Child Poverty in Upper-Income Countries: Lessons from the Luxembourg Income Study

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1 Introduction and Background

Few social and economic problems are more compelling than child poverty. While poverty is evident throughout the life cycle—affecting children, prime-age adults and the elderly—poverty among children has particular resonance. Child poverty captures our attention for several reasons: it is widely held that children need and deserve protection from hardship; most children have no control over their economic circumstances; deprivation during childhood can have lifelong consequences; and some of the effects of child poverty have spillover effects. Child poverty in rich countries is especially compelling, because it is rooted not so much in scarce aggregate resources but mainly in distributional arrangements, both private and public.

It is well-established that, within most industrialized countries, children's likelihood of being poor is shaped, in part, by their family demography and by their parents' attachment to the labor market. It has also been established that child poverty varies widely across countries, and a substantial share of that variation is due to cross-national diversity in core institutions, including labor market structures and tax and transfer policies. A growing body of research, much of it drawing on the Luxembourg Income Study (LIS), demonstrates that upper-income countries with relatively similar demographic characteristics report remarkably different poverty outcomes. Stark variation is evident in child poverty rates based on both market-income and post-tax-and-transfer income.

As we report in this chapter, for example, after accounting for taxes and transfers, fewer than 5% of children in Denmark, Finland, Norway and Sweden live in poor

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For readers' ease, throughout this chapter, when we cite studies based on LIS, we cite the versions that appear in the LIS Working Paper series. Several of these LIS Working Papers have been subsequently published; the publication information appears on-line.

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households. In comparison, 6–9% of children are poor in Germany, the Netherlands and Switzerland; 11–20% in Australia, Canada, the United Kingdom (UK), Israel and Poland; and fully 22% in the United States (US). Two countries with much in common, the UK and the US, provide a telling illustration of the powerful role played by both labor market patterns and public policy. In the UK, before accounting for taxes and transfers, 34% of children are poor; after taxes and transfers, 19% (about half as many) are poor. In the US, before taxes and transfers, 25% are poor (a lower rate than in the UK) and, after taxes and transfers, still 22% (higher than in the UK).[1] While market outcomes clearly matter, for many children, their risk of living in poverty is strongly shaped by the design of their countries' instruments of redistribution.

In this chapter, we draw on the resources of the Luxembourg Income Study, a cross-national data archive and research institute, to sketch a portrait of children's poverty across a large number of upper-income countries. In Section 2, we present highlights from over two decades of LIS-based research on child poverty. We first draw on a set of country-level indicators that LIS makes available (known as the LIS *Key Figures*) to sketch a broad-brush portrait of child poverty across 30 countries over time. We then survey the large LIS-based literature on child poverty that has been reported in scores of articles and books. We focus on research that seeks to explain cross-national variation in child poverty levels and synthesize in detail findings from three especially comprehensive studies of child poverty.

In Section 3, we present an original snapshot of contemporary child poverty, in which we focus on 13 upper-income[2] countries as of approximately 2000. After describing our data and methods, we present our findings. We begin by offering a descriptive overview of poverty among all households and among households with children. In these comparisons, we present multiple poverty measures—both relative and absolute, both pre- and post-taxes and transfers—and we report the magnitude of poverty reduction due to taxes and transfers. Drawing on substantive lessons from the LIS-based literature on the determinants of child poverty (including our own earlier work), we assess, within countries, the association between child poverty and three consequential characteristics: the type of family in which a child resides, parents' level of educational attainment, and parents' engagement in paid work. Throughout this section, we report child poverty outcomes—poverty levels and intra-country disparities in children's risk of poverty—across countries. We emphasize variation across established models of social welfare provision. In Section 4, we offer conclusions.

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[1] The poverty outcomes reported in the paragraph are taken from Table 2, presented later.

[2] The World Bank classifies countries into four income categories—high, upper-middle, lower-middle, and low-based on per capita GDP. As of the early 2000s, 12 of our 13 study countries were classified as "high income". One, Poland, was classified as "upper-middle income". Throughout this chapter, we use the term "upper income" to refer to the top two groups: high and upper-middle.

2 Quarter Century of LIS Research: What Have We Learned?

2.1 The Luxembourg Income Study as a Resource

Since its founding in 1983, LIS has been a valuable, and widely used, resource for studying children's economic wellbeing across countries and over time. LIS is a public-access data archive, now containing microdata (i.e., data at the household- and person-level), from over 30 countries, for up to six time points (or more in a few cases). The LIS staff acquires datasets, mostly based on national household income surveys, harmonizes these datasets *ex post* into a common template, and makes the harmonized data available to researchers around the world.[3] Thus far, LIS primarily contains datasets from high-income countries—the majority of which are in Europe—with a relatively small number from upper-middle income countries. Over the next 3–5 years, datasets will be added from 15 to 20 middle-income countries; that expansion will enable researchers to study children's economic wellbeing in a more globalized context.

The LIS data are made available through two main channels. First, LIS produces a set of national-level statistics, known at the LIS *Key Figures*. These include a series of poverty and inequality measures, over time, disaggregated across various demographic groups, one of which is children. These standardized indicators are available for public use, with no restrictions, on the LIS website. Second, LIS makes the harmonized microdata available to registered users, via a remote-access system, enabling researchers to use the LIS microdata to tackle highly tailored questions and to use a range of statistical tools. In the next section, we summarize the main patterns and recent trends in child poverty, as evident in the LIS *Key Figures*. After that, we review core findings from the large body of LIS research on child poverty; most of that research has been conducted using the LIS microdata directly.

2.2 The LIS Key Figures: Variation Across Countries and Over Time

Across the 30 countries included in the LIS *Key Figures*, the likelihood that children live in poverty varies dramatically. Child poverty rates—defined as the percentage of children living in households with post-tax-and-transfer income less than 50% of the country's household-size-adjusted median—are available for all 30 countries, at some point during the years bounded by the middle 1990s and approximately 2000. During that time period, child poverty varied from 5% or less in four countries (Denmark, Finland, Norway, Sweden), 6–10% in 13 countries (Netherlands, Czech Republic, Slovenia, Taiwan, Belgium, Austria, France,

[3] The LIS datasets include income, labor market, and demographic indicators. Detailed information on the original surveys and on the harmonized datasets is available at http://www.lisproject.org/techdoc

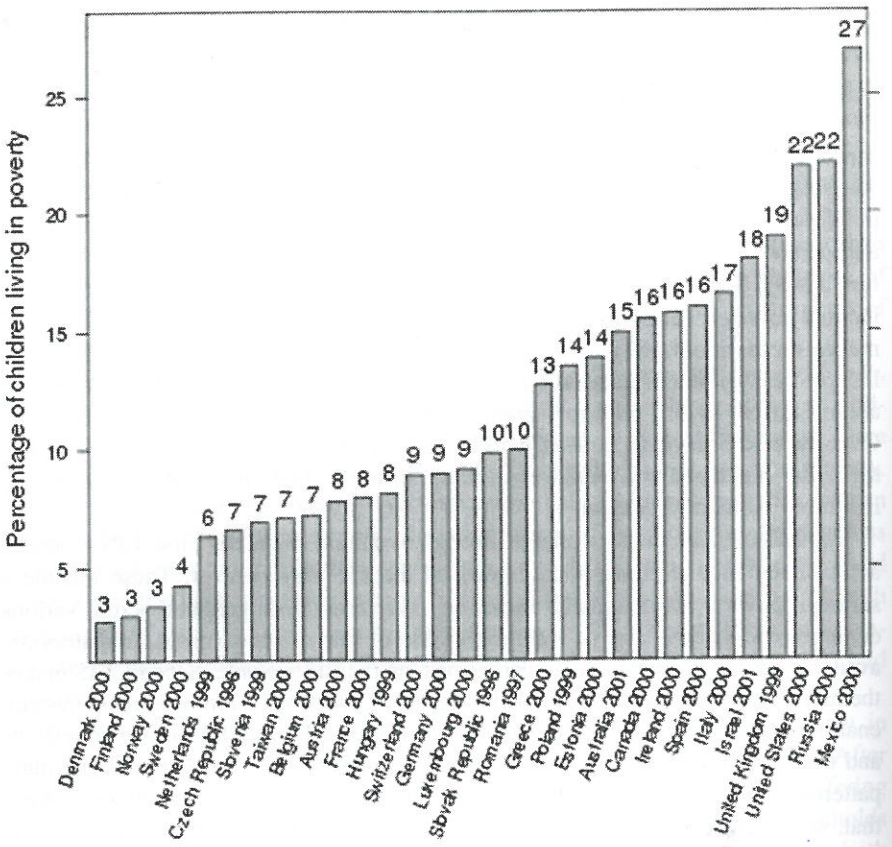

Fig. 1 Child poverty rates (disposable household income of less than 50% median household income).
Source: LIS datasets, late 1990s to early 2000s

