unterhaltsvorschuss*") from the local youth authority for a maximum of 72 months and until the child reaches age 12. Children up to age 6 get 97 €/month in Eastern Germany and 111 € in Western Germany. Children aged 6-12 get 134 € and 151 € respectively.

*Maternal leave* starts 6 weeks before the baby is due and usually lasts until 8 weeks after delivery. The period is extended to 12 weeks for multiple or premature births. Pregnant women enjoy *special protection at their workplace* (e.g. prohibition of work after 8 pm) and *job-protection* until 4 months after delivery. During the period of legal protection employed or registered unemployed women are entitled to a maternal benefit ("*Mutterschaftsgeld*"). Maternal benefit is paid through the statutory health insurance to employed or unemployed women at a rate of 13 €/day. Employers add the difference to the average net income. Employed women, who are either in the private health insurance, don't have any health insurance or work in "mini jobs" receive a *single payment of 210 €* of the Federal Insurance Authority (Bundesversicherungsamt) and the difference between 13 €/day and their average net income of their employers. A delivery benefit ("*Entbindungsgeld*") at a rate of 77 € is paid to all mothers who are insured in the statutory health insurance (BMFSFJ 2002).

Mothers or fathers who care for their child themselves and don't work more than 30 hours/week are entitled to an income-tested child-raising allowance ("*Erziehungsgeld*"). From 01.01.2004 benefits are cut and income-thresholds lowered so that middle-income parents don't profit anymore. Parents can choose between a regular allowance of up to 300 €/month (2003: 307 €) until the child reaches age two or a budget payment of up to 450 €/month (2003: 460 €) until the child reaches age one. During the first six months of life child-raising allowance is paid up to a parental net income of 30.000 €/year for couples and 23.000 €/year for single parents (2003: couples: 51.130 €/year, lone parents: 38.350 €), afterwards income thresholds are set much lower at about 16.500 € (13.500 €) for the first child to receive full payment and 23.500 € (20.500 €) for reduced child-raising allowance. The thresholds rise accord-

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<sup>9</sup> Oral information from Thomas Fischer, BMFSFJ, Berlin.

ing to the number of children. Maternal benefits, sickness allowances and unemployment benefits are taken into account for the calculation of child-raising allowance (BMFSFJ 2002; Deutsche Bundesregierung 2003a).

Both employed mothers and fathers are entitled to parental leave (“Elternzeit”) for each child up to age 3. One year can be transferred to the period between the 3<sup>rd</sup> and 8<sup>th</sup> year of the child. Parents can either share their leave or take it together. Parents on parental leave can work up to 30 hours/week each. In companies with more than 15 employees they have the right to part-time work, if it doesn’t conflict with urgent internal reasons. Mothers and fathers on parental leave are protected against unlawful dismissal (BMFSFJ 2002).

Employed mothers and fathers who are covered by statutory health insurance are eligible for *temporary leave* to take care of sick children (up to age 12) or for children with disabilities. Temporary leave can be taken for 10 days/year each per child and up to 25 days/year each altogether. Lone parents can take up to 20 days/year leave per child and 50 days altogether. If parents are not entitled to paid leave, the statutory health insurance pays sickness allowance (“*Krankengeld*”) if the child is insured as well and if there is no other person at home who could take care of the child (BMFSFJ 2002).

Unemployment benefit (“*Arbeitslosengeld*”) is paid to insured persons who have been employed for at least 12 months during the past three years. Jobseekers have to register with the employment office and have to be available for the labour market. They are required to actively seek a job for at least 15 hours/week. Unemployment benefit is paid at a rate of 67% of last year’s net income for unemployed parents and 60% respectively for persons without children. The length of entitlement depends on the duration of membership in the insurance and the age of the jobseeker. Benefits are thus paid during a period of 6 to 32 months. After this time jobseekers are entitled to a different form of unemployment benefit (“*Arbeitslosenhilfe*”) at a lower rate of 57% of the last net income for parents and 53% for persons without children. This benefit is means-tested, assets of the claimant and his/her partner are taken into account.

Social Assistance (“*Sozialhilfe*”) consists of different parts. The basic social assistance (“*Hilfe zum Lebensunterhalt*”) covers the basic standard of living, including food, housing, clothing, utilities, household effects and personal needs. The regular allowance (without housing and utilities) are as of July 2003 291 € for the head of the household, 233 € for other adults, 146 € for children under 7 (160 € in lone parent household), 189 € for children age 7-13 and 262 € for children age 14-17. Additional payments can be made for groups with increased demands (“*Mehrbedarfszuschlag*”), e.g. for lone parents, while single payments (“*Einmalzahlungen*”) address needs that don’t arise regularly, e.g. the purchase of a washing machine or a school trip of children. Social assistance for particular circumstances (“*Hilfe in besonderen Lebenslagen*”) is paid in situations like pregnancy, sickness, disability, or need for care. It, too, is means-tested, but income thresholds are higher. Within the programme Support to Work (“*Hilfe zur Arbeit*”) welfare recipients who are capable of working get individual support to be integrated into the regular or subsidised labour market or are required to take part in work for the public welfare. These persons get some income on top of their welfare.

Social assistance is means-tested. But not only income and assets of the claimant’s household but also of – non-resident – parents and children are taken into account. They may have to reimburse social assistance payments of the local authority (Breuer, Engels 1999). The fear that the family has to pay for social assistance keeps many people from claiming welfare. In addition many people on social assistance face stigmatization. Thus it is not surprising that the take-up rate is only an estimated

50% of entitled persons (Neumann, Hertz 1998). In regard to elderly or disabled persons the introduction of the much less bureaucratic basic security allowance (*Grundsicherung*) has been an important step forward to tackle this problem, but there is nothing similar for families yet.

Because of the large overlap between people eligible for the second form of unemployment benefit and those who are on social assistance but capable of working, from 2005 both schemes will be combined as unemployment benefit II (*Arbeitslosengeld II*) under the responsibility of the employment offices. This could increase efficiency of bringing people into work that are at a high risk of persistent exclusion of the labour market, though critics argue that employment offices will be overburdened with the additional responsibility. As the new benefit is no longer linked to the former income it poses a significant poverty risk at families. The effects on children will have to be observed.

A last set of allowances is designed for young people in training or higher education. Under the scheme of educational grants (*BAföG*) students in secondary or vocational education (from grade 10) can get a means-tested grant for their costs of living. Students in higher education (college or university) are likewise entitled to a grant but have to pay back half of it without interest after the end of their studies. This loan can be waived in case of excellent achievements or out of social reasons. Dependent on the income of parents or partners BAföG recipients can get up to 521 €/month (585 €/month in case of high housing costs). Young people in vocational training who don't live with their parents can apply for a grant for vocational training (*Berufsausbildungsbeihilfe*). The amount of payments depends on the own income and the income of parents and the husband or wife. Skilled workers who want to do their master craftsmen's diploma or equivalent qualifications can get grants and loans for the costs of the courses and their living ("*Meister-BAföG*") (BMFSFJ 2002).

This brief overview of family-relevant benefits in Germany shows clearly that strong state regulation and legislation combined with a tradition of different responsibilities (vertical and horizontal) have created a complex system that is very expensive and not very user-friendly. The simplification of entitlements and responsibilities could reduce costs and improve efficacy considerably.

### 7.3.1.2 Policies to reduce expenses of families

#### 1. Make high quality childcare affordable

Public childcare – as well as schooling – is under the legislative and administrative responsibility of states and local authorities, so that concepts and organisation differ across the states. There are still significant differences in the public perception of childcare between Western and Eastern Germany. In Western Germany the care for young children is mainly seen as responsibility of mothers. The predominant pattern is still that mothers take parental leave to care for their children and then perhaps re-enter the labour market – often with a part-time job – when children are in kindergarten or primary school. Public opinion still considers it the best for children to stay at home during the first years of life. In the Eastern part on the other hand women traditionally combine work and childcare earlier – but have widely adopted the Western childcare system after re-unification (cf. Huster et al. 2003).

Against this background there is a good coverage for children aged 3-5 in public childcare (~ 90%). In fact every child from age 3 has the right to a place in a public kindergarten. Most *kindergartens* are part-time though and even many primary schools can't guarantee regular school hours covering the whole morning. In combi-

nation with the lack of public childcare facilities for toddlers and infants (coverage is less than 5%) it is very difficult for parents – and particularly mothers – to reconcile work and family life (The Clearinghouse... 2003b; Huster et al. 2003). However, the traditional picture of the male bread-winner family doesn't fit anymore and mothers increasingly demand for more and better childcare options.

Indeed there is now a strong political will in government to improve the situation and the government intends to allocate 1.5 billion Euros per year to local authorities for the *extension of childcare* for under 3 year-olds and a total of 4 billion Euros for the next four years for the further *development of all-day schools* – the latter not least with the intention to improve the quality of education in reaction to the bad results in PISA (Bundesregierung Deutschland 2003). As stated above, childcare and schooling are not in federal responsibility and government has no direct influence on the financial priorities set by communes. Thus the development of established measures of cooperation between the different political levels would foster the development of more coordinated policies for children, young people and their families.

## 2. Make decent housing affordable

Housing benefits ("*Wohngeld*") are available for households with low income. Tenants get rent allowances while households in their own home can get a subsidy to their housing costs. The rate of benefits depends on household income, the number of household members and the rate of qualifying rents. Since 2002 people on social assistance receive subsidies to their housing costs through a special scheme at similar conditions.

Families who buy/build their own home are entitled to an own-home allowance ("*Eigenheimzulage*"). The full allowance is paid if the costs are higher than 51.120 €. Own-home allowance consists first of a basic allowance of up to 1.250 €/year for up to 8 years for new buildings or old houses respectively. An additional child allowance is given for each child at a rate of up to 800 € for up to 8 years.

As further support to encourage home ownership the government supports saving schemes with building societies (*Bausparen*).

On the supply side the Federal Government and the states have funds for supporting house building and the modernisation of housing. Regulations vary across the different states and are adjusted yearly to regional needs and political priorities.

## 3. Health care

Germany has an insurance-based health system. The majority of the population is insured in agencies of the *statutory health system*, while wealthy people, self-employed and civil servants have the possibility to opt out into the private health insurance.

Contributions to health insurance are shared between employees and employers as a percentage of income (up to a ceiling). The insurance covers the cost for preventative measures, medical and therapeutic treatment and aids, though patients have to contribute to a range of medical services, aids, dental care, glasses, and pharmaceuticals.. From 2004 patients have to pay a 10 € fee every quarter when consulting a general practitioner and an additional 10 € for consulting specialists without referral. Children and young people up to age 18 are exempted as are solely preventative measures and vaccinations. Fees are also reduced or waived for chronically ill people and women who only need a new prescription for contraceptives. Contributions of patients are generally limited to 2% of the annual gross income and to 1% for chroni-

cally sick people. All further payments are reimbursed by the health insurance agency.

The statutory health insurance is a family insurance, so that a non-working wife or husband and children are covered by the insurance of the main earner. Health care and medical services for persons on social assistance have been paid by the local authority and correspond to the services of the statutory health system until 2003. From 2004 welfare recipients are included in the statutory health insurance.

The family based health insurance system is an effective means to prevent social exclusion, particularly of children, as it ensures the access to prevention, health care and medical treatment. Problems are reported though regarding the accessibility of the healthcare system for immigrants, because of cultural and language barriers (Huster et al. 2003; cf. Schenk 2002).

Since 1997 the nursing care insurance (*“Pflegeversicherung”*) finances the care for persons in need in their own home either by services in kind or care allowances for caring family members.

Persons with disabilities are entitled to a range of benefits and services to enable them to participation in society. Support is usually given in kind, but the introduction of the *SGB IX* in 2001 has also increased the possibilities of cash transfers, e.g. in form of so called Personal Budgets that enables people with disabilities to organise the own support in a self-determined way (cf. Wacker, Wansing, Hoelscher 2003; Wansing, Hoelscher, Wacker 2003).

### *7.3.1.3 Policies focusing on prevention and child well-being*

Child and youth welfare is regulated by the Child and Youth Welfare Law (*Kinder- und Jugendhilfegesetz, KJHG*). Social services for children and young people and their families are organised and coordinated by the local youth welfare offices with services being provided by charities or the municipalities. The aim is to support children as long as possible within their families and to enable parents to care adequately for their children. Children and young people have a right to get support and also to ask for shelter if they can't or don't want to stay at home. In the procedure of organising support for children and their families all persons that are involved are to be heard: the child, parents, social workers, and – if helpful – teachers, relatives, friends or any other person that might be important. Objectives of support and measures are agreed upon by consensus and progress is reviewed regularly. These measures have strengthened the position of children and young people and ensure that their views are taken into account.

Apart from this there is a range of programmes and initiatives to address poverty and social exclusion of children and their families. Though implemented on the local level, some programmes are initiated and/or funded by the federal government or the states.

In this context however only one example of good practice is presented, the programme platform “Development and Chances of Young People in Disadvantaged Neighbourhoods” (*“Entwicklung und Chancen junger Menschen in sozialen Brennpunkten”, E&C*)<sup>10</sup>. Initiated by the Federal Ministry for Family, Elderly, Women and Youth (BMFSFJ) the programme platform aims at the mobilisation of resources and measures for children and young people in disadvantaged urban or rural areas, a further qualification and development of local activities in the context of the Children and

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<sup>10</sup> cf. [www.eundc.de](http://www.eundc.de)

Youth Welfare Services and at a stronger focus on the problems of young people in these areas. At the same time new measures are to be developed and tried out to support the social inclusion of these young people. The main approach is to set up an overall concept according to the specific local situation and thus to use all available resources, funds and services in an effective and coordinated way and to develop new services where gaps need to be filled.

E&C comprises seven main programmes:

- Within the competition "*Fit for Life and Work – New models for the inclusion of young people into work and society*" examples of good practice have been supported by grants. Through a database these experiences can be used for the design of new projects.
- *Voluntary social traineeship* "Freiwilliges Trainingsjahr": This programme is targeted to those young people who didn't manage the transition from school to vocational training or work. For one year the young people work in social services within their neighbourhood, linked with individual measures of qualification. By this young people get involved in and for their neighbourhood and participate in decision-making processes.
- *Networking within the neighbourhood and neighbourhood management*: cooperation and networking of all services and the involvement and participation of children, young people and their families are a fundamental principle of the E&C programme.
- *Participation of disadvantaged young people* in sports, culture and politics: Projects have the objective to "make children strong" aim at the development of young people's social, personal and cultural resources and therefore have a strong preventative focus.
- *Services and advocacy groups for young immigrants*: the main focus of this programme is the opening of existing services to immigrants and to include this group that is at a high risk of social exclusion.
- The *promotion of voluntary work in disadvantaged rural areas* includes projects that build up structures of voluntary involvement of young people in a way that appreciates and honours young people's work.
- *Local Action Plans for tolerance and democracy* against violence, right-wing extremism and xenophobia are set up by the local youth authorities and aim at the promotion and support of local alliances and new measures.

(BMFSFJ 2001)

Evaluation of this programme is still in progress. The coordination of services and the flexibility of strategies to support young people as well as a consequently participatory approach have the potential to make a change for children and young people in disadvantaged neighbourhoods.

#### 7.3.1.4 Summary

With its mix of relatively generous universal and targeted benefits Germany has a rather close-meshed social security net. Families are particularly protected, though – at least legally – still against the background of a traditional view of the family. Thus on the one hand child benefits are generous and the access of children and young people to healthcare and social services is generally good, while on the other hand there is a lack of possibilities for parents to reconcile work and family life.

Several years of economic slowdown and the aftereffects of the German reunification have led into a deep crisis of the social system and triggered a fundamental reform process. One pillar of the reform is the necessity to re-structure the financing of the social insurance system (particularly health and pension) and to put it on a broader basis. Discussions are still under way. A second pillar is a reform of labour market and social assistance policies. These are moving from the passive provision of benefits to a system of activation, of bringing as many people into work as possible. This goes along with tightened eligibility criteria, but also a slight simplification (the combination of social assistance and benefits for long-term unemployed persons). Activation of unemployed people is however only possible if jobs are available. Job creation, particularly in Eastern Germany must therefore remain the first step of reforms. A third pillar is a rethinking of family policies. Raising labour market participation is only possible with a better access for women to the labour market. Improving the reconciliation of family and work basically means an expansion of childcare facilities that offer day-care and/or care for young children but also the promotion of part-time employment. At the same time efforts are made to compensate for the costs of raising children so that child benefits have been increased and an additional means-tested child allowance is in planning. These measures are not least pro-natalist and shall make a life with children more attractive.

Fast and comprehensive reforms are difficult though within a federal political system and a culture of consensus democracy. Different majorities in the upper and lower house of the parliament slow down the reform process. In addition there is no institutionalised cooperation or direct financial relationship between the different political levels (national, states, regions, local authorities). Role and responsibilities of the different actors are not always clearly defined. Finally, as the reform of the welfare state is not least a process of retrenchment, public acceptance is low.

### 7.3.2 France

Solidarity and social justice are fundamental principles of French social policies. Traditionally the focus has rather been on social exclusion than on poverty and policy measures either have been universal (family policies) or targeted towards groups with multiple problems at a high risk of social exclusion (e.g. homeless people). Only recently poverty itself is recognised as a social problem that demands action and child poverty has now become an issue of major concern. The CERC (Conseil de l'Emploi, des Revenus et de la Cohésion Sociale), for example, has organised a first conference on child poverty in 2003 that will be followed by a second conference in spring 2004. In February 2004 it has also published a national report on child poverty in France (CERC 2004).

The shift in perspective has brought a shift in the distribution of resources. For a long time there has been a strong horizontal redistribution of resources from families without children to families with children. This is now increasingly supplemented by a vertical redistribution from rich to poor people, e.g. with some family benefits targeted solely to the poor or strategies of 'positive discrimination' to support poor children.<sup>11</sup> France recognises the multidimensionality of poverty and social exclusion and consequently implements multiple strategies in response. Among the main areas are the fight against unemployment, the access to rights and services for all, prevention of

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<sup>11</sup> Oral information from the Ministère d'Emploi et de la Solidarité 2003, the CNAF 2003 and the CERC 2003.

social exclusion, support of the most vulnerable and the mobilisation of all actors (Legros 2003; Ministère d'Emploi et de la Solidarité 2003).

Though a large part of social policies are decentralised and administered on the regional or local level the government plays a prominent role in policy design and implementation. Regulation of social issues is strong and differentiated.

### 7.3.2.1 Policies to increase families' financial resources

#### 1. Bring people into work that pays

In line with other European countries French government regards employment generally as the best way out of poverty so that priority is given to labour market strategies that firstly bring people into stable work, particularly those who have the greatest difficulties, secondly increase and secure the income of people who are only marginally employed or in low-income jobs and thirdly prevent unemployment e.g. through life-long learning.

In May 2001 earned income tax credits (*prime pour l'emploi, PPE*) were introduced to encourage workers to return to employment. Initially designed for full-time workers the scheme was broadened in 2003 to encompass part-time workers as well. The threshold for eligibility is usually 1.4 times up to 2.13 times the annual minimum wage. In 2001 PPE was allocated to more than a quarter of all tax households.

Apart from this, French policy has a strong focus on targeted programmes for groups who have very serious difficulties to find access to stable employment: low skilled workers, long-term unemployed persons, immigrants, disabled people and young people who didn't manage the transition from school to the labour market.

