Research report 2014/2

This report studies child poverty, and changes in such poverty both by analyzing the family economy, and directly by using surveys with children themselves. It also compares different measures of poverty and studies the association between parent and child poverty.

We find that poverty among children and their families in Sweden is very low both in an international and historical perspective. During the last years, levels of material deprivation and poverty have changed little, but the poor have fallen further behind those with average incomes. The biggest concern is not the overall level of poverty among the young, but the very high levels of child poverty among children of immigrants and lone parents. Overall, poverty has become more concentrated to children whose parents are not in gainful employment.

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Poverty and welfare among children and their families 1968–2010

Carina Mood, Jan O. Jonsson

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Täby and Oxford, October 2013,
Carina Mood
Jan O. Jonsson
Summary

- From an international perspective, child poverty in Sweden is very low. This also holds true when comparing Sweden with other western countries, and when using different conventional definitions of poverty.

- There is no secular increase of child poverty in Sweden. Measured in terms of the economic situation of families with children, poverty has decreased from the end of the 1960’s and decreased strongly since the end of the 1990’s recession. Beginning around 2006, changes in terms of absolute income poverty or benefit recipiency are small.


- Since the end of the 1990’s – and in particular since 2006 – the relative poverty rate (income inequality) among families with children increased.

- The self-reported (absolute and relative) poverty among children has been stable between 2000 and 2010. Thus, the increase of relative poverty in families with children has not yet resulted in economic problems among children themselves.

- Estimates of the number of poor children in Sweden depend crucially on the poverty definition. Between 5 and 10 percent or around 100,000 to 200,000 children have an economic situation that is substantially worse than that of others, but most children in this category have their own room and possessions such as mobile phones and own computers. Around 1–1.5 per cent or around 25,000 children lack more basic necessities, and around 2–3 per cent, or 50,000 children, live in long-term poverty.

- Children of single parents and of immigrants have higher poverty rates than other children. Their welfare is particularly sensitive to business cycles, as their parents tend to have a weaker labour market attachment than parents in other groups.

- Child poverty has become more concentrated to families where parents are not gainfully employed.

- Family poverty is related to children’s economic situation. Children of poor parents more often have economic problems themselves, but most children
with poor parents have a high material living standard, good social relations and leisure activities. Family poverty is also associated with children’s social relations and activities, those from poorer backgrounds being less active and having somewhat weaker social relations.
Child Poverty in Sweden

In recent decades, studies of child poverty have become more common. Partly, this is because UN demands of the countries that have ratified the Child Convention that they monitor the trends in the living conditions of children and adolescents (article 44). Researchers and international organisations have therefore developed different “welfare indices” for young people [4,5], where material living conditions appear to be a central indicator for children’s wellbeing [6].

In Sweden, child poverty has become a hot political topic, followed by political parties, authorities, and interest organisations [7–9]. The government has also identified a set of indicators for following up policies directed towards, or concerning the young [10], including several indicators of economic resources.

This report will both broaden and deepen the study of child poverty in Sweden through analyses of trends in poverty among families with children, and directly among children. In doing that, we will also compare different measures of poverty, and study the association between parental and filial poverty.

We begin our study by discussing alternative definitions of child poverty based on family income, and show the development over time using these. Secondly, we will widen the perspective and study poverty among children directly. The difference in approaches is not primarily in how we measure poverty but whose poverty we measure – the household’s or the children’s. Basing the calculation of child poverty on the household economy is reasonable because it sets the limits for children’s economic resources. But when studying child poverty, we are also well advised to turn to the children themselves and trust their report on their economic and material standard, as well as their own experiences of economic problems. The results below attest to the fact that using both approaches is necessary to get the complete picture of child poverty.

Thirdly, we will link the parents’ economic resources to their children’s, reporting the association between them. We then broaden that perspective and bring in other child outcomes that we may envisage being determined by the household economy: overcrowding, safety, social participation, leisure time activities, health-related behaviour, and psychological and somatic health.
What is Child Poverty?

Measuring poverty among children

According to a common definition, a person is poor who cannot live a life on par with others in the society in which he/she lives [11–12]. Thus, it is not a matter of survival – having food, clothes, and shelter – but to have the economic resources to participate in social life and to meet fellow citizens without shame. The social dimension signals that it is not lacking money per se that is the important thing, but the fact that this lack eventually makes the poor socially isolated, either because of active exclusion by others or because poor people themselves withdraw from social events out of shame. While the social consequences of poverty are mostly a conjecture in poverty research, longitudinal studies appear to support this view [60]. Following this lead, child poverty could be defined as a lack of economic resources – stemming from the household’s economy or their own – that prevents children from participating as equals in social life.

Obviously, it is difficult to adjudicate the level of poverty that leads to adverse social outcomes. What is required for children to participate as equals depends on where they live, who their friends are, etc. In schools or neighbourhoods where many families are affluent, it may cost more to uphold an “adequate” living standard. The age is also of importance: for younger children, the social consequences of poverty are no doubt milder, but from the start of school and through puberty they may be tangible. Because it is neither reasonable nor possible to identify local or individual poverty limits the standard solution is to estimate one common level of income where an average person can live a life on par with others – a life in “decency”, as Gailbraith put it [61]. This level is normally seen as being lower than the average, or median income, but not so low as to make a commonly shared life-style in the population out of reach. One such level that is often a politically relevant indicator, is the income under which one can claim social assistance (or welfare benefits) – falling under this income means that people do not have an adequate living standard, where “adequate” can be interpreted as what is seen as acceptable in a given society at a given time.

Income standard – absolute income poverty

The common way of defining a poverty threshold, or poverty line, is to calculate the costs for a “basket” of consumer items and services. This is normally (but rather
confusingly) called an “absolute” poverty measure, although this measure relates to the living standard of the population in a specific time and place. It will therefore differ according to country and year of measurement, even if the consumption patterns normally change only slowly (different strategies for updating these measures are discussed in [14]).

The idea in Swedish social policy is that Social Assistance (SA) should guarantee an adequate living standard, and therefore the eligibility limit for SA is a poverty line of obvious relevance. However, the practical definition for the payment of SA has changed over time, and therefore we use the poverty line used 1985–1995 (adjusted for consumer price index), which was built on a more comprehensive basket than more recent ones. This measure is known as low income standard, and is one that we use extensively in this report.

A disadvantage with using income-based poverty measures is that the economic resources of self-employed often become underestimated, leading to low reliability in identifying the poor. In fact, using income as arbiter of poverty status leads to the improbable situation where no less than 40 per cent of all children who are defined as poor have parents who are self-employed [17]. There is no doubt that self-employed can be poor, but several tests show that these figures are vastly over-rated – the economic resources of self-employed are far greater than what is suggested by their incomes, probably because they can choose non-income ways of remuneration. We believe, however, that while including self-employed will overestimate the number of poor, it will not affect the poverty trends.

Social Assistance

An alternative poverty measure is to define as poor those who get Social Assistance (SA), the advantage being that their economic situation has been comprehensively evaluated (whereas a pure income measure does not take assets or savings into account), though there are problems also with this measure. First, because the SA level is politically determined, the number of recipients can be influenced by the government or even by local administrators: and a less generous definition will automatically reduce poverty (and, correspondingly, any attempt at reducing poverty by lowering the requirements for SA will paradoxically only increase the number of poor).

1 Absolute measures of this kind must not be confused with the poverty measures used in studies of developing countries, where an absolute poverty threshold such as “one dollar a day” is often used.

2 By inflating the poverty threshold only with CPI (leaving the basket unchanged) it is possible that the measure gets somewhat dated over time. However, when we replace this measure with more recent baskets, we get very similar results. These issues are discussed further in Appendix 3.
Secondly, a problem with using SA as a poverty measure is the reluctance of many to apply for benefits even during hard times, probably because of the stigma associated with it [18]. Although it is difficult to assess, poverty rates may be severely under-estimated when defining them in terms of SA recipiency [19]. Thirdly, those who receive SA are in fact, per definition, not poor anymore, because the benefit lifts them over the poverty threshold. Finally, it is not obvious why recipients of SA should be defined as poor and not people receiving other types of benefits in compensation for low incomes, such as unemployment benefits.

We use SA in this report despite the problems mentioned, and the reason is that SA normally follows the same trends as low income standard [16], so we can use changes in SA over time as an estimate of the trend in absolute poverty, without defining the recipients as poor.

**Relative income poverty – a measure of income inequality**

During the recent decades it has become standard in Europe to use a measure of relative (income) poverty [1, 20] instead of a poverty threshold defined as purchasing power (absolute poverty). The relative measure is faithful to the idea that poverty should be defined in relation to others, but this is not operationalised in any substantive way (corresponding to the basked for the absolute measure). Instead, more or less arbitrary cut-off points are used, such as the tenth percentile, or disposable incomes lower than 50 (OECD) or 60 (EU) per cent of the median income in a given country. In this definition (sometimes called at-risk-of-poverty), poverty is a measure of income inequality in the lower half of the income distribution, and thus defines many as poor in countries with unequal income distributions, even if their absolute purchase power is sufficient – this has lead to a situation where, according to OECD, child poverty is more widespread in the UK than in Hungary [3]. Another obvious drawback with this measure is that families with increasing purchasing power may sink into poverty because other families get higher incomes, and vice versa. A previous study of poverty trends [16] also showed that the relative poverty measure gave a counter-intuitive picture of poverty development during the great recession in Sweden at the beginning of the 1990s, decreasing as unemployment sky-rocketed and the economy crumbled, and then increasing as times got better. We use relative income poverty in this report as a complementary measure, but we see the use of several measures simultaneously as a way to enhance our understanding of poverty trends.

Table 1 shows the threshold values for relative income poverty, absolute income poverty, and SA for 2010.
Table 1. Thresholds for different poverty measures

Thresholds for absolute poverty, relative poverty and Social Assistance for households with different composition in different regions. SEK per month.

<table>
<thead>
<tr>
<th>Family type</th>
<th>Place of residence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sweden</td>
</tr>
<tr>
<td></td>
<td>Kronor</td>
</tr>
<tr>
<td>Single person</td>
<td></td>
</tr>
<tr>
<td>Without children</td>
<td></td>
</tr>
<tr>
<td>1 child: age 3</td>
<td></td>
</tr>
<tr>
<td>2 children: ages 3 and 5</td>
<td></td>
</tr>
<tr>
<td>3 children: ages 2, 4 and 12</td>
<td></td>
</tr>
<tr>
<td>Cohabiting couple</td>
<td></td>
</tr>
<tr>
<td>1 child: age 3</td>
<td></td>
</tr>
<tr>
<td>2 children: ages 3 and 5</td>
<td></td>
</tr>
<tr>
<td>3 children: ages 2, 4 and 12</td>
<td></td>
</tr>
</tbody>
</table>

*60 per cent of median income (disposable equivalised income)

The threshold for SA is estimated using the national norm (riksnormen) and estimated costs for housing, unemployment insurance, child care, electricity, insurances and travel.

Source: HEK, Statistics Sweden.

