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Social protection during the economic crisis

How do changes to benefits systems affect children?

Barbara Janta, Marie-Louise Henham

EUROPE

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Prepared for the European Commission, Directorate-General for Employment, Social Affairs and Inclusion

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Preface

This policy brief was developed by RAND Europe, which in 2011 was appointed by the European Commission's Directorate-General for Employment, Social Affairs and Inclusion to provide content and technical support for the European Alliance for Families platform, which became the European Platform for Investing in Children (EPIC) in 2013.

The European Platform for Investing in Children (EPIC) was set up to explore demographic and economic challenges in the EU from a child and family-focused perspective. Its purpose is to share the best of policymaking for children and their families, and to foster cooperation and mutual learning in the field. This is achieved through information provided on the EPIC website, which enables policymakers from the Member States to search evidence-based child-focused practices from around the EU and to share knowledge about practices that are being developed, and also by bringing together government, civil society and European Union representatives for seminars and workshops to exchange ideas and learn from each other.

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The document is designed to provide insights into issues of interest to policymakers. It has been reviewed by one of the EPIC external experts in child and family policy, and internally, following RAND's quality assurance processes.

The opinions expressed do not necessarily reflect the position of the European Commission.

Social protection during the economic crisis: how do changes to benefits systems affect children?

Executive summary

- The economic crisis has deeply affected many public areas through cuts in public spending. In this brief we examine the impact of the economic crisis on child- and family-related benefits in the European Union (EU). We discuss how public policies relating to children and families have been affected and what consequences the crisis might have for child poverty and social exclusion.
- We find that the percentage of children living in poverty or social exclusion increased in several European Union Member States during the economic crisis. This was partly due to the fact that family policies and services did not escape cuts in European Union countries. Families also became more at risk of poverty due to rising unemployment and significantly reduced incomes.
- However, despite some deterioration of child and family policies and services during the crisis, recent reforms and measures implemented across Member States aim to secure adequate livelihoods for vulnerable families.

Introduction

The European Commission's Recommendation 'Investing in Children – Breaking the cycle of disadvantage' (2013) acknowledges that children are more at risk of poverty and social exclusion than the overall population in most European Union Member States. The Recommendation argues for early intervention and prevention as more cost effective measures than addressing the consequences of childhood poverty and exclusion later in life. As summarised by Richardson (2010, 506), 'investing in young and vulnerable children is efficient as well as fair: gaps in child outcomes closed early…are gaps closed more cheaply, and gaps future policy-makers and taxpayers will not have to worry about'. In addition, UNICEF (2012) argues:

> 'Childhood…demands of a very civilised society that children should be the first to be protected rather than the last to be considered…children have only one opportunity to grow and develop normally, the commitment to protection must be upheld in good times and in bad. It must be absolute'.

However, the economic crisis has deeply affected many public policy areas through cuts in public spending, presenting a real risk to early intervention and prevention policies for children, and one that may result in greater public expenditure in the future.

The aim of this brief is to examine the impact of the economic crisis on child- and family-related benefits, as well as wider benefits affecting children, in the 28 Member States. We outline the changes in the availability of, and the criteria applied to, different benefits packages. Our analysis is based on a non-systematic review of English language literature, and when feasible, analysis of European and national data sources. Our conclusions should be considered within these limitations.

The brief first details European activities to promote policies investing in children and presents a brief overview of the situation of children in Europe. This is followed by a discussion of social protection

systems in place, including policies dedicated to children. Finally, it presents Member State responses to the crisis, focusing on changes to social protection packages.

1. Investing in children

The European Commission (EC) adopted the Social Investment Package (SIP) in 2013 in a bid to address current under investment in social policies in Member States, which may lead to greater future public expenditure. The SIP highlights the need for Member States to focus on policies and policy areas that produce high returns within people's lifetimes, such as childcare, education and training, the labour market, housing support, rehabilitation and health services. The key premise of the SIP is that there is a need for smarter budget cuts that do not reduce expenditure and investment in human capital, which could in turn endanger future economic growth. Instead, investment in human capital, and most importantly in children, is paramount to ensure a stable and growing society and economy and prospering individuals. Part of the SIP policy response is the EC's Recommendation 'Investing in Children – Breaking the cycle of disadvantage' (2013), which stresses the importance of early intervention and preventive approaches, and argues for more investment in children and young people to increase their opportunities in life.