Unemployed persons get individualised support through the employment agency. The efforts are intensified for those who haven't returned to the labour market after one year of enrolment at the *French National Employment Agency* (ANPE) or who receive RMI. They have to agree on *personalised action plans for a new start (PAP-ND)* which is a tool to develop individually tailored strategies to get people back into work. Access to employment then is supported through a range of measures and programmes like:

- The *employment initiative contract (CIE)* is a direct integration scheme for the employment in the private sector. It targets persons that are unemployed for more than 2 years, receive RMI or live in sensitive urban areas. Since July 2003 a stronger focus is put on the inclusion of women. According to the government the programme is successful with 70% of the participants managing to find lasting employment.
- The government offers subsidised contracts in the market and non-market sector to people that are not or hardly attached to the labour market. The former CES and CEC are now replaced by a single and more flexible programme that allows adjustments according to the needs and profile of each beneficiary.
- To bring welfare recipients back into the labour market *RMA, revenu minimum d'activité*, is a programme which offers strong individualised support. Implemented on the level of départements the programme subsidises jobs for persons who have to develop basic competences for regular employment. Thus the programme supplements work of 20 hours/week with mentoring, training, personalised follow-up activities and a regular evaluation of the individual situation. The programme runs for a maximum of 18 months.

(Ministère d'Emploi et de la Solidarité 2003)



In this context I will go into only one other field of programmes, i.e. the inclusion of young people in the labour market as their unemployment rates are above average and sharply increasing.

- Under the *Youth-in-Business-Contract* (introduced in August 2002) young people between 16 and 23 with a level of education below A-levels or without any qualification are employed in the private sector. The contracts are open-ended and subsidised for three years. During the first two years the employer receives a monthly support payment of the total of employers' contributions up to 1.3 times the minimum wage and for the 3<sup>rd</sup> year 50% of this. During the first six months of implementation 65.000 young people participated in the programme.
- The – likewise new – *CIVIS Contract* offers young people (16-25) out of training or education personalised support programmes that facilitate the access to training or employment, possibly with associations that are engaged in socially useful activities (TRACE – Pathways to Jobs) or to the start-up of an own business (EDEN). Participants in CIVIS may also be entitled to an allowance to secure their living.

(Ministère d'Emploi et de la Solidarité 2003)

French labour market policies are characterised by a strong governmental involvement for vulnerable groups but also by strong regulation and sophistication that create a certain rigidity. New programmes seem to address this problem. They are simplified and made flexible to fit to the specific needs of the individual.

## 2. Direct cash transfers

France has an explicit family policy with generous cash benefits, either universal or means-tested. It serves as a compensation for the economic costs of child rearing but has also a wider scope encouraging a higher birth rate and ensuring child protection. The family benefit system is – like the German system – very complex and comprises more than 20 different cash benefits. In an attempt to simplify the system, a new benefit for young children, *La Prestation d'Accueil du Jeune Enfant* (PAJE), is due to be launched for children born on or after January 1, 2004. The new benefit replaces 5 benefits:

- Child allowance for young children (*Allocation pour jeune enfant*, APJE)
- Allowance for adoption (*Allocation d'Adoption*, AAD)
- Child raising allowance (*Allocation parental d'éducation*, APE)
- Private child care allowance (*Aide à la famille pour l'emploi d'une assistante maternelle agréée* (AFEAMA)
- Child home care allowance (*Allocation de garde d'enfant à domicile*) (AGED)

For children born before 2004 the former allowances are continued until a new child is born to the family. Then the system changes for all children of the family.

PAJE includes a means-tested child birth or adoption grant (*Prime à la naissance ou à l'adoption*) at a rate of 800 € that is paid around the 7<sup>th</sup> month of pregnancy for each child or in case of adoption for children up to 20 years. A basic allowance (*L'allocation de base*) is paid for 3 years starting with the month of birth at a rate of 160 €/month. In case of adoption the allowance is paid for three years as well, but only until the child reaches age 20. A supplement for the free choice of activity (*Le complément libre choix d'activité*) is paid to parents who are not in employment or only work part-time because of the care for a child younger than 3 years. A childcare supplement (*Le complément libre choix d'activité*) finally covers part of the costs for private childcare according to family income and the age of the child (CAF 2003).

Family allowances (*allocations familiales*) are income-tested and paid to families with at least two children under age 20. 111 €/month is paid for families with two children, 253 € for those with three children and 142 € for every further child. An addition is paid for children between 11 and 16 years (31 €) and for young people older than 16 (55 €). Since the end of 2002 a flat-rate family allowance (*L'allocation forfaitaire*) enables large families (at least 3 children) to partially maintain their family allowance after the 20<sup>th</sup> birthday of their oldest child, if it still lives at home. It is paid at a rate of 70 € for one year as long as the child has no income above 668 €/month (CAF 2003; Ministère d'Emploi et de la Solidarité 2003).

Large families with at least 3 children above age 3 are entitled to an income-tested family supplement (*complément familial*) of 144 € per month. The income threshold for couples with one earner and three children is drawn at about 25.400 €/year and at 31.000 € respectively for lone parents and two-earner families. The threshold increases for every further child (CAF 2003).

Families of schoolchildren (age 6-18) are entitled to an income-tested "return to school benefit" (*Allocation de rentrée scolaire*) of 253 € that is paid at the beginning of the school year. The income-threshold for families with one child is drawn at about 16.400 €/year and increases with 3.800 € for every further child (CAF 2003).

Lone parent allowance (*Allocation de parent isolé*, API) guarantees a minimum income for lone parent families of 522 € with one child and an addition of 174 € for every further child. Housing costs are supplemented with 48 € for one child, 95 € for two and 118 € for more children. API is paid for up to 12 consecutive months after separation or until the youngest child reaches age 3. In case lone parents take up employment income is not taken into account for the trimester in which the work started and the three following months. During the following 9 months 50% of the income is counted (CAF 2003).

Family support benefit (*Allocation de soutien familial*) is paid under two conditions: First, if the child is an orphan and has lost mother and/or father or doesn't know the other parent family support is paid at a rate of 78 € per month for children deprived of the aid of one parent and 104 € per month if the child is deprived of the aid of both parents. If, secondly, the child lives with one parent and the non-residential parent doesn't fulfil his/her obligation to child maintenance, then family support (at the above rate) is paid provisionally for four months. The CAF then collects maintenance from the defaulter. Lone parents who have a judicial ruling for their entitlement to child maintenance and are not eligible for *allocation de soutien familial* get support from the CAF with the collection of money from the other parent (*Aide au recouvrement des pensions alimentaires*) (CAF 2003; The Clearinghouse ... 2003c)

Parents of seriously ill or disabled children who have to interrupt or reduce their employment temporarily in order to take care of their child are entitled to a "benefit for parental presence" (*Allocation de présence parentale*), that is paid for up to one year. The rates depend on the extent of reduction of the employment and on the household composition. The amount varies between 810 € for couples/960 € for lone parents who don't work and 247 € (326 €) for parents who reduce their working hours only by 20-50%. Parents of disabled children under age 20 get a special education allowance (*Allocation d'éducation spéciale*) that comprises a basic allowance of 111 € per month and child and an addition that depends on the costs of the disability, the necessity to reduce or quit employment and the employment of an assistant. It varies between 83 € (1<sup>st</sup> category) and 930 € (6<sup>th</sup> category) per month. Disabled adults are entitled to a means-tested disability allowance (*Allocations aux adultes handicapés*, AAH) of up to 578 € per month plus a conditional supplement of 92 € (CAF 2003).

Expectant mothers in employment with compulsory social insurance get job-protected, paid *maternity leave* for the period between 6 weeks before and 10 weeks after childbirth for the first two children, 8 weeks before and 18 weeks after the birth of a 3<sup>rd</sup> child and 12 weeks before and 22 weeks after the birth of further children. In case of extended hospital care or a pathological pregnancy the leave is paid for two more weeks. It is paid at a rate of up to 80% of the mother's earnings. Fathers are entitled to 11 days of *paternity leave* (18 days in case of multiple birth) within four months after childbirth (MISSOC 2002).

Employed parents are entitled to – initially – one year of unpaid but job-protected *parental leave* either by suspending their contract or reducing working hours. The leave can be extended to up to 3 years. In case of a serious illness, accident or disability the leave can be extended for one further year. Mothers and fathers can choose to take leave at the same time or subsequently. Fully paid *sick child leave* is provided for all working parents for up to 5 days per year to care for a child below age 16 (The Clearinghouse... 2003c).

Unemployment benefits are paid to eligible persons, who have been insured for at least 4 months during the last 18 months. The rate of the unemployment insurance (*assurance chômage*) depends on the respective earnings. The minimum rate is 24 € per day, the maximum 75% of the “reference daily wages”. Unemployment assistance (*régime de solidarité*) for long-term unemployed is paid as a flat-rate that depends on the household composition (single: 935 €, couple: 1470 €). Special solidarity allowances may apply. The take-up of unemployment benefit requires active job-search of the claimant. Otherwise benefits can be cut (MISSOC 2002).

Means-tested social assistance (*Revenu Minimum d'Insertion*, RMI) is paid as a last resort to adults (> 25 years) or younger parents. To be entitled applicants have to sign an integration agreement during the first three months. The eligibility to RMI is checked every three months. Including housing costs RMI is paid at a rate of 412 €/month for a single adult (couple: 618 €). For families with one child the rates are 618 € for single parents and 741 € for couples, for two children the respective rates are 741 € and 865 €. Every further child increases the rate by 165 €. At the time of application all income is taken into account, as are – at least partly – other benefits. In case a person on RMI is taking up employment, RMI is phased out slowly to make work pay (CAF 2003).

The effect of the highly differentiated French benefit system appears to be inconsistent. Fairly generous benefits, particularly for large families, lone parents and families with disabled children help to secure the living of those groups who are at a high risk of poverty and social exclusion. Périvier (2003) however argues that particularly mothers are at risk of being trapped in inactivity. Considering the costs and supply of crèches staying on benefits could be more attractive – and in some cases the only choice – than returning to the labour market.

### 7.3.2.2 Policies to reduce expenses of families

#### 1. Make high quality childcare affordable

France has a universal, publicly funded preschool education system for children aged 2-6 (*école maternelle*). Participation in the *école maternelle* is free of charge for the standard school day (8.30 – 4.30). In addition there are supplementary services before and after school hours, at lunchtime and during school holidays. These services are charged at an income-related fee. Traditionally designed as an educational programme the focus has increasingly shifted to a general enhancement of children's

development and a preparation for primary school. Enrolment of 3-5 year olds is rather universal while for younger children the demand of working parents often can't be met – especially in rural areas.

Childcare services for younger children (from 3 months to age 2) are organised in *crèches*. There are different forms of childcare facilities: traditional *crèches* in the neighbourhood or at parents' work place, *crèches* that are organised by a group of parents themselves who are assisted by qualified personnel or family *crèches* in the home of a childminder. In addition there are *haltes-garderies*, child-centres for short-term care for children up to age 6 that enable parents to have some free time on an irregular base. *Crèches* usually are open 10-12 hours per day. They are partly financed by the public, partly through childcare allowances (PAJE, APE) and partly through parents who pay an income-related fee. Thus parents bear about a quarter of the costs. Coverage is about 35% – quite high in a European comparison, but still not meeting the demands. In addition coverage is distributed unevenly, with good access in urban but very few facilities in rural areas (Périvier 2003; The Clearing-house... 2003c).

## 2. Make decent housing affordable

The French NAP/incl. states a lack of housing for modest income due to a very high demand. French policy thus supports the extension of public housing and private rental-controlled housing. Investors are turning away from social housing though as they fear non-payment of rents and high taxation. Thus the building of private rental housing is supported by tax incentives and in addition a task force on rental-risk guarantees has been implemented within the framework of the *Conseil National de l'Habitat* (CNH) (Ministère d'Emploi et de la Solidarité 2003).

Apart from supporting the supply side France offers a range of means-tested housing benefits. Housing allowance (*Allocation de logement*) is granted according to a range of criteria (e.g. resources, family situation, kind of housing, area, number of children) and any changes in the situation can lead to a new calculation of the benefit. Entitled are tenants as well as owners who live in their own property. Depending on the circumstances the benefit is either paid to the family or directly to the landlord. "Personalized support to housing" (*aide personnalisée au logement*) is granted under similar conditions but specifically for people living in social housing and paid directly to the house owner.

Families who are entitled to some kind of family benefit can get a low interest loan for renovation and modernisation (e.g. heating system) of their home (*Prêt à l'amélioration de l'habitat*). The loan covers up to 80% of the costs up to a maximum of 1067 €. The interest rate is 1% and the loan has to be paid back in 36 monthly rates. Families who have to move into larger housing after the birth of their 3<sup>rd</sup> (or further) child and receive some kind of housing benefit are entitled to a "relocation grant" (*prime de déménagement*) of up to 834 € for families with 3 children, up to 904 € for 4 children and an additional 70 € for each further child (CAF 2003).

## 3. Health care

France has a *universal insurance based health system*. Insurance is compulsory and includes employees and self-employed persons together with dependent household members. Pensioners, unemployed persons, students and beneficiaries of a range of allowances (e.g. API or RMI) are included in the insurance scheme as well. The coverage is about 99%. Patients have to pay fees between 20% (treatment in hospital)

and 30% (doctors' fees) as well as a share to the cost of aids, medical prescriptions and hospitalisation. Exemptions are made for holders of an invalidity or work injury pension as well as for people with low income.

However, there are a growing number of people who either can't access the insurance scheme or are not able to pay the fees so that some children have delayed access to the health care system. To tackle this problem France has introduced a *universal health insurance (CMU)* in 2000 that secures the access to health care for the most excluded. The income line is drawn at 562 € per month, though those who are just above this line are entitled to a flat-rate assistance of 115 €.

Regional healthcare and prevention programmes (*PRAPS*) aim at the improvement of the accessibility of the health system for vulnerable groups and introduce regional measures to prevention. Under this programme so called healthcare access help desks (*PASS*) in public hospitals are created in disadvantaged rural areas as well as city health centres (*Ateliers Santé Ville, ASV*) in disadvantaged neighbourhoods. Both aim at improving the accessibility of the health system for particularly vulnerable groups of the population (Ministère d'Emploi et de la Solidarité 2003).

### 7.3.2.3 Policies focusing on prevention and child well-being

Traditionally French social policy is addressing social exclusion rather than poverty. Universal as well as targeted social services for parents and children are thus widespread as are policies that aim at improving the situation in disadvantaged rural and urban areas and at creating equal opportunities.

In view of education new measures have been introduced to prevent the exclusion of children and young people at risk and thus to tackle educational inequality. The following gives an overview of some interesting initiatives as they were presented in the French NAPincl 2003-2005 (Ministère d'Emploi et de la Solidarité 2003).

- A "*comprehensive action plan*" for students in primary schools provides teachers with information about difficulties students may face and tools for diagnosis and evaluation. Other aspects are the development of extracurricular activities and the involvement of parents who are also in need for support. An especially important feature is the establishment of small first grade classes (*cours préparatoires*) in schools that are located in disadvantaged neighbourhoods to improve the development of reading and writing skills. In addition reading classes are offered until students reach secondary school and early treatment will be implemented. The training is based on new information and communication technology.
- Young immigrants who have newly arrived get additional educational support to immediately integrate them into a classroom with standard curriculum or to open ways to vocational training.
- Within the "*Open School*" programme secondary schools are kept open through school holidays, first and foremost in disadvantaged areas. They will offer educational as well as cultural and sports activities and have not only the objective of supporting children and young people who have to stay home during holidays but also to deeper ingrain schools in their neighbourhoods.
- "*Catch-up*"-classes and -workshops target truants and early school leavers. The objective is to bring them back into regular education by providing them with adapted activities with professors and counsellors.

#### 7.3.2.4 Summary

Compared to Germany the French welfare system still appears to be quite stable and reforms generally happen in the way of gradual adaptation to changed conditions. There are signs for a deeper transformation though. The shift from horizontal to vertical redistribution of resources indicates a shift in perspective. Social exclusion remains high on the political agenda but the government now recognises that poverty now affects broader parts of the population and not only especially vulnerable groups. The fairly new discussion on child poverty in France shows the growing importance of this issue and might well be the starting point for further reforms.

A strong emphasis is laid on education, particularly on fighting illiteracy and on the regeneration of disadvantaged neighbourhoods. In the field of labour market policies the introduction of earned income tax credits has set an important work incentive and the expansion of the programme in 2003 is encouraging. Conditions for the reconciliation of work and family are quite well with a comprehensive childcare system even for younger children, though access is still uneven. An interesting institution is the *haltes-garderie* that offers short-term childcare as the need arises.

It is noteworthy that the French government has retained a strong commitment to family issues in spite of economic slowdown and mass unemployment. Family allowances thus are generous but favour families with two and more children. The system is highly differentiated and complex so that it might be difficult to ensure that all families actually get the support they are entitled to. The creation of a new benefit for young children in 2004 that replaces five allowances is thus an important step towards a simplification of family allowances. But still more remains to be done to give information about benefits and services to parents. In this context a recent report published by the Ministry of Health, Family and Persons with Disabilities proposes the implementation of local “information points for the family” (Ministère délégué à la Famille 2002).

#### 7.3.4 The Netherlands

The Netherlands faced a severe unemployment and welfare state crisis during the 1970s and 1980 that enforced major reforms on the labour market and the social security system. The success of the implemented reforms showed in the recovery of the labour market and a stable economy (cf. Huber, Stephens 2001). Thus the Netherlands entered the recent economic slowdown with a somewhat better adapted social system and a more flexible labour market than the other conservative welfare states. In fact unemployment rates remained low. However, the new centre-right coalition has introduced changes in welfare and social policies that are characterised by cuts in funding, a tightening of entitlements and an increasing level of decentralisation from the national to the local level.

Raising employment levels by activating unemployed persons and welfare recipients remains the highest priority of social policy. Nevertheless and similar to other countries in this category, the welfare-state has maintained its ideal of the “male breadwinner” family. Much has changed since the 1950s when the employment of married women was still prohibited by law, but female labour market participation is still comparatively low and to a large extent limited to part-time work.<sup>12</sup>

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<sup>12</sup> Oral information from the Verwey Jonker Institute, Utrecht, 2003.

Though children and youth services are strong and generally of high quality, children don't play a significant role in social policy. Van den Brekel and van de Kaa (1995) also state that the Netherlands don't have an explicit family policy anymore as policies are oriented towards all private households with an emphasis on the most vulnerable. Against this background it is not surprising that child poverty is not an issue in Dutch policy.

#### 7.3.4.1 Policies to increase families' financial resources

##### 1. Bring people into work that pays

Like in most other countries in this study Dutch social policy sets a priority in reducing the number of benefit recipients by bringing as many people as possible in self-sufficient employment. The motto however is even stricter formulated than in many other countries: "Anyone who can participate must participate" (Dutch Government 2003).

