

How much do children feel poverty? New measurements of poverty and deprivation from the child's point of view

Audrey Bousselein¹ (LISER) & Anne Solaz (INED)

Background

Child poverty is a political concern in all countries including those rich. There is a general consensus that children should be protected from adversity. The majority of children have minimal or no control over their economic situation. Experiencing poverty or deprivation during childhood can result in lasting, lifelong effects on different domains such as education (Connell, 1994), labor market and marriage (Lesner, 2018). Furthermore, certain repercussions of child poverty extend beyond individual children and affect schools, neighborhoods and public health.

Poverty and living standards are generally measured at the household level by asking adults. There are several approaches to measure poverty (Smeeding 2016). The monetary approach that states on the median equivalized household income, is very popular in medium or high-income countries. It considers the poverty line at 50% or 60% of this median income. The deprivation approach looks at the household access to vital resources such as heating and water. Finally, the subjective approach is based on questions asked to adults about their feeling about the financial situation of the household. All these approaches are based on adult answers or adult perceptions about the household living standards. We ask here, how children could feel the financial situation.

It has been indeed shown that individual measurement of poverty could differ of household measurement. (Bertonnet 2022 for a review) because all members of the households do not have access to the household resources equally, particularly women who bring less resources to the household in average may be penalized. What about children? One can consider that because of the parents are altruistic, they could give more than their theoretical part to children. On the other way, because children do not bring monetary resources to the household, their bargaining power is limited and they can suffer from the allocation of limited resources of adults.

In this paper, we mainly aim to measure the child feeling about the financial situation of the household. May children feel poor in a rich household? Or conversely, may children feel not in the need in a poor household? There are three main reasons why children could have different feelings than adults about poverty situation. First, the resources are not necessarily allocated with equity within households. More or less resources could be devoted to children. Second, poverty feeling may be linked to relative poverty. Children could have pairs that are much richer and feel poor for this reason while being much above the poverty line. Third poverty feeling is subjective, and children having similar living conditions could feel poverty differently because of their characteristics.

Luxembourg country is an interesting case study for this topic: while being the richest country in the world in terms of GDP per capita, around 30% of children and young under 18 years old are at risk of poverty in Luxembourg, which is above the European average (source: Eurostat).

Data

Data comes from the survey on child well-being in Luxembourg collected in spring 2019 and associated to administrative records from the National Insurance System. The questionnaire was built on the

¹This research received financial support from the Luxembourg National Research Fund (FNR) under the project FAREWELL-C19 (COVID-19/2020-2/14864519/FAREWELL-to-C19) and from the Ministry of Education, Children and Youths of Luxembourg under the project Child wellbeing in Luxembourg.

worldwide questionnaire of the International Survey of Children Well-being (IScWeb²). The aim of IScWeb is to collect solid and representative data on children's lives, their time use, and on their perception of well-being. The IScWeb questionnaire has been adapted to account for the national context of Luxembourg, with additional questions on non-formal education and multilingualism.

In 2019, all children aged 8, 10 and 12 years old received an invitation letter to participate to the survey on child well-being, providing children and their parents (or adult in charge of them) with survey information and secure parameters to the survey's webpage. More than 8000 children respond to the survey (equivalent to a response rate of 40%). Filtering out entries that do not replied to any question and entries with missing or incoherent birth date, and keeping only children from whom parents gave consent for associating survey data to administrative data (87% of the respondents), the baseline sample is made of 7738 children. Following the completion of the data cleaning process, weights were computed to rebalance the survey based on age, gender, migration background, employment status of parents and residential location. In spring 2021, respondents to the first survey and their parents were contacted to participate to the second wave survey. The 2021 survey collects the same data than the previous survey as well as information about parents (e.g. educational level, perceptions about income). The second wave of the survey consists of 2116 children.

The survey has been designed to allow for exact matching to administrative data from the National Insurance System thanks to a pseudonomized child identifier. Administrative records provide information about demographic characteristics and family structure, location (zip code of residence), income and employment. Furthermore, detailed information on income allows us to identify the household living standards and poverty status.