Investing in children is important as they are at greater risk of poverty and social exclusion than adults. More than a quarter (27 per cent) of the 100 million people under the age of 18 in Europe are at risk of poverty or social exclusion. More specifically, 20.5 per cent at risk of poverty, 9.6 per cent are materially deprived and 9.1 per cent are living in households with very low or no work engagement (Council of the European Union 2012). As a result of the economic crisis, the percentage of children living in poverty or social exclusion has increased in several Member States, with the highest increases reported in Bulgaria, Romania, Hungary, Latvia, Greece, Malta and Italy (SPC 2014). Table 1 shows that, overall, 28 per cent of children under the age of 17 in the EU were at risk of poverty and social exclusion in 2012. In Bulgaria, Latvia, Hungary and Romania, over 40 per cent of children fell into this category. Only in seven Member States, namely Denmark, Estonia, Germany, Lithuania, Slovenia, Sweden and Finland, were children less at risk of poverty or social exclusion than the total population.

Table 1. People at risk of poverty or social exclusion by age group (per cent of specified population), 2012.

GEO/TIME	Total	0-17	18-64	65 years or over
EU28	24.8	28.0	25.3	19.3
Belgium	21.6	23.1	21.6	19.6
Bulgaria	49.3	52.3	45.6	59.1
Czech Republic	15.4	18.8	15.5	10.8
Denmark	19.0	15.3	21.5	14.6
Germany	19.6	18.4	21.2	15.8
Estonia	23.4	22.4	24.2	21.8
Ireland	29.4	34.1	30.5	13.8
Greece	34.6	35.4	37.7	23.5
Spain	28.2	33.8	29.7	16.6
France	19.1	23.2	19.8	11.1
Croatia	32.3	33.8	31.5	33.2
Italy	29.9	33.8	30.4	25.2
Cyprus	27.1	27.5	25.8	33.4
Latvia	36.2	40.0	35.9	33.7
Lithuania	32.5	31.9	31.7	35.7
Luxembourg	18.4	24.6	18.8	6.1
Hungary	32.4	40.9	32.9	20.6
Malta	23.1	31.0	21.1	22.3
Netherlands	15.0	16.9	16.5	6.2
Austria	18.5	20.9	18.4	16.2
Poland	26.7	29.3	26.7	23.4
Portugal	25.3	27.8	25.5	22.1
Romania	41.7	52.2	40.2	35.7
Slovenia	19.6	16.4	19.7	22.8
Slovakia	20.5	26.6	19.9	16.3
Finland	17.2	14.9	17.3	19.5
Sweden	15.6	15.4	15.1	17.9
United Kingdom	24.1	31.2	23.8	16.9

Note: 2011 data for Ireland.
Source: Eurostat, 'People at risk of poverty or social exclusion' [code: ilc_peps01]

1.1 Social protection in Europe

Social protection systems play a significant role in reducing child poverty. On average, according to the SPC (2014) report, social protection expenditure reduces child poverty risk by 40 per cent in the EU, although this varies significantly across Member States.

In response to the economic crisis, the majority of European governments had to make decisions about how to cut budget deficits and how to cut public spending. Family policies did not escape cuts, and Member States have introduced austerity measures that have impacted upon social sector spending. These recent changes to social security systems have, in most countries, taken a more strict and severe approach

than previous reforms. Frazer & Marlier (2012, 19) highlight the twofold impact of the economic crisis on children and families. On the one hand, families became more at risk of poverty due to rising unemployment levels and significantly reduced incomes; on the other, austerity measures introduced by Member States led to cut backs in child- and family-related services.

