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Children, Poverty, and Public Policy: A Cross-National Perspective

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Abstract

This paper assesses child poverty in 24 high- and middle-income countries, using data from the Luxembourg Income Study (LIS) Database. We assess poverty patterns using both relative and absolute poverty standards, to account for variation in income levels both within and across countries. We analyze poverty outcomes based on (i) market income (income "prior to" taxes and transfers), (ii) income from the market plus "family transfers", and (iii) total household income. This disaggregation gives us a window on the extent to which – and where – states use public policies to reduce market-generated poverty among children. To flesh out our analyses of poverty reduction based on microdata, we shift vantage points and take a brief look at the association between family benefits (both cash and tax breaks, using macro-data from OECD) and child poverty reduction (due to redistribution, based on the LIS microdata). After assessing poverty and poverty reduction among all children, we consider two crucial risk factors that, within countries, shape children's likelihood of being poor: family structure and parents' employment.

Introduction

Child poverty raises near universal concern. While poverty is viewed as problematic throughout the life cycle – it afflicts children, working-age adults, and the elderly – poverty among children is especially worrisome. Child poverty compels attention for several reasons: it is widely believed that children deserve protection from hardship; most children have little or no input into their economic circumstances; deprivation during childhood can have lifelong consequences; and some of the effects of child poverty have spillover effects, influencing schools and neighborhoods. Many argue that child poverty in rich countries is especially unacceptable, because it is rooted less in scarce national resources and more in the public and private institutions that distribute resources. Most countries tackle child poverty using a package of policy approaches; family policy is widely understood to be a powerful component. (For a detailed assessments of family benefit schemes, see Bradshaw's chapter in this volume).

Over the last three decades, a large literature on child poverty has developed, much of it based on cross-national microdata produced by LIS (formerly, the Luxembourg Income Study), a data archive based in Luxembourg. Recently, other cross-national data have been used to study children's poverty. A growing body of research uses data from the European Union Statistics on Income and Living Conditions (EU-SILC) and/or from the Organization for Economic Cooperation and Development's (OECD) Income Distribution Database.

Much of this literature has assessed individual- and household-level factors that shape children's chances of being poor, *within* countries – including, especially, the structure of their families, and their parents' employment status and/or earnings. In addition, many studies have established that child poverty varies widely *across* countries, and that a substantial share of that cross-national variation is driven by diversity in national institutions, including both institutions that "predistribute"[1] (e.g., labor market structures) as well as those that redistribute (e.g., tax and transfer policies). In general, the consensus in this literature is that the factors that increase the risk of poverty within countries are not the same as those that increase poverty rates across countries.[2]

In this chapter, using data from LIS, we take a fresh empirical look at cross-national variation in child poverty rates and patterns. We update prior findings, including our own, to 2010[3], and we extend earlier analyses.

Although LIS has recently added datasets from several middle-income countries, the vast majority of the existing comparative literature on child poverty, based on the LIS data, has included only high-income country cases. One key extension is our inclusion – in the first part of our analysis – of several middle-income countries[4], specifically a set of Latin American countries. Enlarging the set of countries to include these middle-income cases allows us to ask if patterns recognized earlier – such as the high poverty rates, in comparative perspective, among Anglophone and Southern European countries – are still evident when we consider a more diverse set of countries.

A second extension is that, within our policy analyses, we consider the poverty-reducing effect of total taxes and transfers (as is standard in the LIS literature) as well as the role of a subset of transfers targeted on families.

The chapter is organized as follows. In next section, we briefly review the literature on child poverty. In the third section, we describe the LIS microdata – our main data source – and summarize our empirical approach. In the fourth section, we present our first results. Here, we consider cross-national variation in poverty rates based on disposable household income – a measure of post-tax-post-transfer income – among all persons, all children, and young children. We assess poverty patterns using both a relative and an absolute poverty standard, in order to account for variation in income levels both within and across countries. In this section, we include 24 high- and middle-income countries. In the fifth section, we turn our attention to poverty outcomes based on (i) market income (income "prior to" taxes and transfers), (ii) income from the market *plus* "family transfers", and (iii) total household income. This disaggregation gives us a window on the extent to which – and where – states use public policies to reduce market-generated poverty among children. In Section IV, we limit our analyses to 16 high-income countries. We excluded eight countries (in Southern Europe and Latin America) because it was not possible, in general, to reliably isolate the family transfers that are central to our study. To flesh out our analyses of poverty reduction based on microdata, we shift vantage points and take a brief look at the association between family benefits (both cash and tax breaks, using macro-data from OECD) and child poverty reduction (due to redistribution, based on the LIS microdata).

After assessing poverty and poverty reduction among all children, we consider two crucial risk factors that, within countries, shape children's likelihood of being poor. We consider

associations among poverty, poverty reduction, and family structure, and among poverty, poverty reduction, and parents' engagement in paid work. In the final section, we present conclusions.

A Synthesis of Past Research

The issue of child poverty has attracted considerable attention among scholars using the LIS microdata. Over the last 30 years, nearly 100 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. (For a detailed review of this child poverty literature, see Gornick and Jäntti 2012.)

Two especially comprehensive studies of child poverty, both using the LIS data, influenced the analyses reported in this chapter: a 2003 book (on poverty levels) by Rainwater and Smeeding, and a 2008 journal article (on poverty trends) by Chen and Corak. In both of these studies, the core questions concern explanations for cross-country variation in child poverty outcomes.

