

CO2.2: Child poverty

Definitions and methodology

The indicators of poverty used here are the *child poverty rate* (the share of all children living in households with an equivalised disposable income of less than 50% of the median for the total population), the *poverty rate of households with children* (the share of the population in households with children with an equivalised income of less than 50% of the median) and the *poverty rate for the total population* (the share of all individuals with an equivalised income of less than 50% of the median).

Children (aged less than 18) are considered as sharing the income earned by other household members, and to facilitate comparisons across households, disposable household income in cash is adjusted for household size with an elasticity of 0.5 (the square root scale). Household income includes earnings, transfers and income from capital, and is measured here net of direct taxes and social security contribution paid by households.

The *child poverty rates*, *total poverty rates* and *poverty rates by household type* for OECD countries are taken from the OECD Income Distribution questionnaire (as at October 2011) as this data is provided directly by national authorities, while data for non-OECD countries are based on EU-SILC and (see *Sources and further reading*).

Key findings

On average, across the 34 OECD countries, around 13% of all children were poor in 2008 (Chart CO2.2.A). However, there is wide variation across countries. Child poverty rates were below 8% in the Nordic countries, but they exceeded 20% in Chile, Israel, Mexico, Turkey and the United States. In general, poverty rates for children are above those for the entire population, except in Australia, Estonia, Germany, Japan, Korea, the Nordic countries and Slovenia. The gap between child poverty rates and poverty rates of the entire population is small (less than 0.5 percentage points) in Austria, Estonia and Switzerland.

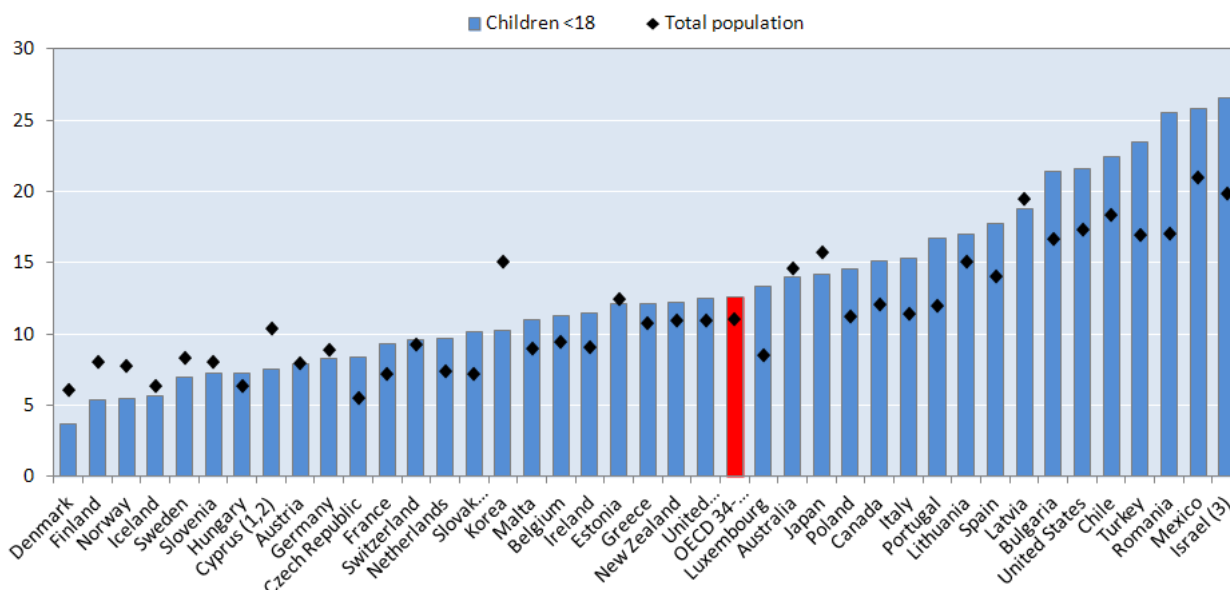
Despite targeted policies introduced by several OECD countries focused on poor children, child poverty rates have edged up by around one percentage point on average over the past ten to fifteen years. Over the period 1990-2008, the largest rises occurred in Israel and Luxembourg (increase of more than 5 percentage points), and significant declines were recorded in Chile, Italy, Hungary and the United Kingdom (decrease of more than 3 percentage points) (Chart CO2.2.B).