Against this background the Dutch strategy seems to be twofold: tougher eligibility criteria for social insurances and cuts in benefits shall reduce the number of new claimants while activation policies and work incentives shall bring people (back) into paid work. A particular challenge in this context is to prevent that people get stuck in a poverty trap. Up to now people who start working in minimum wage jobs experience a fall in their disposable income. Thus high marginal pressure in the low-income sector makes it rather unattractive to take up employment (Dutch Government 2003). A first step to address this problem has been the introduction of *tax credits*. The *combination tax credit* is available for working parents with young children at a rate of up to 190 € per month, while the *employment tax credit* amounts to about 1100 € per year and will be further increased by up to 200 € until 2007. The eligibility for the supplementary single parent tax credit has been broadened for single parents with children up to 16 years of age (instead of 12) while the scheme for long-term minimum-income households has been abolished (Dutch Government 2003).

Tougher regulations were introduced for *unemployment benefits* as well as for *disability benefits* (see below). The requirements for active job search have been tightened and exemptions and special arrangements abolished. This goes along with a process of devolution in which the full responsibility for policy making and finances for reintegration has been transferred to the municipalities to enable them to react flexibly and adequately to the local needs. The mission is to offer tailored services to reduce the number of new social assistance-claimants.

Services are designed within the so-called "*comprehensive approach*" and implemented by the municipalities together with the *UWV* (Employee Insurance Scheme Implementing Body) that is responsible for the reintegration of people on unemployment benefit, and the *CWI* (Centre for Work and Income) that has the task to place people with good job prospects in jobs (during the first six months). Within this programme all adults who are registered unemployed get an offer within 12 months that either lead them into new employment or into a social activation programme. Young people have to get a corresponding offer within 6 months. *Job placement services* are offered by government-financed institutional services like the local Employment Offices, but also by private commercial institutions like temporary employment agencies or outplacement agencies. Approaches to bring people into work comprise counselling, training and vocational education as well as incentives for employers to employ long-term unemployed persons (Dutch Government 2003).

Of particular concern is the high – and rising – rate of *youth unemployment* (8.7% in 2001) that has led to a range of activities to bring young people into stable work. The municipalities have to offer a job to every young person who hasn't found a job, whether registered as unemployed or not. The creation of new jobs is main issue of covenants with employers, the CWI and educational organisations. For the most vulnerable young people “threshold-lowering” activities shall facilitate the transition into work. These include short-term programmes like individual counselling, job application training and job-related courses (Dutch Government 2003).

## 2. Direct cash transfer

The Netherlands have a universal child benefit system, independently from income or nationality of the claimant. Child benefits (*Kinderbijslag*) are paid for children aged 0-17 according to age-groups. There has been a slight cut in allowances for children born on or after 01.01.1995. The current rates are 56 € for children up to 5 years, 68 € for children between 6 and 11 and 80 € for children from 12 to 17. In case of a youth either still living in the parental household without sufficient income or in vocational training or further education without being entitled to student grants child benefits can be paid up to age 24. In case parents who don't live together take care of their child in turn, child benefits are shared. Young people who continue their education after age 17 are in principal entitled to a *study grant*. Those who live in the parental home receive 65 € (49 € if in secondary vocational training), those living away from home 201 € (185 €). Students entitled to study grant are also eligible for a *study loan*. Study grants are paid up to an income threshold of 8.850 € per year. (MISSOC 2002; The Clearinghouse ... 2003d; European Observatory 2002).

Children with severe disabilities receive child benefits until age 17 and then get payments under the Disablement Assistance Act for Handicapped Young Persons (*Wet arbeidsongeschiktheidsvoorziening jonggehandicapten, Wajong*) at the rate of the minimum (youth) wage. Adults with disabilities receive benefits either under the Disablement Insurance Act (*WAO*) or the Self-Employed Persons Disablement Insurance Act (*WAZ*). People who provide care for a handicapped child between 3 and 18 can obtain compensation under the TOG Regulation at a rate of 184 € per quarter (MISSOC 2002).

Job-protected *maternity leave* for working mothers amounts to 16 weeks, 4-6 weeks before and 10-12 weeks after confinement. Employed mothers insured under the *Sickness Benefit Act (ZW)* are entitled to 100% wage-replacement. Unemployed mothers have the right to a lower benefit. Women who are insured under the *Self-employed Persons Disablement Insurance Act (WAZ)* get a benefit of 100% of the minimum wage or – if they earn less – 100% of their actual wage. Fathers get two days paid *paternity leave* when their partner gives birth. Both parents are entitled to unpaid, job-protected *parental leave* if they have worked for the same employer for at least one year. Mothers and fathers are entitled to 3 months full-time leave each. The regulations are quite flexible. The leave can be taken on a part-time basis, until the entitlement is used up. The leave can also be interrupted and taken at up to three different times. Parental leave is an individual right so that until recently parents couldn't transfer their leave to the other partner. They can take leave either simultaneously or successively. If parents adopt a child they are each entitled to four weeks paid *Adoption Leave*. In addition parents can take up to 10 days a year *family leave* and an additional 2 days *emergency leave* (e.g. child or partner suddenly taken into hospital, broken water pipe at home). Wage is replaced at a rate of 70%, half of which em-



employers get reimbursed by the government (MISSOC 2002; The Clearinghouse ... 2003d; ILO 2003).

Apart from this the Netherlands have a *life-course saving scheme* that gives employees the right to save for either up to 18 months unpaid leave or to reduce working hours during the last two years prior to the official begin of retirement pension. Employees can save up to 12% of their gross annual salary tax-free and can transfer their saving account from one employer to another (Dutch Government 2003)

Parents who separate are encouraged to reach a voluntary agreement on *child support*. Otherwise the District Court decides on the amount of child support according to the so-called TREMA-tables. When a parent fails to pay maintenance at least once during the previous six months the lone parent can request that the National *Bureau for the Recovery of Child Maintenance* (LBIO) collects the maintenance. There is however no scheme of advance payments and also no minimum amount that has to be paid by the non-resident parent (The Clearinghouse... 2003d).

The regulations concerning *unemployment benefits* (WW) have been tightened. Eligible are now insured workers who have worked at least 39 weeks of 52 and for 4 out of the 5 past years. They have to be capable of and available for work and must not refuse suitable employment. Unemployment benefit is paid at a rate of 70% of the last salary with a maximum daily rate of 153 €. The duration of unemployment benefit payments depends on the duration of employment and ranges from 6 months (after 4 years employment) to 5 years (after 40 and more years). Short-term and follow-up benefits have been abolished (Dutch Government 2003)

*Social assistance* (*Algemene Bijstand*) finally serves as last security net by providing financial support to all citizens who are not able to support themselves and their families adequately. Claimants have to try actively to support themselves and have to accept suitable employment. There is no obligation to look for work for persons who take care of a child younger than 5. For older children there might be individual exemptions. The amount of social assistance is linked to the net minimum wage and includes – as a work incentive – a fiscal difference. Couples get 100% of the net minimum wage (1047 €), lone parents 70% (733 €) and single persons 50% (524 €). General child allowances are paid on top of it. Housing costs are included though, but municipalities can decide to grant an additional allowance of up to 20% to single persons living on their own who cannot share their housing costs with somebody else. In addition a *special assistance* (*bijzondere bijstand*) is given in case of exceptional needs, e.g. school trips, refrigerator, or furniture (MISSOC 2002; The Clearinghouse... 2002d).

#### 7.3.4.2 Policies to reduce expenses of families

##### 1. Make high quality childcare affordable

Childcare in the Netherlands is still widely seen as the responsibility of families and mothers usually reduce their working hours – 57% of female employees work part-time (OECD 2002). Childcare for young children is to a large extent organised informally through the support of relatives or childminders. Thus it is not surprising that coverage of childcare for young children is still quite low.

Childcare is organised by the government, employers and private initiatives. The government offers subsidised places for particular groups like lone parents. Employers can purchase slots in childcare centres for their employees and receive in turn a 30% deduction in payroll taxes. Parents pay an income-related fee.

Compulsory education starts at age 5 and is also open to – and widely used by – 4-year-olds. Elementary schools have morning and afternoon sessions so that most students go home for lunch. In some schools lunch is organised privately by parents to improve the possibilities for the reconciliation of work and family.

The Dutch government nevertheless recognises the need for an extension of childcare facilities, both for younger children and all-day care for school-age children. It is increasing the supply of childcare places, as well as looking for innovative solutions. The Combining Work and Care Steering Group and the Committee on integrated all-day provision have made recommendations to the government in 2003. In response the government wants to achieve an agreement with the municipalities on a policy aimed at a cooperation between different actors (school, childcare centres, leisure and sports facilities) to combine education, childcare and sports (Dutch Government 2003).

### *2. Make decent housing affordable*

Municipalities put effort into making cheap housing available for low-income families. *Rent subsidies* are however possible under certain circumstances, depending among others on income, rent, assets and age. A person can only apply for rent subsidies, if the rent costs between 162 € and 541 € per month. If a person lives in a more expensive home in spite of cheaper housing being available he loses his entitlement for housing subsidies (MISSOC 2002; Ministry of Social Affairs and Employment 2003).

### *3. Health care*

The Dutch health system is insurance based with 70% of the population being members of *compulsory health insurance* and 30% typically high-income earners in the private insurance. The compulsory insurance is based on the contributions of the main income-earner and includes dependent partners and children. People on low or without income are insured through a health insurance fund.

During the first four years children and their mothers are served in *maternity agencies* that perform regular check-ups, give advice on nutrition and child-rearing and administer vaccination. Later on access to the health care system remains an important issue and from age 4 up to age 19 children and adolescents are called to periodical examinations. 90% to 100% respond to this (MISSOC 2002; The Clearinghouse 2003d; Ministry of Social Affairs and Employment 2003).

### 7.3.3.3 Policies focusing on prevention and child well-being

Overall the Dutch social system focuses on intervention rather than on prevention. There is an extensive and comprehensive system of child and family support that steps in when problems arise. In addition there is a “Child Care and Protection Board”, which is responsible to the Ministry of Justice and deals with situations in which children are seriously threatened in terms of their development. Its task is to assess what measures are best to meet the situation of children and their parents. Main areas are child protection, divorce and visiting rights, and minors committing a crime (NIZW 2001).

Prevention is only recently gaining interest and importance. One field of prevention are programmes to support parents in raising their children. Support has to strengthen the capabilities of the families and actively involve parents and children. It must also be adjusted to the cultural background and specific needs of the families. Another example to prevent social and educational development disadvantages are so called *Community Schools*. The Community School is a concept to link education with other community based activities and services that matter for children and parents. Examples are education support, childcare or health services. Offering all these services in one place fosters not only cooperation and coordination of different services but makes them more accessible. Above this the participation of both parents and children is welcomed and seen as a means to encourage children and young people to enhance their social skills (NIZW 2001).

Participation of children and young people is generally seen as an important matter. Much involvement of young people is organised through youth organisations. There are youth advisory boards and a youth parliament and young people also have a formal say in the running of their school. Once a year a National Youth Debate takes place with 12-16 year-olds. Young people, members of parliament and Ministers discuss issues raised by the young people. Any motion that is accepted has to be carried out by the cabinet members (ibd.).

### 7.3.3.4 Summary

Since the late eighties Dutch social policy has increasingly been decentralised to the regional and particularly local level. Though the responsibilities of the three administrative levels are quite clearly defined there are also overlaps and – taking into account the range of services offered by welfare organisations and other institutions – a growing confusion and fragmentation, going along with a lack of monitoring and cuts in financing (cf. NIZW 2001).

The Dutch welfare system focuses on the individual rather than on specific target groups. Thus the main strategy to combat poverty and social exclusion is to bring people into work. Thus a strong emphasis is put on activating labour market policies by setting on the one hand work incentives (tax credits, personalised support) and on the other hand by increasing the pressure on welfare and unemployment benefit claimants to take up work. Female labour market participation has been rising but still remains relatively low and the part-time employment rate is very high. This reflects the persistent difficulties to balance work and families as well as the still wide-spread public opinion that it is the mothers’ responsibility to care for their children. The efforts of the Dutch government to improve the supply of childcare thus points in the right direction and should be continued. In difference to Germany and France the Netherlands doesn’t have an explicit child or family policy although the provision of

child and family services is comprehensive and highly specialised. The lack of a specific child and youth policy might explain, however, that child poverty is not a public issue yet and that consequently there is no coherent strategy of preventing and reducing child poverty and its outcomes.

#### **7.4 The Southern European welfare states – Greece**

The Greece social system – like that of the other Southern European welfare states – is rooted in traditional forms of family solidarity. Only with the growing erosion of traditional family structures the State has to build up a more comprehensive system of social security. The attainment of social cohesion therefore has become an independent policy objective (Ministry of Labour and Social Security 2001).

The Southern European countries are characterised by a delay in the development of a welfare state that is strongly associated with a comparatively low economic development. Poverty is generally wide-spread, especially in rural areas. This type of poverty still is often alleviated by the family and doesn't lead to stigmatisation and social exclusion. The increasing urban poverty, however, as consequence of mass unemployment through deindustrialisation can't always be cushioned (Katrougalos, Lazaridis 2003).

Against this background Greek social security is still in a stage of evolution. Similar to the conservative welfare states social protection is based on mandatory, occupation-related social insurances. Until recently social policies consisted mainly of a range of different selective and fragmentary benefits, considerably weighted towards support for the elderly. Benefit levels are very low and subject to different eligibility criteria and income-thresholds. In recent years however social policies are shifting to more active policy measures (Ziomas et al. 2003).

Children are still at a lower than average poverty risk so that the reduction of child poverty is not a priority of Greek social policy. Nonetheless, children and their families are of concern, particularly in regard to the rising labour market participation of women and particularly mothers that requires the development of an infrastructure of childcare facilities. Above this Greece, like other Southern European countries as well, has a very low fertility rate of 1.3 in 2000. Explanations thus point to young people delaying marriage (only few children are born to non-married couples) and the foundation of a family because they are waiting until they have reached financial stability. Another reason might be that women, having to chose between work and child rearing increasingly decide to work.

##### 7.4.1. Policies to increase families' financial resources

###### *1. Bring people into work that pays*

With the *Community Support Framework* (CSF) the Greek government has decided on a massive investment in human resources and social inclusion. It includes strategies on employment and vocational training, health and welfare, information society, competitiveness, and education and initial vocational training. In regard to social inclusion one important aspect is to create structures and institutions that permit a personalized approach to bring people into work. Thus by September 2003 the *Manpower Employment Organisation* (OAED) has set up 67 *Employment Promotion Centres* (KPA) across the country. Employment counsellors now monitor the progress of unemployed individuals regularly and both the jobseeker and the agency are required

to get more actively involved in the job-search. Above this CSF programmes are increasingly mainstreamed, i.e. the objective is to include vulnerable groups in general programmes to prevent the danger of creating “administrative ghettos”. Training programmes for unemployed people thus have to include 10% persons from vulnerable social groups (Ministry of Labour and Social Security 2003).

*Work incentives* are set on different levels. One strategy is to increase the number of people in *part-time employment* – still rather uncommon in Greece. New legislation concerning work-time flexibility, employers’ and workers’ rights have been introduced. And long-term unemployed persons (> 12 months) registered with the OAED who start working under a part-time contract for at least 4 hours a day receive from the OAED 88 € on top of their wage for a maximum of 12 months. The government also *supports low wage earners* who receive the minimum wage by subsidizing their social security fees. At the same time employers are encouraged to employ young and low-skilled workers by *reducing employers social security fees* for full-time employees with salaries of less than 587 €. In other schemes the creation of new jobs in businesses, self-employment or the maintenance of jobs in hotels outside the main seasons are subsidised as well (Ministry of Labour and Social Security 2003).

The *Social Support Service Network* targets vulnerable groups at a high risk of social exclusion and without access to public services. Local agencies assess the needs in their field of competence and then plan strategies in cooperation with citizens. The accessibility of services, networking with other agencies and the promotion of social solidarity initiatives are some of the main features. *Accompanying Support Services* (SSY) promote the vocational education and further social integration of vulnerable social groups. Examples for action are counselling and psycho-social support, development of skills, specialised vocational guidance, teaching of job-seeking techniques, and information on statutory, labour and legal issues (Ministry of Labour and Social Security 2003).

Many programmes have a spatial dimension, either focusing on rural areas with low infrastructure or on disadvantaged urban neighbourhood (Ministry of Labour and Social Security 2003).

## 2. Direct cash transfers

Greece has a very fragmentary, selected and complicated benefit system that is based on social contributions. Benefits are targeted to the poor and disadvantaged and have a rather low level. There is no universal minimum income support for those who are not insured, though a means-tested minimum old age pension was introduced recently (The Clearinghouse... 2003e).

There is a range of benefits for families that are targeted to poor families, large families and/or single parent families. *Large Family Allowance* is paid to families with at least 4 children who are under 23 and single. The benefit amounts to 36 €/month for each dependent child with a minimum allowance of 68 €. Mothers with a 3<sup>rd</sup> child under age 6 are eligible for the *Allowance for 3<sup>rd</sup> Child* at a monthly rate of 145 €. Mothers of four or more children get a *lifelong pension* that amounts to 83 € per month. Single mothers or guardians are entitled to *Economic Support for Unprotected Children* if their maximum income is less than 235 € for a three-person family (plus 21 € for every additional member). They get a monthly benefit of 44 €. There is also a benefit for lone-parent families. *General Child Benefits* are provided by the OAED to insured workers who do not receive such benefits from their employers. The benefit depends on the number of children and is increased in case the beneficiary is widowed, has a disabled spouse or a spouse serving compulsory military service. The

benefit is paid for children under age 18 (22 if in further education) at a rate of about 6 € for one child, 18 € for two children, 40 € for 3 children, 48 € for 4 children and 8 € for every further child. Families with children up to 16 years are also entitled to a *Pre-School and School Benefit* of 300 € per year and child if their yearly income remains below 3000 € (Ministry of Labour and Social Security 2003; MISSOC 2002).

In addition employed parents can get *tax reductions* up to 88 € for one child, 205 € for 2 children, 616 € for 3 children and 939 € for 4 or more children. Other tax exemptions include health care costs, a portion of housing cost, tuition fees and 10% of childcare costs (MISSOC 2002).

Greece has a mandatory *paid maternity leave* of 17 weeks for employed mothers. 56 days have to be taken before and 63 days after birth. Those mothers who are insured receive between 37 € (without dependants) and 52 € (with 4 dependants). In addition *confinement expenses* are reimbursed at a flat rate of 659 € as are the costs of in-vitro fertilisation at a rate of 352 €. Insured mothers are also entitled to *Supplementary Maternity Benefits* that are paid by the OAED after delivery. The amount covers the difference between the maternity benefit and the daily wages on which basis the mother was insured prior to receiving pregnancy leave. Uninsured mothers are granted a *Maternity Allowance* in form of a lump sum of 440 €.

Mothers enjoy one year *job-protection* and in case they breast-feed they also can *reduce their working hours* by one hour per day.

Job-protected *parental leave* is granted to both parents for 3.5 months each (resp. 7 months for a single parent). The leave can be used until the child is 3.5 years old and can also be used to pursue further training or education. Fathers in the private sector have the right to one day paid paternal leave. Paid parental leave is granted for working parents to *care for a sick child* under age 16 at home. They can take leave for 6 days per year for one child, 8 days for two and 10 days for three or more children. Another 4 days paid leave are granted to parents for *visiting a child's school*. Parents employed in the public sector enjoy considerably more generous entitlements (MISSOC 2002; The Clearinghouse ... 2003e; Hatzivarnava, Handanos 2003).

