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The Impact of the Great Recession on Families with Children

Dorothy Watson, Christopher T. Whelan, Bertrand Maître and James Williams

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This Bulletin summarises the findings from: Dorothy Watson, Christopher T. Whelan, Bertrand Maître, and James Williams (2015) Family economic vulnerability & the Great Recession: an analysis of the first two waves of the Growing Up in Ireland study, *Longitudinal and Life Course Studies, Vol. 6, Issue 3, pp. 230–244*.

The Impact of the Great Recession on Families with Children[1]

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Introduction

Over the period 2004 to 2012, income poverty and material deprivation among children were significantly higher than among the rest of the Irish population. They were also higher than in most EU15 countries. Following the unprecedented economic recession beginning in 2008, overall levels of material deprivation and economic stress increased sharply. This study focused on the change in the risk and profile of economically vulnerable families with children in a dynamic perspective.

The Growing Up in Ireland (GUI) Survey

The study was based on the analysis of the Growing Up in Ireland (GUI) Survey, a national longitudinal study of children. This survey follows the development and well-being of two nationally representative cohorts of children born in 1998 and 2008. The current study analysed the first two waves of both cohorts. Children born in 2008 were aged nine months in the first wave (survey conducted in 2008-2009) and three years old in the second wave (survey conducted in 2010-2011). Children born in 1998 were respectively aged nine (surveyed in 2007-2008) and thirteen (surveyed in 2011-2012). Thus, the families of both cohorts were effectively surveyed before and during the Great Recession.

Economic Vulnerability Measure

Building on earlier work, instead of relying on a single indicator of poverty, we used a broad, multi-dimensional measure of economic vulnerability. Economic vulnerability means being at higher risk of poverty and social exclusion over time, rather than being poor or socially excluded at just one point in time. We measured economic vulnerability by combining three indicators of households at risk of: low income, household joblessness and experiencing economic stress.

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THE DYNAMIC OF CHILDREN'S ECONOMIC VULNERABILITY

As Ireland moved into the recession, economic vulnerability increased for both the 2008 and 1998 cohorts, reaching 25 per cent of children in both cohorts by the second wave. The factors behind economic vulnerability were similar for both cohorts and particularly strong for persistent economic vulnerability (being vulnerable in both waves of the survey). Persistent economic vulnerability was significantly associated with lone parenthood, parents (or principal care givers) with lower levels of education and, to a lesser extent, parents who were younger when the child was born, the number of children in the family and whether a parent left or died between waves. Similar factors were associated with "transient" vulnerability (being vulnerable in wave 1 only) but the effects were weaker, particularly in relation to lone parenthood and the level of education of the parents. These factors were substantially weaker again in relation to children who became economically vulnerable between waves 1 and 2. This suggests that the children who became economically vulnerable during the recession were from a greater mix of socio-economic backgrounds.

CONCLUSION

It was not surprising that economic vulnerability had increased markedly for families of both cohorts of children during the recession. Nor was it surprising that the risk of economic vulnerability was strongly linked to factors such as lone parenthood and low levels of education. Because of the loss of employment and earnings during the recession, however, it was also clear that, as economic vulnerability became more widespread, the profile of the families at risk changed too. Those who were economically vulnerable in the second wave were not only a larger group, but a more diverse group than those historically at risk of disadvantage and poverty. Among families who became economically vulnerable during the recession, there were more couple families (for example, for the 98 cohort, 11% of economically vulnerable children in wave 1 lived in a 2 parents and 2 children household type while it was 22% in wave 2) and more with higher levels of education. The findings confirm the policy and political challenges presented by the scale of the Great Recession in Ireland which go well beyond catering for groups previously characterised by a high dependence on social welfare.

Nevertheless, the strong association between persistent poverty and lone parenthood and lower levels of parental education points to the importance of education and skills acquisition, particularly for those at risk of early school leaving. The needs of lone parents outside the labour market also need to be addressed. Because lone parent families have only one care giver, the challenge of balancing employment and child care is more acute for them than for couple families.