SUMMARY AND CONCLUSION

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The evidence presented in this issue shows that, despite a decade of attention at the highest level regarding the issue of child poverty, not much progress has been made in policy outcomes in the vast majority of the European (or OECD) member states.

One of the most important policy outcomes is the at-risk-of-poverty rate for children. According to Vandenbroucke and Vinck it is a 'lead indicator' for future social problems, as "a high rate may signal inadequate social protection and/or poorly functioning labour markets, which may be related to lacunae in childcare and in the education system", while making "success in education systems more difficult to obtain" (Vandenbroucke and Vincke in this issue).

According to Dominic Richardson, who presents results for the OECD area using the OECD child poverty rate[1], one in seven children (13.8%) in the OECD lives in a household with a disposable income below the poverty line. In twenty OECD countries, children have higher risks of poverty than the population as a whole. Furthermore, child poverty rates are stagnating across the OECD. Particularly since the onset of the financial crisis the analysis of poverty trends data shows few encouraging signs as regards the reduction of child poverty in any of the OECD countries. His evidence shows that the crisis has hit families and youth harder than older groups in the population.

In fact, Richardson finds that many countries have shown a notable increase in child poverty rates over the period 2004-2013. Some of these countries, such as Mexico and Turkey, had pre-existing high rates of poverty, while some had mid-range child poverty rates, such as Belgium and Germany, while others, such as Sweden, had relatively low child poverty rates at the start of the period. Most countries, however, did not see any real change in the level of their child poverty rates. Dominic Richardson used a floating poverty threshold and he points out that the trend in relative child poverty risks would look different when child poverty would be measured relative to pre-crisis income. However, in most countries the situation would be even worse.

(1) The OECD child income poverty rate is the proportion of all children (0-17) living in households with an equivalised disposable income (using the square root of the household size) of less than 50% of the median equivalised disposable income for the total population.

The situation doesn't look much brighter when we focus on the EU member states using the main indicator of poverty of the European Union, the so-called "at-risk-of-poverty" rate (AROP60[2]). In fact, children represent a quarter of the 78 million EU citizens that live under the European at-risk-of-poverty threshold In the EU 28, the at-risk-of-poverty rate of children aged 1-15 years stands at 20.8% (2011). Thus, about 20 million children live in a household whose net equivalised income is below 60% of the national median (equivalised) income. Child poverty is lowest in the Nordic countries of Denmark and Finland (about 10%). In almost half of the EU member states, however, the risk of poverty for children is above 20%, reaching 25% in Romania, 27% in Latvia, and 29% in Poland.

Using an anchored poverty line with the threshold of 60% of the national median income, Bradshaw and Chzhen describe how child poverty rates increased between 2008 and 2013 in 19 of the 31 European countries included in their analysis, and increased more than pensioner poverty in all countries but three – Switzerland, Germany, and the Czech Republic. In 21 countries out of 31 countries included in the analysis by Bradshaw and Chzhen, the child poverty rate was higher than the pensioner poverty rate and, in eleven countries, it was more than double the pensioner poverty rate. Belgium is one of the exceptions with the child poverty rate slightly lower than the pensioner poverty rate.

According to all accounts presented in this issue, Belgium is a mediocre performer with regard to child poverty. In Belgium one in five children (18.7%) is at-risk-of-poverty, although there are important disparities between Belgium's two main region Flanders and Wallonia. Using a national poverty threshold, defined as 60% of median equivalised income, Vandenbroucke and Vincke find a child poverty rate of 18.7% in Belgium, but a 10.4% child poverty rate in Flanders and 24.9% in Wallonia. Using regional poverty thresholds they find 13.1% in Flanders and 20.8% in Wallonia. Furthermore, they find that the at-risk-of-poverty rate of children has been increasing significantly in Belgium between 2008 and 2011.

These results are rather disappointing, especially given the fact that the fight against child poverty has become a part of the political agenda at all policy levels since the beginning of this century. So, why have efforts to reduce child poverty not been successful despite a decade of attention and intervention?