To start with, unemployment benefits are paid through the *unemployment insurance* by the OAED. There are different requirements depending on whether benefits are received for the first, second, or subsequent times. The duration of benefits depends on the number of workdays realised while working. The daily benefit rate ranges from 11.32 € to 11.97 € to which 10% are added for each dependent family member. A *special allowance* at a rate of 147 € is granted after the end of the unemployment benefit period if they remain unemployed for an additional month. Those persons who have remained in the unemployment registers for 3 months but who don't qualify for regular unemployment benefits receive 170 € if their yearly income is below 7.043 €. Another allowance is targeted to young persons (aged 20-29) entering the labour market for the first time but who remain unemployed and registered with OAED for one year. They can get a benefit of 73 € per month for a period of up to 5 months.

A new programme was introduced in 2002 for long-term unemployed between 45 and 65 years of age. After losing their entitlement to unemployment benefit after 12 months they are entitled to a *means-tested benefit* of 200 € for a maximum of a further 12 months. Finally there is a Special Seasonal Benefit that is annually paid for workers in certain occupational categories of seasonal work (e.g. construction, tobacco field labour, shipyard, tourism and resort work). The amount depends on the occupational category (Ministry of Labour and Social Security 2003).

Those households who permanently live in mountainous and disadvantaged areas with a yearly family income below 2.200 € are entitled to *revenue support* at a rate of yearly 600 € for those with a yearly income below 1500 € and 300 € for an income

below 2.200 € per year. People who suffered directly from *natural disasters* get a lump sum of 587 € to cover basic needs. 4.402 € is paid to persons who were injured or became handicapped or to families who lost a member in disaster. An *Emergency Allowance* is granted to those citizens who are unable to cover their costs due to an emergency like illness or death of a family member. The allowance amounts to up to 235 € (Ministry of Labour and Social Security 2003).

Finally there are several social support schemes for people with different kinds of disabilities or chronic diseases:

- Social support for persons suffering from thalassaemia, AIDS or a congenital predisposition to haemorrhage: 171-357 €/month
- Kidney Patients Nutritional Allowance: 58-87 €/month
- Allowance to blind persons: 154-375 €/month
- Allowance to deaf persons: 154 €/month
- Supplement to quadriplegic and paraplegic persons insured under the public sector social security fund
- Allowance for serious mental retardation: 159-241 €/month

#### 7.4.2 Policies to reduce expenses of families

##### *1. Make high quality childcare affordable*

Labour market participation of mothers in Greece remains low as there are considerable problems to reconcile work and family life. There are few opportunities to part-time work and the coverage of childcare facilities is improving but still relatively low. Families remain to be the main provider of childcare. On the other side there is still strong informal solidarity among the wider family, neighbours etc. Social services only step in as additional support. Problems arise for those people who cannot rely on such networks of informal support and solidarity and considering the slowly growing fragility of traditional family structures in Greece the need for external social and financial support will increase (cf. Hatzivarnava, Handanos 2003).

Compulsory school in Greece begins at age 6. Public childcare facilities are either administrated by the local authorities or by the Ministry of Health and Welfare. They offer programmes for children under 2.5 years and for those 2.5-6 years old. Parents pay an income-related fee. There is little information on usage but coverage is considered as inadequate. Many parents thus organise childcare privately at home either through relatives or by employing a childminder (Bagavos 2001).

The Greek government recognises the importance of all-day schools out of educational as well as social reasons (preparation of next days' lessons, remedial teaching, introduction of new subjects, supervision of children, and possibility for both parents to work) and thus plans to *continuously expand childcare provision and all-day schools*. The next objective is to have 5.200 all-day primary schools and kindergartens in 2004 serving 250.000 families (Ministry of Labour and Social Security 2003).

##### *2. Make decent housing affordable*

There is no general quantitative problem in housing and there is a high percentage of owner occupation, particularly amongst the poor, though these dwellings partly lack modern facilities. There are however problems with the access to housing for Greeks from the GUS, Roma people and immigrants. Elderly people on the other hand often live in large, unsuitable homes (Ministry of Labour and Social Security 2001).

The Greek government has implemented a range of programmes to facilitate access to housing. All programmes are administered by the *Workers Housing Association (OEK)*, the principal agency for social housing in Greece. The following gives an overview of benefits and funds available:

- *Income-tested rent subsidy* is granted to families who don't own a home, to young couples and to elderly people.
- *Housing grants in exceptional cases*: Within this ongoing housing programme eligible beneficiaries (e.g. large families, families with disabled members) can get residences from the OEK or interest-free loans.
- Within the *residence grant programmes* turnkey homes are given away either by drawing lots or direct grants.
- The *Special solidarity fund* provides economic support to beneficiaries who were long-term unemployed or had serious reasons that prevented them from paying back loans.
- *Special revolving capital for Housing (ESAK)* gives OEK the possibility to reduce interest rates on loans granted for purchase or construction of residences or to make loans for completion or repair of residences interest-free.
- *Interest rate subsidy* on loans
- *Loans* for repairing, enlarging or completing an existing home
- *Rental house programme*: This new programmes allows the OEK to rent residences to beneficiaries for a monthly rent of not more than 1/250 the construction costs.
- Another new programme makes it possible for the OEK to build residences and to sell them to OEK loan recipients to prices that reflect the real costs.
- The likewise new *housing programme for students in higher education* finally offers subsidised housing at not more than a third of current rental value in the open market.

(Ministry of Labour and Social Security 2003)

### 3. Health care

Like the conservative welfare states Greece has a compulsory contribution-based health insurance, the *National Health System (NHS)*, for employees and assimilated groups, pensioners and unemployed persons. Dependent family members are included in the insurance. Patients pay no fees for treatment at the local insurance institute doctor or hospitalisation. Prescriptive medicines are generally charged at a rate of 25%, but only 10% for certain illnesses (e.g. Parkinson, Crohn's disease). There is no charge in case of an employment accident, during pregnancy and for chronic illnesses such as cancer or diabetes. Pensioners are charged a reduced fee of 10%. Prosthesis, spectacles and hearing aids are charged at a maximum of 25% of costs.

Uninsured persons are able to access the health services as well. They are entitled to a "*poverty*" pass book that allows to be served as a regular patient in all health facilities.

(MISSOC 2002)



### 7.4.3 Policies focusing on prevention and child well-being

Greece sees the prevention of child poverty as social investment in order to break the trans-generational transmission of social and economic problems. In regard to the below-average risk of child poverty compared to other groups of the population the Greek government points to the impact and importance of family solidarity.

Though there is no concrete national policy yet, there is a range of measures on the local level to empower families and to strengthen family cohesion. Examples are Family Counselling Centres, Family Centres and parental education activities. As these services are organised on the municipal level, there is little information on their extent, geographical distribution, content and quality. Noteworthy is also so the recent development of the National Centre for Immediate Social Assistance. It offers emergency relief (e.g. 24-hour hotline, short-term Hospitality Hostels, Social Support and Consulting Services) but connected to a broader approach to support in order to prevent institutionalisation, dependency on services and social exclusion (Hatzivarnava, Handanos 2003).

Besides some income support for families there are measures to guarantee children's access to education, health and culture. The latter includes summer-camps for children, free access to cultural events and sport activities but also the development of a network of libraries and mobile libraries in remote rural areas including internet access facilities (Ministry of Labour and Social Security 2003).

In view of strengthening child rights the Greek government has established a children's ombudsman. Acting as mediator between children and young people on the one hand and private individuals who violate child rights, public services and local authorities on the other hand his task is it to defend and promote children's rights. Though the ombudsman has no power to impose sanctions, he gives children and young people a voice and helps them to stand up for their rights (Ministry of Labour and Social Security 2003).

### 7.4.4 Summary

The Greek welfare state is still in the process of evolution and has to undergo basic reforms. This becomes inevitable against the background of fundamental challenges Greek society has to cope with: the erosion of traditional family structures and growing female labour market participation, the transition from an industrialised to an information society, immigration and growing spatial exclusion. Up to now Greece still relies on family-centred support systems with the consequence that there are considerable gaps in securing basic social protection for all families. Social benefits in general are very fragmented, selective and based on complex entitlements but can't meet the basic needs of the population. Above this there doesn't seem to be a connection between the provision of benefits and other forms of social support. New benefits like the introduction of a benefit for school-aged children aren't accepted by the public so that take-up rates are low. A simplification of the system and a shift towards more universal benefits might therefore be more effective than the design of new targeted allowances (Hatzivarnava, Handanos 2003; Ziomas et al. 2003).

There is on the other hand considerable progress in other fields. Labour market policies now aim at giving unemployed persons individualised support. Instead of specifically targeting vulnerable groups, programmes are increasingly mainstreamed to prevent a further exclusion of vulnerable groups. The Greek government also promotes part-time employment and provides corresponding legislation as a means to

include more people into the labour market and to give women more opportunities to combine work and family responsibilities. In the same direction points the significant expansion of childcare facilities and all-day schools that should be continued.

Finally it should be recognised that children are still at a relatively low risk of growing up poor. Family cohesion is protective and not only prevents poverty but to a large extent also social exclusion. Research on the effects of child poverty has shown that a functioning and caring family works as important mediating factor (cf. chapter 4). Modernising welfare and society while maintaining family and informal networks, belongs to the challenges the Greek and other Southern European welfare states have to face.

## 8. Conclusions and ways forward

### 8.1 Policy packages to reduce and prevent child poverty

Child poverty has become a serious concern in many countries. The above has shown the variety of strategies EU Member States use to combat poverty and social exclusion, some of these being universal, others targeted to families with children or particularly vulnerable groups of the population. Many states are in the process of reforming their social policies and the level of agreement on certain strategies across Europe is remarkable. The Open Method of Coordination (OMC) that was in the first instance introduced in the field of labour market policies and then also in the field of social inclusion seems to be an effective means to reach more convergence in European social policy. It is nonetheless unlikely that we are on the way to a European welfare state as social policy is widely seen as national responsibility. And even with the general direction being the same the specific backgrounds on which policies have to be implemented differ widely, from the structure of the political system to institutional diversity and from different legislation up to the available financial resources (cf. Hemerijck 2002). But still it is possible to exchange experiences and to learn from examples of good practice. And looking at the local level, there is already a variety of cross-national cooperation, e.g. in projects to support children in poverty and their families (cf. Homestart International 2002; Klein 2003; Arbeiterwohlfahrt BV Ostwestfalen-Lippe (Ed.) 2003).

Combating poverty and social exclusion among children and young people involves more than focusing on families' financial resources. Poverty affects the development of children and young people so that they are at risk of entering a trans-generational cycle of poverty. At the same time it is not only money that matters, but rather a complex interplay of different factors (chapter 4; cf. Mayer 2002). The reduction of child poverty thus is not just a by-product of general anti-poverty strategies but demands for an explicit and integrated strategy of child, family and women-friendly policies that

- first of all make children and families in general and child poverty in particular a political priority,
- secure and increase the financial resources of families,
- enhance child development and well-being,
- include the most vulnerable

(cf. UNICEF Innocenti Research Centre 2000; Esping-Andersen 2002; Kamerman et al. 2003).

#### 8.1.1 The recognition of child poverty and social exclusion

The eradication of child poverty and social exclusion requires as a first step that child poverty is acknowledged as a social problem and set as a political priority. In fact, those countries that have the lowest child poverty rates (the Nordic countries) or put effort in reducing high levels of child poverty (like the UK) have children and/or child poverty high on the political agenda.

Not only the recognition of child poverty but also the perception of children and childhood is important. Children are citizens with rights. The UN Convention on the Rights (CRC) of the Child forms the basis for the design of policies that affect children. Ratified by almost all states of the world, the CRC is the fullest international expression of

children's fundamental rights. Article 3, clause 1 states, that "in all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration". Children have the right to grow up in a psychologically and physically safe environment. They have the right to be heard and to participate in decisions that affect their lives. And not least they have the right "to a standard of living adequate for the child's physical, mental, spiritual, moral and social development" (Article 27, clause 1). Thus the CRC sets a framework for the development, implementation and monitoring of child-related policies. As all current and acceding Member States have ratified the CRC, they are legally obliged to protect children's rights. The EU itself, however, has no such obligation. Euronet (2000) points to the fact that up to now the principles of the CRC are not integrated in any EU core legal text and consequently not incorporated into EU policy and legislation. Children's needs are, as a result, largely ignored or subsumed in general policy areas, e.g. consumer policies. The recognition of the CRC on EU level would thus be an important step to make children and their needs visible in the EU and to strengthen the promotion of their fundamental human rights.

Against the background of the CRC it becomes also clear, that child poverty is not only a concern in regard to their adult life but affects children and young people today. Children and young people may have very different views than adults of what it means to grow up poor, how poverty affects them and what they need to cope. As long as the power of definition belongs to adults, real progress with the improvement of children's living conditions and well-being can't be expected.

Policies to reduce child poverty and social exclusion should thus be based on the UN Convention on the Rights of the Child and should give children the opportunity to participate in the policy making process. In fact a growing number of EU Member States adopt a child rights approach. Sweden emphasises that the Convention should be recognised in all policy areas and the best interests of children should be taken into account in all decision-making and measures that affect their life. The UK has mainstreamed child participation across all government departments with its "Listen to learn" programme (see above). Greece has appointed a children's ombudsman, while France has a children's rights commissioner (cf. European Commission 2003a). Strategies to develop mechanisms for the participation of children and young people in the development, implementation and evaluation of policies and services that affect them are however much more frequent on the local than on a national or even European level. The few existing national experiences, e.g. in the UK, are encouraging though and Member states should strengthen their efforts to involve children and young people.

Until now few countries have set explicit targets for the reduction or eradication of child poverty or – positively formulated – for the participation of children in society. Setting child-related targets makes it however possible to monitor progress and gives ground to the evaluation of policies and programmes. On the European level child poverty and social exclusion should gain a more prominent role within the OMC so that processes of benchmarking and peer review are strengthened in this field.

In the same spirit the effects of policies on children and low-income families should be monitored and policies should be poverty proofed. Promising signs in this direction are to be found in some Member States though much remains to be done. Germany for example states in its NAP/incl. 2003-2005 that the social security system is to be poverty proofed by identifying barriers in accessibility and gaps in provision of benefits (Bundesregierung Deutschland 2003). Sweden on the other hand states that

“child impact analyses” should be carried out in relation to central government decisions that affect children (Ministry of Health and Social Affairs 2002).

On the national as well as European level this requires the development of child-related indicators for poverty and social exclusion/inclusion. So far, most indicators focus on families or households and are usually limited to income poverty sometimes combined with a limited set of deprivation indicators. The specific living conditions and needs of children and young people are not sufficiently taken into account.

Making children and young people visible on the national and European level requires information on their lives and well-being and changes over time. Thus it would be highly recommendable to implement a longitudinal children and youth survey on the European level, possibly as supplement to the general household survey EU-SILC.

Apart from the general monitoring of basic child and youth indicators there are considerable research gaps both on the national and cross-national level. Some examples are the impacts of child poverty and of growing up in workless households, the situation of children in severe or persistent poverty, the situation of vulnerable groups like under-age refugees or children in care, coping strategies of poor children and factors that mediate the impacts of poverty. To give room to the views and experiences of children and young people, research should combine quantitative and qualitative methods.

### 8.1.2 Bring people into work

“Activation” has become the magic word across the European Union to combat poverty and social exclusion. Work is recognised as best pathway out of poverty whereas cash benefits granted for extended periods of time are often suspected to lead people into a “poverty trap”. In fact, the poverty rates for children in working households, particularly in two-earner families are considerably lower than in unemployed households (Oxley et al. 2001). Getting parents into gainful employment is thus an important measure to reduce child poverty, whether children grow up with one or two parents.

In regard to poor families two areas are salient: the integration of low-skilled and long-term unemployed workers into the labour market and the facilitation of maternal employment. The prerequisite for bringing low-skilled people into work is an increased job demand. There is a range of measures in place to create jobs, most of which setting financial incentives for employers, like the reduction of social contributions, tax incentives for employers or direct wage subsidies. Other issues under discussion are the degree of job protection for workers (e.g. in Germany) and the amount of minimum wages. Where it is not possible to create enough jobs in the private sector, some countries also offer subsidised jobs in the non-market sector, often combined with training opportunities. In most countries, however, the supply of jobs for low-skilled workers is not sufficient, particularly against the background of difficult economic conditions – a first indicator that labour market policies alone are not enough to reduce and prevent poverty.

People who are long-term unemployed or have only achieved a low educational level are not a homogenous group and moreover often have a background of multiple disadvantages and experiences of social exclusion. Many countries now recognise this diversity and offer tailored services and support for these people. Personalised action plans between the job seeker and the employment agency open the way to services like counselling, training opportunities, training on the job, social services, debt coun-

selling, health care and rehabilitation or language courses. The effectiveness however depends on the coordination of services and a strong cooperation of the different actors on the central and local level (job centres, social welfare agencies, health-care agencies, social insurance bodies, service providers, private sector, etc.) (cf. European Commission 2003a).

At the same time there is a tendency to use a combination of “stick and carrot” as means of “activation” of long-term unemployed people and welfare recipients. Eligibility criteria are increasingly tightened and include work requirements for those capable of working. In Germany, for instance, from 2005 long-term unemployed will have to take up any legal job regardless of qualification and payment in order to maintain their welfare entitlements. On the other hand countries try to make taking up work attractive by ensuring that work pays out. In fact, work must pay to lift families out of poverty – forcing parents into employment without ensuring financial security is likely to even worsen the situation of children as in addition to poverty parents have less time to care for their children and might be stressed by straining work conditions at inflexible times (cf. Morris et al. 2001). Another problem is that work increases expenses of families. Childcare costs, appropriate clothing and transport can eat away any financial advantage. In addition taxes cut in while benefits are reduced. Work incentives will therefore only be effective if they ensure that people in work have more than people out of work (cf. Cauthen, Lu 2003). A successful strategy in this context are refundable earned income tax credits (in F, NL, UK, US). The Working Tax Credit and Child Tax Credit schemes in the UK set a strong financial incentive to take up a job and thus have the potential to lift a considerable number of families out of poverty. With the responsibility being with Inland Revenue the system is above this user-friendly and non-stigmatising.

Employment policies to prevent and reduce child poverty have to encourage maternal employment of both mothers living in couples and as single parents. The above mentioned strategies are in this context only in part useful as they can only work out for mothers if labour markets become family-friendly, ensure equality between men and women, and allow the reconciliation of work and family responsibilities. Mothers need access to secure and adequately paid work that facilitates flexible working hours. Another pre-condition is access to high quality, affordable childcare that offers all-day services and is open through holidays. The same applies for primary and secondary schools that should offer care and education from the early morning until the late afternoon. Apart from Sweden all countries in this study have considerable gaps in this field, either because they focus only on specific age-groups, have uneven or insufficient coverage, not enough all-day facilities or don't offer enough affordable childcare places. Policies should also promote and facilitate shared responsibilities between mothers and fathers for childcare. Even with parental leave policies having become very flexible in many European countries and explicitly include the opportunity for fathers to take paternal leave the schemes are still little used by men. Parent-friendly employment policies should finally also recognise that parents who decide not to work in order to care for their children still make a valuable contribution to the society.