Rainwater and Smeeding consolidated and expanded much of their earlier research on child poverty, 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 population characteristics on poverty, and the role of different forms of income in alleviating child poverty in both one- and two-parent families. Rainwater and Smeeding assessed child poverty variation across fifteen rich countries. A primary focus in their work is the role that household demography plays in explaining variability in child poverty rates, where demography includes household composition by gender, age, and size, and the earning status of the head, spouse, and other household adults. With their eye on explaining exceptionally high U.S. child poverty rates, they concluded that demography is by no means destiny: the demographic composition of the U.S. 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.

Chen and Corak, in a 2008 *Demography* article, "Child Poverty and Changes in Child Poverty", assessed trends during the 1990s in 12 high-income countries. They draw three lessons. First, demographic shifts played a relative minor role in explaining child poverty trends throughout the 1990s (partly because these factors evolve slowly). Second, changes in employment and earnings mattered much more. Third, income transfer policy reforms aimed at raising labor supply have inconsistent effects on 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 and Corak, 2008, p.552)." Thus, like Rainwater and Smeeding (2003), Chen and Corak 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.

Recent lines of work on child poverty are extending research based on income to integrate other types of outcomes, primarily indicators of material deprivation (which are, so far, not available in the LIS microdata). While the term "material deprivation" varies across settings, overall it refers to households' or persons' inability to afford goods and activities that are typical in their society; this form of deprivation is independent of households'/persons' preferences with respect to these out-of-reach items. These "beyond income" frameworks are consistent with current emphases within the European Union (the EU-SILC data include deprivation variables), the OECD, and the United Nations, where the recently-released Sustainable Development Goals stress multidimensional approaches to assessing wellbeing levels and trends. Bradshaw (2013) argues that deprivation measures are a more direct approach to measuring child poverty, compared with income-only studies. He recognizes, however, that the data and methodological challenges in this type of work are extensive and serious. Nevertheless, researchers in the field of child poverty can and should look forward to new and growing lines of work that stress multidimensional extensions to the more conventional income approach that we take in this chapter.

Brief Remarks about our Empirical Work

Data

   All of our results are based on harmonized *microdata* (that is, data available at the household and person level) contained in the LIS Database.[6] We start with 24 country datasets – all from LIS' Wave 8, which is centered on the year 2010. Our study countries include 19 high-income countries – five Anglophone countries (Australia, Canada, Ireland, United Kingdom, United States), four Continental European countries (France, Germany, Luxembourg, Netherlands), three Eastern European countries (Estonia, Poland, Slovak Republic), four Nordic European countries (Denmark, Finland, Iceland, Norway), and three Southern European countries (Greece, Italy, Spain) – and five middle-income countries, all in Latin America (Brazil, Colombia, Panama, Peru, Uruguay).[7] (As noted, in Section IV, we include only the Anglophone, Continental, Eastern European, and Nordic countries).

Variables and empirical approach

   In our first analysis (Table 1 and Figure 1), we calculate poverty rates based on *disposable household income* (DHI) – otherwise known as post-tax-post-transfer income. To enable comparing poverty rates using both within- and across-country thresholds – an illuminating exercise when comparing countries with diverse standards of living – we use two different poverty lines. The first line, the "relative" line, is drawn at 50 percent of median DHI. The 50 percent-of-median line is country-specific, meaning that "relative" poverty refers to income relative to others in the same country. The second line, the "absolute" line, is set at the level of the *official* U.S. poverty line, which is then converted to international dollars, adjusted for purchasing power parities (PPPs). In cross-national research using absolute poverty lines, thresholds can be set at many different levels. In studies comparing absolute poverty across affluent countries, the U.S. line (based on the price of food) is widely used.

   To assess the role of state interventions in poverty reduction (Tables 2-4), we use multiple income definitions. First, we calculate poverty based on market income. We define

market income (MI) as pre-tax-pre-transfer income – which includes income from labor, from selected sources of capital, and from private transfers.

Second, to estimate the effects of family-related policies, we use a variable – "family/children transfers" ("IATFAM", created by LIS and available in the LIS Database) – which includes (as available): (i) short-term work-related cash transfers from maternity, paternity, or parental leave insurance schemes, (ii) family-related cash transfers from public programs which are universal in structure, and (iii) family-related cash transfers that are targeted on individuals or households in need.

Third, to estimate the effects of all taxes and transfers, we use DHI, again, which adjusts market income by subtracting direct taxes paid out (i.e., income taxes and social contributions) and by adding the value of all public transfers received. In Tables 2-4, we define *poverty reduction* using a simple accounting framework: it is the MI-based poverty rate minus the poverty rate after various state interventions are taken into account.

Throughout our empirical work, we report person-level poverty rates, meaning the likelihood that persons (in the relevant group) live in a poor household. Income is always adjusted for family size, using the common "square root" equivalence scale.

Throughout this chapter, we group countries into clusters, drawing on the well-known social science framework that classifies countries. These groupings are associated with both geography and overarching social policy designs. We make use of these clusters in our presentations – however imperfect they are – because they provide an organizing framework for assessing cross-national variation. They help us to identify empirical patterns across countries, and they bring into relief the importance of policy configurations for poverty reduction.

Results – Disposable Income Poverty in 24 High- and Middle-Income Countries

We begin with a general question: To what extent, and how, do overall poverty rates – that is, poverty rates among all persons – vary across these 24 countries? We ask that question, first, using the common approach in comparative research – that is, defining poverty in a relative framework, specifically with the poverty line set at 50 percent of each country's median. And, here, poverty rates are based on what households have "at the end of the day", that is, household income after state-provided taxes and transfers have been taken into account.

