

DEVELOPMENTS SINCE 1997

Ireland has sustained very rapid economic growth since 1997, bringing with it further pronounced falls in unemployment and in long-term unemployment. This clearly represents a continuation of the underlying trends seen over the 1994-1997 period. The impact on child poverty is likely to be positive.

The gap between relative income poverty rates for children and adults has thus probably continued to narrow, and deprivation levels are likely to have continued to fall. Ireland's ranking among European Union countries, in terms of relative income poverty rates for children, may also have improved somewhat, but this does not necessarily imply that Ireland has moved out of the group with relatively high rates.

SOME POLICY IMPLICATIONS

The research evidence suggests that falling unemployment and rising personal incomes are not, on their own, sufficient to end child poverty. The challenge for government is to proactively redistribute resources in favour of children on the lowest incomes. Children are a key social group in society and child poverty needs to be prioritised in government policy, especially in the National Anti-Poverty Strategy (NAPS), the National Children's Strategy and in the annual Budget statement.

The P.P.F. (Programme for Prosperity and Fairness) commits to review the targets under the original NAPS framework. The National Children's Strategy specifically has an objective that children will be provided with the financial supports necessary to eliminate child poverty.

Setting a child poverty elimination target should be developed as part of an overall strategy and the National Children's Strategy has indicated that such a target will be set under the National Anti-Poverty Strategy in consultation with the social partners.

KEY PRIORITIES FOR TACKLING CHILD POVERTY

- Establish a national standard for an adequate income for children.
- Ensure that the incomes of poor children grow ahead of inflation and, ideally, in line with wages. The Combat Poverty Agency recommends a guaranteed minimum income standard of £30 to £40 per week for all children in need, depending on age. This would include a universal child benefit of £25 per week, which is equivalent to two thirds of the cost of a child.
- Based on 1997 data abolish consistent child poverty over ten years by 2007.
- Reduce the proportion of children in income poverty by half in ten years and fully in twenty years.
- Give more explicit recognition to the rights of children in our laws, policies and practices, particularly as outlined in the UN Convention on the Rights of the Child.

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Child Poverty in Ireland

Since 1994, Ireland's economic performance has improved dramatically. Data from the 1994 and 1997 rounds of the *Living in Ireland Survey*¹, carried out by the Economic and Social Research Institute (ESRI), and from corresponding surveys in other European countries, have now been used to examine child poverty in Ireland and to put it in a comparative perspective. The results are presented in *Child Poverty in Ireland*, written by Professor Brian Nolan of the ESRI and published by the Combat Poverty Agency and Oak Tree Press in July 2000. This briefing highlights key findings from that report, with references to material from *A League Table Of Child Poverty In Rich Nations*, published by UNICEF in June 2000.

Poverty for Irish children² means that they are excluded from the activities that are considered normal in society, because of a lack of resources. The consequences for children are particularly severe because poverty in childhood has a long-term impact on health and life expectancy, development and overall life-chances.

KEY FACTS

- In 1997, 17% (approximately one in six) of Irish children were in severe or 'consistent' poverty (i.e. in households both below 60% of average household income³ and experiencing basic deprivation⁴). The rate in 1994 was 24%.
- Recently published figures, suggest that this had dropped to one in eight by 1998.⁵
- About one in four Irish children (26%) were in households below half average income in 1997. This was exactly the same as a decade previously, in 1987.
- More than half the children 'consistently poor' in 1997 were in households seriously affected by unemployment. Almost 40% of children living in households below half average income were living in households headed by an unemployed person.
- Children of lone parents and children in larger families (3+ children) are more likely to experience poverty.
- In 1997, 17% of children were 'consistently poor', compared to 10% of adults. Overall, children carry a greater risk - up to 1.25 times greater - of being in income poverty than adults.
- Ireland has one of the highest rates of child poverty in the European Union. In the mid 1990s many EU member countries had child poverty rates which were either half the Irish rate or below that.
- Child poverty rates in the world's wealthiest nations vary from under 3% to over 25%. Ireland, with a rate of 16.8%, ranks 6th highest on a list of 23 OECD countries⁶.
- The countries with the lowest child poverty rates in the OECD allocate the highest proportions of GNP to social expenditures.

1 The Living in Ireland Survey is based on a European Union longitudinal panel survey in which the same set of households in each member state has been interviewed since 1994. In Ireland, a representative sample of 4000 households has been surveyed.