(2) The AROP60 is the proportion of persons living in household whose net equivalised disposable income is below 60% of the national median equivalised disposable income for the total population. Calculation of equivalised household size: the first member of the household is weighted by 1, following adults receive a weight of 0.5 each and children (defined as those aged 13 or less) receive the weight of 0.3 each.

In fact, according to Dominic Richardson, average family spending across the OECD did increase and during the last two decades most countries have invested in social services aimed at supporting families, such as childcare. In the two decades leading up to the recession, spending on family policies increased to record levels, mainly due to increases in early years' services spending. At the same time family policies have expanded so that relatively new policies such as birth grants, childcare policies, and tax credits were becoming more commonplace in OECD countries. Prior to the crisis rates of average family spending across the OECD were at around 2.3% of GDP. In the first few years of the crisis family spending still increased, reaching an average of 2.6%. Yet poverty rates remained high.

Bradshaw and Chzhen compare child poverty rates before and after transfers, using a (floating) at-risk-of-poverty threshold. They find that there is considerable variation in the effectiveness of transfer systems in European countries. All countries reduce their pre-transfer 'child poverty'[3] rates by transfers but the percentage reduction varies from 27% in Greece to 78% in Finland. Belgium starts with a middling to low pre-transfer child poverty rate and its transfers reduce child poverty by 48%. They also find that transfers became less effective in reducing child poverty in about half of all European countries between 2008 and 2013 while transfers became more effective in reducing poverty among pensioners. There are only three European countries where the poverty reducing impact of transfers improved more for children than it did for pensioners between 2008 and 2013.

Dominic Richardson points out that the evolution of market income poverty, poverty before tax and transfer redistribution by the state, is one factor that could explain why increased investment in family policies could see no sustained improvement in relative poverty rates. Between 2005 and 2010 market income poverty increased faster than income poverty after taxes and transfers across the OECD. In some countries, such as Germany, child poverty increased despite more effective policy responses.

However, various family policies might also differ in the way they affect child poverty. Lower poverty rates might not only be driven by spending levels, but also by how and the money is spent. Dominic Richardson summarises results of an assessment of family policies in cash and in-kind contribute to child poverty reduction in OECD countries. Spending on in-kind family policies and childcare has a strong impact on child poverty rates, particularly for children aged 0-11 years. Cash transfers also have an important impact, especially for children within the lowest age group (0-5 years). Spending on education has an important anti-poverty impact for teenagers aged between 12 and 17 years.

(3) 'Child poverty' is used here as a shortcut for the at-risk-of-poverty rate.

Vandenbroucke and Vincke seek specific explanations for Belgium's disappointing performance mainly by analysing cross-country differences in order to highlight features of the Belgian welfare edifice that are exceptional and meaningful.

By subdividing child poverty rates[4] on the basis of household work intensity[5], Vandenbroucke and Vincke show that the internal structure of Belgian child poverty, in terms of the work intensity of households to which these children belong, is exceptional. Except for Ireland, Hungary and Malta, there is no other country where the relative share of poor children belonging to work-poor households is so high. The latter observation is mainly driven by severe work poverty: 60.6% of poor children in Belgium belong to households that are very work-poor; this is an exceptionally high proportion, compared to all other European countries. This is the result of the structure of child poverty in Wallonia; the internal structure of child poverty in Flanders is quite different.

To account for this structural difference between Belgium and other countries, Vandenbroucke and Vincke use decomposition analyses to disentangle the impact of cross-country differences in (severe) work poverty on the one hand, and the impact of cross-country differences in income poverty in the subgroup of (very) work-poor households, on the other hand.

A decomposition of cross-country differences in child poverty on the basis of five work intensity subgroups shows that Norway and other Nordic countries outperform Belgium with regard to the pattern of labour market participation of households *and* the poverty risk within households with various degrees of labour market participation. In contrast, in countries with child poverty rates that are significantly higher than the Belgian rate, such as Italy, Spain, Romania etc., the main contributory factor stems from 'differences within'.

