

Innocenti

OCCASIONAL PAPERS

Economic and Social Policy Series

EPS 66

Child Poverty in Spain: What Can Be Said?

Olga Cantó-Sánchez and Magda Mercader-Prats



United Nations Children's Fund
International Child Development Centre
Florence - Italy
1998

Child Poverty in Spain: What Can Be Said?

OLGA CANTÓ-SÁNCHEZ* AND
MAGDA MERCADER-PRATS**

———— *September 1998* ————

*European University Institute, Florence, and Fundación Universitaria San Pablo CEU, Elche, Alicante. Address: Olga Cantó-Sánchez, Departamento de Economía y Empresa (ADE), Fundación Universitaria San Pablo CEU, Carrer Comissari, 1, 03202 Elche (Alicante), Spain. E-mail: OCanto@dragnet.com. Tel.: 34.6-542.64.86. Fax.: 34.6-545.95.61.

**Universitat Autònoma de Barcelona, Barcelona. Address: Magda Mercader-Prats, Departament d'Economia Aplicada, Universitat Autònoma de Barcelona, 08193 Bellaterra (Barcelona). E-mail: MMercader@volcano.uab.es. Tel.: 34.93-581.16.80. Fax.: 34.93-581.22.92.

Acknowledgements

The authors are grateful to the UNICEF International Child Development Centre for financial support and to John Micklewright for his guidance and comments. They are also grateful to Xavier Cussó and Roser Nicolau for their help in finding some of the statistical series provided in this work, to Pedro Delicado and Bernardo Ramos for their advice and support and to Robert Zimmermann for the editing.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the policies or views of UNICEF

Copyright © UNICEF, 1998

Cover design: Bernard Chazine

Printed by: Arti Grafiche Ticci - Sovicille (Siena), Italy

ISSN 1014-7837

Readers wishing to cite this document are asked to use the following form of words:

Cantó-Sánchez, Olga and Magda Mercader-Prats (1998), 'Child Poverty in Spain: What Can Be Said?'. Innocenti Occasional Papers, Economic and Social Policy Series, no. 66. Florence: UNICEF International Child Development Centre.

Executive Summary

During the last three decades Spain has undergone a major political and socioeconomic transformation. At the beginning of the 1970s the country was still under Franco's dictatorial regime; today Spain has a well-consolidated democracy and is part of the European Community. Over the same period, indicators such as average welfare levels as measured by real disposable per capita income or expenditure on social protection have shown a significant net rise; this growth has occurred in parallel with both an increasing flexibility in the labour market and a dramatic jump in unemployment. In contrast with many other European countries in which relative poverty has been tending to expand in recent decades, poverty in Spain has been slightly reduced.

The effect of these changes on the economic welfare situation of children has not been explored. The aim of this paper is therefore to provide evidence on the static and dynamic aspects of relative poverty among children, namely, its extent, evolution and persistence. Static poverty, that is, the risk of poverty for children, is analysed using the available cross-sectional evidence which allows for the study of the extent (and evolution) of relative poverty among children at three moments in time: 1973-74, 1980-81 and 1990-91. Dynamic poverty, that is, the transitions of children into and out of poverty, is explored using the available longitudinal microdata for the more recent 1985-92 period. Poverty among children is studied from a comparative point of view with respect to that among other relevant demographic groups, mainly adults and the elderly, and an analysis of child poverty is also carried out according to various population breakdowns, chiefly according to household size and composition and the employment status of parents.

In keeping with most recent national and international studies of poverty, the paper adopts a poverty line at half the median "equivalent household welfare" (as measured by income or expenditure), while a child is considered poor if the equivalent income or expenditure in the household in which he or she lives falls below the poverty line. Sensitivity analyses are also performed to check the robustness of the findings.

The main findings are as follows. Concerning the static aspects of child poverty, the extent of child poverty barely changed during the two decades under study, despite the fact that the relative position of children worsened

with respect to the elderly during the 1980s. The characteristics of the households in which the poor children were living showed, however, a pattern over time. Despite the net reduction in the population share of children living in large households, the poverty rate among children in large families (those with three or more children) increased, especially in the 1980s. The unemployment of the household head was one of the most important determining factors in child poverty; the risk of poverty among the children of an unemployed household head decreased over the 1970s, but increased over the 80s. There is also evidence of a significant rise in the risk of poverty among children in lone-parent households, although the number of lone-parent households was relatively low.

The findings on poverty dynamics complement this picture. Compared to the average individual, children were both more likely to fall into poverty at any time and more persistent in their poverty. In relative terms, however, the elderly showed the highest poverty persistence among all demographic groups. Lone parenthood, single parenthood and large household size were characteristic of the households in which children were more likely to fall into poverty at any time. The greatest poverty persistence is found among children in lone-parent households. The effect of the unemployment of parents on the probability of children becoming poor or leaving poverty was extremely large and accounted for the highest “inflow” and the lowest “outflow” rates.

In sum, the overall extent of child poverty changed only slightly over the period under study. For children living in households with unemployed heads or in large or lone-parent households, not only did poverty increase, but these children were more likely to fall into poverty and to remain poor than were other children. These findings highlight the need to undertake active social policies in favour of these groups. This becomes even clearer if one considers that, although the number of children living in these types of households was exceptionally low over the period, more recent figures on unemployment among heads-of-household and the growing international phenomenon of lone-parent families suggest that socioeconomic and demographic trends in Spain are changing and leading to an increase in the relative number of these types of households.

Abstract

This paper examines the extent and persistence of relative child poverty in Spain making use of the available cross-sectional and longitudinal microdata on households. The cross-sectional evidence analysed covers the period from the end of the Franco era to the beginning of the 1990s. The longitudinal analysis focuses only on the more recent 1985-92 period. The paper studies the extent (as well as the corresponding trends) and the persistence of poverty among children relative to other demographic groups, mainly the elderly, and documents the characteristics of the households in which poor children were living. The analysis shows that, despite the fact that any change in the extent of child poverty over the period appears to have been very slight, the major socioeconomic transformation that was taking place in Spain during the period had an effect on the nature of child poverty. In comparison with other needy groups such as the elderly, the relative position of children worsened over the 1980s, though children were less persistent in their poverty than were the elderly. The risk of poverty among children living in relatively large households (with three or more children), households with a lone parent and (particularly) households headed by an unemployed person was markedly above that for the population as a whole, and it was increasing. The probability of becoming poor for children living in these types of households was also greater.

Keywords: Children, Cross-sectional Poverty, Poverty Dynamics, Spain

JEL classification: D31, I32, J13



1. Introduction

The emergence of new forms of poverty in industrialized countries is no longer a matter for surprise. The rise in unemployment, particularly long-term unemployment, as well as the rise in new types of short-term or temporary employment, is the most visible cause of these new forms of poverty.

Children are a particularly vulnerable group among the poor. In most cases, the economic welfare of children depends on the earnings of their parents, and children themselves can do little to change their own economic status. According to recent evidence offered by Machin (1998), the consequences of the experience of poverty in childhood are likely to persist longer since the earnings of parents also play an important role in the determination of both the cognitive achievement of children and economic mobility across generations. Child poverty estimates based on household microdata suggest that children are generally over-represented among the poor. At the European level, for instance, a recent Eurostat study estimates the proportion of children living in poor households in Europe in 1993 at 20 percent, three percentage points above the corresponding proportion for all individuals (Eurostat 1997).

Both the levels and the trends over time of child poverty show a considerably diverging pattern among countries. According to Rainwater and Smeeding (1995), child poverty in the US has not only persisted at a relatively high level, but it also dramatically increased from the 1970s to the 90s. In contrast, the level of child poverty is markedly lower in Western Europe than it is in the US and shows a more stable pattern over the same period, even if the differences among European countries are important.

What changes have occurred in terms of child poverty in Spain over the last three decades? Since Franco's death in 1975 Spain has undergone a major political and socioeconomic transformation which has obviously affected the welfare of children. Average welfare levels as measured by real per capita household income showed a net increase of 35 percent between 1973 and 1989, a growth which took place in parallel with a rise in unemployment (currently at one of the highest levels in Europe). Public expenditure on social protection also rose, from 12.3 percent of GDP in 1973 to 24.8 percent in 1992, reflecting the consolidation of the Spanish welfare state.¹ How have these changes affected children's welfare? Have they worsened the relative position of children with respect to other needy groups such as the elderly? How have different groups of children been affected by them? Do children remain poor longer than other groups? In terms of the characteristics of the parents and other household members, in which types of households are children experiencing long-term poverty?

This paper aims to provide evidence on child poverty in Spain from the early 1970s to the early 90s. It analyses the available cross-sectional and longitudinal microdata in order to determine what can be said about the extent and persistence of child poverty in Spain over this period. Following the approach adopted in most poverty studies in the context of industrialized countries, the paper focuses on relative economic poverty, that is, the poverty line adopted is not fixed in real terms over the period analysed, but is taken to be a function of the median welfare level as measured by (adjusted) income or expenditure during the period. Since all household members are presumed to share the household's total income, a household's poverty status is applied to each member, including the children. A child is taken to be poor if his or her economic welfare falls below half the median welfare for the population as a whole.