Apart from this it's not only young children that need care and time of their parents. The evaluation of US welfare-to-work programmes on adolescents showed a tendency to negative impacts. The authors argued that on the one hand adolescence is a crucial stage of development in which the young people might need more parental supervision, on the other hand they observed that many young people had to take over more responsibilities at home (e.g. care for younger siblings) that reduced their

time for schoolwork. Family work should be appreciated and at the same time a later return to the labour market be encouraged and supported.

Important as employment policies are, there are caveats. Not all non-working parents can be “activated” to take up employment. Piachaud and Sutherland (2000) examined the potential impacts of UK policies to reduce child poverty. They came to the result that as many as 51% of poor children live in households that can’t reasonably be expected to take up employment of more than 16 hours per week. These children have parents that are looking after at least one child under five, are chronically sick or disabled, on maternity leave, full-time students or are poor in spite of working. Thus half of poor children live in families that can’t get out of poverty through employment. Similarly Esping-Andersen (2002) estimates on basis of ECHP data, that only about 40% of workless households – many of them with children – are likely to be integrated into the labour market. Among those who are probably permanently excluded are according to Esping-Andersen a large group of mainly women who never had any real labour market attachment, sick and disabled people and those long-term unemployed and low-skilled workers who haven’t worked for the past five years. Children growing up in these families can be seen as particularly vulnerable as poverty is more likely to be severe and permanent and therefore has the potential to affect the development and well-being of these children severely. This again sets children at risk of not being able to develop the resources and competences they need to live a self-supporting and independent life.

In summary, the activation of unemployed poor parents is an important step to reduce child poverty. The goal should be to bring as many parents into work as possible, bearing in mind that there are a very significant number of families for whom this strategy doesn’t work out. The encouragement of employment has to keep the balance between individualised support, financial incentives and work requirements in order to keep benefit entitlements. Demanding the willingness to take up employment is only realistic though, if jobs are available and barriers to employment are removed, namely problems in the reconciliation of work and family.

### 8.1.3 Cash benefits

Cash benefits are vital to protect children from poverty. Recognising the fact that a considerable share of households is not able to support themselves through employment, cash benefits secure the basic living standard of many children and their families. Income transfers are also an important means to improve families’ economic situation and to compensate parents for part of the costs of raising children. Like employment policies cash transfers alone are not a sufficient measure though. On the contrary, the lowest child poverty rates are to be found in the Nordic countries that are strong in activating policies but also have in place generous universal benefits for children and families. In addition Bradbury and Jäntti (2001) point to the rather weak relationship between a country’s child poverty rate and social transfers and argue that many families receiving benefits also have some kind of market income. Thus a considerable part of cash benefits goes to the working poor and one-earner households.

While all EU Member States have a bundle of cash benefits for families as well as for poor people there are considerable differences in policies, depending on the extent benefits are universal and/or means-tested. Means-tested benefits, targeted to the poorest families are often implemented out of worries about negative work incentives

through too generous benefits. However, child poverty rates in countries with mainly universal benefits (Sweden) compared to those with an emphasis on income-tests (UK, US, Greece) and those in between (France, Germany, Netherlands) suggest the contrary: means-tested benefits can discourage the take up of work as marginal taxes are unreasonably high. Tax Credit schemes or exemptions from tax and social contributions are examples for countermeasures taken in response. Universal benefits on the other hand don't get lost and are thus no barrier to employment (cf. Phipps 2001). They are expensive though and thus go along with high taxation. More important than the nature of benefits is however their structure and how they are combined with other policies, i.e. employment policies and services. It is the interplay of policies that either creates poverty traps or brings families out of poverty.

Effective cash transfer programmes like universal child benefits or refundable tax credits have in common that they are user-friendly, i.e. easy to understand and easy to claim. Above this they are distributed in a non-stigmatising way so that take-up rates are high. At the same time administrative costs are comparatively low. To act as a protection against child poverty benefit levels have to be sufficient. Against this background child-related benefits seem to be particularly effective for working-poor families as they compensate for different household sizes (Oxley 2001). To serve as a work incentive benefits either have to be universal so that entitlements don't get lost or have to be smoothed out slowly, ensuring that work pays.

The conservative and Southern European welfare states on the other side have a highly differentiated system of benefits, some of them universal, others insurance-based or means-tested. The complexity of the system involves a variety of financing bodies, sometimes even with different responsibilities within a benefit scheme. Regulations are strong but eligibility criteria and application procedures inconsistent. This fosters an extensive bureaucracy and has the potential to create substantial barriers for users. Take-up rates thus depend on the support and information available to people. Unless they get professional support from social workers it can be expected that it is particularly difficult for poor people with low education to claim all benefits to which they are entitled. It is noticeable though, that Germany and France have both begun to combine different benefits and thus to simplify their benefit system.

In summary, cash benefits should be integral part of family and anti-poverty policy bundles. User-friendliness, simple administration in a non-stigmatising way and consistent regulation and coordination should be the underlying principles. As far as possible benefits, especially child-related benefits, should be universal on a generous level. Targeted benefits have to be designed carefully in order to actually reach the target group and they have to be phased out gradually with rising income to ensure that employment really increases a family's financial resources.

#### 8.1.4 Childcare

A comprehensive public or publicly subsidised childcare system plays an essential role in preventing and reducing child poverty and social exclusion as it facilitates the reconciliation of work and family life. Furthermore high qualitative childcare enhances the social and cognitive development of children and is thus protective for children growing up in disadvantaged families (cf. Kamerman et al. 2003). This can not least prevent the intergenerational transmission of poverty. Corak (forthcoming) points to the link between inequality and the correlation between parental education and children's cognitive development. Universal and affordable childcare shifts the source of



cognitive stimulation from parents to social institutions, enhancing the chances for disadvantaged children to a sound development. In the long run this can level inequality.

The effectiveness of childcare for both the development of children and the promotion of maternal employment depends mainly on the performance in two fields: policy development and the accessibility of childcare.

Childcare has to be part of a coherent and integrated family and child policy. Central and local governments have to make decisions on the provision of childcare, on public investments, quality standards (e.g. staff-training) and monitoring systems. Above this they should establish strong partnerships between childcare and the educational system to support on the one hand a life-long learning approach and on the other hand to help children to make a smooth transition from kindergarten or pre-school to primary school (OECD 2001). Offering universal all-day childcare for all age groups requires substantial investments but part of the costs are likely to be offset by an increased employment rate among women reducing welfare costs and increasing tax revenue (Esping-Andersen 2002). Where childcare provision is improved gradually the expansion from part-time to full-time should have priority over the expansion towards other age-groups as half-day childcare doesn't offer the flexibility needed for balancing work and family. Experiences with Early Head Start in the United States and Sure Start in the UK above this depict the effectiveness of targeted programmes that cater for particularly vulnerable groups of children (Love et al. 2002, Bradshaw, Bennet 2003). In addition gaps in childcare provision – particularly in disadvantaged rural areas – should be addressed.

Universal childcare provision includes facilities for infants and toddlers, young children and school children. To be accessible for low-income families childcare has to be affordable. Subsidised places for poor children, income-related fees that favour low-income families and (refundable) childcare tax credits are possibilities to keep the costs low. Flexible opening hours are a prerequisite for enabling parents to reconcile family and work. All-day provision in France and Sweden covers for instance a timeframe from the early morning until the evening and facilities stay open during school holidays. Exemplary are also French *haltes-garderies* that offer childcare on an irregular basis as needs arise.

It finally has to be stressed that all children need to have equal access to high quality childcare regardless of family income, parental employment status, special educational needs and ethnic or language background (OECD 2001). Early childcare should make use of screening systems to identify (potential) learning difficulties and to ensure early intervention to help these children to catch up. This requires close cooperation between health, education and social services. Childcare can also offer low-threshold support to parents, to enhance their parenting competences and to strengthen family cohesion (cf. European Commission 2003a).

In summary, the provision of high quality, affordable and universal childcare offered at flexible times is essential for the reduction of child poverty as well as for the prevention of negative child outcomes and not least an effective means against the intergenerational transmission of poverty. The expansion of public childcare or public subsidies to private childcare facilities should thus be high on the political agenda.

### 8.1.5 Access to Education

Education is the main pathway for children to break the cycle of deprivation and to develop the resources and competences for a self-supporting life. Ensuring equal access to education, including higher education, for all children and tackling early school leaving are thus crucial for tackling the roots of poverty.

Growing up in poverty is however still linked to lower educational achievements, more experiences of exclusion in the classroom (e.g. bullying) and a higher risk of not reaching a secondary degree (cf. chapter 4). Countries with school systems based on early tracking face even more challenges than those with comprehensive school systems as the early selection tends to cement the link between parental education and children's educational achievements (cf. Baumert, Schümer 2001).

Effective strategies to include all students and to meet the individual needs of those children and young people that experience difficulties have to be developed and implemented on the local level, fitting to the specific local situation. To be effective, schools, particularly those in disadvantaged areas, need adequate funding and an adequate teacher-student ratio. Above this schools need leverage and responsibility to react to local needs.

In practice much can be done to support children in poverty and to enable all children to develop their potential and some of it doesn't require more financial resources but rather a change in attitude.

A crucial factor is the school management. Educational achievements are linked to students' well-being at school. Particularly for vulnerable children and young people school plays an important role as it can either counterbalance difficult family situations or on the contrary lead to further social exclusion (cf. chapter 4). Therefore schools that recognise the social backgrounds, resources and difficulties of their students have the chance to create an atmosphere that accepts and empowers all students and doesn't tolerate bullying and other forms of social exclusion among students. Teachers who are ready to get involved with the social situation of their students need a framework of support at school and through the network of local social services. This requires a strong cooperation among teachers (e.g. common rules, exchange on class matters, supervision), the training of teachers on social inclusion, and flexible, tailored services for students with difficulties in cooperation with local services. Teachers shouldn't however shift into the role of counsellors, but rather act as facilitators and first contact persons for students with difficulties. Social workers at school can provide easily accessible support under the condition that they use a proactive approach to get involved with students. This is particularly important against the background that young people need to build up trust before they are willing to talk with adults about their problems (cf. Hoelscher 2003).

In the same spirit the participation of students in the running of their school as well as parents' participation at school are important tools for the empowerment of students and their families, for the prevention of school drop-out and thus for the prevention of social exclusion. Disadvantaged parents often face barriers to school participation, so that teachers need to reach out in order to involve them in school life and to strengthen their role as partners in the education of their children. Parent-teacher meetings, parents' councils and the involvement of parents in extracurricular activities, school trips or celebrations are classic forms of parent involvement that are often little used by disadvantaged parents. Home visits by teachers can play an important role in getting these parents involved as are new forms of participation in the classroom. Parents could e.g. be encouraged to show or teach something in the classroom like the preparation of a traditional dish, a craft, the celebration of a holi-

day or – for migrants - talk about the life and culture of their home country. Language courses for migrant mothers e.g. in cooperation with local social services can improve both the ability of parents to communicate with teachers and – even more important – to help their children developing language skills.

In view of the most vulnerable children, particularly at primary school, schools should have the facilities to meet the basic needs of students. Some children go to school without breakfast, with unsuitable or dirty clothing and with insufficient personal hygiene. Though these problems have to be addressed with the families and often with the involvement of social services, these children are at a very high risk of social exclusion and they shouldn't be held responsible for being neglected. Thus schools should offer pragmatic and flexible support for these children.

Additional costs for equipment, school trips and school lunch pose a substantial barrier for poor students and can exclude them from an important part of school life. These costs should be kept as low as possible and measures should be put in place to ensure the participation of poor children in a non-stigmatising way.

In disadvantaged areas schools can become a focal point of community life. Noteworthy is the concept of open schools, i.e. schools that stay open until the evening and through holidays, that offer educational as well as sports and leisure activities and can also supply homework assistance measures, social support or remedial education in a low-threshold way. Organised in cooperation of local services, youth and sports clubs, teachers, parents and the students themselves, open schools can gain high importance in disadvantaged areas where facilities for children and young people are rare.

Finally schools should become inclusive and offer high quality education for all children according to their specific needs. This includes children with disabilities as well as highly gifted students. Responding to individual differences benefits all students. Strategies to implement inclusive education can be found in the "Open file on Inclusive Education" issued by UNESCO in 2001 in the context of their Education for All programme.

In view of disadvantaged children schools should ensure access to remedial education, educational guidance and counselling as well as offer language courses for immigrants and ethnic minorities. One example for this is the implementation of small first grade classes in schools located in disadvantaged areas to prevent illiteracy and to ensure that all children acquire basic reading and writing skills.

In summary, school systems offer different conditions for the equal access for poor students to education. However, whether disadvantaged students are able to complete secondary school successfully depends on many factors and many of them are to be found in the organisation of school and learning rather than in the structure of the system. Schools that recognise social inclusion as a priority and open themselves towards their students and the local community can develop strategies to ensure participation of all students. This however needs both funding and political support.

#### 8.1.6 Participation in culture, sport and recreation

The participation in culture, sport and recreation plays an important role for the development of children and young people as it offers them the possibility to develop social and personal resources and to lay the foundations for becoming active members of society. Depriving children and young people from these experiences thus makes it likely that cycles of deprivation are maintained. However, strategic ap-

proaches to develop inclusive cultural policies, particularly in view of children, are still rare in spite of a range of successful local strategies. Thus Member States should make the support of children's participation part of an integrated approach to reduce poverty and social exclusion among children. This would not least help to focus on the present life and well-being of children and young people and foster a preventive approach (cf. European Commission 2003a).

A basic experience of poor children and young people is to miss out on the life-styles and activities of their peers. This experience sets them at a high risk of social exclusion and can have considerable impact on their well-being and development. While low-income families often manage to prevent that their children are singled out in their peer-group, children and young people in severe or persistent poverty and of particularly vulnerable groups are especially disadvantaged. They often stand out in their peer group and are thus at a very high risk of being socially excluded and bullied (cf. chapter 4). Main actors in the prevention of such processes of social exclusion are schools and childcare facilities. They have the responsibility to create an accepting atmosphere among the young people (cf. above) as well as awareness for social issues (e.g. consumer behaviour, racism) in a non-stigmatising way.

Poor children and young people are generally less involved in youth clubs, sport clubs and cultural events and make less use of libraries and museums. Particularly in rural and disadvantaged urban areas the infrastructure for leisure, sport and culture facilities for children is generally low. In urban neighbourhoods there are also often too few safe places for children to play and to spend their time. These matters have to be addressed within the neighbourhood and in the process of urban planning. Children and young people should be involved in all stages of neighbourhood development in order to ensure that their needs are met. Open schools (cf. above) can become focal points within communities by offering a variety of activities and services for children and young people in the afternoons and evenings.

In addition there are financial barriers because of fees for admission and transportation and through the growing privatisation of sport and recreational facilities. Municipalities should ensure that services and events for children are offered at low cost or free of charge. This should be applicable to all children and young people to prevent that such subsidies by itself trigger processes of exclusion rather than of inclusion. In addition poor children and youth should be granted free or subsidised access to public transportation – a major issue in families that often don't have a car.

But not all accessibility problems are linked to costs and a lack of infrastructure. Parents who don't read, don't visit cinemas or theatres and don't do any sports are unlikely to encourage their children to do so. Many cultural events are targeted to well-educated middle class people. Thus it is not sufficient – though necessary – to offer free or cheap admission. Libraries, museums, and theatres need to reach out and need to develop innovative strategies for people with little attachment to cultural activities on the one hand and for children on the other hand. Examples are children's museums where children are allowed to touch and try out everything as well as particularly trained staff within traditional institutions. Another possibility would be the cooperation between museums or theatres and schools, e.g. through arts projects.

Arts, music and theatre projects can also play an important role in the process of neighbourhood renewals, e.g. by giving young people the possibility to create or design things within their neighbourhood and room to express themselves.

To encourage children and young people to do sports, physical education at school should be designed in a way that creates fun rather than pressure to perform. Cooperation with sports clubs, e.g. in extracurricular activities can help children and young people to try out different sports and in addition reduces barriers to participation. Mu-

municipalities should support sports clubs and ensure that fees for children and young people are waived or reduced.

### 8.1.7 Access to decent housing, health care and social services

All countries in this study recognise the need for affordable and decent housing for poor families and grant benefits and housing subsidies. The housing needs of families are prioritised in many countries as is the prevention of families' homelessness. But the housing needs of children should explicitly be taken into account as well, both in the allocation of social housing as well as in the design of new housing estates. Apart from ensuring decent housing conditions, overcrowdedness should be prevented to ensure that children have enough room to play, to do their homework, to invite friends and to find some privacy. Neighbourhoods need to be safe and free from drugs and crime and have to offer safe space for playing or just spending the time. As children's and young people's views might differ considerably from those of adults, they should be heard and actively participate in the life and development of community.

In spite of the efforts to tackle housing problems, many countries highlight the problematic situation in disadvantaged urban and rural areas, particularly in regard to children and young people. The approaches to support these young people and their families follow similar principles across Europe. Community-based approaches are favoured that involve all actors (local government, private sector, social services, schools and childcare facilities, and not least the young people and their families) and offer a broad range of services according to the local needs. The effects of these programmes are encouraging and programmes should be expanded. Exemplary is the OECD/CERI project YEPP (Youth Empowerment Partnership Programme)<sup>13</sup> that targets so called CHIs "Centres of High Intensity", currently in six European countries with further sites planned in the USA and Russia. "High Intensity" relates to the social and economic problems in the community as well as to the already existing initiatives and services that nevertheless are in need of a high intensity of partnerships. The programme aims at developing a joint and comprehensive strategy for community development that centres on the participation and empowerment of children and young people.

However, there are still children that are at risk of being left behind. The situation of homeless children, minor refugees, migrant children without residence permit and Roma and traveller children is very difficult and their basic needs are often not met. Access to education, healthcare and social services is in many countries limited and few Member States, e.g. Sweden, explicitly address the situation of these especially vulnerable children.

In general, children's access to healthcare regardless of family income and background is ensured across Europe. Still, health inequalities – even for children – are persistent and for the poorest populations many healthcare systems are not accessible enough. The Joint Report on Social Exclusion (European Commission 2003a) identifies four obstacles for disadvantaged people:

- waiting times
- too high costs for care and treatment
- administrative, cultural or geographical barriers to access to health care
- inadequate screening, vaccination and awareness-raising.

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<sup>13</sup> For more information see [www.yepp-community.org](http://www.yepp-community.org)

Healthcare provision for children should be universal and free of charge. To reduce barriers for low-income and disadvantaged families to the healthcare system there is a range of strategies in place. Many countries for example have health-centres, some of which are targeted to young children and their mothers. Access to comprehensive healthcare is particularly salient in disadvantaged areas where the supply of services is low and public transportation often a problem. Regular screening and vaccination in childcare facilities and schools are another important preventive measure and can ensure that children receive treatment. Some countries like the Netherlands also have measures to follow up children until they reach age 19 and invite them to regular health check-ups. To reach parents with information on child development and healthcare information and services should be offered in public places like supermarkets, clubs, churches, childcare facilities or schools.

Access to social services for children as well as families is an important measure to protect children and to strengthen family cohesion. Children should be supported within their families wherever possible. A new study of ATD Quart Monde (Klein 2003) stresses the importance of strengthening family ties where parent-child relationships are burdened by poverty and presents initiatives and projects for supporting families in poverty. There is a broad variety of community-based, participatory approaches to support families and children in need and their presentation goes beyond the scope of this study. To be effective, however, the coordination of services and cooperation of service providers, local authorities, health and education systems are indispensable.