While several factors contribute to child poverty, two important factors are whether children live with a sole parent and whether the parent is in paid work or not. Children living with a sole parent have a higher probability of being in poverty than those living with two adults (Chart CO2.2.C). The probability of being poor is also strongly associated with the parents' employment status (Table CO2.2.A).

Children whose parents are employed have a much lower poverty rate than those in jobless households (Table CO2.2.A). Among sole-parent families, the poverty rate of those in jobless households is nearly 3 times higher than that of households with workers. Among couples with children, the poverty rate of jobless households is over 4 times higher than that for one-worker households, and more than 14 times higher than for households with two or more workers. As a result, OECD countries with a larger share of mothers in paid work also record lower poverty rates among children (Chart CO2.2.D).

Other relevant indicators: CO2.1: Trends in income inequality and the income position by household type; SF1.2: Children in sole-parent families and LMF1.1: Children in families by employment status.

Chart CO2.2.A Poverty rates for children and the total population, 2008*



Note: * Data refer to 2006 for Japan; 2007 for Denmark and Hungary; 2009 for Chile.

Poverty thresholds are set at 50% of the median equivalised disposable income of the entire population.

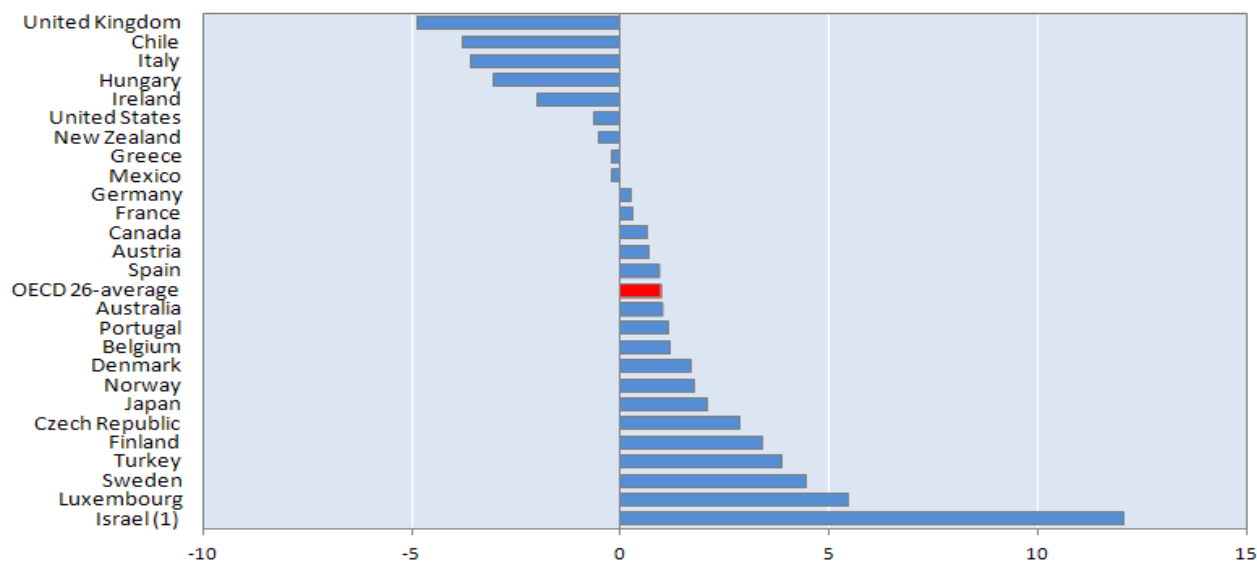
1 Footnote by Turkey: The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the « Cyprus issue ».