A decomposition of cross-country differences in child poverty on the basis of severe work poverty (2 subgroups) shows that the Nordic countries outperform Belgium both with regard to the share of children in very work-poor households and with regard to the poverty risk in very work-poor households. Flanders does rather well

(4) 'Child poverty' is again used as a shortcut for the at-risk-of-poverty rate, as defined by Eurostat, for individuals below the age of 18 living in a household with an equivalised net disposable income below 60% of the national median equivalised net disposable household income.

(5) Vandenbroucke and Vincke distinguish three indicators of the household employment record of European welfare states. The first indicator is the share of children living in households with very low work intensity (not higher than 20%); Vandenbroucke and Vincke label these households as 'very work-poor'. The second indicator is the share of children living in households with medium work intensity or less (i.e. 55% or less); Vandenbroucke and Vincke label these households as 'work-poor'. A third indicator is the share of children in very work-poor households within the subgroup of children in work-poor households; Vandenbroucke and Vincke call this indicator 'the relative severity of work poverty'.

with regard to the share of children in very work-poor households, but these children still run a high poverty risk compared to the Nordic countries. In Wallonia both the share of children in very work-poor households and the poverty risk in those households is very high. The difference between the Walloon figures and the Belgian figures is explained largely by the share of children in very work-poor households. The difference between the performance of Spain and Belgium is entirely attributable to the higher poverty level among households that are *not* very work-poor in Spain.

Vandenbroucke and Vincke conclude tentatively that countries that perform significantly better than Belgium do so mainly because of a smaller share of children in very work-poor households and lower levels of poverty in very work-poor households. The worse performance in a number of countries, as compared to Belgium, is mainly explained by their relatively higher poverty risks among households that are not very work-poor.

Belgium's mediocre performance with regard to child poverty is mainly explained by work poverty and the relative severity of work poverty. When the impact of household employment rates is neutralised, the Belgian performance becomes slightly better than the average performance of the European welfare states under review, but it remains worse than what we observe for the Nordic and Continental welfare states.

A decomposition of cross-country differences in relative severity of work poverty shows that differences in household size only explain a relatively small part differences in the relative severity of work poverty between Belgium and other countries. Wallonia is characterised by a comparatively high share of single parents, which does play a role in the Walloon result; but the relative severity of work poverty in other households with children carries a heavy weight in the decomposition.

According to Vandenbroucke and Vinck neither the level nor the general orientation of spending seem to explain the mediocre performance of Belgium with regard to child poverty, while an "efficiency scoreboard' (Vandenbroucke, Diris and Verbist, 2013) measuring the productivity of social spending, conditional on other 'inputs', such as the pattern of household employment, and taking into account the 'pro-poorness' of spending, is not conclusive. It still leaves us with substantial disparities in poverty rates across European welfare states.

According to Vandenbroucke and Vincke, this 'unexplained disparity' in child poverty rates reflects, on a structural level, differences in the underlying social fabric of welfare states, which correlate with differences in the level and architecture of social spending, GDP per capita and investment in human capital, but are not readily explained by any of these factors separately as they correlate strongly with each other.

Thus, they conclude that the challenge is "to improve social protection at household level, whilst avoiding '(severe) work poverty traps' *at household level*, both for single parents and for other households with children", for instance by assigning a greater weight to so-called 'cost-compensation' benefits as supplements to individual replacement incomes, while applying "intelligent and nuanced principles" of household income selectivity to those supplements" (Vandenbroucke and Vincke in this issue). Simultaneously, they consider the development and design of social services supporting families of utmost importance.