Hungary, Switzerland, Germany, Luxembourg, Slovak Republic, Romania), 11–20% in 10 countries (Greece, Poland, Estonia, Australia, Canada, Ireland, Spain, Italy, Israel, UK), and more than 20% in 3 (Mexico, Russia, and the US). These child poverty rates are depicted in Fig. 1:

Moreover, the LIS *Key Figures* reveal that children's *relative* economic wellbeing within their own countries also varies sharply. Using the same poverty measure as in Fig. 1, the *Key Figures* indicate that in nine countries (Belgium, Denmark, Finland, Greece, Norway, Slovenia, Sweden, Taiwan, and the UK) children are substantially *less* likely to be poor than the population at large, while in two countries (Austria and Ireland) they are about equally likely to be poor as all persons. In the other nineteen countries, remarkably, children are substantially *more* likely to be poor than is the larger population. In fully nine countries, children are more than 20% more likely to be poor than is the overall population. This result—disproportionately high child poverty—is found in countries with otherwise diverse

child poverty outcomes: Canada, Czech Republic, Hungary, Italy, Luxembourg, Mexico, Netherlands, Slovak Republic, and the US.[4]

Finally, the LIS *Key Figures* enable an assessment of child poverty rates over time. For most (but not all) of the countries included in LIS, we can assess child poverty trends during the decade of the 1990s. The *Key Figures* reveal an overall worsening of the economic wellbeing of children during the 1990s, as captured in relative poverty rates (using the 50% of median standard). In most of the LIS countries, child poverty rates increased during these years—in some cases, by a small increment, in others by a substantial amount. For example, in Israel, child poverty rose from 12% in 1992 to 18% in 2001; in Luxembourg, from 5% in 1991 to 9% in 2000, in Poland, from 8% in 1992 to 18% in 1999; and in Spain from 12% in 1990 to 16% in 2000. While governments across the upper-income countries often cite reducing child poverty as a policy priority, in more cases than not, its prevalence has risen in recent years. At the same, in a few countries, child poverty rates declined during the 1990s. That was the case in 2 high-poverty countries, the UK and the US. In the UK, the poverty rate among children fell from 18% in 1991 to 10% in 1999; in the US, child poverty dropped from nearly 26% in 1991 to 22% in 2000. In neither case was a similar decline seen in the overall national poverty rate.

2.3 The LIS Literature: The Search for Explanations

The issue of child poverty has attracted considerable attention among scholars using the LIS microdata. Over the last 25 years, nearly fifty LIS Working Papers have included child poverty outcomes; in many of these, child poverty is the *central* concern of the paper.[5] These studies are diverse with respect to conceptual approaches, poverty measures, countries included, years covered, and substantive focus. Several focus on cross-national variation in within-country poverty determinants; many aim to identify and decompose the determinants of cross-national variation.

Several LIS-based studies have assessed child poverty outcomes in general, often with a focus on measurement standards and methods (see, e.g., Brady, 2004; Corak, 2005; Findlay & Wright, 1992; Marx & van den Bosch, 1996; Smeeding & Rainwater, 1995). Many studies have focused on the effects of household composition on children's likelihood of being poor (see, e.g., Bane & Zenteno, 2005; Beaujot & Liu, 2002; Gornick & Pavetti, 1990; Redmond, 2000; Weinshenker & Heuveline, 2006); throughout these studies, single motherhood has received the most sustained attention. Other studies have focused on the effects of parents', especially mothers' employment and earnings (see, e.g., Bradbury & Jäntti, 1999; Misra, Budig, & Moller, 2006; Moller & Misra, 2005; Munzi & Smeeding, 2006;

[4] It should be noted that whether children have higher or lower poverty rates, compared to the overall population, may depend on the specific equivalences scale that is used.

[5] All LIS Working Papers are available on-line; see http://www.lisproject.org/publications/wpapers.htm

Smeeding, Christopher, Phillips, McLanahan, & England, 1999; Solera, 1998). Not surprisingly, a central theme cutting across LIS studies on child poverty is the impact of country-level institutions, primarily income tax and transfers policies (see, e.g., Bäckman, 2005; Bradshaw & Chen, 1996; Brady, 2005; Brady, Fullerton, & Cross, 2008; Cantillon & van den Bosch, 2002; D'Ambrosio & Gradin, 2000; Jäntti & Danziger, 1992; Jeandidier & Albiser, 2001; Kuivalainen, 2005; Makines, 1998; Orsini, 2001; Scott, 2008; Skinner, Bradshaw, & Davidson, 2008; Smeeding, 2005; Smeeding & Torrey, 1988; Smeeding, Rainwater, & Danziger, 1995; Waddoups, 2004).

In the remainder of this section, we synthesize the primary findings from three especially comprehensive studies of child poverty, all using the LIS data: a 1999 UNICEF report by Bruce Bradbury and Markus Jäntti, a 2003 book by Lee Rainwater and Timothy Smeeding, and a 2008 journal article by Wen-Hao Chen and Miles Corak. In each of these three studies, the core questions concern explanations for cross-country variation in child poverty outcomes.

Bradbury & Jäntti (1999) studied child poverty across 25 LIS countries as of the early and middle-1990s. One of their central goals was to analyze the sources of cross-national variation, using both relative and absolute measures of poverty. First, Bradbury and Jäntti found that the Nordic and Western European countries usually have low rates of child poverty, whereas Southern European and English-speaking countries typically report high rates. They noted that, while the country rankings differ somewhat between results using relative versus absolute poverty measures, this broad grouping of countries was robust across these two approaches. In contrast, the rankings of most of the transition countries (mainly the former Eastern bloc countries) with respect to child poverty rates depended on which poverty measure was used—a result that is not especially surprising, given that average real incomes in the transition countries are markedly lower than in most of the other study countries. They also found that, across the upper-income countries studied, those with higher levels of national income tended to have lower real poverty rates—although the US emerged as a marked exception, with a substantially higher level of child poverty than its national income would predict.

Bradbury and Jäntti reported that, while much literature appropriately focuses on variation in welfare state institutions when accounting for the diversity of child poverty outcomes across countries, variation in the market incomes received by the families of disadvantaged children was an even more powerful explanatory factor. With regard to market income, they found that the English-speaking countries in particular stood out. Even though these countries are usually categorized as "welfare laggards" due to their low aggregate levels of social expenditures, the tight targeting of these expenditures means that, in most cases, governments actually provide substantial income transfers to their most needy children (the US being an exception). The living standards of disadvantaged children in these countries, however, remain relatively low because of their families' limited labor market incomes. They reported that the higher living standards of the most disadvantaged children in the "welfare leaders" (particularly the Nordic countries) is due largely to the higher market incomes in these families.

In the end, Bradbury and Jäntti conclude that it is not clear whether diverse labor market outcomes are driven by varied employment and social policies (such as child care subsidies), by the different incentive structures imposed by different targeting patterns, or by other factors. However, their results do suggest that an understanding of child poverty variation requires that serious attention be paid to labor market environments and outcomes. They close with this observation: "It appears to us, in conclusion, that policy-makers who are seriously concerned about the economic well-being of their countries' children, need to closely and critically examine the answer to this question: 'Which features of labor markets best protect the living standards of children?' (Bradbury & Jäntti, 1999, p. 72)."

Rainwater and Smeeding consolidated much of their earlier LIS-based research on child poverty, and expanded it, in their 2003 book *Poor Kids in a Rich Country: America's Children in Comparative Perspective.* The book is organized around several lines of inquiry, among them: cross-national variation in child poverty rates; the effects of inequality and population characteristics on child poverty; and the role of different forms of income in alleviating child poverty in both one-parent families and two-parent families.

Focused on the middle-1990s, Rainwater and Smeeding assessed child poverty variation across 15 countries: Australia, Canada, the US, and twelve diverse European countries. Overall, they found the same country clusters reported by Bradbury and Jantti. Using the 50%-of-median standard, Rainwater and Smeeding report the highest child poverty rate in the US (20%), followed by Italy, the UK, Canada, Australia, and Spain (12–20%). Moderate child poverty rates (5–10%) were reported across five Western European countries (Germany, France, Netherlands, Switzerland, Belgium) and the lowest poverty rates (2–4%) were found in the four Nordic countries (Denmark, Norway, Finland, and Sweden).

To understand the inequality context of this observed variation in child poverty, Rainwater and Smeeding ranked their study countries by the size of their middle class and arrived at nearly the same findings (as their poverty results). They found, at one inequality pole, several countries in northern Europe (with large middle-classes and low poverty) and, at the other inequality pole, they placed the US along with Italy and the UK. They conclude this analysis with a finding about the US that is at odds with the traditional "American story"—which tells us that the high level of income inequality in the US generates favorable levels of economic growth, which in turn raises the standard of living of the worst-off Americans, relative to their European counterparts. In fact, Rainwater and Smeeding find that the real income level of America's poorest children is actually *lower* than that of their counterparts in many other LIS countries. Specifically, in half of their comparison countries, the poorest third of children are better off in real terms than are their American peers. In most of the remaining comparison countries, children in the lowest fifth of the income distribution are as well off, or better off, than are similarly positioned American children.

