



**Chronic Poverty**  
Research Centre

# Working Paper

July 2011

No. 199

## Policies for interrupting the intergenerational transmission of poverty in developed countries

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### **What is Chronic Poverty?**

The distinguishing feature of chronic poverty is extended duration in absolute poverty.

Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation.

This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line.

## Abstract

This paper describes entry points for policy and programmes to attempt to interrupt chronic and intergenerational (IGT) poverty and to build the resilience of chronically poor families in developed countries. The analysis is based on case studies of five policies and programmes in four countries, drawing on secondary literature and key informant interviews. Tentative conclusions are drawn about both impacts on IGT poverty and transferability to the developing world.

**Keywords:** intergenerational poverty, policy

## Acknowledgements

The authors would like to thank all interviewees for generously taking part in the research; Andrew Shepherd and an anonymous reviewer for helpful comments; Tari Masamvu, Programme Administrator for ODI's Growth Poverty and Inequality Programme for administrative and production support; and Basia Banda and Laura Collins for voluntary assistance in developing the accompanying annotated bibliography:

Banda, B., Collins, L. and Royston, S. (2008) '[Policies for interrupting the intergenerational transmission of poverty in developed countries: An annotated Bibliography](#).' CPRC Working Paper 198 and CPRC Annotated Bibliography 7. Manchester, UK: Chronic Poverty Research Centre (CPRC).

This paper is the result of a Chronic Poverty Research Centre project co-funded by the Empirical Methods for Studying the Intergenerational Transmission of Poverty theme and by Policy Analysis.

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*This document is an output from the Chronic Poverty Research Centre (CPRC) which is funded by UKaid from the UK Department for International Development (DFID) for the benefit of developing countries. The views expressed are not necessarily those of DFID. The CPRC gratefully acknowledges DFID's support.*

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## Executive summary

This paper describes entry points for policy and programmes to attempt to interrupt chronic and intergenerational (IGT) poverty and to build the resilience of chronically poor families in developed countries. The analysis is based on case studies of five policies and programmes in four countries, drawing on secondary literature and key informant interviews. Tentative conclusions are drawn about both impacts on IGT poverty and transferability to the developing world.

### Conceptualising IGT poverty

Studies on IGT poverty consider the impact of the poverty of one generation on that of a younger generation ‘either at the present [*e.g. child poverty*] or at a future point in their life course’ (Bird, 2007). Evidence suggests children born to poor parents are relatively likely to be born at a low birthweight; to die in infancy; and to have lifelong health problems. They are more likely to have behavioural problems; to struggle at school and in the labour market; and to earn lower incomes in adulthood. A number of factors at both the micro and macro levels affect the likelihood of a child growing up to be poor. At the micro level, parental income clearly has an important impact, but so do factors such as parental education, patterns of employment, age when the child was born and family structure. At macro level, structural factors including inequality, social exclusion, the nature of labour markets and the public availability of social services and safety nets each plays a role.

### Identifying policy entry points for interrupting IGT poverty

Evidence suggests there are crucial moments in the life course – *in utero*, early childhood, adolescence and youth – that are most receptive to interventions to interrupt IGT poverty. At the same time, it is important to note that interventions can operate effectively across the life course – throughout childhood, adulthood and older age.

Broad categories of policies and programmes through which government interventions can play a strong role in interrupting IGT poverty include providing direct support to poorer families (e.g. social security, other safety nets); targeting institutions intended to support poorer families in improving their incomes, human capital and long-term investments (e.g. jobs, schools, health services, child care); and tackling discrimination and social exclusion (e.g. labour market policies, youth programmes, other targeted social services). Other interventions include those aimed at altering household structures (e.g. tax benefits for married couples, inheritance laws).

## **Country case studies**

In order to be able to make international comparisons, we selected four countries representing different 'welfare regime' types for case study: liberal (UK); neo-liberal (US); conservative (Germany); and social democratic (Denmark). Each case study briefly describes the many interventions across the life course that attempt to interrupt IGT poverty, then goes into more detail on approaches to preventing and tackling child poverty and its symptoms. This is because the period from conception to youth is considered the most receptive to such attempts to interrupt IGT poverty. The case studies also focus on approaches to reaching 'high risk' or excluded groups.

### **UK policy study 1: Sure Start**

Sure Start Local Programmes, largely through Sure Start Children's Centres, offer integrated health, child care, early education and other forms of support to children under five and their families. They are 'area-based' interventions, meaning that, while they are based in more deprived areas, they serve all families in that prescribed area – thus limiting any stigma associated with individuals being targeted.

A 2005 evaluation indicated limited positive (and some adverse) impacts of the programme: relatively less disadvantaged (but still disadvantaged) households living in Sure Start communities benefited, but some of the most disadvantaged groups (teenage parents, lone parents and workless households) appeared to be affected adversely. A 2008 evaluation showed improvement, with no evidence of adverse effects and with positive outcomes across many indicators, including parenting, child social development and health. These applied to the entire population, including the most disadvantaged groups. Better outcomes may be based on improved service quality as well as the longer period of time over which many families had experienced the programme.

### **UK policy study 2: tax credits**

Working and Child Tax Credits (WTCs/CTCs) focus on supporting lower income working individuals and low to middle income working and non-working families, while at the same time attempting to incentivise entry into work. This package of assistance thus responds to a core value driving the UK welfare system, namely, encouraging employment as the means through which individuals and families can exit and remain out of poverty.

While it is difficult to isolate the effects of tax credits from those of other policies, evidence suggests that CTCs in particular have gone some way to reducing child poverty and moderating inequality. However, the success of tax credits has been undermined by overpayment problems. Those who were expected to repay overpaid amounts on difficult terms, and their friends and family, lost faith in the tax credit system, so many are now refusing to claim.

### **US policy study: Temporary Assistance for Needy Families**

The Temporary Assistance for Needy Families (TANF) programme is a block grant provided by the US federal government to individual states, so they can offer cash and other forms of assistance to low income families. If all of the federal block grant and state matching funds are spent, potential recipients can be denied benefits even if they qualify by need. States have significant flexibility in how they use TANF funding, so outcomes can vary widely across states.

In general, TANF, particularly together with Earned Income Tax Credits, has been considered a success in terms of getting significant numbers of adults in low income families off welfare and into work. However, concerns have been raised about its effectiveness in reducing family poverty, especially since 2000. In particular, its impact on single mothers with particularly high barriers to the labour market and on the numbers of people receiving income from neither work nor benefits has been questioned. Time restrictions and sanctions may harm some of those with the most difficult barriers to employment, and also their children. Concerns also relate to the fact that additional earned income for families that do leave welfare for work may be spent on work-related expenditures rather than on children, limiting the extent to which it can support child development.

### **Denmark policy study: Child Care Guarantee**

Building on decades of experience with extensive publicly supported child care programmes, and in order for parents to benefit from new flexible parental leave rules, the Danish Child Care Guarantee requires each local authority to guarantee a subsidised place in a public day care facility from the age of six months until the child begins kindergarten. Parents must sign their child up to access this place. While they may state a preference for where the child should be placed, this is not guaranteed. Low income households are entitled to free day care places, and parents with more than one child in a day care facility are entitled to a discount.

The Child Care Guarantee promotes maternal employment, perceived as a key factor in interrupting IGT poverty. Significant weight is placed on the education of public day care pedagogues and on quality of care, both with important positive effects on children's short and longer term wellbeing. Independent evaluation is currently limited, but this mix of encouraging maternal employment and providing high quality early childhood care and education suggests this policy may play a significant role in reducing the likelihood of IGT poverty.

### **Germany policy case study: Guardian Angel**

Guardian Angel, run in the northernmost German federal state of Schleswig-Holstein, provides health, nutritional and social support to disadvantaged families of young children,

with interventions from pregnancy through a child's third birthday. Interventions are intended to prevent developmental damage and deprivation in young children, to empower parents and to develop a network of institutions and individuals enabled to provide support. While supported both financially and politically by the regional government, Guardian Angel is run by a non-profit organisation.

In 2004 Guardian Angel was evaluated as both effective and efficient, and has since been rolled out regionally and promoted as an example of good practice in national and international forums. It plays an important role in terms of supporting socially disadvantaged families at a critical point in the lifecycle and in terms of flashpoints for IGT poverty: social inclusion, health and education.

### **Interrupting IGT poverty in selected developed countries**

The five policy studies suggest that policies that offer all parents access to a wide range of integrated support mechanisms can lead to the largest and least stigmatising benefits for children. In particular, child care interventions that focus on quality, affordability, accessibility and the provision of associated services can have a wide range of reinforcing benefits: positive developmental benefits for young children reinforced by income effects of having working parents.

Although none of the policies studied is a 'magic bullet' to eradicate child or IGT poverty, a series of important policy entry points have emerged, each of which has broad applicability to other (developed and developing) country contexts:

- A focus on early years development;
- Ensuring good quality accessible child care;
- Creative approaches to increase the uptake of benefits and services by vulnerable people;
- Minimising stigma, often through universalism;
- Enabling parental and local participation;
- Limiting policy/programme complexity; and
- Ensuring a generational perspective to policy.

Based on the evidence reviewed, it is difficult to conclude whether vulnerable groups benefit more from targeted or universal programmes. Nonetheless, to reduce stigma and increase coverage, it is clear that universalism is a desirable goal. Steps on the road towards universalism may include universalism within geographically targeted deprived areas or 'progressive universalism', whereby more and more households become eligible as

resources become available. The manner and institutions through which services are delivered are also crucial to uptake.

### **Transferability and relevance for developing countries**

Although this study focuses on five policies in developed countries, it also provides some initial pointers for thinking about policy transfer. It draws on a framework developed by Peck and Theodore (2001), complemented by interview responses, to highlight three key issues around transfer of policies and programmes: different conceptualisations of the problem; different institutional and political contexts; and different resource constraints. It also must be remembered that, although there is much to be learned from particular country experiences, it is important not to underestimate the processes of transferring policy success from one context to another.

# 1 Introduction

Chronic poverty is a poverty that is pervasive; it affects people for a long time and may even result in premature death. It is different to the kinds of poverty caused by sudden events, such as the loss of a job or the death of a family member, but from which individuals are able to recover over time. Here, we are concerned with the dynamics that lead chronic poverty to extend across generations: some people remain poor for the whole of their lives and ‘pass on’ their poverty to their children and even their children’s children. This is known as the intergenerational transmission (IGT) of poverty: it is distinct from child poverty in and of itself, and is a major factor in chronic as opposed to transitory poverty.

This report is concerned with identifying entry points for public policies and programmes in developed countries to interrupt IGT poverty and build the resilience of chronically poor families. What can governments do to address the complex dynamics that keep families poor across generations? Are there crucial points in the life course (e.g. *in utero*, *postpartum*, early childhood, adolescence and youth, early adulthood, older age) when interventions to break cycles of family poverty are more effective? What critical problems should policy target (e.g. early childhood development, nutrition, health, education, child care, child protection, asset building, insurance)? Should policies be geared specifically towards vulnerable groups, or should vulnerable groups be included systematically in mainstream policies? The report also draws initial conclusions about the transferability of such developed country contexts experiences to the developing world.

Section 2 of this paper develops a conceptual framework to understand IGT poverty, and then uses this to identify potential entry points for policies to interrupt such transmission. This involves looking at policies that focus on particular points in the life course, as well as on crosscutting generational dynamics that affect excluded (or ‘high risk’) groups, such as single parents or ethnic minorities. We also examine types of policies that have leverage in particularly pertinent sectors, such as health and nutrition, child care, education, pensions and work.

Section 3 looks at how welfare regimes have developed over time and in different ways across countries, based on different understandings of poverty, social responsibility and the role of government in ensuring minimum living standards. It also assesses the relative success of the different regime types in relation to poverty reduction. The following four sections then present five policy case studies from four countries (the UK (two), the US, Germany and Denmark), each representing a different regime type.

Section 8 draws initial conclusions from these case studies about policies in developed country contexts and their role and impact in terms of interrupting IGT poverty in such countries. Section 9 finishes the report by presenting a set of tentative conclusions about transferability to developing country contexts.

This is an ambitious agenda. We draw on extensive academic and policy documents, have taken advice from experts and have conducted interviews with policymakers, frontline implementers, non-governmental stakeholders and beneficiaries (see Annex E). This has all enabled some interesting insights, but we acknowledge the limits of our research, given both the wide scope of the study and the limited timescale and resources available. As such, this paper is largely descriptive. Future work will require more detailed analysis of the political and economic contexts in which particular policy successes have occurred.

## 2 IGT poverty and how to interrupt it

### 2.1 Conceptualising IGT poverty

Studies on IGT poverty consider the impact of the poverty of one generation on the poverty of a younger generation, 'either at the present [e.g. child poverty] or at a future point in their life course' (Bird, 2007). Child poverty, transmitted from the older generation, then continues throughout the life course and on to the next generation. Not only do children with poor parents have a higher chance of poverty in childhood, but also they are more likely to have a lower income as adults (Hobcraft, 1998). As poor parents, they are then more likely to have children born at a lower birth weight and to experience higher infant mortality rates. Their children are more likely to have behavioural problems, less success at school, less opportunity in the labour market and worse health (Halliday and Asthana, 2007; Jenkins and Siedler, 2007).

The determining factors of intergenerational poverty are complex, and often interrelated at both micro and macro levels. 'Micro level' here refers to both the individual and the household level, and includes personal choice, motivation, aspiration, capacities, abilities and behaviour, as well as household structures and dynamics. It also includes structural factors, such as gender relations and discrimination, which can affect an individual and/or household. 'Macro level' refers to the broader determinants of individuals' and households' engagement with the wider world, including governmental engagement, the national and local economies and the broader extra-household relationships people have within their community.

The life course is the starting point for a framework conceptualising IGT poverty (see Figure1). Each life stage is subject to embedded vulnerabilities.<sup>1</sup> For example, foetal and infant health and wellbeing are determined in large part by the uterine environment, with subsequent effects on health and 'success' throughout childhood and in later life (Bird, 2007; Harper et al., 2003). A range of factors influence such transmission processes, including maternal education, access to productive assets, maternal nutrition and intra-household cooperation (Bird, 2007).

At clear points in the life cycle, such as at the start and end, capacity to care for oneself is limited. *In utero*, dependence on the health and wellbeing of the mother is total. In infancy and childhood, dependence on parents or carers is critical to child development. In later life

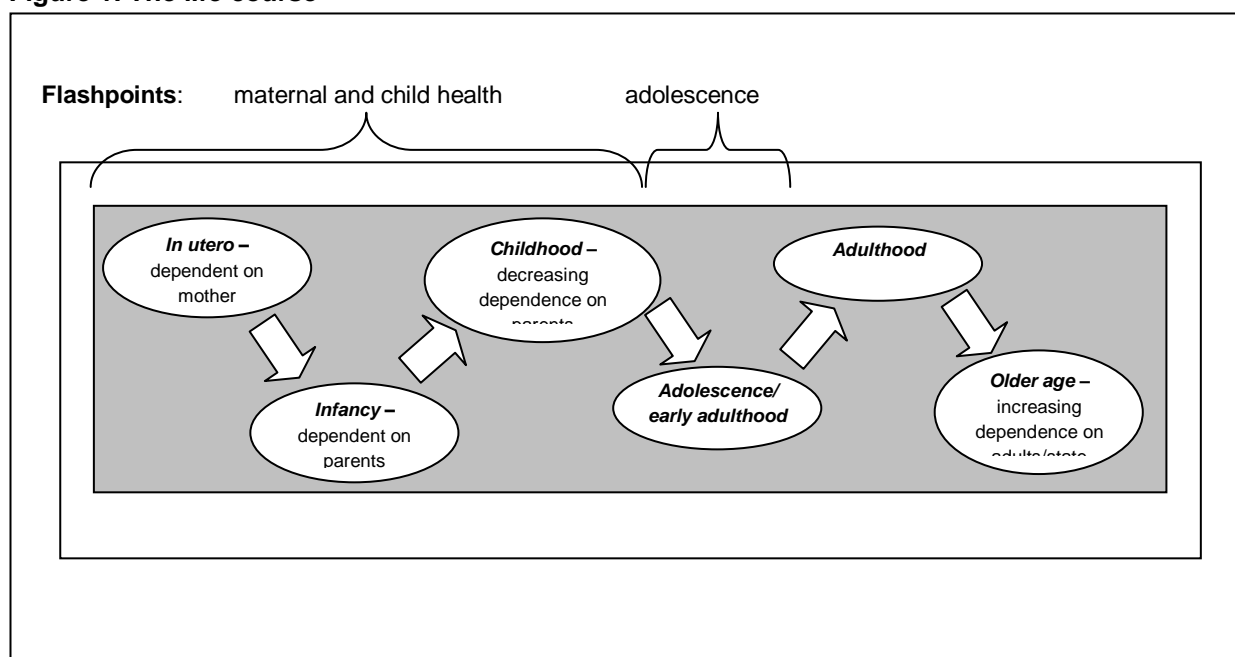
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<sup>1</sup> 'Life course events (e.g. leaving school, starting work, having children) play a significant role in shaping vulnerability to poverty. These "life events" are more likely to occur during particular "life stages," but stage is only partly related to age' (Moore, 2005).

too, individuals may once again become dependent on external (family, private sector or state) assistance, such as for income (pensions), personal care and health. Dependency is an important consideration in relation to targeting policy interventions. For example, an income-poor adult who must care for both older relatives and very young children may be particularly likely to transmit poverty.

The timing of poverty during childhood has been found to have significant implications for the nature and causes of poverty in later life. Poverty during adolescence (ages 11-15) seems to affect expectations and attitudes toward school and health, household formation, adult relationships and risks of unemployment and early childbearing. Poverty and having a single parent during school years (ages 6-10) tend to affect educational achievement. Poverty and family structure during early childhood (ages 0-5) seem to have strong effects on educational attainment and, particularly, economic inactivity and early childbearing (Ermisch et al., 2001). These 'flashpoints' represent key entry points for policy intervention in the life course. At the same time, however, it must be noted that appropriate policies can interrupt poverty at any point, and that opportunities missed *in utero*, childhood or adolescence are not necessarily opportunities missed for good.

**Figure 1: The life course**



*Note: 'Parents' here is shorthand for any caregiver.*

Income clearly has an important impact on many of these dimensions, but factors over and above income influence outcomes at each life stage. Social inclusion and the development of human capital are notably related to individual agency, capacities and abilities, as well as political engagement and personal aspiration (Hobcraft, 2007). Based on analysis of the British Household Panel Survey (BHPS) 1991-1999, Ermisch et al. (2001) found that parental

non-employment patterns in the UK, education, age of parents when the child was born and family structure all had an impact on children's chances of success.

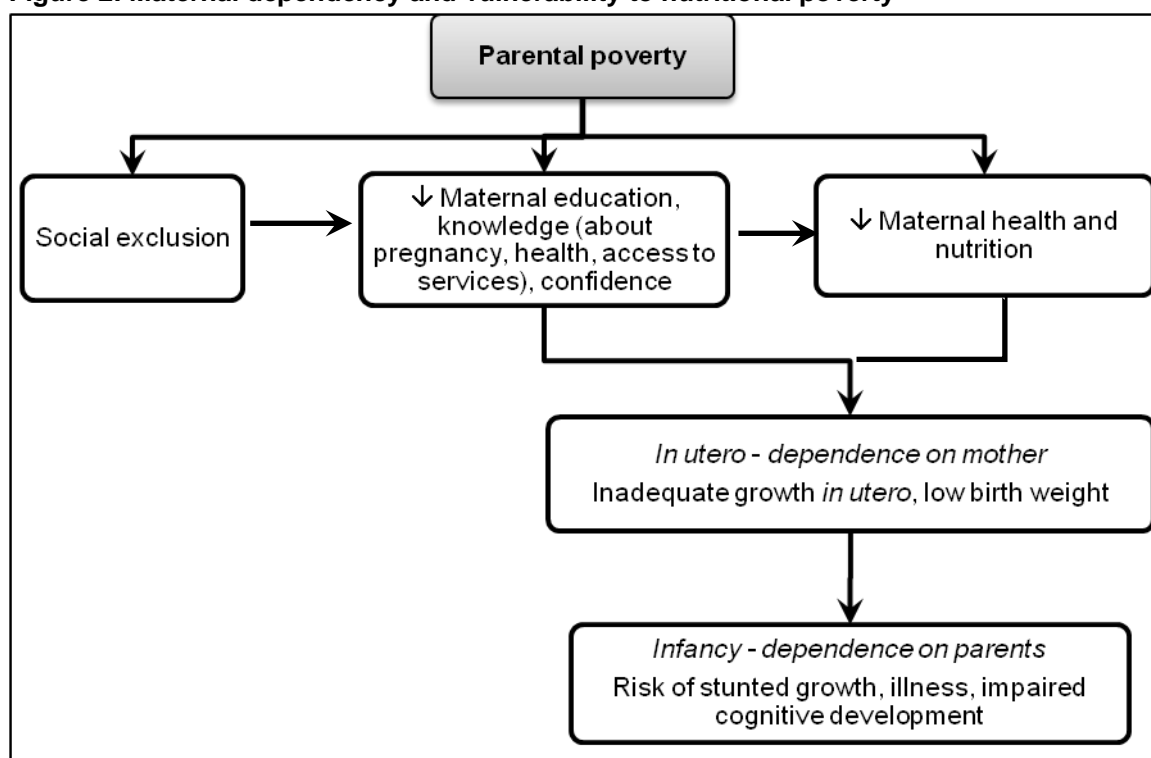
Educational inequalities in particular are one of the key drivers of IGT poverty. In England and Wales, for example, children of more affluent families are more likely to stay in education longer and therefore achieve higher educational attainments (DfES, 2006). Analysis of the National Child Development Survey of UK children born in 1958 and 1970 found that educational attainment accounted for 30% of the intergenerational persistence of income for sons and 40-50% for daughters (Machin and Gregg, 2003). Gaps in early educational attainment are compounded over time, suggesting the importance of both early attainment and sustained support (DfES, 2006).

Employment is also important, affecting household income/resources and the long-term investment choices adults make for their children. It is also an important factor in self-esteem and social inclusion. Interactions at work can enable important social and external networks. However, work can also have a negative effect on adults' availability of time and energy for care and nurture of children and older household members. For example, if parents are too tired, there are consequences for the child's emotional development (Harper et al., 2003).

Evidence also suggests that parenting has an impact on children's behavioural outcomes, intellectual and social development and educational performance (Bird, 2007), each with poverty implications. It may also have an impact on health outcomes (here in relation to the UK):

'The quality of relationships parents make with their children predicts healthy eating, and the only programmes which have an (albeit modest) impact in reversing childhood obesity are programmes which offer development of parenting skills as well as lifestyle advice. Adverse parenting is also a risk factor for the adoption of smoking, alcohol and drug misuse, teenage pregnancy, and poor mental health in children, adolescents and adults' (Stewart-Brown, 2007: 103).

When parents experience multidimensional poverty, it is possible to identify a number of IGT poverty transmission mechanisms. Figure 2 illustrates the potential impacts of maternal nutritional deficiency during the *in utero* and early childhood stages.

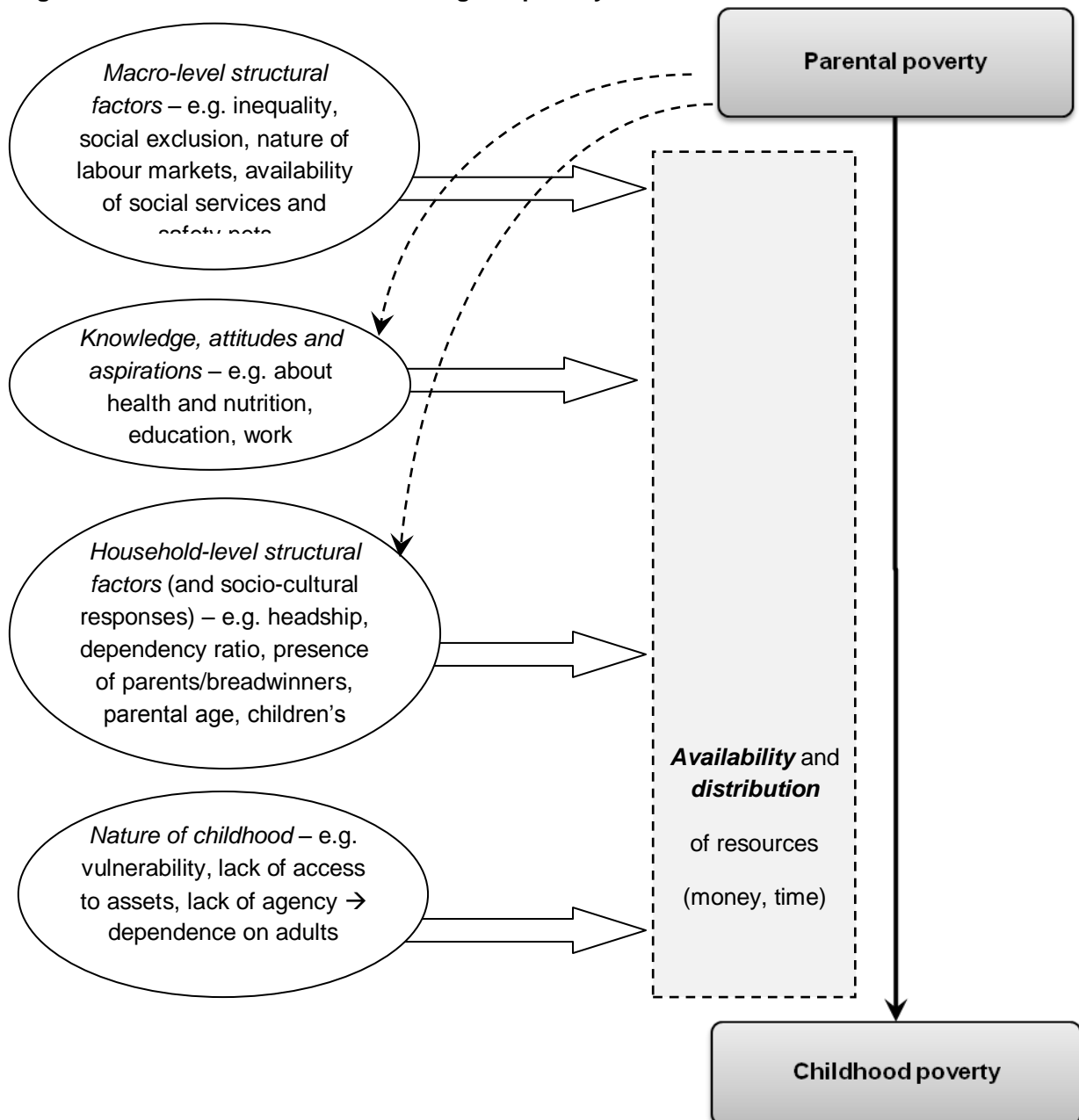
**Figure 2: Maternal dependency and vulnerability to nutritional poverty**

Poverty transmission from one generation to the next is influenced by interconnected factors working at both micro and macro levels (see Figure 3). Intra-household dynamics affect livelihood security and the overall stability of relationships. Household demography dynamics (e.g. divorce, widowhood, single parenting, age of parents) all affect household stability and security. Dependency ratios also can have a significant impact, although this can change over time as household structures change. Power relationships within the household affect the distribution of resources and opportunities, which may not always reflect the best fit for income security but may be important to overall stability (e.g. working within cultural frameworks). How an individual member fares within the household can be important for their future, particularly if the household breaks down. Gender, birth order and biological relationship can all be important (Bird, 1999).

Social exclusion also plays an important role (Hobcraft, 2007). The manner in which individuals in households are included in or excluded from wider social interactions (e.g. political engagement, access to services such as health and education) has major implications for household agency and ability to respond to opportunities. Isolation may be linked to internal identities within households, which dictate what kinds of outside interactions are possible for individual household members. Certain groups (e.g. refugees, ethnic minorities, women, people with disabilities) may be put off seeking better inclusion by perceived (real or otherwise) forms of discrimination in these public spheres (Bird, 1999). Meanwhile, family, friends, neighbours and social groups form an important social network outside of households. Such networks can provide essential support to households, such as in the shape of supplementary child care, particularly when they are (or feel) discriminated

against in other spheres. The positive benefits of interactions with people who do not share the same socioeconomic characteristics should be recognised, as they can help broaden perspectives and aspirations and break down perceptions of discrimination based on difference.

**Figure 3: A framework for understanding IGT poverty**



Other institutions, such as schools and health services, also play a role in household dynamics and IGT poverty. Parent's own experiences with the education system can contribute to how their children respond to the school environment and how well they can support them (Moore, 2001). The nutritional and health care choices parents make for their children have long-term health and development impacts. Other forms of social security also

play a part in securing household incomes (e.g. existence of unemployment benefits, pensions, maternity leave).

## 2.2 Identifying policy entry points for interrupting IGT poverty

Can or should government intervene in all spheres that influence IGT poverty, or are there key points at which there is a greater chance of long-term success? The discussion above showed how children deprived in the womb or in their early years are more likely to grow up to be poor adults, and how, as current or potential workers and parents, adolescents and youth can escape from or entrench their poverty and that of their children. While policy interventions throughout the life course – including in adulthood and older age – can have important effects in terms of reducing the likelihood of parental impoverishment that keeps entire households locked in poverty, it is clear that pregnancy, early childhood and adolescence are priority periods for intervention.

It is also clear that social relationships (both within households, e.g. between family members, and externally, e.g. with professionals such as health care workers, teachers, employers) mediate how individuals access institutions and policies intended to provide support. The delivery of interventions – for example whether services are provided at accessible times and places, whether there is stigma attached to service use – can have important implications for uptake among poorer households. Socially excluded (or ‘high risk’) groups require particular consideration in policy processes. In developed country contexts, these groups often include ethnic minorities, single parents, refugees, homeless people and those with substance abuse problems.

Government can play a strong role in interrupting IGT poverty through interventions that:

- Provide direct support to poorer families (e.g. social security and other safety nets);
- Target institutions intended to support poorer families to improve incomes, human capital and long-term investments (e.g. jobs, schools, health services, social services, child care);
- Tackle discrimination and social exclusion (e.g. labour market policies, youth programmes, other targeted social services); and
- Alter the household structure (e.g. tax benefits for married couples, inheritance laws).

This is a very broad agenda. It is clear that, in order to be effective, policy needs to intervene in more than one area of the lives of chronically poor households. Our case studies in this report try to prioritise interventions that respond to this breadth and that attempt to integrate a relatively holistic approach to responding to IGT poverty.

### 3 Developed world welfare regimes and their effectiveness

Welfare regimes vary in terms of the values that underpin them and the policies and programmes that propel them. They represent both transfer (e.g. social welfare policy, linked to taxation) and production (e.g. the capitalist economy) (Goodin et al., 1999). Social values can be found at a national level, in terms of prevailing societal perceptions (see Bird et al., 2004), but are also, importantly, linked to politics and political parties, which periodically change the structure of the regime as well as that of policies and programmes. Value judgements about what causes poverty and why some people are poor and others not are linked intimately to understandings of how people can escape it and the role of the state in this. Similarly, principles of social responsibility, collective or individual rights and the role of the private sector are strong influences here.