#### 8.1.7 Support for particularly vulnerable groups

All countries target services to particularly vulnerable groups of children. These include e.g. children with disabilities, children that are victims of neglect, abuse and maltreatment, children in care, children with immigrant or ethnic minority background, and Roma and traveller children. The situations of these children are very heterogenic and demand specific responses. These groups have in common that many of them face a very high risk of social exclusion and strong efforts are needed to prevent persistent exclusion and to give children the support they need for a sound development. Balance is however needed between the need for targeted support and mainstreaming that fosters the inclusion of these children in their peer group.

In accordance with general disability policies across Europe that promote full participation in society the education of children with disabilities is increasingly mainstreamed in regular education. In many Member States special schools are still very common though. The integration of disabled children often is accompanied by teacher's training and/or the assignment of special education assistants who support children with disabilities in the classroom. Other issues are the accessibility of sufficient and high quality health and social services for disabled children and their families and financial support. The participation of children and young people with disabilities in culture, sports, and leisure activities and their social inclusion among peers is however hardly mentioned in the NAP/s. Instead of opening general services for children with disabilities, existing offers are often specifically designed for children with disabilities and thus contribute to these children's social exclusion rather than inclusion. The widespread efforts to promote self-determination and full participation of people with disabilities in society still focus mainly on the situation of adults. The social inclusion of children and young people with disabilities needs to be taken into

account more clearly and should become part of an integrated approach to ensure the well-being of all children.

Vulnerabilities are also created by adverse parenting practices. Maltreatment, neglect, sexual abuse of children, parents who are addicted to drugs or alcohol or who have mental health problems pose a risk to a healthy development of children. Many of these problems are more often – but not necessarily – found in poor families. These children try to cope with an overburdening situation and without support they are likely to develop internalising and externalising behaviour problems that in turn might affect their achievements at school, their inclusion in their peer-group and their health (cf. chapter 4). All countries in this study have a system of child protection in place, offering a range of services from counselling of families to placing the child in care. Generally priority is given to supporting a child within a family as long as possible. Other common measures are visiting bans for offending parents and measures to protect minor victims in court. Problems arise however in the early identification of children at risk and in the coordination and cooperation of support. Thus strong local partnerships between social workers from different services, childcare facilities, schools, health services and police are needed to protect children adequately. Above this children have to be heard and their view has to be taken into account in all decisions affecting their life (e.g. whether they are placed outside their family and where). Necessary would also be a strengthening of children's rights in national legislation. Of the countries in this study only Germany and Sweden have explicitly banned physical punishment of children in their legislation (UNICEF Innocenti Research Centre 2003).

Children in care are also at a high risk of social exclusion. If children can't stay in their family, strong efforts should be made to place them in foster families, preferably with adults known to them (relatives, friends of the family). Foster families should nevertheless be selected carefully and monitored regularly to ensure the well-being of the child and should be offered support and supervision. For children placed in homes personalised support should be ensured to help children to cope with their situation, to prevent educational disadvantages (times out of school, change of schools, difficulties with schoolwork) and to support participation in activities with peers. This requires small, adequately staffed groups.

All Member States in this study highlight the need to improve the situation of immigrant children or those with ethnic minority background. Measures are taken to help immigrant families to become better integrated within the culture of their host country (language courses, particularly for mothers, advice and counselling) and to help children to get a footing in regular education (language courses, bilingual classes, extra coaching classes) and thus to narrow the gaps in educational attainments. In addition, cultural sensitivity, tolerance and the prevention of racism are important issues in many countries, particularly in education. Schools should ensure that newly arrived immigrant children and other children with language problems are supported effectively from the start. Bilingual materials should be included where necessary. Cultural diversity in the classroom thus should be seen as a chance to learn from each other and to create tolerance and understanding for each other. This is however only possible within a framework of support (e.g. school management, close collaboration among teachers, teachers' training, financial resources for language and coaching courses). Among the group of immigrant and ethnic minority children Roma and traveller children stand out as being particularly disadvantaged and often deprived of basic needs and rights. More than most other groups they have to deal with prejudices and discrimination and their access to school, social and health services is limited. Barriers in accessibility of services go along with a long tradition of mutual misunder-

standings and mistrust so that the social inclusion of Roma and traveller children becomes a major challenge. Apart from addressing the securing of basic needs (e.g. housing, health services) one of the most important strategies to support these children is to ensure their access to the regular school system and to prevent early drop-out. Schools and local communities should consult Roma and traveller communities to learn what prevents them from sending their children to school and discuss how these needs can be addressed (cf. Save the Children UK 2001). Other strategies to build inclusive schools for all children are outlined above.

Not all vulnerable children are socially excluded and some children and young people manage to cope very well. How children cope depends not least on the balance between the severity of their situation on the one hand and their personal and social resources on the other hand. Strategies to help children to cope thus should focus not only on easing their burden but also on empowering them to develop self-confidence and self-esteem, on strengthening family relations and on their inclusion into their peer-group. This again calls for an integrated approach to tackle child poverty and social exclusion, comprising a cross-cutting mix of policies on all administrative levels.

## **8.2 Pathways out of child poverty in different welfare states**

The different welfare states face the challenge of child poverty against the background of different traditions of responding to social problems. Thus they have developed specific strengths but have also remained relatively weak in other fields. This corresponds to different levels of child poverty across different welfare states but also to differences in the extent to which the family economic status is passed on to children. While children in liberal welfare states face a high poverty risk and are also quite likely to inherit the economic status of their families, the poverty risk in social-democratic welfare states is low and income mobility high whereas the situation in conservative and Southern European welfare states is more diverse and rates are somewhere between these poles (cf. chapter 3). Welfare systems are not static though but can transform with time as countries can undergo transitions. For a further development of a comprehensive strategy to reduce child poverty countries should adopt or strengthen those policy fields they may have neglected so far.

The *liberal welfare states* have a strong focus on individual responsibility and employment-based policies. Benefits are strictly targeted and means-tested, and welfare dependency is strongly discouraged.

The example of the United States shows that far reaching withdrawal of the state and a restriction of support to the neediest cements social inequality and limits the chances of disadvantaged children to escape poverty. The evaluation of welfare to work programmes shows that raising employment levels without raising income does not work to reduce child poverty and to improve children's development. In addition, given the very low statutory poverty threshold, restricting support to the poorest means that a lot of families on low income are left behind who live above the poverty line but below self-sufficiency. This becomes particularly salient in the access to health and childcare services and not least in the access to high quality education.

The UK on the other hand is now adopting a comprehensive approach to tackle child poverty that marks a considerable change in the design of the welfare state. Though individual responsibility and employment-based policies still constitute the basis for



anti-poverty policies, the state has now become an active agent of social policy. The UK is strong in activating labour market policies, in making work pay, and in designing services for children living in disadvantaged areas. Moreover there is a shift from means-tested to more universal benefits for children and families with considerable increases in the amount of benefits. This goes along with substantial investments.

The liberal welfare states should keep in mind though, that not all workless households will be able to support themselves with employment, and that there is a significant number of families with children that permanently depend on income transfers. Inequalities in the access to healthcare and the accessibility of affordable and high quality childcare remain salient.

Noteworthy is finally the process of policy development. The liberal welfare states are strong in founding their policies on research and in assessing their outcomes. The UK additionally is increasing child participation in the process of policy development. Poor children and young people were involved in the consultation on the measurement of child poverty (DWP 2003e) and all governmental departments are encouraged to consult children and young people and to publish respective "Learning to Listen" Action Plans (cf. DWP 2003).

The *social-democratic welfare states* generally have developed an efficient system to prevent child poverty and social exclusion and to support children and families in need. The combination of universal benefits, activating employment policies, good childcare and service provision is successful in offering children very good conditions for growing up. As far as possible, support for vulnerable groups is mainstreamed in general social services and benefits as to prevent social exclusion. Child poverty rates are low, income equality is rather high and poor children have a good chance of escaping poverty as generational income mobility remains rather high. In Sweden the UN Convention on the Rights of the Child (CRC) has become the framework for the development of child policies. Thus the position of children in society, the recognition of their rights and their participation is further strengthened.

The functioning of the social-democratic welfare system relies on high public spending and thus on high tax revenue which in turn requires high employment rates and economic growth. This creates vulnerability in times of recession when a high level of benefits can't be maintained. Sweden consequently had to cut benefits during the economic crisis in the early 1990s and child poverty rates were rising throughout the decade. Though both trends were reversed with the recovery of the economy, the most vulnerable groups couldn't catch up as well as the rest of the population. Related new challenges are the growing immigration and the increasing marginalisation of disadvantaged urban areas that demand new responses. General social services don't seem to be sufficient enough to tackle the evolving social problems so that additional, targeted measures might be necessary.

*Conservative welfare states* are strong in protecting families from poverty through a generous benefit and social insurance system that offers security against social risks. They have also implemented means of redistributing resources from households without children to families and from rich to poor and thus maintain a relatively high level of income equity. However, the benefit systems tend to be highly regulated and complex, often distributed across different departments and/or administrative levels. A simplification of the system could reduce administrative costs and make the system better accessible for users. In the same spirit continuing efforts on better coordination of and information on benefits and services would help people to find their way around the social system and increase take-up rates. Generous benefits without ac-

tive employment policies and work incentives create poverty traps though. The three conservative welfare states in this study have all gone – or are still going – through a process of re-organising labour market policies and to adopt more activating policies. Germany for example is currently introducing fundamental changes to the social system. The very low public support for these measures indicates however not least problems of the government with developing and communicating a coherent, integrated strategy. While the public perception is widely dominated by (planned) cuts in benefits and rising contributions (pensions, health insurance), positive developments like the tax reform, investments in childcare and education or innovative approaches to community development receive far less public attention.

Another characteristic of conservative welfare-states is a traditional view of family roles. On the one hand relatively high levels of family support are maintained even in times of retrenchment while on the other hand the access of mothers to the labour market is limited. Thus particularly Germany and the Netherlands should further strengthen the chances for parents to reconcile work and family life, particularly through an expansion of all-day childcare provision.

The *Southern European welfare states* finally are strong in regard to family support and informal networks that are still effective in protecting children from poverty and social exclusion. Given the high importance of family relations for child development and children's coping capacities, the current family structures are protective. With the family taking over the main responsibility for social welfare, state involvement remained in many fields rather residual. Family roles are changing though: women are increasingly entering the labour market and family structures are slowly destabilising. Against this background Southern European welfare states should put effort into supporting families in order to maintain family cohesion and families' financial security. States thus have to take over a stronger role in securing welfare. Across Southern Europe the welfare-state itself is however still in the process of evolution. Greece, for example, recognises the need for developing a coherent strategy and highlights the need to reduce the number of people at risk of poverty. Main challenges are the raising of employment levels and particularly the improvement of the reconciliation of work and family by expanding public childcare and promoting part-time employment. Like in the conservative welfare states the Greek benefit system is very complex but in contrast to them benefit levels are low and not sufficient to prevent poverty. The benefit system should be simplified to a limited set of benefits with coherent eligibility criteria. Savings in administrative costs could in turn be used to increase benefit levels.

### **8.3 Child poverty and the enlargement of the European Union**

The last decade saw a growing recognition of child poverty across Europe. More and more Member States realise that they have to invest in children and their well-being if they want to achieve a socially included society. Disadvantaged children are at risk of becoming disadvantaged adults and thus breaking the cycle of deprivation is one of the key challenges welfare states face.

Though the developments in some Member States are encouraging, much remains to be done to build a society that offers all children equal opportunities for a healthy development and participation in society.

This is even more important in view of the accession of ten new Member States in 2004, eight of which countries from Central and Eastern Europe. The situation in

these countries can only be touched briefly in this context though, as the acceding countries were not covered by the guidelines for this study. Large parts of the population in these countries live on low income and have limited access to some basic services. The Joint Memoranda on Social Inclusion (JIM) between the European Commission and the accession countries, which were signed in December 2003, give insight into the challenges that lay ahead. The groups at risk of social exclusion are quite similar to those in the present Member States: single-parent and large families, elderly people, people with disabilities or from ethnic minorities. Particularly the difficult social situation of the Roma is highlighted in many JIMs. The experience of poverty and social exclusion is more fundamental though than in most present Member States. A basic infrastructure of accessible and quality health care and social services as well as a comprehensive and efficient social protection system still has to be developed. Nevertheless this also holds the chance for creating a coherent strategy from the start to tackle poverty and social exclusion and to ensure that the situation of children, their interests and well-being is explicitly made a priority. At the same time family cohesion still remains strong and income inequality is low despite the upheavals of transition. Educational performance on the other hand is mixed with the Czech Republic standing out with a high rank in the PISA study while other countries report educational disadvantages in several fields (cf. Micklewright, Stewart 2001a; UNICEF 2002).

Building a socially inclusive Europe will thus pose new and greater challenges to the European Union. It is however the fundament on which sustainable progress in other fields, like economic growth, can be achieved. The enlargement of the EU will make this issue more salient. Yet the acceding countries will also bring in new ideas and experiences and thus stimulate processes of mutual learning from each other within the Open Method of Coordination.

But the extent of tasks and challenges on the way towards a social Europe should not divert the view from the situation of children and young people. Without ensuring their social inclusion and well-being long-term progress won't be possible. This however is the joint responsibility of all Member States.

## 9. Recommendations

In way of summarising the results of this report the following recommendations are set up for the European Commission and the EU Member States.

### Part I: What is known about poverty and social exclusion among children?

1. Definitions of child poverty and social exclusion should take the complexity of children's life situations into account. Their double role as dependants of their family and as independent members of society should be recognised. Child poverty thus should not only be defined on the household level but also in regard to children's exclusion from a lifestyle that is typical for their age-group. Measures for child poverty and social exclusion should be multidimensional.
2. Poor and/or socially excluded children and young people and the organisations representing their interests should be involved in the definition of poverty and social exclusion and the development of indicators.
3. Children and young people should be considered poor if they grow up in an economically deprived household and/or if they are economically deprived themselves. They should be regarded as (at risk of being) socially excluded if their participation in society and their future chances are limited.
4. Indicators of poverty and social exclusion should be developed further on EU as well as Member State level to better cover the life situation of children and young people.
5. Consideration should be given to the implementation of an EU-wide child and youth panel, possibly as supplement to the EU-SILC. This would strengthen children's position in the EU by making their life situation visible and helping to ensure that children's rights and interests are better recognised in policy development. The cross-national comparability of data on child poverty and child development would also make benchmarking possible and foster processes of learning from each other.
6. As a short-term objective Member States should cooperate closely on the development of national child and youth surveys and agree on a joint methodology and design. Other countries could join this network and a further development towards an EU-wide child and youth panel would be possible.
7. The analysis of poverty and social exclusion among children and young people revealed considerable research gaps in many EU Member States as on a cross-national level. Studies should use quantitative as well as qualitative methods to better capture children's and young people's experiences. Some issues that need further research are:
  - the intra-household allocation of resources and the financial resources of children and young people;
  - the dynamics of child poverty;
  - severe and/or persistent child poverty;
  - the impacts of poverty and parents' unemployment;
  - the influence of family types on child outcomes;

- gender differences in experiencing and coping with poverty;
- poverty and social exclusion of vulnerable groups (children with disabilities or with ethnic minority background, traveller children and refugees, children in care, children with experiences of abuse or neglect, etc.);
- factors that mediate the experience of poverty;
- and coping strategies of children and young people.

## **Part II: Tackling child poverty**

8. High priority at EU and Member State level should be given to the elimination and prevention of child poverty and social exclusion and this should be endowed with adequate financial resources.
9. The UN Convention on the Rights of the Child should be used as a framework for the development, implementation and monitoring of policies at EU and Member State level. The EU should integrate the principles of the CRC into policy and legislation in order to make children visible at EU level and to better promote children's rights and well-being.
10. In accordance with the CRC children and young people should participate in decision-making processes that affect their lives. Effort is needed to reach and include those children who are socially excluded.
11. On the European level child poverty and social exclusion should gain a more prominent role within the OMC so that processes of benchmarking and peer-review are strengthened.
12. All Member States should adopt an explicit and integrated approach to tackle poverty and social exclusion among children and young people. A coherent strategy requires central coordination and cross-departmental coordination.
13. All Member States should adopt targets for the eradication of child poverty on the basis of clear indicators. The effectiveness of policies and their impact on children and young people should be evaluated.
14. Member States should adopt a balanced policy mix to tackle child poverty. This has to include strategies to bring parents into work that pays, to improve the reconciliation of work and family life, adequate cash transfers, access to high quality and affordable childcare, access to child-related services and healthcare. Particular attention has to be given to ensure equal access to education for all children.
15. In the process of reforming welfare systems the effect of policies on children and on low-income families should be monitored and policies should be child- and poverty-proofed.
16. Policies should focus on children's present quality of life, on longer-term impacts of poverty and social exclusion on their future life as adults and also on the society as a whole. The situation of children at a particularly high risk of social exclusion should be targeted specifically.

