

# Child poverty and well-being in the here and now

## Introduction

The policy focus of the Labour Government on child poverty can arguably be traced to an internal seminar held in HM Treasury in November 1998, four months before Blair announced the commitment to eradicate child poverty 'within a generation'.<sup>1</sup> The seminar attracted attention because it documented how poverty can 'scar' children for life and facilitate the transmission of disadvantage into adulthood. More recent research has confirmed that low income in childhood leads to poor educational attainment and lower incomes in later life.<sup>2</sup> Furthermore, it suggests that the impact of poverty on a child's future life chances increased during the 1980s and 1990s.<sup>3</sup>

While this research is very convincing and important in placing child poverty firmly on the political agenda, it has distracted attention from literature relating to child poverty in the here and now and its immediate impact on the life and environment of the child. It is almost as if the adult that a child becomes is more important than the child itself, and that the potential future costs to society are accorded more weight than the costs borne by the child today. However, there is research that is beginning to focus on child well-being and to explore the links to poverty and deprivation, some of which suggests that 'child well-being and deprivation represent different sides of the same coin'.<sup>4</sup> Other studies, in the US and very recently in Britain, show that well-being is related to but not the same as childhood poverty, for reasons that are not well-understood, but which probably include protective behaviour by parents and individual resilience.<sup>5</sup> There is therefore a degree of confusion about the relationship between well-being and poverty. Sometimes poverty is cited as a specific dimension of well-being, and sometimes as an entirely separate concept. In this article, we seek to isolate child poverty from child well-being, and to explore the ways in which the former might influence the latter with a view to isolating points for more targeted policy intervention.

**Since New Labour pledged to eliminate child poverty by 2020, a myriad of policy changes have been made to address the problems associated with poverty and deprivation during childhood. Much of the research and policy emphasis is on the costs of child poverty and its impact on life chances and outcomes in adulthood. Recent research by Mark Tomlinson, Robert Walker and Glenn Williams relates the various dimensions of poverty to children's well-being in their lives today.**

There is no accepted or uncontroversial measure of child well-being, no more than there is an accepted measure of poverty. The approach used in this research employs two sets of measures reflecting two aspects of the situation of children living in British households. First, we measure poverty at the household level. This is done along several dimensions: financial strain, which includes the long term and the more immediate difficulties of budgeting; material deprivation; the physical environment reflecting a combination of housing and neighbourhood characteristics; psycho-social strain; civic participation and social isolation. These dimensions are also combined into an overall weighted 'poverty index'. Data are derived from the British Household Panel Study (BHPS), which has collected information annually from the same households since 1991.

Secondly, we measure four dimensions of child well-being using questionnaires that were administered to the children aged 11–15 in the BHPS: 'home life', which relates to family relationships and parental control; 'educational orientation', which measures the child's attitude towards their school and teachers; 'low self-worth', which relates to feelings of anxiety, depression and self-esteem; and 'risky behaviour' which reflects smoking, truancy, connections with drug use etc.



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By taking a multidimensional approach to both well-being and poverty, we are able to examine how various aspects of poverty are associated with a child's *current* well-being. Rather than focus on what the future might hold, we use statistical models to assess the potential impact of poverty on the child's immediate social environment and on their current state of mind. The aim, ultimately, is to identify which aspects of poverty have the most serious impacts on the child, so as to assist in developing strategies to alleviate some of these problems. Moreover, it is at least arguable that the dimensions of poverty that most affect child well-being probably also affect their future life chances.

The results show that there is a clear link between the overall levels of poverty experienced by the household and children's well-being along all four dimensions. Further investigation reveals that the different dimensions of the child's well-being are all related to

each other. For example, the better the home life of the child, the more likely the child is to be doing better in educational terms, the less likely to be exhibiting low self-worth and the less likely to be involved in risky behaviour.