Vandenbroucke and Vincke also explain the "disquieting developments" with regard to the evolution of child poverty between 2006 and 2011, using a decomposition of changes in poverty rates between SILC 2006 and SILC 2011, on the basis of five work intensity subgroups with 20, 45, 55 and 85 per cent as cut-off. In most European welfare states (except Germany, the Netherlands, Italy, Norway, the Czech Republic, Poland and Flanders) 'changes between'[6] contributed to an increase in poverty (i.e. the deteriorating pattern of household employment contributed to increasing child poverty), but in the majority of welfare states 'changes within'[7] were more important as explanatory factor for the overall change in poverty.

A breakdown between pre-crisis (2006-2008) and the post-crisis (2008-2011) years shows that the 'gain' in poverty rates due to improving household work-intensities between SILC 2006 and SILC 2008 was neutralised or even more than neutralised by the increase of poverty risks[8] within the subgroups of the work-poor. Between SILC 2008 and SILC 2011 poverty rates increased in many countries, mainly as a consequence of 'changes between', i.e. deteriorating household work intensities. Thus, they conclude that the overall increase in poverty rates by the end of the decade can be seen as the combined result of a boom without declining poverty in many Member States – as the gain in household employment was offset in many countries by increasing poverty risks within vulnerable subgroups of the population –, followed by a crisis with increasing poverty in many Member States.

For Belgium and its two main regions Vandenbroucke and Vincke detail the 'changes within' between 2006 and 2011. A striking observation concerns the relative weight

(6) 'Changes between' are attributable to changes in the relative shares of each of the subgroups (keeping the at-risk-of-poverty rates in each of the subgroups constant).

(7) 'Changes within' are attributable to changes in the poverty rates within each of the subgroups (keeping their shares constant).

(8) When interpreting the national figures, the authors underline that one must not forget that use a floating poverty threshold, i.e. in times of crisis median incomes decrease in many countries (or increase less than in times of boom). Furthermore, the authors state 'child poverty' would increase by 1.3 percentage points, not by 3.3 percentage, points between SILC 2006 and SILC 2011 if they were to recalculate child poverty rates on the basis of the median household income of children, rather than on the basis of the median household income over the entire population.

of changes in the poverty rate in the very work-poor group in the overall change: in Wallonia the main part of the increase in child poverty can be accounted for by increasing child poverty in households with very low work intensity. Furthermore, they find that child poverty seems to increase[9] within all work-intensity subgroups of the population, except children living in households with very high work intensity. Consequently, poverty increased in about half of the child population.

Vandenbroucke and Vincke relate this pattern of change to the observation that the median household income of children evolved in a less favourable way than the median income of the total population.[10] They note that migration plays an important role in this development: the poverty rate is higher for children in households with no adult born in Belgium, and much higher for children in households where all working-age adults were born outside the EU25 (EU27 without Bulgaria and Romania). The prevalence of (very) low work intensity among migrant households is one factor: Belgium has a particularly high rate of children in households with low or very low work intensity (less than 45%) in the 'non-EU25' segment. However, it does not explain everything: both in households with low and very low work intensity and in other households (with medium work intensity or relatively more 'work-rich' households), financial poverty rates are considerably higher in the non-EU25 households (Vandenbroucke, 2013, pp. 100-102). In other words, even when migrant households do participate in the labour market, that participation does not seem to generate the same protection against financial poverty as it does for native households.

Thus, Vandenbroucke and Vincke conclude that the traditional incentive arsenal of the active welfare state is ill-equipped to take up the challenge of migration. They suggest that a reform in education systems is needed to reduce the number of unqualified early school leavers, while labour markets need to be reformed to create more possibilities for the existing stock of low-skilled labour.

The social investment strategy, recently adopted by the European Commission, seeks to enlarge the arsenal of the welfare state. Rense Nieuwenhuis and Laurie Maldonado assess the potential of this social investment strategy with regard to its capacity to respond to the needs of single-parent families. This is motivated by the fact that single-parent families are of particular concern due to their exceptionally high poverty rates. They present a framework to analyse how social investment policies, implemented by European welfare states, stimulate employment and reduce poverty for single-parent families.