This study is obviously a restrictive one since, because it focuses on an economic and a relative poverty approach, it misses the other dimensions of child

¹ These figures are slightly above those provided in Eurostat (1993) and based on Sistema Europeo de Estadísticas Integradas de Protección Social (SEEPROS) accounts (see Table 3).

welfare that certainly changed substantially over the period, as well as changes in the absolute dimension of the economic welfare of children. To situate the reader in a wider perspective, Section 2 presents the evolution of other dimensions of child welfare, such as mortality rates among children, primary and secondary school enrolment ratios and average real income levels, as well as some background on the socioeconomic situation in Spain in the period under study. This background information will be relevant to an understanding of the changing position of children in absolute and relative terms since the 1970s. Section 3 presents a description of the data sources used, both cross-sectional and longitudinal, as well as the methodological choices adopted. Cross-sectional evidence comes from the large 1973-74, 1980-81 and 1990-91 household budget surveys, Encuestas de Presupuestos Familiares, and is the basis for the analysis of poverty incidence offered in Section 4. Section 4 analyses the incidence of poverty among children and the poverty trends among children over time, compares them to those among other major population groups, mainly the elderly, and investigates the correlates of child poverty according to particular population characteristics, especially household size and composition and parental socioeconomic status. To examine the persistence over time of child poverty or the length of time a child can be expected to remain poor, the paper explores the longitudinal evidence from the household panel survey, Encuesta Continua de Presupuestos Familiares, which covers the period 1985-92. The results based on this source are presented in Section 5, where the dynamics of child poverty are studied using estimates of the speed at which children move in and out of poverty relative to other population groups, as well as the exit and entry (from and into poverty) probabilities among children in different types of households. Section 6 summarizes the main findings.

2. The Context: A Changing Socioeconomic Environment

Since the 1970s, Spain has undergone major political and socioeconomic changes which have, at least to some extent, influenced the welfare of children in either absolute or relative terms. In this section, some of these factors are outlined through, first, a focus on the evolution of non-income measures of children's welfare and then a description of the socioeconomic background, including major demographic changes and the evolution of macroeconomic indicators such as the increase in real household per capita disposable income and in the unemployment rate, together with microeconomic variables such as female labour force participation and the most important changes in social policy.

■ 2.1 *Non-income indicators of child welfare*

Children's welfare does not depend only on the relative income of children, but also on other non-income measures (for instance, see UNICEF 1997). In Spain in recent decades there has been a substantial improvement in child welfare indicators based on non-income measures. Table 1 presents trends in these indicators over the period. The *infant (under 1)* and *under-5 mortality rates* have shown a gradual decline since the 1960s; the slight peak in these rates in 1970 is only due to a change in the calculation method, given that the figures for the years before 1970 were found to be slightly underestimated by the Instituto Nacional de Estadística. The infant mortality rate fell by 80 per cent from 1960 to 1992 (from 35.5 per 1,000 live births to 7.1), and the under-5 mortality rate also went down by a similar proportion between these two years. *The primary and secondary school net enrolment ratios* moved up over the same period. Since 1975 all children of primary school age have been attending school. (The net primary school enrolment ratio has reached 100 percent.) The net secondary school enrolment ratio increased markedly, by more than 300 percent over the period, resulting in a ratio of 90 percent in 1992.²

■ 2.2 *Socioeconomic background*

Any investigation of child poverty needs to recognize that the demographic and economic structure of Spanish society changed during the period. Regarding, first, the *structure of the population*, from the 1960s to the 90s there was a gradual decline of almost 30 percent in the population of children under 14 and a particularly large decline (almost 50 percent) in the youngest age group (children under 5). Children accounted for about 19 percent of the entire population in 1991. This decrease in the number of children occurred in line with a drop in the fertility rate, which reached 1.18 children per fertile woman in 1995, one of the lowest rates in Europe (following Italy, with a rate of 1.17). In contrast, the share of the elderly in the population jumped by more than 60 percent during the same period and accounted in 1991 for 13.8 percent of the population (Tables 1 and 2).

² The gross enrolment ratio is computed as the total number of pupils enrolled in primary and secondary education divided by the population of the specific age groups which correspond to the age groups of primary and secondary schooling. The net enrolment ratio has been computed by using only that share of individuals enrolled in education whose age corresponds to the age groups of primary and secondary schooling. Compulsory education in Spain has a duration of ten years; from 6 to 15 years of age. Primary education lasts six years; secondary education-first stage last three years (11 to 14), and secondary education-second stage lasts three to five years (14 to 18-19).

Table 1: *Non-income indicators of child welfare, 1960-93*

	Mortality rate (per 1,000 live births)		School enrolment ratios (%)			Fertility rate
	Under 1	Under 5	Primary/secondary gross	Primary net	Secondary net	
1960	35.5	42.8				2.76
1961	37.4	44.8				
1962	32.5	39.0				
1963	32.0	38.0				
1964	30.9	35.8				
1965	29.5	34.0	75	85	26	2.94
1966	28.1	32.3				
1967	26.1	29.9				
1968	24.2	28.0				
1969	22.1	25.8				
1970	26.5	30.1	88	83	21	2.85
1971	24.3	28.2	88	94	40	
1972	21.5	25.0	89	95	35	
1973	20.1	23.6	92			
1974	18.5	21.6				
1975	18.9	22.0	89	100	63	2.79
1976	17.1	19.9				
1977	16.0	19.1				
1978	15.3	18.4				
1979	14.3	17.4				
1980	12.3	15.2	96	100	74	2.18
1981	12.5	15.4				
1982	11.3	13.7				
1983	10.9	13.6	97	100		
1984	9.9	12.2	98	100		
1985	8.9	11.1	100	100		1.63
1986	9.2	11.3				
1987	8.9	10.7				
1988	8.0	9.9				
1989	7.8	9.7				
1990	7.6	9.5	106	100		1.33
1991	7.2	8.8	107	100	87	1.27
1992	7.1	8.7	108	100	90	1.24
1993			110			1.22

Sources: Mortality rates: INE (1970, 1980, 1988, 1995). School enrolment ratios: UNESCO (1975, 1988, 1996). Fertility rate: Monnier and Gubert-Lantoine (1996), Sáez (1979).

Table 2: Age structure of the population

	1960	1970	1981	1991
Under 5	9.73	9.43	8.2	5.2
5 to 9	8.84	9.95	8.8	6.3
10 to 14	8.77	8.9	8.8	7.9
15 to 24	15.40	15.4	16.5	16.9
25 to 34	15.77	12.7	13.2	15.3
35 to 44	13.09	13.8	11.4	12.6
45 to 54	11.14	11.3	12.3	10.7
55 to 64	8.84	9.2	9.6	11.2
65 or older	8.21	9.7	11.2	13.8

Note: In 1960, 0.21 percent of the population were unclassified.

Source: INE (1995).

Regarding changes in economic variables, real household per capita disposable income increased by 35 percent over the period (Table 3, column 8), implying that average economic welfare levels were improving in absolute terms. At the beginning of the 1970s, the last years of Franco's dictatorship, growth was significant and the unemployment rate was kept exceptionally low. From 1974 onwards, the growth rate started to decrease and the general unemployment rate started to climb. The economic crisis reached a peak in 1981. However, the unemployment rate continued to grow until 1985, when it topped out at 21-22 percent of the total labour force. Since then the unemployment rate has never been below 15 percent, no matter how quickly the Spanish economy has been growing. This is a striking level of unemployment in comparison with that in other European countries, except Ireland, during the period. Also in comparison with other European countries, Spain shows the highest unemployment rates among the young and among women, but a low rate among breadwinners (42.5 percent among 16-to-19-year-olds, 36.2 percent among 20-to-24-year-olds, 26.8 percent among 25-to-29-year-olds, 27 percent among women and 10.3 percent among breadwinners in 1992; see Table 3).³ The rigidly segmented Spanish labour market has meant that employment is more evenly distributed among households in Spain than it is in other countries, despite the discrimination against the young and females (Gregg and Wadsworth 1996). Spain also registers the lowest labour market participation rates in Europe for both males and females. The levels of female participation and the related trends show a very different pattern depending on

³ Recent trends indicate that some youth unemployment rates have risen, while others have fallen. For example, 49.8 percent of 16-to-19-year-olds, 34.6 percent of 20-to-24-year-olds and 26 percent of 25-to-29-year-olds were unemployed in 1997.

the age group (Adam 1996, Moreno, Rodríguez and Vera 1996). Female labour force participation has recently (1991) exhibited a very different pattern for women below 40 years of age (around 55 percent)⁴ and those over 40 years of age (only about 30 percent).