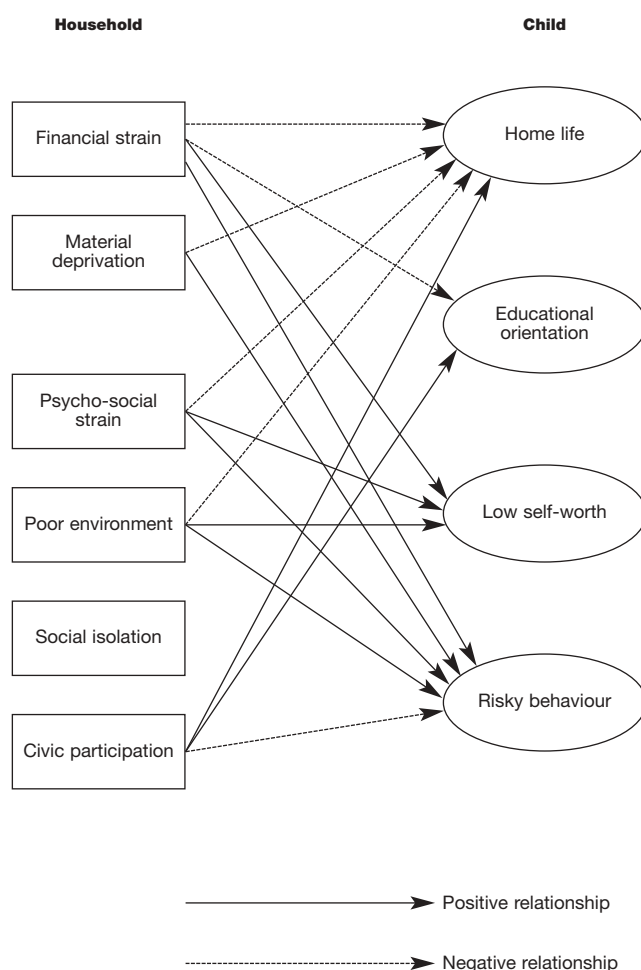
However, the key finding from the research is that different aspects of poverty have different effects on various aspects of well-being (see Figure 1). For example, financial strain negatively affects all aspects of the child's well-being, whereas material deprivation only influences home life and risky behaviour. A poor physical environment, resulting from bad housing and/or neighbourhood, results in a detrimental home life, more depressive symptoms and more risky behaviour. The psycho-social strain on parents associated with poverty independently reduces a child's quality of home life, increases the likelihood of low self-worth and the chances of engaging in risky behaviour. Parental lack of civic participation, though not social isolation per se, also appears to affect child well-being, noticeably in terms of home life, educational orientation and risky behaviour.

These results have two immediate policy implications. Firstly, they suggest that existing anti-poverty policies are inadvertently likely to have partial and differential effects on child well-being. Secondly, they show that poverty reduction strategies should be targeted at the various diverse dimensions of child well-being. For example, improving children's environment within and outside the household may well have a greater overall impact on well-being than improving material deprivation. On the other hand, if enhancing educational performance is the main policy objective, then tackling financial strain and civic participation by adults in the household become the key policy aims.

Other research has shown that there may be mediating factors that protect children from the effects of poverty and deprivation. For example, McCulloch and Joshi found family environment and family support limited the adverse impact of poverty and living in disadvantaged neighbourhoods on test scores at school.<sup>6</sup> The extensive work of Aber and his colleagues in the US has also shown that poverty and material hardship have negative effects on cognitive and emotional outcomes for children, but that these are mediated by parental characteristics.<sup>7</sup> With this idea in mind, several alternative statistical models have been developed.

So the characteristics of adults in households can moderate the effects of poverty on child

**Figure 1: Different dimensions of poverty and their effects on childhood well-being**



well-being while, interestingly, the presence of other children or siblings appears to have no impact. A household head educated to degree level appears to have a positive effect on both the home life and educational orientation of the child. Lack of employment is also important. The evidence shows that it affects home life deleteriously, as well as increasing the chance of risky behaviour. However (if parents are not working for other reasons, because they are disabled or otherwise economically inactive), all four aspects of child well-being are affected negatively. One explanation for the difference between unemployment and non-employment is that the latter might be associated with longer spells of poverty, as these parents are economically inactive on the whole. Finally, the analysis suggests children living with a single adult are more likely to engage in risky behaviour and to report family life to be less satisfactory.