Rainwater and Smeeding assessed the role that demography plays in explaining variability in child poverty rates, where demography includes the household's age composition, gender composition, and size, as well as the earning status (yes/no) of

the head, spouse and other household adults. With their eye on explaining the exceptionally high US child poverty rates, they concluded that demography is by no means destiny: the demographic composition of the US contributes to its higher child poverty with respect to only half of their study countries and, in most of those cases, its contribution is modest. Rainwater and Smeeding summarize their conclusion: "Compared with institutional factors, demographic differences play only a minor role in the differences among countries. It is primarily the US income packaging that produces high child poverty rates, not exceptional US demography (Rainwater & Smeeding, 2003)." Keeping their focus on the US, Rainwater and Smeeding further conclude that variation across countries in the number of household earners explains little of the child poverty variation: "Whatever the differences between the United States and other countries in the proportion of children who live in families with no earners, one earner, or two earners, we observe that American child poverty rates are considerably higher for each earner type" (Rainwater & Smeeding, 2003, p. 56).

At the heart of Rainwater and Smeeding's book is an analysis of cross-country variation in income packaging. Noting that the vast majority of children in all of their study countries live in two-parent families, they first focus on these families. Here, their bottom-line finding is largely consistent with that of Bradbury and Jäntti: earnings received by the families of children in the lowest income quintile are slightly less strongly related to poverty rates than is transfer income—but both are important explanatory factors. In other words, among two-parent families, in addition to the structure and generosity of income supports, earnings matter a great deal in explaining cross-country variation in child poverty rates.[6]

Rainwater and Smeeding then analyze single-parent families, among whom child poverty rates are higher in all countries. As with two-parent families, they conclude that the demographic and labor-supply variations in single-mother families in these fifteen countries do not have much effect on child poverty rates. On the other hand, Rainwater and Smeeding conclude, again as with two-parent families, levels of earnings matter: "if we think of the poverty rate for children in single-mother families as a function of mothers' earnings and social transfers, we find that across these fifteen countries market income (principally earnings) seems to play a larger role than transfers, although both are important (Rainwater & Smeeding, 2003, p. 122)".

Finally, we turn our attention to Chen and Corak, whose 2008 *Demography* article, "Child Poverty and Changes in Child Poverty", assessed child poverty trends during the 1990s in the US and eleven European countries. Chen and Corak take a somewhat novel approach to studying change over time. To adopt what they describe as "the least challenging standard by which to judge progress (Chen & Corak, 2008, p. 538)", they use a poverty line fixed in the early 1990s (using the

[6] Rainwater and Smeeding address the somewhat puzzling contradiction between their finding (above), that the number of earners explains little (across countries), yet the level of earnings is important: "the reason that some countries have high two-parent child poverty rates and others have low rates has more to do with the mix of earnings and transfers and the level of earnings than with whether families include an earner per se (Rainwater & Smeeding, 2003, p. 95)."

50%-of-median standard) and adjust it over time only by applying country-specific consumer price indices. Using their fixed-line standard, they found that, during the 1990s, child poverty rates rose in three countries (West Germany, Italy and Hungary); remained essentially unchanged in six (Canada, Sweden, Luxembourg, Belgium, the Netherlands, and Finland); and fell in three—one low-poverty country (Norway) and two high-poverty countries (the UK and the US).

Based on a complex analysis of the factors underlying the trends that they report, Chen and Corak draw three lessons. First, family and demographic shifts played a relative minor role in explaining child poverty trends throughout the 1990s (partly because these factors evolve slowly). That said, in eleven of the twelve study countries, to the extent that changes in parental characteristics had an effect, they lowered child poverty rates. Second, changes in employment and earnings mattered much more. In nine of the twelve countries in their study, the increased labor market engagement of mothers consistently mattered—in the direction of lowering child poverty rates. Chen and Corak also found that, in several countries, decreases in the employment rates and earnings of fathers also mattered, contributing to increased child poverty rates. Third, income transfer policy reforms aimed at raising labor supply may or may not increase families' post-tax-and-transfer income. Social policy reforms interact in complex ways with other factors, such as the overall level of child poverty, the extent and functioning of the service and other sectors, and the overall hospitability of the labor market to low-skilled and other disadvantaged workers. Chen and Corak sum up with a cautionary note to policy-makers: "there is no single road to lower child poverty rates. The conduct of social policy needs to be thought through in conjunction with the nature of labor markets (Chen & Corak, 2008, p. 552)." Thus, like both Bradbury & Jäntti (1999), and Rainwater & Smeeding (2003), Corak and Chen find that, in explaining cross-national variation in child poverty, demographic variation matters modestly, while national labor market patterns and social policy factors both matter a great deal—and they matter via complex and interacting mechanisms.

3 Snapshot of Contemporary Child Poverty: A Comparison of 13 Countries

3.1 Data and Methods

For our own empirical analyses, we use datasets from LIS's Wave V (Release 2), which is centered on the year 2000.[7] We selected thirteen diverse countries for comparison: Australia, Canada, Denmark, Finland, Germany, Israel, the Netherlands, Norway, Poland, Sweden, Switzerland, the UK and the US. The main criterion for

[7] There is some variation within this wave. The datasets from the Netherlands, Poland and the UK pertain to 1999. The datasets from Australia and Israel report income in 2001. The rest are from the year 2000.

inclusion was the availability of pre-tax ("gross") income, so that we could meaningfully assess, across all of our study countries, the extent to which taxes and transfers reduce market-generated poverty. While all LIS datasets provide data on pre-transfer income, only a subset provides data on pre-tax income.

Income indicators. As is common in research using the LIS data, we use two main income variables, market income and disposable income; both are summary income variables, constructed and provided by LIS. Market income (referred to by LIS as MI) includes earnings, cash property income, and income from occupational pensions. Household disposable income (known in the LIS literature as DPI) is the sum of market income plus private transfers, public social insurance, and public social assistance—net of income taxes and mandatory payroll taxes.[8] Throughout this chapter, we adjust household income for household size (to "equivalize" wellbeing across households of different sizes), using a common equivalence scale transformation, in which adjusted income equals unadjusted income divided by the square root of household size; that represents the mid-point between the two extreme assumptions of no economies of scale and perfect economies of scale.

Poverty measures. We report poverty rates, using multiple measures. In each case, we capture person-level poverty rates, although they are based on household incomes. In other words, our unit of analysis is the individual; we report the probability that individuals—primarily children—live in poor households. Specifically, we assign the equivalized household income to each household member and estimate all results at the person level. In the first three tables, we report relative poverty rates, based on both market income and disposable income, in each case using three poverty lines: 40, 50, and 60% of median (size-adjusted) household disposable income. Each of these three poverty lines captures a different depth of poverty. The 50% standard is most often used in the LIS literature on poverty; the 40% line captures what is sometimes referred to as "severe poverty" while the 60% line, commonly employed by the European Union, is often labeled "near poverty".

In these first three tables, we also report poverty rates, using the United States' poverty line (marked "US line") as the threshold. The US line, usually described as an *absolute* poverty line, is based on a longstanding US government measure derived from the estimated cost of a basket of food for a given family size, and annually adjusted for inflation. We convert the US line for a family of four to a single-person poverty line using our equivalence scale—the square root of family size—and apply that to all cases. We use the OECD's purchasing power parity (PPP) exchange rates to convert those amounts to international dollars.

Finally, we calculate and report poverty reduction across countries, which is captured as the poverty rate based on market income minus the poverty rate based on disposable income. This difference is an indicator, albeit a somewhat crude one, of the extent to which states lift poor populations out of poverty, using the main instruments of income redistribution. It is important to note that this indicator of

[8] Imputed rents, and irregular incomes, such as lump sums and capital gains and losses are not included in LIS DPI.

poverty reduction reflects an accounting exercise; it does not account for the possibility that market income (and thus poverty patterns based on market income) might be quite different if tax-and-transfer programs did not exist. The final four tables—which disaggregate poverty rates by (household) demographic and labor market characteristics—report poverty based on disposable income only, using the 50%-of-median relative poverty measure.

Demographic and labor market variables. To assess the influence of factors that affect the risk of poverty among children, we construct indicators of family structure, educational attainment, and labor market status. We first classify children as living with their *single parent* (mother or father), with *two parents*, or in *other* families (i.e., families in which children reside with persons other than their own parents). We also classify children according to their parents' educational attainment, more precisely the educational attainment of the head of the household in which they live. Attainment is measured as *low*, *medium* or *high*, using the standardized recodes provided by LIS.[9] Low educational attainment includes those who have not completed upper secondary education; medium refers to those who have completed upper secondary education and non-specialized vocational education, and high includes those who have completed specialized vocational education, post-secondary education and beyond. Where LIS did not provide recodes, we constructed them, adhering to these educational cutoffs as closely as possible.