Table 3: *Socioeconomic indicators of welfare, 1971-93*

	Real rate of GDP change	Unemployment rate (all individuals)	Unemployment rates by group				Heads	Females	Real household per capita income (in 1992 ptas)	Expenditure on social protection (% GDP)	Family support
			16-19	Age 20-24	25-29						
1969									9.7		
1970									10.3		
1971	4.3	1.5							11.6		
1972		2.0							11.9		
1973		2.2						794,549	12.3		
1974	4.7	2.7							12.2		
1975		4.3						821,414	13.4		
1976		4.7	13.3	8.5	5.6	2.8	4.9		13.4		
1977		5.7	17.0	11.2	6.2	3.2	6.2	827,542	15.1		
1978		7.6	23.7	16.0	7.8	4.1	8.8		16.6		
1979		9.4	28.2	19.4	10.1	5.2	10.7	857,997	17.8		
1980		12.4	38.1	26.4	13.6	6.6	14.1		19.0	2.7	
1981	0.3	15.1	45.1	31.0	18.1	7.8	17.7	871,001	20.5	2.1	
1982	1.2	16.8	49.3	34.5	20.0	8.6	19.9		20.5	2.0	
1983	2.2	18.0	51.1	37.4	21.1	9.4	20.9	881,116	20.9	1.7	
1984	2.2	21.3	56.3	43.2	25.3	11.6	24.5		20.7	1.5	
1985	2.3	21.7	54.4	44.7	27.5	11.8	25.4	882,133	21.5	1.2	
1986	3.3	20.9	51.6	43.2	25.3	10.9	25.6		21.2	1.0	
1987	5.5	20.0	49.0	38.4	25.2	9.2	27.8	981,310	21.1	0.8	
1988	5.3	18.5	42.8	35.5	24.2	8.2	26.9		21.3	0.7	
1989	4.7	16.9	36.6	32.3	22.5	7.8	24.7	1,070,848	21.7	0.7	
1990	3.7	16.1	35.0	30.3	21.2	7.3	23.8		22.3	0.6	
1991	2.3	16.9	35.0	30.5	22.9	8.1	24.4		23.6	0.5	
1992	1.0	20.2	42.5	36.2	26.8	10.3	26.9		24.8		
1993		23.9	52.2	42.0	31.5	12.8	30.4		26.2		

Note: "Family support" is a percentage of government social protection benefits, which are 95 percent of all government expenditures on social protection.

Sources: Column 1: Banco de España (1975), (1992). Columns 2-7: OECD total unemployment rates (fourth quarter each year), OECD (1997), INE (1998). Column 8: BBV (1981), (1989). Column 9: Barrada and Gonzalo (1997), Table II.1, page 160. Column 10: Eurostat (various), (1993).

⁴ This rate peaked in 1991 at 65 percent for 25-to-29-year-old women (Moreno, Rodríguez and Vera 1996, Graph II.1, page 32). The data are taken from the results of the labour force survey, Encuesta de Población Activa, 1991.

Finally, child poverty and the trends in child poverty in relation to poverty among other population subgroups, especially the elderly, cannot be properly understood without taking into account the impact of the Spanish welfare state. The greater part of social expenditure in 1991 went to the payment of old age pensions (31.2 percent of the total). The 1985 pension reform established a higher eligibility requirement (15 instead of 10 years of contributions to the system), but also a relatively more generous pension level, particularly the minimum pension.⁵ In 1990 a noncontributory pension system was created to assist elderly and disabled people in need who were not entitled to a contributory pension.⁶

Table 3 also shows the negligible share of spending going to family support (0.5 percent of all social spending in 1991), even if some cash transfers, like unemployment assistance, take account of the family dimension. Family policies in Spain were largely developed during the authoritarian period (1939-75) due to the prominent place assigned by the regime to the role of the family in society. Family allowances (*subsidio familiar*) and bonuses for families with children (*plus de cargas familiares*) were introduced in 1938 and 1945, respectively, and at the time constituted an important increase in head-of-household wages.⁷ Payments were automatically indexed to prices, though none of the benefits were linked to the level of the worker household's income. There were several reforms,⁸ and then these family policies were inherited by the new democracy and maintained on paper, but never reviewed or enhanced in real terms. The payments were almost negligible: in 1985 transfers to households for each dependant child could reach, at most, 2.8 percent of the minimum wage.⁹ In 1990 means-tested child (under 18) income support for families in need was introduced for both working and nonworking families.¹⁰ In order to qualify for the benefit, household income had to be below around 1.5 times the minimum wage that year, with the cutoff raised by 15 percent for each dependant child. The level of the benefit per child is rela-

⁵ The ratio of the minimum pension to the minimum wage was 0.78 in 1985 and 0.94 in 1992 (MLSS 1992).

⁶ Noncontributory pensions are means-tested by household. In 1991 the level of the benefit (the amount paid to an individual) was around half the minimum wage.

⁷ See Valiente (1996) for a good review of family policies in Spain.

⁸ In 1954 all benefits were unified into the "ayuda familiar" benefit which was paid each month to households with dependent spouses or dependent children. Other programmes for families with four or more dependent children (officially defined as "large families") included preferential treatment in the payment of taxes, public transport, loans, public housing and school fees. In 1966 family allowances were replaced by contributory benefits through the creation of the Sistema General de la Seguridad Social. The new system involved a reorganization of benefits, but little was changed in terms of the effective beneficiaries of cash benefits.

⁹ This figure has been calculated using the amounts set in Law 26/1985 and Royal Decree 2364/1985.

¹⁰ This child support may be seen as a compensation for poor families which do not benefit from family tax credits in the payment of income taxes.

tively low, around 5.6 percent of the minimum wage in 1991. Eligibility requirements were not indexed to prices from 1991 to 1995, although they did show a slight nominal increase. The benefit levels for dependants were constant in nominal terms over the period.

3. Data Sources and Methodological Issues

■ *3.1 Data sources*

The microdata used in the following sections come from two main household budget surveys: the Encuesta de Presupuestos Familiares (EPF) and the Encuesta Continua de Presupuestos Familiares (ECPF). The EPF is a large yearly cross-sectional survey which has been conducted about once every ten years: 1973-74, 1980-81 and 1990-91. The first EPF analysed here is the one carried out in 1973-74, right at the end of the Franco era. Hence, the cross-sections cover (albeit not continuously) the period from the end of the dictatorship to the present. The ECPF is a quarterly rotating longitudinal survey conducted since 1985.

The primary purpose of both surveys is the collection of the expenditure information necessary to determine the weights for the retail price index, but they also involve the collection of income data and other information on the socioeconomic characteristics of households. The surveys are conducted by the Instituto Nacional de Estadística, and they possess a similar interview structure. The sample for each of these surveys reflects the total household population in Spain in the respective years or quarters. The representativeness of the sample is guaranteed by a “grossing-up” factor provided by the statistical office. For the 1980 survey, for instance, the grossing-up factor meant that 99 percent of the total household population registered in census data was included. It has to be remembered that these surveys exclude the homeless and people living in institutions, who in 1980 were estimated to be 0.7 percent of the total population. In terms of sample size the EPF is much larger, containing more than 20,000 households each. The ECPF sample covers around 3,200 households per quarter. A total of 20,960 households were interviewed in the 1985-92 period.

Regarding the longitudinal structure of the ECPF, the data are collected every quarter, and households are retained in the panel for a maximum of two years (eight quarters). The substitution of households takes place through rotation: 12.5 percent or one-eighth of the households (that is, around 400) are substituted every quarter. Given the target sample size and the rotating structure of the panel, between the first quarter of 1985 and the last quarter of 1992

the ECPF should, in theory, have sampled 15,200 households which entered the sample for at least one quarter (with a total of 102,400 observations). In fact, the sample consisted of 20,960 different households which were observed one to eight times between the first quarter of 1985 and the last quarter of 1992, both inclusive, and the total number of observations was 97,250. The number of households effectively surveyed was larger than the theoretical sample due to the level of attrition in the survey, meaning that a greater number of households was sampled, even though each household was observed a fewer number of times.

■ 3.2 *Some methodological issues*

This paper is concerned with relative economic poverty. In line with the Eurostat approach, the analysis aims to shed light on whether the households in which children live have sufficient resources to share in the level of well-being of society as a whole. A poverty line is used that is equal to half the median household equivalent income, a poverty line which is around 40 percent of the average income for all years. The unit of analysis adopted is the household. Household income is adjusted for household needs according to household size; the number of equivalent adults in the household corresponds to the square root of household size.¹¹ An individual (child, adult or elderly person) is considered poor if the household in which the individual lives is classified as poor. Poverty rates are then computed weighting each household in the sample by the number of household members. The definition of income includes employment and self-employment income, income from regular transfers (including pensions and unemployment benefits), investment income and non-monetary income, that is, wages in kind, home production and self-consumption. It excludes social insurance contributions, and it is net of pay-as-you-earn taxes. It should be noted that, while for the cross-sectional evidence poverty is defined on a yearly income basis, in the longitudinal study poverty is defined on a quarterly basis. Finally, the focus is only on poverty as measured by the headcount, thereby yielding a good picture of the extent of child poverty, but no thorough analysis of the depth or severity of this poverty.

Recent empirical work on poverty measurement has emphasized the practical relevance that such methodological choices can have on poverty estimates.¹² To check the robustness of the results, alternative poverty definitions are also analysed. First, the distribution of children, adults under 65 and the

¹¹ See Buhmann et al. (1988).

¹² For a more thorough analysis of the impact of these methodological choices on poverty estimates using Spanish data, see, for the static context, Mercader-Prats (1995) and, for the dynamic one, Cantó-Sánchez (1996).

elderly is examined, not only those living below half the median income, but also those in the different quintiles of the distribution. Second, the distribution of expenditure is explored, also including expenditure in home production and self-consumption. Finally, the sensitivity of the results to changes in the equivalence scale is measured using the OECD scale, which is relatively more generous in terms of household size than is the one chosen here.

The original intention was to use the definition of children adopted by UNICEF, whereby the word “children” includes all individuals under 18. Unfortunately, due to the limitations of the 1973-74 survey this has not been possible.¹³ Thus, most of the calculations for the 1980s and 90s are performed using two definitions of children: individuals under 14 and individuals under 18. Meanwhile, “non-elderly adults” are all those individuals in the sample whose age is above that of children, but under 65 (the compulsory retirement age). The elderly are those individuals who have already reached 65. The calculations for 1973 only distinguish between individuals under 14 and the rest.