### Potential policy implications

Most commentators recognise that the Government will find it very difficult to secure its child poverty reduction targets without further policy intervention. There is also increasing recognition of the merits of targeting people who are at greater risk of poverty or who find it particularly difficult to secure employment or to improve their circumstances. In this respect, the New Deal, as well as other policies making increasing use of personal advisers to tailor policies better to the needs of recipients, has shifted discourse about policy away from the often unproductive debates about the relative merits of means-tested or universal provision. However, there is still need to improve approaches to matching policy to personal circumstances.

At a strategic level, the indicators that the Government has decided to use to monitor policy outcomes (employment status, income and material deprivation) are problematic. Employment often does not supplant material deprivation. Furthermore, subjective and psychological aspects of poverty are often entirely neglected, even though they may be critical to determining whether or not people respond positively to a particular policy intervention.

To date, while much help has been targeted through the tax credit and benefit system to families and single parents in particular, the central focus has been on getting workless parents back into employment, while other aspects of the child's environment are ignored. Recent research suggests significant deficiencies in this approach, not least in regard to the quality,

**Table 1: Impact of various household changes on child well-being**  
(Numbers refer to % of a standard deviation)

Dimension of well-being	Full deprivation to no deprivation	Common deprivation to no deprivation <sup>a</sup>	Intense financial pressure to no financial pressure	Bad housing to best housing <sup>11</sup>	Bad neighbourhood to best neighbourhood <sup>12</sup>	Total environmental effect
Home life	+26%	+3%	+62%	+23%	+18%	+41%
Educational orientation	+15%	+8%	+39%	+15%	+11%	+26%
Low self-worth	-9%	-1%	-24%	-9%	-6%	-15%
Risky behaviour	-8%	-1%	-25%	-8%	-8%	-17%

type and stability of the employment on offer through New Deal for Lone Parents.<sup>8</sup> Recent US research has reached similar conclusions.

This kind of analysis reported above may point to the possibility of introducing complementary policies targeted on particular aspects of poverty or dimensions of child well-being. Table 1 (see above) shows the relative impact on well-being of changing the poverty status of a household in various ways. The numbers in each column show the impact of the change on each dimension of child well-being expressed as a percentage of a standard deviation, which means that it is possible to compare the efficacy of the different approaches. Improving home life and educational orientation are indicated by positive figures, while reducing low self-worth and risky behaviour are indicated by negative shifts.

The table suggests that alleviating the harsh financial problems experienced by some households in poverty, as indexed by the financial stress variables, could bring significant improvements in all four dimensions of child well-being. Likewise, combining the effects of improved housing and neighbourhood has marked effects on all aspects of child well-being. The percentage shifts are all quite high, whichever of these changes is factored into the model. Reducing material deprivation has a bigger impact on home life and education than it does on depressive symptoms and risky behaviour, but the impact of improving deprivation for all but the most severely deprived has little effect apart from on educational orientation.

Changing the policy perspective from mechanisms to policy goals, Table 1 suggests that it is likely to prove easier to achieve improvements in a child's home life and, to a somewhat lesser extent, their educational orientation by tackling the various dimensions of household poverty

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than it is to improve their mental health or to reduce engagement in risky behaviour.

### Conclusion

While not wishing to ignore the importance of research which demonstrates that poverty can scar children for life, we have drawn attention to the complementary need to focus on the effects of poverty on children in the here and now. Using quite sophisticated statistical techniques, we have begun to explore how household poverty in all its manifestations can influence childhood well-being.

The analysis shows that children who are poor are more likely than others to report having a difficult home life, to have a negative attitude towards school, to feel isolated and anxious and also to be more likely to engage in anti-social and risky behaviour. Even more importantly, the research demonstrates that household poverty comprises different dimensions (finances, material deprivation, poor housing etc.) and that each has different effects on the four aspects of child well-being captured in the data available.

