

Intergenerational Poverty in Ireland

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Launch

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Intergenerational Transmission of Poverty in Ireland

- Childhood poverty is tied to a range of negative outcomes in adulthood, such as poor health, unemployment, lower earnings, and unstable family structures (Bellani and Bia, 2017; Duncan et al., 2012; Duncan and Magnuson, 2013; Evans, 2016; Lesner, 2018; Rapheal, 2011).
- The intergenerational transmission of (dis)advantage has been studied in a variety of ways – through earnings, income, occupation, social class, and education levels.
- People who experience poverty during childhood are more likely to experience poverty in adulthood (Corak, 2006).
- Understanding transmission of poverty between generations important to break the cycle of disadvantage.

Research Questions

1. Does experiencing bad financial circumstances in childhood increase the risk of deprivation and income poverty in adulthood in Ireland?
2. What is the role of education, employment, health/disability and family structure in explaining the relationship between childhood poverty and current poverty?
3. Does the effect of childhood poverty differ with age?
4. Has the transmission of poverty changed over time between 2005 and 2019?
5. How does inter-generational transmission of poverty in Ireland compare with elsewhere in the EU ?

Data and Methods

- Special EU SILC module 2005, 2011, 2019.
- Questions about financial situation at approximately age 14; also parents' occupation, education, and whether living with both parents. Only asked to those aged 25-59 years.

2005, $n = 6,519$;

2011, $n = 3,422$;

2019, $n = 4,076$.

- Current situation: deprivation, low income (AROP), financial strain.
- Model strength of relationship between childhood poverty and current poverty over time. Examine role of education, employment, family status etc.

Measure of Childhood Poverty

Question wording changed between 2005 and 2011

2005

When you were a young teenager (i.e. **between the ages of 12 and 16**) did the household you were living in have severe financial problems?

> **Most of the Time; Often; Occasionally; Rarely; and Never.**

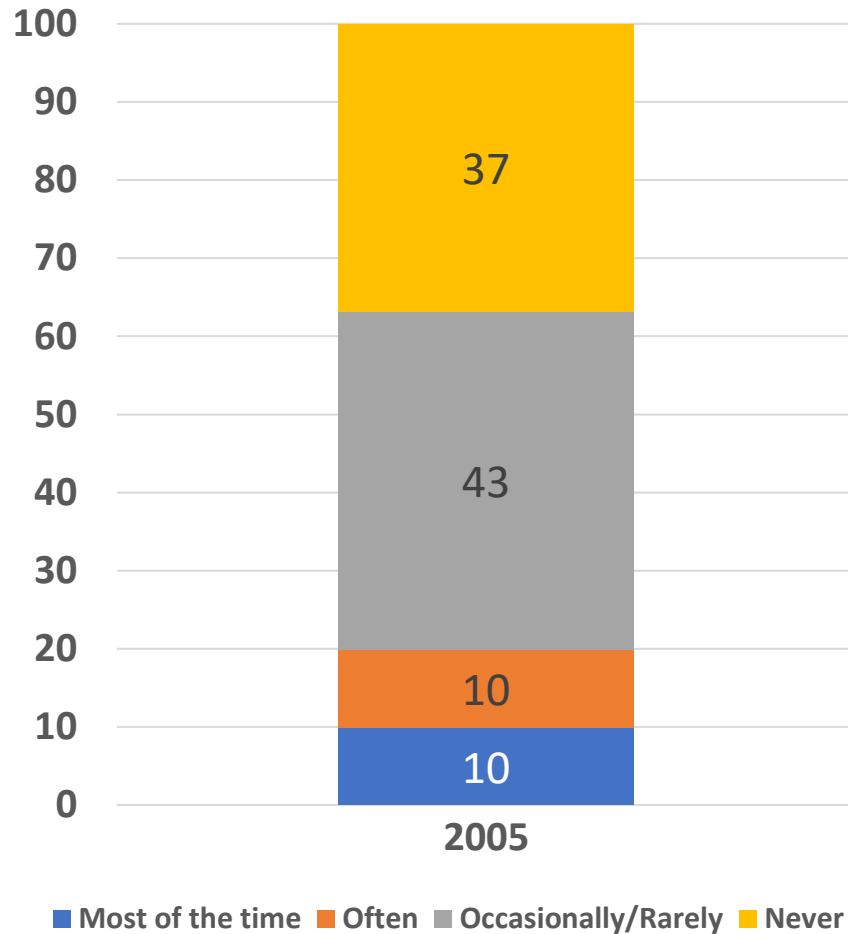
2011 and 2019

How would you rate the financial situation of your household when you were **around 14 years old**?