2 Footnote by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

3 The data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD Income distribution questionnaire, version October 2011, for OECD countries; EU-SILC 2009 for non-OECD countries

Chart CO2.2.B Point changes in child poverty rates between mid-1990s and 2008*



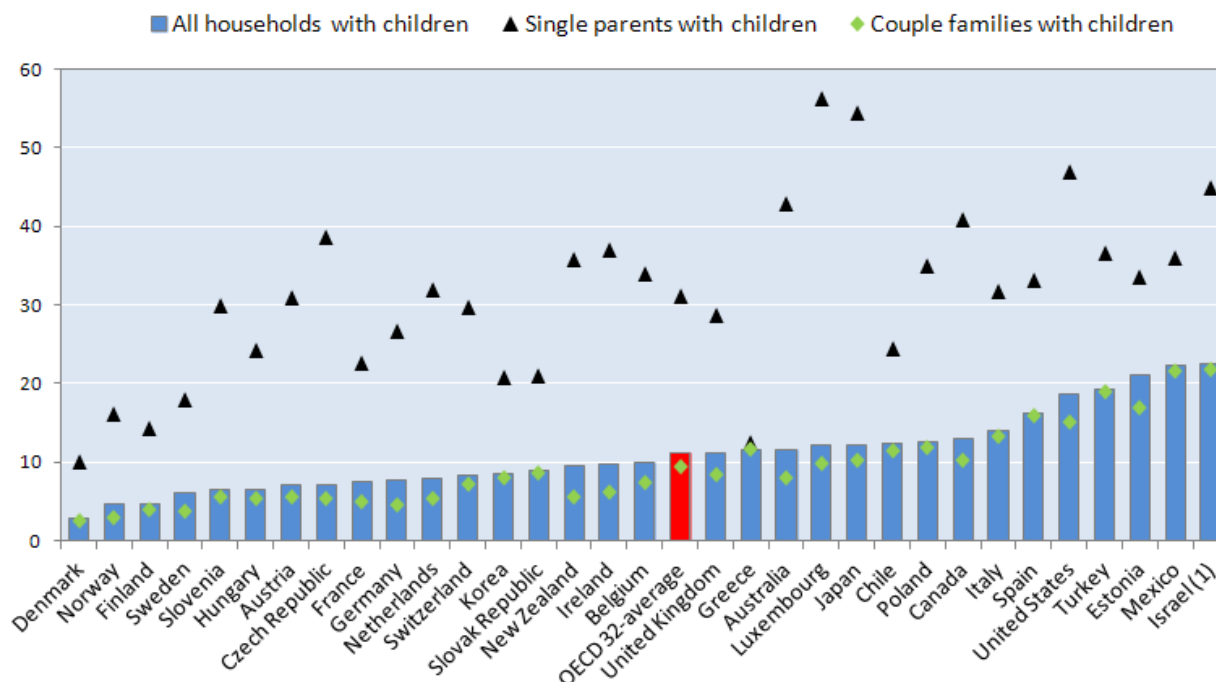
Note: * Data for changes refer to the period from the mid-1990s to 2006 for Japan; 2007 for Denmark and Hungary; 2009 for Chile.

Poverty thresholds are set at 50% of the median income of the entire population.