Our results indicate that poverty varies dramatically across these 24 study countries – ranging from over 25 percent in Peru down to 6 percent in Iceland and Denmark (Table 1). We also see that patterns vary across clusters. The highest poverty rates are seen in the Latin American countries (cluster average, 21 percent), followed by the Southern European (14 percent) and Anglophone (13 percent) clusters. Lower poverty rates are seen, on average, in the Eastern European (9 percent), Continental European (8 percent) and Nordic European (7 percent) countries (Table 1, column A). Clearly, national contexts matter.

<INSERT TABLE 1 ABOUT HERE>

The results in Table 1 also indicate that poverty rates among children (those under age 18) and among young children (under age 6) follow similar patterns overall (columns B and C). Although poverty rates among children tend to be higher than among all persons, and (in more cases than not) even higher yet among the youngest children, in all three groups the country clusters line up in the same order, that is, with the highest poverty rates reported in the Latin American countries and the lowest in the Nordic countries. Cross-cluster poverty patterns are robust with respect to age.

Poverty lines matter: poor compared to whom?

What about poverty with respect to a fixed real income poverty line, often called absolute poverty? Does the cross-national portrait of child poverty change when we consider not just poverty relative to one's own country, but poverty with respect to a common standard-of-living threshold that is applied to all 24 countries?

To explore this, we use U.S. children as an illustrative case – in two ways. One, we use the official U.S. poverty line to establish a threshold to be used across all 24 countries, and, two, we consider (below) how child poverty in the U.S., specifically, stacks up in the two different comparative frameworks.

When we use the relative poverty framework, the child poverty rate in the U.S., in this analysis, is 21 percent, the sixth highest among these 24 countries; child poverty is higher only in the five Latin American countries. When we shift to the absolute poverty framework, the story

changes. The U.S. rate falls to 12 percent, ranked eleventh among these 24 countries; now child poverty is higher in all of the Eastern and Southern European countries as well as in the Latin American countries. These results should not surprise us, given that all of these countries are less affluent (GDP/capita is lower) than the U.S. But what is surprising is that U.S. absolute poverty remains high among a core group of rich comparator countries. U.S. poverty, using the U.S. line, exceeds that reported in all of the other Anglophone countries, as well as in all of the Continental and Nordic cases – and most of these comparator countries are less affluent than the U.S. In cross-national terms, U.S. child poverty stands out – and that is true for both relative poverty and absolute poverty.

This relative-versus-absolute poverty story is summarized in Figure 1 – with an emphasis on comparisons across these country clusters.[8] Two conclusions stand out. One, poverty definitions matter. Comparative child poverty results differ sharply between the two analytic frameworks. These results highlight the importance of considering absolute poverty comparisons when studying countries with widely divergent standards of living.

<INSERT FIGURE 1 ABOUT HERE>

Second, some clear patterns emerge: Latin American children are clearly the most likely to be poor, both relatively and absolutely. Nordic children (joined by children in the Netherlands) are the least likely to be poor, again, in both frameworks. Child poverty rates in the other clusters fall in between. Children in the Anglophone countries, on the whole, are about as likely to be relatively poor as are children in Southern and Eastern Europe, although they are notably less likely to live in absolute poverty.

Results – Poverty and Redistribution in 16 High-Income Countries

What role does the state play in reducing the risk of child poverty? In Table 2, in the left-hand panel, we report the results of an analysis using a simple accounting framework to shed light on redistribution. We report poverty rates (at 50 percent of median DHI) based on market income (column A) and on market income *plus* family-related transfers (column B). We then present the extent of poverty reduction due to these family transfers (column C). Next we report

child poverty rates based on disposable household income – which is income from the market and family transfers, plus other transfers, and net of taxes paid. Finally we report the total poverty reduction – the difference between poverty rates based on market income and on disposable household income (column E.)

<INSERT TABLE 2 ABOUT HERE>

Several results stand out.

First, family transfers – that is transfers from maternity/paternity/parental leave schemes, and universal and means-tested transfers targeted on families – matter for children's poverty. In the Anglophone countries, they remove nearly 8 percentage points of market-generated poverty – reducing the average (country-level) poverty rate in this cluster from 32 to 24 percent. In the Continental and Eastern European countries, family transfers remove about 6 percentage points of poverty – and, in the Nordic countries (where the market-driven poverty rate is the lowest), about 4 points.

Second, other transfers (e.g., unemployment, disability, survivors) – even net of taxes paid – reduce children's poverty further. Clearly, taxes and transfers (as a whole) serve to reduce children's poverty everywhere – on average, by 18 points in the Anglophone countries, and 11 to 13 points in the other clusters.

Third, the portion of total poverty reduction (from taxes and transfers) due to family transfers is substantial (column F) – but, overall, family transfers are not associated with the majority of poverty reduction. The amount of poverty-reduction associated with family transfers ranges from over three-quarters in Estonia to about one-quarter in Denmark. On average, across these sixteen countries, the average share of poverty reduction due to family transfers is 45 percent – or just less than half. It is crucial to note that these results must be taken as somewhat approximate. In the LIS data, it is not possible to render this variable ("IATFAM") identical in every country; in some cases, some components of these family-related income sources cannot be isolated as they are combined, in the microdata, with other income sources – sometimes wages, sometimes other transfers. Nevertheless, we conclude, the overall finding holds: *about half of all child poverty reduction, associated with tax/benefit systems, is due to these family transfers.*

One two-country comparison is especially illuminating. In the UK, the child poverty rate, based on market income, is 34 percent, slightly higher than in the U.S., where it is 31 percent. But the magnitude of redistribution in the two countries is very different – with 25 percentage points of poverty "removed" by taxes and transfers in the UK (over a third of that from family transfers), compared with 10 in the U.S (half from family transfers). The result? Disposable income poverty – poverty after taxes and transfers – is much lower in the UK, 9 percent - compared to 21 percent in the U.S.