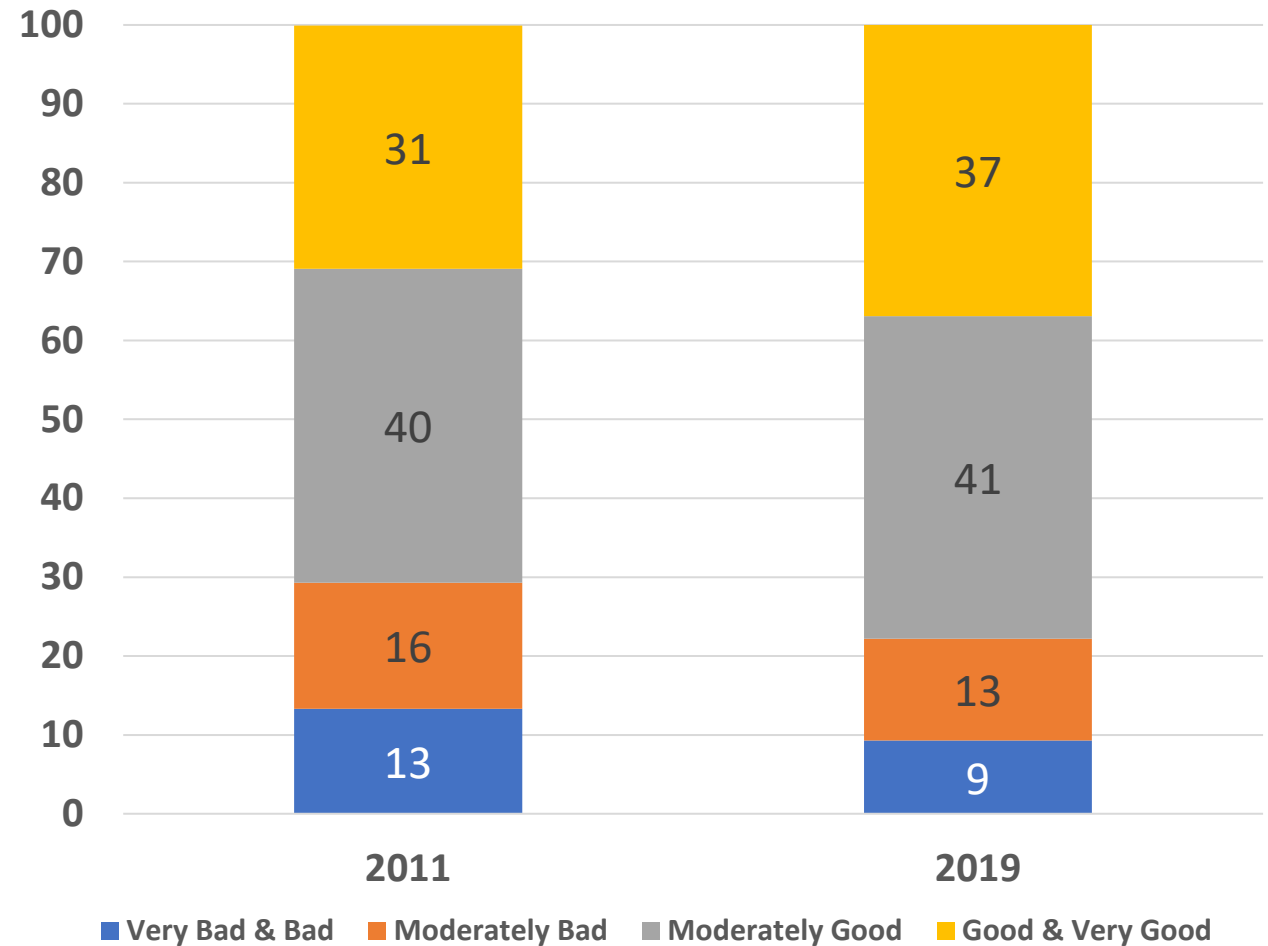
> **Very Bad; Bad; Moderately Bad; Moderately Good; Good; and Very Good.**