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## **12. Annex**

### **Overview of policy measures**

## France

	Beneficiaries / Eligibility Criteria	Measure
<b>Labour market policies</b>		
Earned Income Tax Credits ("prime pour l'employ", PPE)	Part-time and full-time workers Income threshold for eligibility: 1.4 times up to 2.13 times the annual minimum wage	
Personalised action plan for a new start (PAD-NP)	Persons who haven't returned to the labour market after one year of enrolment at the French National Employment Agency (ANPE) or who receive RMI	
Employment initiative contract (CIE)	Persons that are unemployed for more than 2 years, receive RMI or live in sensitive urban areas	
Subsidised contracts in the market and non-market sector	Persons who are not or hardly attached to the labour market	
Revenu minimum d'activité	Persons who have to develop basic competences for regular employment	
Youth-in-Business-Contract	Young people between 16 and 23 with a level of education below A-levels or without any qualification	Contracts are subsidised for 3 years: monthly support payment of the total of employer's contributions First 2 years: up to 1.3 times the minimum wage 3 <sup>rd</sup> year: 50 % of this
CIVIS Contract	Young people aged 16 – 25 out of training or education	Participants may be entitled to an allowance to secure their living
TRACE – Pathway to Jobs	Young people aged 16 – 25 out of training or education	
EDEN	Young people aged 16 – 25	
<b>Direct cash transfers</b>		
La Prestation d'Accueil du Jeune Enfant (PAJE)	From 2004 Means-tested child birth or adoption grant (Prime à la naissance ou à l'adoption) Basic Allowance (L'allocation de base) Supplement for the free choice of activity (Le complément libre choix d'activité): for parents who are not in employment or only work part-time because of the care for a child under 3 Childcare supplement (Le complément libre choix du mode de garde)	Means-tested child birth or adoption grant: 800 € Basic Allowance (L'allocation de base) : 160 € / month for 3 years Supplement for the free choice of activity (Le complément libre choix d'activité) Childcare supplement: covers part of the costs for private childcare according to family income and age of the children
Family Allowances (allocation familiales)	Families with at least 2 children under age 20 Income-tested	Families with 2 children : 110,71 € Families with 3 children : 252,55 € For any further child: 141,84 € Addition for children between 11 – 16: 31 € Addition for young people (older than 16): 55 €

Family Allowance (L'allocation forfaitaire)	Families with at least 3 children, oldest child still living at home after the 20 <sup>th</sup> birthday Income threshold of the child: 668 € / month	70 € / month for 1 year
Family Allowance (complément familial)	Large families with at least 3 children above age 3 Income-tested Income threshold: - couples with one earner and 3 children: 25.400 € / year - two-earner families and lone parents with 3 children: 31.000 € / year Increase of the threshold for any further child	144 € / month
"Return to School Benefit" (Allocation de rentrée scolaire)	Families of schoolchildren (aged 6 – 18) Income-tested Income-threshold for families with 1 child: 16.400 € / year, increases with 3.800 € for each further child	253 € / year
Lone Parent Allowance (Allocation de parent isolé, API)	Lone parent families Paid for 12 months after separation or until the youngest child reaches age 3	522 € with one child Addition of 174 € for any further child Housing costs supplement: 48 € for one child, 95 € for two children and 118 € for more children
Family Support Benefit (Allocation de soutien familial) – orphaned child	Orphaned child who has lost mother and / or father or doesn't know the other parent	78 € / month for children deprived of the aid of one parent and 104 € / month if the child is deprived the aid of both parents
Family Support Benefit (Allocation de soutien familial) – lone parent family	The child lives with one parent and the non-residential parent does not fulfil his / her obligation to child maintenance	78 € / month Paid provisionally for four months; the CAF then collects maintenance from the defaulter
Aide au recouvrement des pensions alimentaires	Non-residential parent is not paying for the maintenance of his / her child; Lone parents who have a judicial ruling for their entitlement to child maintenance and are not eligible for allocation de soutien familial	
Benefit for Parental Presence (Allocation de présence parentale)	Parents of seriously ill or disabled children who have to interrupt or reduce their employment temporarily in order to take care of the child Paid for up to one year	Rate depends on the extent of reduction of the employment and on the household composition: varies between 810 € for couples and 960 € lone parents who do not work and 247 € (326 €) for parents who reduce their working hours only by 20 – 50 %
Special Education Allowance (Allocation d'éducation spéciale)	Parents of disabled children under age 20	Basic allowance: 111 € per month per child Addition depending on the costs of the disability, the necessity to reduce or quit employment and the employment of an assistant: varies between 83 € (1 <sup>st</sup> category) and 930 € (6 <sup>th</sup> category) per month
Disability Allowance (Allocation aux adultes handicapés, AAH)	Disabled adults Means-tested	Up to 578 € / month + a conditional supplement of 92 €

Unemployment Insurance (assurance chômage)	Eligible persons who have been insured for at least 4 months during the last 18 months Active job-search of the claimant	Depends on the respective earnings minimum rate: 24 € / day maximum rate: 75 % of the “reference daily wages”
Unemployment Assistance (régime de solidarité)	Long-term unemployed Active job-search of the claimant	Flat-rate that depends on the household composition single : 935 €, couple: 1470 €
Social Assistance (Revenu Minimum d’Insertion, RMI)	Adults older than 25 years or younger parents Applicants have to sign an integration agreement during the first three months Means-tested All income is taken into account as well as other benefits (at least partially)	Including housing costs : Single adult : 412 € / month Couple: 618 € / month Single parent with one child: 618 € Couple with one child: 741 € Single parent with two children: 741 € Couple with two children: 865 € Every further child increases the rate by 165 €
<b>Leave</b>		
Maternity Leave	Expectant mothers in employment with compulsory social insurance	80 % of the mother’s earnings
Paternity Leave	Fathers	
Parental Leave	Employed parents	Unpaid
Sick Child Leave	Working parents, to care for a child under the age of 16	Fully paid
<b>Housing</b>		
Housing Allowance (Allocation de logement)	Granted according to a range of criteria (e.g. resources, family situation, kind of housing, area, number of children) Means-tested Tenants and owners who live on their own property	Granted according to a range of criteria (resources, family situation, kind of housing, area, number of children, etc.)
Personalized support to housing (aide personnalisée au logement)	Means-tested People living in social housing	Paid directly to the house owner
Low interest loans for renovation and modernisation of their home (Prêt à l’amélioration de l’habitat)	Families who are entitled to some kind of family benefit	The loan covers up to 80 % of the costs up to a maximum of 1.067 € (interest rate: 1%; the loan has to be paid back in 36 monthly rates)
Relocation Grant (prime de déménagement)	Families who have to move into larger housing after the birth of their 3 <sup>rd</sup> (or further) child and who receive some kind of housing benefit	Up to 834 € for families with 3 children, up to 904 € for 4 children. Additional 70 € for each further child

<b>Health care</b>		
Universal insurance based health system	The compulsory insurance includes: Employees and self-employed persons together with dependent household members Also included: Pensioners, unemployed persons, students and beneficiaries of a range of allowances (e.g. API or RMI) Coverage: 99 %	
Universal Health Insurance	Secures the access to health care for the most excluded Income line: 562 € Those who are just above this line are entitled to a flat-rate assistance of 115 €	
Regional healthcare and prevention programmes (PRAPS)	Vulnerable groups of the population	
<b>Prevention</b>		
Comprehensive Action Plan	Students in primary school	
Small first grade classes (cours préparatoires)	First grade pupils in schools in disadvantaged neighbourhoods	
Additional educational support	Young immigrants who have newly arrived	
Open School programme	(Secondary) schools, mainly in disadvantaged areas For children and young people	
"Catch-up"-classes and workshops	For truants and early school leavers	

## Germany

	Eligibility Criteria	Measure
<b>Labour market policies</b>		
Individualised job placement strategies („Eingliederungsvereinbarung“)	Jobseekers and unemployed	
Reimbursement of childcare costs	Parents in vocational training	130 € per month per child
Wage subsidies	For employers to create jobs and training opportunities particularly for vulnerable groups (e.g. early school leavers, older persons)	
Personnel Service Agencies (PSA)	Jobseekers	
Vouchers for training	Jobseekers in need for training	
Jobcentres	Recipients of social assistance	
Start-up grants for „Ich-AGs“	Unemployed persons who want to start their own little business Personal income may not exceed 25.000 € <sup>58</sup>	Tax and levy free grant over a period of three years
<b>Direct Cash Transfers</b>		
Universal Child Benefit („Kindergeld“)	Children up to the age of 18 (21 for children not in vocational training or employment, 27 for children in training or higher education and unlimited for disabled children) Income threshold of child's income: 7.188 € per year Parents have the choice between direct monthly payment and a tax benefit	1st child to 3rd child: € 154 4 <sup>th</sup> and subsequent: € 179 Child benefits are taken into account for the calculation of social assistance.
Monthly Child Addition „Kinderzuschlag“ – planned –		€ 140
Tax Allowances for Children („Kinderfreibetrag“)	Granted to taxed person	Tax Allowance of € 3.648 / year
Tax Allowance for care, education or training („Freibetrag für Betreuung und Erziehung oder Ausbildung“)		Tax Allowance of € 2.160 / year
Childcare Tax Allowance („Freistellung erwerbsbedingter Betreuungskosten“)	Children below the age of 14, if the childcare becomes necessary because of gainful employments	Tax Allowance of € 1.500
Household Tax Allowance („Haushaltsfreibetrag“)	for lone parents - is phased out -	Tax Allowance of € 2.340 for 2002 and € 1.188 for 2003

Lone Parent Tax Allowance ("Steuerfreibetrag für Alleinerziehende") – planned –		
Maintenance Advance Payments ("Unterhaltsvorschuss")	Lone parents who don't receive any or any sufficient (according to current regulations) child maintenance Maximum of 72 months until the child reaches age 12	Minimum amounts (July 2003): 111 € per child under 6 in Western Germany and 97 € in former East; 151 € per child aged 7 – 12 in Western Germany and 134 € in former East
Unemployment Benefit ("Arbeitslosengeld")	Insured persons who have been employed for at least 12 months during the past 3 years Jobseekers have to register with the employment office and have to be available for the labour market; they are required to actively seek a job for at least 15 hours / week	67 % of the last year's net income for unemployed parents and 60 % for persons without children
Unemployment Benefit ("Arbeitslosenhilfe")	Follows "Arbeitslosengeld" Means-tested (assets of the claimant and his / her partner are taken into account)	57 % of the last year's net income for unemployed parents and 53 % for persons without children
Social Assistance ("Sozialhilfe")	Basic social assistance ("Hilfe zum Lebensunterhalt") Additions for groups with increased demands („Mehrbedarfszuschlag") Single payments ("Einmalzahlungen") Social assistance for particular circumstances ("Hilfe in besonderen Lebenslagen") (higher income thresholds) Support to Work ("Hilfe zur Arbeit") – Welfare recipients who are capable of working (income on top of their welfare) Means-tested Income of the (non-resident) parents and children are also taken into account	Regular allowances: granted in form of standard rates (Regelsätze): Head of the household: 291 €; other adults: 233 €; child under 7: 146 € (160 € in lone parent household); child 8 – 14: 189 €; child 15 – 18: 262 € (July 2003) In addition there are regular allowances to cover the full cost of housing and heating and further one-time benefits (einmalige Leistungen) Supplementary allowance for extra demand (e.g. pregnant women: 20 %; lone parents with 1 child under 7 or several children under 16: 40 %, 60 % for 4 or more children)
Unemployment Benefit II	From 2005 / July 2004 Those capable of work who need assistance Will replace the former Arbeitslosenhilfe and Sozialhilfe for those capable of working	
Basic Security Allowance ("Grundsicherung")	For elderly or disabled persons	
Educational Grants ("BAFÖG")	For students in secondary or vocational education (from grade 10) Means-tested Students in higher education (college or university) are likewise entitled to a grant, but have to pay back half of it (Maximum loan that has to be paid back: ~ 10.226 €)	monthly maximum amount: 521 € (585 € / month in case of high housing costs)



Grant for Vocational Training ("Berufsausbildungsbeihilfe")	Young people in vocational training who don't live with their parents Income tested / means tested ?????	Amount depends on the own income and the income of parents and the husband or wife
Meister-BAföG	Skilled workers who want to do their master craftsmen` diploma or equivalent qualifications	
<b>Leave</b>		
Maternal Benefit ("Mutterschaftsgeld")	Employed and registered unemployed women Insured women, spouse and daughter of insured person (health insurance)	€ 13 / day Employers add the difference to the average net income Employed women, who are either in the private health insurance, don't have any health insurance or work in "mini jobs": single payment of € 210 and the difference between 13 € / day and their average net income
Delivery Benefit ("Entbindungsgeld")	All mothers insured in the statutory health insurance	€ 77
Child-raising Allowance ("Erziehungsgeld")	Mother or father who care for their child and not working more than 30 hours Means-tested Income thresholds: <ul style="list-style-type: none"> <li>- until the child reaches 6 months: 30.000 € / year (23.000 € for single parents)</li> <li>- afterwards: 16.500 € / year (13.500 € / year for single parents) for the first child to receive full payment and 23.500 € (20.500 €) for reduced child-raising allowance</li> </ul> The thresholds rise according to the number of children	Regular Allowance: 300 € / month until the child reaches 2, or Budget Payment: up to 450 € / month until the child reaches age 1
Parental Leave	Both mother and father are entitled For each child up to the age of 3 (one year can be transferred to the period between the 3 <sup>rd</sup> and 8 <sup>th</sup> year of the child) Working for up to 30 hours / week is possible	
Temporary Leave to take care for sick children or for children with disability	Parents covered by statutory health insurance Age-limit: 14 (for sick children)	70 % of gross earnings, 90 % net maximum If the parents are not entitled to paid leave: sickness allowance ("Krankengeld") (if the child is insured as well)

<b>Housing</b>		
Housing Benefits ("Wohngeld")	Households with low income Rent allowances or subsidy to housing costs	Depending on household income, the number of household members and the rate of qualifying rent
Own-Home Allowance ("Eigenheimzulage")	Families who buy / build their own home Full allowance is paid if the costs are higher than 51.120 € Income thresholds: 70.000 € for singles, 140.000 € for couples, + 30.000 € for each child living in the same household and receiving Kindergeld / Kinderfreibetrag	Basic allowance: up to 1.250 € / month for up to 8 years Additional child allowance: 800 €
Support of saving schemes with building societies (Bausparen)		
<b>Healthcare</b>		
Insurance-based health system		
Nursing Care Insurance	Finances care for persons in need	Services in kind or care allowances for caring family members
<b>Prevention</b>		
Development and chances of young people in disadvantaged neighbourhoods (Entwicklung und Chancen junger Menschen in sozialen Brennpunkten, E&C)	Children and young people in disadvantaged urban or rural areas	

## Greece

	Eligibility Criteria	Measure
<b>Labour market policy</b>		
Community Support Framework		
Incentive for the integration of long-term unemployed persons in the labour market	Long-term unemployed (> 12 months) persons who are registered with the Manpower Employment Organisation (OAED) who start work under a part-time contract for at least 4 hours a day	88 € on top of their wage (maximum of 12 months)
Subsidizing Workers' Social Security fees	Low wage earners who receive the minimum wage	Subsidizing the social security fees
Encouraging employers to employ young and low-skilled workers	Employers who employ young and low-skilled workers Full-time employees with salaries of less than 587 € / month	Reducing employers social security fees
Social Support Service Network	Vulnerable groups at a high risk of social exclusion and without access to public services	
Support Services (SSY)	Vulnerable social groups	
<b>Direct cash transfers</b>		
Old Age Pension	Means-tested	
Large Family Allowance	Families with at least 4 children under age 23 and single	36 € / month for each dependent child with a minimum allowance of 68 €
Allowance for 3 <sup>rd</sup> Child	Mothers with a 3 <sup>rd</sup> child under age 6	145 € / month
Lifelong Pension for Mothers of 4 or more Children	Mothers with 4 or more children	83 € / month
Economic Support for Unprotected Children	Single mothers or guardians Income threshold: 235 € for a tree-person family + 21 € for each additional member	44 €
Benefit for Lone-Parents Families	Lone-parent families	
Child Benefits	Insured workers who do not receive such benefits from their employers Age limit: 18 22, if in further education No age limit, if disabled In the public sector there are different eligibility criteria (e.g. age limits)	Private sector: 6 € (1 child) up to 64 € (6 children) Public sector: 18 € (1 child) up to 264 € (6 children) Amount is increased in case the beneficiary is widowed, has a disabled spouse or a spouse serving compulsory military service
Pre-School and School Benefit	Families with children under age 16 Income threshold: 3.000 € / year	300 € per year and child
Tax Reductions	Employed parents	Up to 88 € for 1 child, 205 € for 2 children, 616 € for 3 children and 939 € for 4 or more children

Tax exemptions: health care costs, a portion of housing costs, tuition fees and 10 % of childcare costs		
Unemployment Benefit	Different requirements contingent on whether benefits are received for the first, second or subsequent times Duration depends on the number of workdays realised while working	11,32 € up to 11,97 € + 10 % added for each dependent family member
Special allowance after the end of the unemployment benefit period	Granted after the end of the unemployment benefit period if unemployed for an additional month	147 €
Special allowance after having remained for three months in the unemployment registers	Persons who remain in the unemployment registers for 3 months and who do not qualify for regular unemployment benefits Income threshold: 7.043 € / year	170 €
Allowance for young persons aged 20 – 29	Young persons (aged 20 – 29) entering labour market for the first time but who remain unemployed and registered with OAED for one year	73 € / month for up to 5 months
Support for long term unemployed persons aged 45 - 65	Long-term unemployed between 45 and 65 years Means-tested benefit After the entitlement to unemployment benefit	200 € (maximum of 12 months)
Special Seasonal Benefit	Workers in certain occupational categories of seasonal work	Amount depends on the occupational category
Revenue support to permanent residential households in mountainous and disadvantaged areas	Households who live permanently in mountainous and disadvantaged areas Yearly family income below 2.000 €	Yearly income below 1.500 €: 600 € / year Yearly income below 2.200 €: 300 € / year
Social Assistance Benefit	Persons who suffered directly from natural disasters	Lump sum of 587 € to cover basic needs 4.402 € for persons who were injured or became handicapped or to families who lost a member in a disaster
Emergency Allowance	Citizens who are unable to cover their costs due to an emergency like illness or death	Up to 235 €
Social support for persons suffering from thalassaemia, AIDS or a congenital predisposition to haemorrhage		171 – 357 € / month
Kidney Patients Nutritional Allowance		58 – 87 € / month
Allowance for Blind Persons		154 – 375 € / month
Allowance for Deaf Persons		154 € / month
Supplement to quadriplegic and paraplegic persons insured		

under the public sector social security fund		
Allowance for serious mental retardation		159 – 241 € / month
<b>Leave</b>		
Maternity Leave	Employed mothers	Paid Insured mothers receive between 37 € (without dependents) up to 52 € (with 4 dependents)
Reimbursement of confinement expenses Maternity Grant ?????		659 €
Supplementary Maternity Benefits	Insured mothers	Amount covers the difference between the maternity benefit and the daily wages on which basis the mother was insured
Maternity Allowance	Uninsured mothers	Lump sum: 440 €
Parental Leave	Both parents	Unpaid
Paternal Leave	Fathers in the private sector	Paid
Parental Leave to care for a sick child	Parents who care for a sick child under age 16 at home	Paid
Parental Leave to visit the child's school		Paid
<b>Housing</b>		
Rent subsidy	Families who do not own a home, young couples and elderly people Income-tested	73.37 € (GRD 25,000), increased by 11.74 € (GRD 4,000), 26.41 € (GRD 9,000), 44.02 € (GRD 15,000), and 61.63 € (GRD 21,000) respectively in the case of 1, 2, 3 or 4 dependant children <sup>2</sup>
Housing grants – in exceptional cases	Large families, families with disabled members, etc.	
Residence grant programmes		Turnkey homes are given away either by drawing lots or by direct grant.
Special solidarity fund	Persons who are long-term unemployed or have serious reasons that prevent them from paying back loans	
Special revolving capital for Housing (ESAK)	This programme allowed OEK to reduce the interest rates on loans granted for purchase or construction of residences, and to amend the repayment terms of loans that had been provided or are being provided for the completion or repair of residences, so that repayment of those loans is free of interest	
Interest rate subsidy	provides loans with an interest subsidy for the purchase or construction of residences	
Loans for repairing, enlarging or completing an existing home		

Rental house programme	will enable OEK to rent residences to its beneficiaries for a monthly rent no more than 1/250 the construction cost	
New housing programme for students in higher education	students in higher education	
<b>Healthcare</b>		
National Health System (NHS)	Employees and assimilated groups, pensioners, unemployed persons and dependent family members Compulsory and contribution-based	
"Poverty" pass book	People who are not insured in the National Health System (NHS)	
<b>Prevention</b>		
Summer camps	Children	
Free access to cultural events and sport activities		
Network of libraries and mobile libraries in remote rural areas including internet access facilities	Children and young people living in remote rural areas	
Children`s ombudsman	Children and young people	