For example, it seems clear that where adults cannot make ends meet, there are significant effects on all aspects of a child's well-being. Moreover, the associated psycho-social problems that many adults experience when poor independently impact on a child's mental well-being, their chance of engaging in risky behaviour and on their reports on the quality of their home life. Likewise, poor housing and unsatisfactory local environments also exert their influence. It is clearly important, therefore, to recognise that poverty directly diminishes the experience of childhood. Moreover, while some children may be protected against the worst effects of poverty, for example if they have parents who are employed, others are not so lucky.

The logic that follows from the analysis is the requirement for a well-rounded policy strategy that attempts to counteract all the processes discussed. There is support in the analysis for some current policies. It suggests, for example, that children may suffer less from poverty if their parents are in work. Equally, though, it is clear that children in households where financial stress is apparent suffer badly, and other evidence demonstrates that employment does not always lift families out of poverty.

However, the implication of this analysis is that existing policies to raise incomes and promote employment need to be accompanied by a

range of new ones. For example, implementing a comprehensive and coherent neighbourhood regeneration policy could improve circumstances for children across the board, enhancing home life, improving educational orientation and reducing feelings of low self-worth and risky behaviour. Moreover, if such a policy were able to incorporate significant elements of local participation, it might be doubly effective, since parental civic participation had a surprisingly high impact on child well-being. Finally, the need to explore ways in which the psycho-social strain of adults in poor households may be alleviated is also important.

Hopefully, this kind of research, which focuses on the immediate effects of poverty, will further enthuse the Government's goal of eradicating child poverty. The clear message is that the social gains from this strategy do not all lie in the future; rather, the immediate benefit is that 3.8 million children could enjoy a childhood freed from the familial stress, academic failure, anxiety and social isolation that go hand in hand with poverty. ■

- 1 J Hills, 'Persistent Poverty and Lifetime Inequality: The Evidence', Proceedings from a workshop held at H M Treasury, 17th and 18th November 1998, ESRC Research Centre for Analysis of Social Exclusion, CASE Report 5, LSE, London, 1999
- 2 For example, see J Blanden and P Gregg, 'Family Income and Educational Attainment: a Review of Approaches and Evidence from Britain', *Oxford Review of Economic Policy*, 20(2):245-263, 2004
- 3 E Fahmy, 'Youth, Poverty and Social Exclusion', in Pantazis, C., Gordon, D. and Levitas, R. (eds.) *Poverty and Social Exclusion in Britain: The Millennium Survey*, Policy Press, Bristol, 2006
- 4 J Bradshaw, P Hoelscher and D Richardson, 'An Index of Child Well-being in the European Union', *Social Indicators Research*, 80: 133-177, 2007
- 5 For example, A S Masten, 'Ordinary Magic: Resilience Processes in Development', *American Psychologist*, 56: 227-38, 2001
- 6 A McCulloch and H E Joshi, 'Neighbourhood and Family Influences on the Cognitive Ability of Children in the British National Child Development Study', *Social Science and Medicine*, 53(5): 579-591, 2001
- 7 For example, E T Gershoff, J L Aber, C C Raver and M C Lennon, 'Income Is Not Enough: Incorporating Material Hardship Into Models of Income Associations With Parenting and Child Development', *Child Development*, 78(1):70-95, 2007
- 8 A Yeo, 'Experience of Work and Job Retention Among Lone Parents: an Evidence Review', DWP Working Paper No. 37, Corporate Document Services, Leeds, 2007
- 9 'Common deprivation' refers to a household that does not have the following: a PC, dishwasher, dryer, car, cable/satellite TV; plus cannot afford holidays once a year, to replace worn furniture or to feed visitors once per month. 'Full deprivation' indicates households that do not possess any of the foregoing items and in addition do not have a VCR, washing machine, microwave, CD player, and cannot afford to replace clothes.
- 10 'Intense financial pressure' refers to households which have recently missed housing payments, feel their finances are bad and feel their finances are getting worse.
- 11 'Bad housing' refers to housing which had bad light, bad heating, leaks, damp and rot.
- 12 'Bad neighbourhoods' suffer from: noise from neighbours and off the street, crime, lack of space, plus the respondent states that s/he does not like the area and wishes to move away.