% of those aged 25-59 that experienced hardship in childhood 2005, 2011, 2019

(A) Financial problems in household 12-16 yrs

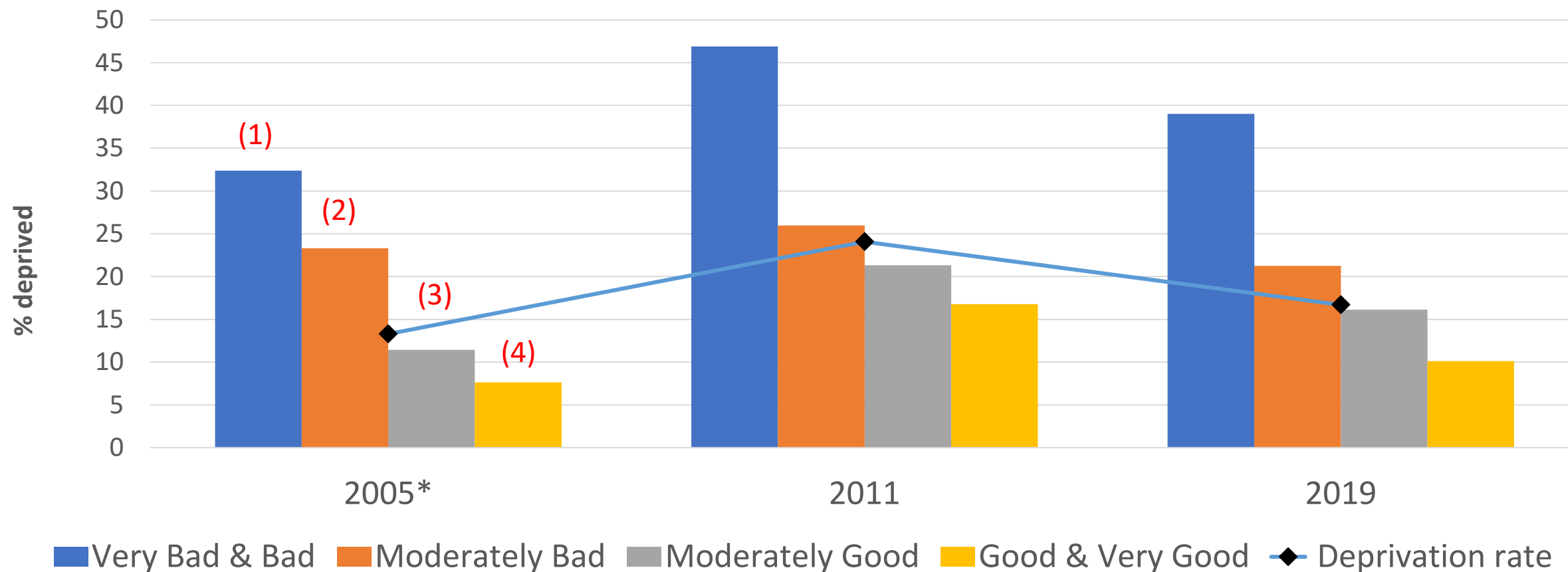


(B) Financial situation in household @14



Relationship between Childhood Poverty and Adult Poverty

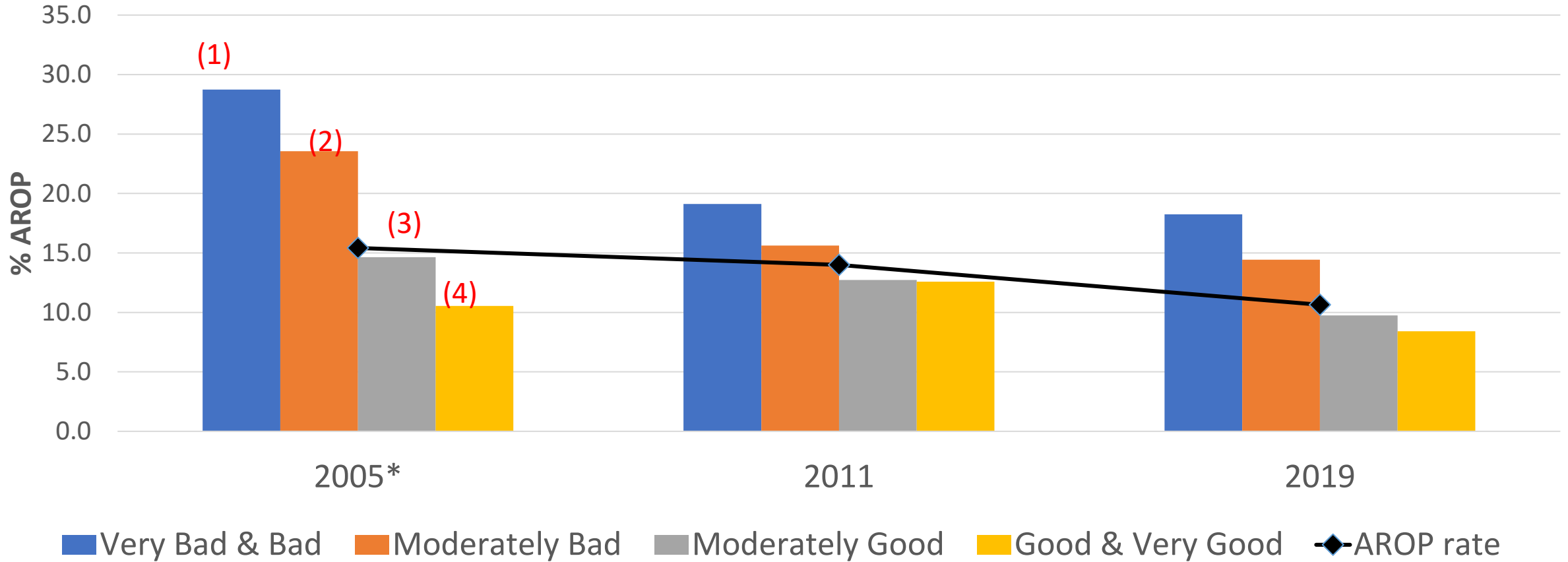
Deprivation as Adult 2005-2019 by Financial Situation @14



Irish measure of material deprivation – lacking 2 or more of 11 items

*2005 HH had severe financial problems: (1)most of the time; (2)often; (3)occasionally/rarely; and (4)never

AROP** as Adult 2005-2019 by Financial Situation @14



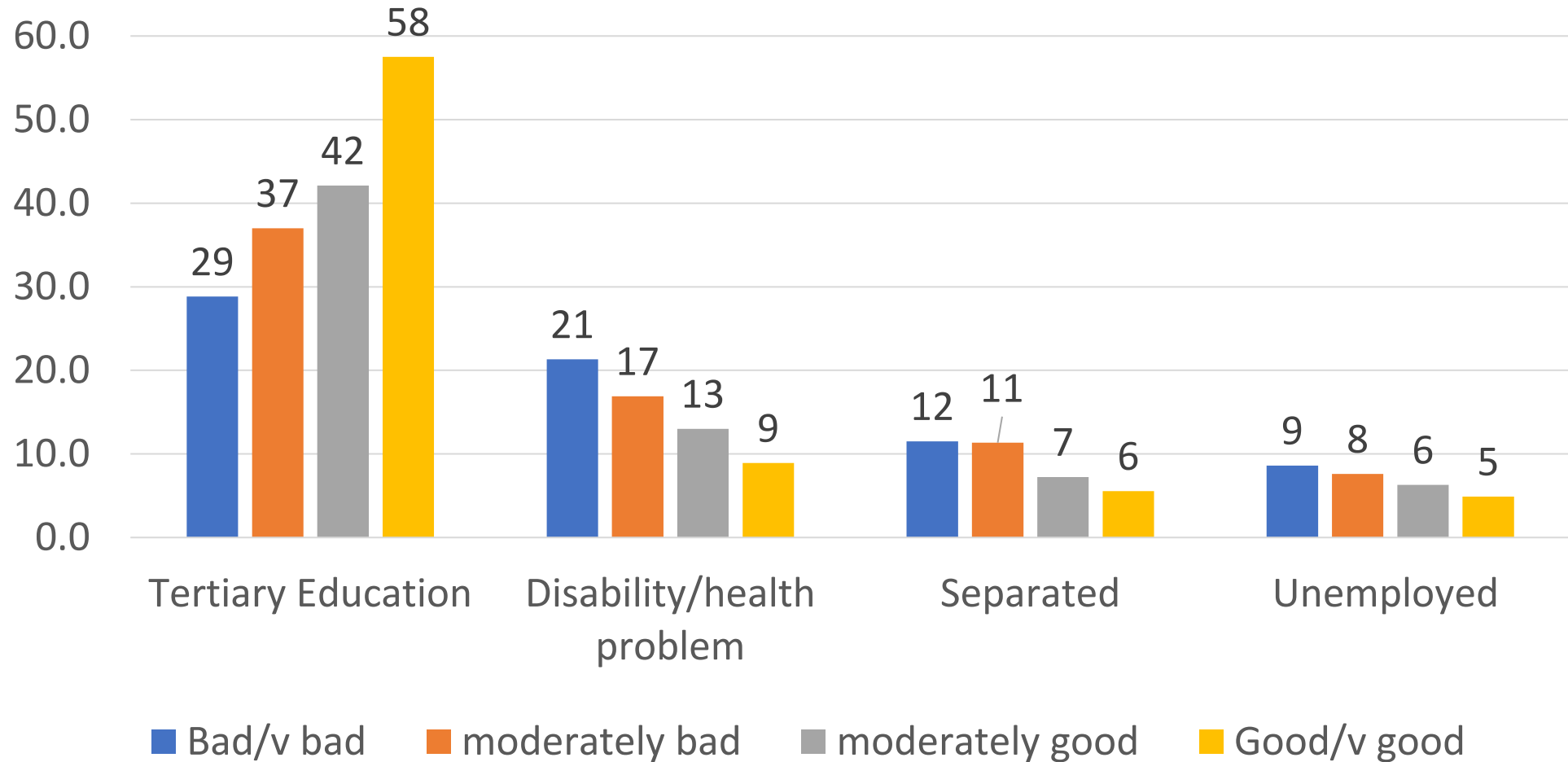
**At Risk of Poverty <60% of median income

*2005 HH had severe financial problems: (1)most of the time; (2)often; (3)occasionally/rarely; and (4)never

What factors account for intergenerational poverty?