Finally, given the particular focus on child poverty and the fundamental changes in the demographic structure of the population over the period, the population structure by age group in the cross-sectional samples has been checked with that arising from the census (see Table 2). At the bottom of Table 4 the distribution of population by age group in the dataset is included. In terms of trends, the two sources (EPF and the census) offer a very similar picture. It can be noticed, however, that the child population tends to be slightly underestimated in the samples (by one or two percentage points). This is not the case for the elderly in 1980 and 1990.

4. The Changing Economic Position of Children

This section is devoted to the study of the changes in the relative economic position of children during the period covered by the cross-sectional evidence.

What is the position of children in the distribution of economic welfare? Table 4 summarizes the distribution of individuals by age group (distinguishing between children and the elderly) and by quintile of equivalent income and expenditure. For the three years considered, the presence of children in the bottom quintiles (mainly the three bottom quintiles) appears to be proportionally larger than the population share of children; the reverse occurs for the top two quintiles, where children are under-represented. Generally, children are also over-represented in the low expenditure levels, although some inter-

¹³ The age variable is not available at an individual level in the 1973-74 survey. For that survey only the number of individuals under 14 in the household is available.

esting differences emerge in this latter case. The switch from income to expenditure appreciably reduces the proportion of children in the first quintile (especially for 1980 and 1990), a reduction that is accompanied by a substantial rise in the number of elderly people in this quintile. Except for the bottom quintile, in all quintiles (but particularly the top one) the relative proportion of children with respect to the elderly is higher in terms of expenditure than it is in terms of income. Hence, there is a notable shift between children and the elderly in the bottom quintiles when expenditure is used instead of income.¹⁴

Table 4: *Distribution of individuals by age group and quintile of equivalent income-expenditure*

Quintile			Children aged <14 (<18 in brackets)		Elderly			
	1973	1980	1990	Average annual increase 1973-80	Average annual increase 1980-90	1980	1990	Average annual increase 1980-90
<i>Income</i>								
1	29.2	27.2 (35.0)	22.6 (29.1)	-0.98	-1.69	17.6	19.8	1.25
2	30.5	29.0 (36.9)	21.2 (30.0)	-0.70	-2.69	11.1	13.9	2.52
3	28.5	26.9 (34.6)	18.2 (25.9)	-0.80	-3.23	10.2	14.0	3.73
4	23.3	23.0 (30.8)	14.6 (21.6)	-0.18	-3.65	8.3	11.7	4.10
5	20.2	19.4	12.8	-0.57	-3.40	8.2	9.6	1.71
<i>Expenditure</i>								
1	27.4	23.6 (29.8)	17.9 (23.2)	-1.98	-2.42	22.5	28.4	2.62
2	29.9	27.6 (35.1)	20.6 (28.2)	-1.10	-2.54	10.9	13.7	2.57
3	27.5	26.5 (34.6)	19.0 (27.5)	-0.52	-2.83	8.0	10.6	3.25
4	24.8	25.0 (33.0)	17.0 (24.7)	0.12	-3.20	7.6	8.3	0.92
5	22.2	22.6 (30.1)	14.9 (22.0)	0.26	-3.41	6.3	8.1	2.86
Population share	26.4	25.1 (32.5)	17.9 (25.1)	0.70	-2.87	11.1	13.8	2.43

Note: Total individual population in each quintile = 100. Equivalence scale: square root of household size.

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares (EPF).

Not surprisingly given the demographic changes noted above, the proportion of children in all quintiles fell over the period, while that of “non-elder-

¹⁴ For a more thorough discussion of the differences between income and expenditure rankings with special attention to poverty measurement in Spain, see Mercader-Prats (1998).

ly” adults and the elderly increased. In any case, did the relative position of children improve or worsen over the period? For both distributions analysed, the relative position of children improved over the 1970s; between 1973 and 1980 the share of children in the bottom two quintiles fell more than did the share of children in the population. However, the position of children worsened over the 1980s, when the population share of children fell more than did the share of children in the bottom quintiles. In contrast, the share of the elderly in the first quintile fell by more than the increase in the population share of the elderly over the 1980s, while the share of the elderly in the second and third quintiles rose. Generally, these trends hold for both definitions of children (under 14 and under 18) and when the distributions are equalized using the more popular OECD scale (Table 5).¹⁵

Table 5: *Distribution of individuals by age group and quintile of equivalent income-expenditure, OECD scale*

Quintile			Children aged <14 (<18 in brackets)			Elderly		Average annual increase 1980-90	
	1973	1980	1990	Average annual increase 1973-80	Average annual increase 1980-90	1980	1990		
<i>Income</i>									
1	31.5	29.7	23.7 (39.7)	-0.82 (33.7)	-2.02	11.7	12.2	0.43	
2		30.0	27. (35.9)	19.8 (28.9)	-1.29	-2.75	12.9	14.7	1.40
3		26.8	25.5 (33.3)	17.7 (24.4)	-0.69	-3.06	11.8	16.6	4.07
4		23.4	23.1 (29.7)	14.5 (20.7)	-0.18	-3.72	10.1	14.0	3.86
5		20.0	19.8 (23.9)	13.6 (17.8)	-0.14	-3.13	8.9	11.6	3.03
<i>Expenditure</i>									
1		30.0	25.8 (34.0)	19.1 (26.6)	-2.00	-2.60	18.0	22.7	2.61
2		28.3	25.8 (34.0)	19.0 (27.0)	-1.26	-2.64	12.7	15.3	2.05
3		26.9	25.8 (33.9)	18.5 (26.5)	-0.58	-2.83	9.3	11.5	2.37
4		24.6	24.9 (32.2)	17.0 (24.2)	0.17	-3.17	8.2	10.2	2.44
5		21.9	23.1 (28.4)	15.7 (21.3)	0.78	-3.20	7.2	9.4	3.06

Note: Total individual population in each quintile = 100. Income adjusted using the OECD scale.

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares (EPF).

¹⁵ A noticeable effect of the switch to the OECD scale is the increase in the proportion of children in the bottom quintile (for both income and expenditure), implying a significant substitution of the elderly by children in the bottom quintile. This may be expected since in terms of household size the OECD scale is relatively more generous than is the square root of household size.

■ 4.1 Poverty analysis

From the above discussion, the trend in poverty among children over the period and how it compares to that among other groups are unclear. Table 6 shows the distribution of the poor and the poverty rate among children and the elderly and in the population as a whole.

Table 6: *Children, adults and the elderly in households below the poverty line*

	Distribution of poor			1973	Poverty rate		% change	
	1973	1980	1990		1973	1980	1990	1973-80
<i>Income</i>								
Children (<18)	27.16	26.71	23.71	11.90	12.15 (12.15)	13.10 (12.18)	2.10	7.82
Adults (18-65)		55.51	60.26		9.97 (9.68)	8.72 (8.58)		-12.54
Elderly		17.58	16.03		18.10	11.47		-36.63
Total population	100	100	100	11.55	11.42	9.89	-1.13	-13.40
<i>Expenditure</i>								
Children (<18)	26.59	21.69	17.16	12.38	10.52 (10.27)	11.50 (10.31)	-15.02	9.32
Adults (18-65)		51.59	49.72		9.84 (9.90)	8.73 (8.89)		-11.28
Elderly		26.71	33.13		29.33	28.73		-2.05
Total population	100	100	100	12.27	12.17	12.0	-0.81	-1.40

Note: A household is considered poor if it has income-expenditure below 50 percent of the median equivalent household disposable income-expenditure. The distributions are adjusted according to the square root of household size.

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares (EPF).

In terms of poverty levels, child poverty rates appear to be above or below those for the population as a whole depending on the distribution being used. Child poverty rates based on income appear above those for the population as a whole, while those relating to expenditure are generally below. (When the OECD scale is used, child poverty estimates also appear to be above those for the population as a whole; see Table 7.) Poverty trends for the entire population suggest that there was a reduction in poverty over the period 1973-90. The decline was only very slight in terms of expenditure, but clearer with income estimates, which fell substantially over the 1980s.¹⁶

¹⁶ The poverty trends in the 1970s estimated here do not always conform to those obtained in previous work. Using a different methodology, Bosch, Escribano and Sánchez (1989) and INE (1996) suggest that there was a decrease in the headcount (except in the case of a poverty line equal to 25 percent of the mean). According to the estimates here, this trend in the 1970s seems to depend on the equivalence scale applied. The poverty trends over the 1980s found here match those of Ruiz-Huerta and Martínez (1994) and INE (1996).

Regarding child poverty, any change does not appear to have been very significant, despite the major socioeconomic transformation that took place in Spain during the period. The income measure suggests that there was a slight increase (of around 10 percent) in the child poverty rate. Expenditure data in turn show a decrease in the child poverty rate in the 1970s, followed by an increase in the 80s, resulting in a slight fall in child poverty over the whole period. Poverty among the elderly tended to drop over the 1980s, although the amount of this drop depends on the welfare index used; income poverty fell by 36 percent (from 18.1 to 11.5), while expenditure poverty fell by only around 2 percent. These trends in poverty among the elderly suggest that the reforms of the public pension system were effective in reducing income poverty among the elderly, but that they did not translate into falls in expenditure poverty among this group.