Discussing social protection systems in Europe, Cantillon et al. (2013) note that these are based on three main principles and aim to: (1) maintain acquired living standards in the event of the materialisation of social risks (protection); (2) combat poverty by guaranteeing adequate minimum incomes (poverty reduction); and (3) foster 'active inclusion' as a means of preventing or rectifying damage (prevention). Inevitably, there are tensions between these primary purposes of social security, and these can be observed when analysing how European countries have developed social security packages over recent years. However, despite the differences between the national social security systems, there are some commonalities in the design and implementation of social policies across Europe. For instance, in the last two decades welfare systems have adapted to changing social, economic and demographic circumstances: Member States have addressed the so-called 'new' social risks that are distributed equally across populations, such as old age protection, parenthood and the combination of work and family life. As argued by Cantillon et al. (2013, 6), social policies and benefits supported 'the transition to dual earnership model through all kinds of new benefits that facilitated the conciliation of work and family life'. Social policies in many Member States are also targeting in-work poverty to prevent and alleviate poverty among workers and thus their households (Marx et al. 2011).

In addition, national policies have focused on promoting active policies aiming to raise employment levels while reducing passive policies providing social protection. European policymaking has influenced the development of such national social policies. For instance, the Lisbon and Europe 2020 strategies put emphasis on the effectiveness of employment activation measures to facilitate work and family life, and less focus on social protection benefits directly targeting poverty reduction.

1.2 Child-related measures

Despite this move towards activation, Member States still allocate a considerable proportion of their spending budgets to social protection measures, including child-related benefits. In general, these benefits can take a universal form and be available to all children, or can be means tested and provided only to individuals who meet the eligibility criteria. Summarising literature on the efficiency and poverty reduction of means-tested and universal child benefit, Notten & Gassmann (2008) highlight the key issues that policymakers have to consider when deciding on the benefits package. They point out that allocating benefits to children from poorer families contributes to a higher benefit for each eligible child and thus has a larger effect on poverty reduction. However, targeting benefits requires more planning and implementation effort. For instance, policymakers have to decide on the indicators that identify specific groups (in this case poor children), gather specific information about individuals and families, and find measures to decide whether a person or household belongs to the targeted group. Inefficiencies in the screening process can result in imperfect targeting, such as 'leakage'/'inclusion error', when some benefits flow to children outside of the target group, or 'exclusion error', when some children in the target group do not get a benefit. As summarised by Notten & Gassmann (2008, 261), 'when screening costs are high and there are errors of inclusion and exclusion, universal benefits become more attractive as a benefit allocation mechanism'. Ultimately, the decision always comes down to 'the trade-off between the costs of

targeting and the benefits in terms of poverty reduction'. Assessing the impact of tax and transfer systems on children in EU countries, Corak et al. (2005) found that the best performing countries in terms of child poverty reduction tend to have systems of universal child benefits and tax concessions that are not strongly targeted at low-income children. Analysing single parent households, Van Lancker et al. (2012) show that child benefits play a major role in complementing the income of single mothers. However, the poverty-reducing impact of child benefits varies greatly between countries, as it largely depends on the generosity and the design of the benefit systems in place. Summarising the discussion of the impact of child benefits on child poverty reduction, the SPC (2014, 135) report suggests that 'targeting support within a broader universal system can improve the effectiveness of the benefit system'.

The notion of poverty and poverty reduction does create an additional layer of challenges for policymakers because poverty is a multidimensional concept and there are different ways to measure it. Decisions regarding poverty thresholds require a subjective judgement from policymakers about the level of poverty below which a person or family cannot fulfil its basic needs. Such thresholds, as well as the different ways of measuring them, in turn impact upon the size and composition of targeted groups. Additional difficulties arise from the fact that poverty reduction is not the only objective of child benefits, and also because 'a benefit that is said to be "poorly targeted" based on the poverty objective may be effective in terms of another objective' (Notten & Gassmann 2008, 261).