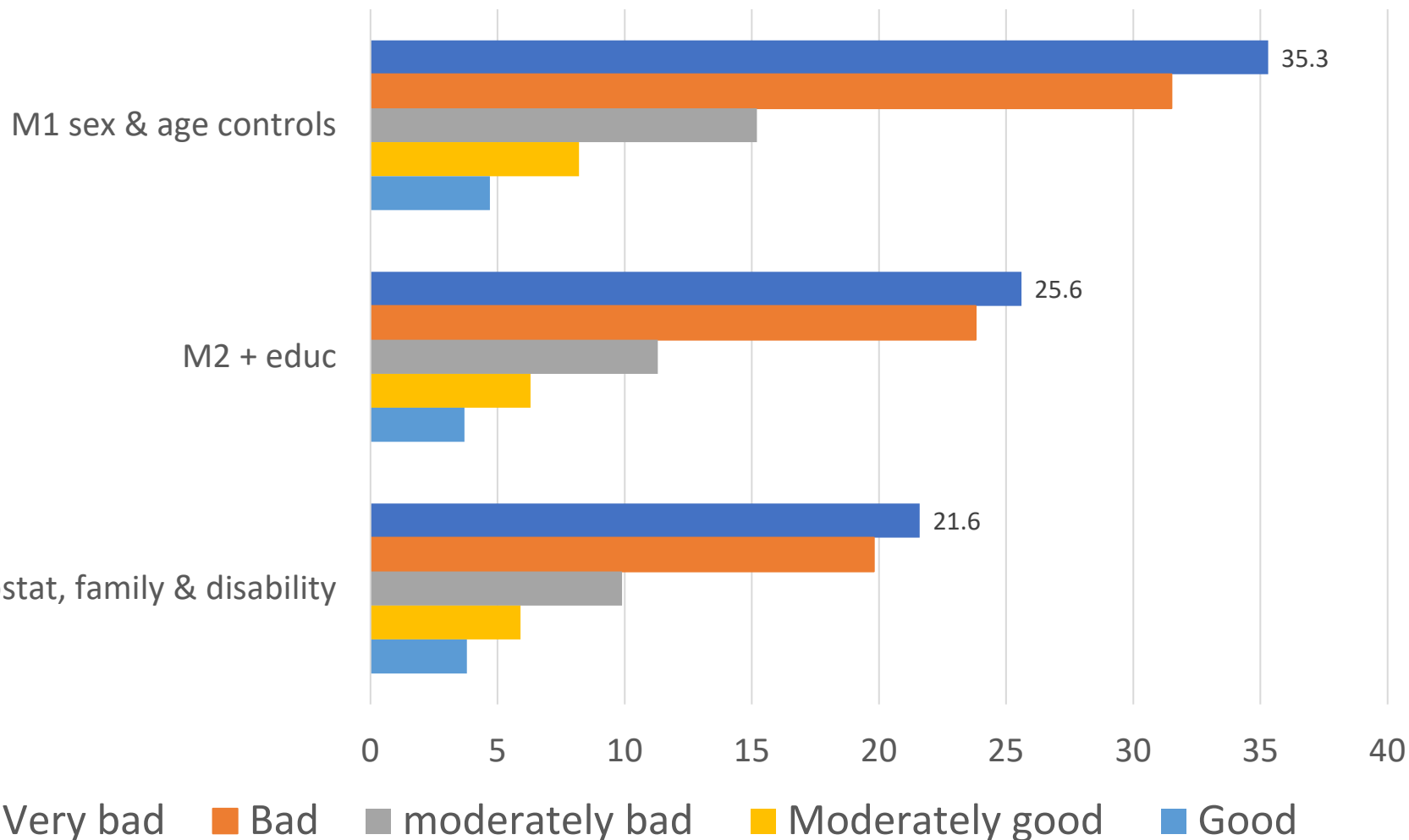
- To what extent do differences in education, family structure, disability/ill health, and employment explain the association between child and adult poverty.

Adult Characteristics by Childhood Circumstances



How does Childhood Poverty Influence Current Deprivation? 2019

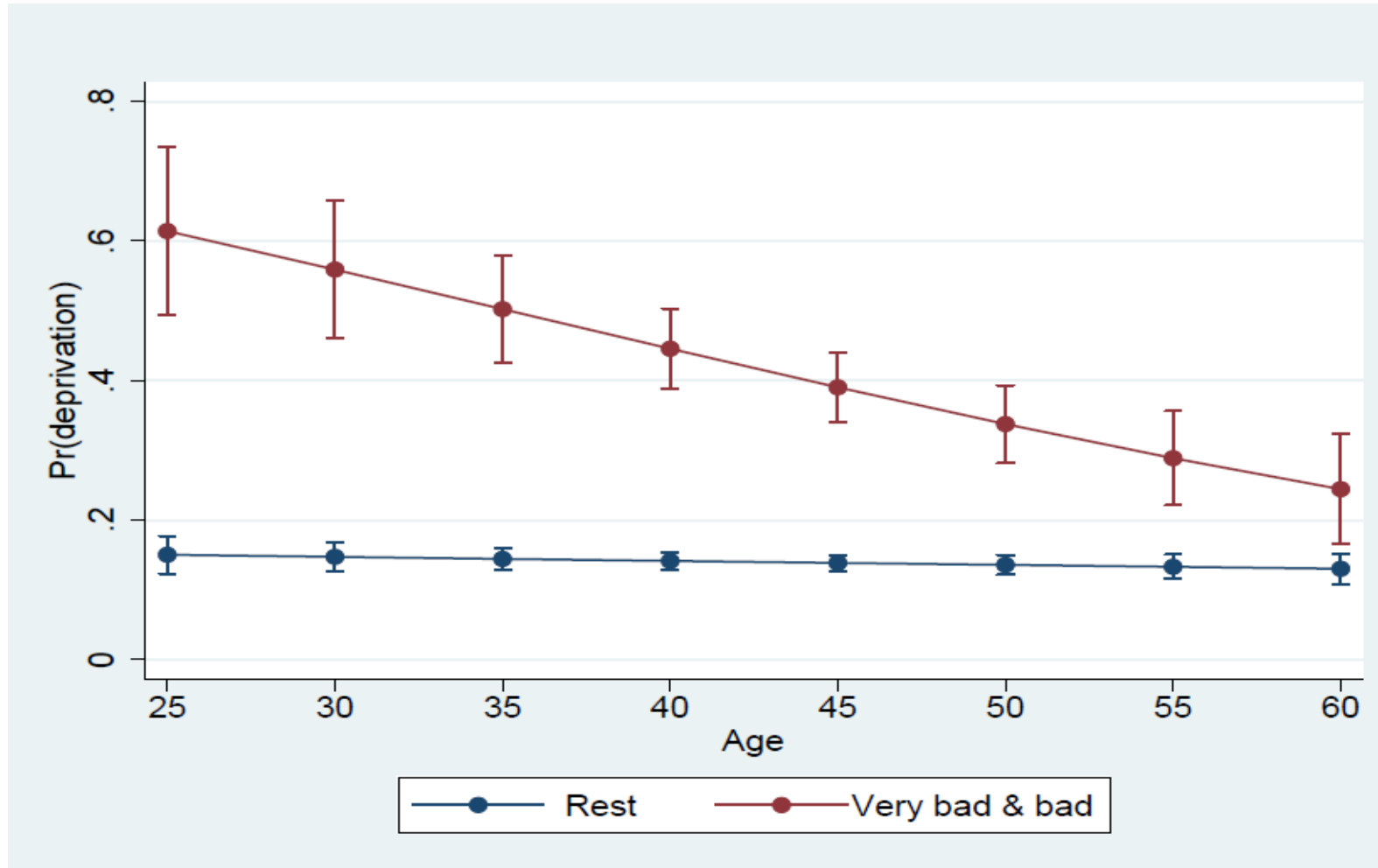
Average Marginal Effect (%) of being deprived compared to those with very good situation @14