Family-Related Transfers and Children's Poverty – The View from a Different Angle

Our findings from the LIS microdata suggest that about half of the reduction in child poverty due to taxes and transfers is associated with transfers targeted on families and/or children – where, again, we refer to paid leave schemes, universal allowance programs, and social assistance targeted on families and/or children.

What is the evidence based on aggregate, country-level data on expenditures? The OECD provides data on country-level expenditures on family benefits (Social Expenditure Database 2014). In Figure 2, on the horizontal axis, we present expenditures on family benefits (from OECD) – including cash expenditures plus tax breaks towards families, and excluding spending on services. On the vertical axis, we present child poverty reduction due to taxes and transfers, as reported in the LIS microdata (Table 2, column E).

INSERT FIGURE 2 ABOUT HERE

Figure 2 indicates that about half of the variation in child poverty reduction due to taxes and transfers (as indicated in the LIS microdata) is associated with variation in expenditures on family benefits. This provides confirmation of the finding drawn solely from the LIS microdata, i.e., that about 45 percent of child poverty reduction, from taxes and transfers, comes in the form of family-related income supports. Clearly, family-related transfers matter for child poverty amelioration, and they matter a lot – but, overall, they are supplemented, in about equal measure, by other types of transfers.

Household type matters

The poverty literature has long stressed that children's economic wellbeing is shaped by their parents' partnership status. In particular, in many countries, the children of single mothers face an especially high risk of poverty. Is that the case in all of these countries?

We report poverty rates in Table 3 for children in two types of households: those in single-mother households and those in two-parent households. Several findings about child poverty and family structure stand out.

<INSERT TABLE 3 ABOUT HERE>

First, child poverty rates (based on disposable household income) among children living with single mothers are strikingly high in many countries (column D). In the U.S., remarkably, nearly half (46 percent) of all children in single-mother households are poor. In half of these 16 study countries, more than 30 percent of children in single-mother households are poor. In the best case scenarios – a mix of Nordic and Eastern European cases, and the UK – child poverty rates in these homes are in the range of 10-20 percent.

Second, in all 16 countries, children living in single-mother-headed households are substantially more likely to be poor than are children in two-parent households – typically 3-4 times as likely (compare columns D and I).

Third, again, we see that family-related transfers matter, and a lot – but so do other transfers. Notably, the share of poverty reduction attributed to family transfers is about a third for children with single parents (compare columns C and E) but nearly a half for children in two-parent families (compare columns H and J).

In both demographic groups, other transfers – not specifically targeted on families – are crucial for poverty amelioration for children. Across these 16 countries, taxes and transfers reduce market-income poverty among children in single-mother households by over 30 percentage points (column E), decreasing market-income poverty from a remarkably high 58 to 26 percent (on average). Among children in two-parent homes, market-income poverty is much less – about 18 percent (on average); taxes and transfers reduce that by about 10 percentage points (column J), to just over 7 percent (on average).

Fourth, again, national contexts matter. Among children with both single parents and two parents, both market-income and disposable income poverty tend to be highest in the Anglophone cluster and lowest in the Nordic group, although there are some exceptions.

Parents' paid work matters

Finally, in most affluent countries, we assume that children in homes with no employed parents (or other adults) are at high risk of being poor, even after states intervene. Is that the case everywhere? We report poverty rates in Table 4 for children in two categories of households: those in which all adults in the household are employed, and those in which no adults are employed.

<INSERT TABLE 4 ABOUT HERE>

Here we see some strong associations.

First, overall, among children living in households without employed adults, child poverty rates based on market income are – not surprisingly – sky high. On average, across these countries, market-income poverty is about 90 percent (column A). Family-related transfers reduce that, overall, by a few percentage points, but other transfers (combined with taxes) reduce the poverty rate dramatically – cutting it in half (on average). Still, poverty rates among these no-employment families remain very high – at about 45 percent, on average (column E).

Second, the role of family transfers, while limited on average, varies sharply across these countries, accounting for a third of poverty reduction in Estonia, and about a quarter in Australia and Germany, but as little as 2-3 percent of total poverty reduction in Luxembourg, the Netherlands, and Norway (compare columns C and E).

Third, living with employed adults is – not surprisingly – a strong protective factor for children everywhere. Market-income poverty, on average, is about 11 percent (column A). Family-related transfers reduce that to about 6 percent (column B) and other transfers and taxes lower it further, to about 5 percent, on average (column D).

Fourth, once again, county models seem to shape poverty outcomes. In the no-employment households, children's poverty (post-taxes-and-transfers) are highest in the

Anglophone and Eastern European households and lower in the Continental European households; poverty in the Nordic countries is much lower. In the high-employment households, the pattern is similar, with markedly less child poverty in the Nordic cases.

Conclusion

First, it is clear that child poverty rates vary markedly across the countries studied here. The variation in child poverty takes many forms; it is evident vis-à-vis both market- and disposable-income poverty, and within demographic and labor market status subgroups. Cross-national variation in child's risk of poverty is especially compelling when we consider absolute (or "real-income") poverty. In relative poverty terms, child poverty rates vary from 4 percent in Finland to 31 percent in Panama, whereas in absolute terms, child poverty ranges from 2 percent in Luxembourg and Norway to over 90 percent in Colombia. Clearly, where children reside powerfully affects their likelihood of being poor.

Second, within the countries in our study, children's likelihood of growing up free of income poverty is shaped by characteristics of their households. Overall, children whose parents are partnered and/or employed are substantially less at risk.