Table 7: *Children, adults and elderly living in households below the poverty line, OECD scale*

	Distribution of poor			Poverty rate			% change	
	1973	1980	1990	1973	1980	1990	1973-80	1980-90
<i>Income</i>								
Children (<18)	31.19	30.18	25.24	12.97	13.38 (13.96)	13.9 (14.6)	3.86	6.24
Adults (18-65)		69.49	66.94		10.37 (9.64)	9.35 (8.77)	1.56	1.73
Elderly		10.33	7.83		10.37	5.23		-48.06
Total population	100	100	100	10.96	11.13	9.61	0.91	-11.71
<i>Expenditure</i>								
Children (<18)	30.25	25.44	18.54	13.18	11.70 (11.97)	11.88 (11.47)	-9.49	1.26
Adults (18-65)		54.42	55.60		9.85 (9.45)	8.95 (8.79)	-8.19	1.10
Elderly		20.14	25.85		20.99	20.60		-2.66
Total population	100	100	100	11.48	11.55	11.1	1.74	-4.27

Note: A household is considered poor if its income-expenditure is below 50 percent of the median equivalent household disposable income-expenditure. The distributions are adjusted according to the OECD scale.

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares (EPF).

As a result of these developments in poverty among children and the elderly, the relative difference in the incidence of poverty among these two groups rose over the 1980s. This is markedly the case when poverty is measured on the income scale. Hence, gauged by income, the relative difference in the

poverty of these two groups jumped by more than 60 percent. Gauged by expenditure, the figure was only 13 percent.^{17 18}

■ 4.2 *Child poverty by population subgroup*¹⁹

The fact that the overall relative poverty among children did not change much over the period obviously does not mean that the major transformation experienced in Spanish society affected all children in the same way. An examination of selected population subgroups offers some indication of how this transformation altered the nature of child poverty.

Two characteristics of households are explored here: the demographic profile of the household and the socioeconomic status of the parents. Among the demographic variables, the focus is on the number of household members and the composition of the household, mainly households consisting of couples or lone or single parents with children (under-18-year-olds). A lone-parent household is defined as a household in which there is one parent and at least one child under 18. The main difference between lone- and single-parent households is that the latter, so defined, excludes couples, but includes other adults or elderly people living with the one parent, whereas the former does not. Among the socioeconomic characteristics, the focus is on households in which the head is employed, unemployed or retired or in which two parents are both employed.

Table 8 presents poverty estimates based on income for these population subgroups in three different years. The poverty rate is relatively high among children living in large (more than four members) households or in households made up of an adult and a child. Between 1973 and 1990, despite the net drop in the share of the population living in large households, the poverty rate among children in large households increased: in five-member households, by 59.8 percent (from 10.3 to 16.45 percent), and in households with six or more members, by about 20 percent (from 15.73 to 18.91 percent). These two types of households accounted for more than 64 percent of all poor children. This contrasted with the situation among children in households with three or four members (mainly couples with one or two children), where the level of poverty was generally more stable (below that for the population as a whole) during the period.

¹⁷ The child poverty estimates here are slightly below those in Eurostat (1992, Table 4.2) for 1980.

¹⁸ Table 7 reproduces estimates based on the OECD scale. Overall, the results discussed above tend to hold when the scale is more generous to large households. However, within a given year, the composition of the poor changes substantially according to the poverty criteria used. For instance, in 1990, the poor population consisted of two times more elderly people than children according to expenditure data and with $s = 0.5$, while more than three times more children than elderly people were among the poor according to income data and the OECD scale. The sensitivity of estimates to methodological choices was less substantial in 1980. See Duclos and Mercader-Prats (forthcoming) for more analysis of the impact of the equivalence scale on the profile of the poor in Spain.

¹⁹ For a detailed examination of poverty by population subgroups, see Bosch, Escribano and Sánchez (1989) for 1973-80, Ruiz-Huerta and Martínez (1994) for 1980-90 and a good summary of previous work, CES (1996) and INE (1996), this last covering 1973-90.

The share of the population living in these types of households actually climbed (from around 39 percent to over 47 percent) during these years. The most noticeable change was the growth in poverty among children living in lone-parent households, where the child poverty rate almost doubled during the 1980s (from 25.4 to 43.8), although the share of the population in lone-parent households was low (about 1 percent). The presence of other adults in single-parent families appears to be, at least to some extent, effective in limiting poverty. Especially in 1990, the risk of poverty among children was substantially lower in single-parent households than it was in lone-parent households.

Table 8: *Children living in households below the poverty line*

	Share, poor children			Child poverty rate			Population share		
	1973	1980	1990	1973	1980	1990	1973	1980	1990
<i>Household size (members)</i>									
Two	0.61	0.78	1.21	29.67	32.51	31.69	10.89	11.42	13.1
Three	4.20	4.85	7.64	6.43	7.20	8.00	15.64	15.08	18.3
Four	18.99	18.68	26.51	8.80	7.77	8.94	23.93	25.2	29.32
Five	21.69	25.57	32.51	10.31	11.97	16.45	19.96	20.12	19.39
Six or more	54.51	50.13	32.13	15.73	16.75	18.91	27.53	25.78	16.96
<i>Household composition</i>									
Couple, one child		6.26	8.57		7.65	6.14		16.95	20.57
Couple, two children		21.58	28.34		7.66	8.30		19.68	23.61
Couple, three children		25.55	29.98		12.29	18.51		9.71	9.3
Couple, four or more children		39.65	21.86		19.90	26.99		12.12	4.21
Single parents		4.03	4.37		15.74	18.39		3.44	2.79
Lone parents		2.94	6.88		25.40	43.80		0.79	0.88
<i>Socioeconomic status, parents</i>									
Head employed	85.25	60.40	55.24	10.79	9.50	7.26	85.56	67.36	46.03
Head unemployed	4.69	21.17	24.79	44.14	36.87	44.12	1.03	5.63	5.52
Head retired	6.92	11.69	9.47	26.24	10.13	24.58	11.17	16.58	21.55
Couple, both working		3.64	5.14	—	4.49	3.12	—	8.58	14.93

Note: A household is considered poor if its income is below 50 percent of the median equivalent household disposable income when the equivalence scale used is one in which the Buhmann et al. (1988) parameter is equal to 0.5.

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares (EPF).

The highest income poverty rate occurred among children in households in which the head was unemployed. The probability that a child in such a household would be poor was between 0.36 and 0.44; it decreased over the 1970s and then rose back up again over the 80s. The percentage of individuals living in this type of household is relatively low and did not increase over the 1980s in Spain. At the other extreme were households headed by employed couples; such households showed the lowest child poverty rate (only about 3 percent in

1990). The evolution of child poverty in households headed by retirees followed the trend found for households headed by unemployed people (though at a much lower level). Poverty among the children in such households fell substantially over the 1970s and then increased appreciably in the 80s.

The poverty levels and trends in poverty revealed by expenditure data for population subgroups are not the same as the ones revealed by income data. The child poverty rates shown by expenditure data for large households and households headed by unemployed individuals are substantially lower than those found using income estimates. However, expenditure estimates confirm that child poverty rates increased in the 1980s among large households (those with three or more children), households with unemployed heads and single-parent and, especially, lone-parent households (Table 9).

Table 9: *Children living in households below the expenditure poverty line*

	Share, poor children			Child poverty rate		
	1973	1980	1990	1973	1980	1990
<i>Household size (members)</i>						
Two	0.46	0.58	1.13	23.51	21.19	30.14
Three	6.33	7.48	9.08	10.08	9.61	8.36
Four	19.46	21.18	31.89	9.37	7.63	9.43
Five	23.91	26.27	28.85	11.82	10.46	12.81
Six or more	49.84	44.49	28.87	14.95	12.87	14.91
<i>Household composition</i>						
Couple, one child		9.74	11.58		8.71	7.29
Couple, two children		24.14	34.69		7.41	8.91
Couple, three children		26.0	22.14		10.84	12.0
Couple, four or more children		32.09	17.87		13.94	19.36
Single parents		5.4	7.21		18.27	24.03
Lone parents		2.6	6.51		19.46	40.32
<i>Socioeconomic status, parents</i>						
Head employed		66.64	55.22	11.50	9.08	9.95
Head unemployed		16.94	21.07	38.78	25.55	32.9
Head retired		11.04	10.2	20.97	23.81	23.34
Couple, both working		3.41	7.78		3.65	4.14

Note: A household is considered poor if its expenditure is below 50 percent of the median equivalent household disposable expenditure when the equivalence scale used is one in which the Buhmann et al. (1988) parameter is equal to 0.5.

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares (EPF).

5. The Dynamics of Child Poverty

The study of the dynamics of child poverty is not only a natural extension of the study of the “stock” of children living below the poverty line, but a key issue in itself in the effort to discover the nature of child deprivation. While

the study of the stock of poor children provides information on the incidence of the poverty phenomenon, the study of the flows into and out of poverty over time offers a view on the persistence of poverty.²⁰ Moreover, for the individual whose experience of poverty in childhood may decisively influence life as an adult, the persistence of deprivation may be more important than the features of poverty in general. A short-term poverty spell may have little impact on a child's future life, whereas a long-term experience of poverty can have serious implications for future health, schooling and social relationships.

A first concern in the study of poverty dynamics is the determination, at a given moment, of the number of children who have left the ranks of the poor and the number of children who have fallen into poverty. In other words, what is the *turnover* in the segment of the child population that is poor?