There has been extensive debate on how to classify differences in welfare regimes. Esping-Andersen (1990) claimed that economically advanced capitalist nations formed three 'worlds of welfare,' distinguished by degrees of 'decommodification' (i.e. the extent to which social services are matters of right and a person can live without reliance on the market) and of social stratification. He proposed three regime types: liberal, conservative and social democratic. In a liberal regime, the individual shoulders the major responsibility for welfare and relies on the market. In a social democratic regime, the state is an active player in ensuring welfare. Somewhere in the middle, a conservative regime relies on social units of individuals (e.g. the church, work-based groups) to play a primary role in welfare provision (Arcanjo, 2006; Goodin et al., 1999).

This typology has encountered various criticisms, including in relation to methodology (Scruggs and Allen, 2006, in Hudson and Kühne, 2008), which has led to new typologies with further categories. Some identify a Mediterranean (or south European) regime, sometimes also known as catholic, Latin or rudimentary, based on dominance of the family. This includes Italy, Spain, Greece and Portugal (Paptheodorou and Petmisedou, 2004, in Townsend, 2007). However, critics have dismissed this extra category as too complex (see Katrougalos, 1996; Powell and Barrientos, 2004; in Arcanjo, 2006). Esping-Andersen (1990) contends that all countries in the three-pronged model are either familialist or non-familialist, discounting the need for a separate fourth category.

Others, such as Leibfried and Pierson (1995), suggest that you cannot categorise welfare systems, as each has evolved idiosyncratically, and should therefore be considered separately. However, as Titmuss (1974: 30) argued earlier, the purpose of a model is not to 'admire the architecture of the building' but to create some order in all the disparate areas of our economic and social life. We acknowledge the difficulties in classifying complex mechanisms and are aware that, empirically, we are likely to find many overlaps. However, we are satisfied that a broad classification is analytically useful here to make international

comparisons of approaches to IGT poverty. As such, we use a slightly refined version of the Esping-Anderson classification, which focuses on social rights, social stratification and the welfare mix (Hudson and Kühne, 2008). This refined framework was proposed by Townsend (2007) and splits one category – liberal – into two distinct parts: liberal (the UK model) and neo-liberal (the US model). Below, we outline the key characteristics of each category.

### **3.1 The social democratic welfare regime (Denmark, Sweden, Finland, Norway, the Netherlands)**

The social democratic regime is characterised by socialist economics and redistributive social policies, all of which aim to achieve social equality through social citizenship. In essence, the historical belief prevalent in this system, that people are disadvantaged by 'relations of production' in capitalism, leads to a policy response that focuses on weakening the power of private capital (Goodin et al., 1999: 45-47) and strengthening the equalising role of the state.

The welfare state was arguably conceived of in Scandinavia in the late 19th century. In 1891, Norway already had national social security and Denmark already had old age pension laws. Norway, Sweden and Denmark passed the first major social insurance laws between 1891 and 1894, at the same time as in the German Reich. The welfare state model, particularly the Swedish model, was consolidated after World War II, before which time poor relief continued to play a large part in social security systems (Flora, 1986). The Nordic schemes were made universal during the 1950s and 1960s. In Sweden, this occurred through the introduction of earnings-related benefits for pensions and adversity (e.g. unemployment and disability); the expansion of public services, especially within health and education; and the introduction in the 1970s of family-friendly schemes such as paid parental leave (Townsend, 2007).

The social democratic model continues to entail three basic features (Kuhnle and Hort, 2004, in Townsend, 2007): 1) a comprehensive social policy; 2) an institutionalised social entitlement principle (social rights); and 3) social legislation that is solidarity-based and universal in character.

Social democratic regimes do not tolerate class dualism, and pursue state welfare of 'the highest standards' from which all benefit and to which all are entitled. They have 'highly decommodifying and universalistic programmes' (Esping-Andersen, 1990). The social democratic model is in essence a universal model of social protection that combines benefits and services based on residence with earnings-related social insurance programmes. This regime has been successful in terms of combating poverty and social inequalities but also in promoting employment and participation, particularly among women (Palme, 1999, in Townsend, 2007). Accordingly, Nordic countries continue to maintain their high rankings in measures of both economic and social development. Critically, it seems that the decision to include the better-off in systems of social protection has been more successful at reducing

social inequalities than strategies oriented more exclusively to the poor (although this has been strengthened by wider and less discriminating employment and improved incentives, resources and opportunities) (Townsend, 2007).

The Nordic countries in the social democratic category are fairly similar and rank among the top spenders worldwide on social security. However, the countries differ considerably in terms of the share of financing taken up by government, employers and the insured. In Denmark, Sweden and Finland, the share of the insured has increased, while the share of the employer (also in Norway) has decreased. This holds important implications for the future of this regime type.

### **3.2 The conservative/corporatist welfare regime (Germany, Austria, Belgium, France, Luxembourg)**

The corporatist model is characterised by minimal interventionism, group politics, communitarian economics and mutual social policies (Goodin et al., 1999). The poor are considered 'unfortunate excluded individuals' (Townsend, 2007), and the welfare response is guided by a fundamental value of social cohesion and pooled risk. This model tends to be dominant in countries such as Germany and Austria and in Catholic countries, where social cohesion is not about solidarity as such, but rather relates to the individual's place within the immediate small community and in the larger surrounding community. Focus is placed primarily on the family and family policy. Welfare delivery is through 'social units of individuals,' such as the church.

The basic goal of the corporatist system is arguably 'the preservation of the pre-existing social order' (Townsend, 2007: 24). The goal of social policy therefore becomes one of security and stability. Corporatist regimes do not have the 'liberal obsession with market efficiency and commodification' (Esping-Andersen, 1990: 27), meaning the state plays a significant role in welfare provision, of 'underwriting and facilitating essentially private and self-governing schemes of insurance and assurance but, if needs be, underwriting risks of whole social groups who find themselves collectively in trouble' (Townsend, 2007: 24).

### **3.3 Liberal welfare regimes**

The liberal model is characterised by liberal politics, capitalist economics and residualist social policies. The economy is market-driven, and some people simply fail to benefit from it (Goodin et al., 1999). This invokes the historical debate of the 'deserving' and 'undeserving' poor, and the idea of the underclass, which was prominent in the US and promulgated by Charles Murray in the UK. The question of 'unwilling or unable' in turn has implications for policy direction, and is quite different to the idea of universal entitlement that underlies the social democratic regime.

Townsend (2007) suggests that, while the liberal welfare regime keeps costs down, poverty remains comparatively high; high average income does not equate to adequate income for the poor. Liberal regimes are identifiable through their tendency to means-tested assistance; modest universal transfers; or modest social insurance catering primarily to the poor with strict entitlement criteria and high stigmatisation. This creates little decommodification and class dualism between recipients and the majority (Esping-Andersen, 1990).

In Townsend's two sub-categories of the liberal welfare regime, the UK (liberal) was one of the first countries to institutionalise a form of social security. The US (neo-liberal) was one of the last. Despite certain similarities, the liberal regime retains a stronger notion of individual entitlement to support (if conditions are met). In the neo-liberal regime, people are eligible when resources allow.

### 3.3.1 *The liberal regime (the UK, Ireland)*

The Poor Law (1601) first established compulsory alms relief for the poor in Britain (Schweinitz, 1943). This was replaced with a new Poor Law in 1834, which made a clear distinction between indigence and poverty, to 'deter able bodied men, in particular, from seeking poor relief' (Harris, 2004: 58). This fundamental distinction is still seen today, as in proposed measures to restrict disability benefits to those with the most severe and persistent impairments (Townsend, 2007).

Social insurance in the UK has weakened. This may be linked to increasing inequality in the labour market and changes in family structure and an ageing population. Similar changes have not led to a decline in social insurance in other developed countries, though (Townsend, 2007). This might be attributable to traditional considerations of the 'undeserving' poor translating into an idea (and policies) that all rights and benefits should be conditional on a readiness ('willingness') to work. How satisfactory Esping-Andersen's 'liberal' typology still is for the UK is contentious. The Labour government's introduction of tax credits (Section 4.4) greatly increased the number of 'welfare' recipients, and thus may have decreased the stigma involved in some sorts of benefit receipt.

### 3.3.2 *The neo-liberal regime (the US, Canada, Australia)*

Social insurance arrived comparatively late in the US, in the 1930s-1940s, through the Social Security Act in 1935, which concentrated on the elderly, widows and widowers of insured workers and disability insurance. This led a tendency in the US to define social security as highly selective or means-tested social assistance (Townsend, 2007). In 1996, the US saw a shift in culture from welfare to workfare, marked by the introduction of Temporary Assistance to Needy Families (TANF – Section 5.3). This was a legislative change that withdrew the right to benefit and gave states the responsibility for identifying and providing benefits to needy families rather than persons (ibid: 31).

### 3.4 Linking welfare regimes and poverty reduction effectiveness

Townsend (2007) finds the most impressive percentage change in terms of the population in poverty before and after social transfers in social democratic countries, followed by conservative and finally liberal regime countries. Similarly, Goodin et al. (1999: 260) suggest the social democratic regime is the 'best of all possible worlds,' in terms of minimising inequality, reducing poverty, promoting stability and promoting autonomy. Sweden, the Netherlands and Finland, as well as Belgium, have the most extensive overall fiscal redistribution; neo-liberal US, with Canada, Australia and Switzerland, has the least (Mahler and Jesuit (2006: 8, in Townsend, 2007: 9). Relative poverty rates in developed countries remained broadly stable in the 1990s (Förster and Pearson, 2002). In the majority of the countries in which real incomes increased, poverty rates based on 'constant thresholds' (i.e. absolute poverty) fell. However, there is some variation: Denmark experienced a decline in poverty during the 1990s while the UK experienced an increase.

Trends in child poverty and wellbeing have been relatively well mapped (see Tables 1 and 2). Social democratic regimes are confirmed as best performers for child wellbeing and reductions in relative income poverty. The liberal welfare systems (UK and US) are consistently at the bottom of the international rankings, with corporatist/conservative Germany somewhere in the middle.

**Table 1: Children's wellbeing in rich countries – a summary table**

Dimensions of child wellbeing	Average ranking (for all 6)	Material wellbeing	Health and safety	Educational wellbeing	Family and peer relationships	Behaviours and risks	Subjective wellbeing
Netherlands	4.2	10	2	6	3	3	①
Sweden	5	①	①	5	15	①	7
<b>Denmark</b>	<b>7.2</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>9</b>	<b>6</b>	<b>12</b>
Finland	7.5	3	3	4	17	7	11
Spain	8	12	6	15	8	5	2
Switzerland	8.3	5	9	14	4	12	6
Norway	8.7	2	8	11	10	13	8
Italy	10	14	5	20	①	10	10
Ireland	10.2	19	19	7	7	4	5
Belgium	10.7	7	16	①	5	19	16
<b>Germany</b>	<b>11.2</b>	<b>13</b>	<b>11</b>	<b>10</b>	<b>13</b>	<b>11</b>	<b>9</b>
Canada	11.8	6	13	2	18	17	15
Greece	11.8	15	18	16	11	8	3
Poland	12.3	<b>21</b>	15	3	14	2	19
Czech Republic	12.5	11	10	9	19	9	17
France	13	9	7	18	12	14	18
Portugal	13.7	16	14	<b>21</b>	2	15	14
Austria	13.8	8	20	19	16	16	4
Hungary	14.5	20	17	13	6	18	13

<b>US</b>	<b>18</b>	<b>17</b>	<b><u>21</u></b>	<b>12</b>	<b>20</b>	<b>20</b>	<b>–</b>
<b>UK</b>	<b>18.2</b>	<b>18</b>	<b>12</b>	<b>17</b>	<b><u>21</u></b>	<b><u>21</u></b>	<b><u>20</u></b>

*Note: Countries with insufficient data to be included are Australia, Iceland, Japan, Luxembourg, Mexico, New Zealand, the Slovak Republic, South Korea and Turkey.*

*Source: UNICEF (2007).*

**Table 2: Relative income poverty – children (0-17 years) in households with equivalent income less than 50% of the median, 2005**

Rank	Country	Relative income poverty rate (%)	Rank	Country	Relative income poverty rate
<b>1</b>	<b>Denmark</b>	<b>2.4</b>	14	Greece	12.4
2	Finland	2.8	15	Poland	12.7
3	Norway	3.4	16	Spain	13.3
4	Sweden	4.2	17	Japan	14.3
5	Czech Republic	6.8	18	Australia	14.7
6	Switzerland	6.8	19	Canada	14.9
7	France	7.5	<b>20</b>	<b>UK</b>	<b>15.4</b>
8	Belgium	7.7	21	Portugal	15.6
9	Hungary	8.8	22	Ireland	15.7
10	Luxembourg	9.1	23	New Zealand	16.3
11	Netherlands	9.8	24	Italy	16.6
12	Austria	10.2	<b>25</b>	<b>US</b>	<b>21.9</b>
<b>13</b>	<b>Germany</b>	<b>10.2</b>	26	Mexico	27.7

*Source: UNICEF (2007).*

A Child Development Index recently released by Save the Children (2008) for three periods since 1990 is based on only three key indicators: under-five mortality rate, prevalence of underweight children under five years old and net non-enrolment ratio in primary education. The index shows a similar story for our four countries of interest (see Table 3), although the UK outperforms the other three countries on this index. However, on these indicators, which focus on the very basics of child survival and development, the differences among developed countries are minute in comparison to the differences between developed countries and the poorest developing countries. The US is doing relatively poorly (and getting worse). Germany has seen a large improvement since the mid-1990s, mainly because of a huge improvement in the primary enrolment ratio over the period.

**Table 3: Save the Children's Child Development Index 2008**

Country	Value 1990- 1994	Rank 1990-1994 (88 countries)	Value 1995- 1999	Rank 1995-1999 (118 countries)	Value 2000- 2006	Rank 2000-2006 (137 countries)
<b>Japan</b> (top country in 2000-2006)	0.72	1st	0.53	2nd	0.41	1 <sup>st</sup>
<b>UK</b>	1.70	12th	0.70	4th	0.99	8 <sup>th</sup>
<b>Germany</b>	6.12	19th	4.69	21st	1.02	9 <sup>th</sup>
<b>Denmark</b>	1.46	10th	1.53	14th	1.87	17 <sup>th</sup>
<b>Cuba</b> (top developing/transitional country 2000-2006)	..	..	4.86	22nd	3.12	20 <sup>th</sup>
<b>US</b> (bottom developed country 2000-2006)	2.50	15th	3.14	19th	3.88	23 <sup>rd</sup>
<b>Niger</b> (bottom country 2000- 2006)	70.88	88th	70.04	118th	58.47	137 <sup>th</sup>

Source: *Save the Children* (2008).

UNICEF (2007: 3) has developed a method for ranking countries (as high, middle or low) according to how far child wellbeing is 'policy-susceptible' (that is, how much a problem can be dealt with through policy), as opposed to being related purely to GDP per capita. Broadly speaking, their three country groupings correspond to the Esping-Andersen three-pronged typology. The Netherlands, Sweden, Denmark and Finland (social democratic regimes) occupy the top spots overall in terms of child wellbeing, while the US and UK (liberal regimes) perform consistently poorly and rank bottom. The corporatist countries are generally in the middle, although they have a somewhat even spread throughout the table (more so than other regimes). Higher government spending is associated with lower rates of child poverty: no government that spends more than 10% of GDP on social transfers has a child poverty rate above 10%. Conversely, no country devoting less than 5% of GDP to social transfers has a child poverty rate below 15% (ibid: 7).

Townsend (2007) looks at economic growth rates and total public social expenditure as a percentage of GDP and compares these with rates of inequality and poverty. He finds a clear correlation between high public expenditure and low inequality and income poverty. He finds a positive causal relationship between economic development and the expansion of social security schemes (see also Cichon et al., 2004, in Townsend, 2008). This may have very important implications for developing country contexts.

A cross-country study using longitudinal poverty data for a number of countries concludes that the 'tax based transfer system' sharply reduces poverty rates, particularly longer-term poverty (defined as 'poor in every year throughout the six-year period of the study' (Oxley et al., 2000: 9). The difference in poverty rates pre- and post-taxes and transfers is smallest in the US and largest in Sweden. However, research on social inclusion and income distribution

in the European Union (EU) (EC, 2007) finds that tax-based support favours the better-off, and that means-tested benefits target lower income households better. Does this imply anything about social differentiation in the social democratic regime countries of Scandinavia? Might there be more complex results for this set of countries if they were examined from the perspective of social inclusion? The latter study also finds the risk of poverty correlates with the amount of benefits available, that is, countries with higher net benefit payments are those where poverty reduction is higher. Distribution of benefits has, therefore, comparatively little effect on the extent to which the risk of poverty is reduced.

OECD data on social expenditure as a percentage of GDP for 1980-2003 provides some evidence to support this analysis, by welfare regime. Sweden consistently achieves the top ranking and the US the bottom for social expenditure as a percentage of GDP. Liberal regimes are universally low, while there is some mix between the social democratic and corporatist regimes (Table 4).

**Table 4: Social expenditure in OECD countries, 1980-2003 (% of GDP)**

Country	rank	1980	1985	1990	1995	2000	2001	2002	2003
Sweden	1	28.58 6	29.70 8	30.52 5	32.53 9	28.75 7	29.26 5	30.44 8	31.28
France	2	20.82 4	25.76 6	25.25 8	28.34 6	27.55 2	27.46 3	27.94 9	28.71 8
<b>Germany</b>	<b>3</b>	<b>22.992</b>	<b>23.631</b>	<b>22.484</b>	<b>26.6</b>	<b>26.252</b>	<b>26.319</b>	<b>26.994</b>	<b>27.252</b>
<b>Denmark</b>	<b>4</b>	<b>25.179</b>	<b>24.177</b>	<b>25.467</b>	<b>28.873</b>	<b>25.754</b>	<b>26.383</b>	<b>26.901</b>	<b>27.582</b>
Belgium	5	23.504	26.122	24.974	26.353	25.295	25.72	26.13	26.477
Austria	6	22.56	23.86	23.687	26.579	25.334	25.381	25.799	26.05
Norway	7	16.866	17.94	22.608	23.507	22.242	23.177	24.587	25.074
Italy	8	17.978	20.807	19.933	19.792	23.164	23.303	23.828	24.19
Poland	9	..	..	15.139	23.129	21.155	22.411	23.04	22.928
Portugal	10	10.768	10.96	13.67	18.141	20.178	20.922	22.157	23.506
Hungary	11	..	..	..	..	20.585	20.718	21.902	22.676
Finland	12	18.365	22.789	24.524	27.355	21.322	21.437	21.87	22.451
Luxembourg	13	23.623	23.14	21.941	23.765	20.426	19.772	21.581	22.246
Greece	14	11.476	17.892	18.605	19.3	21.298	22.294	21.327	21.297
Czech Republic	15	..	..	16.038	18.24	20.327	20.412	21.014	21.13
Spain	16	15.548	17.784	19.981	21.476	20.355	20.165	20.243	20.307
<b>UK</b>	<b>17</b>	<b>16.583</b>	<b>19.564</b>	<b>17.157</b>	<b>20.358</b>	<b>19.141</b>	<b>20.122</b>	<b>20.138</b>	<b>20.635</b>
Netherlands	18	24.147	24.221	24.353	22.79	19.333	19.474	19.917	20.669
Switzerland	19	13.941	14.84	13.509	17.543	18.04	18.726	19.424	20.523
New Zealand	20	17.095	17.967	21.782	18.951	19.109	18.399	18.425	18.013
Slovak Republic	21	..	..	..	18.937	18.075	17.824	17.912	17.317
Japan	22	10.317	11.15	11.247	13.89	16.11	16.846	17.48	17.734
Australia	23	10.949	13.023	14.061	17.125	17.867	17.408	17.473	17.9
Canada	24	14.132	17.268	18.43	19.196	16.727	17.27	17.309	17.272
Iceland	25	..	..	13.978	15.511	15.294	15.591	17.297	18.699
<b>US</b>	<b>26</b>	<b>13.282</b>	<b>12.914</b>	<b>13.385</b>	<b>15.352</b>	<b>14.593</b>	<b>15.151</b>	<b>16.005</b>	<b>16.199</b>
Ireland	27	16.756	21.814	15.51	16.317	13.639	14.432	15.486	15.931
Mexico	28	..	1.901	3.572	4.741	5.816	5.926	6.272	6.836

Country	rank	1980	1985	1990	1995	2000	2001	2002	2003
Korea	29	..	..	3.004	3.456	5.069	5.438	5.372	5.693
Turkey	30	4.358	4.207	7.634	7.52	..	..	..	..
<b>OECD total</b>		<b>15.918</b>	<b>17.579</b>	<b>17.945</b>	<b>19.884</b>	<b>19.405</b>	<b>19.729</b>	<b>20.274</b>	<b>20.707</b>

Source: <http://stats.oecd.org/WBOS/index.aspx>.

### 3.5 Developed country case studies

For our case studies, we selected countries from across the range of welfare regimes, including the UK (liberal); the US (neo-liberal); Denmark (social democratic); and Germany (corporatist).<sup>2</sup>

The countries selected also represent a range of outcomes in terms of child wellbeing (Table 1 above) and poverty (Table 2 above).<sup>3</sup> Denmark experienced a decline in poverty in the 1990s while the UK experienced an increase (Förster and Pearson, 2002). In terms of child poverty, between 2000 and 2005, Denmark again showed most improvement. It ranked sixth in 2000, with 5.1% of children in relative poverty, but rose to first place in 2006, with just 2.4% in poverty. Despite improving figures, the UK remained in 20th position, moving from 19.8% in 2000 to 15.4% in 2005. Germany and the US both lost ground; Germany went from 11th (10.7%) to 13th (10.2%), while the US moved from 22nd (out of 24) with 22.4% to 25th (out of 26) with 21.9% (UNICEF, 2007).

The purpose of the case studies is to begin to unpack how overarching country contexts, including the values, resources and institutional history of welfare state development, have influenced specific policies geared towards addressing IGT poverty. The studies first involved brief policy scoping exercises. Policy matrices for each country (Annex C) relate recent national policy initiatives to the life course (Figure 1) as well to key policy entry points (Figure 3), and assisted in the choice of specific policy case studies for each country context.

<sup>2</sup> The language skills of the research team also influenced these choices.

<sup>3</sup> Annex A contains some further basic indicators on poverty and related issues for the UK and the US.

## 4 A liberal welfare regime: the UK

### 4.1 The UK welfare system

As we have seen, the system in the UK is built on a very clear distinction of who ‘deserves’ relief: the sick, the old and the otherwise desperate. Over time, this system has developed in hybrid, with targeted interventions for specific groups alongside broader universal entitlements to health, education and income support. There remains a clear drive to identify deserving recipients of targeted support, as well as vigilance against those who are ‘unwilling’ to benefit from the market.

Key reforms include the School Meals Act of 1906, the Old Age Pensions Act of 1908 and the National Insurance Act of 1911, which first introduced ill-health and unemployment insurance (Harris, 2004). However, the defining moment was the post World-War II, with attempts to systematically tackle the ‘five giants’ of ‘want, disease, squalor, ignorance and idleness’ (Jones, 2000: 116). The aim was financial security without stifling individual incentives to work: enough to live on but no more. The 1945 Family Allowances Act set up universal child allowances (Fraser, 1973). In return for weekly contributions, the 1946 National Insurance Act gave employed people (except married women, included with their husband) the right to unemployment and sickness benefit, pensions and maternity and widows’ benefits (ibid). The 1948 National Assistance Act created allowances for the unemployed with financial resources below certain standards (Kendall and Knapp, 1996). The National Health Service Act (1946) established universal free health care.

The next major turning point occurred between 1976 and 1979, when falling tax revenue, combined with demand for increased welfare expenditure, led to perceptions of a fiscal crisis. This reinforced ‘new right’ critiques that the state was too powerful and needed ‘rolling back’ (Jones and Lowe, 2002: 12-13), including by ending perceived welfare ‘dependency.’ Overall expenditure under Thatcher as a proportion of gross domestic product (GDP) fell from 43% (1979) to 38.6% (1990).<sup>4,5</sup> Social security eligibility rules were tightened and benefits reduced (Pierson, 1996). Reforms including the Social Security Act (1986), the Housing and Education Acts (1988) and the National Health Service and Community Care Act (1990) challenged ‘the centralised, monopolistic delivery of services and encouraged increased competitiveness’ (Jones and Lowe, 2002: 15).

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<sup>4</sup> [www.statistics.gov.uk/STATBASE/Product.asp?vlnk=2256&More=Y](http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=2256&More=Y).

<sup>5</sup> Whether Thatcher’s administration (1979-1989) actually ‘rolled back the state’ is contentious. Total state expenditure increased from £252.1 billion (1979-1980) to £296.5 billion (1989-1990) (at 2004/05 prices) (HM Treasury, 2006: Table 3.1), including expenditure on social security, which increased slightly as a proportion of GDP (Pierson, 1996).

## 4.2 Contemporary policy responses to poverty and vulnerability in UK

Today, the UK still has an extensive system of public support, but debate continues around the role of the private sector, eligibility for different benefits and conditions of access. The New Labour government (post-1997) did not want to return to the post-war state welfare delivery monopoly, and viewed some of the Thatcherite agenda as 'in retrospect, necessary acts of modernisation' (Blair, 1998: 5, in Hudson and Lowe, 2004). However, there were also notable policy breaks, with fresh investments in education, health care and benefits for families (focused directly on reducing child poverty). A number of current UK policies are linked to interrupting the processes and mechanisms by which poverty is transmitted across generations. Annex C presents these in full.

Pregnant women in the UK are all entitled to a range of health and nutrition benefits (e.g. vitamins, milk and fresh fruit and vegetables, under the Healthy Start programme). There are also a number of targeted interventions. For example, Sure Start (see Section 4.3) is an area-based mechanism through which UK policy targets infants and their families. The Sure Start Plus component gives help and advice to pregnant teenagers under 18 (Wiggins et al., 2005). Other key welfare benefits for eligible pregnant women include Child Tax Credits (CTCs)/Working Tax Credits (WTCs) (see Section 4.4), statutory maternity pay or maternity allowance, the Sure Start Maternity Grant, housing/council tax benefits, income support, child benefits, child support and health benefits (such as free prescriptions and dental treatment). In addition, the Child Trust Fund, a savings account set up with an initial government endowment of £250 or more (HMRC, 2008), directly aims to build the assets of low-income families.

Policy interventions continue throughout the life course. Educational interventions are critical during childhood, adolescence and early adulthood, and include the Literacy Hour, Excellence in Cities, Academies, the Educational Maintenance Allowance and Aimhigher. The Adult Basic Skills Programme is expected to foster skills that adults can use in labour markets as well as within their own families, with benefits for the wellbeing and educational achievement of their children as well.

Key welfare benefits for families include CTCs/WTCs, income support, child benefits, child support, health benefits, plus an additional Child Trust Fund payment at age seven. In adulthood, the New Deal for Young People provides mandatory support for 18-24 year olds who have been unemployed and claiming Jobseekers' Allowance for six months. Educational interventions include apprenticeships and employer training. The Savings Gateway (to be introduced nationally in 2010) provides a cash savings account for those on lower incomes. This provides an incentive to save, through government matching (HMRC, 2008). Key benefits for adults (without children) include WTCs, housing/council tax benefits, the minimum wage and Jobseekers' Allowance.

Additional welfare protection for older people includes the state retirement pension, the pension credit (which provides means-tested assistance for those over 60 on low incomes), winter fuel payments and the Attendance Allowance, which provides assistance for those over 65 needing help with personal care (CPAG, 2008).

It is a fairly straightforward political exercise to justify public spending on children and infants (i.e. to ensure they have the best start in life), but it becomes harder to justify spending on adolescents and adults, who play a stronger role in their own life choices. Accordingly, a number of clear political priorities drive UK welfare policy, namely, providing early years support and getting unemployed people, particularly parents, back into work. This is reflected in recent structural changes to welfare system delivery. While the Department of Work and Pensions (DWP) is responsible for the government's welfare reform agenda, a new Department of Children, Schools and Families (DCSF) is responsible for promoting the wellbeing, safety, protection and care of all young people – including policy for children's social services; leading government family policy; working with DWP and HM Treasury to end child poverty; working with the Department of Health (DH) to promote young people's health; and driving government strategy on youth issues, including youth homelessness and offending (Prime Minister's Office, 2007).

Opening up access to services is sometimes not enough. The way services are delivered is critical to uptake and demand, and therefore impact. The UK has a central policy focus on social exclusion. A key objective within the Cabinet Office's remit of 'making government work better' is to 'improve outcomes for the most excluded people in society' (Cabinet Office, 2008a), for which a Social Exclusion Unit (1997) and later a Social Exclusion Task Force (2006) were established (Cabinet Office, 2009). In the UK, key 'groups at risk' of poverty and social exclusion include lone parents; young parents; minority ethnic groups; parents with disabilities; parents caring for children with disabilities; parents who have been to prison; children at risk of being involved in crime; asylum seekers; refugees; parents/children affected by substance abuse; and parents/children affected by violence and abuse.

Below, we consider two UK policies in detail: Sure Start and tax credits. These were chosen as they combine the UK priorities of eradicating child poverty and facilitating work, and link well to the circularity of generational transmission – that is, that poverty and family structure during early childhood seem to have strong effects on educational attainment, and particularly economic inactivity and early childbearing (Ermisch et al., 2001) which, in turn, have considerable potential to maintain poverty across generations. Sure Start is a holistic approach to providing health, nutritional and parenting support to families with infants and young children. Tax credits are an attempt to support parents to remain in or return to employment while their children are still young.

The two UK policy studies support different aspects of a holistic approach to eradicating child and IGT poverty. Sure Start focuses on investing in the next generation, broadening parental

options regarding child care, supporting poor and excluded groups (focusing on deprived areas) and, in its educational and health components, facilitating changes in parental behaviour. CTCs/WTCs attempt to support poor working and non-working families with benefits while incentivising exit from income support and entry into work. CTCs also try to support parents' use of child care.

### 4.3 UK<sup>6</sup> policy study: Sure Start<sup>7</sup>

Prior to Sure Start, there was no central programme of services for early years, although there were policies for services relating essentially to children at risk (Glass interview, 2008). Sure Start has been called a 'cornerstone' of New Labour reforms to end child poverty (DfES, 2004) and the 'jewel in the New Labour crown' (in Tunstill et al., 2005: 163). It is intended to contribute to Every Child Matters – a UK government initiative launched in 2003 to support the 'joining up' of children's services, so that 'every child, whatever their background or their circumstances, has the support they need to: be healthy, stay safe, enjoy and achieve, make a positive contribution and achieve economic wellbeing' (DCSF, 2005). DCSF (2008b) reports that:

'Sure Start grew out of the recognition that deprivation was blighting the lives of too many children and families in disadvantaged areas. There was growing evidence that multiple disadvantage was becoming inter-generational, with the risk of poor outcomes and social exclusion becoming a legacy passed from parents to children. Children from such backgrounds were more likely to be at risk of damagingly poor outcomes and very restricted life chances.'