- Probability of deprivation is 35 percentage points higher for those with v. bad situation compared to v. good situation.
- Education plays an important part in this link (compare M1 and M2).
- Family structure, current employment, disability/ill health less important in accounting for link.

Does effect of childhood poverty on current deprivation differ by age?

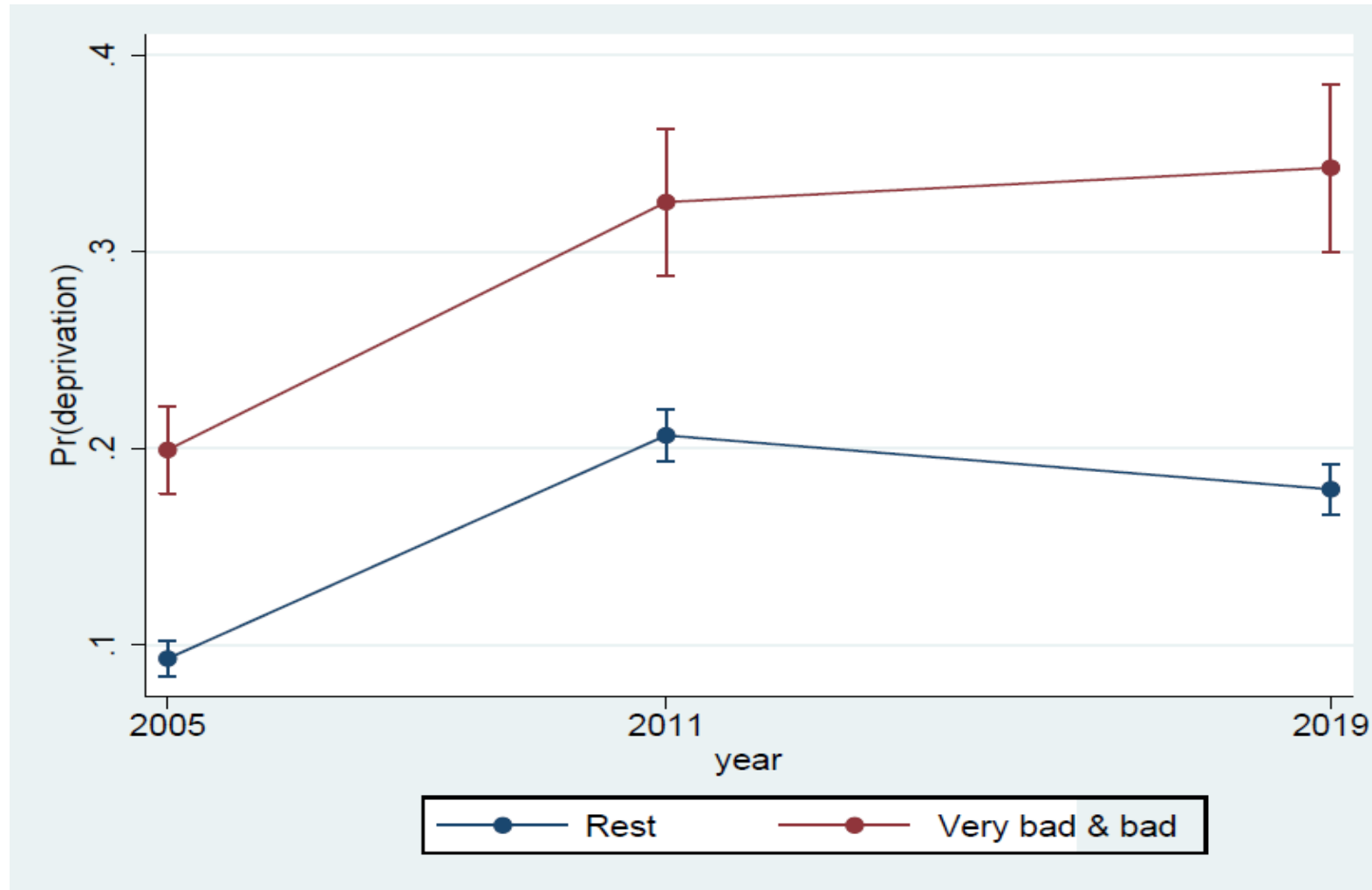
Probability of experiencing current deprivation by financial circumstances @14, SILC 2019



- Effect of childhood poverty weakens with age, though still sig. differences at age 55-59.
- Effect of childhood advantage remains fairly stable across age groups.
- Effect of childhood circumstances does not differ by sex.

Has effect of childhood poverty changed over time?