In addition, we construct a measure of labor market attachment, categorizing parents as having either *low* or *medium/high* labor market status. We code persons as having low labor market status if their earnings are in the lowest fifth of the earnings distribution, including those with no earnings; women's and men's distributions are constructed separately. Persons not in the bottom fifth are coded as having medium/high labor market status.

3.2 Social Policy Regimes

To place the variation across our thirteen countries into institutional context, when we present our results, we group the countries into four country clusters. In the text and tables, we refer to these groupings by their geographic/regional or linguistic characteristics. We classify Germany, the Netherlands and Switzerland as *Continental* countries; Denmark, Finland, Norway and Sweden as *Nordic* countries; and Australia, Canada, the UK and US as *Anglophone* countries.[10] We also include but do not categorize, two other countries, Israel and Poland. Of course, ultimately it is not geography, region or language that makes these groupings

[9] LIS education recodes are available at http://www.lisproject.org/techdoc/education-level/education-level.htm

[10] Following the convention in cross-national research, we refer to Canada as Anglophone, although it is officially bilingual, part Anglophone and part Francophone.

meaningful for our analyses of child poverty across countries. These clusters are meaningful for our study because of their well-established institutional commonalties. Substantial within-cluster variability is evident in all of these groups, but overall they are characterized by important common features. In this section, we offer a brief synopsis of these institutional features—with a focus on policy configurations as they shape both redistribution overall and women's employment patterns.

The clusters that we employ here draw heavily on the work of Danish sociologist Gøsta Esping-Andersen (1990)—and on the many extensions to his work contributed by feminist scholars (for a review, see Gornick & Meyers, 2003). Esping-Andersen and other scholars have classified the major welfare states of the industrialized west into three clusters, each characterized by shared principles of social welfare entitlement and relatively homogeneous outcomes. The Continental countries are characterized as typically tying transfers to earnings and occupation, with public provisions tending to replicate market-generated distributional outcomes. In the Continental countries, social policy is also shaped by the principle of subsidiarity, which stresses the primacy of the family and community for providing dependent care and other social supports. In contrast, social policy in the Nordic countries is characterized as organized along social democratic lines, with entitlements linked to social rights. The Nordic policy framework has also historically emphasized gender equality, especially with respect to rates of labor force participation. In yet another contrast, social benefits in the Anglophone countries are typically residual in design, reflecting and preserving consumer and employer markets, with most entitlements derived from need based on limited resources. The Anglophone countries, especially the US and Canada, also have labor market and social policy features associated with relatively high women's employment rates.[11]

Many scholars, across disciplines, have criticized this regime-type framework. Some have argued that it poorly captures women's rights and needs, especially in relation to unpaid work. Others are concerned by intra-cluster heterogeneity, with some critics breaking out new clusters. While we agree with these arguments, we make use of these country clusters—however imperfect—because they provide a helpful organizing framework for assessing cross-national variation among upper-income countries. They help us to identify empirical patterns across our comparison countries and they bring into relief the importance of policy configurations for poverty reduction. Working with these well-known groupings will also allow comparative scholars to situate our findings into the larger literature on the nature and consequences of social policy variation across upper-income countries.

[11] While few welfare state typologies include either Israel or Poland, Israel's social policy is often described as a mix of Continental European and developing-country features, and Poland's as still transitioning from state socialist to a model that mixes liberal features (included a reliance on means-tested benefits) with elements that reduce women's labor market attachment from typically high pre-transition levels.

4 Findings

We begin with a presentation of overall poverty rates across our thirteen countries, imposing no age cut. (See Table 1, which indicates the percentage of all persons who live in poor households). We first report poverty rates based on market-income—relative to 40, 50, and 60% of median household disposable income. Considering simple (unweighted) country-group averages, at all three relative thresholds, poverty rates are ranked similarly: highest in the Israel-Poland pair, followed by the Anglophone and Nordic countries (which are nearly tied), and finally by the Continental cluster. Using the US poverty threshold, we see a similar pattern, but the magnitudes shift markedly. When poverty is captured using this real income standard, poverty rates in the Israel-Poland pair are dramatically higher. That is mainly due to the extremely high poverty rate, using this measure, reported in Poland (82.7%), the one country in our study that is not classified as high income.

Next we turn to poverty rates based on post-tax-and-transfer (or "disposable") household income (see the second vertical panel of Table 1). Three clear findings emerge. First, in every case, disposable-income poverty rates are lower than the market-based rates. This result is not surprising, but it confirms that, on average, at this part of the income distribution, the tax-and-transfer systems in these countries consistently augment household income—in other words, the incoming transfers exceed the outgoing taxes. Second, considering relative poverty rates, the disposable-income results are somewhat different than the market-income results. The ranking of the countries shifts, such that the lowest poverty cluster is now the Nordic cluster—indicating that the Nordic countries have more redistributive tax/benefit systems. Third, when the US poverty line is applied across countries, the clusters shift again, with the Continental countries now reporting lower poverty than the Nordic countries. That result is driven by the relatively high Finnish and Swedish poverty rates, in real terms, although the difference between these two country groups is small.

The magnitude of poverty reduction, calculated as the market-income poverty rate minus the disposable-income poverty rate, is also reported here (see the third vertical panel of Table 1). This indicator captures the "amount" of poverty "removed" when taxes and transfers are considered. Focusing on the 50% relative poverty standard, we see that the Israel-Poland pair (21.0 percentage points) and the Nordic countries (20.9 percentage points) report the most poverty reduction, followed by the Continental and Anglophone clusters (16.6 and 12.8 percentage points, respectively). One especially remarkable finding in this panel is the US result, where we see the least poverty reduction (7.5 percentage points) across all thirteen countries. When we consider poverty reduction based on the US real-income standard, one strong finding emerges. The amount of poverty reduced in the Nordic, Continental and Anglophone clusters remains about the same, but now the lower-income Israel-Poland pair reduces the least poverty (10.2 points in Israel and only 3.5 points in Poland). In Poland, the tax-and-transfer system clearly raises household income; however, except in a small number of cases, it does not raise Polish incomes to the

Table 1 Percentage of all persons living in poor households

	market income				disposable income				poverty reduction [MI less DPI]			
	40% DPI	50% DPI	60% DPI	US line	40% DPI	50% DPI	60% DPI	US line	40% DPI	50% DPI	60% DPI	US line
Continental												
Germany	27.6	30.0	32.6	29.1	4.6	8.4	13.4	6.7	23.0	21.6	19.1	22.4
Netherlands	17.4	20.0	22.2	18.5	2.6	5.0	11.1	3.4	14.9	15.0	11.1	15.1
Switzerland	18.0	20.7	23.2	18.0	3.9	7.7	13.5	3.9	14.1	13.1	9.6	14.1
average	*21.0*	*23.6*	*26.0*	*21.9*	*3.7*	*7.0*	*12.7*	*4.7*	*17.3*	*16.6*	*13.3*	*17.2*
Nordic												
Denmark	22.4	24.8	27.3	23.9	2.0	5.4	13.1	3.9	20.4	19.4	14.2	20.0
Finland	27.1	30.1	33.1	32.7	2.2	5.4	12.4	11.7	24.9	24.7	20.7	21.0
Norway	20.4	23.4	26.4	21.1	3.0	6.5	12.3	3.4	17.3	16.9	14.1	17.6
Sweden	26.5	29.1	31.9	30.5	3.8	6.6	12.3	9.0	22.7	22.5	19.6	21.5
average	*24.1*	*26.9*	*29.7*	*27.0*	*2.8*	*6.0*	*12.5*	*7.0*	*21.4*	*20.9*	*17.1*	*20.0*
Other												
Israel	24.7	29.9	34.6	37.4	7.5	15.6	23.4	27.1	17.1	14.3	11.1	10.2
Poland	36.1	41.7	47.0	82.7	9.5	14.1	20.0	79.2	26.6	27.6	27.0	3.5
average	*30.4*	*35.8*	*40.8*	*60.0*	*8.5*	*14.8*	*21.7*	*53.2*	*21.9*	*21.0*	*19.0*	*6.9*
Anglophone												
Australia	24.2	26.9	30.3	27.3	5.6	12.2	20.5	13.8	18.6	14.7	9.8	13.4
Canada	20.1	23.7	27.6	21.1	7.2	12.4	18.9	8.2	12.9	11.3	8.7	12.9
United Kingdom	28.6	31.6	34.2	32.3	6.2	13.7	22.0	16.6	22.4	17.9	12.2	15.8
United States	20.4	24.8	29.2	18.8	11.1	17.3	24.0	9.1	9.2	7.5	5.2	9.8
average	*23.3*	*26.7*	*30.3*	*24.9*	*7.5*	*13.9*	*21.3*	*11.9*	*15.8*	*12.8*	*9.0*	*13.0*

notes: Includes persons of all ages; in the first four columns, cells report poverty rates based on market income, with poverty lines drawn at 40, 50, and 60 percent of median disposable income, and at the US poverty line; in the second four columns, the cells report poverty rates based on disposable income, with poverty lines drawn at 40, 50, and 60 percent of median disposable income, and at the US poverty line; in the last four columns, cells report the difference between market-income poverty and disposable-income poverty (always relative to the same poverty line).

level of the US poverty threshold. That is not surprising, given that the US line falls within Poland's top quintile group, that is, at a place in the income distribution that, in Poland, would not be considered poor.