#### 4.3.1 *The objectives and goals of Sure Start*

In 1997, the newly elected Labour government undertook a crosscutting review of services for children and young people as part of the Comprehensive Spending Review of deprivation, multiple disadvantage and intergenerational social exclusion, and services in the most disadvantaged areas. It found the quality of service provision for young children and their families varied greatly across localities and districts, with uncoordinated and patchy services the norm. Services were particularly dislocated for the under-fours – an age group neglected prior to 1997 (DCSF, 2008a).

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<sup>6</sup> England only: responsibility for early education/child care lies with the devolved administrations in Scotland, Wales and Northern Ireland, although Scotland and Northern Ireland have Sure Start programmes. In Wales, Sure Start was amalgamated with the Children and Youth Partnership Fund and the Child Care Strategy to form a new unified fund called *Cymorth* – the Children and Youth Support Fund.

<sup>7</sup> Under the broad title of Sure Start, we include Sure Start Local Programmes (SSLPs), Sure Start Children's Centres (SSCCs), which were initiated in 1998, and the Sure Start Plus pilot (2001-2006), which targeted young mothers.

Drawing on international evidence from programmes such as Head Start and the Perry Pre-School Programme in the US (DCSF, 2008a), Sure Start was developed based on three core principles to achieve better outcomes for children, parents and communities: 1) increasing the availability of child care for all children; 2) improving health and emotional development for young children; and 3) supporting parents as parents and also in their aspirations towards employment. It was designed to improve the health and wellbeing of children from birth to four, but also was expected to play a role in improving family health outcomes and reducing poverty and crime, by enabling parents to study and work and helping them – particularly lone parents – to access work and training opportunities. It was meant as a mechanism by means of which a set of basic principles could be rolled out to all services affecting children and parents.

#### 4.3.2 *Sure Start core services and infrastructure*

The Sure Start Unit was launched in 1998, as an integral part of the Children, Young People and Families Directorate in the Department for Education and Skills (DfES). It is now part of the Early Years Extended Schools and Special Needs Group of the Children and Families Directorate of DCSF. Local authorities have overall responsibility for Sure Start Children's Centres (SSCCs) and work with a range of partners, including Jobcentre Plus,<sup>8</sup> the National Health Service, schools and private and voluntary organisations. Any of these organisations can undertake management of SSCCs (DCSF, 2008).

A total of 250 Sure Start Local Programmes (SSLPs) were founded by 2002. These varied by area based on local needs, but all provided health services, child care, early education and family support to children under four and their families (DCSF, 2008). They are based in more deprived areas but serve all families with young children in that prescribed area, thus limiting any stigma associated with individual targeting (Melhuish et al., 2005)

The 2002 Interdepartmental Child Care Review promoted the idea of children's centres, and the resultant SSCCs provided integrated services for families. These included health and family support services, integrated early learning and full-day or sessional care for children 0-5 years. Parents could access advice and information for parents on a range of issues, including effective parenting as well as training and employment opportunities (DCSF, 2008). SSCCs were initially developed from SSLP Early Excellence Centres and Neighbourhood Nurseries. By 2006, most were functioning as SSCCs (NESS, 2008).

Health service provision is one of the core elements of Sure Start. In SSCCs, the Child Health Promotion Programme is the core early intervention and prevention programme,

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<sup>8</sup> Jobcentre Plus is a government agency, part of DWP, supporting people of working age from welfare into work and helping employers to fill their vacancies.

offering every family screening tests, immunisations, developmental reviews and information and guidance to support parenting and healthy choices (Shribman and Billingham, 2008). Services are to be delivered through baby clinics/café; parent craft classes (e.g. healthy eating in pregnancy, weaning and family cooking); exercise classes; baby massage; and specialist sessions, such as on asthma, dermatology and paediatric outpatient treatment (Armstrong, 2007).

The ideal scenario is for SSCCs to provide a fully integrated package of Child Health Promotion Programme, maternity, health visiting and other parenting support services. In reality, lack of suitable accommodation may limit the ability to co-locate services. Where antenatal services are not provided within the centre, effective links must be made so midwives are able to introduce harder-to-reach families to the services provided in centres (Armstrong, 2007).

SSCCs are a 'vital part' of the government's strategy to 'support and engage' parents in bringing up their children (DCSF, 2008). A series of family support services, including the classes mentioned above, should offer guidance, advice and information to parents (e.g. on local child care options). Targeted specialist services are for families with more complex needs (e.g. support for parents/carers of disabled children and early detection of developmental difficulties) (DCSF, 2008). Particular efforts need to go towards reaching fathers, teenage parents, minority ethnic groups and parents of disabled children (ibid).

Early years learning and child care is also a consideration, to be signposted and delivered in SSCCs. For example, information on child care benefits should be publicised actively. Where SSCCs provide child care, this should be at 'times suitable to working parents for a minimum of 10 hours a day, 5 days a week, 48 weeks a year' (DCSF, 2008). In addition, SSCCs are expected to support childminders with the provision of resources and training (ibid).

Alongside information and health promotion, there is a strong emphasis on parental training and employment. 'Employment helps to lift families out of poverty – and also has a positive effect on children's mental health, behaviour and educational performance and parental confidence and self esteem' (DCSF, 2008). As such, SSCCs must contribute to enhancing employability and the Every Child Matters outcome of improving economic wellbeing. This is achieved by providing assistance through access to child care. Other services to help centre users find employment can include making Jobcentre Plus services available at SSCCs, including lone parent advice services and phone lines linking to Jobcentre Plus (ibid).

#### **4.3.3            *Challenging social exclusion through Sure Start***

Sure Start provides services for all parents with young children in a prescribed area, thus including families from a number of groups at particularly risk of IGT poverty, including teenage parents, minority ethnic groups and families with disabled children.

The Sure Start Plus pilot initiative emerged from a 1999 report by the Social Exclusion Unit, which highlighted lower levels of health, education and social outcomes among teenage parents and their children. In particular, teenage mothers had three times the rate of postnatal depression as was found among other mothers, as well as a 60% higher rate of infant mortality and a 25% increased risk of low birthweight among their babies (Wiggins et al., 2005). The pilot (2001-2006) aimed to provide specific help and advice to pregnant teenagers under the age of 18 on health care, education, parenting, housing and child care. The pilot was deemed a success, leading government to encourage SSCCs to provide a personal advisor or lead worker for teenage parents (DfES and DH, 2006).

A number of targeted mechanisms reach families with disabled children. In 2005-2006, around half of SSLPs employed a worker with specialist experience in disabilities and special needs, making home visits and giving families guidance on services and benefits, as well as advising co-workers by providing training and helping to review cases (Pinney, 2007). Services include increased provision of playgroups, child care and nurseries, as well as additional sessions for children with special needs. These offer not only extra developmental opportunities for children but also some respite for parents. Parents of children with learning difficulties or disabilities in SSLPs were more likely to receive intensive, sustained home support and specialist health services, particularly speech and language therapy and mental health outreach, delivered in groups (ibid).

#### *4.3.4 Expansion and change in the delivery of Sure Start*

In 1998, government said it would create about 250 Sure Start programmes. Two years later, it said it would expand this to 530 programmes (Glass, 2006). In 2004, it announced there would be 2,500 SSCCs by 2008; shortly afterwards, this was raised to 3,500 by 2010 (ibid), which would equate to 'one for every community' (DfES and DH, 2006).

Such rapid expansion was, at least in part, the result of a desire for it to reach as many people as possible, given its popularity (Glass interview, 2008). However, there are concerns that this expansion was undertaken with limited evaluation of, or experience drawn from, programmes already underway, and without concomitant increases in funding (ibid). When Sure Start expanded beyond the 530 programmes, this may have 'watered down' the provision of services (Glass and Melhuish interviews, 2008). Such watering down may be justifiable, since the services were being expanded into areas where the need was not as great (Melhuish interview, 2008).

Changes in Sure Start governance structures have also been questioned. In particular, the initial intention was to have parents playing a key decision-making role in determining what the SSLPs did (Glass, 2006; interview, 2008). For SSCCs, on the other hand, local authorities were to decide governance arrangements, so they could have large parental involvement if they wished but not if they did not (Glass 2006). However, parental representation on management committees is no stronger now than it has ever been

(Melhuish interview, 2008): parents may have the opportunity in theory for more control, but the amount of influence they actually exert is relatively small. In reality, the staff make most decisions.

There are also concerns about the reduced emphasis on health. SSLPs could initially purchase health care provision from within their own budget (health visitors, midwives, speech and language specialists) (Glass, 2006; interview, 2008). Now, SSCCs have to negotiate with Primary Care Trusts in this regard, which is tricky, since these are most concerned with acute conditions rather than the longer-term and developmental health issues often important to SSCCs. Melhuish (interview, 2008) agrees that commitment among Primary Care Trusts to Sure Start varies, leading to variable levels of integration of Sure Start and Health services. He argues that increased DH commitment to Sure Start is needed before PCTs will show such commitment universally.

#### 4.3.5 *Conclusion: the IGT poverty impact of Sure Start*

The National Evaluation of Sure Start (NESS) is responsible for monitoring impact and tracking progress over time. Its 2005 report indicated limited positive (and some adverse) impacts of the programme (Melhuish et al., 2005). While relatively less disadvantaged (but still disadvantaged) households benefited from living in SSLP communities, some of the most disadvantaged groups (teenage parents, lone parents and workless households) appeared to be adversely affected by living in those areas. There was some evidence that children of non-teen parents exhibited better behaviour and social competence at age three as compared with in other areas, but children of teen parents, lone parents and children from workless households showed adverse effects in terms of verbal ability, behaviour and social competence.

Melhuish et al. (2005) suggest that adverse effects among the most disadvantaged may have reflected proportionally larger use of resources/services by the relatively less disadvantaged, leaving less for the most disadvantaged than was the case outside of SSLPs. Note, though, that Sure Start clients were overwhelmingly disadvantaged, but that it was only the *most* disadvantaged who were not necessarily using it so much in its early years (Melhuish interview, 2008). Negative reactions among the most disadvantaged groups to some of the SSLP services offered may also have driven adverse effects. In particular, evaluations of other programmes have found more resistance to home visiting, which may increase stress among those already stressed and thus be counterproductive (Melhuish et al., 2005).

The 2008 evaluation showed improvement, with no evidence of adverse effects and, indeed, positive outcomes across 7 of 14 indicators, including parenting benefits, child social development and health benefits (see Table 5; NESS, 2008). These impacts apply to the entire population, including the most disadvantaged groups. The NESS team suggest that this may relate to the fact that the programme has bedded down, with subsequent

improvements in the quality of services delivered, as well as to learning lessons from the 2005 evaluation, particularly with regard to the need for better programme targeting. They also suggest the length of time individual children and families are exposed to the programme is likely to affect the extent to which they feel its benefits. A family assessed in 2008 was more likely to have been involved in the programme for all of their child's life, unlike families assessed in 2005. However, there is a note of caution: some apparent changes may simply be the result of methodological differences between the studies (ibid).

**Table 5: Effects of key Sure Start services, 2008**

Services	2008 evaluation
<b>Health services</b>	Children in families living in Sure Start areas were more likely to have received immunisations and less likely to have suffered accidental injuries than children outside the areas
<b>Positive parenting</b>	Less negative parenting in Sure Start areas and more likely to provide a better 'home learning environment' for their children Families found to use child and family services more 3 year olds in Sure Start areas found to have better independence and social behaviour than in comparable areas
<b>Outreach</b>	Family support services found to be an important resource for families of children with special needs and disabilities

Sources: NESS (2008); Pinney (2007).

In targeting the most vulnerable young women, Sure Start has been found to contribute to reductions in inequality and social exclusion (Wiggins et al., 2005). In terms of reaching children with disabilities, the evidence has been more mixed, with such early years provision found to be the 'least well embedded' of Sure Start services. In a few areas, there was little information sharing or collaboration between staff (Pinney, 2007). While family support workers play a crucial role in outreach, and home visits are particularly important to reach families caring for children with disabilities and learning difficulties (ibid), there are concerns that family support teams are being cut in some areas. Research suggests that some SSLPs have engaged insufficiently with ethnic minority groups, and that they need to take a more 'community-oriented' approach, working with community groups as partners, better targeting services and making translation/interpretation services more even between areas (Craig et al., 2007).

In a 2008 National Audit Office report, SSCC managers identified successes in working partnerships, impacts on children and families, an increased sense of community, the opening up of opportunities to work in new and creative ways and a continuity of service in one place, thereby increasing accessibility. The challenges raised included concerns about sustainability and funding, multiagency/multidisciplinary working, outreach, evaluation/monitoring, recruiting and retaining staff, coping with change and changing agendas (in DCSF, 2008).

Sure Start grew out of the recognition that 'multiple disadvantage was becoming inter-generational, with the risk of poor outcomes and social exclusion becoming a legacy passed

from parents to children' (DCSF, 2008:1). In accepting that children from such backgrounds were 'more likely to be at risk of damagingly poor outcomes and very restricted life chances,' the Sure Start programme was aimed at halting IGT poverty; to the extent that it has experienced successes, the programme has had impacts on IGT poverty.

#### **4.4 UK policy study: tax credits**

Child Tax Credits (CTCs) and Working Tax Credits (WTCs) have both been in operation in their present form since 2003, and are available to eligible people 'present' and 'ordinarily resident' in the UK (CPAG, 2008). They offer lower income working individuals, and low to middle income working and non-working families, with benefits, while at the same time incentivising entry into work. This package thus responds to a core value driving the UK welfare system, namely, encouraging employment as the way for individuals and families to exit and remain out of poverty.

##### **4.4.1 Objectives and goals of tax credits**

WTCs/CTCs in their current form succeeded the Working Families Tax Credit (1999-2003), the Children's Tax Credit (2001-2003) and the Disabled Person's Tax Credit (1999-2003), which in turn succeeded the Married Couple's Allowance and Family Credit. The main provisions of the new tax credits were intended to provide (Brewer, 2008; Gregg, 2008a; HM Treasury, 2008a):

- The first single, integrated system of income-related financial support for families with children, independent of the parents' employment status. CTCs are intended to support the transition into paid employment by maintaining support as parents move into work.
- Financial support on top of earnings for low income families. For the first time, in-work support was extended to people without children, as well as those with children. Together with the national minimum wage, WTCs are thus expected to guarantee a minimum level of income for those in work, helping to improve work incentives and relieve in-work poverty.
- Substantial help with child care costs, which can be a major barrier to employment. The child care element of WTCs is expected to help ensure that even parents on the lowest incomes can afford to pay for child care, enabling them to work.

Patterson (interview, 2008) considers CTCs a 'quiet way' of redistributing resources in order to combat child poverty.

##### **4.4.2 Core provisions and delivery mechanisms of tax credits**

The two forms of tax credits provide an earnings-related income top-up: CTCs can be claimed by families with children, whether or not they are in work, and WTCs can be claimed

by most working adults, whether or not they have children. For households without children, WTCs can be claimed only if one of the adults in the household is 25 or over and works 30 or more hours per week,<sup>9</sup> is disabled or qualifies for the '50+ element'<sup>10</sup> and works 16 or more hours per week (CPAG, 2008).

Both CTCs/WTCs are paid regardless of how much tax a recipient pays, meaning a recipient can receive more tax credits than they pay in tax (known as a 'refundable' tax credit) (Brewer, 2008). This differs from the previous Children's Tax Credit, which was paid only to those with income tax liability. Thus, although the Children's Tax Credit was an improvement on the Married Couple's Allowance, with substantially more resources going to lower and middle income families, reflecting the government's increased emphasis on tackling child poverty, it could not reach the lowest income families that did not pay tax. The new tax credits targeted support to families that needed it most (HM Treasury, 2008a). The new structure also means child and adult benefits are separated out, so the former can be maintained despite a change in circumstances. Previously, the entire benefit amount (from income support and Jobseekers' Allowance, etc.) was lost when someone entered employment (Patterson interview, 2008), potentially reducing the incentive to work.

Tax credits are made up of a number of 'elements,' which affect a household's maximum entitlement – the maximum amount of tax credits a household can receive prior to any deductions on the basis of income. These include basic elements to which all those entitled to tax credits are eligible. For CTCs, this includes a family element (payable per family regardless of the number of children) and a child element (payable per child). For WTCs, this includes a basic element. Additional elements are payable to certain groups of people: CTCs include disability and severe disability elements, which increases the maximum entitlement for families with disabled children, and a baby element to help families with children under one. WTCs include a lone parent element and a couple element, as well as disability and severe disability elements, to help people with disabilities into work (CPAG, 2008).

When calculating tax credits, all the elements of CTCs and WTCs to which the recipient is entitled are added to give the maximum entitlement. From this, means-based deductions are made. Normally, if the recipient earns under £6,420, they will get the full tax credit entitlement. Over this threshold, deductions are made at a rate of 39% (the 'clawback rate').<sup>11</sup> This continues until only the family and baby elements remain; these remain payable

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<sup>9</sup> Notably excluding young people who, between the age of 16 and 21, are also on a lower minimum wage than those over 21 years.

<sup>10</sup> Paid for up to a year to some people over 50 who are returning to or entering work (CPAG, 2008).

<sup>11</sup> For example, the amount clawed back from someone earning £8,000 would be  $(8,000 - 6,420) \times 39\% = £686.40$ . In other words, for each additional pound earned in the labour market, the recipient will get only 61 pence.

at the full rate until the recipient's income reaches £50,000, when they too taper away, this time at a rate of 6.67% (CPAG, 2008).

The WTC system also introduced support for child care. Originally, it provided up to 70% of the costs of child care in an approved formal facility, to a total of £100 per week for one child and £150 for two or more children (Blundell, 2006). Today, it provides up to 80% of costs to a maximum of £175 for one child and £300 for two or more. Those on housing benefits receive a further 17% of child care costs. There remains a question as to whether this allows all people (including those with larger families) living in all areas (including London and other high cost areas) to afford sufficient quantity and quality child care. Annex D1 provides details of the different components and thresholds of each tax credit, and then some examples of how the system works in practice.

Although tax credits are means-tested, the clawback rate is considered lower than most means-tested benefits (e.g. the Working Families Tax Credit reduced the benefit clawback rate from 70% under Family Credit to 55% – Blundell, 2006), and both the income thresholds relatively high (CPAG, 2008). This means tax credits can be claimed by a relatively large proportion of the population. In particular, a large proportion of parents can benefit – both non-working parents (who are normally entitled to some child tax credit) and working parents, who have higher maximum entitlements than other groups, because they are entitled to both CTCs and WTCs, in some cases including child care. As a result, they tend to have remaining entitlements at higher income levels. However, as discussed below, other factors mean the effective clawback rate can be much higher.

One problem associated with the previous Working Families Tax Credit was that it used a 'snapshot' of household income, and paid tax credits at that rate for six months, regardless of any changes in income. This meant those who had a loss of income during the year would not receive more tax credits to make up for it. The new system was to be more responsive to changes (HM Treasury, 2008a). At the start of a tax year, tax credit receipt is based on the previous year's income; however, if the current year's income is *lower* than in the previous year, an entitlement will be paid according to this lower income. If the current year's income is predicted to be *higher* than the previous year's, income for tax credit purposes is based on the previous year's income, or on the current year's income minus an 'income disregard,' whichever is higher. The disregard was initially £2,500 but subsequently raised to £25,000 when many recipients received large overpayments they were expected to repay on difficult terms (Gregg, 2008, see Section 4.4). This means an increase in income from the previous year will normally affect an award only if it is more than £25,000 (CPAG, 2008). This is generous in terms of entitlements – people whose income *decreases* in the current tax year

receive a higher amount, but people whose income *increases* in the tax year will not normally receive less until the following tax year.<sup>12</sup>

#### 4.4.3 *Challenging UK poverty and social exclusion through tax credits*

The risk of a child living in poverty is substantial in households with no-one working at all, or no adult working full-time – 85% for unemployed families and 75% for other workless families,<sup>13</sup> and 30% for those where the adults are part-working.<sup>14</sup> The government argues that this has become a peculiarly UK phenomenon, with around 20% of the 7.2 million families with children in the UK headed by a lone parent by the mid-1990s, and low levels of lone parent employment compared with in other industrialised countries. Only around 44% of lone parents were working in the mid-1990s, while in many other developed countries the rate exceeded 60% (HM Treasury, 2005). Based on this type of evidence, the current UK government has revisited and redesigned the tax credit system as a key tool in its high profile campaign to tackle child poverty:

‘People of working age have the responsibility to work if they are able to and the right to expect a tax and benefit system that supports them in moving into work. Employment opportunity for all, the modern definition of full employment, is essential to reducing the risk that children grow up in poverty’ (HM Treasury, 2005).

At the same time as recognising the importance of tax credits as a means to operationalise an entitlement to a sufficient income, Pattison (interview, 2008) argues that WTCs can be considered a government subsidy to poor-paying employers. Thus, while having a redistributive effect, WTCs are also a way to keep the costs of labour down for private enterprise, maintaining the UK as a good place to do business. From this perspective, a regulatory framework is needed so employers can take greater responsibility for providing a living wage. CTCs, on the other hand, are essentially redistributive (though this word is rarely used in public discourse), with a focus on those in low income households. Higher levels of benefits are expected to have a direct and positive effect on child wellbeing (Patterson interview, 2008).

The new system of tax credits has also gone some way, through its ‘progressive universalism,’ to reducing the stigma associated with claiming benefits, making important inroads in terms of ‘normalising’ benefits as an entitlement (Pattison interview, 2008). Simply by being administered by the Inland Revenue rather than the Benefits Agency, as Family

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12 However, it should be noted that if the year’s income is predicted wrongly to be lower than the previous year, this will generate an ‘in-year adjustment,’ and/or an overpayment at the end of the year (CPAG, 2008).

13 ‘Workless’ includes long-term sick/disabled and lone parents.

14 [www.poverty.org.uk/08/index.shtml?2](http://www.poverty.org.uk/08/index.shtml?2).

Credit was (Brewer *et al.*, 2005), the current system has gone some way to de-stigmatising benefits. Indeed, at least 80% of the 90% of households eligible for CTCs take it up (Pattison interview, 2008).

Unfortunately, at approximately 59% of eligible households, uptake rates for WTCs are not nearly so high,<sup>15</sup> and a sense of stigma may have much to do with this. Pattison (interview, 2008) noted that many of the low income working class people with whom he researched 'living wage' issues (see Pattison, 2006) still consider WTCs a form of benefit, and that they should not have to go 'cap in hand' to the government if they are working. 'Resorting' to benefits can further undermine the low self-esteem and self-confidence those in the low income working class often exhibit.

The system has been criticised for being too confusing for the people it aims to target, who then may effectively self-exclude. This may include some particularly vulnerable groups, including those without high levels of education or skills; older people; people with disabilities; ethnic minorities, especially those with poor English language skills; and those who generally lead chaotic lives, where multiple care responsibilities as well as frequent changes in employment status and residence accompany attempts to make ends meet (Pattison and Patterson interviews, 2008). Patterson also noted that the 'call centre approach' to administering tax credits means there is no local physical presence, which particularly disfavours vulnerable groups, who may not cope well on the phone. He explained that 'tax people' are perceived as distant and diffident; taking the message of tax credits to the people it aims to target requires much more flexibility.

The disability element of WTCs provides a real benefit by allowing disabled people (in many cases) to work fewer hours and still claim tax credits, and also by providing an additional premium to help them into work. However, this too is undermined by complexity. In particular, both advice providers and benefit recipients often do not realise that a claimant does not have to receive Disability Living Allowance in order to receive the WTC disability element (Royston interview, 2008).<sup>16</sup>

Meanwhile, in child care, parents often have part of their costs paid through the tax credits system and part through the housing/council tax benefits system, which means they need to report changes in two different ways to two different bodies. These complexities again can

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<sup>15</sup> HMRC (2008) notes that, in 2005-2006, the CTC uptake rate in terms of *caseload* (i.e. proportion of households) was 80-84%, while in terms of *expenditure* (i.e. proportion of funds to which households are eligible), it was 89-93%, suggesting that those entitled to a relatively high amount of money were relatively more likely to claim. The matching ranges for WTCs are 59-63% and 79-85%. Lone parents and less well-off households are much more likely to take up CTCs, and those that take up CTCs are much more likely to take up WTCs as well.

<sup>16</sup> 'You get a disability element if you work for at least 16 hours per week *and* have a disability which puts you at a disadvantage in getting a job. This means you must pass a disability test' (CPAG, 2008: 1237).

create confusion and stress for benefit recipients. Royston (interview, 2008) notes that policymakers, never mind clients, do not understand the interactions between the two systems well.

Recent research (Pattison, 2006; interview, 2008) notes that tax credits exclude the under-25s. CTCs stop short when children reach 16 or 18, when the chances are they are still living in the household and dependent on the family. Social housing is difficult to access at this age, and the private rental market is expensive. If they are working, they earn a lower minimum wage (there is one for 16-17 year olds, one for 18-21 year olds and one for 'adults'), despite similar expenses. Also, those without children and who are out of work for different reasons, including sickness, have seen their benefits decrease (Patterson interview, 2008).

#### *4.4.4 Challenges and the future of tax credits*

In addition to issues of complexity, problems with overpayments have been well-publicised. In 2004/05, the government discovered significant overpayments had been made, as HM Revenue & Customs (HMRC) and a new computer system were unable to manage the complicated system. Government proceeded to exact repayments from recipients – the very people with limited or no space in their household budgets for manoeuvre – on punitive terms, often leading to indebtedness and impoverishment. Those who experienced the episode, as well as their friends and family, then lost faith in the system (Hall and Pettigrew, 2008; Lane, Pattison and Patterson interviews, 2008). Income stability is as important as the amount: many people are refusing to claim tax credits because they want to be sure that when they get the money they can keep it.

Other problems with the administration of tax credits include families missing out on them for several months at a time owing to errors (work is 'cancelled,' children are 'missing'), computer problems and confusion as to whether WTCs are paid directly or via wages (Lane and Wheatley, 2005). However, a number of the early administrative problems seem now to have been resolved (Royston interview, 2008). Meanwhile, although current consultations are focusing on how to make the system cheaper, for Patterson (interview, 2008), simplifying it should be the priority: 'to make it more broad-brush, less fussy, more like the continental system.' This would reduce both stigma and bureaucratic barriers for claimants while reducing the administrative burden.

#### *4.4.5 Conclusion: the IGT poverty impact of tax credits*

As Patterson notes (interview, 2008), it is difficult to isolate specific elements to disentangle policy outcomes. Nonetheless, CTCs in particular have gone some way to reducing child poverty and moderating increasing inequality in England and Wales. Credits may well have a disproportionate effect on adults from poorer backgrounds, and thus may reduce IGT poverty by limiting the impact of childhood poverty on outcomes in adulthood. However, marginal

deduction rates (see below) mean this form of means-tested benefit may mean more people are caught in poverty traps.

A number of indicators show that government attempts to assist low income families are working. For lone parents and disabled people or people with a disabled partner, tax credits often make a fundamental difference to the way they live their lives (Hall and Pettigrew, 2008). Tax credits also have an impact on decision making with regard to employment and child care, although decisions around child care are also tied into personal beliefs about the best way to bring up children.

In terms of working, lone mothers' employment rose from 42% in 1992 to 56% in 2005, with policy reforms between 1999 and 2002 (including the Working Families Tax Credit and the New Deal for Lone Parents) responsible for around 5 of this 14 point rise. Policy reform is also responsible for some of the fall in workless couples, but this has been more modest in scale (Gregg et al., 2006). Estimates suggest that, by 2002, the Working Families Tax Credit had created aggregate changes equivalent to a fall of 99,000 in the number of workless families with children, and a net increase in labour market participation of 81,000 workers compared with the Family Credit. However, highlighting the importance of more holistic analysis, other changes in the tax and benefit system served to reduce the labour supply of parents, and overall the reduction in the number of workless families with children was only 43,000 (Brewer *et al.*, 2005).

By increasing employment, the Working Families Tax Credit is likely to have had a considerable impact on the number of children in poverty: between 1998/99 and 2002/03, child poverty fell from 34% to 30%. The impact of CTCs/WTCs on child poverty is not as clear. While the child poverty rate fell from 30% in 2002/03 to 28% in 2004/05, it returned to 30% by 2005/06 (DWP, 2007).

Brewer (2008) argues that the introduction of WTCs/CTCs in 2003 was not driven primarily by the desire to increase employment. In fact, it has been suggested that, because it is payable to workless families with children, CTCs on their own can have a work disincentive effect (Chzhen and Middleton, 2007). However, indications are that lone parents continue to gain higher financial rewards for working than in 1997 (Brewer, 2008). Poverty reductions among lone parent households are evident: the proportion of lone parent households in poverty (measured after housing costs) fell from 62% (as an average of 1994/95-1996/97) to 50% in 2005/06. This compares with a fall from 23% to 20% among couples with dependent children (DWP, 2007).

While there has been progress on child poverty targets, it has been less clear for working-age adults without children. (In terms of IGT poverty, it is important to remember that many working-age adults without children may have grown up in poverty themselves, may go on to have children and/or may be supporting older people.) Poverty levels (after housing costs)

among working-age non-parents barely changed between 1996/97 (17%) and 2005/06 (18%) (DWP, 2007), despite the introduction of WTCs in 2003. In 2007, around 320,000 families without children received WTCs – only one in five of those eligible (Brewer, 2008). The ineligibility of childless adults under 25 may also play a role in the lack of movement on the poverty rate among childless adults overall.

The child care element of tax credits may help to encourage parents to return to work and to utilise formal child care, but it pays a maximum of £300 per week, regardless of how many children a recipient has and regardless of whether they have any disabilities (which can make child care significantly more costly).<sup>17</sup> The child care element of tax credits is attached to WTCs and, as such, is payable only to those in employment. Good quality child care has benefits for child development but, without assistance, may remain inaccessible to those on low incomes or not in employment. Further, as Lane (interview, 2008) notes, there is also a problem of lack of continuity: if someone is out of work for a few months but does not want to take their child out of child care and lose the place, WTCs will not provide support over that period (although Jobcentre Plus can pay for some child care if someone is looking for work or on a course). Thus, tax credits have been partly successful at increasing access to child care, but this aspect has been significantly hampered by the complete commodification of child care services – the UK child care sector is characterised by the dominance of (extremely expensive) market rates and no subsidisation (Patterson interview, 2008).<sup>18</sup> It has been suggested that tax credits should be increased to cover 100% of child care costs (DWP, 2008a).

It is important to recognise that high clawbacks on additional income from housing/council tax benefits mean that tax credits do not help to ‘make work pay’ for low income families as much as they might initially appear to. In some cases, recipients can lose tax credits at a rate of 39%, as well as tax and National Insurance contributions on their earnings, and then lose housing/council tax benefits on the remaining extra income at a rate of 85% as well. For some groups, this can mean extremely small increases in earnings for lengthy extra periods of work.