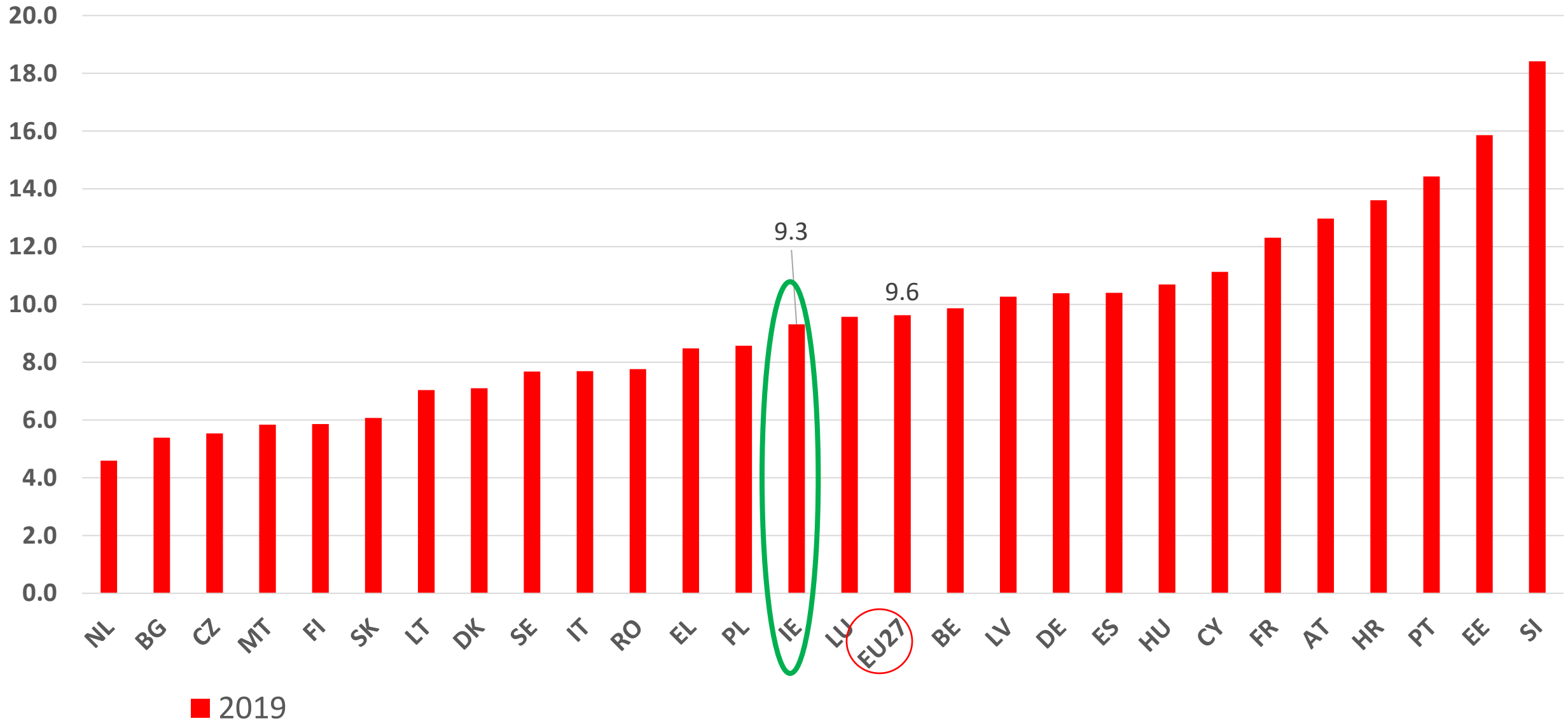
Probability of experiencing current deprivation: interaction between year and childhood poverty @14



- During the recession, the situation of both groups deteriorates at the same rate (parallel).
- Gap between those worst off (bad/v. bad) during childhood and others widened between 2011 and 2019.
- Situation of the advantaged group improved.

How does Ireland compare to elsewhere in the EU?

Very bad/bad financial situation @14, 2019 (%)

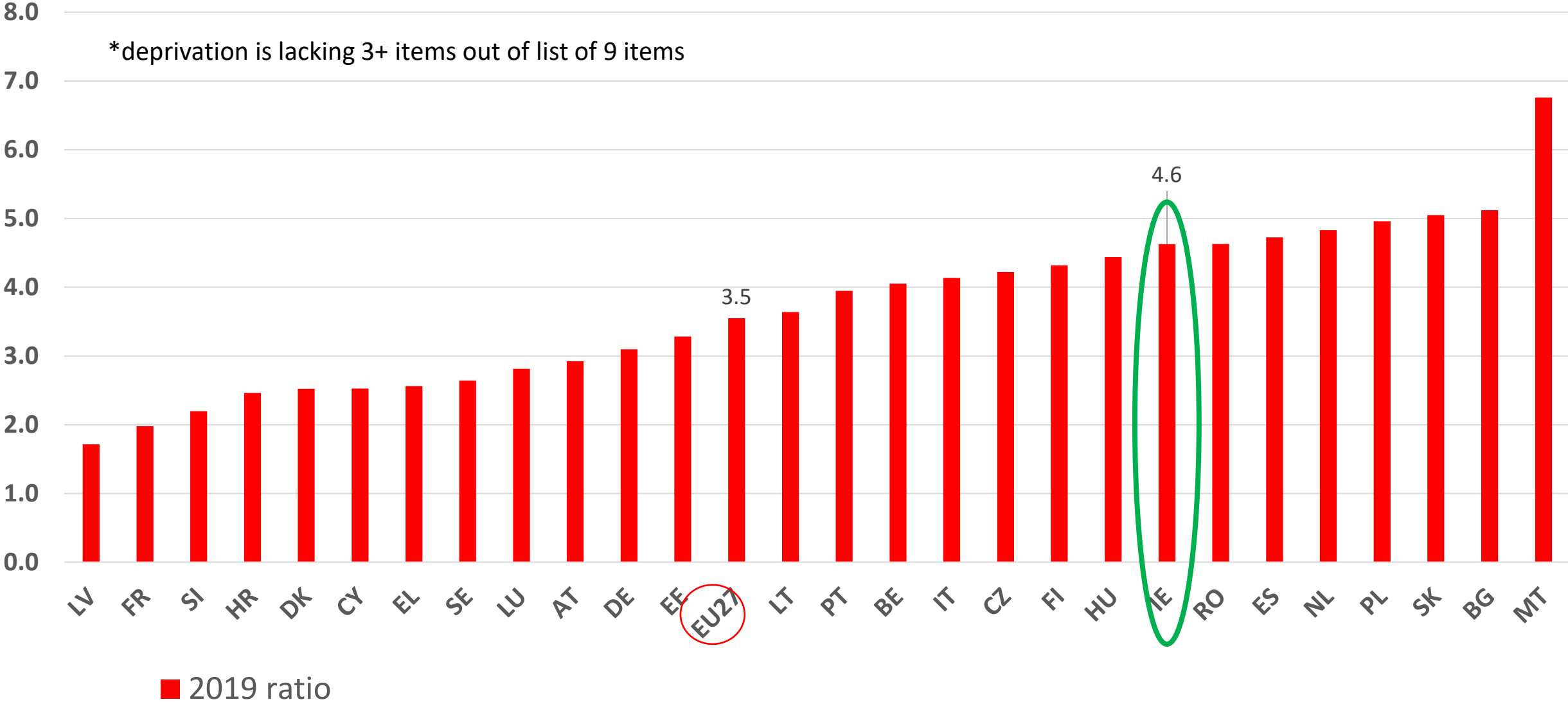


To compare the role of childhood poverty across countries we look at inequality between groups