Economic and material deprivation

An alternative to income measures of poverty (whether in absolute or relative form), is to use indicators of economic problems, asking, for example, whether one has access to a given amount of money if needed (cash margin) or whether one has had difficulties covering costs for rent, heating, food, etc. Another option is to measure consumption directly. This can be done, for example, by determining a “necessary” consumption level, and then check – via surveys – whether a household reaches it, rather than measuring the possibilities of doing so in terms of income [22, 23]. The consumption level, in turn, can be measured in different ways, for example, by information on housing standards, savings, or assets such as a car, a washing machine, or other consumer durables (or even consumption in terms of dining out, having birthday parties, etc.). The lack of economic and material resources is often termed economic or material deprivation. While it is an advantage to analyse consumption in the sense that it is closer to the theory of poverty as an economic situation with social consequences, it is obvious that the problem is that consumption is also a life-style choice, and economic problems in terms of lack of cash margin may come about because consumption is too high. From a child perspective, however, this is not necessarily an objection to deprivation measures, as these choices may not be the children's but rather their parents.
It is a strength to analyse poverty measures of deprivations in conjunction with income poverty because the overlap between these indicators is surprisingly small [24,25]. Combining them, if possible, can lead to higher precision when identifying the poor [26] as we can exclude those who have economic resources but low incomes as well as those who have low liquid resources because they have chosen to live at a high consumption level.

Why do we need several measures of poverty among families with children?
Different definitions of poverty not only yield different numbers of poor children, but also identify different groups in the population. This is not unreasonable, as there is no given single condition that objectively can be defined as poverty: different measures capture different dimensions of poverty to varying degree. Choosing only one measure is tempting because it makes the analysis simple, but we then run the risk of missing out on children with a similarly problematic economic situation, and we may even ignore some who belong to the most vulnerable groups. At the same time, we run the risk of including children who do not experience the disadvantages of poverty at all, or only briefly. While our report uses several measures of poverty, and thus tells a somewhat more complex story than other reports on child poverty, we believe that we must allow such complexity for understanding the problem. A lesson is that using different definitions makes for different predictions of the level of child poverty – an issue that we address separately – but most show similar trends over time.
Trends in poverty in families with children

Economic deprivation 1968–2011

Does child poverty increase? This is an important question, but the answer is often dependent on the time frame. In the public debate, the focus is normally on the yearly ups and downs, but what is important is not the temporary (often “accidental,” or stochastic) bumps, but the more long-term trends – say, 5–10 years or longer. Finding data that can cover long time periods is difficult, but we use two surveys, on the basis of which we can study economic deprivation since the 1960s: The Swedish Level-of-living Survey (LNU), conducted by the Swedish Institute for Social Research (SOFI) since 1968 (but with long time gaps between waves), and the annual Survey of Living Conditions (ULF) conducted by Statistics Sweden (SCB). From 2008, ULF has been merged with Eurostat’s European Union Statistics on Income and Living Conditions (EU-SILC) (see Appendix 5), which has severely reduced comparability over time. The measures we can use from the LNU and the ULF surveys concern economic deprivation in terms of cash margin, difficulties in getting the household economy together, economic worries, and the lack of (mostly material) necessities (Box 1).

Figure 1 shows the development of child poverty over time in terms of their families’ economic deprivation. The statistics are based on information from parents, who respond to questions about the household, but we have recalculated the percentages according to the number of children in each family, thus making the children the basis of analysis.

In a longer time perspective – here 1968 to 2010 – we can see a clear reduction of the percentage of children with economic problems. It is however the first and last years that stick out in the LNU data – in 1968, such problems were markedly greater than in the period 1974–2000, and then they decreased up until 2010. In the annual ULF-data, which starts later (in our analysis, in 1980), it is not the trend but the fluctuations in economic problems that catch the eye. Such problems were uncommon during the economic heydays of the late 1980s but increased rapidly following the economic crash that started in the autumn of 1991 and lasted up to
Box 1. Indicators of economic deprivation of families

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Interview information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lack cash margin by own means/</strong> Economic deprivation</td>
<td>Cannot raise a sum of money within a week through own assets or savings (^a,,^b,,^c)</td>
</tr>
<tr>
<td><strong>Lack cash margin entirely/</strong> Economic deprivation</td>
<td>As above, but cannot lend money either (^a,,^b)</td>
</tr>
<tr>
<td><strong>Economic crisis</strong></td>
<td>Have sometime during the last 12 months had problem making ends meet (pay for food, rent, bills, etc.)</td>
</tr>
<tr>
<td><strong>Worried about the private economy</strong></td>
<td>Often or sometimes worried about own or family economy the upcoming year</td>
</tr>
<tr>
<td><strong>Material deprivation</strong></td>
<td>Cannot finance at least three out of nine necessary consumer items or services (^d)</td>
</tr>
</tbody>
</table>

\(^a\). ULF 1980-2007. The sum required has been increased over time to compensate, approximately, for inflation: (1980-81: 5,000 SEK); (1982-84: 7,000); (1985-87: 8,000); (1988-89: 9,000); (1990-93: 12,000); (1994-95: 13,000); (1996-2003: 14,000); (2005-07: 15,000). In 2006, there was a methods change, from face-to-face to telephone, meaning that estimates for the pre- and post-2006 waves are not comparable.

\(^b\). LNU 1968-2010: The sum required has been increased over time to compensate, approximately, for inflation: (1968: 2,000 SEK); (1974: 2,500); (1981: 5,000); (1991: 10,000); (2000: 12,000); (2010: 14,000). For 1991 and 2000, the sum is somewhat lower than in ULF.

\(^c\). ULF/SILC 2008-2011: 8,000 SEK. At the change from ULF to EU-SILC in 2008, both the sum and the formulation of the question changed, meaning that estimates up to 2007 and from and including 2008 are not comparable.

\(^d\). EU-SILC 2005-2010: Necessities: rent, heating, cash margin (1/12 of 60% or median); eating meat, fish, or equal protein-based meal at least every second day; one weeks vacation away; car; washing machine; TV-set; telephone.

1996–97. For example, in 1990, 12 per cent of children (0–18) lived in households with no cash margin while the corresponding figure for 1997 was 25 per cent. During this period, the proportion of children living in families who had difficulties meeting their economic needs increased from 20 to 30 per cent. Recovery after the recession was slow at first, and it was not until the middle of the first decade of the 21st century that poverty rates, measured this way, had come down to pre-recession levels.

Together, the two surveys support the conclusion that the proportion of children in households with economic troubles has decreased since around the year 2000. In the ULF studies, it is unfortunately impossible, due to changes in methods and
Figure 1. Trends in economic deprivation of families with children in two surveys

* Estimates in ULF/SILC are comparable within the periods 1980-2005 and 2008-2011, but a change in data collection method in 2006 and in the cash margin question in 2008 means that estimates cannot be compared across these periods.

survey questions, to compare changes after 2005, but we can analyse trends from 2008 and onwards (cf. the note to Figure 1). The results from the LNU survey however support the conclusion that the proportion of children in households facing economic problems in 2010 is lower than what it was before the recession. The other two indicators of economic problems – worries about the economy and material deprivation – follow the same pattern and show a decrease toward the end of the studied period.

**Changes in income poverty and social assistance**

While the trends in economic deprivation can be studied as far back as the 1960s, it is difficult to find comparable data on income poverty covering such temporal ground. The most reliable data source is the Household Finances Survey (HEK), done annually by SCB and with good comparability since 1991. We use this survey

---

**Box 2. Income poverty in The Household Finances Survey (HEK)**

In HEK, information about the composition and expenditures of a household are based on survey questions, while incomes are taken from registers. This combination is a big advantage, but as in all analyses where register information on incomes is used, there is a risk that some families have higher living standards than what is indicated by the incomes. Self-employed are a special problem in this respect, with few economic problems but low nominal incomes (Appendix 2). It is therefore important to consider that the proportion of poor are over-estimated in analyses of HEK, as they are in other studies defining poverty from register-based income statistics. The level of poverty shown in the figures in this report should therefore be interpreted cautiously. However, it is unlikely that these problems affect trend estimates.

HEK is a survey, meaning that random errors may occur. This also suggests that one should focus on systematic trends over time and differences between groups rather than specific values for short time intervals, such as a few years. In analyses where the sample is broken down into smaller subgroups, annual estimates become particularly sensitive for random errors, and in these cases we show moving averages instead of annual observed values in order to highlight systematic trends.

The earliest comparable information in HEK pertains to 1993. However, in some cases, one can use a specially calculated value for 1991, and in these cases the value for 1992 is interpolated as the average of 1991 and 1993.
for studying income poverty and SA (again at the household level, but expressed as the proportion of poor children) between 1991 and 2010 (see Box 2 and Appendix 5).

**Poverty primarily affects families with children**

Previous studies of the economic crisis of the 1990s have shown that families with children were badly affected [15, 16, 27–29]. Figure 2 confirms this conclusion. The recession between 1991 and 1997 affected all age groups though the age group above 65 was the least affected. Those of working age (20–64) were not affected to the same extent as those with children under 20. Many families with children suffered economically during the crisis: the proportion of children in families in absolute poverty increased from 8 to 19 per cent within a few years.

Toward the end of the 1990s, when the economy recovered, poverty rapidly decreased among households with children, and in 2003 poverty levels were back to pre-recession levels. After that, poverty decreased down to 7 per cent with small, annual fluctuations.

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### Box 3. Measures of income poverty and social assistance among families with children

<table>
<thead>
<tr>
<th>Poverty measure</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low income standard</strong></td>
<td>The household’s equivalized disposable income is below the threshold for low income standard (the norm for social assistance 1985–1995, adjusted for Consumer Price Index [CPI])</td>
</tr>
<tr>
<td><strong>Relative poverty</strong></td>
<td>The household’s equivalised disposable income is below 60 (or 50) per cent of the median income in the country</td>
</tr>
<tr>
<td><strong>Social assistance (SA)</strong></td>
<td>The household has received SA some time during the year (irrespective of duration or volume)</td>
</tr>
</tbody>
</table>

Note: Appendix 1 describes definitions and measures of income.

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3 Estimates from survey data always come with some margin of error, but in order to make the graphs readable, we do not report confidence intervals. To make the text less complicated we also mostly report trends in absolute poverty while trends in relative poverty and social assistance can be found in Appendix 4.

4 For the years 1999–2007, HEK also includes a measure of wealth. When we subtract those with a fortune of 100k SEK or more (approximately 10,000 Euro, 9,000 GBP, or 13,000 USD), poverty levels are 2–3 percentage points lower. The trends, however, are the same.
Figure 2. Trends in different kinds of poverty in three age groups 1991–2010

Proportion of persons in households with disposable equivalised incomes below the absolute poverty limit (low income standard), below the relative poverty limit* and with Social Assistance. Children (0–19), people of working age (20–64) and elderly (64+). Per cent.

* The EU relative poverty limit (disposable equivalised income below 60 per cent of the median). For children 0–19 also the OECD limit at 50 per cent of the median.

1992 values are interpolated.

Source: HEK, Statistics Sweden.
One poverty measure that is related to absolute poverty, as defined here, is SA recipiency – this is indicated by the similarity in trends visible in Figure 2 during and after the recession. During the most recent years, the changes are smaller, but we can note a small increase in SA from 2006 to the present (though more recent figures, not reported here, show a decrease between 2010–11). The trends in absolute poverty and SA for families with children are similar to the overall rate for those in working age, though the levels are higher.