Figure 4 shows effective marginal tax rates in 2005 for a couple with two children. At 16 hours, for each additional pound of earnings the household keeps only 15 pence – an effective marginal tax rate of 85% – because of the withdrawal of housing/council tax

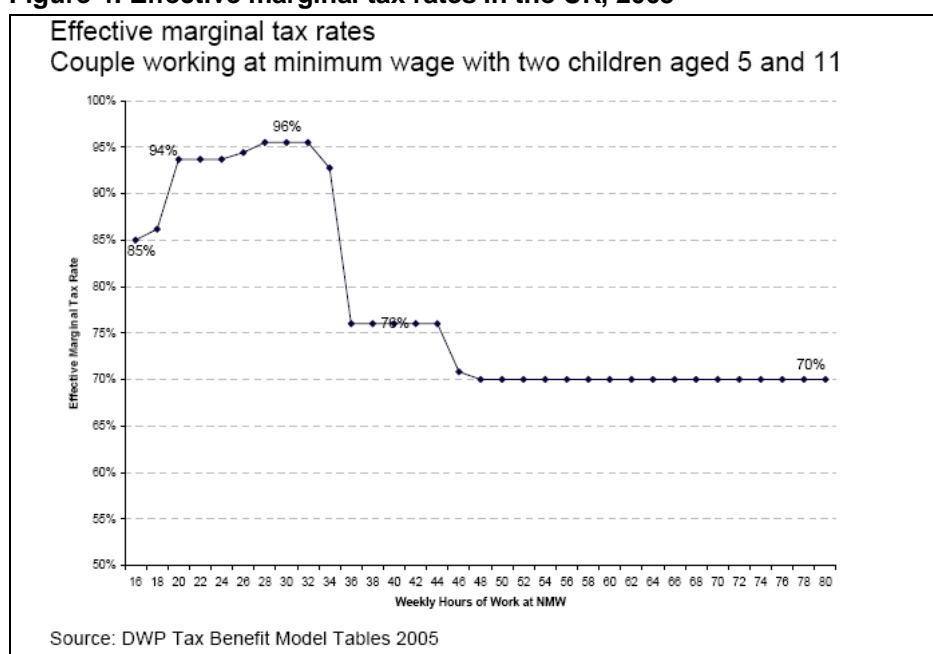
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<sup>17</sup> The recommendations of the Work and Pensions Select Committee (DWP, 2008a) include: ‘many disabled children do require more care and, even without unfair premiums, childcare for disabled children will be more expensive and difficult to find. Parents need help to pay these costs, and we recommend that the Government consider and publish the effects of an increase in the upper limit of the Childcare Element of Working Tax Credit to £300 for disabled children.’

<sup>18</sup> Patterson estimates that some families will have an annual shortfall of £1,000-1,500 despite 80% of child care costs being covered.

benefits. However, as income rises, and they pay tax and National Insurance contributions and WTC begins to be withdrawn, the effective marginal tax rate rises to 96%, leaving the household with only 4 pence in every pound of additional earnings. Another way of expressing this is that the minimum wage is reduced to a marginal rate of reward of around 20 pence an hour. The effective marginal tax rates are highest where the combination of housing/council tax benefits and tax credit withdrawal occurs alongside payment of tax and National Insurance contributions (Evans and Scarborough, 2006). High benefit clawback rates mean that, for many people, working longer hours can result in very little additional income. Further, as Royston (interview, 2008) notes, being in work can introduce new costs, such as school meals, transport to work and *ad hoc* costs of a childminder on a Saturday because the approved facility does not open at weekends. Added together, the costs of being in low-paid work can easily outnumber the wages received.

**Figure 4: Effective marginal tax rates in the UK, 2005**



Source: Reproduced from Evans and Scarborough (2006).

At the same time, as WTCs can be claimed only by those working over 16 hours, there remain disincentives to work for less than 16 hours per week among those who are unable to work this length of time, or whose hours are cut below this level by their employer (DWP, 2008a), particularly when the work is low paid.

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*At the time of writing (December 2008), as part of a large package of reforms intended to help the British public weather the international recession, the UK's Pre-Budget Report (HM Treasury, 2008b) announced that the government would bring forward increases in CTCs (and child benefit) and increase the housing benefit disregard in tax credits. There will also be a disregard for child benefit in housing/council tax benefits from October 2009. In addition, 'low income families and children will also benefit from the wider measures on personal*

*taxation and VAT, as well as the uprating of benefits and tax credits above earnings this year and the real terms gains from projected inflation next year' (ibid: 87). The government will also set up a taskforce to improve take-up of tax credits and benefits and, through the Child Care Affordability Pilot, trial making child care payments that more closely reflect child care costs at the time they were incurred.*

*At the same time, a welfare reform White Paper (DWP 2008b), drawing on the Gregg Review (Gregg, 2008b), intends to introduce policy to move more people from welfare to work through 'personalised conditionalities.' This means most people currently on incapacity benefit and income support, including lone parents, will be expected to look for work or to prepare to look for work. This can include training, counselling, community work and working with an advisor to develop an action plan. Those who do not fulfil requirements may face financial sanctions (e.g. docked benefits) or be required to spend increased time job searching. Single mothers with children under one and people with severe disabilities and illnesses will be exempt. While at the moment carers do not have to look for work until their youngest child is 16, by 2010 those whose youngest child is 7 will be moved off income support onto Jobseekers' Allowance and expected to look for work. Those whose youngest child is 1 would be expected to prepare for work.*

## 5 A neo-liberal regime: the US

### 5.1 The US welfare system

Early welfare in the US is set against a colonial background, with the earliest poor laws following the British Poor Law of 1601 (DeWitt, 2003). Relief was designed to discourage dependency, with recipients able to lose their property and their rights to vote and to move (ibid). The earliest social security provision covered veterans injured in the Civil War (1861-1865) and their families, providing disability and old age benefits, but this was not extended to the rest of society (ibid).

The foundations of a general, national social security system were laid in the 1930s, in response to the Great Depression. Roosevelt's New Deal, introduced in 1933, brought 'work relief' programmes (Noble, 1997). This was followed in 1934 by Roosevelt announcing his intention to provide a social security programme and his creation of the Committee on Economic Security. This wrote a report to Congress on which the Social Security Act of 1935 was based (DeWitt, 2003). The act laid the groundwork for the US welfare state, establishing 'federally required state run unemployment insurance, federally subsidised public assistance, and national contributory old age insurance,' although public health insurance was notably missing (Skocpol, 1995: 13). In 1939, contributory insurance was extended to cover surviving dependants, and in 1956 it was further extended to cover disabled workers (ibid).

In the 1960s and early 1970s, poverty climbed the agenda again. The associated 'war on poverty' saw considerable expansions in social welfare provision. Substantial changes in health coverage were central to the reforms, with the introduction of Medicare by Johnson in 1965, extending health care to almost all Americans over 65 (DeWitt, 2003). Medicaid, also introduced in 1965, provided means-tested health cover for the poor (Patterson, 1981). Social insurance and public assistance also grew (Katz, 1996), and new programmes were introduced, including 'in-kind' benefits such as food stamps and other nutritional programmes (including school lunches and dietary supplements for women and young children). These made a substantial contribution to reducing hunger (ibid).

These expansions are attributed to economic growth in the 1960s and early 1970s, which made it possible to spend more on social welfare, and a widespread belief that poverty could be eliminated without hurting the middle classes (Patterson, 1981). However, most investment went into social insurance rather than assistance, meaning programme coverage was variable, and nowhere did it bring poor people above the poverty line (ibid). Also, the US remained without national health insurance – the only modern Western nation to be so (Katz, 1996).

In the 1980s, social welfare came under attack, with Reagan wanting to 'roll back' the projects of the 1960s (Noble, 1997). This included both lowering benefits and tightening

eligibility (leading to 500,000 fewer families receiving Aid for Families with Dependent Children (AFDC), and 400,000 people losing food stamps) (ibid). Although public assistance was cut, and poverty increased, social insurance was less affected, defended by its middle-class beneficiaries (Katz, 1996).

Despite Clinton's Democratic leadership, a new Republican-dominated Congress meant that, by 1994-1995, any belief that the 'war on welfare' was ending was 'exposed as illusion' (Katz, 1996: 301). The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) replaced AFDC with the Temporary Assistance to Needy Families (TANF) block grant (Section 5.3), which set time limits, sanctions for non-compliance and tough work requirements for recipients (Shields and Behrman, 2002). PRWORA also terminated Supplemental Security Income (SSI) for most non-citizens and changed standards for the determination of disability in children, by which eligibility for SSI is judged (DeWitt, 2003). Approximately 100,000 children are estimated to have lost their eligibility through the new determinations (Shields and Behrman, 2002).

## 5.2 Contemporary policy responses to IGT poverty in the US

A number of policy interventions are made throughout pregnancy, childhood and adulthood, which may help prevent parents from an impoverished background from becoming trapped in poverty and from passing it on to their children. Full details are in Annex C.

### 5.2.1 *In utero*

The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) provides free food supplements and nutrition information to women throughout pregnancy. Low income pregnant women may also be eligible for food stamps,<sup>19</sup> and are also normally entitled to Medicaid to provide help with their health care costs (CMS, 2005).<sup>20</sup> Research suggests that WIC participants are less likely to have a low birthweight babies (Case and Paxson, 2006).

Early Head Start services are available to many low-income pregnant women, including home visits and parental education and health services (Gray and Francis, 2006). Research suggests Early Head Start has positive impacts on both parents and the development of children. However, uptake appears low; in 2006, only 63,000 low-income families (3% of those eligible) used the service (ibid), possibly because of limited available resources and system complexity.

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<sup>19</sup> [www.fns.usda.gov/wic/aboutwic/wicatag glance.htm](http://www.fns.usda.gov/wic/aboutwic/wicatag glance.htm).

<sup>20</sup> If a state has a 'medically needy' Medicaid programme, then pregnant women, and their children up to age 18, may be entitled to Medicaid, even if they have income above the categorically needy threshold (CMS, 2005).

### 5.2.2 *Infancy (0-3)*

Breastfeeding women continue to have access to WIC's health and nutrition support until their child's first birthday, non-breastfeeding mothers until the child is six months. Infants also have access to WIC until they are five. Among children under 12 months, those who did not receive WIC because of access problems 'were more likely to be underweight, be short, and perceived as having fair/poor health than were WIC recipients' (Cook and Frank, 2008). Children under six have easier criteria for access to Medicaid, (with the same means-tested criteria as pregnant women) (CMS, 2005). States also have a State Children's Health Insurance Program (SCHIP) for those up to 19 who are not eligible for Medicaid but cannot afford private health insurance (in most states, this includes those in families with an income less than 200% of the federal poverty line) (ibid).

Children 0-3 years in low income families can access the Early Head Start education programme. Early Reading First is a grant initiative created as part of the No Child Left Behind Act<sup>21</sup> to encourage implementation of 'research-based reading instruction' in preschool (Halle et al., 2003).

In terms of welfare (for families throughout their children's childhoods), a number of interventions exist to encourage parents (particularly lone parents) to move into work. These include the Earned Income Tax Credits (EITC), which is available only to those who work, and incentivises further employment for those on very low incomes by increasing as earnings increase (Greenstein, 2005). Research suggests that EITC increases rates of employment (in particular, it was a big factor in increases in employment between 1984 and 1996) and decreases poverty rates (Greenstein suggests that in 2003, without the credit, child poverty rates would have been a quarter higher).

Child care can be subsidised under a number of programmes, including the Child and Dependent Care Tax Credit and Dependent Care Assistance Programs, both of which disproportionately benefit wealthier families (Greenberg, 2007). However, the Child Care and Development Fund (CCDF) provides help with child care costs for low income parents moving from welfare into work and for low income families (HHS, 2006). Uptake is low, though, peaking at 2.45 million children, with 15.7 million eligible children in 2000 (15.6%: Greenberg, 2007). Nevertheless, research suggests CCDF child care subsidies encourage low income mothers' employment and produce some positive employment outcomes (including earning more money) (Schaefer et al., 2006).

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<sup>21</sup> 'The 2001 act re-authorised the Elementary and Secondary Education Act – the main federal law affecting education from kindergarten through high school. It is built on four principles: accountability for results, more choices for parents, greater local control and flexibility and an emphasis on doing what works based on scientific research.'

TANF provides grants to states to give cash and other forms of assistance (including spending on CCDF, education and training and child support enforcement) to low income families. It also focuses on increasing employment, with new work requirements, sanctions for non-compliance and time limits (Shields and Behrman, 2002). TANF has been associated with higher employment rates of single mothers – thus increasing incomes and contributing to the decline in child poverty in the 1990s (Parrott and Sherman, 2006) – but there are concerns that numbers of families at less than half the poverty line have increased (by 774,000 between 2000 and 2004), as has the number of jobless single mothers not receiving any cash assistance (ibid). See Section 5.3 for more.

The Child Support Enforcement Program aims ‘to assure that assistance in obtaining support (both financial and medical) is available to children through locating parents, establishing paternity and support obligations, and enforcing those obligations’ (ACF, 2009). Research has found that expansions in child support enforcement up to the year 2000 significantly increased child support receipt rates among both previously married and never married mothers (Sorensen and Hill, 2004).

#### 5.2.3 *Childhood (4-10)*

Access to Medicaid is more restricted after a child reaches six, with access at 100% of the poverty line, reduced from 133% (CMS, 2005). Low income families may still have access to food stamps. Children from low income families may also have access to the National School Meals Program and the National School Breakfasts Program. The latter, despite having some health benefits, does not significantly increase a child’s likelihood of eating breakfast, given lack of time before lessons, the early time of the breakfasts and/or social stigmas attached to them (Case and Paxson, 2006).

Head Start continues the Early Head Start programme for children four to five years old. There are also two key literacy projects for children four to ten. Even Start supports family literacy, integrating childhood education, adult literacy, parenting education and interactive parent–child literacy (OCO, 2007). Reading First provides grants for research-based programmes to improve children’s reading from kindergarten to Grade 3 (ibid). Improving Basic Programs, operated by local education agencies (Title 1 grants), is a key federal grant to authorities and schools with high numbers of poor students to help them meet state academic standards. Funds support extra reading and maths tuition, as well as preschool, after-school and summer programmes (OCO, 2007).

#### 5.2.4 *Adolescence and early adulthood (11-24)*

The National Guard Youth ChalleNge programme takes 16-18-year-old high school dropouts for a 22-week ‘quasi-military residential phase’ then a 12-month ‘post residential phase.’ Classes aim to improve maths and literacy and help young people gain a high school qualification. The programme also focuses on ‘life skills’ such as health and hygiene and job

skills (USDoE, 2008). Job Corps is a primarily residential, educational and vocational training programme for 16-24 year olds, resulting in a high school diploma or trade skills (KPMG, 2006; USDoE, 2008). The Adult Education and Family Literacy Act State-Administered Grant Program provides educational programmes for those aged 16 and over. The Workforce Investment Act Youth Program supports young people 14-21 with low skills and on low incomes with job training and support. YouthBuild USA provides low income young people aged 16-24 the opportunity to work for their General Educational Development credential or High School diploma while learning job skills by building affordable housing.<sup>22</sup> Meanwhile, Medicaid and SCHIP continue to provide health cover for young people under 19 who live in families on low incomes (CMS, 2005).

#### 5.2.5 *Adulthood (programmes available to both childless adults and parents with children)*

The EITC is available to some low income, childless adult workers. The Federal State Unemployment Insurance Program provides unemployment benefits to 'workers who are unemployed through no fault of their own' (DoLETA, 2007).

The aforementioned Adult Education and Family Literacy Act State-Administered Grant Program funds adult education for all working-age adults. Through its integrated approach, Even Start can help parents with literacy and parenting education as well as children's learning (OCO, 2007). The Workforce Investment Act Adult Program provides training to any adult, with an emphasis on those receiving low incomes. The Dislocated Worker Program provides services to those who have lost their job for any of a number of reasons (USDoE, 2008). These two programmes operate through a one-stop system (created in 1998) and provide three types of service:

'Core services include outreach, job search and placement assistance, and the provision of labour market information. Intensive services include comprehensive assessment, development of individual employment plans, counselling, and career planning. Training services include occupational training and basic skills education' (USDoE, 2008).

One-stop centres provide a way to make many different employment programmes available in one place (Richer et al., 2003). However, research has criticised the variation between one-stop centres in terms of resources and programme accessibility. Smaller, rural one-stops may lack the resources necessary to provide as high a level of work support access as other offices (ibid).

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<sup>22</sup> [www.youthbuild.org/site/c.htmlRl3PIKoG/b.1223925/k.DF42/Programs.htm](http://www.youthbuild.org/site/c.htmlRl3PIKoG/b.1223925/k.DF42/Programs.htm).

Individual Development Accounts are savings accounts for poor households, which provide matched donations when money is withdrawn for particular purposes such as a house purchase, business start-up or education (Mills et al., 2008). However, analysis of one programme found only weak effects on household behaviour among participants, although it may have had some impact on home ownership among renters. Also, many participants withdrew money for non-approved purposes, and so did not receive matched donations (ibid).

The Public Housing Program provides affordable rental housing for those on low incomes (HUD, 2007). The Housing Choice Voucher System helps very low income individuals and families afford housing in the private rental market. It helps 1.7 million families and individuals and, because it allows families to choose the housing and neighbourhoods that are best for their needs, has assisted families in moving to neighbourhoods with less poverty and segregation (Turner, 2005).

### 5.3 US policy study: TANF

TANF has been running since 1996. It is a block grant provided by the federal government to individual states, so they can provide cash and other forms of assistance to low income families to reduce long-term benefit dependency among such families. States have significant flexibility in how they use it. TANF operates under different names in different states (California Work Opportunity and Responsibility to Kids, Colorado Works, JOBS FIRST (Connecticut) and the Family Investment Program (Iowa) (ACF, 2002)). Similarly, outcomes of TANF can vary widely across states.

#### 5.3.1 *Background and objectives of TANF*

The predecessor to TANF was AFDC, which was a public assistance benefit, established (as Aid to Dependent Children) as a provision of the 1935 Social Security Act.<sup>23</sup> When AFDC was abolished, all children in poor families meeting state eligibility criteria were entitled to benefits, with no cap on state expenditures (Shields and Behrman, 2002). Receipt of AFDC gave automatic entitlement to other benefits, including Medicaid and food stamps.

Increases in the numbers of AFDC recipients (from 11 to 14 million between 1987 and 1994) made the system unpopular, with public impressions of it being overly generous and unsustainable (Daguerre, 2008). In the mid-1990s, the rightwing Republican-dominated Congress wanted to replace it with a block grant to states, which would end entitlement to the programme. Instead, spending would depend on state budgeting; if all the money was spent, potential recipients could be denied benefits even if they qualified by need (Noble,

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<sup>23</sup> [www.ssa.gov/history/35activ.html](http://www.ssa.gov/history/35activ.html).

1997). They achieved this through PRWORA in 1996, which replaced AFDC with TANF.<sup>24</sup> The Democratic government signed the Congress-sponsored bill after initially vetoing it, in part because they wanted to appear both tough on welfare dependency and supportive of needy Americans. Since 2000, the Republican administration has strengthened the initial TANF reforms. Congress re-authorised TANF legislation in 2005 as part of a wider 'legislative package,' called the Deficit Reduction Act (Daguerre, 2008).

The TANF block grant is a federal grant paid to states to provide cash and other forms of assistance (including spending on child care, education and training and child support enforcement) to low income families. States have a great deal of flexibility in how they choose to use it (Parrott and Sherman, 2006). However, TANF programmes are not funded solely by the federal block grant: states must also provide 'maintenance of effort' funds, which must be used to help certain eligible families. Each year, states must spend more than 75%, or 80% where they fail to meet their work participation rate requirements, of the amount they spent in 1994 (HHS, 1999).

The primary goal of TANF is to reduce the numbers of families reliant on government benefits (Shields and Behrman, 2002). The programme has four objectives (HHS, 1999):

- (1) To provide assistance to needy families;
- (2) To end dependence of needy parents by promoting job preparation, work and marriage;
- (3) To prevent and reduce out-of-wedlock pregnancies; and
- (4) To encourage the formation and maintenance of two-parent families.

### 5.3.2 *Targeting and vulnerable groups in TANF*

Families eligible for TANF must meet two criteria (HHS, 1999):

'(1) include a child living with his or her custodial parent or other adult caretaker relative (or a pregnant woman); and (2) be financially eligible according to the appropriate income/resource standards established by the State in its TANF plan. "Eligible families" includes those eligible for TANF assistance, as well as those who would be eligible, but for the time limit on the receipt of federally funded assistance or PRWORA's restrictions on benefits to immigrants. Thus, "eligible families" may include certain non-citizens.'

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<sup>24</sup> Annex D2 shows the key differences between AFDC and TANF.

Teenage mothers must live with their parents and attend school to receive benefits.

Sykes (interview, 2008) notes that, for New York state, the flexibility to implement TANF in its own way, and the success of post-1996 welfare reform in reducing caseloads (by 69%), has allowed the state to put additional emphasis on 'hard to serve' families, for example those with multiple barriers to employment, such as drug/alcohol issues, limited job skills, etc.).

### 5.3.3 *TANF links with IGT poverty*

Depending on the ways in which each state operationalises TANF, it can relate to issues around IGT poverty in a number of ways. First, increasing incentives to work may be associated with fewer families in poverty, thus the reforms may have helped lift families with children out of poverty directly by increasing employment income (it is widely noted that poverty during childhood is one of the key predictors of low income later in life (Hobcraft, 1998)). It is not clear, however, that TANF has been effective in reducing families' income poverty (see below). Second, as well as increasing income, parental employment has itself been associated with positive outcomes for children in later life – influencing their educational attainment and prospects of later life employment.

Third, use of early years child care, available through state TANF programmes, has itself been associated with positive outcomes for children (e.g. Kamerman et al., 2003). By increasing the amount of state and federal funds spent on child care (and so child care access), reforms may have an influence on IGT poverty. However, this makes recent reductions in the amount that states have transferred from TANF to child care a concerning trend. Fourth, provisions to encourage two parent families and discourage out-of-wedlock and early pregnancies are meant to provide what are perceived as appropriate developmental environments for children to grow in, where there is also greater access to income and other resources.

Fifth, 'family cap' programmes are aimed at reducing out-of-wedlock births among women receiving TANF. While evidence is not clear, when successful they may have an impact on the numbers of children growing up in poor families. At the same time, their effects on large poor families are questionable. Finally, it has been suggested that TANF has actually *reduced* the likelihood of poor families having health insurance. If this is the case, subsequent reductions in health care use may be associated with negative outcomes for children living in poverty.

### 5.3.4 *Implementation of TANF*

States use TANF funds to support a wide variety of projects. In 2003, for example,

‘States spent \$10.1 billion, or 41.8 percent of their total expenditures, on cash assistance. They also spent significant amounts on various non-cash services designed to promote work, stable families, or other TANF objectives, including work activities (\$2.6 billion), child care (\$3.5 billion), transportation and work supports (\$543 million), administrative and systems costs (\$2.5 billion), and a wide range of other benefits and services (\$6.3 billion). This latter category includes \$1.2 billion in expenditures on activities designed to either reduce the incidence of out-of-wedlock pregnancies or encourage paternal involvement in the lives of their children’ (HHS, 2006).

States can extend benefits in terms of time, type and recipient. For example,

‘A key difference between New York and other states is its constitution, which requires it to care for its needy. This includes single individuals and childless couples and also those families that lose eligibility for TANF assistance owing to the TANF five-year time limit. In New York, families and individuals that are not eligible for TANF-funded assistance may be eligible for the Safety Net Assistance programme. This is funded with state and local money and has the same benefit levels as TANF but requires that certain portions of the benefit be paid directly to the vendor (e.g. landlords, utility companies, etc.). The programme supports low income families that need extra time to stop being dependent on assistance and is critical to single individuals who need assistance and in particular emergency benefits and services (e.g. related to homelessness, treatment, etc.).’ (Sykes interview, 2008).

Sykes also notes that New York has been able to use TANF to create innovative solutions to deal with high housing costs and to help fund its state EITC, which he feels is the most effective tool to increase the labour force participation of low skilled workers, as well as being an efficient means of augmenting the low wages paid to such workers. However, Daguerre (interview, 2008) notes that costs vary hugely across states, and that there is a great deal of unreported fungibility, with some states using TANF matching funds for other expenditures, especially when times are good.

#### 5.3.4.1 *Cash assistance*

There have been considerable reductions in cash assistance as a proportion of overall expenditure, falling from 73.1% in 1996 to 41.8% in 2003 (HHS, 2006). Receipt of assistance under TANF, as compared with AFDC, includes a key focus on increasing employment, with new work requirements, sanctions for non-compliance and time limits. It also ended recipients’ automatic entitlements to other benefits (Shields and Behrman, 2002). At the same time, nearly all states also increased their earnings disregards, meaning that many families can earn more without losing cash assistance (Parrott and Sherman, 2006).

However, as Lower-Basch (interview, 2008) notes, although this meant more people should have been able to combine welfare and work, relatively few people actually did so.

#### *5.3.4.2 Sanctions*

Under AFDC, when a recipient did not comply with work activity requirements, the proportion of benefits paid to support them could be withheld, but children's proportions continued (Lindhorst and Mancoske, 2006). TANF changed this. By 2001, 36 states were using full family sanctions, whereby benefits for the whole family are withheld as a response to non-compliance; 18 states stop benefits as a response to any non-compliance; and in 7 states non-compliance can result in lifetime ineligibility for TANF (ibid). According to Daguerre (interview, 2008), recent changes mean that individual states are likely to ask much more of welfare recipients, because the federal government has increased pressure on individual states to get more people into work through increased financial penalties if targets are not reached.

#### *5.3.4.3 Time limits*

TANF sets a five-year life time maximum period of benefit receipt (Chase-Lansdale et al., 2003). A quarter of states have even stricter time limits (Blank 2007a), whereas some other states provide extensions on these time limits using their own money (Lindhorst and Mancoske, 2006).

#### *5.3.4.4 Work-focused activities and other work support*

States are able to use money from their TANF block grant to develop employment support and training programmes. Suitable work-focused activities include the following (HHS, 1999):

- Providing work experience and case management to individuals with employment barriers, such as little or no work history;
- Subsidising wages directly or through an employer; providing subsidies to help pay for the creation of community jobs for needy parents in private, non-profit or community agencies;
- Helping unemployed needy noncustodial parents by providing job skills training, retraining, job search, employment placement services or other work-related services;
- Providing job retention services or post-employment follow-up services, such as counselling, employee assistance or other supportive services; or
- Paying refugee service providers to provide linguistically and culturally appropriate services that help refugee TANF recipients obtain employment or participate in work activities.

Money can also be used to help participants afford transportation for employment and child care purposes. These reforms have resulted in increases in the amount of money spent on employment and training programmes across states (Parrott and Sherman, 2006).

#### *5.3.4.5 Child care*

At the same time as introducing restrictions on the receipt of benefits, TANF introduced greater child care provision to help lone parents into work (Shields and Behrman, 2002). States can transfer up to 30% of their TANF block grant to their CCDF (HHS, 2006). In 2003, states spent \$3.5 billion on child care (\$1.8 billion of this through transfers from TANF to CCDF) (ibid). Total state and federal funding for child care for poor families increased from \$2.8 billion to \$8 billion between 1995 and 2000 (Shields and Behrman, 2002). However, Daguerre (interview, 2008) notes that public expenditure on child care remains insufficient, and in recent years states have started to reduce the amount of TANF funds put into child care (Parrott and Sherman, 2006).

#### *5.3.4.6 Parenting support projects*

About two-thirds of states use welfare funds for parenting support programmes. These include home visiting programmes for new parents and requirements for welfare recipients to attend parenting classes (Chase-Lansdale and Pitman, 2002).

#### *5.3.4.7 Promoting marriage*

TANF also encourages marriage in order to reduce the number of children growing up in lone parent families; associated with this are changes that have made TANF eligibility easier for two parent families (Shields and Behrman, 2002). It is claimed that most states have removed the perceived disincentive to marriage that was caused by easier eligibility for assistance for single parents than couples, either 'in whole or in part' (HHS, 2006). In addition, the Healthy Marriage Initiative helps 'people who want assistance to gain access to relationship skills and knowledge that can help them form and sustain a healthy marriage' (ibid).

#### *5.3.4.8 Discouraging out-of wedlock pregnancy*

Most pregnancy prevention efforts have focused on teenagers, and these can be divided into several categories: 'education curricula on sex, abstinence, and relationships; reproductive health services; youth development programs; media campaigns; efforts to prevent repeat teen births; and multiple component interventions' (HHS, 2006). Some states also have family cap provisions, prohibiting benefit increases when additional children are born (Chase-Lansdale and Pitman, 2002). These provisions are aimed at reducing out-of-wedlock births among welfare recipients.

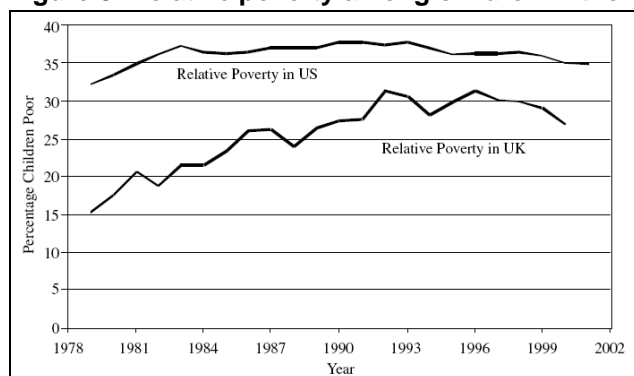
### 5.3.5 Monitoring, evaluation and impact of TANF

TANF has been found to be associated with higher employment rates of single mothers – thus increasing incomes and contributing to the decline in officially defined child poverty rates in the late 1990s (Parrott and Sherman, 2006). Other factors that have likely contributed to higher employment rates include the strong economy pre-2000 (Daguerre interview, 2008), labour market conditions and a strengthened EITC.

Overall, official child poverty reduced in the US from 20.5% in 1996 to 17.6% in 2003 (HHS, 2006), although with an increase in more recent years (Parrott and Sherman, 2006). To 2006, there was little change, with child poverty at 17.4% in that year (DeNavas-Walt et al., 2007). General poverty rates also showed a decline in this period, from 13.7% in 1996 to 12.3% in 2006.<sup>25</sup>

However, official poverty rates in the US are measured according to an absolute standard of wellbeing, which has been fixed in real terms for more than 35 years (Dickens and Ellwood, 2003). This is considerably lower than most relative income standards: in 2003, it was equivalent to around 30% of median income (ibid). Compared with a relative standard (such as that used in the UK), changes in poverty rates are less clear. Figure 5 shows changes in relative child poverty rates before housing costs, in the US and the UK. Figure 6 shows overall poverty rates in the US by disposable income, this time showing rates according to both relative and absolute measures.

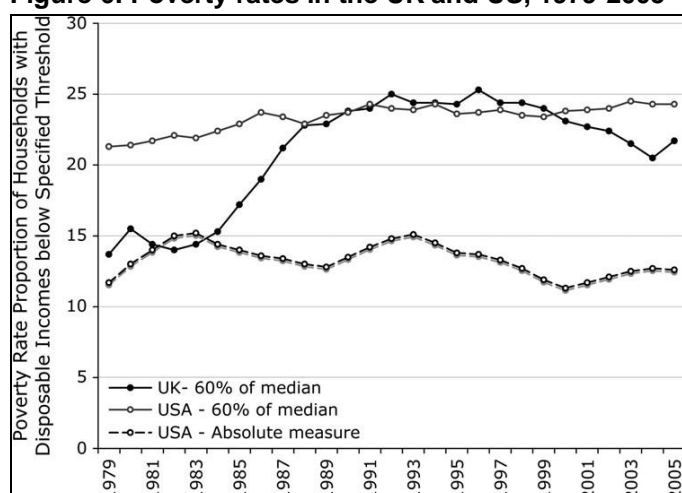
**Figure 5: Relative poverty among children in the UK and the US, 1978-2002**



*Note: Poverty is based on gross income including benefits before housing.*

*Source: Authors' tabulations of annual Family Expenditure Surveys and Family Resources Surveys and March Current Population Surveys (in Dickens and Ellwood, 2003).*

<sup>25</sup> [www.census.gov/hhes/www/poverty/histpov/hstpov2.html](http://www.census.gov/hhes/www/poverty/histpov/hstpov2.html).