Clearly, the dynamics of child poverty should be discussed in perspective, that is, the "poverty turnover" among children should be compared to that among other groups like working-age adults and the elderly. Does the poverty turnover among children differ from that among the rest of the population?

Finally, the study of the flows into and out of poverty among various population subgroups can provide valuable information about the household characteristics which most directly affect a child's probability of entering or leaving the ranks of the poor and thereby help explain the reasons for the persistence of poverty among children. The key questions are: Which household characteristics promote the persistence of child poverty (low exit rates)? Which household characteristics tend to reduce the persistence of child poverty (high exit rates)? Do any characteristics imply high entry and exit rates (the promotion of transitory child poverty)?

■ 5.1 Poverty turnover: entry and exit rates

The dynamics of poverty among children can be fruitfully compared to the dynamics of poverty among other population groups such as adults under 65 and the elderly. Here, poverty turnover is measured by comparing an individual's situation in a given quarter in the year "t" with the situation of the same individual in the same quarter in the year "t+1".²¹ The sample contains 10,778 households and almost 7,000 children.²²

²⁰ See Cantó-Sánchez (1997) for an exploration of the dynamics of poverty among households in Spain through an investigation of the characteristics which affect the rates of transition of households into and out of poverty. Important issues in the study of poverty transitions appear in Walker (1995). Recent evidence on poverty dynamics and transition rates in Ireland can be found in Williams and Whelan (1994).

²¹ Thus, only those households which were observed for more than one year are used in the panel (that is, households which completed from the first to the fifth interview in the panel).

²² The sample contains 6,937 children under 14, 25,154 individuals between 14 and 65 and 4,142 elderly persons who were observed for more than one year. Clearly, even if a household is sampled at two points in time, some household members arrive (are born, return to the household or enter an age group), while others leave (move out of the home or exit an age group). In the calculations of turnover, only those individuals are included who have been observed within the household and within the same age group over the year.

Of those children who were not among the poor at a given moment, 4.2 percent were found to be living below the poverty line one year later. This entry probability is above the mean individual entry rate (Table 10). It also happens to be the case that, if a child falls below the poverty line, he or she can be expected to exit from poverty later than would the average individual (49.3 percent of poor children leave poverty, while 51.6 percent of all poor individuals do so). In relative terms, the elderly are found to have a similar entry rate (4.3 percent) to that found among children, but a generally lower poverty exit rate (41.8 percent). Thus, even if the relative poverty differences between children and the elderly have increased in favour of the latter, poverty is significantly more persistent among the elderly than it is among children. In contrast, non-elderly adults (18-to-65-year-olds) are the least likely ever to become poor (3.4 percent), and, when they do fall below the poverty line, they are the least likely to remain there (55 percent).

Table 10: *Poverty turnover: flows into and out of poverty among children, adults and the elderly*

	Flows into poverty	Flows out of poverty
Children (<14)	4.2	50.7
Adults (14-65)	3.3	55.4
Children (<18)	4.2	49.3
Adults (18-65)	3.4	55.0
Elderly (>65)	4.3	41.8
Total	3.6	51.6

Note: A household is considered poor if its income is below 50 percent of the median equivalent household disposable income. Distributions are adjusted according to the square root of household size. Turnover is measured using only those households and individuals observed at the first interview and the fifth interview (one year later) in the ECPF panel.

Source: Calculations of the authors based on the Encuesta de Continua de Presupuestos Familiares (ECPF).

■ 5.2 Poverty dynamics among children by population subgroup

The risk factors tending to affect a child's likelihood of entering or exiting poverty, like those considered in the static approach, are largely determined by the profile of the child's parents and, to some extent, by the presence or absence of other members in the household.

Table 11 summarizes the impact of selected demographic and socioeconomic characteristics of households on poverty turnover among children. Lone parenthood, single parenthood and large household size (especially households with more dependant members) are characteristics of the house-

holds in which the children are more likely to fall into poverty at any time. For children living in single-parent households, high entry and high exit rates coexist. This is in clear contrast with the situation among children in lone-parent households; these children are likely to fall into poverty, but unlikely to leave poverty in the short run. Recalling the results obtained in the static approach for these two groups, one sees that the presence of other adults in a household reduces the risk not only of poverty, but also of its persistence.

Table 11: *Poverty turnover: flows into and out of poverty among children by subgroup*

	Inflow rate	Outflow rate	Population share (households)
<i>Household composition</i>			
Couple, one child	2.8	57.1	17.8 (17.0)
Couple, two children	2.7	58.1	38.7 (18.5)
Couple, three children	4.7	49.5	22.9 (7.3)
Couple, four or more children	6.3	55.9	9.0 (2.1)
Lone parents	6.4	33.8	2.3 (10.8)
Single parents	6.9	63.9	4.0 (8.3)
<i>Socioeconomic status, parents</i>			
Head employed	3.5	57.5	67.0 (48.0)
Head unemployed	16.0	46.9	6.8 (5.1)
Head retired	7.5	51.2	8.7 (33.3)
Couple, both working	1.5	63.8	14.5 (10.1)
Total	4.2	49.3	100 (100)

Note: A household is considered poor if its income is below 50 percent of the median equivalent household disposable income. Turnover is measured using only those households and individuals observed at the first interview and the fifth interview (one year later) in the ECPF panel. The table refers to children under 18.

Source: Calculations of the authors based on the Encuesta de Continua de Presupuestos Familiares (ECPF).

Among the possible socioeconomic situations of parents, unemployment stands out as the labour status which most increases a child's probability of transiting into poverty and most decreases a child's probability of leaving poverty in the short run. In contrast, the risk of entering poverty among children whose parents are employed full time is ten times lower, while the chance of exiting poverty among these children is 36 percent greater. The effect of the unemployment of parents on the poverty transition probabilities among children is also extremely large relative to the influence of household demographic structure.

Do poor households prolong their poverty by receiving new children into the household? How many children are born into poverty? Of all children (mostly newborn infants) entering new households, 13.7 percent entered

households which had already been poor during the previous year (Table 12). Given that poor households accounted for 9.5 percent of the sample, it follows that fertility rates are somewhat higher among low-income households than among other types of households. Policies aimed at offsetting such a trend may be usefully targeted at the poor so as to avoid further decreases in poverty levels among these households.

Table 12: *Children entering new households*

	Share of newborns, %	Children newly entering poor households, %
<i>Household composition</i>		
Couple, one child	31.7	9.0
Couple, two children	16.8	15.2
Couple, three children	4.6	46.6
Couple, four or more children	2.5	25.0
Lone parents	3.7	0.0
Single parents	4.0	62.5
Other	36.4	
<i>Socioeconomic status, parents</i>		
Head employed	57.6	10.2
Head unemployed	8.1	71.4
Head retired	15.2	20.0
Couple, both working	17.4	2.5
Other	1.5	
Total	100	13.7

Note: A household is considered poor if its income is below 50 percent of the median equivalent household disposable income. Turnover is measured using only those households and individuals observed at the first interview and the fifth interview (one year later) in the ECPF panel. The table refers to children under 18.

Source: Calculations of the authors based on the Encuesta de Continua de Presupuestos Familiares (ECPF).

6. Conclusions

The analysis is aimed at exploring the available static and dynamic microeconomic evidence in order to answer the question, What can be said about the extent (and the associated trends over time) and the persistence of relative poverty among children in Spain since the beginning of the 1970s?

The paper shows that during the 1970s and 80s, a period in which Spanish society experienced a major socioeconomic and political transformation, no significant changes occurred in the extent of child poverty, although the relative position of children worsened with respect to the elderly over the 1980s. Poverty

was less persistent among children than it was among the elderly, although, in comparison with other individuals (14-to-65-year-olds), children were more likely to fall into poverty and less likely to leave it over the short run.

The paper also shows that the socioeconomic transformation during the period did not affect all children in the same manner. Household composition and the employment status of parents seem to have played a crucial role in the determination of the risk of poverty among children, as well as the persistence of poverty among children over time. In the 1980s poverty increased markedly among children in large households (particularly those with three or more children), in households with unemployed heads and in lone- or single-parent households. A linkage is also evident in the risk of poverty among children, household size and the demographic and employment status of parents. Children in large lone-parent or single-parent households showed a greater probability of falling into poverty than did children in small households or households headed by couples. The lowest rate of outflow from poverty appeared among children in lone-parent households, while the outflow rate among children in single-parent households (one parent, plus other adults) was two times higher. The growing poverty among these groups of children should be viewed as worrisome and should be a focus of social policies which seek to contribute to a greater equality of opportunity among individuals.