2. Child benefits and the crisis

2.1 Changes in child-related benefits during the economic crisis

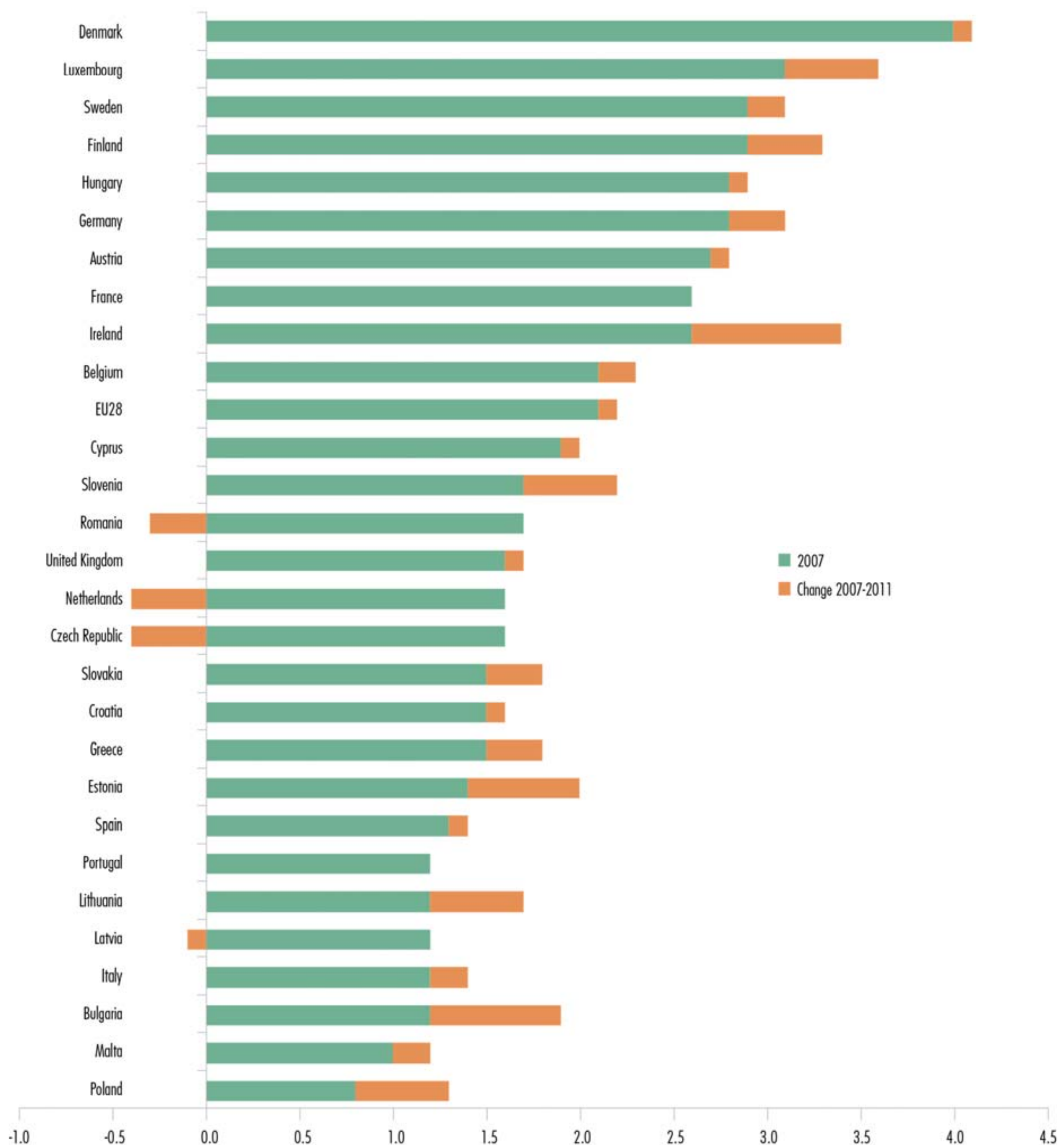
The allocation of public spending can indicate the overall priorities of particular social benefit programmes (in this case child and family benefits). However, it does not indicate the adequacy of particular benefit packages. Summarising the discussion of the adequacy of social assistance in Europe, Cantillon et al. (2013, 18) point out that 'whereas *child benefit packages* were able to escape welfare erosion until the 1990s, over the past decade their adequacy has declined in a majority of countries'. Cantillon et al.'s definition of the child benefit package consists of child cash transfers and child tax benefits, allowances that reduce the direct tax liability in respect of children, housing benefits and social assistance top-ups that take account of the presence of a child. They conclude that in most EU countries, 'child benefit packages have decreased relative to the poverty line'. From 2001 to 2009, the gap between the child benefit package and the poverty line has increase by more than 20 per cent in Austria, Spain, the Czech Republic, Estonia and Ireland, and over 10 per cent in France, Denmark and Latvia. The only countries where the child benefit package has grown faster than the median equivalent income are Hungary, Italy, Lithuania, the Netherlands and the United Kingdom (Van Mechelen & Bradshaw 2013, cited in Cantillon et al. 2013).