**Figure 6: Poverty rates in the UK and US, 1979-2005**

Source: Glasmeier et al. (2008), based on Luxembourg Income Study; HHS; UK DWP.

It is also difficult to see clearly the extent to which decreases in poverty levels are directly attributable to TANF. As noted previously, while TANF is likely to have contributed to increased employment (and so higher earnings) among single parent families in the late 1990s, this is also attributable to the strong labour market at the time and stronger in-work support (such as the EITC) (Blank, 2007b; Parrott and Sherman, 2006).

Kaushal et al. (2007) consider how the package of mid-1990s US welfare reforms has affected household expenditures for low educated single mothers.<sup>26</sup> They find that reforms have been associated with increased work-related and durable goods expenditure, but no statistically significant increases in spending on child-focused activities (such as 'learning and enrichment'). The results also find no change in child care expenditure, but this may be because state subsidies were not included in the analysis. Overall, 'these results reflect welfare reform's emphasis on employment but leave open the question of child wellbeing' (ibid: 391).

There are also concerns around severe poverty rates in the US, particularly since 2000. Overall, rates of people in severe poverty (less than half the poverty line) remain almost unchanged since 1996 (5.2%), at 5.2% in 2006, up from 4.5% in 2000. Perhaps associated with this is the number of hard to employ and thus jobless single mothers not receiving any cash assistance who, despite suffering from severe barriers to finding and sustaining work, do not meet the strict eligibility criteria of disability assistance (Blank, 2007a). Proportions of single mothers neither working nor receiving any welfare income increased from 11.6% in 1995 to 19.6% in 2004, a 69% increase (ibid). In 2003, 72.6% of these mothers lived in

<sup>26</sup> By comparing Consumer Expenditure Surveys for 1990-1995 with those for 1998-2003 (after PRWORA).

households below the poverty line, compared with 43% of those receiving income from work or welfare. These women have an average of 1.8 children each, leading to high numbers of children living in severely disadvantaged families.

Medicaid and food stamp receipt fell after the introduction of TANF, and many of those who are entitled to them, who have left or not entered TANF, are not receiving them (Parrott and Sherman, 2006). Research has found that 34% of those leaving TANF for work become uninsured, which reduces their use of health care services (in Cheng, 2005). Overall, research suggests that TANF's introduction caused a 7.8% increase in the probability of a welfare-eligible woman lacking health insurance and a 2.8% increase for a welfare-eligible child (Crawley, 2005, in Adams et al., 2008).

Sanctions and time limits also have some worrying effects. Research has associated time limits with decreased financial resources, with the income of women who have run out of time significantly lower than both voluntary leavers and recipients (Lindhorst and Mancoske, 2006). In spite of this, sanctions and time limits do not clearly incentivise employment (ibid).

While research has found that family cap policies may be related to a reduction in out-of-wedlock birth ratios of 5-9% (in Lindhorst and Mancoske, 2006), most other studies have found the policies to be ineffective at reducing births, including out-of-wedlock births (Dyer and Fairlie, 2004; Kearney, 2004). Research on family cap policies implemented after the 1996 welfare reforms also found no reduction in births (Joyce et al., 2004). Dyer and Fairlie (2004: 470) conclude that:

'The effects of family cap policies on fertility may be limited because incremental benefit levels are substantially lower than the estimated costs of raising a child, many welfare spells are short, the importance of non-pecuniary factors, the unanticipated nature of some pregnancies, and the partial offsetting of lost benefits from Food Stamp and Medicaid benefits.'

Daguerre (interview, 2008) also notes that, in order to receive TANF, in most cases women have to name the father of her child/ren, but some do not want to because of fears of domestic violence.

#### 5.3.6 *Conclusion: the welfare impact of TANF*

While in general TANF, particularly taken together with the EITC, has been considered a success in terms of getting significant numbers of adults in low income families off welfare and into work, concerns have been raised about its effectiveness in reducing family poverty, especially since 2000. In particular, there are questions as to its impact on single mothers with particularly high barriers between them and the labour market, and on the numbers of people receiving income from neither work nor benefits. Time restrictions and sanctions may harm some of those with the most difficult barriers to employment, as well as their children.

Furthermore, there are concerns that additional earned income for those families that do leave welfare for work may be being spent on work-related expenditures rather than on children; if this is so, the extent to which this income can help a child's development and later ability to escape poverty is much less clear.

Daguerre (interview, 2008) suggests that any benefits of TANF's punitive welfare to work approach may become more limited in the current highly constrained financial environment:

'If you frighten people and expect them to behave more adequately in order to get jobs, in the short term you are going to get a positive answer and you're going to get quick results. And that's basically what all welfare reform across Europe is mainly doing at the moment, changing the behaviour of recipients. It has worked in the very short term, and given that we were until recently in a very buoyant economy. But I doubt it will work once the labour market conditions radically alter. Because the fact is, you can ask people to improve their behaviour, but when there are no more jobs around it doesn't make a difference. And I think we're going to come to that pretty soon now, in fact I wouldn't be surprised if that was the case already in the US.'

## 6 A social democratic welfare regime: Denmark

### 6.1 Denmark's welfare system

Denmark in the 21st century is one of the wealthiest among developed countries in general, and even the Nordic states in particular, with one of the highest individual tax burdens as well as one of the most generous universalist welfare regimes. Denmark's route to national development in the 19th and 20th centuries, leading to this confluence of economic prosperity and social solidarity, places it as a counter to the neo-liberal paradigm of 'low tax – limited welfare state – high growth' (Cohn, 2007). Kuhnle and Hort (2004) identify four factors that created a favourable political climate for universalism in the Scandinavian and Nordic – and thus Danish – welfare sectors:

(1) Historical institutional development, particularly the fusion of church and state, led to a long history of poor relief and support. Prior to the 1930s, however, this was largely the responsibility of private associations organised around jobs and communities (Cohn, 2007).

(2) Pre-industrial society was relatively egalitarian, with an independent peasantry that evolved into strong, market-oriented farmers. The modern welfare state emerged in the late 19th century alongside growing industrialisation, when the 'social question' had been on the agenda for some time. By the 1870s-1880s – at a time of growing scientific and public political debate – the idea of an active state was generally accepted.

(3) Some suggest that Danish society is characterised by a set of unofficial social rules that are unsupportive of views of individual superiority over others, such that high earners should pay high tax so everyone can benefit from public services. In 1999, a government source suggested that 75% of Danes think the high level of both taxes and public services should be sustained.<sup>27</sup>

(4) Finally, the Great Depression of the 1930s and World War II laid the foundations for solidarity and public sector participation of the modern Nordic welfare state.

Einhorn and Logue (in Cohn, 2007) argue that the contemporary Danish welfare state was born in 1933 during the growing economic crisis: 'With communism and socialism gaining popularity among the increasingly distressed population, [Prime Minister] Stauning and his colleagues were desperate to take actions that would not only alleviate the widespread suffering but also save capitalism itself.' A system emerged that protects individuals through social insurance against illness and unemployment, based on high individual taxes, but without stifling growth through restrictively high corporate tax. By the 1960s, Denmark and

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<sup>27</sup> [www.internationalreports.com/archives/99/denmark/11.html](http://www.internationalreports.com/archives/99/denmark/11.html).

the other Scandinavian countries, with the largest and most institutionalised welfare states, were among the richest in the world.

Denmark is a multi-party political system, with several parties represented in the Parliament (*Folketing*), serving for a maximum of four years. Danish politics tend to be characterised by minority governments and thus inter-party compromise. Between the 1920s and 1980s, the Social Democratic Party was the largest political party, with small centrist parties such as the Centre Democrats able to determine government power.

In the early 1980s, in response to sluggish growth and significant unemployment, the Danish electorate brought in the conservatives. While not very rightwing by international standards, part of their success in balancing government budgets was based on welfare reform, including trimming the pension system (Cohn, 2007). When the Social Democratic Party returned to power in the early 1990s, they continued along the path laid out by the conservatives – establishing a time limit on unemployment benefits and selling off the national telephone company – but without undermining the fundamentals of the welfare state. In fact, while unemployment benefits were now limited to four years, and only if the recipient was actively seeking work or was enrolled in job training, benefits remained at the level of up to 90% of lost wages, and the Danish state poured resources into labour market programmes.

Cohn (2007: 14) notes that, ‘the explicit goal was to recognize a social compact: Just as the unemployed were obligated to find new jobs, so the government was obligated to make sure the jobs were there (even if it meant creating them on the public payroll) and that the unemployed received proper training to succeed.’ Today, Denmark’s expenditure on labour market programmes as a proportion of GDP is the highest among developed countries, and 20 times what the US spends on worker training. In 2008, its unemployment (3.3%) was among the lowest in the Organisation for Economic Co-operation and Development (OECD), compared with 5.8% in the US and 5.9% in the OECD as a whole.<sup>28</sup>

The political landscape has seen profound change in the 2000s, and social democratic and centrist parties are not represented in Parliament today. In November 2001, Prime Minister Fogh Rasmussen came to power in a coalition government between his rightwing Liberal Party, the Conservative People’s Party and the far-right Danish People’s Party. This general political shift to the right was confirmed in 2005 and 2007, when all incumbent parties were returned. The government’s main priority is ‘to improve the quality of public services, particularly healthcare, and to get better value from existing public spending. A reform of social benefits is under way, aimed at ensuring the long-term financial sustainability of the

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<sup>28</sup> <http://stats.oecd.org/>.

welfare state.<sup>29</sup> However, as we discuss below, welfare reform under Fogh Rasmussen remains strongly within a Danish social democratic regime, and again would hardly be considered 'rightist' within liberal and neo-liberal regimes.

Immigration policy reform, on the other hand, is strongly located within rightwing traditions. Denmark sees itself as an 'intensely homogeneous' society (OECD, 2001), and the Danish People's Party's anti-immigration and anti-EU perspectives, playing on nationalist fears of losing Danish culture through immigration, have influenced recent increases in the stringency of immigration policy. As of 1 January 2008, immigrants and their descendants make up 6.9% and 2.2% of the Danish population, respectively.<sup>30</sup> There are immigrants from approximately 200 different countries, with the vast majority living in the three largest cities: Copenhagen, Århus and Odense. Legally, resident immigrants who continue to maintain their own language and cultural practices are referred to as 'new Danes.' Children of immigrants who were born and brought up in Denmark are often referred to as 'second generation immigrants.'

## **6.2 Contemporary policy responses to poverty, vulnerability and IGT poverty in Denmark**

All citizens in need are entitled to receive social security benefits and social services. These are financed chiefly from general taxation. Denmark divides its welfare tasks between various ministries, primarily the Ministries of Social Welfare, Employment and Education (see Annex B3). While these are responsible for policymaking, local authorities are responsible for performing welfare tasks. Indeed, the Danish regions and municipalities, with their own elections and administrations, have a high degree of autonomy. On 1 January 2007, a comprehensive local government reform reduced the number of local authorities from 275 to 98, and 14 counties were replaced with 5 regions, with responsibility primarily for health. Under legislation, consulting and advisory user councils must be set up to represent citizens' interests vis-à-vis the local authorities.

Danish policy provides universal social support across the life course, with programmes aimed at ensuring the inclusion of particularly marginalised groups. Annex C presents these in full. All policies and programmes related to the Child Care Guarantee (*Pasningsgaranti*) and day care facilities are discussed in the case study (Section 6.3).

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<sup>29</sup> <http://www.economist.com/countries/denmark/profile.cfm?folder=Profile-FactSheet>.

<sup>30</sup> [www.dst.dk/Statistik/ags/Statistik\\_aarbog/statistiskaaarbog.aspx](http://www.dst.dk/Statistik/ags/Statistik_aarbog/statistiskaaarbog.aspx).

### 6.2.1 *In utero*

Key benefits include free scans and access to a midwife. Pregnant women are entitled to begin maternity leave four weeks prior to birth, when they will continue to receive a salary from their employer, or maternity pay, depending on their work situation. Key educational interventions include free courses in birth preparation. Young parents are further entitled to young family courses, an educational programme designed to prepare young parents for taking care of a child.

### 6.2.2 *Infancy*

Key interventions include the Child Care Guarantee (Section 6.3). Key health and educational benefits for mothers immediately after giving birth include free visits from a health nurse, post birth courses organised by evening schools or fitness centres and free mother groups, usually organised by the midwife. Key welfare benefits include parental leave – 52 weeks total maternity/paternity leave with full subsistence allowance (variable rate depending on municipality). Parents with children under 18 years old are universally entitled to child allowance, and parents in education, lone parents and parents with special needs are additionally entitled to child support.

### 6.2.3 *Childhood*

Further key educational interventions include the National Action Plan for Reading (2005) to assist children at all stages of the education system, with a special focus on identifying and including disadvantaged children at an early stage. This includes obligatory screening tests of all three year olds, teaching basic reading skills in kindergarten and intensive reading courses in the last year of school (Grade 10). Children with special needs are further entitled to special education. At school, children benefit from the vaccination programme and school dentists. Key welfare interventions include care days, whereby parents are entitled to take up to two days off with full pay to spend time with their children under seven years when, for example, the child starts school or is ill.

### 6.2.4 *Adolescence and young adulthood*

Key educational interventions for 11-15 year olds include proactive guidance of marginalised children with regard to further education, and increased levels of student focus during the final year of school (Grade 10). Key educational interventions for young adults include the Welfare Agreement, which states the government's goal that 95% of all young people (up to age 29) must finish a youth education programme by 2015; the renewal and improvement of vocational training programmes; an increased focus on unemployment of 25-29 year olds; obliging local authorities to offer young people who are unsuited to vocational training the chance to undertake the Basic Vocational Training Programme; offering more apprenticeships in the public sector; and better incentives to the private sector to establish apprenticeships.

### 6.2.5 *Adulthood*

Key employment and educational interventions for adults include the Welfare Agreement, which aims to get the unemployed into work, through systematic counselling every three months, weekly searches on an online job portal and systematic follow-ups on failed applications; apprenticeships – a minimum two-week apprenticeship in the private sector where the employer receives a subsidy; vocational training designed to strengthen competencies of skilled and unskilled workers; rehabilitation – retraining for those who have lost their job for physical, psychological or social reasons; *FleksJob* – subsidised jobs for those whose work capacity has reduced through health or impairment; and general adult education, which is equivalent to secondary school education.

From August 2006, a two-year programme called A New Chance for Everyone aimed to increase the chances of adults on income support of entering the labour market. This allocated extra funds to local councils to get people on income support to accept educational offers, vocational training, apprenticeships and rehabilitation. This was an extra initiative taken in line with the government's integration plan of May 2005 aimed at helping local authorities to clear the backlog of cases.

Key welfare benefits include unemployment benefit, sickness benefit, income support (for those who are unable to support themselves because of a change in circumstances, e.g. unemployment, sickness, maternity leave, separation, divorce), social housing, housing support, early retirement pension, education support and health insurance.

#### 6.2.5.1 *People with disabilities*

Key employment interventions targeting disabled people include protected workplaces for people with severe disabilities who cannot be accommodated in a mainstream working environment. Disability and Job (2006), also a two-year programme, aimed to get more people with a disability into employment in the private sector.

#### 6.2.5.2 *Ethnic minorities and immigrants*

Key employment interventions include, under the Welfare Agreement, efforts to improve partnerships with private enterprises and augment efforts for the inclusion of ethnic minorities; and the Diversity Programme (2005), which compiles, develops and communicates companies' good practices in managing diverse groups of employees. Key social inclusion interventions targeting ethnic minorities include dialogue activities, with immigrant women and ethnic minority associations and networks, and dialogue on a 'community and diversity' pool of funds for initiatives fostering increased dialogue and understanding across different ethnic and religious groups.

Since most immigrants and refugees in Denmark live in cities and larger urban areas, the Ministry of Refugee, Immigration and Integration Affairs has set up inclusive cities projects

and 12 urban regeneration projects. These have a special focus on the integration of ethnic minorities in deprived urban areas, especially with respect to employment, participation, public/private partnerships and social inclusion in everyday life. In relation to this, 18 girls' clubs were established in socially disadvantaged housing estates between 2006 and 2008. The ministry also set up women's activities aimed at furthering employment in seven disadvantaged housing estates.

#### *6.2.5.3 Other socially marginalised people*

Our Collective Responsibility targets socially marginalised people such as those with alcohol and drug dependency problems, sex workers, homeless people and those suffering from mental illness. Initiatives include treatment guarantees, improving the quality and quantity of social housing and shelters, creating more means of accessing the labour market and improving the caseload and outreach capacities of local authorities.

Children who experience violence in the home have poorer health and wellbeing than those who grow up in non-violent families, and suffer a higher risk of displaying violent behaviour themselves later in life. This can create a cycle of behaviour that threatens welfare and educational and economic attainments, thus contributing to a cycle of poverty. Recognising this, Denmark implemented an Action Plan to Combat Men's Domestic Violence against Women and Children in 2005-2008. This included initiatives aimed at children and young people growing up in violent families, as well as activities aimed at women, including those from minority backgrounds, who may be hard to reach through normal support channels.

#### *6.2.5.4 Older people*

Key welfare benefits include the 'part pension' for people 60-65 who wish to reduce their working hours; the elderly allowance for older people with liquid assets of less than DKK 59,000; the state pension, where the pension size is subject to the recipient's prior income; the pension, for people 60-65 who have been members of unemployment insurance funds; and home assistance and home services (subsidised private contractors) for those with reduced physical capacity.

## 6.3 Denmark policy study: the Child Care Guarantee

Denmark has the highest proportion of children accessing day care facilities in the world (Kremer, 2006). Building on decades of experience with extensive publicly supported child care, and in order for parents to benefit from new flexible parental leave rules, the Child Care Guarantee entered into force in 2004. This requires each local authority to guarantee a subsidised place in a public day care facility from the age of six months until the child begins kindergarten. Parents must sign their child up to access this place. They may state a preference for where the child is placed, but this is not guaranteed. Low income households are entitled to free places, and parents with more than one child in a facility are entitled to a sibling discount.

### 6.3.1 *Background and objectives of the Child Care Guarantee*

Although there has long been a wide range of day care places on offer throughout Denmark, in the past access to these was based on a waiting list system. When in 2002 the government introduced one-year flexible parental leave (Folketinget, 2004), it recognised that families unable to access child care from the desired date would be unable to benefit from it. In practice, without guaranteed, accessible and affordable child care, many women would be prevented from entering or returning to work after maternity leave ended (OECD, 2001). The resultant economic inactivity was deemed a problem both for the child's household and for society as a whole (Meibom interview, 2008).

A nationwide child care guarantee available to children from six months was seen to give families security and true freedom of choice as to whether to use the full year's parental leave immediately or whether to return to work after six months and use it at another time. The objectives of such a guarantee are thus (Folketinget, 2004; Larsen and Meibom interviews, 2008):

- (1) To guarantee child care regardless of different family needs, and in light of new laws on maternity leave;
- (2) To provide women an easy way back to work or into the workforce; and
- (3) To ensure a good balance between work and family life, simultaneously ensuring the country's production is not inhibited and that economic growth remains attainable.<sup>31</sup>

An official from the Ministry of Social Welfare, which passed the Child Care Guarantee Bill, described this as a 'groundbreaking' initiative, with no comparable laws in other

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<sup>31</sup> This is particularly important as the relative proportion of working-age citizens starts to shrink, with the skills of mothers becoming increasingly important in the labour market (OECD, 2001).

Scandinavian countries often at the forefront of welfare initiatives (Meibom interview, 2008). The guarantee has established a legal 'floor' for the level of child care service available (Larsen interview, 2008).

The 1998 Social Services Act (Ministry of Social Affairs and Ministry of Education, 2000) laid out the objectives of the facilities themselves. First, day care facilities have educational, social and care-related purposes, and all three purposes are equally important. Second, they must contribute to the promotion of children's development, wellbeing and independence.

### 6.3.2 *Targeting and vulnerable groups in the Child Care Guarantee*

The guarantee is universal for children from six months. This means vulnerable groups (lone parents, young mothers, parents and children with disabilities, immigrants, minority groups) are equally able to benefit: 'whether you need a full- or part-time place, even if you are on parental leave, you will get one, and that includes all vulnerable groups' (Meibom interview, 2008).<sup>32</sup>

An early child educator ('pedagogue') is educated to recognise and advise on any special needs a child might have, which can result in beneficial outcomes for the child's wellbeing and long-term development (Larsen interview, 2008). Since 2007, facilities have consolidated all daytime services provided to children (e.g. sports clubs and after school centres), with a special focus on children with extra needs. New schemes include teaching language skills to all three year olds.

A recent comprehensive review of Early Childhood Education and Care (ECEC) policies found that a universal approach to provision, such as that in force in Denmark, is more effective than targeting particular groups, as it leads to high coverage among all children, including vulnerable groups. The quality of provision also tends to be better (UNESCO, 2007).

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<sup>32</sup> Jensen (2005) maintained that public day care facilities do not receive the funding necessary to be able to work with socially marginalised children, and that most facilities find it very difficult to effectively counter social marginalisation and 'negative social inheritance.' To increase day care quality, in 2006-2009 DKK 2 billion was allocated to further educating pedagogues to help socially marginalised children (Ministry of Social Affairs and Ministry of Interior and Health, 2006).

### 6.3.3 *Child Care Guarantee links with life course and IGT poverty and inequality and exclusion*

As discussed above,

‘there is significant research now that documents that participation in good quality ECEC programmes not only does no harm but has positive impacts on children with regard to cognitive, social, and emotional development, school readiness and school performance. Positive impacts are especially strong, according to some research, on the most disadvantaged’ (Kamerman *et al.*, 2003: 37).

Moreover, ‘children starting child care between 6-12 months achieved significantly better on aptitude tests and got more positive ratings from their teachers on socio-emotional attributes than children entering care later and those cared for at home’ (ibid). A follow-up study when the children were aged 13 confirmed these results, concluding that cognitive competence was highest among children who had entered child care before the age of one.

Implementers have a similar understanding of the benefits of universally available child care. One representative of an implementing agency noted that, ‘a good public day care facility for children has a socialising aspect, and ensures that all children have access to pedagogical stimuli’ (Larsen interview, 2008). This implies the pedagogical stimuli within day care centres compensates for any lack of stimulus children living in disadvantaged households may experience, whether through a lack of time, resources, education or interest on the part of the parents. At the same time, however, Danish social scientists have found that the home and the day care facility each has its own independent function in developing a child’s competencies, and thus the latter cannot fully compensate for deficiencies in the former (Expert Group on Social Inheritance, 1999).

Nevertheless, Larsen says,

‘Every day, a child in a day care facility is met by a professional pedagogical competence that is there to ensure his or her wellbeing and development. If a child is clearly not prospering and this is not dealt with in the day care facility, the facility’s director can be held responsible. This ensures that there is a responsible adult in the child’s life.’

This focus on the positive role of the centre and its pedagogues relies on a certain universal standard of quality in the care offered. Kremer, who argues that Denmark has ‘the best-trained child care workers in Europe’ (2006: 266), suggests the ideal of professional care maintains that,

‘professionals not only provide a different kind of care than that provided by mothers, but offer something extra that should still be part of the upbringing of every child [...] Child care can give children the ‘social pedagogical’ attention that is not available at home. This

kind of day care focuses not only on individual development but also on becoming a social human being.'

He argues that 'child care is to be more than a place where parents bring their children because they need care for them; it gives children a type of care that parents can never provide' (ibid: 273).

Finally, there was general agreement among the policymakers, implementers and beneficiaries interviewed here that, given the universal nature of the Child Care Guarantee, it can play a role in addressing inequalities and social exclusion. Larsen (interview, 2008) expressed it in this way:

'I think the public duty to provide child care is a strong tool in the creation of social equality and social stability, as well as in helping to get rid of negative social inheritance. [...] For the vulnerable or marginalised family, municipal day care functions to a large extent as a nexus between the 'system' and the family. Somewhere to get good advice. [In the case of immigrants], the pedagogue may well be the only ethnically Danish person that the immigrant mother really talks to.'

#### 6.3.4 *Implementation of the Child Care Guarantee*

The Child Care Guarantee legally obligates each municipality to offer places to all children from six months of age within the municipality. Beyond this, how the policy is implemented differs between municipalities. For example, there can be different rules regarding how long in advance a child has to be signed up for day care (Meibom interview, 2008). In Copenhagen, this must be done two months in advance (i.e. when the child reaches four months old if a place is desired at six months). This places the responsibility on families to secure a place, and raises a question as to whether all vulnerable groups, are aware they must take action to benefit from the guarantee. In Copenhagen, this is addressed through the usual channels of printed, electronic and verbal information, as well as through health visitors who visit all families with newborn babies. Additionally, the municipality employs a team of four expressly to spread the word on child care uptake, using posters, balloons, stalls at baby fairs and speeches at immigrant women's clubs (Larsen interview, 2008).

In some areas, particularly larger cities, there are not enough places for all children who are entitled. In these cases, an offer of child care may be made in a different municipality. If a parent accepts a place in a more distant day care facility, this can require significantly more commuting time, jeopardising her capacity to meet the requirements of work and family life. If the parent declines the place, preferring to stay home with the child beyond the parental leave period while remaining on a waiting list for a closer day care facility, anecdotal evidence suggests she can risk losing both her job and her rights to unemployment benefits, as the refusal of child care can be interpreted as an unwillingness to work.

One Danish mother, when asked how well the Child Care Guarantee had fulfilled its objective of giving women a way back into work, responded that, from her point of view,

‘It has failed completely. The guarantee can and will not be achieved for [my family]. Copenhagen municipality has no more child care places and can therefore only offer us a place outside of Copenhagen city. We are forced to say “no” to this offer as in practice it would mean several hours of travel to drop off and pick up our child every single day, which would in turn mean having to leave work early’ (Karlsen interview, 2008).

This vicious cycle is difficult to break out of: as she is caring for her child at home, having turned down an offer of a place in a day care centre, she has had to turn down a job offer because she would have had to leave work early every day to pick up her child. But because she has turned down a job offer despite having been offered a place (albeit one far from her home), she has been registered as unwilling to return to work, and has thus lost her right to unemployment benefits.

One implementer of the guarantee suggested changing the legal guarantee for the geographic location of the day care from ‘within the municipality,’ as it is today, to ‘within a reasonable distance or transport time’ from the family (Larsen interview, 2008). Copenhagen does currently aim to ensure a child day care place within 4 km of the family’s home. However, in practice this is not always possible, particularly in some areas, such as Amager, where many families with children live. According to the trade union of pedagogues (Fag og Arbejde), in Copenhagen there are always 30-40 children on the so-called ‘guarantee waiting list’ (Engstrøm, 2008).

#### 6.3.5 *Cost and cost effectiveness of the Child Care Guarantee*

To run a crèche in Copenhagen costs approximately DKK 100,000 per child per year. There are approximately 700 child care centres in the municipality, which can request up to 25% of the cost of a place from parents only if they have achieved the legal guarantee of child care within the municipality. If this has not been achieved, then they may ask only up to a maximum of 22% of the cost, and cover the rest of the costs themselves. This financial rule has been introduced as a strong incentive for municipalities to ensure the child care guarantee is upheld.

Concessions are made for low income families to ensure universal uptake. Each municipality must make available a certain number of free places for low income families, defined as families with an annual income of under DKK 138,000. There is then a sliding scale of costs for households earning up to a maximum of DKK 429,000 DKK annually. Families above this threshold have to pay the full (subsidised) price of a child care place. The sibling allowance allows families who pay full price for the first child to pay half price for a second child to access a child care place.

The government earmarked DKK 100 million in the 2005 Finance Act with the aim of implementing the Child Care Guarantee in all municipalities. However, given that 22 out of 98 municipalities were still without a guarantee of child care, some observers consider this a modest amount (FOA, 2004).

#### 6.3.6 *Monitoring, evaluation and impact of the Child Care Guarantee*

In general, responsibility for monitoring national-level policy development is distributed among ministries, while monitoring of implementation usually takes place at the local level, where policies are implemented (SPC, 2008). At present, the Ministry of Social Welfare is carrying out an evaluation of the Child Care Guarantee, to be completed within the next year (Meibom interview, 2008). As yet, no other evaluations have been carried out.<sup>33</sup> Without an impact evaluation, it is impossible to assess the full contribution of the guarantee to achieving its intended outcomes. At the same time, some authors indicate that improved quality of day care facilities has contributed to breaking the circle of deprivation, which is the aim of Denmark's Equal Opportunities for All Children and Young People Strategy, adopted in 2006 (SPC, 2008).

#### 6.3.7 *Conclusions: the welfare impact of the Child Care Guarantee*

As Kamerman *et al.* (2003: 53) note, one strong finding of research in this area is that,

'Child poverty and disadvantage are the consequences of multiple factors, including living in a family with no employed adult, being reared in a lone-mother family, having only one wage earner in the family working at low wages, being a teen parent, having inadequate access to quality ECEC services. A second strong finding is that just as multiple factors are responsible for high (or low) child poverty rates, no one policy alone can solve the child poverty problem.'

However, with its Child Care Guarantee, Denmark has taken a significant step towards promoting maternal employment, perceived as a key factor in interrupting IGT poverty. This guarantee is particularly significant if seen as part of a cluster of policy interventions, including parental leave and gender equality in the workforce. Furthermore, given the long history of public child care in Denmark and the record high levels of uptake, Denmark places enormous weight on the education of pedagogues who work in the public day care facilities, and on the quality of care, both with important positive effects on children's short- and longer-term wellbeing. Encouraging maternal employment in combination with providing an independent steady, caring and educative social environment for the child's development

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<sup>33</sup> In terms of monitoring social policy with an effect on children in general, Kamerman *et al.* (2003) note that Denmark is developing a longitudinal database that will increase the feasibility of studies linking social policy and child outcomes.

away from the home means this policy can play a significant role in defining child outcomes and the likelihood of IGT of poverty.

## 7 A conservative welfare regime: Germany

### 7.1 Germany's welfare system

Germany consists of a central federal government and 16 states. The Basic Law shows which issues fall within the remit of the federal government and which devolve to the federal states. Public life in Germany is based predominantly on central laws but, in accordance with the principle of subsidiarity, citizens deal almost exclusively with state and local authorities acting on behalf of the federal state. Further, not only do states enforce the laws that apply in that particular state, but also their own administrative systems execute most central laws; this is atypical for a federal state system. The federal states receive a form of compensation for the fact that central government is the primary body determining legislation. As the Basic Law stipulates that it must be possible to compare living conditions across Germany, economic and social policy are regulated primarily by central laws. Individual federal states control schooling, including much of tertiary education, as well as the organisation of local self-government and internal security (including police).