Outcomes

Children perceptions about family's income

The survey provides detailed information on children's perceptions of their everyday lives. Of particular interest for our study is how children perceive household income. The exact question is: '*Do you worry about family's income?*'. The answer ranges from a 4 point-scale ("*never*" to "*always*").^h

Parents' perceptions about family's income

Parental perceptions about family's income are assessed by focusing on the household's ability to cover essential expenses. The exact question is '*A household may have different sources of income and more than one household member may contribute to it. Thinking of your household's total income, is your household able to make ends meet? In other words, to pay for the usual necessary expenses?*'. The answer ranges from a 6-point scale (from '*with great difficulty*' to "*very easily*"). If the parent reports difficulties to make ends meet, the household is said to be subjectively poor.

Disposable income

We use administrative data on household income to compute the monetary poverty risk. We first add up all monetary incomes received by each member of the household. These include income from work, investment and social benefits, plus any other household income. Taxes and social contributions that have been paid, are deducted from this sum. While we can recover the social contributions, we do not have exact information on taxes and we impute taxes. We divide the total net household income by the modified OECD equivalent scale in order to reflect differences in a household's size and composition (this scale gives a weight of 1.0 to the first adult; 0.5 to the second and each person aged 14 and over; 0.3 to each child aged under 14). We define poor households as those whose equivalent disposable income is under the poverty line, which is set at 60 % of the national median equivalent disposable income after social transfers. In 2018, the poverty threshold was 2013 euros per month (source: STATEC, 2019).

² More information on the IScWeb project can be found on a dedicated website: www.isciweb.org.

First findings

Which children are most worried about their family's financial situation?

Girls (table 1), children with migration background (table 2), as well as children whose parent are less educated are more likely to worried about their financial situations. The child's poverty perception does not differ by child's age and the presence of siblings.

Table 1. Child's perceptions of poverty by child's characteristics (Freq.)

Do you worry about family's income?	Girl	Boy	Age 10	Age 12 and more	No siblings	Presence of siblings	All
1 Never worried	56.96	65.80	64.20	60.23	66.94	60.94	61.52
2 Sometimes	35.79	28.02	28.40	33.45	27.82	32.21	31.81
3 Often	3.78	3.96	3.85	3.91	4.03	3.77	3.89
4 Always worried	3.48	2.22	3.55	2.41	1.21	3.08	2.78
Total	100	100	100	100	100	100	100

Source: Child well being survey-Luxembourg, 2021, N=2084.

Table 2. Child's perceptions of poverty by parent's characteristics (Freq.)

Do you worry about family's income?	Mother native	Mother non native	Parent's level of education: Primary education	Parent's level of education: Secondary education	Parent's level of education: Post secondary education	All
1 Never worried	70.13	56.86	43.14	57.92	67.65	61.52
2 Sometimes	26.93	34.56	47.06	33.18	28.89	31.81
3 Often	2.52	4.62	7.84	4.83	2.63	3.89
4 Always worried	0.42	3.96	1.96	4.07	0.84	2.78
Total	100	100	100	100	100	100

Source: Child well being survey-Luxembourg, 2021, N=2084.

Do children belonging to poorest households are those more worried about?

Table 3 reports child poverty perception by subjective poverty as reported by parents. Children whose parent mentioned difficulties are three times more likely to report being often and always worried about household income than other children (13% vs 4%). However, many of them do not seem worried at all about the household financial situation.

Table 3. Child's poverty perceptions by parent subjective poverty rating (Frequencies)

Do you worry about family's income?	Parent rating:	
	Mentioning financial difficulties	Not mentioning financial difficulties
1 Never worried	40.68	69.22
2 Sometimes	46.33	26.74
3 Often	7.63	2.64
4 Always worried	5.37	1.40
Total	100	100

Source: Child well being survey-Luxembourg, 2021, N=2084.