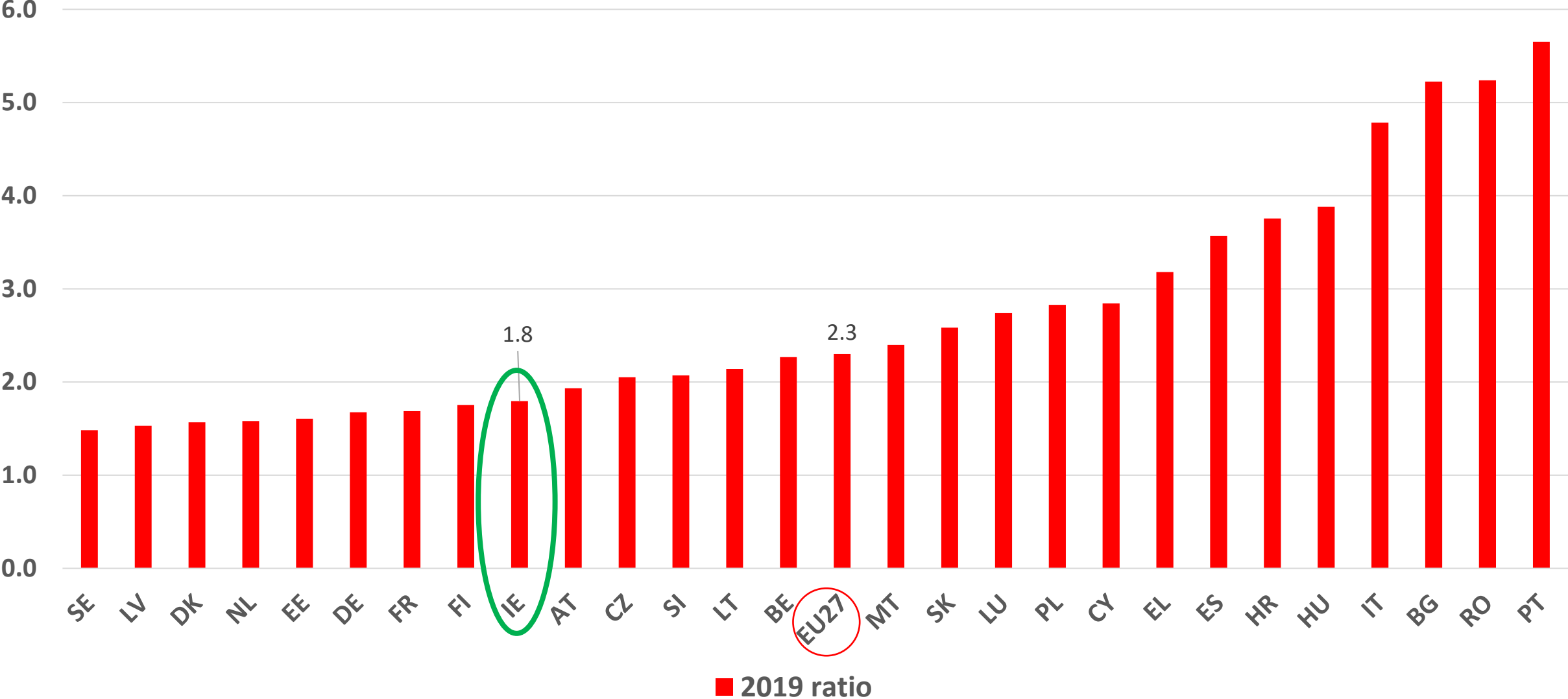
- For each outcome we calculate the ratios between those whose financial situation was bad/very bad to those whose was good/very good.
 - Country 1 deprivation rate group A =10%, group B= 5% => Ratio = 2.0
 - Country 2 deprivation rate group A =20% group B =15% => Ratio = 1.33
- Higher ratio means more unequal risks.
- Not about absolute differences between countries.

Relative deprivation* ratio by financial situation @14, 2011 & 2019

*deprivation is lacking 3+ items out of list of 9 items



Relative tertiary education attainment ratio by financial situation @14, 2019



Limitations

- Measurement of childhood poverty:
 - **Retrospective questions:** recall bias; lack of awareness of events during childhood; ambiguity as to when events of the past took place.
 - **Change in the wording** of retrospective questions in 2005 survey and 2011/2019.
 - **Focus on situation in early teens** – poverty at other times in childhood may have a different impact
- Survey design:
 - Unlike longitudinal data, the **cross-sectional nature of the data** does not allow for causal analysis as well as capturing the range and depth of processes involved in the reproduction of disadvantages.
 - Household Sample - will not capture **most excluded groups** e.g. homeless. Travellers and migrants under-represented. Likely to underestimate transmission of poverty.

Conclusions & Policy Implications

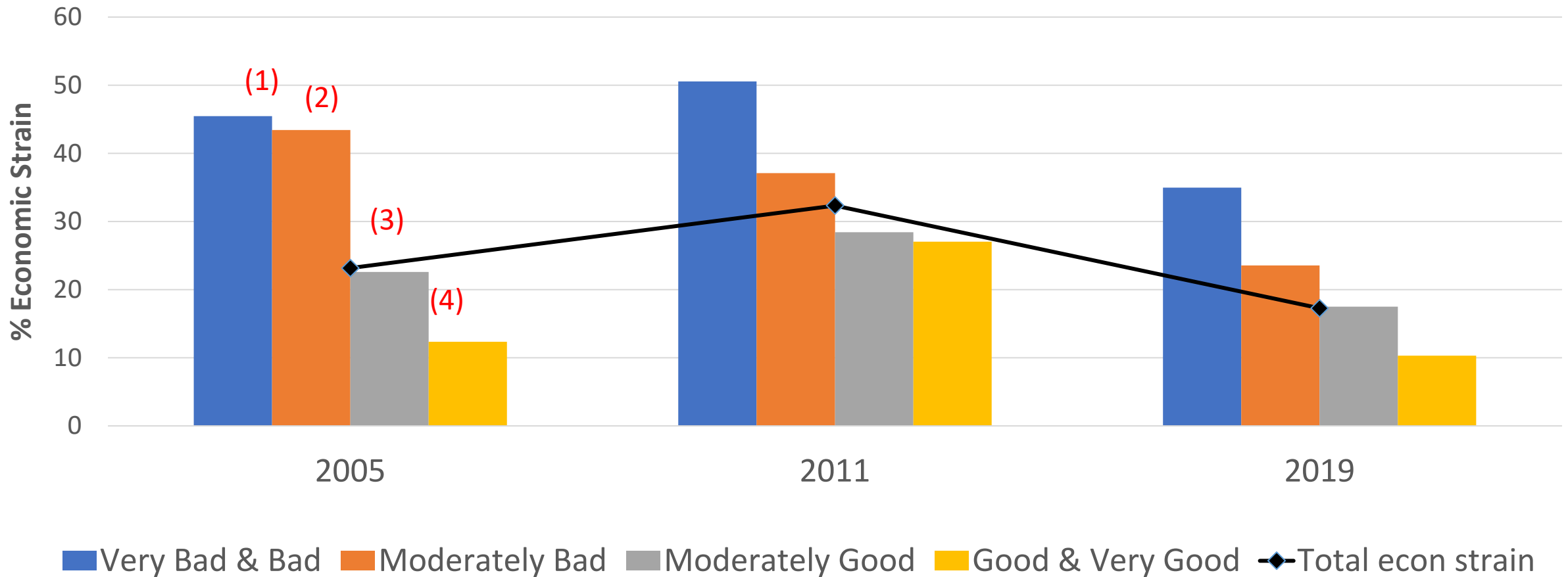
- Policy to prevent childhood poverty is important, not only because of the immediate damage done to children but also because of the long-term negative consequences in adulthood.
- Multi-dimensional nature of poverty implies that a variety of policy measures is needed :
 - Strong role of core welfare policies to support families (Doorley et al., 2022)
 - Maternal and paternal employment is a key factor for exiting poverty => measures supporting maternal employment (affordable childcare; employer supports with flexible working options).
 - Access to services – housing, health, etc.