Given the relatively comprehensive social insurance system Bismarck established in the late 1880s, Germany is often considered a forefather of the modern welfare state. Bismarck's model was premised on social integration and mutual solidarity in an industry or workplace (Townsend, 2007). It was important to share risk so both the weak and the strong would secure benefits and share responsibilities. In 1883, health insurance was introduced, in 1884 accident insurance and in 1889 old age and disability insurance. The principles provided the basis for the modern German scheme in terms of the distribution of administrative powers, the earnings-related character of benefits and the tripartite character (employer, employee, state) of financing benefits. In 1911, the National Insurance Code combined the three laws and added a pension for salaried employees.

As a result of social ethics and neo-liberalism, and as a reaction to Nazism and communism, the state has retained only a limited role, supplementing the market in the allocation of productive resources. From early on, four main features characterised the German social policy system (Flora, 1986: 4-5; in Townsend, 2007: 26):

- Programmes are divided into many *decentralised* and uncoordinated schemes in terms of both design and administration.
- Most benefits are unconditional income maintenance *cash payments*, underscoring the importance of private provision of services, with the exception of education.
- Individuals are entitled to income maintenance benefits not as citizens *per se* but as members of a social insurance scheme. The scheme is usually financed by the insured and their employer rather than the state (i.e. through taxation). Thus social insurance is key.

- The centrality of extensive labour legislation: all social programmes should be considered in the context of (highly regulated) labour legislation.

There is also a long tradition of early childhood care and, from 1840, education (Lohmar and Eckhardt, 2008). The first child care institutions emerged in the early 19th century to protect the children of industrial workers from neglect and to prepare the children of the bourgeoisie for school. From 1840, kindergartens were introduced to provide care and supervision in a way that was driven by pedagogical concepts and intended to foster children's mental, emotional, creative and social development. These institutions were run by both the voluntary sector (especially the church) and the public sector.<sup>34</sup>

## 7.2 Contemporary policy responses to poverty and vulnerability in Germany<sup>35</sup>

The German system of social provision divides entitlements into three types (see Annex C4):

(1) **Social security:** The most common type consists of contributory social insurance programmes that protect those who pay into them from loss of income and unplanned expenditures because of illness, accident, old age or disability and unemployment (Unemployment Pay I).

(2) **Social welfare:** These are means-tested programmes that provide social assistance to persons in need who are not eligible for assistance from the other two kinds of programme, or who need additional aid because they are still in need in order to achieve a decent standard of living. This includes the long-term unemployed, who receive assistance after the unemployment benefits provided by social security have run out (Unemployment Pay II). Aid can consist of general income maintenance payments (for food, housing, winter heating, medical care, clothing and furniture) and help for those with special needs, such as the disabled, and for the very small proportion of individuals without health insurance.

(3) **Pensions:** Non-contributory compensation programmes that provide tax-financed social welfare (such as health care, pensions and other benefits) to those who perform a public service to society, such as civil servants. Tax-financed social compensation also goes to those who have suffered income loss or disability as a result of military or other public service, and allowances go to their dependants on their death. Violent crime victims are also eligible for social compensation. Social compensation can also consist of

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<sup>34</sup> Lohmar and Eckhard (2008) review the development of kindergartens and related educational and child and youth services from the establishment of the Third Reich in 1933 until reunification in 1990.

<sup>35</sup> This section draws on [www.country-studies.com/germany/](http://www.country-studies.com/germany/).

payments to all members of society and includes tax-funded child, housing and educational allowances.

Unemployment Pay I and II act as a basic security benefit for jobseekers – those who can work but are unemployed or do not earn enough to cover basic living expenses. The Federal Employment Agency and local authorities handle benefits. The minimum qualifying period is 12 months, with a minimum qualification period of 360 days of employment over the past three years. The amount and duration of the benefit depends on previous income and duration of the previous employment.

Unemployment Pay I is a full employment benefit paid as a proportion of previous earnings: if the claimant has no children, he or she receives 60% of their previous net earnings. If he or she is caring for children under 18, it rises to 67%. This benefit is payable for 90-360 days, depending on length of previously insured employment and age. A full year's unemployment benefit is received if the person has worked for two calendar years or more (18 months for those aged over 55).

Unemployment Pay II is a subsistence allowance that is lower than Unemployment Pay I and is payable when the claimant cannot receive a full benefit or their period of benefit has ended but they are still fit to work and registered as a jobseeker. Whether a person can claim depends on savings, spouse's earnings and life insurance. A set amount is paid to those requiring social assistance. Claimants must attend training courses and be ready to step into any job offered by the local employment office, even a very low paid one. Exceptions to this rule are sometimes allowed on mental, physical or psychological grounds or where pay rates are deemed immorally low.<sup>36</sup>

Since 1960, Germany has used the concept of a 'social budget' to lump together all forms of social spending, whether by the government, the country's large social insurance programmes or other sources. The steady expansion of social welfare programmes and increased costs caused West Germany's social budget to increase tenfold between 1960 and 1990; in the context of a rapidly expanding economy, the social budget's share of gross national product rose from about one-fifth to one-third. Roughly two-fifths of the 1990 social budget went to pension payments and one-third to health care. At that time, the social budget was paid via a rather even distribution between the public sector (national, state and local – about 38%), employers (32%) and households (29%). Individuals paid around one-fifth of their income to compulsory social insurance schemes, and at least another fifth in tax, some of which also went to social provision. By 1992, the social budget had increased sharply,

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<sup>36</sup> There remains no overall minimum wage in Germany despite lively debates among politicians, industry and academics; rather, there are minimum wages for certain sectors, established through collective wage agreements.

owing to the reunification of Germany. The five eastern German states brought both an increased population and particular social needs to the western German system.

### 7.3 German policy interventions associated with IGT poverty<sup>37</sup>

Policies associated with preventing child poverty and interrupting IGT poverty are found in each of the three social provision streams, but are contained primarily within the categories of pensions (which include parental support and education grants) and social welfare.

#### 7.3.1 *In utero*

Key benefits include maternity protection, which protects working women from being dismissed while pregnant and up to four months after the birth, and maternity benefits, which are available to all employees who are active contributors to a health insurance fund. Mothers are entitled to their full net income, of which a certain percentage is paid per month by the health insurance fund and the rest by their employer. The period of statutory maternity leave of 14 weeks (six before and eight after birth) can be extended where there is danger to the health of the mother or the baby.

#### 7.3.2 *Early childhood and childhood*

##### 7.3.2.1 *Education and care*

Child care and kindergarten are voluntary, and places are available for most children under three and for those between three and six, although local shortages exist. However, it is very difficult to find all-day places – most children are able to attend only in the morning or in the afternoon, and short school days persist into primary and secondary school. The Future, Education and Care Investment Programme created just under 5,000 new all-day places for children. Kindergarten teachers are trained to provide special assistance to young children with inadequate knowledge of the German language – primarily immigrant children and children of immigrant parents.

The Day Care Expansion Act entered into force in 2005 to extend structured care for children under three and establish minimum qualification requirements for child minders. The level of parental contributions depends on their financial circumstances and the number of children and family members, among other factors (Lohmar and Eckhardt, 2008). Parents can apply to the local youth welfare office for full or partial reimbursement or contributions if they cannot afford the levy.

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<sup>37</sup> This section draws on [www.bmas.de/coremedia/generator/10116/social\\_security\\_at\\_a\\_glance.html](http://www.bmas.de/coremedia/generator/10116/social_security_at_a_glance.html) and [ec.europa.eu/employment\\_social/spsi/strategy\\_reports\\_en.htm](http://ec.europa.eu/employment_social/spsi/strategy_reports_en.htm) and, as well as a website intended to help English-speakers living in Berlin: <http://berlin.angloinfo.com/countries/germany/socsecurity.asp>.

Parents are eligible for 10 sequential days paid and job-protected parental leave (up to a maximum of 25 days per year) to care for an ill child (Jenkins et al., 2001, in Kamerman et al., 2003).

#### 7.3.2.2 *Child benefits*

- The child allowance is the most widely paid benefit, going to parents of all income levels to lessen the burden of raising children, although parents on higher incomes receive less. A slightly higher benefit is paid for the fourth and subsequent children. Benefits are generally paid until the child reaches the age of 18, up to 21 if the child is unemployed, and 27 if the child is in education. Parents may claim a continued allowance for disabled children over the age of 27 if they are unable to care for themselves and the disability occurred before the age of 27. Child benefits are tax-exempt.
- The Supplementary Child Allowance is for parents who can maintain themselves but not a child. It is available to households receiving child benefits with children under 25. It is designed to encourage home ownership and discourage claims for Unemployment Pay II.
- The Child-Raising Allowance is an additional allowance for children up to 24 months if the mother does not work or works only part-time (up to 30 hours per week).
- The Maintenance Advance Act stipulates that a minimum level of child maintenance is paid to a single parent from public funds if the non-resident parent provides inadequate financial support. Payments are made up to a child's 12th birthday and for a maximum of 72 months.
- A carer's insurance benefit is paid as an allowance to insured people who organise care provision themselves. It depends on the degree and frequency of care required and may be supplemented with in-kind support, such as from a professional care worker. When care giving ends, former carers have the right to a temporary allowance to facilitate the return to work. Parents may also be entitled to payments if they can prove that caring for a disabled child is much more time-consuming than caring for a non-disabled child the same age.

### 7.3.3 *Adolescence/early adulthood*<sup>38</sup>

#### 7.3.3.1 *Education*

- Second Chance for Truants offers reintegration into school or training for socially disadvantaged young people who have previously dropped out, through precisely tailored services (see below on Expertise Agencies).
- Educational Savings Plans comprise a state education bonus and a loan for more comprehensive continuing training, and as such facilitate the financing of continuing education, mobilising in particular those who so far have not been able to improve their individual opportunities on the labour market owing to lack of money.
- The Federal Ministry of Education and Research programme Promoting Competences – Vocational Qualifications for Target Groups with Special Needs, 2001-2006, contributed to further developing support for disadvantaged young people and young adults as well as to improving the education and training situation of migrants.<sup>39</sup>
- The Vocational Training Support Reform Law offers means-tested vocational training support: for pupils (e.g. general education secondary schools and vocational schools from Grade 10 in cases where accommodation outside the homes is necessary, as well as evening schools, technical schools and technical colleges), in the form of a grant; and for higher education students, half as a grant, half as an interest-free loan (MISSOC, 2002).

#### 7.3.3.2 *Employment*

- Some 15-16 federal government Expertise Agencies provided counselling and intensive and long-term case management to particularly disadvantaged young people in socially deprived areas in 2003-2006, with specific assistance on work and social integration.
- The National Pact for Training and Young Skilled Staff in Germany includes the Youth Job-Market Entrance Qualification, with company-based introductory training places.
- JOBSTARTER is vocational education and training in-company for young people.

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<sup>38</sup> In addition to [ec.europa.eu/employment\\_social/spsi/strategy\\_reports\\_en.htm](http://ec.europa.eu/employment_social/spsi/strategy_reports_en.htm), this subsection draws on the websites of the Federal Ministries of Transport, Building and Urban Affairs and Education and Research.

<sup>39</sup> [www.kompetenzen-foerdern.de](http://www.kompetenzen-foerdern.de).

### 7.3.4 *Adulthood*

#### 7.3.4.1 *Employment*

- It is possible to reduce family income tax through 'income splitting' (Townsend, 2007) –shifting some income from the high income earner to the lower earner within the family, thus moving the higher earner to a lower tax bracket. This is allowed in 13 developed countries, including Germany and the US.
- Jobs without Barriers is an initiative for the integration at work of people with disabilities.
- Unemployment benefits (as above).

#### 7.3.4.2 *Education*

- Lifelong Learning for All Action Plan.
- The Neighbourhood Training, Economy and Work programme, managed by the Federal Ministry of Transport, Building and Urban Affairs, forms part of the Social City programme and aims to combine property development and labour-market measures in cities, to improve the vocational qualifications and social position of city dwellers. Projects to strengthen the local economy are also eligible for support

#### 7.3.4.3 *Housing*

- The Housing Allowance assists low income households in paying their housing costs, depending on family income, size of household and level of rent/costs (MISSOC, 2002).
- The heating benefit is for low income/socially disadvantaged families.
- Families and single individuals can also receive payments to help with housing expenses if their incomes are insufficient to afford decent shelter. Unlike housing aid provided through social assistance, tax-funded aid of this nature does not require that recipients exhaust their savings or that they lack close relatives to assist them.

#### 7.3.4.4 *People with disabilities*

Personal budgets are a measure to strengthen self-determination and responsibility among disabled people. Those entitled to the benefit receive it either as money or as vouchers from providers of rehabilitation services, so they can organise their own benefits.

### 7.3.5 *Older people*

#### 7.3.5.1 *Education*

Further Training for Poorly Qualified and Employed Older People in Companies provides financing for small and medium enterprises for the further training of older staff.

#### 7.3.5.2 *Employment*

Perspective 50+: Employment Pacts for Older People in the Regions is a federal programme aimed at reintegrating the long-term unemployed over 50 into the labour market.

#### 7.3.5.3 *Allowances/benefits*

Old age pension benefits are available to those aged 65 with at least five years of social security contributions. The total amount is calculated using individual annual earnings points as contributed over the years. In general, the longer the duration and value of contributions, the higher the final pension. Top-up pensions are available through additional private pension schemes.

#### 7.3.5.4 *Health*

Since 1995, residents have had to join a social insurance programme that arranges for future needs with regard to long-term nursing care. Those with public health insurance continue with this; those with private health insurance must secure a new insurance policy to arrange long-term care. The new programme will initially cover the expenses of long-term nursing provided at home.

## 7.4 **German policy study: Guardian Angel<sup>40</sup>**

Guardian Angel (*Schutzengel*) has run since 2001 in the northernmost German state of Schleswig-Holstein. It started in Neustadt, one of 13 communities in Flensburg, the third largest town in the state. The programme provides health, nutritional and social support to disadvantaged families of young children, with interventions from pregnancy through a child's third birthday. It has been promoted as good practice by the EU and by the German national Social City programme.

### 7.4.1 *Background and objectives of Guardian Angel*

Neustadt is a deprived, run-down, post-industrial area with a high proportion of young and single parent families, dependent on state benefits, socially excluded and facing problems of

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<sup>40</sup> [www.schutzengel-flensburg.de](http://www.schutzengel-flensburg.de).

debt and addiction. It was incorporated into the programme Districts with Special Development Needs – the Social City Programme adopted in 1999 by the federal and regional governments, alongside the parallel partner programme Development and Opportunity. This latter was launched to improve the living conditions and opportunities of children and young people, including through sustainable development and by stopping the deterioration of certain areas and towns. Within the framework of the national Social City Programme, the Neustadt area was nominated for a renewal process.

In 2000, a Task Force on Youth, Social Issues, Health and Culture was set up in Neustadt, which identified a need to fill gaps in assistance to single mothers with young children, particularly in vulnerable situations such as unemployment, addiction or illness, and overextended mothers (Luig-Arlt, 2004). Based on this, in 2001 Guardian Angel was launched to offer health and social support to socially disadvantaged families in Neustadt for an initial period of three years (Sydow, 2005); there is now no planned end date.

From pregnancy onwards, it was proposed that mothers and families in ‘difficult life situations’ receive fast and ‘un-bureaucratic’ advice, as well as practical support, for themselves and their babies (MSGFJS, 2007). The main objectives of Guardian Angel are:<sup>41</sup>

- (1) Prevention of developmental damage and deprivation in children 0-3 years, associated with risk factors in evidence both in the literature and within the targeted community, such as poor financial resources, conflict and stress and poor nutrition. A further aim is to increase parents’ sensitivity to their child’s feelings and needs (Stierle, 2006).
- (2) Encouraging children above three to be placed in a day care, as children with longer attendance at a good facility tend to have better educational attainment later, considered one of the determining factors in staying out of poverty (Syring interview, 2008).
- (3) Empowerment of parents to cope with problems and everyday life, with local parents gaining confidence and sharing experiences with others.
- (4) Development of new structures, such as a community support network that includes health workers, the church parish, child care centres, child protection services, family advice, education establishments and state authorities (correspondence with MSGFJS, 2008).

A further aim in Schleswig-Holstein is ‘prevention of deprivation, supporting socially disadvantaged families and single parents to reduce social disadvantage, and the building of

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<sup>41</sup> [www.health-inequalities.eu/?uid=6f4d92fd5924a590758b61979897ff1c&id=search1&land=7&idx=53&x=detail](http://www.health-inequalities.eu/?uid=6f4d92fd5924a590758b61979897ff1c&id=search1&land=7&idx=53&x=detail).

network structures and easily accessible help systems in situations of social conflict' (Sydow, 2005:13).

It was decided that families should be approached by a non-governmental organisation (NGO) rather than the municipal authorities, because they were often afraid of interacting with the state, worrying that they may lose custody of their children for example (Luig-Arlt, 2004).<sup>42</sup> More generally, the state government believed mothers should experience their community as a support network, rather than as a confusing structure of authorities and establishments (correspondence with MSGFJS, 2008). There is also traditionally close cooperation between NGOs and the administration of the federal states in terms of anti-poverty programmes in Germany (SPC, 2008). For these reasons, the programme was initially set up under the auspices of a non-profit organisation, Schutzengel e.V., established in 2000 and supported both financially and politically by the regional government of Schleswig-Holstein.

Recognising the importance of the initiative, in 2006 the Schleswig-Holstein Ministry of Social Affairs, Health, the Family, Youth and Senior Citizens (MSGFJS) formally incorporated it in its regional government's Child and Youth Action Plan, rolling out the concept in cities and districts throughout the state under the programme Guardian Angel for Schleswig-Holstein – Health and Social Help Network. The Schleswig-Holstein Action Plan, in turn, falls under an emerging nationwide regional-level German early warning system strategy called Early Help for Families and Effective Child Protection. The aim of this intervention is to provide easily accessible, practical support and advice for socially disadvantaged families, and single mothers in particular (MSGFJS, 2008a). The state ministry has turned to this kind of programme because, despite the numerous support programmes already on offer, 'risky developments in families' are still being recognised too late, as are problems in children's growth (correspondence with MSGFJS, 2008).

According to a European Commission (EC) study of national policies (Benz et al., 2007), the federal government has identified three priorities for the current legislative period (2005-2009) with regard to alleviating child poverty and promoting the wellbeing of children:

- Supporting young parents during the family formation phase;
- Strengthening the bond between the generations; and
- Paying more attention to children growing up under difficult social and economic conditions.

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<sup>42</sup> This stems from confusion about the role of the Youth Welfare Office, which helps families while at the same time attempting to protect children, often involving complicated procedures and court rulings (Syring interview, 2008).

The federal Social Early Warning Systems aims to help children born into difficult social conditions, by looking for effective warning and support systems through cooperation between health and youth welfare services. This corresponds to the Frühe Hilfen programme at the state level.

As part of the Social City Programme, Guardian Angel is also considered to be an important component of town renewal. The overall cooperative, interdisciplinary nature of an integrated action plan for the stabilisation of the district of Neustadt that includes such components as Guardian Angel has been seen as a win-win situation by all sectors.

#### **7.4.2      *Targeting and vulnerable groups in Guardian Angel***

The first level of targeting of Guardian Angel is geographic. Within the area, the programme targets those deemed most vulnerable:

- Persons with a relatively low socioeconomic status;
- Persons in disadvantaged living conditions (e.g. living in a particularly deprived area, poor housing situation); and
- Persons in difficult family situations (e.g. single parents, families with many children).

Specifically targeted are families and/or mothers in difficult life situations, for example teenage mothers (MSGFJS, 2007) with children from 0-3 (Syring interview, 2008). Mothers who use Guardian Angel are usually those who experience multiple disadvantages, e.g. young mothers, single mothers, alcohol and drug addicts (one-third) and migrants (one-third) (Stierle, 2006).

#### **7.4.3      *Guardian Angel links with life course and IGT poverty and inequality and exclusion***

By providing early and sustained assistance to both parents and children, Guardian Angel relates to IGT poverty on several levels. The timing of the intervention is important: outcomes affecting the entire life course are already determined partly by health *in utero* and early childhood; by targeting pregnant women, as well as educating mothers with regard to the health and wellbeing of their young children, Guardian Angel is providing the earliest possible preventive measures.

'Life course research in the field of health inequalities has accumulated evidence that an adverse foetal and early child environment (lack of financial resources, conflicts and stress, poor nutrition etc.) has adverse health effects, either because this period in life is a critical period for physiological, psychological and cognitive achievements or because poor circumstances in early childhood set in motion a pathway of accumulated disadvantage. Both may result in poor school achievements, poor social functioning, adverse health behaviour etc. which ultimately contributes to the health gap between social classes. Since an adverse environment in early childhood is more prevalent in low

socio-economic groups, an intervention that combines measures in early childhood for people with a low socio-economic status is likely to reduce health inequalities.<sup>43</sup>

One of the central aims of Guardian Angel is to reduce social exclusion by providing tailored help and a place for families to meet in a relaxed environment. Professionals from the fields of health, social work and education come on both a formal (e.g. to give presentations) and an informal basis, giving members of the community the chance to speak openly to, for example, doctors on a relaxed, first-name basis without the stress that often goes with an official appointment. The parents who attend the café come of their own accord, and have the choice to remain anonymous, alleviating any stigma attached to seeking help in the first instance. Furthermore, they are consulted when it comes to deciding what the best help and course of action would be in their own case (Syring interview, 2008). This contributes to empowerment and self-efficacy, and ultimately to reducing exclusion. Additionally, with Guardian Angel programmes appearing throughout the state, the concept becomes mainstreamed within society, thereby losing its stigma.

#### 7.4.4 *Implementation of Guardian Angel*

Guardian Angel is implemented collaboratively by partners from various sectors, around four building blocks (Stierle, 2006):

- (1) The **midwife** follows the mother throughout pregnancy to the end of the child's first year, and is often the only point of access to families in difficulty. One major task, therefore, is to encourage pregnant and young mothers to seek assistance within the framework of Guardian Angel and the wider public services available. Many mothers in Guardian Angel previously have lacked the confidence to seek help through the local authorities.
- (2) The **home help** assists families that are overwhelmed by their parental responsibilities by visiting them at home, accompanying them to the doctor and authorities or taking the child on excursions and to the playground, thus giving parents some time off.
- (3) **Early pedagogical support** is offered for children who are either impaired or at risk of developing an impairment. A special needs teacher takes care of speech development and movement, as well as group activities such as swimming.
- (4) A specially set up **café** acts as a parents' meeting place. This is open every day and gives parents the chance to meet, eat and speak together, to have their children play together and to attend regular information events. Programme employees act as contact

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<sup>43</sup> [www.health-inequalities.eu/?uid=6f4d92fd5924a590758b61979897ff1c&id=search1&land=7&idx=53&x=detail](http://www.health-inequalities.eu/?uid=6f4d92fd5924a590758b61979897ff1c&id=search1&land=7&idx=53&x=detail).

persons for mothers, and once a week a volunteer doctor answers questions about health protection.

The programme considers it important that socially deprived families receive support in an 'un-bureaucratic' way. Guardian Angel seeks to avoid parents losing custody of their children where possible, by accompanying families to their interviews with local authorities, valuing their views, giving them skills and knowledge and empowering them through education.

#### **7.4.5            *Costs and cost effectiveness of Guardian Angel***

At its inception, the programme received €90,000 from the Schleswig-Holstein Youth Help Committee (Stierle, 2006). It requires approximately €60,000 per year and is funded by a more or less equally split mix of regional ministerial funds, Flensburg local authority resources and other donations, such as from the World Childhood Foundation (Syring and Queisser interviews, 2008). Further, since 2006, each of the 15 Youth Welfare Offices of Schleswig-Holstein has received a sum of €60,000 per year to develop Guardian Angel networks (MSGFJS, 2008a).

Analysis suggests that, in promoting a collaborative network between existing support systems such as social services and doctors, Guardian Angel is cost-efficient and allows for sustainability.<sup>44</sup> An informal cost utility analysis has been carried out that shows the programme saves municipal costs. A more formal, thorough analysis is planned.

#### **7.4.6            *Monitoring, evaluation and impact of Guardian Angel***

Guardian Angel has been the subject of several internal and external reviews and, through a national network of cooperating organisations (such as the EU Project on Tackling Health Inequalities and Social Exclusion and the World Childhood Foundation), good practice is shared through the presentation of Flensburg results at conferences (Syring interview, 2008).

An early evaluation of the programme was undertaken by a representative of Flensburg City Council (Luig-Arlt, 2004). Interviews were carried out with 20 individuals involved in the programme (beneficiaries, employees and network partners). Findings were very positive. Parents appreciated the trust and the informality of the services. Implementers felt they were able to reach marginalised groups that might otherwise be hard to access through traditional local authority channels.

The evaluation also suggested that the parents' café had stabilised the district, thus attracting new investors. It is conceivable that this could, in the long term, lead to new local

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<sup>44</sup> [www.health-inequalities.eu/?uid=6f4d92fd5924a590758b61979897ff1c&id=search1&land=7&idx=53&x=detail](http://www.health-inequalities.eu/?uid=6f4d92fd5924a590758b61979897ff1c&id=search1&land=7&idx=53&x=detail).

employment opportunities for members of the community. Similarly, a report by the German Institute for Urban Studies (Difu, 2003) considered that the parents' café in particular would eventually develop into a place of self-help, which could in turn facilitate local development. The holistic approach employed seems to lend itself well to a vital continuity of easily accessible help for families in need. Further, families that are often hard to reach are empowered to continue a healthy and responsible lifestyle.

Since autumn 2007, Guardian Angel in Flensburg – together with Guardian Angel programmes in four other districts in Schleswig-Holstein – is being evaluated at national level under the framework of the national Early Help Action Plan. This evaluation is being carried out by the Westfälische-Wilhelms University of Münster and coordinated by the National Centre for Early Help – a collaboration between the German Youth Institute (which carries out research on youth, children and families) and the Federal Centre for Health Education under the auspices of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. Results from this evaluation will be presented in 2010 (correspondence with Westfälische-Wilhelms University Münster, 2008).

Guardian Angel has also been the subject of a quality assurance review undertaken by the Social Science Research Centre Berlin to ensure quality management standards within the programme (correspondence with Social Science Research Centre Berlin, 2008).

Since its inception, the programme has supported one-fifth of the population of Neustadt. In 2003, over 2,000 people visited the parents' café. In 2006, 29 families were receiving intensive assistance, and 14 of these had regular home visits (Stierle, 2006). Intensive assistance is provided according to urgent need, based on consultations with families. Many more families are also helped to seek assistance through the appropriate municipal services.

#### **7.4.7 Conclusion: the welfare impact of Guardian Angel**

Guardian Angel has been evaluated as,

'Not only effective but also cost saving which is very important in light of the lack of financial resources in health and social systems [...] an effective prevention model for socially disadvantaged families or mothers with children aged 0-3 years.'<sup>45</sup>

Further, the programme has been included as an example of good practice in several international fora, including the EU Project on Tackling Health Inequalities and Social Exclusion and the EU Consortium for Action on the Social Determinants of Health. Out of

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<sup>45</sup> [www.health-inequalities.eu/?uid=6f4d92fd5924a590758b61979897ff1c&id=search1&land=7&idx=53&x=detail](http://www.health-inequalities.eu/?uid=6f4d92fd5924a590758b61979897ff1c&id=search1&land=7&idx=53&x=detail).

2,500 projects, the Federal Centre for Health Education chose to use Guardian Angel as an example of good practice in health promotion for the socially deprived (Sydow, 2005).

The regional government of Schleswig-Holstein has rolled Guardian Angel out to several cities and districts throughout the state under the framework of the Child and Youth Plan of MSGFJS. The network principle of the work of Guardian Angel is one of the focal points of the design of the framework, and is also mentioned in the regional government's strategy against child poverty (MSGFJS, 2008b).

Given its positive evaluation in 2004, its use as an example of good practice nationally and internationally and, in particular, its regional rollout since 2006, there is no doubt that the Guardian Angel programme plays an important role in terms of supporting socially disadvantaged families at a critical point in the lifecycle and in terms of flashpoints for IGT poverty: social inclusion, health and education.

Table 6: Review of five policy studies in four developed countries

Policy	Country context	Universal or means-tested	Target beneficiaries	Life course: potential impacts and entry points					Sector focus and impact	Exclusion focus and impact
				In utero	Early childhood	Adolescence	Adulthood	Older age		
Sure Start, Sure Start Plus	Liberal (UK)	Universal within targeted deprived geographic areas	Infants and their families  Pregnant teenagers	Support to pregnant teenagers, supports nutrition and health of foetus	Improved immunisation rates, reduced accidental injuries, less 'negative parenting,' better social behaviour	Adolescent mothers more likely to use child and family services and receive tailored help and advice	Parents, including low income and lone parents, more likely to use child and family services  Improved parenting skills.		Early childhood development: health, nutritional and parenting support	Focus on deprived areas; breaking down stigma of using services by offering universally within geographic areas  Focus on teen parents, minority ethnic groups and families with disabled children.
WTCs/ CTCs	Liberal (UK)	Means-tested (CTCs almost universal)	Pregnant women	Fewer children in poverty owing to parental unemployment or low income		(Workers under 25 years without children excluded from WTCs)	Financial support; incentivises exit from income support and entry into work	Support to those 50+ returning to or entering work	Income support/ child care  Work	'Progressive universalism' going some way to reducing stigma of claiming benefits  Particular focus on lone parents, and premiums for disabled adults and families with disabled children
			Low income parents  Low income working parents		Development effects of quality child care opened up to more children					
TANF	Neo-liberal (US)	Means-tested (according to state eligibility criteria)	Low income families with or expecting at least one child	Fewer children in poverty owing to parental unemployment and low income (or large family size?)		Support for teenage mothers	Financial support; incentivises exit from income support and entry into work		Income support  Child care  Education, training and employment support  Child support enforcement  Family size interventions	In some states, focus on those with 'multiple barriers to employment,' e.g. drug/alcohol issues, homelessness, refugee status, limited job skills, etc.
			Teenage mothers living with their parents and attending school	Discouraging early pregnancies can have an impact on low birthweight rates	Development effects of quality child care (and two parent families?) opened up to more children					

Child Care Guarantee	Social democratic (Denmark)	Universal (guarantee and subsidy)  Means-tested (free)	Families with children between six months and starting kindergarten are guaranteed subsidised child care  Low income households receive free child care  Households with more than one child in care receive a discount	Development effects of <i>quality</i> child care opened up to <i>all</i> children  Fewer children in poverty owing to parental unemployment and low income		Opportunity to use parental leave flexibly to enter or return to work		Child care	Universalism, including children with disabilities. For some vulnerable households, e.g. immigrants, may be only contact with government and ethnic Danes
Guardian Angel	Corporatist (Germany)	Means-tested within targeted deprived geographic areas	Disadvantaged: one or more of low socioeconomic status, living in poor housing or neighbourhood, living in difficult family situation (e.g. single parent, large families, young mothers, alcohol/ drug addicts, migrants)  Families within certain region expecting or with children up to the age three	Preventing development disadvantage of fetuses and young children associated with poor financial resources, nutrition and parenting capacity	Young mothers supported	Parents more likely to use child and family services		Parenting support, including education, and health and nutritional advice and links to services	Exclusion reducing through accessible services and meeting places

## 8 Brief overview of impacts on IGT poverty in selected developed countries

Relative investments by OECD countries in social security have on average continued to grow, as has total public social expenditure (Townsend, 2007). Sweden, Denmark, France and Germany all spend approximately 30% of GDP on public expenditure, compared with an OECD average of 21%. The largest three categories of expenditure are: pensions 8%, health 6% and income transfers to working-age populations 5%. Other social services, for example for the elderly, disabled and families, receive less funding (ibid). This indicates strong political will to support livelihood security, but how far does this support the long-term poor to break cycles of poverty?