(9) We formulate this cautiously, because the confidence intervals around these point estimates are very large.
(10) In SILC 2006, the median household income of children was more or less on the same level as the median household income of the total population; by SILC 2011, it was about 5% less.

According to Nieuwenhuis and Maldonado, the key difference between how 'in kind' reconciliation policies and 'transfer' policies affect poverty pertains to employment, as employment is negatively associated with poverty. They assume that 'in-kind' policies only indirectly affect poverty by facilitating employment, while 'transfer' policies directly reduce poverty, but negatively affect employment. Furthermore, they assume that 'in-kind' policies improve how employment protects against poverty, while 'transfers' reduce the protective quality of employment (e.g. stimulate part-time employment).

Using this analytical framework, they highlight findings from a previous empirical study (Maldonado and Nieuwenhuis, 2014) that examined the effects of two types of family policy – financial support policies (family allowance) and reconciliation policies (parental leave) – to lower single-parent poverty.

Their findings show that (paid) parental leave affects poverty most strongly among single-parent families because it facilitated their employment most. Direct 'transfers' of family allowances were indeed found to reduce poverty, but, as expected, part of this effect was diminished by family allowances suppressing employment. They conclude that their analytical framework allows for analysing the total impact of 'in kind' and 'transfer' policies, but also for disentangling the mechanisms through which they operate.

Nieuwenhuis and Maldonado conclude that social investment can be a beneficial strategy to reduce poverty among single-parent families, notably by facilitating employment, but they observe that this strategy alone is not sufficient as family allowances also reduce poverty. Therefore, in order for welfare states to genuinely invest in single-parent families, they recommend combining strategies that prepare and repair.

The social investment strategy pertains to a wider set of goals, including human capital development through early childhood education and life-long learning to prepare individuals for participation in the knowledge society. This issue is addressed by Gosta Esping-Andersen, more precisely with regard to the lack of progress on equal opportunities, despite much effort invested in the pursuit thereof.

He observes that educational reforms, no matter how progressive and egalitarian in design, are institutionally ill-equipped to break "the Gordian Knot of social inheritance". Still, he observes that human capital investments have been almost exclusively directed at formal education. It is only quite recently that we have come to realize that what occurs in the pre-school ages is fundamental for children's ability and motivation to learn when they subsequently embark on formal education. Thus, Esping-Andersen suggests that that we must center our attention rather on what

happens within the family than on education policy: "we need to identify how policy can aid families give their children the best possible chances in life" (Esping-Andersen in this issue).

Esping-Andersen argues for a two-pronged policy that adresses non-economic as well as economic mechanisms, as he points to evidence that a strategy based narrowly on income redistribution is unlikely to fully succeed. He argues for an early childhood care policy aimed at producing a more equal start for all children, which covers income distribution policies favouring families with children, measures to promote the employment of (low-skilled) mothers, such as paid leave through the child's first year combined with affordable high quality external childcare. He argues in favour of universal approach, although disadvantaged children may require an additional effort.

In her policy brief, Agata d'Addato (Eurochild) emphasises the particular role the EU has played, and can play in the future. Despite worrying trends with regard to the evolution of child poverty and the impact of austerity measures on families with children, she sees the 2013 Recommendation on Investing in Children as a new phase, as the focus has now shifted to the national and sub-national level implementation of this comprehensive policy guidance. However, one of the challenges is that the Recommendation is not directly binding on EU Member States, requiring peer pressure and awareness-raising to gather or maintain the political commitment of governments to take action. Once political will is secured, policy reforms have to be designed and implemented to achieve the best possible outcomes for children.