References

- Adam, P. (1996), "Labour Force Transitions of Married Women in Spain". Florence: European University Institute. Ph.D. Thesis (November).
- Atkinson, A.B., L. Rainwater and T.M. Smeeding (1995), "Income Distribution in OECD Countries". *Social Policy Studies*, No. 8. Paris: Organization for Economic Cooperation and Development.
- Banco de España (1975), *Boletín Económico*. Madrid: Banco de España.
- Banco de España (1992), *Boletín Económico*. Madrid: Banco de España.
- Barrada, A. and B. Gonzalo (1997), *La Financiación de la Protección Social en España*. Madrid: Consejo Económico y Social.
- BBV (1981), *Renta Nacional de España y su Distribución Provincial*. Madrid: Banco Bilbao Vizcaya.
- BBV (1989), *Renta Nacional de España y su Distribución Provincial*. Madrid: Banco Bilbao Vizcaya.
- Bosch, A., C. Escribano and I. Sánchez (1989), *Evolución de la desigualdad y la pobreza en España*. Madrid: Instituto Nacional de Estadística.
- Buhmann, B., L. Rainwater, G. Schmaus and T.M. Smeeding (1988), "Equivalence Scales, Well-being, Inequality and Poverty: Sensitivity Estimates across Ten Countries Using the Luxembourg Income Study Database". *Review of Income and Wealth*, 33, pages 115-42.
- Cantó-Sánchez, O. (1996), "Poverty Dynamics in Spain: A Study of Transitions in the 90s". *DARP Papers*, No. 15. London: London School of Economics.
- Cantó-Sánchez, O. (1997), "The Persistence of Poverty: Evidence from Spanish Panel Data". *Documento de trabajo*, No. 9702 (February). Alicante, Spain: Department of Applied Economics Analysis, University of Alicante.
- CES (1996), "La Pobreza y la Exclusión Social en España". *Informe*, No. 8. Madrid: Consejo Económico y Social.
- Danziger, S. and J. Stern (1990), "The Causes and Consequences of Child Poverty in the United States". *Innocenti Occasional Papers*, No. EPS 10 (November). Florence: UNICEF International Child Development Centre.
- Deaton, A. and C. Paxson (1995), "Measuring Poverty among the Elderly". *NBER Working Papers*, No. 5296 (October).
- Duclos, J.Y. and M. Mercader-Prats (forthcoming), "Household Needs and Poverty, with Application to Spain and the UK". *Review of Income and Wealth*, March 1999.
- Eurostat (various), *Basic Statistics of the Community*. Luxembourg: Eurostat.
- Eurostat (1992), *Poverty in Figures: Europe in the Early Eighties*. Luxembourg: Eurostat.
- Eurostat (1993), *Dépenses et Recettes de Protection Sociale 1980-1991*. Luxembourg: Eurostat.
- Eurostat (1997), "Income Distribution and Poverty in EU12-1993". *Statistics in Focus: Population and Social Conditions*, No. 6. Luxembourg: Eurostat.
- Fundación BBV (1996), *Pensiones y Prestaciones por Desempleo*. Madrid: Fundación BBV.
- Gala Vallejo, C. (1992), "El Sistema de la Seguridad Social en España". *Colección Textos Legales*. Madrid: Ministry of Labour and Social Security.
- Gregg, P. and J. Wadsworth (1996), "It Takes Two: Employment Polarization in the OECD". *Discussion Papers*. London: Centre for Economic Performance, London School of Economics.
- INE (1970), *Anuario Estadístico*. Madrid: Instituto Nacional de Estadística.
- INE (1980), *Anuario Estadístico*. Madrid: Instituto Nacional de Estadística.

- INE (1988), *Anuario Estadístico*. Madrid: Instituto Nacional de Estadística.
- INE (1995), *Anuario Estadístico*. Madrid: Instituto Nacional de Estadística.
- INE (1996), *Encuesta de Presupuestos Familiares: Desigualdad y Pobreza en España*. Madrid: Instituto Nacional de Estadística.
- INE (1998), *Tempus Database on the Labour Force Survey, Encuesta de Población Activa, 1976-1993*. Madrid: Instituto Nacional de Estadística.
- Machin, S. (1998), "Childhood Disadvantage and Intergenerational Transmissions of Economic Status". Chapter 4 in A. Atkinson and M. Hill (eds), "Exclusion, Employment and Opportunity". *CASEpaper*, No. 4. London: Suntory and Toyota International Centres For Economics and Related Disciplines (STICERD), London School of Economics.
- Mercader-Prats, M. (1995), "Peut-on mesurer la pauvreté?: Aspects méthodologiques et conceptuels de la mesure de la pauvreté, l'Espagne dans le context Européen". Paris: Delta, Ecole des Hautes Etudes en Sciences Sociales. Ph.D. Thesis.
- Mercader-Prats, M. (1998), "Identifying Low Standards of Living: Evidence from Spain". *Research on Economic Inequality*, No. 8, pages 155-73.
- MLSS (1992), *Seguridad Social*. Madrid: Ministry of Labour and Social Security.
- Monnier, A. and C. Gubert-Lantoine (1996), "La conjoncture démographique: L'Europe et les pays développés d'outre-mer". *Population*, No. 4-5. Paris: Institut National d'Etudes Démographiques.
- Moreno, G., J.M. Rodríguez and J. Vera (1996), "La Participación Laboral Femenina y la Discriminación Salarial en España". *Colección Estudios*, September. Madrid: Consejo Económico y Social.
- OECD (1997), *Economic Outlook*, No. 62. Paris: Organization for Economic Cooperation and Development.
- Rainwater, L. and T.M. Smeeding (1995), "Doing Poorly: The Real Income of American Children in a Comparative Perspective". *Luxembourg Income Study Working Papers*. Luxembourg: Centre for the Study of Population, Poverty and Public Policy (CEPS), International Networks for Studies in Technology, Environment Alternatives, Development (INSTEAD).
- Ruiz-Huerta, J. and R. Martínez (1994), "La pobreza en España: ¿Qué nos dicen las encuestas de presupuestos familiares?". *Documentación Social*, No. 96, "La Pobreza en España, Hoy". Madrid: Cáritas.
- Sáez, A. (1979), "La fécondité en Espagne depuis le début du siècle". *Population*, No. 6. Paris: Institut National d'Etudes Démographiques.
- UNESCO (1975), *Statistical Yearbook*. Paris: UNESCO.
- UNESCO (1988), *Statistical Yearbook*. Paris: UNESCO.
- UNESCO (1996), *Statistical Yearbook*. Paris: UNESCO.
- UNICEF (1997), *The State of the World's Children, 1997*. New York: Oxford University Press.
- Valiente, C. (1996), "The Rejection of Authoritarian Policy Legacies: Family Policy in Spain, 1975-1995". *South European Society and Politics*, Vol. 1, No. 1 (Summer), pages 95-114.
- Walker, R. (1995), *Poverty Dynamics: Issues and Examples*. London: Avebury.
- Williams, J. and B. Whelan (1994), "The Dynamics of Poverty: Issues in Short-term Poverty Transitions in Ireland". *Research Reports*, No. 16. Dublin: Combat Poverty Agency Publications.

*Innocenti Occasional Papers
Economic and Social Policy Series*

The papers in the series (ISSN 1014-7837) are all available in English. Individual copies are available from: Distribution Unit, UNICEF-ICDC, Piazza SS. Annunziata 12, 50122 Florence, Italy (e-mail: orders@unicef-icdc.it – fax: +39 055-24-48-17).

- EPS 1 *Economic Decline and Child Survival: The Plight of Latin America in the Eighties*. Teresa Albanez, Eduardo Bustelo, Giovanni Andrea Cornia and Eva Jespersen. (March 1989).
- EPS 2 *Child Poverty and Deprivation in Industrialized Countries: Recent Trends and Policy Options*. Giovanni Andrea Cornia. (March 1990). Also available in French and Spanish.
- EPS 3 *Education, Skills and Industrial Development in the Structural Transformation of Africa*. Sanjaya Lall. (July 1990).
- EPS 4 *Rural Differentiation, Poverty and Agricultural Crisis in Sub-Saharan Africa: Toward An Appropriate Policy Response*. Giovanni Andrea Cornia and Richard Strickland. (July 1990).
- EPS 5 *Increased Aid Flows and Human Resource Development in Africa*. Paul Mosley. (August 1990).
- EPS 6 *Child Poverty and Deprivation in Italy: 1950 to the Present*. Chiara Saraceno. (September 1990). Also available in Italian.
- EPS 7 *Toward Structural Transformation with a Human Focus: The Economic Programmes and Policies of Zambia in the 1980s*. Venkatesh Seshamani. (October 1990).
- EPS 8 *Child Poverty and Deprivation in the UK*. Jonathan Bradshaw. (October 1990).
- EPS 9 *Adjustment Policies in Tanzania, 1981-1989: The Impact on Growth, Structure and Human Welfare*. Jumanne H. Wagao. (October 1990).
- EPS 10 *The Causes and Consequences of Child Poverty in the United States*. Sheldon Danziger and Jonathan Stern. (November 1990).
- EPS 11 *The Fiscal System, Adjustment and the Poor*. Giovanni Andrea Cornia and Frances Stewart. (November 1990).
- EPS 12 *The Health Sector and Social Policy Reform in the Philippines since 1985*. Wilfredo G. Nuqui. (January 1991).
- EPS 13 *The Impact of Economic Crisis and Adjustment on Health Care in Mexico*. Carlos Cruz Rivero, Rafael Lozano Ascencio and Julio Querol Vinagre. (February 1991).
- EPS 14 *Structural Adjustment, Growth and Welfare: The Case of Niger, 1982-1989*. Kiari Liman-Tingui. (March 1991).
- EPS 15 *The Impact of Self-Imposed Adjustment: The Case of Burkina Faso, 1983-1989*. Kimseyinga Savadogo and Claude Wetta. (April 1991).
- EPS 16 *Liberalization for Development: Zimbabwe's Adjustment without the Fund*. Robert Davies, David Sanders and Timothy Shaw. (May 1991).
- EPS 17 *Fiscal Shock, Wage Compression and Structural Reform: Mexican Adjustment and Educational Policy in the 1980s*. Fernando Valerio. (June 1991).
- EPS 18 *Patterns of Government Expenditure in Developing Countries during the 1980s: The Impact on Social Services*. Beth Ebel. (July 1991).
- EPS 19 *Ecuador: Crisis, Adjustment and Social Policy in the 1980s*. The Ecuadorian Centre of Social Research. (August 1991).
- EPS 20 *Government Expenditures for Children and Their Families in Advanced Industrialized Countries, 1960-85*. Sheila B. Kamerman and Alfred J. Kahn. (September 1991).