This report examined the approaches developed country governments have taken to address the complex dynamics that keep families poor across generations. It did this by welfare regime type, which provided a useful institutional and policy lens for analysing how governments approach and perform in poverty reduction. This corresponds to the level of priority afforded to ensuring social security and minimising the risk to households of falling into and remaining in long-term poverty traps. Level of social expenditure as a proportion of GDP is also a useful indicator. The case studies looked at how such expenditure is used for long-term poverty reduction goals to generate initial findings on how this impacts on IGT poverty. They showed how countries have focused on critical points in individuals' life course (e.g. *in utero*, early childhood, adolescence, early adulthood, older age) and on crosscutting issues affecting high risk or excluded groups.

The review included small-scale regional interventions (e.g. Guardian Angel), geographically targeted interventions (e.g. Sure Start) and pilots (e.g. Sure Start Plus), alongside much larger-scale nationally targeted (e.g. tax credits), universal (e.g. Child Care Guarantee) and multi-state programmes (e.g. TANF).

The four country studies illustrated that governments do consider IGT poverty a serious policy issue, and all four have designed policy interventions to tackle intergenerational issues across the life course and sectors, with specific interventions targeted at reducing social exclusion affecting particular vulnerable groups. Because of our particular interest in child poverty, we focus here on policies for this 'end' of the life course, which highlight the interaction between adult (and sometimes adolescent) parents and their fetuses/young children. This acknowledges the limited life chances of children born to disadvantaged families. However, all four of the countries have policies for the whole life course (see Annex C for details). Moreover, in most cases, older people (or older relatives, in the US case) with care responsibilities for children are able to benefit from the five policies reviewed here.

The diverse and multidimensional dynamics involved require similarly multifaceted responses. The five policies studied demonstrate something of a range of approaches and experiences in tackling the long-term effects of child poverty. Interventions include early childhood development, nutrition, health care, education, child care, child protection, income and employment support and empowerment strategies.

In the UK, Sure Start has focused firmly on providing holistic services targeted at early years development, concentrating directly on the child but also on parents and wider community issues. As Glass (interview 2008) noted, however, there can be tension between the goals of reducing child poverty by increasing parental income through employment and increasing overall child and parent wellbeing and life chances. This has repercussions for the nature of child care provision, including the relative prioritisation of quantity versus quality.

Also in the UK, CTCs focus solely on parents with children, whereas WTCs differ across the life course. The child care element of WTCs is expected to help ensure that even parents on the lowest incomes can afford to pay for child care, enabling them to work. There remains a question regarding the extent to which this allows all people (including those with larger families) living in all areas (including London and other high cost areas) to be able to afford sufficient quantity and quality of child care. Meanwhile, it is not clear whether WTCs necessarily best reflect the situation of working adults during each period. For example, they are not available to very young adults without children and can be difficult for older workers to access; in both of these stages of the life course employment and income challenges can be particularly strong.

The German Guardian Angel is similar to Sure Start in that it supplies a range of services and covers more than one stage in the life course. In the US, the point in the life course targeted depends on the particular intervention within the TANF service bundle. In both countries, it has been shown that policies that offer all parents access to a wide range of integrated support mechanisms are those that can have the widest and least stigmatising benefits to children.

The Danish Child Care Guarantee is more sectorally narrow, but also takes into account the interests of both young children and their mothers. The case demonstrates that child care interventions that focus on quality, affordability and accessibility can have a wide range of multiply reinforcing benefits for households: the positive developmental (including social, educational and protectional in terms of nutrition and care) benefits for young children are reinforced by the income and positive role model that working parents can offer.

Note that, in the US, sanctions and time limits imply a belief that those unwilling or unable to work for whatever reason are undeserving of long-term support. This indicates a distinction between 'deserving' and 'undeserving poor.' In other policy mechanisms, this distinction has been actively broken down. In Denmark, such a distinction is far less meaningful.

Across the interventions, findings include the following:

- Strong political will is essential to successful policy, and this can often be built by drawing on solid research findings.
- Development of a solid institutional framework to support joined-up services is important.
- Meanwhile, simplifying the systems involved is critical if more vulnerable people are to be encouraged to access services and benefits.
- Time is needed for interventions to bed down. Clearly, the length of time individual children and families are exposed to an intervention is likely to affect the extent to which they feel its benefits. However, it is essential that early administrative problems are addressed quickly so they do not seriously affect uptake rates in the medium term.

It is difficult to determine from our five policy studies whether or not policies should be geared specifically to vulnerable groups, or whether more vulnerable sections of society benefit more when they are included systematically in mainstream policies. However, universalism, universalism within deprived areas and progressive universalism (whereby more and more households become eligible as resources become available) do reduce stigma and increase coverage.

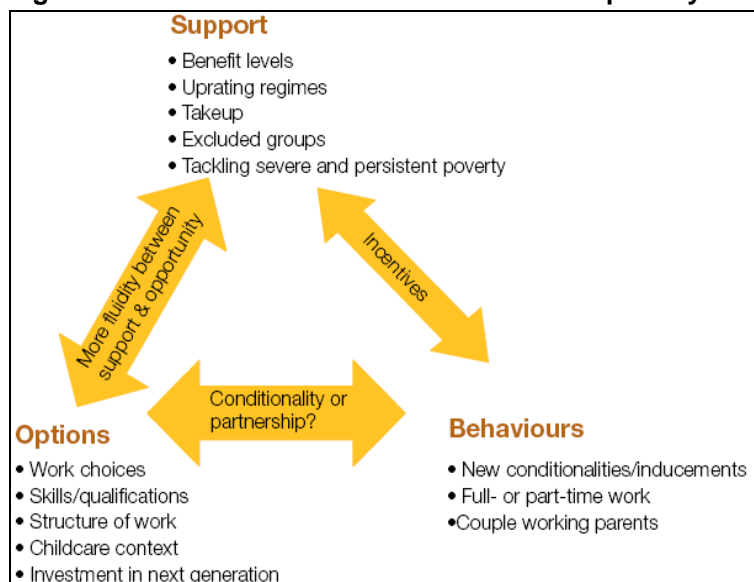
In this regard, the manner in which services are delivered is crucial to uptake. In the UK, health service provision is one of the core elements of Sure Start, for example, and services tend to be delivered through baby clinics/café, parent craft classes, exercise classes, baby massage and specialist sessions (Armstrong, 2007). These clinics and classes have been normalised where they are provided, and little or no stigma is attached to uptake. Advice and guidance is a key mechanism for broadening knowledge and awareness of available services. Research is showing that Sure Start is contributing towards a reduction in inequalities and combating social exclusion (see Pinney, 2007). A similar case is made for Guardian Angel.

Also in the UK, tax credits have gone some way, through 'progressive universalism,' to reducing the stigma associated with claiming benefits and have made important inroads into 'normalising' benefits as an entitlement (Pattison interview, 2008). This has meant that a large majority of eligible households with children take CTCs up. Unfortunately, uptake rates for WTCs are not nearly so high, and a sense of stigma may have much to do with this. In addition, the complexities of the tax credit system mean that some particularly vulnerable people are excluded.

Overall, none of these interventions is a 'magic bullet' to eradicate child and IGT poverty. Indeed, any solution must combine elements of support, providing options and facilitating

changed behaviour (Figure 7). Hirsch (2008) argues that, to come close to reaching the goal of eradicating child poverty by 2020,<sup>46</sup> governments need to attack on multiple fronts. Getting more parents into work is not enough: those out of work need to be able to access adequate benefits, and those in work need sufficient earnings and/or income benefits and other support.

**Figure 7: Three strands of the solution to child poverty in the UK**



Source: Hirsch (2008).

Nevertheless, a series of important policy entry points have emerged, each of which has broad applicability to other (developed and developing) country contexts:

- A focus on early years development;
- Ensuring good quality accessible child care;
- Creative approaches to increase the uptake of benefits and services by vulnerable people;
- Minimising stigma, often through universalism;
- Enabling parental and local participation;

<sup>46</sup> That is, reducing the level of children living in families with an income less than 60% of the median to 5%, the lowest that has been recorded in the developed world (in Luxembourg).

**Table 7: Policy processes for five policy interventions targeted at interrupting IGT poverty in developed countries**

	Problem identified	Political support	Policy formulation	Resource allocation	Implementation	Policy challenges
Sure Start	High levels of child poverty  Goal: to end child poverty by 2020  Lack of targeted services for young children	Government's Every Child Matters initiative  New DCSF	Drawing on international body of evidence plus results of a report by UK Social Exclusion Unit	Recent move away from ring-fenced funding to local authorities  Started small, rapid expansion	Joined-up services – efforts to centralise coordination and integration of all child services in specific centres  SSCCs can be managed by any local authority partner (Jobcentre Plus, National Health Service, schools, private and voluntary organisations)  Parental representation on management committees	Overcoming public perception that middle class benefiting disproportionately  Ambitious expansion plans  Maintaining strong health component, once under central local authority control
WTCs/CTCs	Non-working and low income parents more likely to transmit poverty to their children	Paid through DWP (rather than Benefits Office) reduces stigma	Responds to national poverty studies relating family poverty and worklessness	Means-tested deductions from a 'maximum entitlement'  Clawback rates kept relatively low	Integrated financial support for working families  Paid irrespective of tax bracket	Complicated and confusing system  Early administrative problems (computer problems and overpayments)
TANF	Long-term dependence on state benefits by unemployed adults with children  Overly generous and unsustainable AFDC system  Needy families  Out-of-wedlock births and single parents among	Eventual agreement by Democratic government to Republican proposals, as they wanted to be seen both as hard on welfare dependency and responsive to needy families; subsequent Republican government strengthened reforms	Block grant from national government to states  States, not citizens, are entitled to resources  States also contribute 'maintenance of effort' funds, used to support certain vulnerable households	At national level, since May 2006, TANF administered by the TANF Bureau, Administration for Children and Families, HHS  Operationalised and implemented by dedicated agencies within different departments at the state, territory and tribal levels	Matching the effectiveness of TANF in getting people off welfare and into work with effectiveness in reducing family poverty, particularly in current financial crisis	

	Problem identified	Political support	Policy formulation	Resource allocation	Implementation	Policy challenges
	needy					
<b>Guardian Angel</b>	In a single deprived area, gaps in services identified for single mothers with young children, particularly in vulnerable situations (e.g. unemployment, addiction, illness, debt, benefit dependency)	Federal, regional and local (as well as EU-level) commitment to regeneration of deprived areas and meeting the needs of vulnerable people in 'unbureaucratic' ways	Emergenced from a programme for deprived urban areas and a local Task Force on Youth, Social Issues, Health and Culture	Financial support from regional government	Managed and implemented by a specially designed NGO  Draws in a large network of existing support systems including health workers (midwife, doctor, clinic), church parish, child care centres, child protection services, family advice, education and state authorities	Scaling up?  Adapting to vulnerability in non-urban areas?
<b>Child Care Guarantee</b>	Realisation that new one-year flexible parental leave policy could not be used properly if there was no system of accessible public child care to allow women to return to work, and women's economic inactivity was deemed to be a problem for both the child's household and society as a whole	Historical support for quality public child care for care, education and socialisation	Bill passed by Ministry of Social Welfare in response to new flexible parental leave law	Municipalities, funded by national government, pay 75-78% of costs born by child care centres  22-25% of cost met by parents, except those on low income, who get free child care, and those with more than one child in child care, who receive a discount	Each municipality is legally obliged to offer child care places for all children from six months of age within the municipality  Implementation differs between municipalities	Operationalising the guarantee in a geographic sense, such that there are enough places within a reasonable distance for those that need them, especially within the larger cities

## 9 Transferability and relevance for developing countries

Although it is important not to underestimate the processes of transferring policy success from one context to another, each of the policy entry points in the above section has broad applicability to other (developed and developing) country contexts. Here, we give just a brief introduction to some issues related to transferability and relevance of policies to interrupt IGT poverty from developed to developing countries.

### 9.1 A framework for understanding policy transfer

Policy transfer often suggests the importation of fully formed policies, ignoring complex processes that underpin a policy's success in its original context. Peck and Theodore (2001) use three lenses to use in thinking about issues related to policy transfer: 1) the structural level (welfare regime); 2) the political level (prioritisation and domestic politics); and 3) the institutional level (programme and policy governance).

Policy transfer is more likely to be successful if there is good structural alignment, in this case across the welfare system. For example, the UK's tax credits were developed from lessons learnt in other liberal welfare contexts: the EITC in the US as well as the Canadian Working Income Supplement (HM Treasury, 1998). Similarly, Sure Start built from a policy initiative first developed in the US, Head Start.

Policy transfer is also most likely if there is political alignment. Good examples here are the Reagan/Thatcher alliance of the 1980s and the Clinton/Blair alliance of the 1990s. Although institutional differences are evident between the two countries, policy formulation processes are similar. In fact, Peck and Theodore note that reform advocates often focus only on the institutional level, without considering the political and economic contexts, which are in fact key to how well policy will transfer. It is easy to replicate administrative 'inputs' but nearly impossible to duplicate 'outputs.' UK policymakers made positive assessments of US state and local workfare programmes, for example, which contributed to rapid and bold implementation of Labour's New Deal. Workfare measures work under only very specific conditions, however, where there is a supply of jobs and an extended administrative structure as well as strong political will (ibid).

Between non-politically aligned countries, policy transfers take on ideological and structural significance. In such cases, Peck and Theodore argue against looking for 'policies that work' but rather for political strategies of reform management that emphasise the importance of understanding the changing economic context.

### 9.2 Issues related to policy transfer to developing countries

Three overarching issues of difference connect to Peck and Theodore's framework but relate specifically to problems arising in developing country contexts. These can be summed up as

different conceptualisations of the problem; different institutional and political contexts; and different resource constraints.

In terms of **different conceptualisations of the problem**, poverty and social exclusion, for example, are understood differently from one context to another. This has implications for how definitions are then used for measurement; data gathering and analysis; interpretation of causal processes; and ultimately appropriate policy responses. For example, some confusion arises in defining 'children's exclusion' across different contexts (Micklewright, 2002), relating to the scale used (e.g. national, sub-national, neighbourhood level); measurement (e.g. what they do/don't do and therefore what they may be lacking); and who does the exclusion (e.g. parents, schools, employers, other children, governments, themselves). In the context of child exclusion, the US, for example, has focused more on the dynamics of child poverty than the issues of relativity and agency found in European contexts (ibid).

Problems can also arise in the simple translation of core terms. In the US, for example, childhood exclusion is not talked about at policy level, even though data on its characteristics are impressive (Micklewright, 2002). This may relate to the political or historical use of particular terms in specific country or historic contexts. Current governments may not be willing to use terms that carry political weight for another political party. This may not mean that the ideas contained in the term are unworkable but rather that alternative language and political justification may need to be used.

The **political context** behind successful policy initiatives cannot easily be replicated from one context to another, as we saw in Section 9.1. It would be short-sighted to think that policy successes can be removed from their political context – except perhaps at a pilot level. Time is required to build the political motivation behind new policy initiatives and, as we found in a number of contexts, successful policies often build on previous initiatives. In the German context, for example, the traditionally close cooperation between NGOs and the government administration in terms of anti-poverty programmes may mean it was relatively acceptable and straightforward to establish a non-profit organisation to administer Guardian Angel.

In terms of different resource constraints, developing countries tend to collect only low levels of domestic tax (thus limiting the scope of tax credit-type programmes). This is a major problem in developing social security systems or programmes. The reliability of aid budgets, as well as getting donors to commit to contributing to social security, can also be a constraint. Townsend (2007) argues for new forms of international-level taxation, linked to trade and employment in transnational corporations. He argues that successful OECD experience in developing safety nets and means-tested measures are found in countries with the highest contributions towards social security, but that the path for low income countries should be different in today's context of the global economy, which includes developing countries on unequal terms. Transnational corporations should be required to make contributions and contract individuals legally and with benefits. Tax base arguments should not be applied to single country contexts, but revenue from companies employing local staff should be invested in 'cross-national product.'

Sometimes, resource constraints are not as immense as they are assumed to be. Can low income countries afford basic social security? An ILO paper (Berg and Kucera, 2008) argues that part of the answer must lie in considering the costs of not developing these policies, for example in terms of an unhealthy and uneducated workforce. The authors find that an increase in spending of 20% in countries such as Guinea, India and Vietnam could, by 2010, finance 100% of universal social protection (e.g. child benefits, basic old age and disability pensions, access to essential health care and social assistance/100 days employment schemes). This basic set of cash benefits would have an immense impact on poverty reduction (35% reduction in Tanzania, 40% in Senegal). At the same time, increasing and reprioritising public investment requires considerable political will, alongside international donor commitments over the long term.

### **9.3 Transfer of case study policies to developing countries**

When asked what they thought about the North–South transferability of policies to interrupt IGT poverty, interview responses were diverse. They included considerations of the specific content of policies and the common or different challenges faced in different contexts; institutional and financial capacity; matters of process and participation; and ideas about a country's welfare regime and development stage. See Table 8 for examples of these responses.

**Table 8: Examples of respondents' views on policy transferability to developing countries**

Respondent	Policy	Comments
<b>Yaqub, Shahin</b>	General	<p>It is important to articulate clearly and justify why we are taking a 'North–South' approach – why are these groups of countries different in terms of IGT poverty and the possible policies to interrupt them? Three possible areas are:</p> <p>Nature of the state – what it is responsible for and what it actually does. The welfare context.</p> <p>The poverty context – is it absolute or relative? Absolute poverty brings in a 'biological stress' aspect to poverty and IGT poverty in particular (i.e. nutritional protection in the North is increasingly conceived of as one of <i>mal</i>nutrition and obesity, while in the South it is <i>under</i>-nutrition and hunger – both with longitudinal effects).</p> <p>Resource availability and the nature of inequality (i.e. whether it is generated largely by processes of discrimination, as in the South or by 'invisible hand' market mechanisms, as in the North).</p> <p>If we treat the world as a whole and look at the particular longitudinal nature of each issue and policy within its context, there is scope for transferability.</p>
<b>Bradshaw, Jonathan</b>	General	<p>There is a movement to develop social security in developing countries on a very conditional basis, which is a mistake. We've developed systems with a universal base, so should be transferring universal benefits, not selective conditional benefits.</p> <p>Insurance vs. assistance – movement of trying to introduce insurance programmes, but they can't be administered properly because people aren't rich enough to make contributions – should focus on basic income schemes, which may be means-tested social assistance but could also be universal child support schemes.</p> <p>South African Child Support and old age grant are wonderful examples of what can be achieved: they are both more or less universal.</p> <p>A lot can be done even in very low wealth countries – giving people money in these countries is 'transforming.'</p> <p>There are policies which can be transferred from OECD countries – e.g. child benefits, minimum income schemes for the elderly – not lock, stock and barrel, but parts.</p> <p>Grave mistake to go down the road of a highly selective, conditional, means-tested, transfer scheme. Forcing people to use services that aren't good enough and costs of policing them take up a huge proportion of the cash distributed.</p>
<b>Townsend, Peter</b>	General	<p>In investigating OECD countries, we must retain an understanding of the movement from the early initiatives of the welfare state to the current stage (i.e. the various stages of development are incoherent; there were changes of government, world wars, etc. that influenced the formation of the welfare state). Bearing in mind the relative stages of development of OECD countries makes looking at low income countries more plausible.</p>
<b>Royston, Sue</b>	WTCs/ CTCs (UK)	<p>Obviously a lot was spent on the complex administration, and some parts of that sometimes work very well – you ring up to report a change, it gets enacted and next day you get a notice, it works beautifully. However, one lesson that can be learnt is delivery – that you can have this very smooth, very centralised, computer-driven system for when things are going right, but you need a way if something has gone wrong – get it entirely out of the system and get it personalised straight away. I think you've got to scale right down to that personal level, and have people locally in each locality who can go and get it sorted, or whom the person can actually go and see and get it sorted out. And in the end I think they would have saved a lot of money if they had had this. Because it might have cost more to start off with, but they would have touched a problem only once. It might have cost more to touch the problem once, but it costs a lot more to touch it 10 times and keep getting it wrong and keep getting it in more and more of a mess. The other lesson is to decide how much money you want to give to help people, and give it all in one place. Don't tangle two separate things. By combining you might make the one benefit slightly more complicated, but overall the system will be simpler.</p>

Respondent	Policy	Comments
Lane, Katie	WTCs/ CTCs (UK)	<p>I think when transporting it abroad anywhere, you have to look not just at the amount of money but about the reliable source of income. The understanding of that has to be key, so I think keeping it simple.</p> <p>If you're thinking of the costs of administration and the cost of advice and quality helplines and support systems, I mean to do this properly, so much more needs to go into supporting people to manage the system. So if it's going to be small-scale, lower amounts of money, it needs to be simple.</p> <p>Child care makes things complicated for people, and there are many good arguments for not having it in the tax credits system, for having it separate or actually subsidising child care itself. So if you're looking to introduce a simpler system elsewhere it might be good not to have child care in it. The whole reason higher numbers of lone parents are working in Scandinavian countries, for example, is that their support for child care is so different from ours that they don't need this complicated financial support.</p>
Melhuish, Edward	Sure Start (UK)	<p>I think there are clear lessons that the early years are important, and if children in developing countries are going to get higher educational skills, they are going to need to start on that by providing good preschool environments for children.</p> <p>It is common in many disadvantaged families, as well as in disadvantaged cultures, to see a kind of fatalism: 'a child's going to be where they are going to be, regardless of what I do.' And that kind of fatalism condemns a child, basically. Whereas if a family takes on board the notion that what they do on a day-to-day basis with the child affects how it develops, then they will improve the environment of the child and the child will profit accordingly. So that needs to be done in home environments, as well as in preschool centres and so on.</p> <p>I've seen some examples of this in South Africa, and I've offered some advice in developing countries about this. So I think there are some lessons that can be learnt, yes. The exact model may not translate, but the general principles.</p>
Glass, Norman	Sure Start (UK)	<p>I think the community development aspect, the involvement of local people, the control is very important. It was intended to be a locally based programme, which gave local people the chance to affect their lives, and therefore it doesn't rely on a lot of super-dooper professionals being able to tell you what to do all the time. So I think it would transfer well.</p>
Lower-Basch, Elizabeth	TANF (US)	<p>There are at least four possible missions that a welfare (or welfare to work) programme might undertake:</p> <ul style="list-style-type: none"> <li>To protect people (or children) from falling into destitution.</li> <li>To encourage people to increase their labour market participation.</li> <li>To give people the skills that they need to improve their earning potential.</li> <li>To supplement workers' income so they achieve a minimum economic standard if they work.</li> </ul> <p>Of these missions, I think TANF did a lousy job at 1, 3 and 4. Combined with increased support for child care and the expanded EITC, it did a very impressive job at 2. EITC and child care expansions also did a pretty good job at 4. (One of the surprises of welfare reform in the US is that, even though the disregards were increased such that more people should have been able to combine welfare and work, relatively few people actually did so.)</p> <p>So, if your goal is to increase labour market participation, I think there probably are lessons to be learned from the US. But, my guess is that 1 and 3 are more of a priority in most of the developing world. And I think EITC is more useful as a model than TANF.</p>

Respondent	Policy	Comments
<b>Daguerre, Anne</b>	TANF (US)	In the US, public transportation is extremely bad. It is very difficult to get around without a car. So one of the things that some of the states did was help recipients buy a car and get a driver's license. So anything that would help with transportation is very important. People have to be able to get out of their area in order to find and reclaim work. And that, I think, could apply to developing countries. I'm thinking Latin America for instance. Anything that helps with child care, of course.
<b>Sykes, Russell</b>	TANF (US)	TANF works because of the effectiveness of state governments. While giving large block grants to local governments in other parts of the world may be a risk because of accountability, state governments have strong agency infrastructures and systems of checks and balances, which provide for transparency of government. It is hard to say how a block grant programme like TANF would work in poor or developing countries, particularly where local governments operate autonomously.

*Note: See Annex E for details on respondent affiliation.*

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## Annex A: Basic country indicators

## A1: UK

Indicator	Definition	Number	Percentage	Year	Population	Source
<b>Poverty</b>						
Low income	Below 60% of median income after housing costs	12.8 million	21.7% of population	2005/06	UK	Households Below Average Income (DWP)
Severe low income	Below 40% of median income after housing costs	5.2 million	8.8% of population	2005/06	UK	As above
Persistent poverty rate	Low income at least 2 years in 3	9 million	15% of population	2003-5	Great Britain	BHPS, (Institute for Social & Economic Research)
Child poverty rate	Less than 60% median income after housing costs	3.8 million	30% of children	2005/06	UK	Households Below Average Income (DWP)
Pensioner poverty rate	Less than 60% median income after housing costs	1.8 million	17% of pensioners	2005/06	UK	As above
Lacking 3+ essential items	Households lacking 3 or more essentials because they cannot afford them		20% of population	1999	Great Britain	Millennium Survey of Poverty and Social Exclusion (Gordon et al., 2002)
<b>Unemployment</b>						
Working-age out-of-work benefit recipients	N/A	4.91 million		2007	Great Britain	Work and Pensions Longitudinal Study (DWP), updated August 2007
Long-term benefit recipients	Receiving a key out-of-work benefit for 2+ years	3.01 million		2007	Great Britain	As above
Children in workless households	N/A	1.8 million	16% of children	2007	UK	Labour Force Survey (Office of National Statistics (ONS)): updated March 2008
<b>Health</b>						
Infant death rates (non-manual background)	Number infant deaths per 1,000 live births (social classes 1-4)	3.8	N/A	2005	England and Wales	Childhood, infant and perinatal mortality statistics, DH3, ONS, England and Wales, updated December 2007
Infant death rates (manual background)	Number infant deaths per 1,000 live births (social classes 5-8)	5.4	N/A	2005	England and Wales	As above

Indicator	Definition	Number	Percentage	Year	Population	Source
Low birthweight babies (non-manual background)	Low birthweight babies (social classes 1-4)		6.4%	2005	England and Wales	As above
Low birthweight babies (manual background)	Low birthweight babies (social classes 5-8)		8.6%	2005	England and Wales	As above
Premature death rates (non-manual backgrounds)	Death rates from heart disease and lung cancer for people aged 35-64 (age standardised deaths per 100,000 person years of given gender) (social classes 1-4)	Men: 100 (heart disease) 22 (lung cancer) Women: 26 (heart disease) 11 (lung cancer)		1997-9	Great Britain	Health statistics quarterly 20, ONS
Premature death rates (manual backgrounds)	Death rates from heart disease and lung cancer for people aged 35-64 (age standardised deaths per 100,000 person years of given gender) (social classes 5-8)	Men: 150 (heart disease) 54 (lung cancer) Women: 45 (heart disease) 29 (lung cancer)		1997-9	Great Britain	As above
<b>Housing</b>						
Homelessness	Number of households newly recognised as unintentionally homeless by their local authority	37,000 households with dependent children; 52,000 households without dependent children		2007	England	Statutory homelessness England, statistical releases, DCLG
Non-decent homes	Proportion of homes not meeting minimum statutory fitness standard, by household income		35% (poorest fifth) 31% (second) 28% (third) 26% (fourth) 23% (richest fifth)	2003-5	England	English house condition survey DCLG
Fuel poverty	Households that would have to spend more than 10% of their income on fuel to keep their home in 'satisfactory' condition	1.5 million		2005	England	As above
<b>Education</b>						
Educational attainment at age 11 (all schools)	Not achieving Key Stage 4 (English and Maths)		19% (English) 22% (Maths)	2007	England	DCSF performance tables

Indicator	Definition	Number	Percentage	Year	Population	Source
Educational attainment at age 11 (schools with 35% or more free school meals)	Not achieving Key Stage 4 (English and Maths)		31% (English) 32% (Maths)	2007	England	As above
Educational attainment at age 16	At least 1 but fewer than 5 General Certificate of Secondary Education (GCSEs)	51, 000	7.3%	2006/07	England and Wales	Statistical release from DCSF (England) and the National Assembly for Wales (Wales)
Educational attainment at age 16	Entered no exams and achieved no grades	21,000	2.9%	2006/07	England and Wales	As above
Without National Vocational Qualification (NVQ) 2 at age 19	Lacking NVQ2 or academic equivalent (5+ good GCSEs)		25%	2006	England	Labour Force Survey (ONS)
Adults without qualifications	Proportion of population aged 20+ without formal educational qualification and not in education or training		13%	2007	UK	As above
Not in education employment or training	16-19 year olds not in education, employment or training		11%	2006	UK	As above
Impact of qualifications on employment	Likelihood of being unemployed (International Labour Organization (ILO) definition) by education level		2% (higher education) 4% (A Level or equivalent) 6% (GCSEs A*-C) 7% (GCSEs below C) 8% (no qualifications)	2007	UK	As above
Impact of qualifications on pay	Likelihood of being low paid (less than £7 per hour) by education level		11% (higher education) 27% (A Level or equivalent) 37% (GCSEs A*-C) 41% (GCSEs below C) 67% (no qualifications)	2007	UK	As above

Source: <http://www.poverty.org.uk/>.