Third, states use a variety of instruments to alleviate market-driven poverty among families with children. One set of tools includes transfers targeted on families and/or children – i.e., leave schemes, universal allowances, and targeted family transfers. These are crucial for poverty reduction but they are not the "whole story" anywhere. Based on both macro- and micro-level analyses, we conclude that – in general, across 16 affluent countries included in this part of our analyses – about half of poverty reduction attributed to tax/benefit systems comes in the form of these family transfers. Other, more generalized income supports are as crucial for reducing child poverty – and, in several countries, more so.

Finally, our results support a conclusion reached by many contributors to the cross-national literature on child poverty: keeping children's poverty, especially relative poverty, at comparatively low levels is potentially achievable through government interventions. But many countries fail to strenuously combat children's poverty. That failure cannot be explained by the absence of policy options; it is better explained by a lack of collective political will.

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Endnotes

[1] Predistribution is a relatively recent term; it used to refer to institutions that shape market distributions.

[2] For example, while being the child of a single mother raises the risk of poverty in nearly all countries, variation in the prevalence of single-mother households is weakly correlated with cross-national variation in child poverty.

[3] This chapter draws on earlier works by the authors, including Gornick and Jäntti (2012, 2010, 2009) and Nell, Evans, and Gornick (2016).

[4] The World Bank classifies all the world's countries as "high income," "upper-middle income," "lower-middle income," and "low income." All of the countries in this study are high income or upper-middle income. For convenience, we use the terms "high income" and "rich" interchangeably.

[5] A large and diverse collection of comparative research papers on poverty is available on the LIS website. These papers, lodged in the LIS Working Paper series, are publicly accessible and available in full-text. Over 300 papers address poverty, with about one-third including analyses of child poverty: http://www.lisdatacenter.org/lis-wp-webapp/app/search-workingpapers

[6] See www.lisdatacenter.org for a detailed description of the Luxembourg Income Study (LIS) Database. The LIS Database contains approximately 300 datasets from nearly 50 countries. The data are available in repeated cross-sections (1980, 1985, 1990, 1995, 2000, 2004, 2007, 2010); as of this writing, LIS is nearing completion of the 2010 wave and has started making available datasets from 2013.

[7] In 23 countries, the data pertain to income received in 2010; in Brazil, the data correspond to income received in 2011.

[8] In Figures 1 and 2, the abbreviations are as follows: Australia (AU), Brazil (BR), Canada (CA), Colombia (CO), Denmark (DK), Estonia (EE), Finland (FI), France (FR), Germany (DE), Greece (GR), Iceland (IS), Ireland (IR), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Panama (PA), Peru (PE), Poland (PL), Slovak Republic (SK), Spain (ES), United Kingdom (UK), United States (US), Uruguay (UY).

Table 1.
Poverty Rates: Percentage of Persons Living in Poor Households
(based on disposable household income)
By Age
(relative poverty and absolute poverty, 2010)

	A	B	C	D	E	F
	Relative Poverty			**Absolute Poverty (set at US line)**		
	All Persons	**All Children**	**Young Children**	**All Persons**	**All Children**	**Young Children**
Anglophone						
Australia	14.1	14.4	15.5	6.0	7.1	7.5
Canada	12.6	14.4	16.4	6.6	6.9	8.0
Ireland	9.4	10.1	9.5	8.5	9.3	8.5
United Kingdom	10.1	9.2	10.9	9.0	8.1	9.5
United States	17.3	21.1	24.2	9.9	12.2	14.4
Average	*12.7*	*13.8*	*15.3*	*8.0*	*8.7*	*9.6*
Continental European						
France	9.2	11.5	12.4	7.4	8.9	8.92
Germany	9.4	9.9	11.2	6.4	6.9	9.0
Luxembourg	6.1	9.2	10.8	1.5	1.7	2.1
Netherlands	5.2	6.3	7.3	3.2	3.1	3.2
Average	*7.5*	*9.2*	*10.4*	*4.6*	*5.2*	*5.8*
Eastern European						
Estonia	11.9	13.0	9.8	43.0	37.5	32.1
Poland	9.6	12.0	11.0	41.0	47.3	44.1
Slovak Republic	8.0	12.7	13.2	23.2	30.2	34.6
Average	*9.0*	*12.1*	*10.7*	*31.1*	*34.4*	*32.9*
Nordic European						
Denmark	6.3	4.5	5.6	3.4	2.3	2.5
Finland	7.2	3.7	4.0	4.0	1.9	2.3
Iceland	6.1	7.3	10.5	3.3	3.4	4.9
Norway	7.6	5.1	6.2	3.8	1.7	1.9
Average	*6.8*	*5.2*	*6.6*	*3.6*	*2.3*	*2.9*
Southern European						
Greece	13.8	17.5	15.4	23.1	27.6	26.6
Italy	12.7	19.4	18.0	18.1	25.6	26.4
Spain	15.6	20.7	17.1	21.3	27.4	24.1
Average	*14.0*	*19.2*	*16.8*	*20.8*	*26.8*	*25.7*
Latin America						
Brazil (2011)	19.7	30.3	31.5	76.8	85.9	85.9
Colombia	20.0	25.0	25.6	87.7	92.5	91.9
Panama	23.2	31.3	32.4	71.7	81.7	81.4
Peru	25.5	30.7	30.7	81.7	87.2	86.8
Uruguay	15.2	24.0	25.6	65.9	76.7	76.5
Average	*20.7*	*28.3*	*29.2*	*76.8*	*84.8*	*84.5*