1) See note (3) in Chart CO2.2.A

Source: OECD Income distribution questionnaire, version October 2011

Chart CO2.2.C Poverty rates by household types with children, 2008*



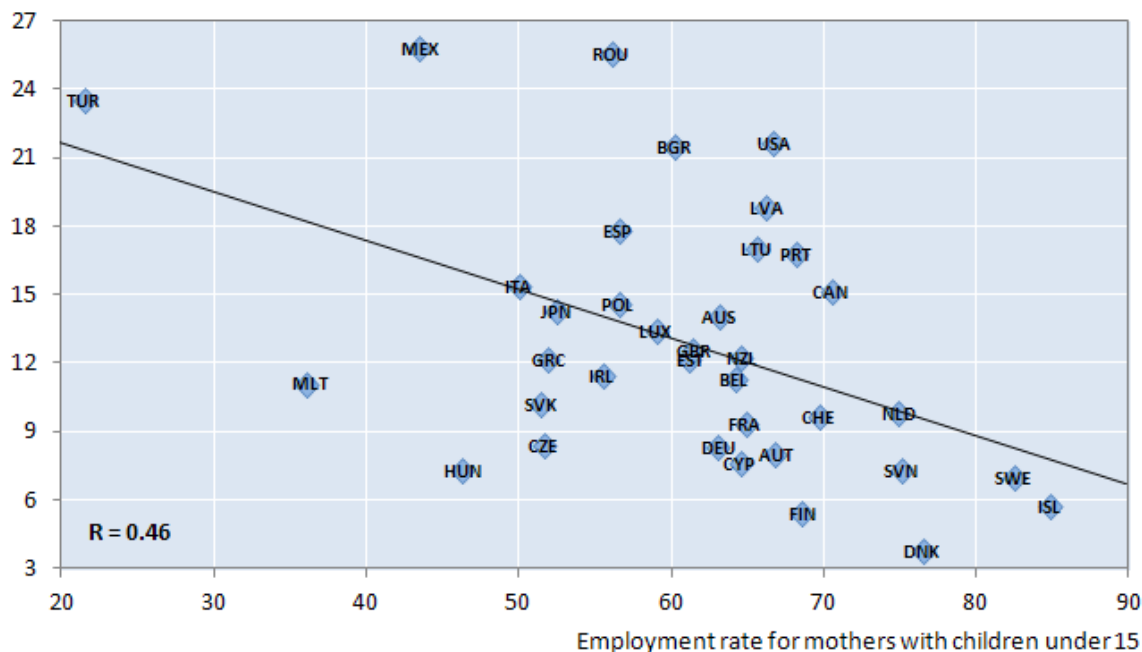
Note: * Data on household poverty refers to 2006 for Japan; 2007 for Denmark and Hungary; 2009 for Chile. Poverty thresholds are set at 50% of the median income of the entire population.

1) See note (3) in Chart CO2.2.A

Source: OECD Income distribution questionnaire, version October 2011.

Chart CO2.2.D Child poverty rates are lower in countries with higher maternal employment rates, selected OECD and EU countries, 2008

Proportion of children living in poor households



Source: OECD Income Distribution questionnaire, version October 2011, for child poverty rates; OECD Family database indicator LMF1.2, version June 2011, for maternal employment rates.

Table C02.2.A Poverty rates for children and households with children, 2008*

Country	Poverty among children		Poverty in households with children and a head of working age						
	2008	Point changes since mid-1990s	All		Single		Couple		
			2008	change from 1995	Not working	Working	Level, 2008		
							No workers	One worker	Two or more workers
Australia	14.0	1.0	11.6	0.6	74.7	16.8	68.0	13.5	1.0
Austria	7.9	0.7	7.2	1.7	57.9	25.9	31.8	16.0	1.9
Belgium	11.3	1.2	9.9	0.7	68.3	17.5	70.0	16.1	0.9
Canada	15.1	0.7	13.0	0.3	84.9	29.3	73.7	27.5	4.9
Chile	22.4	-3.8	12.4	-10.6	65.1	9.4	56.8	15.5	2.1
Czech Republic	8.4	2.9	7.2	3.0	84.1	15.7	84.9	7.3	1.9
Denmark	3.7	1.7	2.9	1.3	33.9	5.1	29.2	7.8	0.6
Estonia	12.1	—	21.2	—	59.1	30.6	64.0	16.4	5.1
Finland	5.4	3.4	4.7	2.9	49.0	8.6	49.2	13.4	1.4
France	9.3	0.3	7.4	-0.8	45.7	16.5	21.8	10.5	2.3
Germany	8.3	0.2	7.6	1.0	46.2	11.6	23.2	3.7	0.6
Greece	12.1	-0.2	11.6	0.4	81.5	12.3	37.3	21.8	5.3
Hungary	7.2	-3.1	6.4	-2.3	30.8	21.3	9.6	6.5	3.1
Iceland	5.7	—	—	—	—	24.7	100.0	19.1	1.9
Ireland	11.4	-2.0	9.7	—	62.4	10.8	21.8	9.0	1.2
Israel (1)	26.6	12.1	22.5	9.7	81.1	29.6	86.4	37.5	3.6
Italy	15.3	-3.6	14.0	-3.4	87.6	22.8	79.3	22.5	2.7
Japan	14.2	2.1	12.2	1.0	52.5	54.6	37.8	11.0	9.5
Korea	10.3	—	8.6	—	23.1	19.7	37.5	9.5	5.3
Luxembourg	13.4	5.5	12.2	4.9	81.7	47.6	40.6	17.2	4.9
Mexico	25.8	-0.2	22.2	0.4	48.2	31.6	68.7	34.7	11.2
Netherlands	9.7	—	7.8	—	57.9	23.8	64.7	14.6	1.9
New Zealand	12.2	-0.5	9.6	-1.5	75.7	14.0	68.6	9.3	1.0
Norway	5.5	1.8	4.6	1.6	42.5	5.9	45.4	7.3	0.2
Poland	14.5	—	12.5	—	79.0	20.4	52.2	26.9	4.3
Portugal	16.7	1.2	—	—	—	—	—	—	—
Slovak Republic	10.1	—	8.9	—	69.0	17.1	83.6	21.6	2.5
Slovenia	7.2	—	6.4	—	77.7	20.8	63.0	33.6	2.7
Spain	17.7	0.9	16.2	1.3	68.8	26.7	88.8	29.3	5.2
Sweden	7.0	4.4	6.0	3.9	54.5	11.0	46.0	18.5	1.4
Switzerland	9.6	—	8.3	—	29.6		7.0		
Turkey	23.5	3.9	19.3	2.5	44.5	28.3	25.8	20.0	16.1
United Kingdom	12.5	-4.9	11.2	-3.3	47.8	6.7	31.5	9.7	1.4
United States	21.6	-0.6	18.7	0.0	91.5	35.8	84.1	30.6	6.6
OECD average	12.6	1.0	11.1	0.6	61.1	21.3	53.1	17.1	3.7