According to d'Addato, the EU needs to prove strong leadership by giving the issue of child poverty more visibility in the Europe 2020 governance process and by engaging stakeholders in a meaningful way. She says that the European Commission must ensure that EU Funds benefit children and support a strategic implementation of the Investing in Children Recommendation, which promotes investment in local community services, professionalization in the early years sector, family and parenting support, etc. She also suggests that technical national seminars organised by the European Commission on the implementation of the Investing in Children Recommendation, can also be important in this respect, as "the purpose of these seminars is to raise the awareness in the national authorities for the need to effectively invest in children and ensure that EU resources are fully used for delivering better outcomes for children" (d'Addato in this issue).

According to d'Addato, a specific sub-target on reducing child poverty would help raise visibility and gather political will to push forward reforms and increase investment. Indicators at EU level should be developed and data collected for measuring child well-being, while a more systematic monitoring of children's situation and

how they are affected by policies is needed. Furthermore, she emphasizes that strategies to combat child poverty require the need for austerity policies to be child proofed with specific children's budgets and child impact assessments.

In her policy brief, Gaëlle Buysschaert, Child rights Officer at UNICEF Belgium, sees Belgium's 6th State reform and the new federal and regional governments aligning their priorities at the same time, as a momentum that should be seized to change the disappointing trends with regard to child poverty and child well-being in Belgium. She argues that it is crucial to tackle child poverty in a comprehensive and structural way "through policies to support parents' access to good quality employment and adequate income; access to high quality public services (especially childcare, education, health, housing, child protection, and sport and recreation)" (Buysschaert in this issue).

She identifies a number of key tasks and policy recommendations:

- An explicit and coherent commitment to end child poverty as a way to provide a boost to comprehensive strategies to promote child well-being and combat child poverty. At all levels, decision makers should prioritise maintaining support for children. This requires ex ante and ex post child impact assessments of all financial consolidation and (austerity) measures.
- The development of a new National action plan on child poverty in this framework and the continued reporting on the progress made in implementing the Commission's 2013 Recommendation, as well as within the framework of the reporting process towards the UN committee on the rights of the child (due in 2017).
- Priority should be given to tackling the root causes leading to various forms of exclusion in order to break the cycle of child poverty and deprivation, e.g.: children from migrant/ethnic minority backgrounds, children with a disability, children in households with a low work intensity, children living in single parent or large families, children in or leaving institutions.
- The production of better and more timely data about the well-being of children as to have regular reporting on the situation of children allowing policy monitoring and evaluation.

The authors of both policy briefs, as well as the researchers make it clear that policy makers on the different policy levels should maintain their commitment to reduce child poverty, despite of the lack of progress achieved so far. The stakes for our societies are simply too high. Regardless of the moral implications of accepting a lack of progress in reducing child poverty, it is just bad policy. Vandenbroucke and Vincke explain that child poverty may be the cause and effect of a vicious circle of underperforming labour markets and education systems, while, in the same vein, there may be a vicious interplay between child poverty and failing health care. Esping-Ander-

sen cites the Urban Institute estimates for the US that child poverty creates social costs equivalent to 4% of GDP of which 1.3% is attributable to reduced economic output, another 1.3% to crime, and 1.2% to health effects.

Belgium's new federal junior minister for the fight against poverty, Elke Sleurs, has committed herself to continue to play a pioneering role in child poverty reduction. The third federal plan will pay specific attention to child poverty. Mrs. Sleurs reserved 1 million EUR for local consultation platforms on child poverty.

In order to encourage local authorities to work together towards a coordinated approach to reduce child poverty, a "Declaration of Mayors against Child Poverty" was drafted in which Belgian mayors engage themselves to ensure that families from deprived areas have access to education and affordable quality in their cities. In addition, they promise to support the employment of the parents, provide inclusive and financially accessible childcare, to reduce early school leaving and to facilitate the access of children to a safe and suitable home. They also promise to support the employment of the parents, provide inclusive and financially accessible childcare, to reduce early school leaving and to facilitate the access of children to a safe and suitable home. The intention is to convince other European member states to encourage their cities to work on a coordinated approach to child poverty in a similar way.