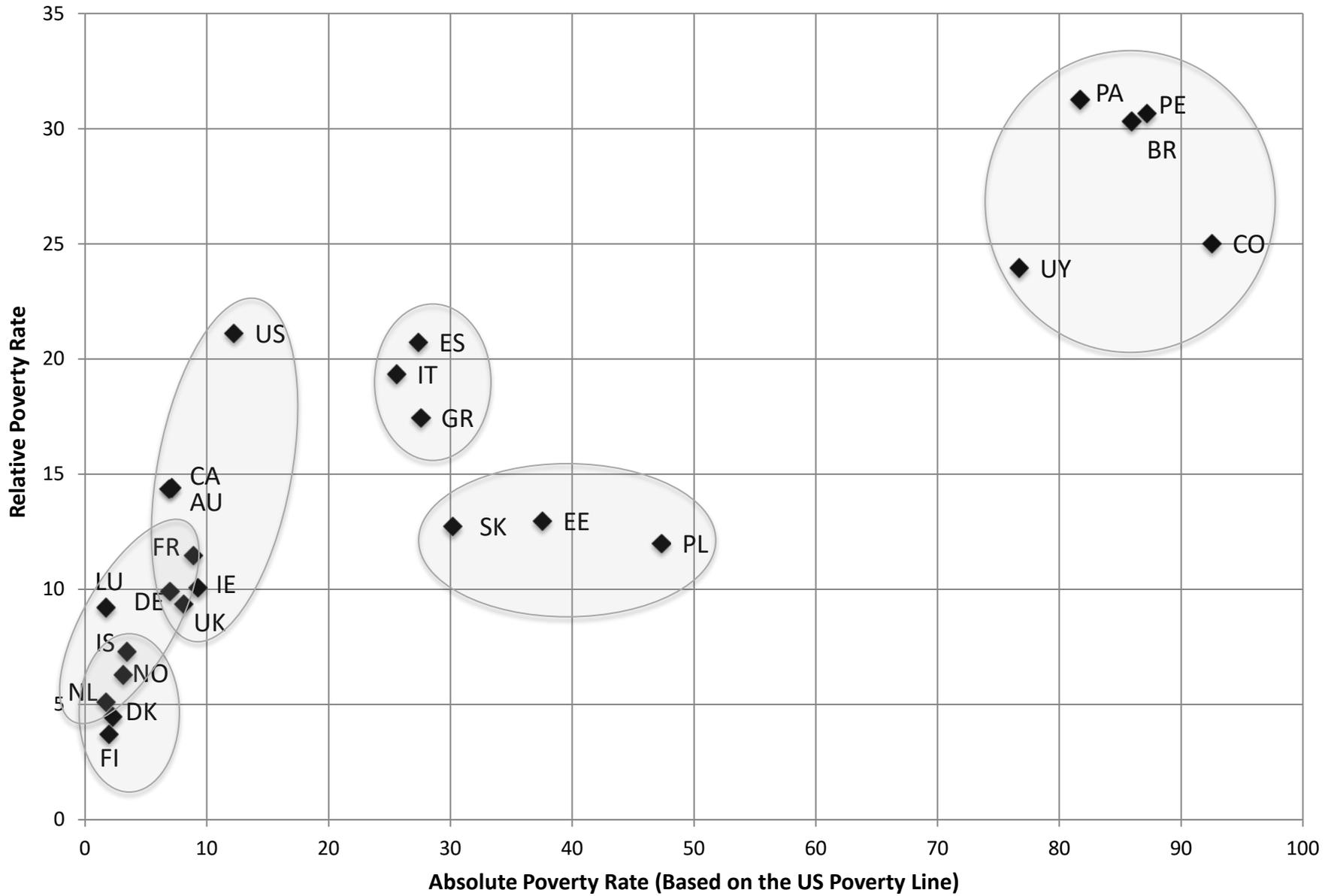Figure 1. Relative and Absolute Child Poverty Rates, 2010

Table 2.
Poverty Rates: Percentage of Children Living in Poor Households
Market versus Disposable Income Poverty
(relative poverty at 50% median disposable HH income, 2010)

	A	B	C	D	E	F
	Poverty Rate: Market Income	Poverty Rate: Market Income + Family Transfers	Poverty Reduction [Market - Market & Family]	Poverty Rate: Disposable Income	Poverty Reduction [Market - Disposable]	Share of Poverty Reduction due to Family Transfers
Anglophone						
Australia	28.1	19.5	8.6	14.4	13.7	0.63
Canada	26.1	20.2	5.9	14.4	11.7	0.50
Ireland	42.2	31.0	11.2	10.1	32.1	0.35
United Kingdom	33.7	24.8	8.9	9.2	24.5	0.36
United States	30.9	26.0	4.9	21.1	9.8	0.50
Average	*32.2*	*24.3*	*7.9*	*13.8*	*18.4*	*0.47*
Continental European						
France	29.8	21.5	8.3	11.5	18.3	0.45
Germany	21.4	16.2	5.2	9.9	11.5	0.45
Luxembourg	25.5	17.2	8.3	9.2	16.3	0.51
Netherlands	11.6	9.9	1.7	6.3	5.3	0.32
Average	*22.1*	*16.2*	*5.9*	*9.2*	*12.8*	*0.43*
Eastern European						
Estonia	22.2	15.2	7.0	13.0	9.2	0.76
Poland	27.1	22.7	4.4	12.0	15.1	0.29
Slovak Republic	22.3	15.5	6.8	12.7	9.6	0.71
Average	*23.9*	*17.8*	*6.0*	*12.6*	*11.3*	*0.59*
Nordic European						
Denmark	14.6	12.0	2.6	4.5	10.1	0.26
Finland	16.1	11.0	5.1	3.7	12.4	0.41
Iceland	17.1	13.6	3.5	7.3	9.8	0.36
Norway	16.6	13.4	3.3	5.1	11.5	0.28
Average	*16.1*	*12.5*	*3.6*	*5.2*	*10.9*	*0.33*
16-country average	**24.1**	**18.1**	**6.0**	**10.3**	**13.8**	**0.45**