2 In the report *Child Poverty in Ireland* a child is defined as being under 14 years of age.

3 Income poverty is measured based on percentages of average household disposable income. Relative income poverty lines are set at 40%, 50% and 60% of average household income.

4 Deprivation refers to the extent to which someone is denied the opportunity to have or do something that is considered the norm in society. A basic index of 8 deprivation indicators has been developed by the Economic and Social Research Institute to assess basic deprivation levels. The index includes indicators such as not having adequate heating, a day without a substantial meal, arrears on mortgage, rent, electricity or gas and the lack of a warm winter coat. Those who experience both low income and deprivation experience severe poverty and are described as being consistently poor.

5 Government of Ireland. 2000. *The National Children's Strategy Our Children - Their Lives*. Dublin: Stationery Office

6 Op cit UNICEF use an alternative relative income poverty line, calculated as half the median - the mid-point of the distribution - which is considerably lower than half the average.



WHY CHILD POVERTY MATTERS

- Child poverty is a denial of the basic right of a child to an adequate standard of living.
- Child poverty is a multi-dimensional problem, centred on inadequate income, but with knock-on exclusionary effects in terms of access to resources and participation in everyday activities, for example education and play.
- Child poverty is not just of immediate concern. It is also fundamental to the life chances of the next generation. The longer a child is poor, the greater the subsequent deprivation in later life.
- Child poverty is not an individual problem, but a structural one, arising from inadequate income.
- Child poverty can be exacerbated by other social inequalities in society, especially as they relate to race, ethnicity, disability and location.

“Studies from the few countries with the data necessary to track children through to later life confirm that there is a very strong association between low income in childhood and a whole range of later outcomes. Children from poor households are much more likely to have low educational achievement, to become teenage parents, to serve a prison sentence and to have less success in the labour market.”⁷

UNDERSTANDING CHILD POVERTY

Level of Social Welfare

A key factor underlying child poverty trends is the level of social welfare payment, especially the value of child income support for unemployed families and others dependent on social welfare, for example lone parents, or people who are ill or have a disability. In recent years, child income support has fallen behind the rise in average incomes and welfare rates. This is especially the case in regard to child dependent allowances payable to welfare families, where the policy has been to freeze these payments at between £13 and £17. While child benefit rates have increased - in some cases quite substantially - these have not been sufficient to ensure that the combined value of child support for welfare families has kept pace with increases in earnings. Hence, families on welfare have seen their relative position worsen, especially where older children are involved. This pattern is reflected in the increase in child poverty at the 40% line.

There was a gradual worsening of the relative position of households with children compared to non-child households in the 1980s and early 1990s. The position has improved somewhat since then.

Unemployment

The single biggest factor in child poverty in 1997 was unemployment (See Figure 1). Non-working households accounted for half of all poor children while households headed by an employee and by someone engaged in home duties each accounted for one-sixth of the total. Self-employed households, including farmers, represented the remainder.

Accordingly, the recent fall in unemployment is the main driver behind the decline in child poverty witnessed between 1994 and 1997.

Household composition

Living in a large family increases the risk of children experiencing poverty with larger families (3+ children) accounting for almost 40% of poor children, mainly in two adults + three children households (24%). Children in lone parent families represent a tenth of the total. Though they represent a small percentage of all children, they face a higher risk of poverty.

A third of all poor children are in households with three or more adults - many of which are in fact two adult families with older (i.e 14+) and younger children. In general, poor families are slightly larger than non-poor families, with an average size of 3.5 as compared to 2.8.

Figure 1

Breakdown of Children in Households Below 50% Relative Income Poverty Line by Labour Force Status of Household Head, 1987, 1994 and 1997			
	1987	1994	1997
	%	%	%
Employee	11.6	10.4	17.7
Self-employed	5.7	7.1	8.5
Farmer	15.5	8.3	3.9
Unemployed	52.5	47.8	39.7
Ill/Disabled	9.2	5.6	12.3
Retired	0.7	0.9	0.9
Home Duties	4.7	19.8	17.0
All	100	100	100