However, OECD analysis of a broader range of social spending measures shows that real public spending in OECD countries increased between 2007/08 and 2011/12. In the Netherlands, for instance, it has increased by about 10 per cent. However, some countries, notably Greece and other southern European states, noted a sharp decline in social spending (OECD 2012).

Child and family policies have mostly avoided direct cuts during the recent economic crisis and continue to be advanced in many European countries. Nevertheless, Member States did introduce some measures that may have indirectly reduced the level of support for families. Figure 1 shows that public spending on

family benefits as a percentage of Gross Domestic Product (GDP) has increased in most EU countries. In fact, between 2007 and 2011, the allocation of public spending on family benefits only decreased in Romania, the Netherlands, the Czech Republic and Latvia, whilst remaining unchanged in France and Portugal. Evidence presented by the OECD (2012) shows that more spending makes a difference in children's lives, because countries with higher average per child spending have lower overall poverty rates.

Figure 1. Public spending on family benefits as a percentage of GDP, 2007–2011



Note: Croatia and EU28 data for 2008 instead of 2007.

Source: Eurostat, 'GDP spending on family/children' [code: spr_exp_ffa]

According to responses prepared by national experts reporting to the EC on the changes to their country's family policies since 2008, some 21 countries reported that extensive social policy measures had been put in place. Whilst some countries further developed existing measures, others, such as the Czech Republic, Greece and Poland, purposefully put together packages to assist and support families, children and working life (Leventi 2010). Similar conclusions are reported by Gauthier (2010), summarising the impact of the economic crisis on family policies in the EU. She highlights that policy responses in Member States can be grouped into measures that were part of structural changes and those that were introduced as a direct response to the crisis. The structural changes usually took the form of extensions or updates to existing measures (such as annual increases to the rate of benefits). In the Czech Republic, Poland and Greece, packages of extensive new measures to help reconcile family and professional life have been adopted. Measures introduced in response to the economic crisis mostly focus on childcare and housing, and were usually provided in a form of cash benefits. In most cases, these changes were only temporary and provided a modest financial contribution to families' budgets. Gauthier also shows that some countries implemented measures that reduced the level of support for families. She notes that these changes were mainly in the form of cuts aimed at reducing the duration of payments, reducing the actual amount of benefits for some children, and making the benefits taxable. The most severe cuts in support for families were experienced in Member States most affected by the crisis, such as Estonia, Hungary, Latvia and Lithuania.

Gauthier's study also shows that the area of cash transfers and tax benefits to families has seen most changes since the beginning of the crisis, with a total of 21 Member States implementing policy measures in this area. Changes regarding maternity, paternity, paternal leave and related benefits were implemented in 17 countries, with the majority expanding the level of support provided by government. Some 15 Member States also implemented changes relating to childcare and early childhood education. Some countries were also implementing measures relating to housing benefits and subsidies.

As reported by Richardson (2010), across the EU changes to the amounts paid in cash benefits, including tax and family allowances, were the most commonly used direct child policy measures. In addition, many Member States introduced stimulus measures, such as free childcare services. These provisions have a more permanent character and many of them are still in place. However, in some countries, for instance Estonia, some services for families were postponed, including the postponement of a free day care plan. The UK has also reformed its social security system, including revision of the income eligibility criteria for child benefit payments.

The SPC (2014) report points out that despite some deterioration of child benefit systems during the crisis, recent reforms implemented across Member States have tried to ensure adequate livelihoods for families. For instance, in Estonia a needs-based family allowance reform was partly implemented in 2013, and in Latvia additional payments for parents of children under 1.5 years of age were introduced. Other countries reformed their benefit schemes to provide better support for vulnerable families. In Cyprus, a means-tested single parent benefit was introduced in 2012. Member States have also made their tax incentives more progressive. In France, for example, tax exceptions for families with children have been reduced for high-income households. Similarly, a number of countries have introduced means-tested measures or payment ceilings for previously universal measures. Examples of changes in policy design

include the introduction of means-tested child benefit in the UK, and partial similar measures in Lithuania and Cyprus.