The picture of child poverty is entirely different when studying relative income poverty (Figure 2). In the first half of the 1990s, the proportion of children in relative poverty was at a fairly constant level, but since then it has increased steadily. Those of working age went through the same development but at a lower level. We can see, in the leftmost graph, for children, how the choice of relative poverty definition – as 50 or 60 per cent of the median income – makes a considerable difference for the poverty level, but not for the trend (and from now on, we stick to the 60 per cent EU level).

Because different measures give different results, it could be worthwhile to elaborate on this – the differences tell something important about development in general. Absolute poverty, like SA recipiency, is about purchasing power, which plummeted during the recession, considerably increasing poverty levels. This increase in poverty levels was more profound for incomes than for SA, probably because households could live on savings and unemployment benefits for some time before they had to turn to welfare. The fact that absolute poverty has decreased since the end of the 1990s meant that families with children have had more money and therefore could consume more.

At the same time as absolute poverty decreased, income inequality increased, both in general and in the lower part of the income distribution [16]. This means that more households with low incomes have come to fall behind those with median incomes. While almost all households with children have seen their purchasing power improve, a growing group of low-income households have, at the same time, fallen behind. The increasing real incomes for this group around 1996–2003 masked, so to speak, their relative income position. In this perspective, it is worrying that the most recent years have witnessed rapidly increasing income differences without any “compensation” in terms of real income growth for households with low incomes. It is, we believe, the combination of absolute and relative poverty that produces this situation, also proving the strength in using several poverty measures. If this unfortunate development trickles down to the children themselves is another question, and one to which we will return.
Children who live with one parent
Families with children were, as we have seen, badly affected by the recession in the 1990s. However, there are big differences in poverty levels between different family types. The rapid increase in absolute poverty in the period 1993 to 1997 was pronounced among children who lived with one parent (Figure 3). The poverty rate in this group was, during the entire period 1991 to 2010, around two to three times as high as for children who lived with two parents. Interestingly, this was true whether these were both biological parents or one biological and one step-parent, suggesting that the situation may improve for single parents, as many find a new partner [31].

Figure 4 shows that poverty strikes harder for younger children (0–6 years old) living with a single parent. In 2010, every fifth child in this group lived in a poor

Figure 3. Absolute poverty (low income standard) among children in different family types 1991–2010
Proportion of children aged 0–19 in households with disposable incomes below the absolute poverty limit. Children to single parents, to cohabiting parents* and in reconstituted families**. Per cent.

*Biological or adoptive parents.
**One parent and a step-parent. Three year moving averages.
1992 values are interpolated.

Source: HEK, Statistics Sweden.
household, while the corresponding figure for those older than 6 was around every tenth child. For children living with two parents, there is almost no difference between younger and older children. The explanation for this pattern is probably that young children in one-parent households often live with a younger mother who may have weak connections to the labour market and/or an unqualified job [2].

The percentage of children in single-parent households who receive SA has changed in a similar way as absolute poverty. From 2005 to 2010, relative poverty increased rapidly – from 25 to 37 per cent – in this group. Regardless of how we measure

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Footnote 5: There is one difference: a growing proportion has received SA since 2007 (Appendix 4, Figure B4: 1). This may be because they have moved from one benefit system (e.g., unemployment benefits) to another, SA.
poverty, single parents with children experience much higher poverty rates than two-parent households with children, and their incomes have fallen further behind (Appendix 4, Figure B4:1).

**Children of immigrants**

The second group that is particularly affected by poverty consists of immigrants, meaning that their children grow up under harsher economic conditions than children with Swedish-born parents. Even though the proportion of absolute income poor among children of immigrants has been reduced by more than half since the mid-1990s, from near 50 per cent to around 20 per cent in 2010, it is still around ten times higher than for children of Swedish descent (Figure 5). The development over time is similar to other groups, with only small changes during the last ten years.

The situation for children of immigrants is no better when we measure poverty as SA or relative income poverty (Appendix 4, Figure B4: 2), and altogether we can only conclude that poverty data paint a gloomy picture for this group: the poverty levels are very high, and show little sign of decline since 2006. One probable reason for this is that immigration is still high, so the group of children of immigrants continues to be composed of a relatively large proportion of newly arrived migrants. When we study those who have been in Sweden for ten years or more (not shown here) we find markedly lower poverty levels, suggesting – in a more optimistic vein – that children of immigrants continue to climb out of poverty over time, even though the group as a whole shows persistent levels. A study of long-term poverty during the 1990s does however note that mobility out of poverty for children of immigrants is relatively slow, at the same time as poverty is severe [32]. It is clear that children of immigrants are much more economically vulnerable than children of the majority population.6

**Children whose parents are not gainfully employed**

The reason that children of immigrants have such an economically troublesome childhood can, to a large extent, be traced back to the parents’ weak position in the labour market. In countries like Sweden, with a high minimum wage level and (nowadays) few part-time workers, poverty is very strongly connected to joblessness.

It is clear from Figure 6 that children in families with two gainfully employed parents rarely experience absolute income poverty – and (although we do not show

6 Previous studies have shown, however, that the difference in poverty levels varies greatly between different immigrant groups [15, 33].
them) relative poverty and SA levels are also very low. In fact, even for children with only one gainfully employed parent – irrespective of whether the child lives with one or two parents – poverty levels are low, though not negligible (between 5 and 9 per cent were poor according to the absolute measure).

Poverty levels for children with no gainfully employed parent are in general very high – almost every third child of single parents and every second child of two parents were poor in 2010.\textsuperscript{7} Social assistance levels are in the same region (Appendix 4: Figure 4:3). However, relative poverty rates for children whose parents are outside of the labour market are enormous – 85–90 per cent have incomes that fall below 60 per cent of the median income in 2010 (Appendix 4: Figure 4:4).

\textsuperscript{7} The reason for the higher poverty levels in two-parent families without gainful employment is primarily that the economic needs are higher in two-parent families (recall that we use disposable equivalised incomes, that adjust for the number of household members).
The trends in poverty rates have been both similar and different for children of parents with and without employment. In the first post-recession period, from the late 1990s and up to 2006, absolute poverty and SA levels decreased for both groups. However, after that time period, absolute poverty levels surged for jobless parents (Figure 6), suggesting that different kinds of benefits have not kept up with inflation during the most recent period we study (2007–2010). However, a more dramatic difference between those who are in gainful employment and those who are not concerns the trends in relative poverty (Appendix 4: Table B4: 4). While the gap in poverty levels was tangible already in 1995 (20–35% for jobless as compared to 10–15% for one gainfully employed and 4% for two parents with jobs), it has grown to extraordinary sizes in 2010 (or 85–90% versus 20–25% and 3%).

The development of child poverty from the 1990s and up to 2010 has emphasised the importance of parental employment for reaching an adequate living standard. But is the situation now such that almost all poor children have non-employed parents? No, this is not the case. In fact, almost half of those who we define as poor in an absolute sense have at least one parent with a job (results not shown). But the trend is that gainful employment becomes all the more important for avoiding poverty. The proportion of the (in an absolute sense) poor children who live in a family without any employed parent grew from around 30 per cent in 1993–94 to levels above 50 per cent in 2009–10. The association between employment and child poverty has thus become stronger over the most recent 20-year period. This in turn, can be traced back to the composition of families with children (more immigrants), and to the fact that benefit levels (for those with no income) have not kept up with market incomes.

Poverty persistence

The proportion of poor in a given year does not reveal anything about the degree to which the group of poor consists of the same people from year to year. If the poor are poor for a long time, this reflects a higher degree of social exclusion than if the poor consists, from one year to another, of different people with temporary economic problems. It is also likely that long-term poverty has worse consequences for children who experience it.

Previous studies of poverty persistence in Sweden [16] have shown that many are affected by poverty at some time but most experience only short poverty spells. However, if we study those who are poor at a particular point in time, a large proportion are in a long poverty spell, defined as five years or more of continuous poverty. It is important to note here that families with children have a greater risk
Figure 6. Absolute poverty (low income standard) among children to parents with or without work, by family type 1991–2010
Proportion of children aged 0–19 in households with disposable incomes below the absolute poverty limit. Children to cohabiting* or single parents. Per cent.

Cohabiting parents

Per cent

1990 92 94 96 98 00 02 04 06 08 10

Both non-employed
One employed
Both employed

Single parents

Per cent

1990 92 94 96 98 00 02 04 06 08 10

Non-employed
Employed

*Including reconstituted families.
1992 values are interpolated.
Three year moving averages.

Source: HEK, Statistics Sweden.
Figure 7. Persistence of poverty among families with children 2000 and 2010
Proportion of children who up until the survey year have been in 1, 2, 3, 4, and 5 or more years of poverty, or in recurrent poverty. Children who in 2000 or 2010 were aged 4–20 and lived in a family with low income*. Per cent.

* Below 125 per cent of the absolute poverty limit (low income standard). To get adequate sample sizes we here use a higher absolute poverty limit than in other analyses.

Source: LNU, Swedish Institute for Social Research.

for ending up in long-term poverty, and they constitute around 40 per cent of all long-term poor [16].

A comparison between 2000 and 2010 (based on the LNU survey data) shows that long-term poverty among families with children has been radically reduced, from 68 to 39 per cent (Figure 7). Not only has the proportion of children in absolute poverty declined between 2000 and 2010 (as we saw in Figure 2 above), those who are poor also experience shorter spells of poverty. This means that children who grew up during the second half of the 1990s were much more often long-term poor during childhood than those who grew up ten years later. While this can be seen as a rather mechanical effect of the ups and downs of business cycles, it is still possible that the consequences for those who experience it can be real and long-lasting (cf. [34]).
Poverty among children

So far, we have analysed child poverty from the perspective of the household, which is reasonable as the household economy sets limits for the economic resources for all family members. But we do not know whether the distribution of economic resources is equal among family members, or that this distribution is the same in different types of families. Two children whose parents have equal incomes may themselves have different economic margins and material standards depending on what proportion of the household income is spent on children. One way of relaxing the assumption of equal distribution of resources within a household is to study children’s economic situation directly – to study the poverty of children. Such information, elicited directly from children themselves, is not available from many data sources, but for some (listed in Appendix 5). These data give, together with information on the household economy just studied, a more comprehensive and nuanced picture of the “factual economy” of children [35]. Letting the children convey information about their own situation is also an ethical question – it is preferable not to let a group’s conditions be represented by others.

Measuring poverty among children

When measuring poverty directly among children, the method has to be partly different from the study of families with children. It is difficult to know what economic resources children command because they do not have their own incomes and it is impossible for them (and probably for their parents) to estimate how large a proportion of the household income goes to them. Some get weekly or monthly payments from their parents (or the child allowance), some get money when they need, some work regularly and get to keep the whole or parts of the salary, while others hardly have any cash at all [36]. Even if it is important to measure children’s economy directly, it is not possible to do it with great precision; we will therefore use several complementary measures (Box 4). Each has some weakness, but we believe that together they give insights about a child’s economic situation that would not be possible without reports directly from children themselves.