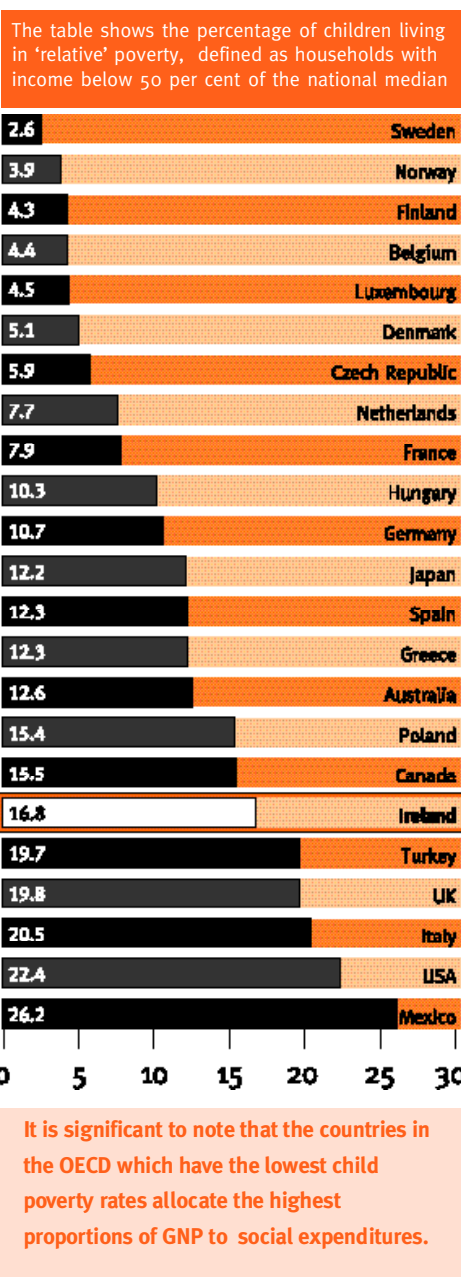
**Equivalence scale 1/0.66/0.33*

Figure 2

Breakdown of Children in Households Below 50% Relative Income Poverty Line by Household Composition, Living in Ireland Surveys, 1987, 1994 and 1997			
	1987	1994	1997
	%	%	%
2 adults 1 child	3.8	3.2	6.2
2 adults 2 children	12.7	8.2	11.8
2 adults 3 children	16.5	13.8	24.3
2 adults 4+children	35.8	17.5	13.4
1 adult +children	3.5	11.8	9.0
3+adults +child(ren)	27.7	45.5	35.3
All	100	100	100

Equivalence scale 1/0.66/0/33

Figure 3
The Child Poverty League



CHILD INCOME POVERTY IN COMPARATIVE PERSPECTIVE

To put the situation of Irish children in comparative context, one can look at income poverty rates for other European countries. Using relative income lines, based on average income in the country in question, Ireland had a relatively high child poverty rate in the late 1980s compared with other European Union members. Using the same approach, more up-to-date figures available now for the mid-1990s show that Ireland had the highest rate of child poverty of any of the member states. Portugal and the UK were the only EU members to have nearly as high a rate. Other industrialised countries outside the EU such as Australia, Canada and particularly the USA also had high child poverty rates.

Applying a common income poverty line across EU or industrialised countries, rather than relative lines that depend on average income in the country in question, gives a rather different picture. Nevertheless, Ireland still had a relatively high child poverty rate on that basis in the mid-1990s. It is very significant to note

that the countries with low income poverty rates for children combine a high average level of income with a reasonable degree of equity and substantial social expenditure.

Compared with other countries in the OECD⁸ (Organisation for Economic Co-operation and Development), Ireland also fares poorly in the child poverty league. Figure 3 from the UNICEF report 'A League Table of Child Poverty in Rich Nations', published in June 2000 shows Ireland's position relative to 22 other OECD countries.

CHILDREN'S WELL-BEING

Studying the economic circumstances alone in which children live does not give the full picture on child poverty. Among families living on the same income there are likely to be differences in the levels of 'well-being' for children. And while non-monetary indicators of deprivation in household surveys tell us about the living standards of households with children, they do not tell us directly about the individual children in families.

The concept of child 'well-being' is broad and difficult to measure and needs to include other indicators. Some individual-level indicators have been developed and are being analysed in a project being carried out by the ESRI for the Combat Poverty Agency.

*The concept of children's well-being is defined as the state of children in terms of their social, psychological, physical and cognitive development*⁹

8 There are 29 member countries in the O.E.C.D., producing two-thirds of the world's goods and services.
9 Costello L. 1999. A Literature Review of Children's Well-Being. Dublin: Combat Poverty Agency (Unpublished)