**A2: The US**

Indicator	Definition	Number	Percentage	Year	Source
<b>Poverty</b>					
Poverty rate	Following Office of Management and Budget Statistical Policy Directive 14, the US Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty	36.5 million	12.3%	2006	DeNavas-Walt et al. (2007)
Child poverty rate	Poverty rate for children under 18, as above	12.8 million	17.4%	2006	As above
Working-age adult poverty rate	Poverty rate for adults aged 18-64, as above	20.2 million	10.8%	2006	As above
Elderly poverty rate	Poverty rates for adults 65+, as above		9.4%	2006	As above
Poverty rate (by ethnic origin)	As above		Non-Hispanic whites = 8.2%; blacks = 24.3%; Asians = 10.3%; Hispanics = 20.6%	2006	As above
Family poverty by household type	As above		Married couple family = 4.9%; female householder with no husband present = 28.3%; male householder with no wife present = 13.2%	2006	As above
Severe poverty	Less than half poverty threshold	15.4 million	5.2%	2006	As above
Percentage share of household income (lowest 40%)	Percentage of income received by the 40% of households with the lowest income		16%	1995-2004	UNICEF (2008)
Percentage share of household income (highest 20%)	Percentage of income received by the 20% of households with the highest income		46%	1995-2004	As above.
<b>Unemployment</b>					
Unemployment rate	Based on monthly current population survey	10.1 million	6.5%	October 2008	BLS (2008)
<b>Health</b>					
Under-5 mortality Rate	Probability of dying between birth and exactly five years of age, expressed per 1,000 live births	8		2006	UNICEF (2008)
Infant mortality rate	Probability of dying between birth and exactly one year of age, expressed per 1,000 live births	6		2006	As above

Indicator	Definition	Number	Percentage	Year	Source
Neonatal mortality	Probability of dying during the first 28 completed days of life, expressed per 1,000 live births	7		2000	As above
Life expectancy at birth	Number of years newborn children would live if subject to mortality risks prevailing for the cross section of population at time of their birth	78		2006	As above
Infant low birthweight	Weight less than 2,500 grams at birth		8%	199-2006	As above.
No health insurance coverage	People without health insurance coverage (private coverage or government coverage)	47 million	15.8%	2006	DeNavas-Walt et al. (2007)
Employment-based health insurance coverage	People with employment-based health insurance coverage		59.7%	2006	As above
Government health programme coverage	People covered by government health programmes		27.0%	2006	As above
Children with no health insurance coverage	Children without health insurance coverage (private coverage or government coverage)		12%	2006	As above
Children in poverty with no health insurance coverage	Children in poverty without health insurance coverage (private coverage or government coverage)		19%	2006	As above
<b>Education</b>					
Primary school enrolment (net)	Number of children enrolled in primary school who are of official primary school age, expressed as percentage of total number of children of official primary school age		Male = 92%; female = 93%	2000-2006	UNICEF (2008)
Secondary school enrolment (net)	Number of children enrolled in secondary school who are of official secondary school age, expressed as percentage of total number of children of official secondary school age		Male = 88%; female = 90%	2000-2006	As above
Early childhood care/education by poverty status	Percentage of children aged 3-5 enrolled in centre-based early childhood care and education programmes, by child and family characteristics		Poor = 47%, non-poor = 60%	2005	National Center for Education Statistics

## Annex B: Institutional context

### B1: The UK

Various government departments have responsibility for the creation and implementation of policy regarding IGT poverty.

The **Department of Children, Schools and Families** promotes the wellbeing, safety, protection and care of all young people; drives policy on children's social services; leads family policy; works with the Department for Work and Pensions and HM Treasury to end child poverty; works with the Department of Health to promote young people's health; and drives strategy on youth issues including youth homelessness and offending.

The **Department of Health** aims to improve people's health and wellbeing through its strategic responsibility for the English health and social care system. Local authorities have responsibility for social services and employ social workers. But the Department of Health sets the strategic direction for children's care services and services for elderly people.

The **Department for Work and Pensions** is responsible for the government's welfare reform agenda. It delivers support and advice through local offices and phone- and internet-based services. It is comprised of individual 'businesses' including Jobcentre Plus, the Pension Service, the Child Support Agency, the Disability and Carers Service and the Rent Service.

The **Department for Communities and Local Government** sets policy on local government, housing and urban regeneration.

The **Cabinet Office** has an overarching purpose of 'making government work better'. One key objective is to 'improve outcomes for the most excluded people in society' and it includes the **Social Exclusion Task Force**.

**HM Treasury** formulates and implements the government's financial and economy policy and provides tax relief to encourage saving. **HMRC** collects income taxes, VAT and customs duties. It holds the responsibility for payment and administration of Tax Credits, child benefit and the Child Trust Fund. They also enforce the National Minimum Wage.

**Devolved governments** across Scotland, Wales and Northern Ireland also hold significant responsibilities for directing policy within those countries. The Scottish Parliament and the National Assembly for Wales legislate on matters such as health, education, local government and social services. Devolution to the Northern Ireland Assembly was suspended in 2002 but restored in 2007.

**Local government** has an important role in administering education, social services and social housing within local areas. Local governments also administer some benefits, including housing/council tax benefits.

**Local strategic partnerships** are non-statutory partnerships bringing together locally the different parts of the public sector as well as the private, business, community and voluntary sectors. **Local area agreements** set out local area priorities agreed between central government and a local area (e.g. the local authority and the local strategic partnership).

Sources: [www.assemblywales.org](http://www.assemblywales.org); [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk); [www.communities.gov.uk](http://www.communities.gov.uk); [www.dwp.gov.uk](http://www.dwp.gov.uk); [www.hmrc.gov.uk](http://www.hmrc.gov.uk); [www.lga.gov.uk](http://www.lga.gov.uk); [www.northernireland.gov.uk](http://www.northernireland.gov.uk); [www.number10.gov.uk](http://www.number10.gov.uk); [www.scotlandoffice.gov.uk](http://www.scotlandoffice.gov.uk)

## B2: The US

The Executive Branch of the US federal government is responsible for enforcing the law of the land. This part of government is made up of a number of departments and offices. Several of these are important in the implementation of policy associated with IGT poverty.

The **Department of Health and Human Services** is the US government's principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. It includes two particularly important departments; the Centers for Medicaid and Medicare services and the Administration for Children and Families.

The **Administration for Children and Families** is responsible for promoting the economic and social wellbeing of children, families, individuals and communities. It administers a number of key programmes, including TANF, the Child Support Enforcement Program, the CCDF and Head Start. It does not deliver services directly to the customer, but awards mandatory and discretionary grants to other bodies, including states, local governments and for-profit and not-for-profit organisations.

Notably, since 1995, the Department of Health and Human Services has not included the Social Security Administration, which is now an independent body and administers two key out of work benefits: Social Security Disability Insurance and Supplemental Security Income.

The **Department of Education** aims to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. Through the **Office of Elementary and Secondary Education**, it administers the Reading First Program and the Even Start programme. Through the **Office of Special Education and Rehabilitative Services**, it aims at improving the results and outcomes for people with disabilities, and administers special education grants and the Early Intervention Program for Infants and Toddlers with Disabilities.

The **Department of Agriculture** includes the **Food and Nutrition Service**, which aims to give families better access to food and a more healthful diet through its food assistance programmes and comprehensive nutrition education efforts and administers the Food Stamp Program, the WIC and the School Meals Programs (including the National School Lunch Program and the School Breakfast Program).

One of the aims of the **Department of Housing and Urban Development** is to increase access to affordable housing free from discrimination. The department administers the Public Housing Program and the Housing Choice Vouchers scheme, through the **Office of Public and Indian Housing**.

The **Department of Labor** aims to promote the welfare of job seekers, wage earners and retirees by (among other things) improving their working conditions, advancing their employment opportunities and protecting their retirement and health benefits. The department includes the **Employment and Training Administration**, which administers federal government job training and worker dislocation programmes, federal grants to states for public employment service programmes and unemployment insurance benefits.

### B3: Denmark

Denmark divides its welfare tasks between various ministries, primarily:

- **Social Welfare**, responsible for social security and benefits including pensions; policy on children, family, older people, physically and mentally disabled people, homeless people and drug addicts; policy on gender equality.
- **Employment**, responsible for a range of welfare tasks including unemployment, sickness and maternity benefits; industrial injury and vocational rehabilitation allowances; subsidised employment for people with disabilities; job placement and other employment and enterprise services; development of inclusive labour markets.
- **Education**, responsible for vocational education and training; further education apart from universities; adult vocational training and adult liberal education (independent folk schools that run general courses on subjects from the meaning of life to home economics); private schools; allocation and administration of student support in the form of grants and loans.
- **Family and Consumer Affairs.**
- **Interior Affairs and Health.**
- **Refugee, Immigration and Integration Affairs.**

Sources: [eng.social.dk](http://eng.social.dk); [eng.uvm.dk/publications/factsheets/engfol.htm](http://eng.uvm.dk/publications/factsheets/engfol.htm); [www.denmark.dk/en/menu/AboutDenmark/Government-Politics/Danish-Ministries/](http://www.denmark.dk/en/menu/AboutDenmark/Government-Politics/Danish-Ministries/)

## B4: Germany

Entities dealing with social policy:

- **Federal Ministry for Employment and Social Matters**, regulates social and unemployment contributions as well as general conditions for access to benefits.
- **Federal Employment Agency**.
- **Local Employment Agencies**, administer unemployment benefit registration and payments. Social benefits for those on low income are administered by either the **Social Offices** of the city/town council or the local employment agencies, or jointly.
- **Federal Ministry for Family Affairs, Senior Citizens, Women and Youth**.
- **Federal Ministry for Education and Research**.
- **Federal Ministry of Health**, provides general supervision of health insurance matters.
- **Institute for Pension Insurance**.

Sources: [www.bmas.de](http://www.bmas.de); [www.bmfsfj.de](http://www.bmfsfj.de); [www.bmbf.de/en](http://www.bmbf.de/en); [www.tatsachen-ueber-deutschland.de/en/political-system/](http://www.tatsachen-ueber-deutschland.de/en/political-system/)

## Annex C: Policy matrices

### C1: The UK

Life stage or high risk group		Benefits/ income	Employment	Education	Health	Asset building	Parenting/ care-giving practices and other 'family' initiatives	Housing and communitie s
	Key issues→ ↓	Benefits can directly assist in lifting people out of poverty. By 'making work pay' they can also encourage employment as a means of escaping poverty.	Employment is the government's preferred means to raise people out of poverty.	Combating educational inequalities is crucial to giving children the potential to escape poverty in the future. Adult education may allow adults to find jobs that pay more.	Health inequalities are an important part of IGT poverty. People from poorer backgrounds are more likely to have low birthweight children and are more likely to die prematurely.	The government believes asset building through childhood can help promote financial opportunity, security and responsibility in adulthood.		
Life stage								

Policies for interrupting the intergenerational transmission of poverty in developed countries

Life stage or high risk group		Benefits/income	Employment	Education	Health	Asset building	Parenting/care-giving practices and other 'family' initiatives	Housing and communities
<b>In utero</b>	Poor maternal nutrition can lead to low birthweight babies and potentially impaired cognitive development (Bird, 2007).	WTCs, minimum wage, statutory maternity pay/maternity allowance, housing/council tax benefits, health benefits, Healthy Start, child benefit <sup>47</sup>	Minimum wage, WTCs		Health benefits, Healthy Start, Health in Pregnancy Grant, <sup>48</sup> Sure Start		Sure Start	Social housing

<sup>47</sup> Patterson (interview 2008) noted that, as of April 2009, child benefits will kick in at the 29th week of pregnancy, in recognition of the crucial long-term effects of *in utero* nutrition etc. on child wellbeing and poverty.

<sup>48</sup> According to the November 2008 Pre-Budget Report (HMT, 2008b) to be introduced from April 2009 at a value of £190 for all women after the 25th week of pregnancy.

Policies for interrupting the intergenerational transmission of poverty in developed countries

Life stage or high risk group		Benefits/ income	Employment	Education	Health	Asset building	Parenting/ care-giving practices and other 'family' initiatives	Housing and communities
<b>Infancy</b>	Poverty and family structure during early childhood seem to have strong effects on educational attainment, and, particularly, economic inactivity and early childbearing (Ermisch et al., 2001). Gaps early on are compounded over time, suggesting the importance of both early attainment and sustained support (DfES, 2006).	Sure Start, Maternity Grant, statutory maternity pay CTCs/WTCs, income support, child benefit, child support, Healthy Start	Minimum wage, WTCs	Sure Start,	Sure Start, Healthy Start, health benefits	Child Trust Fund	Sure Start	Social housing
<b>Childhood</b>	Poverty and having a single parent during school years (6-10) tend to affect educational achievement. (Ermisch et al., 2001).	CTCs/WTCs, income support, child benefit, child support	Minimum wage, WTC	Literacy Hour, Adult Basic Skills Strategy	Health benefits	Child Trust Fund (additional payment to be made at age 7)		Social housing

Life stage or high risk group		Benefits/ income	Employment	Education	Health	Asset building	Parenting/ care-giving practices and other 'family' initiatives	Housing and communitie s
<b>Adolescence</b>	Poverty during adolescence (11-15) seems to affect some crucial expectations and attitudes towards school and health, household formation and the risks of unemployment and early childbearing (Ermisch et al., 2001).	CTCs/WTCs, income support, child benefit, child support	Minimum wage, WTCs	Excellence in Cities, Academies, Educational Maintenance Allowance, Aimhigher	Health benefits			Social housing
<b>Adulthood</b>	<i>Poor children are more likely to grow up to be poor adults. Therefore targeting impoverished adults is one way to help those who have grown up poor to escape poverty. Adults are also parents or potential parents; reducing adult poverty could therefore help stop their (current or future) children growing up poor.</i>	WTCs, housing/council tax benefits, minimum wage, Jobseekers' Allowance	Minimum wage, WTCs, New Deal	Adult Learning Grant, apprenticeships, Train to Gain	Health benefits	Savings Gateway		Social housing
<b>Older age</b>		State pension, pension credit, housing/council tax benefits,			Health benefits			Social housing
<b>High risk group</b>								

Policies for interrupting the intergenerational transmission of poverty in developed countries

Life stage or high risk group		Benefits/ income	Employment	Education	Health	Asset building	Parenting/ care-giving practices and other 'family' initiatives	Housing and communities
Lone parents			New Deal and New Deal+ for lone parents, In Work Credit, work search premium, extended schools child care, child care tasters					
Young parents				Connexions, Care to Learn, Teenage Pregnancy Grant, Educational Maintenance Allowance, reintegration officers, Sure Start Plus	Sure Start Plus		Sure Start Plus, Family Nurse Partnerships	
Minority ethnic groups			Fair Cities, specialist employment advisor	Educational Maintenance Allowance,				

Life stage or high risk group		Benefits/ income	Employment	Education	Health	Asset building	Parenting/ care-giving practices and other 'family' initiatives	Housing and communitie s
Parents with a disability		Disability Living Allowance, incapacity benefit, disability element tax credits	Disability Discrimination Act, New Deal for Disabled People, Job Introduction Scheme, Work Preparation, Workstep, disability employment advisors, Access to Work, Pathways to Work, Remploy					
Families with a child with a disability				Early Support				
Parents who have been in prison			progress2work-linkup	Offenders' learning and skills service				
Children at risk of being involved in crime/anti-social behaviour				Behaviour improvement programme: Offenders Learning and Skills Service			On Track	
Asylum seekers/ refugees		Very complicated – limited access to benefits						

Policies for interrupting the intergenerational transmission of poverty in developed countries

Life stage or high risk group		Benefits/income	Employment	Education	Health	Asset building	Parenting/care-giving practices and other 'family' initiatives	Housing and communities
Parents/children affected by substance abuse			progress2work-linkup					
Parents/children affected by violence/abuse								

C2: The US (for key issues at each life stage or for each sectoral intervention, see UK table above)

Life stage	Benefits/income	Employment	Education	Health	Asset building	Parenting/care-giving practices and other 'family' initiatives	Housing and communities
<i>In utero</i>	Unemployment insurance, EITC		Early Head Start,	Early Head Start, Medicaid, Food Stamp Program, WIC		Early Head Start, Healthy Families America	Housing choice vouchers, public housing
Infancy	TANF, unemployment insurance, EITC, child support	One-Stop, TANF, EITC, child and dependent care tax credit, Dependent Care Assistance Program, CCDF	Early Head Start, Head Start, Early Reading First	Early Head Start, Head Start, Medicaid, Food Stamp Program, WIC, SCHIP		Early Head Start, Healthy Families America, Nurse Family Partnerships	Housing choice vouchers, public housing
Childhood	TANF, unemployment insurance, EITC, child support	One-Stop, TANF, EITC, child and dependent care tax credit, , Dependent Care Assistance Program, CCDF	Even Start, Reading First, Title 1 grants	Medicaid, Food Stamp Program, National School Meal Program, School Breakfast Program, SCHIP		Head Start, Even Start	Housing choice vouchers, public housing
Adolescence/early adulthood	TANF, unemployment insurance, EITC, child support	One-Stop, TANF, EITC, Job-Corps, WIA youth program	Title 1 grants, Striving Readers, ChalleNge,	Medicaid, Food Stamp Program, SCHIP			Housing choice vouchers, public housing

Policies for interrupting the intergenerational transmission of poverty in developed countries

Life stage	Benefits/income	Employment	Education	Health	Asset building	Parenting/care-giving practices and other 'family' initiatives	Housing and communities
Adulthood	Unemployment insurance, EITC	One-Stop, TANF, EITC, Workforce Investment Act training programs	Even Start, Adult Education and Family Literacy Act State-Administered Grant Program	Food Stamp Program	Individual Development Accounts		Housing choice vouchers, public housing
Older age				Medicare			Housing choice vouchers, public housing

C3: Denmark (for key issues at each life stage or for each sectoral intervention, see UK table above)

Life stage	Benefits/income	Employment	Education	Health	Asset building	Parenting/care-giving practices and other 'family' initiatives	Housing and communities
<b><i>In utero</i></b>	Maternity pay, health insurance		Young family courses	Birth preparation, health insurance		Birth preparation, young family courses	Social housing, housing support
<b>Infancy</b>	Maternity pay, Day Care Guarantee, child allowance, child support, sibling discount, health insurance			Health nurse, health insurance		Health nurse, post-birth courses, mother groups	Social housing, housing support
<b>Childhood</b>	care days, Free Space, child allowance, child support, sibling discount, health insurance		Daytime offers, National Action Plan for Reading, special education	School dentist, health checks, health insurance		Foster Care Reform	Social housing, housing support
<b>Adolescence / early Adulthood</b>	Child allowance, child support, health insurance	A New Chance for Everyone	Welfare Agreement, special education	Health insurance			Social housing, housing support

Policies for interrupting the intergenerational transmission of poverty in developed countries

Life stage	Benefits/income	Employment	Education	Health	Asset building	Parenting/care-giving practices and other 'family' initiatives	Housing and communities
<b>Adulthood</b>	Our Collective Responsibility, health insurance, unemployment benefit, sickness benefit, income support, pre-retirement pension, education support	Welfare Agreement, A New Chance for Everyone, Disability and Job, Our Collective Responsibility, Versatility Programme, apprenticeships, <i>FleksJob</i> , rehabilitation	Welfare Agreement, National Action Plan for Reading, apprenticeships, general adult education, rehabilitation, adult education, vocational training, education support	Health insurance			Our Collective Responsibility, social housing, housing support
<b>Older age</b>	Part pension, elderly check, after income, home assistance, home service, health insurance			Health insurance			Social housing, housing support

C4: Germany (for key issues at each life stage or for each sectoral intervention, see UK table above)

Life stage	Benefits/ income	Employment	Education	Health	Asset building	Parenting/care-giving practices and other 'family' initiatives	Housing and communities
<b>In utero</b>	Maternity benefits	Protection of Working Mothers					
<b>Infancy</b>	Child allowance, care allowance, child-raising allowance		Day Care Expansion Act				
<b>Childhood</b>	Child benefit allowance, child-raising (or parental) allowance, supplementary child allowance, maintenance advance, carer's insurance benefit		Language encouragement at kindergarten age, preschool courses, future, education and care				Supplementary child allowance

Policies for interrupting the intergenerational transmission of poverty in developed countries

Life stage	Benefits/ income	Employment	Education	Health	Asset building	Parenting/ care-giving practices and other 'family' initiatives	Housing and communities
<b>Adolescence / early adulthood</b>		Jobstarter, Youth Job-Market Entrance Qualification, Neighbourhood Training, Economy and Work Programme	Vocational training support, Educational Savings Plans, Second Chance for Truants, Promoting Competences – vocational qualification for target groups with special needs		Educational Savings Plans		Expertise Agencies
<b>Adulthood</b>	Income splitting, personal budgets (for disabled)	Jobs without Barriers (for disabled), Protection of Working Mothers, Unemployment Benefit I & II	Vocational training support, Lifelong Learning for All				Housing allowance, home ownership allowance, heating allowance
<b>Older age</b>	Old age pension	Perspective 50+	Further Training for Poorly Qualified and Employed Older People in Companies	Nursing care			

Germany splits its benefits system into social security (insurance), welfare and pensions, as below.

**German welfare state system (post-2005)**

	Social security		Welfare				Pensions
	<ul style="list-style-type: none"> <li>Unemployment Pay I</li> </ul>	<ul style="list-style-type: none"> <li>Statutory old age pension insurance</li> <li>Accident insurance</li> <li>Statutory</li> </ul>	<ul style="list-style-type: none"> <li>Unemployment Pay II</li> </ul>	<ul style="list-style-type: none"> <li>Social allowance</li> </ul>	<ul style="list-style-type: none"> <li>Social assistance</li> </ul>	<ul style="list-style-type: none"> <li>Youth welfare</li> <li>Social reintegration</li> <li>Housing benefit</li> </ul>	<ul style="list-style-type: none"> <li>War victims' pensions</li> <li>Social compensation</li> <li>Civil service pensions</li> </ul>

Policies for interrupting the intergenerational transmission of poverty in developed countries

		health insurance • Long-term care insurance					<ul style="list-style-type: none"> <li>• Child benefit</li> <li>• Parental allowance</li> <li>• Training grant</li> </ul>
<b>Coverage</b>	Compulsory membership		Individuals				
<b>Funding</b>	Social insurance contributions by employees		Taxation				Taxation (contribution by recipients is non-monetary: 'special sacrifice')
<b>Duration</b>	Maximum 12 months (18 months for those over age 55); thereafter Unemployment Pay II		Unlimited (but an obligation to take action to end neediness)	Unlimited	Unlimited (if assessed as incapacitated)		
<b>Means-tested?</b>	No		Yes				No
<b>Entitlement</b>	Qualifying persons at onset of unemployment	Qualifying persons at onset of insured event	According to need, on the basis of subsidiarity				Persons with a special legal entitlement based on social status
			Unemployed persons aged 15-65 who are fit for work	Dependants of Unemployment Pay II recipient deemed incapable of work	Long-term or permanently incapacitated		
<b>Minimum income guarantee</b>	Basic income support						

Source: Adapted from Opielka (2008) (Tables 1 and 2).

## Annex D: Case study policy details

### D1: The UK tax credit rates

£ per day      £ per year

#### Child tax credit

Family element – basic	1.50	545
Baby element	1.50	545
Child element	5.72	2,085
Disability element	6.96	2,540
Severe disability element	2.80	1,020

#### Working tax credit

Basic element	4.94	1,800
Couple element	4.85	1,770
Lone parent element	4.85	1,770
30-hour element	2.02	735
Disability element	6.59	2,405
Severe disability element	2.80	1,020
50-plus element working 16-29 hours	3.39	1,235
Working 30 hours or more	5.05	1,840

#### Child care element of WTCs

80% eligible child care costs to a weekly maximum of:

- One child weekly maximum      £175
- Two or more children weekly maximum      £300

## Thresholds

### First income threshold

Working tax credit only or with child tax credit	£6,420
Child tax credit only	£15,575
First taper	39%
Second income threshold	min. £50,000
Second taper	6.67%
Income disregard	£25,000

Source: Reproduced from CPAG (2008).

## Examples of outcomes for households

A good way to consider the impact of tax credits on people's lives is to consider how much people would get in different circumstances. While the figures below correctly specify the annual amounts of tax credits received, these figures do not include any losses incurred by the withdrawal of other benefits as income rises.

*Example 1:* John is a single 28-year-old shop assistant, working 30 hours per week. Last year he earned £8,420; this year he will earn approximately £12,000. He has no children.

WTC	
Basic element	£1,800
30-hour element	£735
Deduction on account of earnings	£780
Total tax credit entitlement	£1,755

*Example 2:* Agatha is a 36-year-old lone parent. She has two children aged six and three. Her older child has a severe disability and requires intensive care from his mother throughout both the day and night. As a result, they have been granted a higher rate of the care component of the Disability Living Allowance, and Agatha therefore stays home to look after her children.

CTC	
Family element	£545
Child element	£2,085 + £2,085
Disability element	£2,540
Severe disability element	£1,020
Maximum tax credit entitlement	£8,275
No earnings deduction, therefore total tax credit entitlement	£8,275

N.B. Agatha also receives a number of other benefits, including income support (and the carer's addition), child benefit and the Disability Living Allowance. Since Agatha is receiving income support, she also receives the housing/council tax benefits.

*Example 3:* Jean is a lone parent who works 16 hours per week and earns £5,000. Her two-year-old daughter is in formal child care, at £100 per week. Last year, she earned the same as this year.

CTC	
Family element	£545
Child element	£2,085
WTC	
Basic element	£1,800
Lone parent element	£1,770
Child care element	£4,160
Maximum tax credit entitlement	£10,360
No earnings deduction (income below lower earnings threshold)	
therefore total tax credit entitlement	£10,360

*Example 4:* Michael and Angela have two children, one seven and one eight months. Michael works 35 hours per week and earns £21,000 (the same as last year). Angela stays at home to look after their children.

CTC	
Family element	£545
Baby element	£545
Child element	£2,085+ £2,085
WTC	
Basic element	£1,800
Couple element	£1,770
30-hour element	£735
Maximum tax credit entitlement	£9,565
Deduction on account of earnings	£5,686
Total tax credit entitlement	£3,879

*Source: Authors' calculations based on CPAG (2008).*

As noted in the text, as part of a large package of reforms intended to help the British public weather the current international recession, the UK's Pre-Budget Report announced several changes in WTCs/CTCs and related benefits (HMT, 2008b).

**D2: The US TANF**

<b>Item</b>	<b>AFDC</b>	<b>TANF</b>
<b>Financing</b>	Matching grant	Block grant
<b>Eligibility</b>	Children deprived of support of one parent or children in low income two-parent families (AFDC-UP)	Children in low income families as designated by state; AFDC-UP abolished. Minor mothers must live with parents and attend schools
<b>Immigrants</b>	Illegal aliens ineligible	Aliens ineligible for five years after entry and longer at state option
<b>Form of aid</b>	Almost exclusively cash payment	States free to use funds for services and non-cash benefits
<b>Benefit levels</b>	At state option	Same
<b>Entitlement status</b>	Federal government required to pay matched share of all recipients	No individual entitlement
<b>Income limits</b>	Family income cannot exceed gross income limits	No provision
<b>Asset limits</b>	Federal limits	No provision
<b>Treatment of earnings disregards</b>	After four months of work, only a lump sum \$90 deduction plus child care expenses, and nothing after 12 months	No provision
<b>Time limits</b>	None	Federal funds cannot be used for payments to adults for more than 60 months lifetime (20% of caseload exempt)
<b>Jobs programme</b>	States must offer a program that meets federal law	Jobs programme abolished
<b>Work requirements</b>	Parents without a child under three required to participate in JOBS	Exemptions from work requirements are narrowed and types of qualified activities are narrowed and pre-specified (generally excludes education and classroom training) and must be 20 hours/week rising to 30 hours/week for single mothers
<b>Work requirement participation requirements</b>	Jobs participation requirements	Participation for work requirements rise to 50% by FY2002
<b>Child care</b>	Guaranteed for all Jobs participants	No guarantee but states are given increased child care funds
<b>Sanctions</b>	General provisions	Specific provisions mandating sanctions for failure to comply with work requirements, child support enforcement, schooling attendance and other activities
<b>Child support</b>	States required to allow first \$50 of child support received by mother to not reduce benefit	No provision

Source: Burke (1996), in Moffitt (2002).

## Annex E: Interviews undertaken

The number and length of the interviews depended on respondent availability and time, on researcher language skills and contacts and on our location in the UK.

Topic	Name	Current position/ affiliation	Role in policy/programme	Interview date	Interviewer
<b>General</b>	Bradshaw, Jonathan	Professor of Social Policy, Department of Social Policy and Social Work, University of York	Extensive research on child poverty and wellbeing and the welfare state in the UK and other OECD countries		Sam Royston
	Townsend, Peter	Professor of International Social Policy, London School of Economics and Political Science	Six decades of research on world poverty; developing an international welfare state; human rights and the involvement of children, disabled people and the elderly	15/07/08	Helen Vieth
	Waldfoegel, Jane	Professor of Social Work and Public Affairs, School of Social Work, Columbia University, New York	Extensive research on the impact of public policies on child and family wellbeing, particularly in the US and UK	01/08/08	Helen Vieth
	Yaqub, Shahin	Social Policy Specialist, UNICEF Innocenti Research Centre, Florence	Doctoral research on IGT child poverty in OECD and developing countries	24/07/08	Karen Moore (telephone)
<b>UK Sure Start</b>	Glass, Norman	Chief Executive, National Centre for Social Statistics	Part of Treasury team that developed Sure Start		Sam Royston (telephone)
	Melhuish, Edward		Executive Director, Sure Start Evaluation		Sam Royston (telephone)
<b>UK tax credits</b>	Lane, Katie	Policy Worker, Citizens Advice	Worked on tax credits since 2003, monitoring evidence sent from bureaus, writing reports on client experiences and engaging with Treasury and HMRC		Sam Royston
	Patterson, Terry	Policy Officer, Manchester Advice, Manchester City Council	Responsibility for improving uptake of benefits; advisor to Local Government Association (England and Wales) on tax credit policy	29/08/08	Karen Moore
	Pattison, Vinny	Post-Doctoral Research Fellow, Brooks World Poverty Institute, University of Manchester	Undertook PhD research on living wage and working poverty in Manchester	01/09/08	Karen Moore

Topic	Name	Current position/ affiliation	Role in policy/programme	Interview date	Interviewer
	Royston, Sue	Welfare Rights Advisor, Ripon Citizens Advice Bureau	Responsibility for tax credits advice; wrote a Citizens Advice report on tax credits; seconded to DWP to write report on simplifying benefit system for claimant		Sam Royston
<b>US TANF</b>	Daguerre, Anne	Senior Research Fellow, Health and Social Sciences, Middlesex University	Wrote recent paper on evolution of TANF since 1996		Sam Royston (telephone)
	Isaacs, Julia	Child and Family Policy Fellow, Brookings Institute, Washington, DC	Former federal budget analyst, focuses on public investments in children, how children are affected by national budgetary policies, economic mobility of children and families across income spectrum		Sam Royston (brief email)
	Lower-Basch, Elizabeth	Senior Policy Analyst, Workforce Team, Center for Law and Social Policy, Washington, DC	Welfare policy, job quality, supports for low income working families. From 1996 to 2006, worked as lead Welfare Policy Analyst for Office of the Assistant Secretary for Planning and Evaluation at HHS		Sam Royston (brief email)
	Sykes, Russell	Deputy Commissioner, Center for Employment and Economic Supports, State of New York		03/12/08	Sam Royston (email)
	Temple, Larry	Director, TANF Texas		22/10/08	Sam Royston (brief email)
<b>Denmark Child Care Guarantee</b>	Karlson, Lotte		Beneficiary	04/09/08, 10/09/08	Helen Vieth (emails)
	Larsen, Thor	Head of Placements, Copenhagen Commune	Policy implementation	15/09/08, 16/09/08, 19/09/08	Helen Vieth (telephone, emails)
	Meibom, Charlotte	Official, Ministry of Social Welfare	Policymaker	08/09/08	Helen Vieth (telephone)
<b>Germany Guardian Angel</b>	Paulsen, Wilfried	Flensburg branch of AOK (health insurance company)	AOK was in talks at the start of the programme to be a funder but did not continue	16/09/08	Helen Vieth (brief emails)
	Queisser, Ylva	Project Manager, World Childhood Foundation	Network partner	10/09/08	Helen Vieth (email)
	Sommer, Stefanie	Schleswig-Holstein MSGFJS	Regional policymaker	22/09/08	Helen Vieth (email)
	Syring, Volker	Adelby Kindergarten	Scientific leader and manager of Guardian Angel project	18/09/08, 23/09/08	Helen Vieth (emails)



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