Consumption, participation, and material living standards among children

We begin with indicators of relative poverty among children. Questions about whether a responding young person can join their friends in taking part in events
Box 4. Indicators of children’s economy and economic deprivation

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Information from interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Works extra (only children 16–18)</td>
</tr>
<tr>
<td></td>
<td>Gets their child/study allowance</td>
</tr>
<tr>
<td></td>
<td>Gets weekly or monthly pocket money</td>
</tr>
<tr>
<td>Material resources (deprivation)</td>
<td>Has the following: own room, own TV, own computer, own mobile telephone</td>
</tr>
<tr>
<td>Cash margin</td>
<td>Can get 100 SEK (9 Euros) 150 SEK in Child-LNU 2010 until tomorrow, e.g., to go to the cinema, if needed</td>
</tr>
<tr>
<td>Participation</td>
<td>Could not afford to join friends for events etc. several times during the last 6 months</td>
</tr>
<tr>
<td>Consumption</td>
<td>Could not afford to buy things that s/he wanted, and that many in her/his age has, several times during the last 6 months</td>
</tr>
</tbody>
</table>

(participation) or whether they can afford to buy things that their friends have (consumption) both relate to the consumption level of children’s most tangible reference group. These indicators therefore capture the social dimension of poverty (or, at least, of lacking liquid economic resources).

These indicators were used in both Child-LNU and Child-ULF, studying children aged 10–18, and Figure 8 shows that 6–12 per cent in this group have experienced economic problems with both participation and consumption in the period 2002–2011. Between 2003 and 2007, the proportion decreased from 12 to 6 per cent, but has since increased somewhat to 8 per cent. The trends for participation and consumption diverged between 2007 and 2011, but the sample was quite small in 2011, making the estimates for the end of the period less reliable.

Beginning in 2009, two questions were added: if the respondent would want to participate in a leisure time activity, but cannot afford it; and if they have not been able to afford to participate in a school outing or other school activity. For the first indicator, 3–4 per cent answered in the affirmative, but note that this does not mean that they cannot afford any leisure time activity, only that there is some activity

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8 In all analyses of Child-ULF and Child-LNU we use design weights to compensate for the fact that children have different sample probabilities depending on family type – those with two resident parents, for example, have twice the chance of being included than do those residing with one parent.
they cannot afford. It is an extremely small proportion – around 0.3 per cent – that claims that they have had problems participating in a school activity due to a lack of economic resources (schools are not allowed to charge pupils for such events, though this still occurs).

In general, the results show that children’s relative poverty fluctuated during the 2000s, but without any discernable trend. During the same time, as we noted in Figure 2, the relative poverty among families with children has increased rapidly. The theory behind the relative poverty measure says that when low-income earners

Figure 8. Problems among children to afford participation and consumption, according to two surveys
Proportion of children aged 10–18 who often have problem with participation*, consumption** or both participation and consumption.

*Has several times during the last 6 months been unable to afford to do something with friends that one wanted to do.
** Has several times during the last 6 months been unable to afford something that one wanted to buy and that many of the same age have.

In 2006 there was a change in data collection method (from interview to phone), the first year only for half of the sample. This is marked by a broken curve, and affects comparability in consumption problems but not in the other two measures.

Source: Child-ULF, Statistics Sweden; Child-LNU, Swedish Institute for Social Research.
are amassed at levels far away from the median income-earners, their problems with living a life on par with others will rise. The fact that this has not happened for youths is therefore notable, and begs the question why the trends are not aligned. There are at least two possibilities here. First, parents may compensate their children economically so that when the family falls behind, they allocate relatively more resources to the children. Second, it may tell us that the validity of the relative income poverty measure is wanting. This could be the case if the reference group of children is not the “median kids,” but their equally poor school-mates or neighbours, making residential and school segregation a mitigating factor. It could also simply be because the relative income poverty measure is an arbitrary construct, identifying many families that may not be afflicted with the problems that follow from “true” economic vulnerability.

Another important aspect of children’s economy is whether they have a cash margin should they suddenly need money for something (going to the cinema, for example). This indicator is unfortunately only partly comparable over time however. Over the whole period, around 10–15 per cent claim that they cannot muster 10 Euro for the next coming day, with no discernable trend (results not shown). The problems, naturally, are greater for the youngest and very rare for 17–18-year-olds, but the differences between age groups have declined over time.

Previous research has established that Swedish children have a high material well-being [17], also in an international perspective [3, 6], and there is no sign of deterioration during the period we study (Figure 9). Around 90 per cent of 10–18 year-olds have their own room, a proportion that has been constant over time. More than half have their own TV-set, and the technical development is reflected in the fact that the possession of a mobile phone has increased from 43 to 96 per cent, and the proportion with their own computer has grown from 26 to 73 per cent.

**Children’s access to own money**

Having access to own money is an important aspect of the level of living – understood as command over resources – especially for children of the age when they are out on their own, without parents. Recurrent incomes come most often from parents, but older children also work during weekends, in the summer or when school is out. It is also likely that grandparents or other relatives contribute to young people’s economy.

A good 80 per cent of children 10–18 years old have regular incomes from their parents, a proportion that has been more or less constant during the period from 2001 to 2008. The average sum was also relatively constant, around 40 Euro per
Figure 9. Material standard among children, according to two surveys
Proportion of children aged 10–18 who have their own room, mobile phone, TV, or computer.

The change of data collection method in Child-ULF in 2006 is marked with a broken curve.

Source: Child-ULF, Statistics Sweden; Child-LNU, Swedish Institute for Social Research.
In the category without regular incomes, most claim that they get money from their parents when needed (an “on demand economy”), but we were not able to ascertain how much money this entails. Only 3–5 per cent of the children report that they never get any money from their parents; this is most common in the younger ages.

Both the regularity and size of the incomes from parents are strongly dependent on the child’s age (Figure 10), and we cannot trace any change over time in these results: the oldest (16–18 years old) receive around 80 Euros per month and the youngest (10–12 years old) around 11 Euros (Figure 11).

Getting money from work is an alternative for the older children. Around 16 per cent of 16–18 year-olds works every week during school terms, 13 per cent some time during the month, and 70 per cent hardly work at all (results not shown). It is more common to work during summer breaks – around half of all 16–18 year-olds have done so during the most recent break. This kind of extra work has not changed in popularity during the period we study, 2001–2011.

**Figure 10. Regular income from parents among children in different age groups 2001–2008**

Proportion of children aged 10-18 who have weekly/monthly allowance or get their child/student allowance. Average sum among those with incomes and among all children. SEK per month.

Poverty among children: vulnerable groups

Earlier in this report, we saw that children residing with only one parent, and children of immigrants have much higher risks of growing up under adverse economic conditions than other children (Figure 3–5). To what extent is this reflected in their own economic situation?

As demonstrated by Figure 12, upper graph, children who have experienced a parental separation clearly have a higher risk for problems with consumption or participation: 36–38 per cent have such economic problems compared with 21 per cent among children who live with two biological (or adoptive) parents. The latter also somewhat more often have cash margins (93 vs. 88 per cent). It is interesting to note that children in reconstituted families have the same level of economic problems as children to single parents, despite the fact that the household economy among children with step-parents is almost identical to the one in households with two original parents (Figure 3). This is a strong indication that incomes are not shared with step-children to the same extent as biological children. When it comes to material standard, there is however no systematic disadvantage for children in reconstituted families.
Figure 12. Problems with participation and consumption and lack of cash margin and material goods among children 2008–2011

Proportion of children who have problems with participation\(^a\) or consumption\(^b\), or both, and children who lack cash margin or different goods. Children 10–18 with different family types/parent origin. Per cent.\(^c\)

\(^a\) Has several times during the last 6 months been unable to afford to do something with friends that one wanted to do.

\(^b\) Has several times during the last 6 months been unable to afford something that one wanted to buy and that many of the same age have.

\(^c\) Average proportion for 2008–2011.

* The difference to two-parent families and to Swedish born parents are statistically significant (P<0.05).
Figure 13. Children’s incomes from parents in different family types 2001–2008
Proportion of children 10–18 who get weekly/monthly allowance or child/student allowance. Per cent.

* The difference to two-parent families and to Swedish born parents are statistically significant (P<0.05).
**Including reconstituted families.

Figure 12, lower graph, describes the differences in children’s economy between immigrants’ and the majority’s offspring. Both consumption and participation problems are relatively equal, even though children of immigrants more often have both these problems. Material standards are fairly similar too, with one striking exception: more than 30 per cent of children of immigrants lack their own room, while this is true not even for 4 per cent of children of Swedish-born parents. Another difference pertains to the regular income from parents (in whatever form) – Figure 13 attests to the fact that children of immigrants have such money flow less often (this is also true for children of single parents, but the difference to two-parent families is small).

Now, one possibility is that children of immigrants work during leisure time, and that there is little need for parents to support them with cash on a regular basis. However, this is not the case. On the contrary, Figure 14 verifies that extra work is a phenomenon that is substantially more common among children of Swedish descent, leading to a growing gap in children’s economy to the disadvantage of children of immigrants (while, here, children who live with a single parent work to a similar extent as those with two parents).
Figure 14. Youth with work 2002–2011
Proportion of young people 16–18 who work extra during their free time** or during summer holidays, by family type and parent origin. Per cent.a

**At least once a month

***Including reconstituted families

*a Average proportion for 2002–2011.
*b The difference to two-parent families and to Swedish born parents are statistically significant (P<0.05).
**At least once a month
***Including reconstituted families
Consequences of child poverty

A common belief is that poverty has negative consequences for children. This is a reasonable but surprisingly seldom tested assumption that suffers from two ambiguities. The first is the causal postulation – is it really the economy that is behind any unfavourable condition experienced by the economically vulnerable? If this were the case, increased economic support to poor families with children would reduce the problem. Only a few studies have made serious attempts at testing the causal assumption, and they find mixed support [37–41]. Alternatively, there is another factor behind, influencing both the economy and the child's wellbeing and living conditions, such as parents’ education, work capability, or health.

The second ambiguity concerns whether to consider short- or long-term child outcomes. Previous research has often concentrated on (easily measured) long-term consequences, such as educational attainment, nest-leaving, or teenage pregnancy [42]. Outcomes like these are certainly important to study, but must not conceal the crucial issue of the here-and-now consequences of poverty [43–45]. If poverty reduces the scope of action of young people, if it impedes their chances of making and keeping friends, if it makes them feel ashamed and lowers their self-esteem, or affects their psychological wellbeing negatively, then this is unquestionably sufficient for child poverty to be regarded as a serious societal problem, no matter whether it has long-term consequences or not [46]. Here, we shall study the immediate (here-and-now) situation for economically vulnerable children – a child perspective on poverty that is all too often missing. However, given the cross-sectional nature of our data, we will not be able to determine whether or not any association between the household economy and children’s outcomes represents a causal effect.

The association between the economic resources of parents and children

Poverty at the household and child level are, of course, not independent. Children who grow up in poor households face increased risk of experiencing economic problems themselves, even if studies have shown that this association is far from perfect [17, 46]. We can illustrate this by comparing the economic deprivation of parents and children. Among children whose parents lack cash margin (here, mea-
sured in 2002–2005), 34 per cent lack such margin themselves, as compared to 19 per cent among other children (results not shown).