- EPS 21 *Is Adjustment Conducive to Long-term Development?: The Case of Africa in the 1980s*. Giovanni Andrea Cornia. (October 1991).
- EPS 22 *Children in the Welfare State: Current Problems and Prospects in Sweden*. Sven E. Olsson and Roland Spång. (December 1991).
- EPS 23 *Eradicating Child Malnutrition: Thailand's Health, Nutrition and Poverty Alleviation Policy in the 1980s*. Thienchay Kiranandana and Kraissid Tontisirin. (January 1992).
- EPS 24 *Child Welfare and the Socialist Experiment: Social and Economic Trends in the USSR, 1950-90*. Alexandr Riazantsev, Sándor Sipos and Oleg Labetsky. (February 1992).
- EPS 25 *Improving Nutrition in Tanzania in the 1980s: The Iringa Experience*. Olivia Yambi and Raphael Mlolwa. (March 1992).
- EPS 26 *Growth, Income Distribution and Household Welfare in the Industrialized Countries since the First Oil Shock*. Andrea Boltho. (April 1992).
- EPS 27 *Trends in the Structure and Stability of the Family from 1950 to the Present: The Impact on Child Welfare*. Chiara Saraceno. (May 1992).
- EPS 28 *Child Poverty and Deprivation in Portugal: A National Case Study*. Manuela Silva. (June 1992).
- EPS 29 *Poverty Measurement in Central and Eastern Europe before the Transition to the Market Economy*. Sándor Sipos. (July 1992).
- EPS 30 *The Economics of Disarmament: Prospects, Problems and Policies for the Disarmament Dividend*. Saadet Deger. (August 1992).
- EPS 31 *External Debt, Fiscal Drainage and Child Welfare: Trends and Policy Proposals*. Stephany Griffith-Jones. (September 1992).
- EPS 32 *Social Policy and Child Poverty: Hungary since 1945*. Júlia Szalai. (October 1992).
- EPS 33 *The Distributive Impact of Fiscal and Labour Market Policies: Chile's 1990-1 Reforms*. Mariana Schkolnik. (November 1992).
- EPS 34 *Changes in Health Care Financing and Health Status: The Case of China in the 1980s*. Yu Dezhi. (December 1992).
- EPS 35 *Decentralization and Community Participation for Improving Access to Basic Services: An Empirical Approach*. Housainou Taal. (January 1993).
- EPS 36 *Two Errors of Targeting*. Giovanni Andrea Cornia and Frances Stewart. (March 1993).
- EPS 37 *Education and the Market: Which Parts of the Neoliberal Solution are Correct?*. Christopher Colclough. (July 1993).
- EPS 38 *Policy and Capital Market Constraints to the African Green Revolution: A Study of Maize and Sorghum Yields in Kenya, Malawi and Zimbabwe, 1960-91*. Paul Mosley. (December 1993).
- EPS 39 *Tax Reforms and Equity in Latin America: A Review of the 1980s and Proposals for the 1990s*. Ricardo Carciofi and Oscar Cetrángolo. (January 1994).
- EPS 40 *Macroeconomic Policy, Poverty Alleviation and Long-term Development: Latin America in the 1990s*. Giovanni Andrea Cornia. (February 1994).
- EPS 41 *Réformes Fiscales, Génération de Ressources et Equité en Afrique Subsaharienne durant les Années 1980*. Kiari Liman-Tinguiri. (March 1994). Available in French.
- EPS 42 *Tax Reform and Equity in Asia: The Experience of the 1980s*. Andrea Manuelli. (April 1994).
- EPS 43 *Family Support Policies in Transitional Economies: Challenges and Constraints*. Gáspár Fajth. (August 1994).
- EPS 44 *Income Distribution, Poverty and Welfare in Transitional Economies: A Comparison between Eastern Europe and China*. Giovanni Andrea Cornia. (October 1994).
- EPS 45 *Death in Transition: The Rise in the Death Rate in Russia since 1992*. Jacob Nell and Kitty Stewart. (December 1994).

- EPS 46 *Child Well-being in Japan: The High Cost of Economic Success*. Martha N. Ozawa and Shigemi Kono. (March 1995).
- EPS 47 *Ugly Facts and Fancy Theories: Children and Youth during the Transition*. Giovanni Andrea Cornia. (April 1995).
- EPS 48 *East Joins West: Child Welfare and Market Reforms in the "Special Case" of the Former GDR*. Bernhard Nauck and Magdalena Joos. (June 1995).
- EPS 49 *The Demographic Impact of Sudden Impoverishment: Eastern Europe during the 1989-94 Transition*. Giovanni Andrea Cornia and Renato Panicià. (July 1995).
- EPS 50 *Market Reforms and Social Welfare in the Czech Republic: A True Success Story?*. Miroslav Hiršl, Jiří Rusnok and Martin Fassmann. (August 1995).
- EPS 51 *The Winding Road to the Market: Transition and the Situation of Children in Bulgaria*. Theodora Ivanova Noncheva. (August 1995).
- EPS 52 *Child Institutionalization and Child Protection in Central and Eastern Europe*. Mary Anne Burke. (September 1995).
- EPS 53 *Economic Transition in the Baltics: Independence, Market Reforms and Child Well-being in Lithuania*. Romas Lazutka and Zita Sniukstiene. (September 1995).
- EPS 54 *Economic Reforms and Family Well-being in Belarus: Caught between Legacies and Prospects*. Galina I. Gasyuk and Antonina P. Morova. (December 1995).
- EPS 55 *The Transition in Georgia: From Collapse to Optimism*. Teimuraz Gogishvili, Joseph Gogodze and Amiran Tsakadze. (September 1996).
- EPS 56 *Children at Risk in Romania: Problems Old and New*. Elena Zamfir and Cătălin Zamfir. (September 1996).
- EPS 57 *Children in Difficult Circumstances in Poland*. Stanisława Golinowska, Bożena Balcerzak-Paradowska, Bożena Kořaczek and Dorota Głogosz. (December 1996).
- EPS 58 *The Implications of Exhausting Unemployment Insurance Entitlement in Hungary*. John Micklewright and Gyula Nagy. (September 1997).
- EPS 59 *Are Intergovernmental Transfers in Russia Equalizing?*. Kitty Stewart. (September 1997).
- EPS 60 *Marital Splits and Income Changes: Evidence for Britain*. Sarah Jarvis and Stephen P. Jenkins. (September 1997).
- EPS 61 *Decentralization: A Survey from a Child Welfare Perspective*. Jeni Klugman. (September 1997).
- EPS 62 *Living Standards and Public Policy in Central Asia: What Can Be Learned from Child Anthropometry?*. Suraiya Ismail and John Micklewright. (November 1997).
- EPS 63 *Targeting Social Assistance in a Transition Economy: The Mahallas in Uzbekistan*. Aline Coudouel, Sheila Marnie and John Micklewright. (August 1998).
- EPS 64 *Income Inequality and Mobility in Hungary, 1992-96*. Péter Galasi. (August 1998).
- EPS 65 *Accounting for the Family: The Treatment of Marriage and Children in European Income Tax Systems*. Cathal O'Donoghue and Holly Sutherland. (September 1998).
- EPS 66 *Child Poverty in Spain: What Can Be Said?*. Olga Cantó-Sánchez and Magda Mercader-Prats. (September 1998).



The UNICEF International Child Development Centre (ICDC) in Florence, Italy, is an international knowledge base and training centre focusing on the rights of children. It was established in 1988 to strengthen the capacity of UNICEF and its cooperating institutions to promote a new global ethic for children and to respond to their evolving needs. A primary objective of the Centre is to encourage the effective implementation of the 1989 United Nations Convention on the Rights of the Child (CRC) in both developing and industrialized countries.

- Information management is at the heart of the Centre's approach. The Centre systematically filters existing information and its own research results to produce key findings, policy studies and case materials on key aspects relating to children's rights.
- Research, particularly to explore both critical and front-line issues, is carried out to further the understanding, development and monitoring of children's rights. Special attention is paid to problems of equity, economic affordability and the financing of social programmes to benefit children.
- Capacity building is the third important component of ICDC's activities. The emphasis is on improving understanding of the principles of the CRC to enable UNICEF staff to promote its implementation more effectively.

The Centre disseminates the results of its activities through seminars, training workshops and publications targeted at executive decision-makers, programme managers, researchers and other practitioners in child-related fields, both inside and outside UNICEF. The government of Italy has provided core funding for the Centre since its establishment, and other governments, international institutions and private organizations have provided supplementary funds for specific projects. The Centre benefits from the counsel of an International Advisory Committee, chaired by UNICEF's Executive Director.

All correspondence should be addressed to:
UNICEF

International Child Development Centre
Economic and Social Policy Programme

Piazza SS. Annunziata 12

50122 - Florence / Italy

Tel. + 39 055.23.45.258

Fax + 39 055.24.48.17

E-mail: ciusco@unicef-icdc.it

For orders: orders@unicef-icdc.it

www.unicef-icdc.org