Next, we turn to child poverty rates with respect to children under age eighteen (see Table 2). The first finding in Table 2 is that the cross-country pattern with respect to market-income relative poverty is broadly similar to that of persons of all ages—with an important difference: poverty rates in the Nordic countries are now substantially lower than in the Anglophone countries. The relative poverty portrait based on disposable income is also similar (to all persons); the lowest poverty cluster is again the Nordic cluster.[12]

Second, we find that using multiple poverty thresholds increases our understanding of child poverty patterns. The cross-country rankings are quite robust with respect to which threshold is used. At all three poverty levels—40, 50, and 60% of the median—the ranking of the country cluster averages is the same. But the prevalence of poverty varies markedly across the three thresholds. For example, with respect to market income, in the Anglophone countries, while 26.4% of children, on average, are poor (at 50%), 30.7%—nearly one third—are poor when we apply the "near poor" line (at 60%). Even more remarkably, fully 22.5% are poor using the "severe poverty" line (at 40%); in other words, with respect to market income, fully 85% of poor children are severely poor. Similar results are seen elsewhere; in the other three country clusters, 80–83% of poor children are severely poor. When we turn from market- to disposable-income poverty, the story shifts. In each country group, the percentage of poor children that is severely poor is much lower—46% in the Nordic countries, 52–54% in the Anglophone and Continental countries, and 55% in the Israel-Poland pairing. This pattern indicates that, overall, taxes and transfers play an especially crucial role in preventing poverty among families with the most limited market incomes.

Third, the child poverty reduction results are somewhat similar to the all-person results with respect to mitigating relative poverty. Using the 50% relative poverty standard, we see that the Israel-Poland pair reports the most poverty reduction (16.3 percentage points), followed by the Nordic countries (12.6 percentage points), then the Anglophone (9.1 percentage points) and Continental (4.4 percentage points) countries. Again we see exceptionally little poverty reduction in the US case (3.0 percentage points), but here the US is no longer the least poverty-reducing country; Switzerland reduces even less child poverty (1.9 percentage points). In fact, Switzerland's tax-and-transfer system is so unfavorable towards families with children that—at the 60%-of-median standard—Swiss families report a modestly *higher* poverty rate after taxes and transfers (15%) than they do before (13.4%).

[12] There are some small discrepancies between the child poverty rates presented in Fig. 1 (based on the LIS Key Figures) and in Table 2 (based on our own calculations). Those are due to minor differences in the treatment of extreme values.

Table 2 Percentage of all children (<18 years old) living in poor households

	market income				disposable income				poverty reduction [MI less DPI]				ratio of all children to all persons *Table 2 compared to Table 1*		
	40% DPI	50% DPI	60% DPI	US line	40% DPI	50% DPI	60% DPI	US line	40% DPI	50% DPI	60% DPI	US line	market income poverty, 50% DPI	disposable income poverty, 50% DPI	poverty reduction, 50% DPI
Continental															
Germany	14.0	16.4	20.1	15.5	5.5	9.0	14.3	7.5	8.5	7.4	5.8	8.0	0.55	1.07	0.34
Netherlands	8.4	10.3	12.2	9.4	3.0	6.5	12.0	4.3	5.4	3.9	0.2	5.1	0.52	1.29	0.26
Switzerland	7.5	10.8	13.4	7.5	4.6	8.9	15.0	4.6	2.9	1.9	-1.7	2.9	0.52	1.16	0.14
average	*10.0*	*12.5*	*15.2*	*10.8*	*4.4*	*8.1*	*13.8*	*5.5*	*5.6*	*4.4*	*1.4*	*5.3*	*0.53*	*1.18*	*0.25*
Nordic															
Denmark	12.5	14.5	17.3	13.7	1.2	2.7	8.9	2.0	11.3	11.7	8.4	11.8	0.58	0.51	0.61
Finland	14.1	17.8	21.9	21.2	1.5	3.1	8.4	7.9	12.5	14.7	13.5	13.3	0.59	0.57	0.60
Norway	10.6	13.5	17.2	11.0	1.9	3.7	7.8	2.2	8.6	9.8	9.4	8.7	0.58	0.57	0.58
Sweden	16.0	18.5	22.5	20.1	1.8	4.3	9.2	5.9	14.2	14.2	13.3	14.2	0.63	0.64	0.63
average	*13.3*	*16.1*	*19.7*	*16.5*	*1.6*	*3.4*	*8.6*	*4.5*	*11.7*	*12.6*	*11.2*	*12.0*	*0.60*	*0.57*	*0.60*
Other															
Israel	28.3	34.2	39.3	42.4	7.3	18.0	28.3	33.0	21.0	16.1	11.0	9.4	1.14	1.16	1.13
Poland	29.1	36.2	42.8	83.9	13.3	19.6	27.5	84.9	15.8	16.6	15.3	-1.0	0.87	1.39	0.60
average	*28.7*	*35.2*	*41.1*	*63.2*	*10.3*	*18.8*	*27.9*	*58.9*	*18.4*	*16.3*	*13.1*	*4.2*	*1.01*	*1.27*	*0.86*
Anglophone															
Australia	20.0	23.1	27.8	23.4	5.8	11.9	19.4	13.9	14.2	11.2	8.4	9.5	0.86	0.98	0.76
Canada	19.1	22.8	27.2	20.3	8.2	15.6	23.9	9.5	10.9	7.2	3.3	10.8	0.96	1.26	0.64
United Kingdom	31.0	34.2	37.0	34.9	7.2	19.1	28.9	22.9	23.9	15.1	8.1	12.0	1.08	1.39	0.84
United States	19.7	25.2	30.8	17.7	14.4	22.2	30.4	11.7	5.3	3.0	0.5	6.0	1.02	1.28	0.41
average	*22.5*	*26.4*	*30.7*	*24.1*	*8.9*	*17.2*	*25.7*	*14.5*	*13.6*	*9.1*	*5.1*	*9.6*	*0.98*	*1.23*	*0.66*

notes: In the first four columns, cells report poverty rates based on market income, with poverty lines drawn at 40, 50, and 60 percent of median disposable income, and at the US poverty line; in the second four columns, the cells report poverty rates based on disposable income, with poverty lines drawn at 40, 50, and 60 percent of median disposable income, and at the US poverty line; in the last four columns, cells report the difference between market-income poverty and disposable-income poverty (always relative to the same poverty line).

Fourth, we calculate three key outcomes among children, compared to the same outcomes for all persons, to gauge the extent to which children are under- or over-represented among the poor and the degree to which poverty reduction is greater or lesser for children (see the far-right vertical panel of Table 2). Considering market-income poverty rates (at the 50% standard), we find that in all of the Nordic and Continental countries, children are much less likely to be poor than are all persons. In two Anglophone countries—Canada and the US—children are about equally likely to be poor as are all persons; in the UK, and especially in Israel, they are more likely to be poor than are all persons. After accounting for taxes and transfers, children are more likely to be poor in all of our study countries—except in the four Nordic countries, where child poverty rates (based on disposable income) are 51–64% of the overall poverty rate. We also see a general pattern of less poverty reduction among children than among all persons. That result is especially notable in the Continental countries, where child poverty reduction is, on average, about one-quarter of poverty reduction overall. The meager amount of child poverty amelioration in the Continental countries explains the wide discrepancy between market-income poverty (where children are much less poor than the general population) and disposable-income poverty (where children are substantially more likely to be poor).

We also assess child poverty outcomes for the youngest children—that is, children younger than age six (see Table 3). The most salient findings here concern the differences between outcomes among these young children compared to all children (see the far-right vertical panel). Here we see a widespread pattern in which poverty rates among these young children—with respect to both market-income and disposable-income poverty—are modestly higher than among all children. That finding holds even in the (generally "child friendly") Nordic countries; the Netherlands and (for market-income poverty) Switzerland are exceptions. That the youngest children are usually more likely to live in households with market income below the poverty threshold indicates that, on average, their parents bring in less income from earnings. These parents' more limited earnings are likely traced to several overlapping factors. The parents of the youngest children (especially mothers) are less likely to be in the labor force, partly because younger children need more care at home. These parents are also younger than the parents of older children, which raises both their risk of unemployment and the probability that they will hold low-paid jobs. That the youngest children, in most countries, are also more likely to be disposable-income poor (compared to all children) suggests that their parents' lower labor market income is not offset by the effects of tax-and-transfer features targeted on families with the youngest children. Also, the (younger) parents of these younger children are probably less likely than their older counterparts to receive some categories of social income, such as unemployment, disability, and retirement pensions.