Turning instead to children’s economic problems in terms of participation and consumption, Figure 15 shows that those whose parents lack cash margins more often face the combination of these difficulties: 13–16 per cent of children of economically deprived parents experienced both of these problems often, as compared with 7–8 per cent of other children. For the latter time period, 2008–09 and 2010–11, there is a tendency to declining differences as children’s economic problems decrease somewhat for children from poorer families and increase slightly for others.9

**Figure 15. Consumption and participation among children by parents’ access to cash margin**

Proportion of children 10–18 who often have problems with both participation* and consumption**, by parents’ access to cash margin***.

<table>
<thead>
<tr>
<th>Parents lack</th>
<th>Parents have</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Per cent</strong></td>
<td><strong>Per cent</strong></td>
</tr>
<tr>
<td>own cash margin</td>
<td>own (low) cash margin</td>
</tr>
<tr>
<td>16</td>
<td>14</td>
</tr>
</tbody>
</table>

*Has several times during the last 6 months been unable to afford to do something with friends that one wanted to do.

**Has several times during the last 6 months been unable to afford something that one wanted to buy and that many of the same age have.

*** The sum has been adjusted for inflation over time (see Box 1). With the step from ULF to ULF/SILC in 2008 both the sum (now 8,000 SEK, low cash margin) and the question was changed, meaning that the estimates for 2002-2005 and 2008-2011 are not comparable. To get adequate sample sizes proportions are averaged over two years.


9 Changes in methodology in Child-ULF prevent us from interpreting changes that occur between the two periods 2002–05 and 2008–11 in Figure 15.
One aspect of economic deprivation is lacking things that young people often possess. The difference in such material wellbeing is small between families with and without cash margin (Figure 16). This, of course, does not preclude differences in what types of mobile phones, computers, etc. children have. The most noteworthy difference in Figure 16 is for own room, which almost all children in non-poor households have (95 per cent), while the proportion among children from poorer background is lower (85 per cent).

Figure 16. Material standard among children by parents’ access to cash margin. Average for 2008–2011

*The difference between parents with and without cash margin is significant (p<0.05).

In sum, in addition to having slightly lower material standard, children whose parents have economic problems (lack cash margin) also have more economic problems themselves. However, there is a large majority also in this group with economically deprived parents who do not seem to suffer at all economically. Parents’ economic situation is thus not at all mechanically transferred to their children's situation. This, in turn, may be because poor parents compensate their children by giving them a larger share of their economic resources. To be sure, it can also be that we have used a measure of parental poverty that does not identify the poor
with great precision, but includes those who have only temporary or slight economic problems. An alternative is that, in order to have negative effects on children, poverty must be long-term. Finally, it is of course quite possible that benefactors other than the parents uphold the economic standard of children – support comes naturally from grandparents, but also from other relatives and perhaps charities. In addition, parental economic resources are in many ways supplanted by welfare state policies such as subsidised services.

The association between parents’ economic problems and children’s level of living

The family economy is important not only because economic problems reduce the scope of action and lead to a lower material living standard, but also because a strained economy can affect other dimensions of the level of living. The dimension that is most obviously related to the economy is housing – as noted above, for example, children in poorer families less often have their own room. Previous research in Sweden has shown that poverty strongly influences the type of occupancy (over 60 per cent of poor children lived in rented apartments, while only 15 per cent of the non-poor did so), the size of the dwelling (66 per cent experienced overcrowding vs. 17 per cent), and safety in the neighbourhood [17].

In Table 2, we expand the analysis of the association between the household economy and children’s living conditions to also include other outcomes, namely participation in leisure time activities, relations with friends, health, health-related behaviour, safety, and crowded housing (see Appendix 1 for a description of the measures used). In our analysis here, family economic problems are defined as lacking cash margin in combination with belonging to the lowest quintile of disposable equivalised income. Other poverty definitions, based on parents’ economy, give comparable results, thus suggesting that although different definitions capture different individuals, they relate similarly to child outcomes.

We should emphasise that what we can study here are associations, that is, to what extent poor children more often have different kinds of problems. With the data available, it is not possible to ascertain that it really is the economy that causes the problems, or if the “real” influence comes from some other characteristic that is related both to the family economy and the child outcome (what is known as a spurious correlation). To reduce the number of alternative explanations, we control statistically for a number of background variables (see Table 2). This means that differences in outcomes between poor and non-poor are unlikely to come about because these groups differ in their composition of gender, age, region, parents’ edu-
Table 2. Associations between child outcomes and parental poverty

<table>
<thead>
<tr>
<th>Child outcome</th>
<th>Parental poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lacks cash margin and has income in lowest quintile</td>
</tr>
<tr>
<td></td>
<td>Among non-poor</td>
</tr>
<tr>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Organised sports activity every week</td>
<td>66,6</td>
</tr>
<tr>
<td>Safe in neighbourhood (day)</td>
<td>97,7</td>
</tr>
<tr>
<td>Safe in neighbourhood (night)</td>
<td>79,3</td>
</tr>
<tr>
<td>Safe to and from school</td>
<td>94,4</td>
</tr>
<tr>
<td>Friend at home every week</td>
<td>76,4</td>
</tr>
<tr>
<td>Visit friend every week</td>
<td>82,5</td>
</tr>
<tr>
<td>Meet friends in free time every week</td>
<td>96,3</td>
</tr>
<tr>
<td>Exercise every week</td>
<td>85,5</td>
</tr>
<tr>
<td>Cannot afford activity</td>
<td>3,3</td>
</tr>
<tr>
<td>Vandalization in the neighbourhood</td>
<td>11,6</td>
</tr>
<tr>
<td>No friend in class</td>
<td>9,8</td>
</tr>
<tr>
<td>Not breakfast every day</td>
<td>24,4</td>
</tr>
<tr>
<td>Not lunch every day</td>
<td>17,1</td>
</tr>
<tr>
<td>Smokes every week (age 15+)</td>
<td>13,9</td>
</tr>
<tr>
<td>Alcohol every month (age 15+)</td>
<td>37,1</td>
</tr>
<tr>
<td>Psychological problems (scale 0-23)</td>
<td>6,4</td>
</tr>
<tr>
<td>Somatic problems (scale 0-16)</td>
<td>4,3</td>
</tr>
<tr>
<td>Bullied (scale 0-16)</td>
<td>1,5</td>
</tr>
<tr>
<td>Persons/room</td>
<td>0,8</td>
</tr>
</tbody>
</table>

*Adjusted for survey year, sex, age, interaction sex/age, region, parent education, parental health and parental immigrant status.

†According to parents.

All estimates are for 2001–2010, except:

1 For the period 2002–2010
2 For the period 2009–2010

Differences in parentheses () are not statistically significant, otherwise estimates are significant (P<0.05).

Source: Child-ULF, ULF and ULF/SILC, Statistics Sweden.
cation, parents’ health, or immigration status (the adjusted differences are shown in the rightmost column in Table 2; estimates of control variables not shown).

Table 2 reveals a relatively strong association between poverty and leisure time activities. Around two out of three children in non-poor families participate in organised sports activities every week, compared to only half of those in poor families. On the other hand, only 4 per cent of the latter claim that they do not participate for economic reasons, and this percentage is very close to the figure (3 per cent) for other children. This suggests that the economic situation is not the direct cause for poorer children not to participate.

Most children have an active social life, meeting friends often, but there are some differences to the disadvantage of poorer children; they claim to less often have a friend in their school class, and to be subject to bullying more often. Even if these differences are not alarming, they remind us that poverty can have real-life, everyday social consequences that are grave for young people.

When it comes to different aspects of housing, it is obvious that the economy matters. Children in poorer families more often live in areas where it is common that property gets destroyed, and they more often feel unsafe in their neighbourhood in the evenings, and on their way to and from school (though the difference here are not substantial). When it comes to safety, the differences are smaller than was the case at the beginning of the millennium [17], which appears to be because of a general increase in the feeling of safety during the last decade.

Children in poorer families not only participate more rarely in sports activities, they also exercise less often: 75 per cent exercise every week, compared with 86 per cent of children of more fortunate economic backgrounds. Also other health-related behaviours differ to the disadvantage of poor children: they skip breakfast more often (38 relative to 24 per cent) and they also skip lunch somewhat more often. They do not drink alcohol as much as other children, but after statistic controls we find that this is only because poorer children are, on average, younger. Smoking is however more common among children in poorer families, which challenges explanations only in terms of economic resources. The differences in psychological and somatic health are relatively small, even if they also point to a disadvantage for poorer children.

It should be emphasised that it is not possible to establish how much of the observed differences in Table 2 are actually due to “true” (causal) effects of economic problems. For housing problems and safety, it is reasonable to expect a causal effect because economic resources are so fundamental to where and how families live.
Also for organised activity, there is a risk that the economy sets limits for children’s participation, and the possibilities of making and maintaining friends may be affected by the extent to which they can partake in costly activities and consumption. However, when it comes to health and health-related behaviour it is more difficult to draw conclusions. Maybe children in poorer families exercise less often because it is more difficult for them to find an attractive form of training with a limited budget – but why do they skip lunch more often, and smoke more? Here, we can assume that some economically vulnerable families also have other characteristics that we do not capture in our analyses, and that, potentially, are the real causes to behaviour that may affect health.
Swedish child poverty in international perspective

Child poverty in Sweden may seem trivial in a global perspective, but the most relevant comparison is with other modern welfare states. Such international comparisons suggest that Swedish children and youth have a low level of material deprivation. Out of 30 studied countries in 2010, Sweden had the lowest proportion of children 0–18 who lived in families that lacked access to at least three out of nine necessities (see Box 1). The proportion was persistently low for the period 2005–2010, and was similar to the levels in the other Scandinavian countries, the Netherlands, and Luxembourg [47].

UNICEF [3] also shows that material deprivation is very uncommon among Swedish children. Just over 1 per cent of children below age 16 in 2009 lacked two or more out of 14 necessities (see Table 3 for a list). Out of 29 studied countries, only Iceland had a lower rate – the other Nordic countries and the Netherlands all had rates below 3 per cent. This can be compared to 6 per cent for Great Britain, 9 per cent for Germany, 27 per cent for Portugal, and 73 per cent for Romania.

When comparing relative poverty, Sweden fares somewhat worse: in 2009, 7 per cent of children aged 0–17 lived in families with incomes below 50 per cent of the national median. Sweden had the 7th lowest poverty rate among 35 countries [3], and, just as for material deprivation, a rate similar to other Nordic countries and the Netherlands. The corresponding number for Germany was 9 per cent, for Great Britain 12 per cent, and for the United States 23 per cent. Sweden and the other Nordic countries also have low rates of children in absolute poverty [2].