By comparing children's perceptions of the risk of poverty with those of their parents, we observe that these perceptions diverge in one-third of cases (table 4). And more frequently, these children tend to

overestimate financial difficulties compared to their parent’s perceptions: in other words, these children tend to be more worried than their parents about their financial difficulties.

Table 4. Child’s poverty perceptions: divergence with parent’s perception of poverty risk, underestimation and overestimation (Frequencies)

	Divergence	Under	Over
Yes	32.91	8.76	24.15
No	67.09	91.24	75.85
Total	100	100	100

Source: Child well being survey-Luxembourg, 2021, N=2084.

Regression results

We now look at the child and parental characteristics that correlate with a higher divergence of child and parent’s poverty perceptions. We use simple linear probability model. Divergence is a dummy variable equals 1 if child and parent subjective poverty ratings are different, 0 otherwise. Parent-child divergence about financial difficulties is stronger among families with a migration background (table 5). Divergence is smaller when the mother replies to the questionnaire, as well as when the parent’s respondent is younger.

Table 5. Regression results- Child and parent subjective poverty divergence

	(1)	(2)	(3)
Gender	0.026	0.002	0.006
Parent respondent: mother	-0.057**	-0.063**	-0.062**
Age	-0.006	-0.011	-0.009
Age of the parent	-0.005**	-0.006***	-0.007***
Primary education or below	0.006	-0.013	-0.016
Secondary Education	0.040	0.038	0.034
Post secondary education	<i>Ref.</i>	<i>Ref.</i>	<i>Ref.</i>
Mother non native	0.089***	0.094***	0.092***
Father non native	-0.012	-0.009	-0.013
Number of siblings	0.011	0.011	0.011
Overall Life satisfaction		-0.004***	-0.004***
Satisfaction with possession			-0.019
Constant	0.582***	1.072***	1.207***
Observations	1493	1493	1471
Adjusted R-squared	0.011	0.033	0.033

Source: Child well being survey-Luxembourg, 2021.

Next steps:

Because of time issues, up to now, we work on the reduced sample of children whose parents answered the parental survey, and compare subjective feelings of both, but we plan to go further in the next weeks using the larger sample to compare child’s feeling to objective measures of poverty (using the equalized household disposable income) as well as deprivation index measures. In that way, we can investigate more on some of the possible mechanisms leading children to feel poor, whether 1) it comes from the non-access to basic needs, 2) the anxiety of parents about their financial resources (by an intergenerational transmission) or other somewhat unexplained mechanisms.

References

Berthonnet I. (2022), « Les indicateurs de pauvreté monétaire dans les recherches féministes : bilan, état des lieux et perspectives », *Population*, 1 (Vol. 77), p. 53-76. DOI : 10.3917/popu.2201.0053. URL : <https://www.cairn.info/revue-population-2022-1-page-53.htm>

Connell, R. (1994). Poverty and education. *Harvard educational review*, 64(2), 125-150.

Guio, A-C., Marlier, E., Vanderbroucke, F., & Verbunt, P. (2021). National risk factors of child deprivation in Europe. In A-C. Guio, E. Marlier, & B. Nolan (Eds.), *Improving the understanding of poverty and social exclusion in Europe* (pp. 219-234). (Eurostat Statistical Working Papers). Publications Office of the European Union. <https://op.europa.eu/en/publication-detail/-/publication/0f1e5011-2fba-11ec-bd8e-01aa75ed71a1/language-en/format-PDF/source-238704532>

Lesner, R.V. The long-term effect of childhood poverty. *J Popul Econ* **31**, 969–1004 (2018). <https://doi.org/10.1007/s00148-017-0674-8>

Smeeding, T. M. (2016). Poverty measurement. *The Oxford handbook of the social science of poverty*, 21-46.

Statec (2019). Rapport travail et cohésion sociale, L'état social et le bien-être de la population Luxembourgeoise, STATEC, 220 pages.