As noted in the child poverty research literature, family structure explains substantial (within-country) variation in child poverty rates—and our results confirm that overwhelmingly (see Table 4). In nearly every country in this study, children who live with single mothers are more likely to be poor than are children who live

Table 3 Percentage of young children (< 6 years old) living in poor households

	market income				disposable income				poverty reduction [MI less DPI]				ratio of young children to all children *Table 3 compared to Table 2*		
	40% DPI	50% DPI	60% DPI	US line	40% DPI	50% DPI	60% DPI	US line	40% DPI	50% DPI	60% DPI	US line	market income poverty, 50% DPI	disposable income poverty, 50% DPI	poverty reduction, 50% DPI
Continental															
Germany	16.3	18.2	22.0	17.6	7.3	11.3	16.5	9.3	9.0	6.9	5.6	8.3	1.11	1.25	0.94
Netherlands	6.9	8.2	9.6	7.5	2.7	5.7	12.4	4.0	4.2	2.6	-2.8	3.5	0.80	0.88	0.66
Switzerland	6.4	8.7	12.4	6.4	4.0	9.2	17.1	4.0	2.5	-0.5	-4.7	2.5	0.81	1.03	-0.26
average	*9.9*	*11.7*	*14.7*	*10.5*	*4.7*	*8.7*	*15.3*	*5.7*	*5.2*	*3.0*	*-0.6*	*4.8*	*0.91*	*1.05*	*0.45*
Nordic															
Denmark	14.3	16.7	19.6	15.8	1.5	3.4	10.6	2.4	12.9	13.3	9.0	13.5	1.15	1.23	1.13
Finland	15.9	20.2	26.5	25.3	2.2	4.3	11.5	10.8	13.7	15.8	15.0	14.6	1.13	1.39	1.08
Norway	12.1	14.7	18.9	12.4	2.3	4.4	8.2	2.6	9.7	10.3	10.7	9.8	1.09	1.18	1.06
Sweden	18.3	20.6	24.5	22.5	3.1	7.1	12.9	9.4	15.2	13.5	11.6	13.0	1.11	1.66	0.95
average	*15.1*	*18.0*	*22.4*	*19.0*	*2.3*	*4.8*	*10.8*	*6.3*	*12.9*	*13.2*	*11.6*	*12.7*	*1.12*	*1.37*	*1.05*
Other															
Israel	29.2	35.1	40.6	43.9	8.3	20.3	31.5	36.4	20.9	14.7	9.1	7.4	1.03	1.13	0.91
Poland	29.6	37.0	44.5	86.6	13.4	20.3	28.8	86.0	16.2	16.7	15.6	0.6	1.02	1.03	1.01
average	*29.4*	*36.0*	*42.5*	*65.2*	*10.8*	*20.3*	*30.2*	*61.2*	*18.6*	*15.7*	*12.4*	*4.0*	*1.02*	*1.08*	*0.96*
Anglophone															
Australia	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Canada	20.7	24.1	28.7	21.7	9.3	17.8	26.2	10.7	11.4	6.3	2.5	11.1	1.06	1.14	0.88
United Kingdom	33.3	36.5	39.7	37.2	9.0	23.8	33.9	28.0	24.3	12.7	5.9	9.3	1.07	1.25	0.84
United States	20.4	26.1	32.1	18.3	15.5	23.9	32.6	12.6	4.9	2.3	-0.5	5.7	1.04	1.07	0.76
average	*24.8*	*28.9*	*33.5*	*25.7*	*11.2*	*21.8*	*30.9*	*17.1*	*13.5*	*7.1*	*2.6*	*8.7*	*1.05*	*1.15*	*0.82*

notes:

In the first four columns, cells report poverty rates based on market income, with poverty lines drawn at 40, 50, and 60 percent of median disposable income, and at the US poverty line; in the second four columns, the cells report poverty rates based on disposable income, with poverty lines drawn at 40, 50, and 60 percent of median disposable income, and at the US poverty line; in the last four columns, cells report the difference between market-income poverty and disposable-income poverty (always relative to the same poverty line).

Australia could not be included due to incomplete information on children's ages.

Table 4 Percentage of children (< 18

Table 4 Percentage of children (<18 years old) living in poor households, by family type

	single-mother family		single-father family		two-parent family		ratio of single-mother to two-parent families	
	MI 50% DPI	**DPI** 50% DPI	**MI** 50% DPI	**DPI** 50% DPI	**MI** 50% DPI	**DPI** 50% DPI	**MI** 50% DPI	**DPI** 50% DPI
Continental								
Germany	61.7	38.3	34.1	16.1	9.3	4.7	6.7	8.2
Netherlands	57.8	38.4	NA	NA	5.4	3.2	10.7	11.9
Switzerland	58.0	22.3	8.2	7.8	7.4	8.1	7.9	2.7
average	*59.2*	*33.0*	*21.2*	*12.0*	*7.4*	*5.3*	*8.4*	*7.6*
Nordic								
Denmark	45.3	6.4	29.5	11.5	9.1	1.9	5.0	3.3
Finland	52.1	8.2	29.9	2.8	12.1	2.2	4.3	3.7
Norway	53.8	10.9	23.9	5.0	5.7	2.0	9.4	5.5
Sweden	54.2	12.9	18.7	4.2	10.4	2.3	5.2	5.6
average	*51.3*	*9.6*	*25.5*	*5.9*	*9.3*	*2.1*	*6.0*	*4.5*
Other								
Israel	69.7	36.3	NA	NA	31.0	16.7	2.3	2.2
Poland	58.7	21.0	47.6	17.4	31.8	20.0	1.8	1.0
average	*64.2*	*28.6*	*47.6*	*17.4*	*31.4*	*18.3*	*2.0*	*1.6*
Anglophone								
Australia	68.9	32.7	46.1	34.4	17.1	8.9	4.0	3.7
Canada	62.7	43.6	27.4	18.6	16.1	11.2	3.9	3.9
United Kingdom	82.4	45.4	57.3	37.6	20.0	11.3	4.1	4.0
United States	61.2	51.5	29.6	26.3	15.6	14.6	3.9	3.5
average	*68.8*	*43.3*	*40.1*	*29.2*	*17.2*	*11.5*	*4.0*	*3.8*

notes NA means results cannot be reported due to small cell sizes (N<30).

with single fathers[13] *and* children who live with single fathers are more likely to be poor than are those who live with two parents. Children in single-mother families have extremely high market-income poverty rates—in all countries and in all country clusters. The market-income child poverty rate varies from 68.8% age, on average, in the Anglophone countries (with a stunningly high rate of nearly 82.4% in the UK), to 64.2 in the Israel-Poland pair, to 59.2% in the Continental countries, to a low of 51.3 in the Nordic countries—where the most favorable rate across the thirteen countries, still 45%, is reported in Denmark.

Market-income poverty is consistently lowest among children in two-parent families. Among these children, the risk of market-based poverty is highest (31.4%) in the Israel-Poland pair, more moderate, on average, in the Anglophone (17.2%) and Nordic countries (9.3%), and lowest (7.4%) in the Continental cluster. Using the market-income standard, the *greater* poverty risk associated with living with a single mother is especially marked in the Continental countries—where, on average, children in single-mother families are over eight times as likely to be poor as are children in two-parent families. Remarkably, in the Netherlands, the market-income poverty rate among the children of single mothers is ten times the poverty rate among children who live with two parents.

Taxes and transfers, of course, reduce child poverty across all family types. However, with post-tax-and-transfer income, family structure still matters a great deal. Considering the ratio of single-mother to two-parent poverty rates, we see that the greater risk associated with living with a single mother is approximately the same with disposable-income poverty as with market-income poverty. With post-tax-and-transfer poverty, the children of single mothers, compared to the children of two parents, are (on average) 7.6 times as likely to be poor in the Continental cluster, 4.5 times as likely in the Nordic countries, and 3.8 times as likely in the Anglophone countries.[14]

Our review of the child poverty literature underscored that labor market income is an enormously influential factor in shaping the likelihood that any given household is poor. Clearly, a household's earnings are shaped by another important demographic factor—the educational attainment of the household head. In Table 5, we report market- and disposable-income poverty rates for children living in households headed by adults with low, medium, and high educational attainment. The

[13] We do not report poverty rates for children in single-father families in the Netherlands and Israel, as the sample sizes in the raw data are too small.

[14] The results reported here indicate that the likelihood that children in any given family type are poor varies widely across our study countries. This variation in group-specific poverty rates is compounded by variation, across countries, in the prevalence of these various family types. The percentage of children, for example, that live with single-mothers ranges from 6 to 9% in Switzerland, Israel, Poland, and the Netherlands; to 11–14% in Australia, Finland, Germany, Canada, Denmark, and Norway; to 16–21% in the US, Sweden, and the UK. Across these countries, variation in the probability of living with a single father is much less; it never exceeds 3% of children. Furthermore, one family type was excluded from Table 4—children living exclusively with adults *other than their parents*. That category includes in most cases 1–4% of children across these countries—with the exception of Poland (7%) and the US (where it reaches 10%).