Figure 2. Family Benefit Expenditures and Poverty Reduction, 2010-11

R² = 0.5194

LIS Data:
Child Poverty Reduction
(all transfers)

OECD Data:
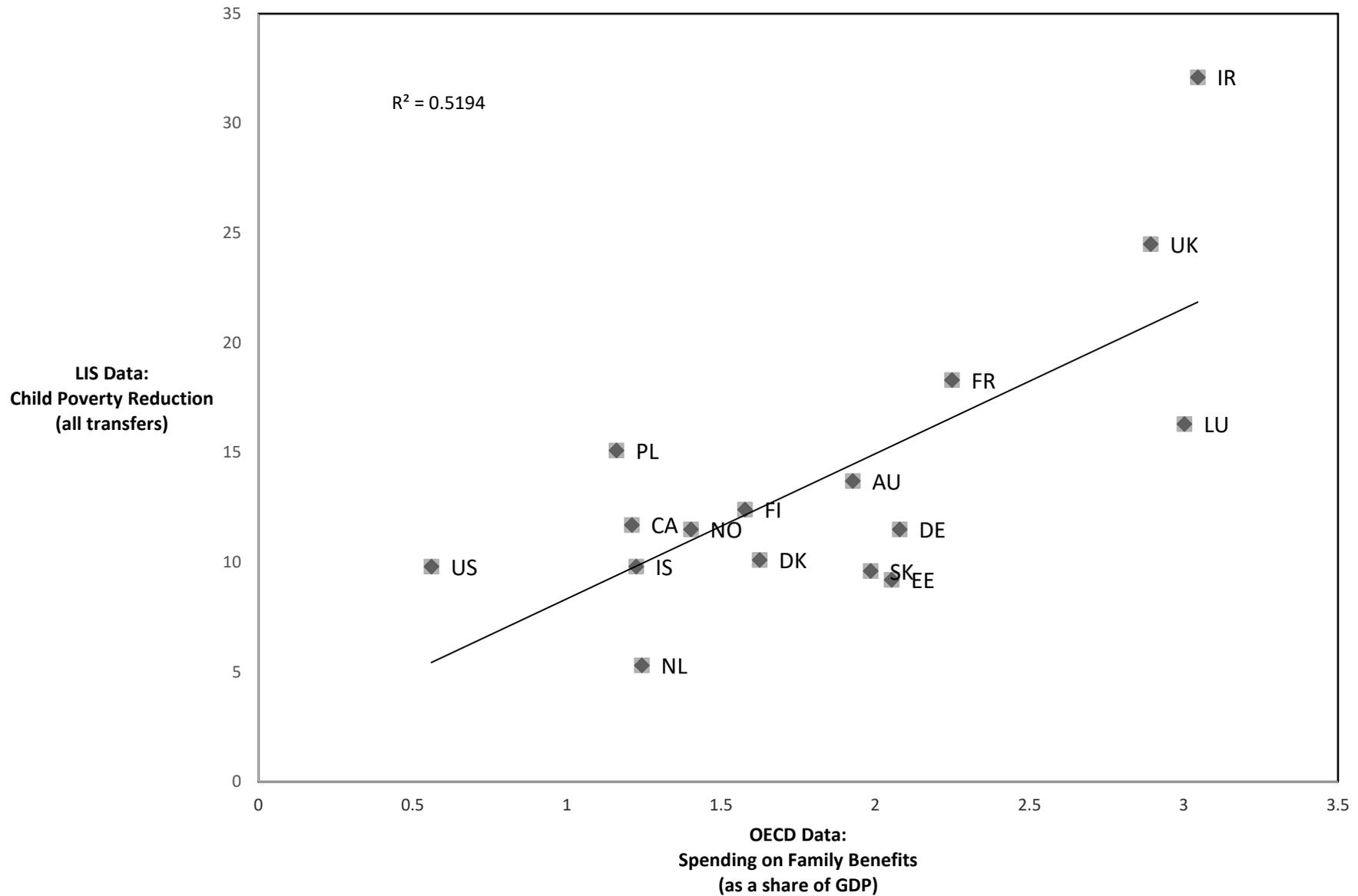Spending on Family Benefits
(as a share of GDP)

Table 3.
Poverty Rates: Percentage of Children Living in Poor Households
by Family Structure
(relative poverty at 50% median disposable HH income, 2010)