10 UNICEF also analyses the poverty gap in their reports, that is, how far the family incomes of poor children are from those of non-poor children. In a 2012 report [3] the poverty gap is defined as the distance between the median income among the poor and the 60% relative poverty line (data from EU-SILC 2009). In a report from 2010 [48] it is defined as the distance between overall median income and income at the 10th percentile (data from EU-SILC 2008). Surprisingly, the results in these reports tell very different stories: out of the seven countries, that in 2009 had the lowest rates in terms of both deprivation and relative poverty, only Iceland and Finland had small poverty gaps, while Sweden and Norway had very high gaps and Denmark was among the very worst in terms of the poverty gap. Presumably, this would mean that Sweden, Norway and Denmark had low poverty rates in 2009, but that the poor in these countries had incomes very far from the respective country’s normal income. However, in the UNICEF report from 2010 there is no such pattern – Sweden, Norway and Denmark had small poverty gaps in 2008. It is unlikely that the situation should have deteriorated dramatically from one year to another, so a more reasonable conclusion is that the differences in measures between the reports provide, for some reason, different results.
Explanations for the low levels of child poverty in Sweden and the other Nordic countries are often sought in welfare state arrangements. For example, poverty-reducing effects have been found for taxes and benefits [2, 49] but also for the dual-earner family policy [50]. In fact, the situation for children may be even better than the above comparisons suggest, as they do not take benefits in kind into account. Children in Sweden have, for example, free medical care, inexpensive child-care, free school lunches, and free schooling, meaning that their families will have more income left for other necessities than families in many other countries.

All previous international comparisons are made in terms of parental incomes or parental reports of family or child deprivation. We have access to brand new data from the CILS4EU project, based on interviews with approximately 19,000 14-year-olds in Sweden, Germany, the Netherlands and the UK during 2010–2011 [51, 52], on the basis of which we can compare children’s self-reported economic and material conditions across these countries. Our results show that the overall material and economic standard is high among 14-year-olds in all of these countries. There are some differences in economic conditions across countries, but no grounds for saying that children in Sweden fare dramatically better or worse than children in the other three countries. Given the large differences in family income poverty – relative and absolute poverty rates among families with children are, for example, two or three times higher in England than in Sweden (the size of the difference varies depending on definition, data and period [2, 3]) – it is remarkable that there are not larger and more systematic differences in children’s economic and material standards. This may suggest a compensating behaviour of parents in that they prioritise children’s welfare, meaning that the variation in living conditions is smaller among children than among parents.

Children in all four countries have access to similar monthly amounts of money (around 75 EUR, somewhat less in Germany), but the source of income varies: only 14 per cent of Swedish children have their own incomes from work, this compared to 50 per cent of Dutch children and around 30 per cent of German and British children. Instead, Swedish children get more money from their parents. Having their own income from work implies less economic dependence, but work also means less time for school and leisure activities. Therefore, it difficult to say that one kind of income means a higher standard of living than another.
How many children are poor and what is child poverty in Sweden today?

It is of general interest to know how common child poverty is, but there are several problems in providing such estimates. Not only do different measures give different poverty levels, the problem is also of a more theoretical nature: is it fruitful to seek one single measure of something that by its very nature is multidimensional? As has been touched upon already, one must also take into account measurement issues and other sources of error that can have substantial effects on estimated poverty rates.11

Consider, for example, the worst poverty years in modern times, 1996–1997 (see Figure 2), when 18 per cent of children (0–19) were income poor according to the absolute definition, 14 per cent lived in families receiving SA, and 12 per cent were poor according to the EU relative poverty definition (disposable equivalised income below 60% of median income), but only 4 per cent were poor according to the OECD relative poverty definition (50% of the median). At the same time, 50 per cent of children (0–18) lived in families lacking their own cash margin and 30 per cent in families where a parent found it hard to make ends meet (Figure 1).

All of these measures, or different combinations of them, are valid indicators of poverty, and theory alone cannot select the most relevant one. Then how common was poverty during these harsh years? Was it 4, 18 or 50 per cent? Was the number of poor children 80,000, 360,000 or 1,000,000?12 This is impossible to say, as it depends on the definition, which in turn cannot be chosen by any objective standards but is based directly or indirectly on a normative judgment. This is the way it must be, as poverty is neither measurable in the same way as the number of cars or average temperatures, nor a firm categorisation such as civil status or country of birth. Thus, there are good reasons to reserve some scepticism towards counts of poor children at a specific point in time. This should not be taken to mean that all

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11 For example: undocumented emigration, underestimation of incomes among self-employed, lack of information on exact household composition and on wealth, and random error in surveys.

12 The number of children aged 0–17 in Sweden is, for every year 1990–2010, around 2 million. Estimates of the number of poor children in this report are therefore based on this number.
Table 3. Swedish children who, according to parents, lack different necessities (2009)
Proportion of children 0–17.

<table>
<thead>
<tr>
<th>Necessities</th>
<th>Per cent of children who lack</th>
</tr>
</thead>
<tbody>
<tr>
<td>A suitable place to do homework</td>
<td>2.6%</td>
</tr>
<tr>
<td>Regular organised leisure activity</td>
<td>1.4%</td>
</tr>
<tr>
<td>Two pairs of properly fitting shoes, one of them all-weather</td>
<td>1.1%</td>
</tr>
<tr>
<td>Outdoor leisure equipment</td>
<td>0.8%</td>
</tr>
<tr>
<td>To invite friends round to play and eat from time to time</td>
<td>0.7%</td>
</tr>
<tr>
<td>Celebrations on special occasions</td>
<td>0.6%</td>
</tr>
<tr>
<td>To participate in school trips and school events that costs money</td>
<td>0.6%</td>
</tr>
<tr>
<td>Some new (not second-hand) clothes</td>
<td>0.4%</td>
</tr>
<tr>
<td>Books at home suitable for child’s age</td>
<td>0.3%</td>
</tr>
<tr>
<td>Internet</td>
<td>0.3%</td>
</tr>
<tr>
<td>Indoor games/toys suitable for child’s age</td>
<td>0.2%</td>
</tr>
<tr>
<td>Fresh fruit and vegetables daily</td>
<td>0.1%</td>
</tr>
<tr>
<td>Three meals a day</td>
<td>0.1%</td>
</tr>
<tr>
<td>One meal with meat/fish/chicken (or vegetarian equivalent) daily</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Percent with at least two problems</strong></td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Percent with at least three problems</strong></td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>Percent with at least four problems</strong></td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Percent with at least five problems</strong></td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Source: EU-SILC, 2009 module: Material deprivation [53]

estimates are equally problematic: some definitions may be better than others in terms of, for example, usefulness, internal logic or measurement errors.

Poverty in Sweden today is to a very little extent about missing basic necessities (Table 3). In 2009, only 0.1 per cent of Swedish children (0–17) lived in families that could not afford three meals every day, and 0.6 per cent could not afford school activities that carried some cost. Just over one per cent lacked more than two of the 14 necessities covered in EU-SILC. Although poverty may be underestimated in surveys, the proportion of children in Sweden with serious problems appears to be extremely low.

Some may argue that the small group that lack some of these necessities are the "truly" poor. It is also common to use this group to visualise poverty. For example,
Swedish Save the Children describe Swedish child poverty with examples such as only being able to eat cooked food in school, and not being able to participate in school activities [54]. It is important to keep in mind that children with these kinds of problems are a very small part of those who are classified as poor according to the commonly used definitions. They are thus not representative of poor children in a wider sense of the term, but of course they are a particularly vulnerable group.

Sweden and other modern welfare states do normally aim higher than to help only the very poorest: the goal is that people should have a living standard that is adequate for the time and place where they live, permitting a decent life and participation in normal activities. As discussed in the introduction of this report, child poverty can therefore be seen as a lack of resources that disable children from participating in everyday life on equal terms with others. This group can be defined through family incomes or through children’s own access to economic resources, but it is often preferable to study indicators of both kinds. In this report, we have used several measures, and it is neither possible nor desirable to single out one of these as the best one – they should rather be seen as complementing each other, giving a more comprehensive understanding of child poverty.

A comparison shows that the estimated proportion of poor children varies strongly across different measures (Table 4). In 2010, the proportion of children in households with low income standard (absolute poverty) was 7 per cent, which is somewhat less than the 9 per cent children in households in relative poverty (50% of median, OECD). If one instead uses the EU definition of relative poverty (60% of median), the proportion of poor children is much higher, namely 17 per cent. Keep in mind that all these rates are based on registered incomes, and the proportions are therefore somewhat overestimated. The proportion of children who lived in a family that received SA any time during 2011 is 7 per cent, but as mentioned above this is a dubious poverty measure.

Relatively large groups have parents who lack a cash margin (12%) or have had difficulties to make ends meet during the year (16%), but only 4.5 per cent of children live in families that, for economic reasons, lack access to at least three necessities (such as washing machine, holiday, car, etc.).

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13 Swedish Save the Children estimates that 13 per cent of Swedish children were poor in 2009. According to them this corresponds to 248,000 children, but only a tenth of this number – 1.3 per cent, or 24,800 – lacks at least two of the necessities listed in EU-SILC (Table 3).

14 Matching to the HEK survey eliminates some overestimation problems, but disproportionately many parents with low incomes are self-employed, and all these are unlikely to be genuinely poor (see Appendix 2). The proportion of poor children would probably be around 1–2 percentage units lower if non-poor self-employed could be excluded.
The most direct measure of whether children’s economic conditions affect the risk of social exclusion is the self-reported ability to afford things that many friends buy and to participate in activities with friends. Of all children, 8 per cent often experience both these problems. Because this measure only captures part of children’s conditions, and not aspects related to, for example, housing and family activities, it is not in itself a sufficient measure of child poverty.

According to several definitions, the child poverty rate was thus 7–9 per cent in 2010–2011, which corresponds to 140,000–180,000 children. This does not imply that the definitions classify the same children as poor – by contrast, the overlap between different definitions is surprisingly small. Of those in relative poverty (income below 50% of the median) only 35 per cent are also in absolute poverty and 40 per cent lack cash margins. Of the absolute poor, 38 per cent lack cash margins and 23 per cent receive SA. The fact that the overlap between SA and absolute poverty is so small is partly caused by the inclusion of SA in the disposable income,
meaning that if SA lifts people out of poverty they will not be part of the overlap. The small overlap between definitions means that, on the one hand, a very high proportion can be seen as poor according to some of the definitions that we have used. On the other hand, the large majority of children that are poor according to one definition have no problem according to other definitions.

From a policy perspective, it is important to take into account how many children are temporarily poor and how many are in long-term poverty. There are no reliable estimates of poverty persistence since 2007, but our analyses suggest that around a third of children who had low income standard in 2010 had been in this situation five years or more (Figure 7). Approximately 2–3 per cent, or around 40,000–60,000 of Swedish children are thus living in families with persistently low economic standards.
Conclusions and discussion

Child poverty is often discussed in Swedish mass media and is high on the political agenda. This is for good reasons: children are not responsible for the family’s economic situation, but often suffer from it – not always, however, as many parents appear to protect the children from the consequences of a strained economy. Growing up in poverty means, on average, fewer opportunities, less freedom of choice, and it often comes with lower living standards such as crowded housing, and living in less safe neighbourhoods.