Table 5 Percentage of children (< 18 years old) living in poor households, by educational level of household head

Table 5 Percentage of children (< 18 years old) living in poor households, by educational level of household head

	low education		medium education		high education		ratio of low to high education	
	MI 50% DPI	**DPI** 50% DPI	**MI** 50% DPI	**DPI** 50% DPI	**MI** 50% DPI	**DPI** 50% DPI	**MI** 50% DPI	**DPI** 50% DPI
Continental								
Germany	35.0	23.9	17.5	8.6	4.7	3.0	7.5	8.1
Netherlands	27.6	20.8	8.7	4.2	2.4	1.5	11.6	13.6
Switzerland	21.2	13.4	10.6	8.7	7.1	7.7	3.0	1.8
average	*27.9*	*19.4*	*12.3*	*7.2*	*4.7*	*4.0*	*7.4*	*7.8*
Nordic								
Denmark	27.4	3.8	10.5	2.5	6.8	1.5	4.0	2.6
Finland	32.8	6.0	20.1	2.7	4.7	1.6	6.9	3.9
Norway	20.1	6.0	14.9	3.2	4.9	1.0	4.1	5.9
Sweden	30.6	5.9	17.5	3.9	10.1	3.3	3.0	1.8
average	*27.7*	*5.4*	*15.7*	*3.1*	*6.6*	*1.8*	*4.5*	*3.5*
Other								
Israel	52.4	32.6	30.9	14.8	20.4	8.7	2.6	3.7
Poland	61.7	38.4	31.2	17.9	4.7	1.8	13.2	21.5
average	*57.1*	*35.5*	*31.0*	*16.3*	*12.5*	*5.2*	*7.9*	*12.6*
Anglophone								
Australia	--	--	--	--	--	--		
Canada	39.1	28.9	25.5	17.8	16.0	10.6	2.4	2.7
United Kingdom	53.9	29.5	28.9	16.3	10.0	6.9	5.4	4.3
United States	54.6	51.4	26.1	22.6	7.9	6.7	6.9	7.6
average	*49.2*	*36.6*	*26.8*	*18.9*	*11.3*	*8.1*	*4.9*	*4.9*

notes Australia could not be included due to incomparable data on educational attainment.

results clearly show that heads' educational attainment is highly (negatively) correlated with child poverty. Within all thirteen countries, poverty rates—based on both market and disposable income—are highest in the least educated group, lower in the medium-education group, and lower yet in the most highly educated group. The greater risk of poverty, for children, associated with living in a house headed by an adult with low educational attainment varies markedly across countries (see the far right panel of Table 5), but no clear cluster pattern emerges. For example, considering market-income poverty, low educational attainment (of the head), compared to high educational attainment, approximately triples the probability of being poor in Israel—while it raises the likelihood of poverty more than thirteen-fold in Poland.

In our final empirical analyses, we consider the role played by parents' labor market status combined with family structure and gender. We first consider four types of two-parent households: both parents have low labor market status (as defined in the methods section); the mother's status is medium/high status and the father's is low; the father's is medium/high and the mother's is low; and they both have medium/high labor market status (see Table 6). As with educational attainment, the results clearly show that parents' labor market status is highly correlated with child poverty. In nearly of our study countries, poverty rates—based on both market and disposable income—fall systematically as we move (left to right) across the subgroups in Table 6; Israel is an exception.

Market-income poverty is most prevalent when both parents have low labor market engagement; in most cases, the child poverty rate in these households is 50% or higher, with the highest poverty rate—somewhat surprisingly—seen in Sweden, where it is nearly 80%. On the other end of the spectrum, when both parents have medium/high labor market status, poverty rates are dramatically lower—in fact, less than 4% in all countries. In between those extremes, we see a consistent pattern in which gender clearly matters. Among children who have only one of their parents strongly attached to the labor market, those for whom that parent is their father are better off—and often by a substantial margin; again, Israel is an exception.

In these two-parent families, overall, the results with respect to disposable-income poverty are similar: in nearly all countries, disposable-income poverty rates fall systematically as we move (left to right) across the subgroups. Also, some country cluster patterns emerge. In the third subgroup, for example—father medium/high, mother low—poverty rates are consistently low (4% or less) in the Continental and Nordic countries, while they are much higher (10% or more) in the Anglophone countries (except Australia) and in Israel. Finally, in these results we see the importance of maternal employment in two-parent families with substantially employed fathers. Nearly everywhere, the fourth subgroup reports considerably less poverty than the third group[15]—with the sharpest differences seen in three Anglophone countries and in Israel. In Canada, the UK, and the US, even after taxes and transfers, poverty rates range from 10 to 15% among households headed by a couple in which the father is strongly attached to paid work and the

[15] The one exception is in Finland, where poverty rates are very low in both groups.

Table 6 Percentage of children (< 18 years old) living in poor households, by labor market status of parents, two-parent families

	both low		**father low, mother medium/high**		**father medium/high, mother low**		**both medium/high**	
	MI 50% DPI	DPI 50% DPI	MI 50% DPI	DPI 50% DPI	MI 50% DPI	DPI 50% DPI	MI 50% DPI	DPI 50% DPI
Continental								
Germany	42.7	24.4	20.3	7.8	7.9	4.0	1.6	0.8
Netherlands	47.7	33.8	13.7	3.5	0.5	0.9	0.0	0.0
Switzerland	--	--	--	--	--	--	--	--
average	*45.2*	*29.1*	*17.0*	*5.7*	*4.2*	*2.4*	*0.8*	*0.4*
Nordic								
Denmark	72.4	12.8	16.7	5.1	7.5	1.3	0.1	0.1
Finland	59.8	12.9	23.8	5.2	17.1	0.9	2.9	0.6
Norway	54.2	20.9	14.8	3.9	2.6	1.0	0.0	0.0
Sweden	78.7	16.1	28.1	6.1	6.3	1.8	0.4	0.2
average	*66.3*	*15.7*	*20.9*	*5.1*	*8.4*	*1.3*	*0.9*	*0.2*
Other								
Israel	72.7	42.8	30.8	10.0	30.1	17.0	2.7	1.0
Poland	--	--	--	--	--	--	--	--
average	*72.7*	*42.8*	*30.8*	*10.0*	*30.1*	*17.0*	*2.7*	*1.0*
Anglophone								
Australia	64.0	38.1	18.9	10.1	10.9	3.1	0.8	0.2
Canada	69.3	59.7	33.3	22.8	17.8	10.3	3.8	1.7
United Kingdom	67.8	36.6	25.8	16.6	19.1	10.8	1.6	1.2
United States	67.7	63.4	41.2	36.6	15.1	15.0	2.8	2.7
average	*67.2*	*49.4*	*29.8*	*21.5*	*15.7*	*9.8*	*2.3*	*1.4*

notes Switzerland and Poland could not be included due to incomplete data on person-level earnings.

Table 7 Percentage of children (< 18 years old) living in poor households, by labor market status of parents, single-parent families

	single mother, low		single father, low		single mother, medium/high		single father, medium/high	
	MI 50% DPI	DPI 50% DPI	MI 50% DPI	DPI 50% DPI	MI 50% DPI	DPI 50% DPI	MI 50% DPI	DPI 50% DPI
Continental								
Germany	91.8	55.4	NA	NA	44.4	28.4	18.4	0.0
Netherlands	97.7	73.5	NA	NA	33.9	17.3	NA	NA
Switzerland	--	--	--	--	--	--	--	--
average	*94.7*	*64.5*	*NA*	*NA*	*39.1*	*22.9*	*18.4*	*0.0*
Nordic								
Denmark	92.7	15.3	82.9	32.2	22.2	2.1	1.1	0.4
Finland	97.8	20.6	71.9	11.3	38.3	4.5	15.7	0.0
Norway	97.1	24.9	73.9	15.7	36.8	5.4	0.8	0.0
Sweden	95.8	31.9	NA	NA	34.9	4.1	0.0	0.0
average	*95.9*	*23.2*	*76.2*	*19.8*	*33.0*	*4.0*	*4.4*	*0.1*
Other								
Israel	96.0	61.1	NA	NA	40.4	8.6	NA	NA
Poland	--	--	--	--	--	--	--	--
average	*96.0*	*61.1*	*NA*	*NA*	*40.4*	*8.6*	*NA*	*NA*
Anglophone								
Australia	91.3	51.1	74.4	59.5	35.1	4.9	7.3	0.0
Canada	96.2	82.7	81.9	62.1	50.0	28.8	13.1	7.2
United Kingdom	97.5	64.8	89.4	61.5	56.0	11.6	20.4	10.1
United States	93.1	84.6	75.3	68.7	53.6	43.6	9.5	7.7
average	*94.5*	*70.8*	*80.3*	*62.9*	*48.6*	*22.2*	*12.6*	*6.3*

notes

Switzerland and Poland could not be included due to incomplete data on person-level earnings.
NA means results cannot be reported due to small cell sizes (N<30).

mother is not. In these three countries, among households in which both parents are strongly attached, the poverty rates are much lower, approximately 1–3%. In these Anglophone countries, maternal employment clearly matters—and it matters a lot.