	A	B	C	D	E	F	G	H	I	J
	Single-Mother Households					Two-Parent Households				
	Poverty Rate: Market Income	Poverty Rate: Market Income + Family Transfers	Poverty Reduction [Market - Market & Family]	Poverty Rate: Disposable Income	Poverty Reduction [Market - Disposable]	Poverty Rate: Market Income	Poverty Rate: Market Income + Family Transfers	Poverty Reduction [Market - Market & Family]	Poverty Rate: Disposable Income	Poverty Reduction [Market - Disposable]
Anglophone										
Australia	72.3	49.9	22.4	36.0	36.2	18.2	12.5	5.8	9.6	8.7
Canada	60.1	49.8	10.4	38.2	22.0	20.6	15.2	5.3	10.5	10.1
Ireland	82.2	51.3	30.9	23.7	58.5	31.7	25.7	6.0	6.3	25.3
United Kingdom	75.5	59.1	16.4	14.1	61.4	21.9	14.9	7.1	7.6	14.3
United States	62.0	54.5	7.5	46.3	15.7	21.5	17.3	4.2	13.7	7.9
Average	*70.4*	*52.9*	*17.5*	*31.6*	*38.8*	*22.8*	*17.1*	*5.7*	*9.5*	*13.2*
Continental European										
France	60.4	51.6	8.7	29.5	30.9	24.3	16.0	8.3	8.2	16.1
Germany	66.6	58.3	8.3	39.8	26.8	12.6	7.9	4.7	4.2	8.4
Luxembourg	65.1	52.8	12.3	34.4	30.7	21.5	13.4	8.1	6.7	14.8
Netherlands	57.0	48.4	8.6	30.6	26.5	5.5	4.7	0.8	2.9	2.6
Average	*62.3*	*52.8*	*9.5*	*33.6*	*28.7*	*16.0*	*10.5*	*5.5*	*5.5*	*10.5*
Eastern European										
Estonia	44.9	37.1	7.9	30.4	14.5	17.2	10.7	6.6	9.4	7.8
Poland	51.5	46.1	5.4	18.3	33.2	23.5	19.1	4.4	11.1	12.4
Slovak Republic	37.6	34.6	2.9	16.7	20.9	19.9	13.5	6.4	11.8	8.1
Average	*44.7*	*39.3*	*5.4*	*21.8*	*22.9*	*20.2*	*14.4*	*5.8*	*10.8*	*9.4*
Nordic European										
Denmark	40.5	34.2	6.3	10.5	30.0	8.8	7.0	1.8	3.1	5.8
Finland	38.3	29.2	9.0	11.8	26.5	13.0	8.3	4.8	2.5	10.6
Iceland	55.0	46.8	8.1	24.3	30.6	9.1	6.4	2.7	3.4	5.7
Norway	53.5	45.2	8.3	16.8	36.7	10.5	8.0	2.5	3.1	7.5
Average	*46.8*	*38.9*	*7.9*	*15.9*	*31.0*	*10.4*	*7.4*	*3.0*	*3.0*	*7.4*
16-country average	*57.6*	*46.8*	*10.8*	*26.3*	*31.3*	*17.5*	*12.5*	*5.0*	*7.1*	*10.4*

Table 4.
Poverty Rates: Percentage of Children Living in Poor Households
by Adults' Labor Market Attachment
(relative poverty at 50% median disposable HH income, 2010)

	A	B	C	D	E	F	G	H	I	J
	No Adults in the HH Employed					All Adults in the HH Employed				
	Poverty Rate: Market Income	Poverty Rate: Market Income + Family Transfers	Poverty Reduction [Market - Market & Family]	Poverty Rate: Disposable Income	Poverty Reduction [Market - Disposable]	Poverty Rate: Market Income	Poverty Rate: Market Income + Family Transfers	Poverty Reduction [Market - Market & Family]	Poverty Rate: Disposable Income	Poverty Reduction [Market - Disposable]
Anglophone										
Australia	96.5	87.5	9.0	63.1	33.4	13.1	6.8	6.3	6.0	7.2
Canada	90.3	87.3	3.0	71.2	19.0	15.2	10.3	4.9	7.3	7.9
Ireland	96.7	90.4	6.3	30.1	66.6	14.0	3.2	10.8	1.8	12.2
United Kingdom	98.2	96.0	2.2	27.1	71.1	14.0	6.5	7.4	3.2	10.8
United States	85.6	82.5	3.1	70.0	15.6	16.2	11.8	4.4	9.5	6.7
Average	*93.4*	*88.7*	*4.7*	*52.3*	*41.1*	*14.5*	*7.7*	*6.8*	*5.5*	*9.0*
Continental European										
France	95.4	91.3	4.1	57.3	38.1	13.4	8.1	5.3	4.1	9.3
Germany	70.7	63.4	7.3	38.4	32.3	14.0	9.6	4.4	7.1	6.9
Luxembourg	92.7	92.5	0.3	41.4	51.3	15.1	7.7	7.3	6.3	8.7
Netherlands	90.9	90.8	0.1	39.3	51.6	4.8	3.6	1.1	3.6	1.2
Average	*87.4*	*84.5*	*3.0*	*44.1*	*43.3*	*11.8*	*7.3*	*4.5*	*5.3*	*6.5*
Eastern European										
Estonia	80.6	71.7	8.9	55.3	25.3	9.7	5.7	4.0	6.4	3.3
Poland	93.9	89.6	4.3	47.8	46.2	13.0	10.5	2.4	6.3	6.7
Slovak Republic	91.9	89.9	2.0	65.8	26.1	6.8	4.5	2.2	4.1	2.6
Average	*88.8*	*83.7*	*5.1*	*56.3*	*32.5*	*9.8*	*6.9*	*2.9*	*5.6*	*4.2*
Nordic European										
Denmark	91.4	82.7	8.7	22.3	69.1	3.4	2.4	1.0	2.0	1.5
Finland	87.3	80.4	6.9	21.3	66.0	4.3	2.4	1.9	1.3	3.0
Iceland	84.1	77.8	6.3	30.5	53.6	9.1	6.3	2.9	4.8	4.3
Norway	97.2	96.7	0.5	38.3	58.9	5.8	3.1	2.7	1.1	4.7
Average	*90.0*	*84.4*	*5.6*	*28.1*	*61.9*	*5.7*	*3.6*	*2.1*	*2.3*	*3.4*
16-country average	*90.2*	*85.6*	*4.6*	*44.9*	*45.3*	*10.7*	*6.4*	*4.3*	*4.7*	*6.1*