Note: * Data refer to 2006 for Japan; 2007 for Denmark and Hungary; 2009 for Chile.

[.] indicates that the sample size is too small or data is missing.

Poverty thresholds are set at 50% of the median income of the entire population.

1) See note (3) in Chart C02.2.A

Source: OECD Income distribution questionnaire, version October 2011.

Cross-country differences in the make-up and poverty record of different household types have implications for the scope of various policies to reduce child poverty. A simple way to assess these implications is by computing the child poverty rate that would prevail if each country attained the prevalence of parental employment net of public transfers in reducing child poverty that are currently achieved by well-performing country taken as a benchmark. This exercise suggests that a “work strategy” focusing on promoting employment among parents could have its largest impact in Australia, the United Kingdom, Germany and Ireland, while a “benefit strategy” raising adequacy of family benefits would have its largest effects in Korea, Japan, Italy, Poland and the United States (Whiteford and Adema, 2007).

Comparability and data issues

The data used here define the household as the basic unit where income is pooled and shared; they do not necessarily capture blood relations between household members. As a result, households classified as “single adult with children” will include, beyond sole-parent families other household arrangements (such as a grandparent living with his or her nephew); similarly, “couples with children” may include some sole-parent families living in a household with other adults.

Data for OECD countries was derived from the OECD income distribution questionnaire (see Table 1.A1.1 in OECD 2008). Data for EU non-OECD countries was extracted from EU-SILC 2010. The main difference between estimates here and those of Eurostat is the equivalence scale. While here we use the square root of the household size, Eurostat gives a somewhat higher weight to additional household members and distinguishes between adults and children (gives a weight of 1 to the first person, 0.5 for each additional adult and 0.3 for each additional child).

Years of reference vary slightly across countries. Data refer to 2006 for Japan; 2007 for Denmark and Hungary; 2009 for Chile; 2008 for all other countries.

Sources and further reading: OECD Income Distribution questionnaire, October 2011; OECD (2008), Growing Unequal – Income Distribution and Poverty in OECD Countries, OECD, Paris (www.oecd.org/els/social/inequality); Eurostat (2008), Child Poverty and Well-Being in the EU - Current status and way forward, Luxembourg; Whiteford P. and W. Adema (2007), “What Works Best in Reducing Child Poverty: A Benefit or Work Strategy?”, OECD Social, Employment and Migration Working Paper, No. 52, OECD, Paris (www.oecd.org/els/workingpapers); and, OECD (2009), Doing Better for Children, OECD, Paris (www.oecd.org/els/social/childwellbeing); Doing Better for Families, OECD, Paris (www.oecd.org/social/family/doingbetter); EU-SILC (2010).