Last, we consider the association, among the children of single parents, between child poverty, parents' labor market attachment, and parents' gender (see Table 7). We assess households headed by four subgroups: a single mother with low labor market status; a single father with low status; a single mother with medium/high labor market status; and a single father with medium/high status. Again, in nearly every study country, poverty rates—based on both market and disposable income—fall systematically as we move (left to right) across these subgroups. When we consider market-income poverty, households headed by single mothers with low labor market status are almost all poor—poverty rates are 90% or higher in all countries. Likewise, among single fathers with low labor market engagement (in the seven countries where we have data and sufficient sample sizes), market-income poverty is less prevalent but still widespread (72–89%). In the third subgroup (children whose single mothers have medium/high status), market-income poverty ranges from 22.2% in Denmark to 44.4% in Germany, and is 50% or higher in three Anglophone countries, Canada, the UK, and the US. Among single-parent households, market-income poverty is lowest everywhere in those households headed by single fathers with medium/high labor market attachment—although it remains 15–20% in three diverse countries, Germany, Finland and the UK.

Finally, in these single-parent families, the results with respect to disposable-income poverty are again quite similar: in all countries, disposable-income poverty rates fall systematically as we move (left to right) across the subgroups. Perhaps the most salient finding here is the consistently large difference in the risk of being poor—even after taxes and transfers—when we compare single mothers with low labor market engagement to single mothers with high labor market status. It is interesting that the two most extreme examples are two markedly different countries. In Sweden, households headed by a single mother with low employment attachment are over eight times more likely to be poor than are households headed by a single mother with stronger engagement (32% compared to 4%). In Australia, households headed by a single mother with low employment status are over ten times more likely to be poor than are households headed by her counterpart with stronger labor market engagement (51.1% compared to 4.9%). Across all of these countries—before as well as after taxes and transfers—in single-mother households, employment matters, and it matters a great deal.

5 Conclusions

For more than two decades, diverse researchers have drawn on the resources of the Luxembourg Income Study to study poverty among children. In this brief conclusion, we revisit the descriptive information provided in the LIS *Key Figures*, the rich analytical literature produced by dozens of scholars, and our own contemporary snapshot of child poverty in thirteen countries, to draw some general conclusions.

First, it is clear that child poverty rates vary markedly across the mostly high-income countries included in the LIS data archive. The variation in child poverty takes many forms; it is evident with both market- and disposable-income poverty, at multiple relative poverty thresholds, using a real-income threshold, and within nearly every demographic and labor market status subgroup. As we learned from the LIS *Key Figures* (and reported in Fig. 1), in the middle-1990s/early 2000s, child poverty rates—based on disposable income and the 50%-of-median standard—vary dramatically. The lowest rates (5% or less) are reported in four Nordic countries (Denmark, Finland, Norway, Sweden) and the highest rates (more than 20%) are seen in three diverse countries, Mexico, Russia, and the US.

Second, child poverty rates shift over time, and in complex ways. Our review of the LIS *Key Figures* highlights diverse patterns of change during the 1990s. These figures reveal an overall worsening of the economic wellbeing of children during the 1990s. In most of the LIS countries, child poverty rates increased during the 1990s—in some cases, by a small increment, in others by a substantial amount—although in some countries (including the US) the prevalence of child poverty declined in recent years. Chen & Corak (2008), in their comprehensive review of children's poverty trends during the 1990s, also found a varied picture with both rising and falling levels of poverty. Of course, findings about trends are highly sensitive to the time period chosen. Rainwater & Smeeding (2003), for example, considered a longer period of time and concluded that child poverty in the US had, in general, risen in recent decades—a result clearly confirmed in the LIS *Key Figures*. Using the 50% standard, the *Key Figures* reveal that US child poverty rose from 19% in 1974, to 20% in 1979, to 25% in 1986, and 26% in 1991—before the period of decline seen in the 1990s.

Third, within countries, family demography and parents' labor market engagement matter enormously with respect to children's likelihood of living in a poor household. Our own empirical work demonstrates, for example, that, in nearly all of our study countries, younger children are more at risk than older children; children who live with single parents are more likely to be poor than are children who live with two parents; and children who live with less educated parents are more likely to be poor than are their peers whose parents are more highly educated. Furthermore, among both one- and two-parent families, the risk of child poverty (before and after taxes and transfers) consistently falls as parents' labor market attachment rises. And, not surprisingly, parents' gender matters too. The children of single mothers are more likely to be poor than are the children of single fathers nearly everywhere; among children with one of their two parents strongly attached to the labor market, those for whom that parent is their father are less likely to be poor.

Fourth, as many LIS studies have demonstrated, taxes and transfers powerfully shape the economic wellbeing of children in all countries. Our own results (reported in Table 2) indicate that taxes and transfers reduce child poverty everywhere, although the amount of poverty reduction varies sharply across countries. Using the 50% relative poverty standard—and relying on the simple difference between market-income and disposable-income poverty rates—we see that the Israel-Poland pair reports the most poverty reduction, followed by the Nordic and Anglophone

countries, followed by the Continental cluster. Our results turned up especially little reduction of child poverty in the US case (about 3 percentage points) and in Switzerland (about 2 percentage points). Of course, as we noted earlier, this indicator captures only the mechanical relationship between pre- and post-tax-and-transfer poverty rates. It does not account for the ways in which these public programs shape the market-based outcomes; nonetheless, it is an illuminating indicator of the reach of public policy and clearly demonstrates that policy responses to poverty vary markedly across these upper-income countries.

Fifth, several studies have concluded that the explanatory factors that matter within countries are not necessarily the same as those that matter across countries. In short, because demographic composition across the 30 LIS countries varies relatively modestly, and because demography changes slowly, several studies—including the three that we reviewed in detail in this chapter—find that demography is not an especially powerful factor for explaining variation in child poverty rates, or trends, across the LIS countries. Instead, the most important explanatory factors are institutional, and they concern both labor market structures (and outcomes) and policy configurations. Bradbury & Jäntti (1999) concluded that, while variation in welfare state institutions is important when accounting for the diversity of children's poverty outcomes across countries, variation in the market incomes received by their families is a more powerful explanatory factor. Rainwater & Smeeding (2003) largely concur, concluding that, at the bottom of the household income distribution, both earnings received and transfer income are important factors underlying cross-national child poverty variation. Chen & Corak (2008) also found that, in explaining cross-national variation in child poverty trends, demographic variation matters modestly, while national labor market patterns and social policy factors both matter a great deal—and they matter via complex and interacting mechanisms.

Sixth, over-arching institutional models—as captured in the country clusters that we employ in this chapter—also seem to matter. Presenting poverty outcomes by country clusters is an admittedly crude way of assessing the role of institutions; it is an approach that aggregates a large number of national features into a single institutional designation. However, as our own results indicate, the clusters do correspond to child poverty outcomes—in a number of ways. Child poverty based on market income, for example, is consistently highest in the Anglophone countries, followed by the Nordic, then the Continental, countries. In contrast, disposable-income poverty is systematically lower in the Nordic than in the Continental cluster, indicating a pattern of more extensive income redistribution (among households with children) in the Nordic countries. We also find patterns with respect to children's over- (or under-) representation among the poor. Based on market income, children throughout the Nordic and Continental clusters are less likely to be poor than the general population; after taxes and transfers, children in all of the Continental countries are more likely to be poor—a result found in none of the Nordic countries. Clearly, institutional designs in the Nordic countries include elements that are particularly favorable towards children and that are not universally operating across Europe.

Furthermore, these welfare state models, and the country clusters that correspond to them, are correlated with more than patterns of taxing and transferring; they are also associated with patterns of female (especially maternal) employment. While a full assessment of mothers' employment is outside the scope of this chapter, cross-country variation in employment outcomes also shapes the child poverty results that we have reported. For example, when we consider the prevalence of the four subgroups in Table 6 (the various combinations of two-parent employment statuses), we find that the fourth subgroup (both parents medium/highly engaged) is most prevalent in the Nordic countries (results not shown). In the four Nordic countries, between 63 and 69% of children (in two-parent families) have two parents with medium/high labor market attachment. In none of the other countries in our study does that figure exceed 60%. The Nordic institutional design is both strongly redistributive and most highly associated with structural features that encourage and enable maternal employment; both elements shape the prevalence of child poverty.

The Luxembourg Income Study will remain a rich resource in the years to come, allowing researchers in many countries to track families' economic wellbeing across countries, through economic upturns and downturns. The current recession, which is affecting all industrialized countries—and diverse government responses to it—will shed light on how the interaction between labor market characteristics and public policies either protect or fail to protect children from shocks to the market system. After LIS adds more middle-income countries to its archive, a process now in the early stages, researchers will be able to study child poverty in a much more globalized context. The integration of microdata from an increasingly diverse set of countries will enable researchers, across disciplines, to tackle entirely new questions about the determinants and nature of child poverty.

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