Despite the undisputable problems that are related to growing up in poverty, our analyses in this report paint a predominantly optimistic picture. For example, there is no secular increase in child poverty. Child poverty in Sweden, according to most definitions, is very low in a historical as well as an international perspective. The deep international recession starting in 2008–2009 has apparently not had any marked effects on the economic conditions of Swedish children. The proportion of children that suffer from serious material deprivation is slightly over one per cent, but a larger group – around 5 to 10 per cent of all children – is poor according to more common definitions of poverty. In many respects, however, the living standard of children in this group differs little from that of other children.

Our results do however raise some concerns. One is the combination of increasing income inequality and the stagnation of real incomes for families living below or just above the poverty limit. The distance between children in low-income families and other children is widening, and it is difficult to tell what consequences this may have for the participation and social activities of these children. The analyses in this report suggest that the rapid increase in relative poverty during the early 2000’s had still not, in 2010–2011, led to an increase in the proportion of children reporting problems with participation and consumption. This is positive, but if real incomes around the median continue to rise, there is a risk that the normal consumption level increases (e.g., in terms of leisure time activities, electronic goods, or fashion clothing) so that the poorest can no longer keep up. This may lead to problems in terms of participation and social status.

Although a small one, the very poor children who lack basic resources are a group of particular concern that we have not been able to study here in depth. The families of these children often have multiple problems that are not primarily econo-
mic. The situation for children of single or foreign-born parents – groups with low employment rates – is also cause for concern. The poverty rates are extremely high in these groups, although long-term poverty is somewhat held back by a gradual economic integration of immigrants and re-partnering among single parents.

The UN Convention on the Rights of the Child and the associated demands to monitor child wellbeing has been an important force behind putting child poverty on the agenda. This report shows the usefulness of studying child poverty across different groups and using different poverty definitions – there will never be one single poverty measure capturing all the dimensions that poverty entails. The household poverty measures used here – absolute income poverty (low income standard), Social Assistance recipiency, relative income poverty, and economic and material deprivation – are informative and relatively simple to follow over time. They are however not sufficient, but must be complemented with nationally representative data on children’s conditions as reported by children themselves.

However important it is to monitor child poverty, it is of course even more important to figure out how to fight it. A first step would be to understand the causes behind its fluctuations over time. This would, however, require a complex set of analyses, as the trends in child poverty are likely to be affected by a wide range of factors, such as macro-economic conditions (e.g., business cycles, real income changes, employment rates), demographic factors (e.g., immigration), and policy changes (e.g., family policy, social policy, tax policy). From the results above it is clear that absolute child poverty rates followed unemployment rates during the 1990's recession, increasing strongly from 1991 and remaining high until the mid-1990's. The positive trend from the late 1990’s does not show a similarly close relation to business cycles or unemployment rates, but may be affected by, among other things, real income increases, lower childcare costs, or the gradual economic integration of immigrants.

There is one simple answer to the question of how to fight poverty: child poverty would decrease if employment rates increased, as poverty has become more concentrated to non-employed families. The persistence of historically high unemployment rates in Sweden is thus problematic. Although parental employment often is the best long-term solution, child poverty can, of course, also be reduced through new or increased benefits; for example, within the frames of family policy. The impact of family policy on relative poverty has decreased [7, 55], which is a consequence of rapidly increasing income from work, which have generated median income increases. Benefits have not increased correspondingly, and for them to lift people above the relative poverty threshold they would have to be adju-
sted not only for inflation (to guarantee the same purchasing power as before) but also for real income changes (increasing the benefits’ purchasing power).

Support to poor children can also take a more direct form, going through, for example, schools and pre-schools by means of provision of equipment for sports and other activities; through organisations by means of economic support to keep fees low; or through establishing or supporting attractive places and activities where children can meet and carry out leisure time activities free of charge. As such measures are aimed directly at children themselves, they can be a cost-effective way to reduce child poverty and its potential social consequences.

The policy approach to child poverty is largely a question of efficiency, which is a difficult one to answer: it requires careful research, and to get reliable answers policies should be implemented in a way that enables evaluation of their effects. At the same time, the choice of how to fight poverty is also a question of political and moral judgment, and a matter of which poverty dimensions are considered most problematic.

Raising household incomes will, however, not necessarily reduce problems commonly associated with child poverty, such as social exclusion and poor health, because it is unclear to what extent such associations are causal effects of child poverty and to what extent they are effects of other characteristics that poor children share. Nevertheless, although alternative explanations probably account for part of the observed associations between child poverty and unfavourable child outcomes, some part of it is most likely causal – economy is, after all, a central resource in modern societies. It is therefore plausible that an improvement of the economic situation of the poorest families would increase the welfare of the children in these families, but perhaps not as much as many hope.
References


Appendix 1. Definitions and measurement

Income measures

*Average income* is the mean income per person or household.

*Median income* is the income in the middle of the income distribution, meaning that half of all individuals with an income have lower incomes, while the other half have higher incomes. The median is often used to reduce the impact of extreme values, such as very high incomes that can have disproportionate effects on the average income.

*Disposable income* is the income that a household or individual can use. It consists of incomes from work, capital, transfers and benefits, and taxes are subtracted.

*Equivalised disposable income* or *disposable income per consumption unit* adjusts the disposable income by an equivalence scale to reflect the needs as estimated by household size and composition. Different scales give different weights to household members to reflect different assumptions about their costs, and the disposable income is divided by the sum of these weights to create the equivalised disposable income. The equivalence scale used in the Household Finances Survey (HEK) is:

- 1 – one adult
- 1.51 – two adults
- 0.52 – first child 0–18
- 0.42 – later children 0–18
- 0.60 – children over 19 and other adults in the household

*Real income* is nominal income that is corrected for inflation in order to be comparable over time. Real incomes reflect the purchasing power, i.e., how much goods and services one can afford on a given income.
Social Assistance

Social Assistance (SA) is a means-tested benefit given to those who lack sufficient own incomes to have an adequate living standard. The income limits for SA are set for different household types each calendar year by the government, and should reflect reasonable costs for food, clothes, shoes, household items, free-time activities/equipment, health, hygiene, newspaper, TV and telephone. In addition, reasonable costs for housing costs, insurance, electricity, travel and union membership are judged for each household. Costs for special needs, e.g., dental care, glasses, childcare and medicines can also be covered.

Construction of indices

Psychological complaints
Responses to the following questions in Child-ULF:

How well does this statement match?
- I am almost always in a good mood
- I find it hard to sit still and concentrate
- I am often tense and nervous
- I have enough energy to do things
- I often feel sad or down
- I get angry easily
- I am mostly happy with myself
- I am often grumpy and annoyed

Response options: Matches exactly, matches roughly, matches poorly, or does not match at all. Responses are coded 0 (no problem) to 3 (big problem) and are summed to an index with a scale of 0–24; minimum observed value=0; maximum observed value=23; mean=6.4; standard deviation=3.6.

Somatic complaints
Responses to the following questions in Child-ULF:

The past 6 months, how often have you had the following:
- Headache
- Stomach ache
• Problems falling asleep
• Felt stressed

Response options: Every day, several times a week, once a week, a couple of times a month, or more seldom.

Responses are coded 0 (no problem) to 4 (big problem) and are summed to an index with a scale of 0–16; minimum observed value=0; maximum observed value=16; mean=4.3; standard deviation=2.9.

**Bullying**

Responses to the following questions in Child-ULF:

*How often do you usually experience the following things in school?*

• Other students accuse you of things you have not done or things you cannot help
• No one wants to be with you
• Other students show they do not like you somehow, for example by teasing you or whispering or joking about you
• One or more students hit you or hurt you in some way

Response options: Almost every day, at least once a week, at least once a month, once in a while, and never.

Responses are coded 0 (no problem) to 4 (big problem) and are summed to an index with a scale of 0–16; minimum observed value=0; maximum observed value=16; mean=1.5; standard deviation=2.2.
Appendix 2.
Unreliability in registered incomes

Incomes as recorded in registers do not always reflect the actual standard of living. One cause of deviations is access to economic resources and assets that are not reported for taxation and therefore not recorded; for example, incomes from another country or from the black market. This means that some have a higher standard of living than indicated by their incomes, leading to overestimation of poverty. Another cause of unreliability is that people may remain in registers even though they have emigrated from Sweden; because these people lack or have very small incomes in Sweden, they will often be classified as poor.15

Household incomes in registers can also be mis-estimated because the true composition of households is unknown. This is particularly the case for re-constituted households, if partners cohabit without marrying or having common children. These households will be classified as two single-adult households, so incomes of step-parents are not taken into account, meaning that child poverty will be somewhat overestimated. This problem is not only limited to child households: registers generally overestimate the number of single households and underestimate the number of couple households [57].

Registered incomes are probably a particularly bad indicator of living standards for households where self-employment is an important income source. Households where any of the adults are self-employed often have low registered incomes in spite of rarely reporting economic deprivation in surveys [17]. Our analyses of Child-ULF show that as much as 40 per cent of children in absolute poverty (low income standard) have at least one self-employed parent in the household, but only 15 per cent of these parents lack cash margins (compared to 53 per cent among absolutely poor parents who are not self-employed). Thus, it is likely that poverty is overestimated when based on registered incomes including self-employed. Excluding

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15 This is a particularly large problem among the foreign born. Statistics Sweden estimates that as many as 8.5 per cent of those who were foreign born and registered in Sweden 2005, did no longer live in the country [56]. However, the problem should be smaller for families with children, as the compulsory school attendance makes it easy to notice if a family actually resides in Sweden.
self-employed eliminates the problem, but then we ignore the group of children of self-employed parents who actually are poor. If one uses survey data with deprivation measures, these can be combined with income variables from registers to obtain a more reliable measure.

In this report, we avoid some of the above problems by using both register and survey data (see Appendix 5) – we know the actual composition of the household and that it resides in Sweden. Our income-based poverty measures are, however, slightly overestimated as the self-employed are not excluded, and we estimate this overestimation to be around 1–2 percentage units.
Appendix 3.
Absolute poverty measures and an adequate level of living

The poverty measures normally described as absolute use a "basket" of products to define an adequate living standard, i.e., the poverty line. There is, however, a relative element in the decision regarding what to include in this basket, as the goods and services reflecting an adequate living standard will vary across time and place. If real incomes increase, people will consume more (quantity) or more expensive goods (quality), which may change the perception of what adequate consumption is. While the purely relative poverty definitions are directly related to the national median income, poverty measures based on an adequate level of living stand in a more indirect and probably lagged relation to changes in real income.

With relative poverty measures, people may become poor from one year to the next in spite of increases in their real income and consumption, if only the overall median income increases more than their personal income. It is possible, but less common, that this also happens for “absolute” poverty measures based on an adequate standard of living, if only the consumption deemed adequate increases more quickly than the household’s real incomes. As long as the poverty limit is not fixed, changes in poverty levels can depend both on household income changes and on changes in the poverty limit.