## The Netherlands

	Eligibility Criteria	Measure
<b>Labour market policy</b>		
Combination Tax Credits	Working parents with young children	Up to 190 € / month
Employment Tax Credit		Up to 1100 € / year (further increase by up to 200 € until 2007)
Supplementary Single Parent Tax Credit	Single parents with children up to age 16	
“Comprehensive Approach”	Adults who are registered unemployed	
Job Placement Services	All people searching for work	
Activities to bring young people into stable work	Young persons who haven't found a job	
<b>Direct cash transfers</b>		
Child Benefits (Kinderbijslag)	Children aged 0 – 17 Can be paid until the age of 24 if the child is either still living in the parental household without sufficient income or in vocational training or further education without being entitled to student grants	Children up to 5 years: 56 € Children between 6 and 11: 68 € Children between 12 and 17: 80 €
Study Grant	Young people who continue their education after age 17 Income threshold: 8.850 € / year	Living in the parental home: 65 € (49 € if in secondary vocational training); Living away from home: 201 € (185 € if in secondary vocational training)
Study Loan	Students entitled to Study Grant	
Payments under the Disablement Assistance Act for Handicapped Young Persons	Young people with severe disabilities over age 17	Rate of the minimum (youth) wage
Benefits under the Disablement Insurance Act (WAO)	Adults with disabilities	
Benefits under the Self-Employed Persons Disablement Insurance Act (WAZ)	Adults with disabilities	
Compensation under the TOG Regulation	People who provide care for a handicapped child between 3 and 18	184 € per quarter
Life Course Saving Scheme	Employees	
Unemployment Benefits (Werkloosheidsuitkering, WW)	Insured workers who have worked at least 39 weeks of 52 and for 4 out of the 5 past years; have to be capable of and available for work and must not refuse suitable employment Duration of payment depends on the duration of employment (4 months after 4 years employment up to 5 years after 40 and more years of employment)	70 % of the last salary with a maximum daily rate of 153 €

Social Assistance (Algemene Bijstand)	Citizens who are not able to support themselves and their families adequately – last security net Claimants have to try actively to support themselves and have to accept suitable employment (no obligation to look for work for persons who take care of a child younger than 5)	The amount is linked to the net minimum wage and includes a fiscal difference Couples: 100 % of the minimum wage (1.047 €) Lone parents: 70 % of the minimum wage (733 €) Single person: 50 of the minimum wage (524 €) General child allowances are paid on top of it Housing costs are included Special assistance (bijzondere bijstand) in case of exceptional needs
<b>Leave</b>		
Maternity Leave	Working mothers	
Maternity Allowance under Sickness Benefit Act (Ziektewet, ZW)	Employed mothers insured under the Sickness Benefit Act (Ziektewet, ZW)	100 % wage-replacement Unemployed mothers have the right to a lower benefit
Maternity Allowance under Self-employed Persons Disablement Insurance Act (WAZ)	Women who are insured under the Self-employed Persons Disablement Insurance Act (WAZ)	100 % of the minimum wage or 100 % of their actual wage (if they earn less)
Paternity Leave	Fathers when the partner is giving births	Paid
Parental Leave	Both parents are eligible Must have been working for the same employer for at least one year	Unpaid
Adoption Leave	For parents adopting a child	Paid
Family Leave	Employees	Wage replacement of 70 %
Emergency Leave	Employees	Wage replacement of 70 %
<b>Housing</b>		
Rent subsidies	Depending on income, rent, assets and age, etc. Rent must be between 162 € and 541 € per month	
<b>Health care and social protection</b>		
Health system	Insurance based People on low or without income are insured through a health insurance fund	
Maternity Agencies	Children up to age 4 and their mothers	
Periodical examinations	Children from 4 to 19 90 – 100 % respond	
<b>Prevention</b>		
Community Schools	Children and their parents	



## Sweden

	Eligibility Criteria	Measure
<b>Labour market policies</b>		
Unemployment Insurance	Recipients must be actively looking for work, supported by personalised action plans	
Labour market trainings	Jobseekers	
Activity guarantee	For long-term unemployed (over 24 months) and those who risk becoming long-term unemployed	
Supplementary professional training	Immigrants	
Regulations against discrimination	Immigrants	
Validation of foreign qualification	Immigrants	
Language training	Immigrants	
Youth programmes	Unemployed young people	
<b>Direct Cash Transfers</b>		
Basic Child Allowance	All children under 16	SEK 950 / month
Extended Child Allowance	Children aged 16 or over and still in secondary school	SEK 950 / month
Students Grants	Children attending upper secondary school	SEK 950 / month for 9 months a year
Additional Child Allowances	Families with 3 or more children	SEK 254 / month for the 3 <sup>rd</sup> child, SEK 760 / month for the 4 <sup>th</sup> child, SEK 950 / month for any further child
Allowance for disabled and handicapped children	Parents of disabled children	Is paid quarterly, three-quarter or full rate. The maximum allowance is 2.5 times the base amount
Attendance Allowance	Severely disabled or ill children that need personal assistance for more than 20 hours per week	The benefit is paid with an amount per hour that is fixed for each year by the Government 2001: SEK 184 / hour
Maintenance Support	Children whose parents are separated	SEK 1 173 / month
Unemployment Insurance – Basic Assistance	Claimants must be available for the labour market and registered with the employment office	Daily rate: SEK 230 for 5 days a week for a maximum of between 150 and 450 (depending on the age of the claimant)
Unemployment Insurance – voluntary unemployment insurance	Claimants must be available for the labour market and registered with the employment office Limited to a period of a maximum of 3 or 4 years	Daily rate: SEK 230 up to SEK 564 at a minimum of 80 % of the person's income (300 days for those aged under 55 and 450 days for persons aged 55 and over)
Social Assistance	Active search for work if able to work Means-tested	Amount depends on the number of adults and the number and age of the children in the household

	Eligible are all adults (18+)	Addition for common household expenses Housing Benefits
<b>Leave</b>		
Pregnancy Benefit	All employed and self-employed women	80 % of the mother's qualifying income
Parental Benefit	The parent must have been insured for 180 consecutive days before the claim Parent and child must be resident and / or working in Sweden	390 days: 80 % of the parent's qualifying income, the remaining 90 days: flat rate of SEK 60 / day, Parents on low income or no income at all receive a minimum guaranteed benefit of SEK 150 / day
Temporary Parental Benefit	Staying home from work to care for a sick child up to the age of 12 (16 in some cases)	80 % of qualifying income
Dad's Days	Fathers of a new-born child	
<b>Housing</b>		
Housing Allowance for Households with Children	For all with low income with the need for certain size / standard of housing Means-tested Income-tested Swedish residents	2 components: - related to the housing costs - related to the number of children in the family (1 child: SEK 600 / month, 2 children: SEK 900 / month, 3 or more children: SEK 1.200 / month)
Scheme for student housing		
<b>Healthcare</b>		
Universal Health Care System	Open for all residents, regardless of their nationality	
<b>Prevention</b>		
Family centres	Children and their families	
Youth advice centres	Young people	

## United Kingdom

	Eligibility Criteria	Measure
<b>Labour market policies</b>		
Jobcentre Plus	Jobseekers	
Action Team for Jobs	Persons living in disadvantaged areas who face complex barriers to employment	
Employment Zones	Long-term unemployed	
New Deal for Lone Parents	All lone parents with a youngest child aged 3 or over making a new or repeat claim to Income	Provision of affordable childcare
Adviser Discretion Fund	People who are unemployed for 6 months or more	
Job Grant	To be introduced from October 2004	Two rates: - £ 100 for single people and couples without children - £ 250 for lone parents and couples with children
<b>Making work pay</b>		
National Minimum Wage		October 2003: £ 4,50 an hour for adults Rate for 18 – 21 year olds: £ 3,80 an hour
Working Tax Credit (WTC)	People with low income Income threshold: up to a maximum of around £ 14,000 Working for at least 30 hours a week or working for at least 16 hours a week, provided he or she is responsible for a child or has a disability Threshold below which maximum tax credits are payable: £ 97.00	The principal elements (2003-04 weekly amounts): Adult element (Basic element): £ 29.20 Additional element for couples and parents (Couples and lone parent element): £ 28.80 30 hours element: £ 11.90 Disabled worker element: £ 39.15 Enhanced disabled worker element: £ 16.00 Childcare element: up to 70 % of the eligible childcare costs - maximum eligible cost for 1 child: £ 135.00 - maximum eligible cost for 2 or more children: £ 200.00
Child Tax Credit (CTC)	People with low income	Family element: £ 10.45 / week for all families with an annual income of less than £ 50,000 Double Family element in the first year (Baby element) Child element: £ 27.75 / week for each child for families with income up to £ 13,000 a year Disabled children element: £ 41.30 / week Enhanced disabled children element: £ 16.60 / week Will be paid in addition to Child Benefit

<b>Direct cash transfers</b>		
Child Benefit	<ul style="list-style-type: none"> <li>- aged under 16</li> <li>- aged under 19, if studying full-time up to A level, Advanced Vocational Certificate of education (AVCE) or equivalent</li> <li>- aged 16 or 17, has left school recently and has registered for work or training with the Careers Service or Connexions Service (in Northern Ireland Training and Employment Agency)</li> </ul>	2003-04 weekly amounts: First child: £ 16.05 Subsequent child: £ 10.75
Income Support	Persons who are not able to take up employment because of being a lone parent or having caring responsibilities Lone parents: mandatory work-focused meetings with personal advisers <ul style="list-style-type: none"> <li>- Savings must be under £ 8,000 (£ 12,000 if partner over 60; £ 16,000 if in residential care or nursing home); Savings over £ 3,000 usually affect the amount (£ 6,000 if partner over 60; £ 10,000 if in residential care or nursing home)</li> <li>- Must be on low income</li> <li>- Not working or working for less than 16 hours a week</li> </ul>	Weekly amounts: Personal allowance for single people (October 2002): <ul style="list-style-type: none"> <li>- aged 16 – 17: £ 32.90 or depending on their circumstances: £ 43.25</li> <li>- aged 18 – 24: £ 43.25</li> <li>- aged 25 and over: £ 54.65</li> </ul> Personal allowance for couples: <ul style="list-style-type: none"> <li>- both aged 18 or over: £ 85.75</li> <li>- Where one or both partners are under 18, their personal allowance depends on their circumstances.</li> </ul> Personal allowance for lone parents: <ul style="list-style-type: none"> <li>- aged 16 – 17: £ 32.90</li> <li>- or depending on their circumstances: £ 43.25</li> <li>- aged 18 and over: £ 54.65</li> </ul> Personal allowance for dependent children: from birth to the day before 19 <sup>th</sup> birthday: £ 38.50 Premiums: <ul style="list-style-type: none"> <li>- Family: £ 15.75</li> <li>- Family (lone parent rate for people with preserved rights): £ 15.90</li> </ul> Bereavement Premium: £ 22.80 Disabled child: £ 41.30 Carer: £ 25.10 Severe disability – paid for each adult who qualifies £ 42.95 Pensioner: £ 47.75 (Single), £ 70.05 (couple) Disability: £ 23.30 (single), £ 33.25 (couple) Enhanced disability premium: £ 11.40 (single), £ 16.45 (couple), £ 16.60 (child) Deductions of housing costs for non-dependants, according to income. Entitlement to Housing Benefits

Jobseeker's Allowance	<p>Is paid when the person is</p> <ul style="list-style-type: none"> <li>- capable of working</li> <li>- available for work</li> <li>- actively seeking work</li> <li>- over the age of 18</li> </ul> <p>Regular mandatory visits and interviews at the jobcentre</p> <p><i>Contribution-based JSA</i> must have paid or be treated as having paid a certain number of NI contributions.</p> <p>Contribution-based JSA is paid at a fixed rate based on the age for up to 26 weeks.</p> <p><i>Income-based JSA</i> Savings have to be under £ 8.000 (£ 12.000 if one or two in a couple are aged or over)</p> <p>Savings over £3,000 usually affect how much income-based JSA a person gets (Savings over 6.000, if the claimant or the partner are above age 60)</p>	see above
Disability Living Allowance	<p>Children with a severe physical or mental illness or disability if they need much more help or looking after than other children of the same age because of their illness or disability</p> <p>Child must be over 3 months of age.</p> <p>Can be claimed before the child reaches the age of 3 months but will not be paid before that time unless the child is terminally ill.</p>	<p>Weekly amounts:</p> <p>Paid because the child needs looking after:</p> <p>Higher rate: £ 53.55 Middle rate: £ 35.80 Lower rate: £ 14.20</p> <p>Paid to help the child get around:</p> <p>Higher rate: £37.40 Lower rate: £ 14.20</p> <p>(amount only to be used as a guide; the individual circumstances may affect the amount the person gets)</p>
Carer's Allowance	<p>Paid to full-time carers</p> <ul style="list-style-type: none"> <li>- aged over 16</li> <li>- spending at least 35 hours a week looking after someone who is getting or waiting to hear about one of the following benefits: Attendance Allowance, Disability Living Allowance, Industrial Injuries Disablement Benefit Constant Attendance Allowance, War Pensions Constant Attendance Allowance</li> </ul>	<p>£ 43.15 (amount only to be used as a guide; the individual circumstances may affect the amount the person gets)</p> <p>Other benefits may increase or decrease</p>
Independent Living Funds	Severely handicapped persons living independently at home	Helping towards the costs of their personal and / or domestic assistance care
Child Trust Fund	There will be no access to the fund until the child reaches the age of 18	initial endowment of £ 250 at birth Children from the poorest families will receive £ 500
Saving Gateway	Persons with low-income	Savings will be matched by the government

<b>Leave</b>		
Maternity Leave	Pregnant employees	
Statutory Maternity Pay	- employed by the present employer in the 15 <sup>th</sup> week before the week the baby is due - employed by that employer without a break for at least 26 weeks into the 15 <sup>th</sup> week before the baby is due - earned at least £ 77 a week - contributed to National Insurance	First 6 weeks: 90 % of the average weekly earnings Remaining 20 weeks: £ 100.00 / week or 90 % of the average earnings if this is less than £ 100
Maternity Allowance	Employed or self-employed women who cannot get Statutory Maternity Pay Must have been employed or self-employed in at least 26 weeks in the 66 week period	£ 100.00 / week or 90 % of the average earnings if this is less than £ 100
Incapacity Benefit	Not entitled to Maternity Pay or Maternity Allowance Based on different NI contributions criteria and is paid from 6 <sup>th</sup> week before birth up to 14 days after the birth	Short-term lower rate £ 54.40 Short-term higher rate £ 64.35 Long-term basic rate £ 72.15
Statutory Paternity Leave	Employed fathers	
Statutory Paternity Pay	Fathers in employment earning at least £ 75 / week	£ 100 / week or 90 % of average weekly earnings if this is less than £ 100 (April 2003)
Sure Start Maternity Grant	The mother or her partner are getting: - Income Support, - income-based Jobseeker's Allowance, - Working Families' Tax Credit or - Disabled Person's Tax Credit	£ 500 (from July 2002)
<b>Housing</b>		
Housing Benefit	Persons being on low income and paying rent Savings limit: £16,000; Savings over £ 3,000 will usually affect the amount (£ 6,000 if one in a couple is over 60; £ 10,000 for some kind of residential accommodation) Special rules for singles and aged under 25 years Excluded are: most asylum seekers; someone living in a close relative's household; full-time students, unless they are disabled or have children.	Maximum benefit: the eligible rent. This may not be the same as the full rent. Deductions of housing costs for non-dependants, according to income. Personal allowances (weekly amounts): Single aged 16 – 24: £ 43.25 Single aged 25 and over: £ 54.65 Lone parent under 18: £ 43.25 Lone parents 18 and over: £ 54.65 Couple both aged under 18: £ 65.30 Premium for people with preserved rights Family (lone parent rate): £ 22.20
Standard Local Housing Allowance	Is being tested in 9 councils	Private sector tenants will be paid according to average local rents rather than rents charged
Warm Front Scheme (England)	Those in receipt of certain qualifying benefits	providing insulation and heating improvements

<b>Healthcare</b>		
National Health Service	Universal and available regardless of income	
Health Inequalities Programme for Action	The poorest of the population	
<b>Prevention</b>		
Listening to Learn	All children and young people	
Connexions	Young people (13 – 19 years)	
Children's Fund	Children aged 5 – 13 facing poverty and social exclusion	
New Deal for Communities	Children and young people growing up poor or in disadvantaged neighbourhoods	
Excellence in Cities	Children and young people growing up poor or in disadvantaged neighbourhoods	
Race Relations (Amendment) Act	Children and young people with an ethnic minority background	

## United States

	Eligibility Criteria	Measure
<b>Labour market policies</b>		
"One-Stop Career Centres"	Workers losing their jobs	
Welfare-to-Work	Hard-to-employ welfare recipients Long-term welfare dependants with a low level of education, low skills and little job experience	
State Earned Income Tax Credit		Granted on top of the federal tax credits
Subsidised Wages		
Reimbursements of training costs of an employer		
Additional family allowance to temporarily cover work expenses		
Employment bonuses		
Short term emergency assistance		
Child care subsidies		
Transportation subsidies		
Housing Benefit		
Medical Insurance		
Minimum Wage		\$ 5,15 per hour (2001)
Earned Income Tax Credit (EITC)	Low and middle income families Eligibility and amount depend on the number of children, the marital status and on the earned income during the year in relation to marital status and family size The maximum is paid for yearly income between \$ 7.350 (10.350 for 2 or more children) and \$ 13.549 for lone parents or \$ 14.549 for married couples Highest income threshold: \$ 29.200 (lone parent with 1 child) and \$ 34.177 (couples with more than 1 child)	Families with 1 child: up to \$2.506 / year, families with 2 or more children: up to \$ 4.140 year



Child Tax Credit (CTC)	Qualifying income threshold: \$ 10,000 (2001; will be adjusted annually for inflation) Income threshold above which the benefit is phased out: Lone parents: \$ 70,000 / year Married couples: \$ 110,000	Maximum rate: \$ 1,000 per dependent child under age 17 (2003)
<b>Direct cash transfers</b>		
Temporary Assistance for Needy Families (TANF)	Means-tested Poor families with children under age 18 Claimants are required to work Life-time limit of 5 years (states may extend this limit for up to 20 % of the recipients) Most TANF recipients qualify for Food Stamps Children from families receiving TANF or Food Stamps may receive free school meals	Family with 1 child: \$ 285 (2000) Family with 2 children: \$ 356 Family with 3 children: \$ 423 Family with 4 and more children: \$ 516
Unemployment insurance (UI)	Claimants must be available for full-time work Earnings requirements Time limit of 26 weeks in most states	50 – 60 % of workers' net income (up to a ceiling)
Temporary Extended Unemployment Compensation (TEUC)	Provides up to 13 more weeks of federally funded UI benefits A further extension of 13 weeks is possible in states with high unemployment rates	
Food Stamps	Eligible families Families are eligible if at least one member is employed or seeking work and the family income does not exceed 130 % of the federal poverty line.	
Child Support Enforcement		There is no generally guaranteed payment. Only child support collected can be transferred to the resident parent.
Supplementary Security Income (SSI)	Disabled children and adults Means-tested	
<b>Housing</b>		
Housing Block Grants	Low coverage (only 3 % of housing being publicly subsidized)	
Tax benefits for house or apartment owners	House and apartment owners	
<b>Health care</b>		
Medicaid	All children up to age 18 in families with an income at or below the poverty line Some states extend the eligibility criteria	
Children's Health Insurance Program (CHIP)		

<b>Prevention</b>		
Head Start and Early Head Start	Young children and their families	childcare and social services