Introduction

The global financial crisis triggered the first contraction of the world economy in the post-war era. This major economic downturn became known as the ‘Great Recession’. To examine changes in the living conditions of children across the EU-28 plus Iceland, Norway and Switzerland, this paper uses data from the EU Statistics on Income and Living Conditions 2008-2012.

First, it examines if children were affected by the crisis to a greater extent than the population as a whole. Second, it analyses inequities among children and the degree to which those in more vulnerable socio-demographic groups suffered greater changes in material well-being over the course of the Great Recession. Finally, it examines the cross-country variation in the ability of the social safety nets to soften the adverse impact of the economic crisis on children’s material well-being.

Changes in child poverty between 2008 and 2012

Keeping the national poverty thresholds at their 2008 levels in real terms allows for a consistent comparison of child poverty rates since 2008. Child poverty increased by at least 1 percentage point in 18 countries, with the biggest surges in Latvia, Greece and Iceland (Figure 1). In Latvia and Iceland, the poverty increase among children exceeded that for the whole population by 5ppt, suggesting that children were affected by the crisis disproportionately. While focusing on changes in child poverty since the start of the economic crisis, it is important not to lose sight of the absolute levels. After a substantial increase in poverty, Iceland had some of the highest ‘anchored’ child poverty rates in 2012, but so did Romania after a 2ppt decrease in poverty since the pre-crisis levels. In both countries, nearly one-third of children were poor in 2012 based on the 2008 threshold. Similarly, after a negligible increase in child poverty in Bulgaria, over one-quarter of children were poor in 2012.

Figure 1 Absolute difference in the at-risk-of-poverty rate, anchored in 2008, between 2008 and 2012 (%)
Changes in severe child deprivation between 2008 and 2012

The biggest absolute increase in severe child deprivation\(^1\) was observed in Greece and Hungary (Figure 2). In half the countries, severe child deprivation has increased by at least 1ppt. Deprivation either rose faster or fell more slowly among children than the population as a whole by 2ppt or more in five countries: Greece, Cyprus, United Kingdom, Bulgaria and Hungary. At the other end of the extreme, the increase in child deprivation fell at least 2ppt short of that for the whole population in Lithuania, but nearly one in five children (17%) remained severely deprived in 2012.

Conclusion

There is evidence that children suffered disproportionately during the Great Recession. Child poverty and severe deprivation rose faster for children than the population as a whole in many countries, notably those most affected by the crisis. The effects of adverse economic circumstances were not distributed equally among children: child poverty and deprivation rates often rose faster or decreased more slowly among children in workless households, lone parent families and migrant families than among the rest of the child population. Using a multi-level framework that accounts for both household level and country level characteristics, the analysis finds evidence for minimum income protection schemes cushioning the blow of the crisis, but only if the effect of unemployment is not accounted for. This suggests that the generosity of minimum income protection schemes, while having non-negligible effects on the risks of child poverty, were insufficient to offer adequate protection at the time of labour market turbulence.

Figure 2 Absolute differences in the severe material deprivation rate (0-17) between 2008 and 2012 (%)


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1. The share of children under 18 living in households who report enforced lack of four out of nine items: 1) to face unexpected expenses; 2) to afford a one week annual holiday away from home; 3) to pay for arrears; 4) to have a meal with meat, chicken or fish every second day; 5) to keep the home adequately warm; 6) to have a washing machine; 7) to have a colour TV; 8) to have a telephone; 9) to have a personal car.