Conclusions & Policy Implications (continued)

- Critical role of education in disrupting transmission of poverty:
 - Additional supports needed for disadvantaged children in early education, through primary/secondary schools and DEIS schools; facilitating access to 3rd level education (financial support).
- Also need to address inequalities in access to employment and inequalities in health:
 - Additional employment supports for those with a disability and unemployed; tackling discrimination.
- No evidence that the link between childhood poverty and later deprivation is declining over time - if anything strengthened between 2011 & 2019.
- International comparison suggests considerable scope to weaken that link.

Thank You!

Economic Strain* as Adult 2005-2019 by Financial Situation @14

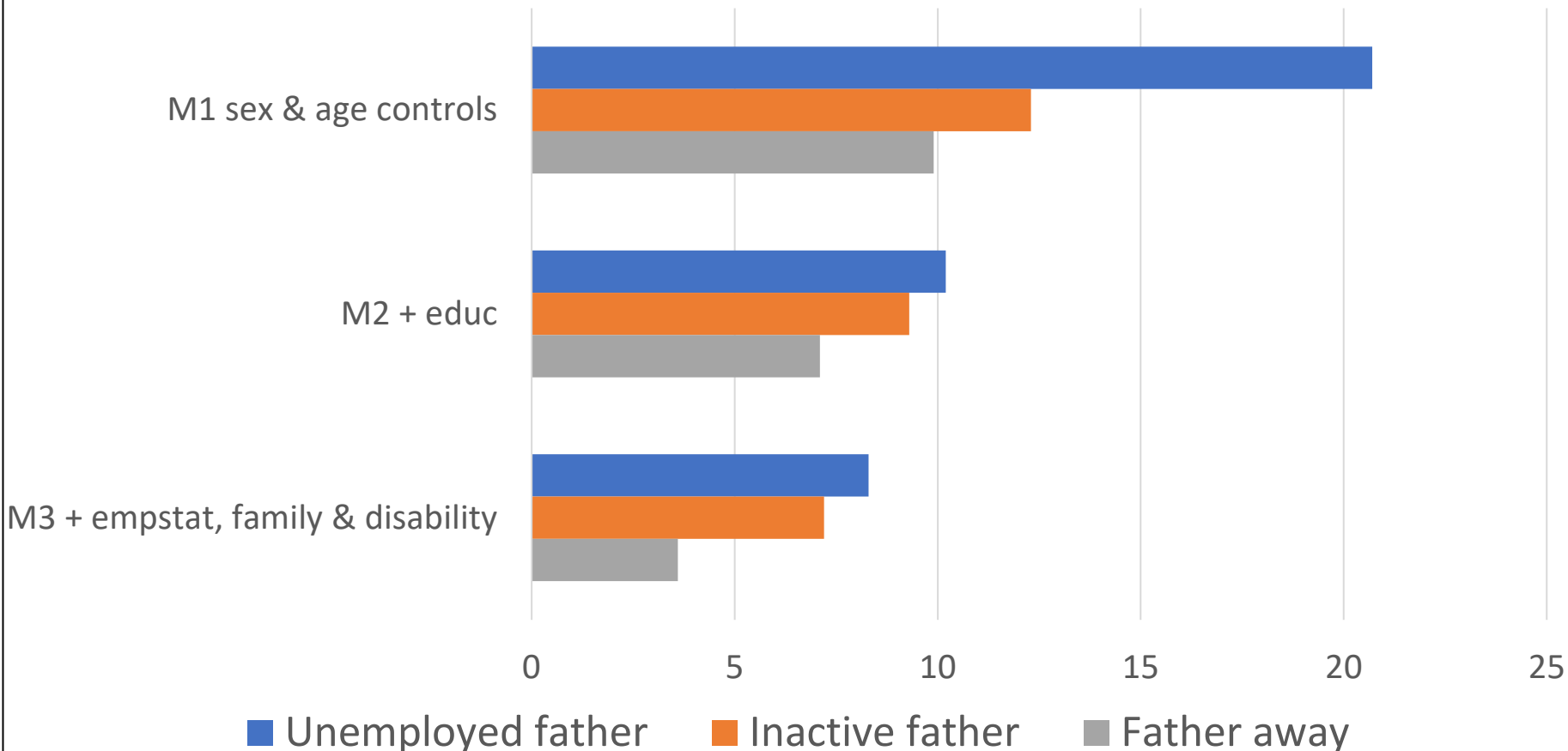


* Difficult/ very difficult to make ends meet

2005 HH had severe financial problems: (1)most of the time; (2)often; (3)occasionally/rarely; and (4)never

Similar Pattern Found for Fathers' PES @14

Average Marginal Effect (%) of being deprived compared to those with father employed @14



- For those with unemployed father at 14 years, the risk of deprivation is 21% points higher compared to those with employed father.
- Education of offspring accounts for over a third of this relationship.
- Current employment and family status accounts for a little more of variation.

Relative risk of unemployment by financial situation @14, 2011 & 2019