If the poverty measure is to reflect only increases in real living standards, one must use a fixed poverty measure that reflects the same real consumption level over time. The most intuitive way is to take one year’s adequate “basket” as a point of departure, and adjust it only for inflation without changing the contents of the basket. An alternative, that is sometimes used, is to take one year’s relative poverty limit and adjust it only for inflation and not for changes in median income (so called “anchored relative poverty”). However, because this limit does not correspond to any specified consumption level it is less informative regarding the meaning of the real income change. Regardless of the chosen measure, there is, of course, a growing risk over time that a fixed poverty limit becomes a worse indicator of adequate living standards. This risk must be balanced against the advantage of having comparability in real living standards over time.
In this report we primarily use an absolute poverty measure based on the Social Assistance (SA) norm for 1985–1995, adjusted for inflation with the use of CPI. This measure is suitable for describing changes in poverty caused by changes in real income, but it does not take into account any changes in adequate living standards (i.e., changes in the contents of the basket). This is a commonly used measure [15, 16, 27] for several reasons. The SA norm it is based on was aimed to reflect an adequate living standard for the period in question, but after 1995 the corresponding norm excluded some goods and services and made them subject to individual assessment. This means that later norms are less suitable as a point of departure. Another advantage of the measure is that it is comparable over time and across studies. However, as many years have passed since 1995, one can question whether it still reflects an adequate living standard. For example, Corak [14] suggests that absolute measures of this kind should be updated in five-year intervals.

The current SA norm is a natural alternative poverty limit. In the Social Report 2010 [16] we could, however, show that the 2007 SA norm was very close to the inflation-adjusted 1985–1995 norm, meaning that the income required for an adequate basket of goods had barely changed between 1985 and 2007. However, in 2007, some components were judged individually and not included in the norm; meaning that the adequate living standard in 2007 would be somewhat higher if these items could be included.

Another estimation of adequate living standard is done annually by The Swedish Consumer Agency (e.g., [58]). However, this estimate is sometimes subject to revisions that can change its level without a corresponding change in what would generally be seen as an adequate living standard (revisions can, for example, be caused by changes in age categories, nutritional recommendations, environmental concerns, etc. [58]). The comparability of this estimate over time is thus dubious, which makes it unsuitable for the study of trends.

The issue of how to adjust for inflation is less straightforward than it appears. The most common strategy is to choose a base year and adjust the poverty limit every year thereafter with total CPI, or CPI excluding housing (as housing costs are normally measured separately). A problem with this approach is that the costs for the goods and services that are most relevant for families with children, or for poor people, need not follow the same trend as the general CPI. For poor households, more weight will likely be put on consumption of basic goods such as food, housing and clothes. To adjust for this, we construct an alternative CPI by using sub-CPI for different classes of goods and services, putting more weight on basic consumption.
Figure B3:1. Trends in absolute poverty (low income standard) among children using CPI* and alternative CPI* 1991–2010
Proportion of children aged 0–19 in households with disposable equivalised incomes below the absolute poverty limit. Per cent.

![Graph showing trends in absolute poverty among children](image)

*Consumer price index

Source: HEK, Statistics Sweden.

Figure B3: 1 shows the trend in absolute poverty (low income standard) using the total CPI and the alternative CPI. The weights in the alternative CPI are based on the relative size of the components of the SA norm 1985–1995, using the sub-CPI that best matches each of these components. Both CPI exclude housing costs, which are instead estimated separately depending on region and household composition. It is clear from Figure B3: 1 that the costs of the basket corresponding to the SA norm 1985–1995 has increased less than costs in general (as captured by CPI), meaning that poverty levels are lower when using the alternative CPI. The trends over time are, however, very similar.
Appendix 4.
Extra figures

Figure B4: 1. Trends in different types of poverty among children to single parents 1991–2010
Proportion of children aged 0–19 in households with disposable equivalised incomes below the absolute poverty line (low income standard), below the relative poverty lines* or with Social Assistance. Per cent.

Per cent

* EU and OECD relative poverty definitions: Disposable equivalised income below 60 and 50 per cent of the national median.
1992 values are interpolated. Three year moving averages.

Source: HEK, Statistics Sweden.
Figure B4: 2. Trends in different types of poverty among children to two foreign born cohabiting parents 1991–2010

Proportion of children aged 0–19 in households with disposable equivalised incomes below the absolute poverty line (low income standard), below the relative poverty lines* or with Social Assistance. Per cent.

Per cent

* EU and OECD relative poverty lines: Disposable equivalised incomes below 60 and 50 per cent of the median.
1992 values are interpolated. Three year moving averages.

Source: HEK, Statistics Sweden.
Figure B4: 3. Social Assistance among children to parents with and without work, by family type 1991–2010

Proportion of children aged 0–19 to single and cohabiting parents who have received SA any time during the year. Per cent.
1992 values are interpolated. Three year moving averages.

Source: HEK, Statistics Sweden.
Figure B4: 4. Relative poverty among children to parents with and without work, by family type 1991–2010

Proportion of children aged 0–19 to single and cohabiting parents with disposable equivalised incomes below 60 per cent of national median income (relative poverty line). Per cent. 1992 values are interpolated. Three year moving averages.

Per cent

Source: HEK, Statistics Sweden.
Appendix 5. Data sources

Table B1 shows the data sources that are used to study different poverty indicators/economic resources among children and their families. Below is a more detailed description of the data sources.

Table B1. Measurement of poverty among children and their families: Type of poverty/economic resources, poverty measures and data sources.

<table>
<thead>
<tr>
<th>Kind of poverty</th>
<th>Indicator</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty among families with children</td>
<td>Income</td>
<td>Low income standard</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relative poverty (inc. &lt;50% of median)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relative poverty (inc. &lt;60% of median)</td>
</tr>
<tr>
<td></td>
<td>Social Assistance</td>
<td>HEK</td>
</tr>
<tr>
<td>Economic deprivation</td>
<td>Lack of cash margin</td>
<td>LNU, ULF and ULF/SILC</td>
</tr>
<tr>
<td>Economic crisis</td>
<td>LNU, ULF and ULF/SILC</td>
<td></td>
</tr>
<tr>
<td>Economic worries</td>
<td>ULF and ULF/SILC</td>
<td></td>
</tr>
<tr>
<td>Material deprivation</td>
<td>Lacks necessities</td>
<td>EU-SILC</td>
</tr>
<tr>
<td>Poverty among children</td>
<td>Income</td>
<td>Monthly/weekly allowance</td>
</tr>
<tr>
<td></td>
<td>Income from own work</td>
<td>Child-ULF, Child-LNU, CILS4EU</td>
</tr>
<tr>
<td>Economic deprivation</td>
<td>Lack of cash margin</td>
<td>Child-ULF, Child-LNU, CILS4EU</td>
</tr>
<tr>
<td></td>
<td>Cannot afford buy/do things that friends buy/do</td>
<td>Child-ULF, Child-LNU, CILS4EU</td>
</tr>
<tr>
<td>Material deprivation</td>
<td>Lacks access to different items</td>
<td>Child-ULF, Child-LNU, CILS4EU</td>
</tr>
<tr>
<td></td>
<td>Lacks necessities (parent report)</td>
<td>EU-SILC</td>
</tr>
</tbody>
</table>
• **European Union Statistics on Income and Living Conditions (EU-SILC, Eurostat)** is an annual survey in the EU-countries since 2003. The 2010 survey included the 27 member countries (Belgium, Bulgaria, Cyprus, Denmark, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Great Britain, Sweden, Czech Republic, Germany, Hungary and Austria) but also Iceland, Croatia, Norway, Switzerland and Turkey. EU-SILC is representative of the population in each country and collects information on the respondents’ social and economic situation, such as income, deprivation, social exclusion and standard of living. The survey contains both cross-sectional and longitudinal data, and data is collected for individuals but in some cases also for households. The Swedish data is collected by Statistics Sweden.

• **The Household Finances Survey (HEK, Statistics Sweden)** is an annual Swedish survey running since 1975. Data is collected by phone interviews covering, for example, household composition, housing, housing costs, childcare, employment, working time, occupation and medical expenses.

  The survey data are matched to register data on, for example, incomes, benefits and taxes. The population consists of Swedish residents 18 years or older during the survey year, excluding people in institutions or in military service. Data is collected for the sampled persons and those in his/her household, and the sample size has varied between 10,000 and 19,000 households. The non-response rate has increased over time, reaching 35 per cent in 2010.

• **The income and taxation register** (IoT, Statistics Sweden) consists of register data on incomes, taxes and benefits and is available from 1968. In this report, IoT is the source of the income data in HEK, ULF/SILC and LNU.

• **Living Conditions Survey** (ULF/SILC, Statistics Sweden) is a nationally representative survey running since 1975, with an annual sample ranging between 6,000 and 8,000. ULF collects data on central components of welfare, such as health, economy, work, education, leisure activities and safety. Non-response has been between 20 and 27 per cent between 1990 and 2008. Several changes in ULF took place 2006–2008, affecting comparability over time. First, the data collection method changed from face-to-face interviews to phone interviews: until 2005 interviews were face-to-face, in 2006 50 per cent of interviews were face-to-face and 50 per cent were by phone, and from 2007 on, all interviews have been conducted by phone. Another change was the integration with EU-SILC in 2008, which introduced new questions, and removed or revised several old questions.
• **Living Conditions Survey of Children** (Child-ULF, Statistics Sweden) is a survey covering children aged 10–18 whose parent has been interviewed in ULF/SILC (see above), with an annual sample of around 1,000 children. The survey started in 2001, using the same questions as Child-LNU (see below), but it was slightly modified in 2002. As in the ULF/SILC, the data collection method changed in 2005–2007; this affects comparability over time. Child-ULF contains self-reported data on children's health, school situation, leisure time activities and relations to friends, parents, teachers and other adults. Data can be matched to parental data from ULF/SILC.

• **The Level-of-living Survey** (LNU, Swedish Institute for Social Research (SOFI), Stockholm University). Panel survey running in 1968, 1974, 1981, 1991, 2000 and 2010 with a sample representative of the adult Swedish population (N= approx. 5,000–6,000 per survey). The face-to-face interviews cover living conditions in a wide range of areas, including work, education, health, economy, leisure time activities, housing and political and civil participation. The age span changed from 15–75 to 18–75 in 1991. From the start, LNU has been a panel study, meaning that respondents are followed up in subsequent waves (approx. 3,000 respondents take part in two consecutive waves).

• **Child-LNU** (Swedish Institute for Social Research (SOFI), Stockholm University). A survey running in 2000 and 2010 and covering children (10–18) whose parents are respondents in the LNU (see above). Children report about living conditions such as housing, safety, social relations, school conditions, bullying, wellbeing and economic and material resources. Sample size is approximately 1,000 per survey. [35, 59]

• **Children of Immigrants Longitudinal Study in Four European countries** (CILS4EU, Mannheim Centre for European Social Research, Germany; Utrecht University and Tilburg University, Netherlands; Swedish Institute for Social Research (SOFI), Stockholm University, Sweden; Oxford University, England). A longitudinal survey starting in 2010/2011 with approximately 19,000 14-year-olds in Sweden, England, Germany and the Netherlands. The children are followed over time focusing on structural, social and cultural integration during the formative teenage and young adult years. Data is collected on, for example, social relations, wellbeing, economy and work, education, leisure time activities, attitudes and religion; the survey also collects data from teachers and parents. Schools with a high proportion of immigrants are oversampled, which makes the data particularly useful for analysing differences in child poverty between children of immigrants and children of majority country origin.
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