It seems that the take up of benefits, in particular means-tested benefits, is often not widespread. A broad range of factors are involved, such as stigma associated with receiving benefits, high claiming cost when applying for benefits, administrative errors and information failures – all meaning that not all families receive the benefits to which they are entitled. This is particularly pronounced among families in marginalised communities and areas of intense poverty. As noted in the SPC (2014) report, reaching out to such families is particularly challenging in countries with a high risk of child poverty or social exclusion, such as Portugal and Romania.

A report by ChildONEurope (2011) provides a list of measures related to child and family services that have been implemented in the EU countries. This is a non-exhaustive list of policy measures based on evidence provided by the European Network of National Observatories on Childhood. The study results show that, in many countries, policy response to the economic crisis started with expenditure on family benefits. For instance, in France, Germany, Hungary and Italy, a one-off payment was provided to families who were in need or low-income families with children at school. Lithuania relaxed eligibility criteria for benefits by moving from means-tested to universal child benefits for children under 3 years old. In other countries the provision of childcare services was improved, with the aim of allowing parents to focus on work. For example, France introduced a one-off service voucher to improve affordability of services, and Ireland improved the coverage of services by introducing a free preschool year. However, in many Member States cuts to family benefits and service opportunities were the policy response to the economic crisis. For instance, in some countries family cash allowances became means tested (by age and income), or benefits payments were even frozen.

Below we present these policy measures as grouped by the ChildONEurope report: (1) austerity measures in a form of cuts to benefits and services to families; (2) expansion measures aimed to stimulate and further support families and children. It is important to note that some countries have adopted both approaches, either at different stages of the economic crisis or in relation to different services.

Table 2. Examples of austerity measures affecting children and families

Examples of austerity measures affecting child-related benefits
Estonia • The narrowing of eligibility conditions for income tax allowance to families with children. • Cash allowances such as the first child tax relief and child school allowance were cut. • Family allowance payment plans such as the paternity leave benefits and free day care plan was suspended. • The abolition of child school allowance. • Reduction in care payments for under 12s and a removal of study loans for parents with children under the age of five. • Single parent allowances were means tested and fewer people eligible for subsistence.
Hungary • Temporary freeze on universal family allowance and home creation support and an increase in social insurance contribution in order to receive childcare benefits. • The duration of parental leave benefits was reduced from up to the third birthday of a child to up

to the second birthday.

Denmark

- Cuts in child benefit and to the upper limit of universal child allowance per family per year, irrespective of the number of children.

Ireland

- Cuts in child benefit and in the Back to School Clothing and Footwear Allowance.

United Kingdom

- Child benefits remain frozen until 2014.
- A benefit cap started in April 2013 (Browne 2012).
- Change in the eligibility criteria for Working Tax Credit; couples with children now need to work 24 hours a week.
- Cuts in the baby element of the Child Tax Credit (European Commission 2010).
- The family element of the Child Tax Credit was removed from higher-income families.
- Reduction in the income test threshold for tax credits.
- Cap on housing benefit payments.
- Health in Pregnancy grants cut altogether.

Portugal

- Cuts in childcare benefits in 2010 and 2012.
- Increasingly exclusive eligibility criteria for social benefits.
- Family and children support reduced by 30 per cent between 2010 and 2011.

Spain

- The only universal benefit for families with children, a 'baby cheque' provision for new-born children, was removed in 2010.
- Significant reduction of child benefit.

Examples of expansion measures affecting child-related benefits

Austria

- A new tax-free cash allowance of €200 per child put in place in 2009.
- An increase in childcare tax credit and provision of free childcare services.
- The last preschool year became free of charge and compulsory in 2010.
- Heating allowances and tax breaks have been implemented.

Germany

- An increase in childcare leave from 315 days to 410 days per child in 2009.
- Rights to paternity leave put in place for the sixth to the twelfth month of the child's life.

Greece

- Allowances for larger families extended to those with only three children, until the youngest child reaches 23 years of age.
- Mothers who work in the private sector given an additional period of leave as of 2008.
- A 'reconciliation of family and professional life' action plan was put into place from 2007 to 2013.

Finland

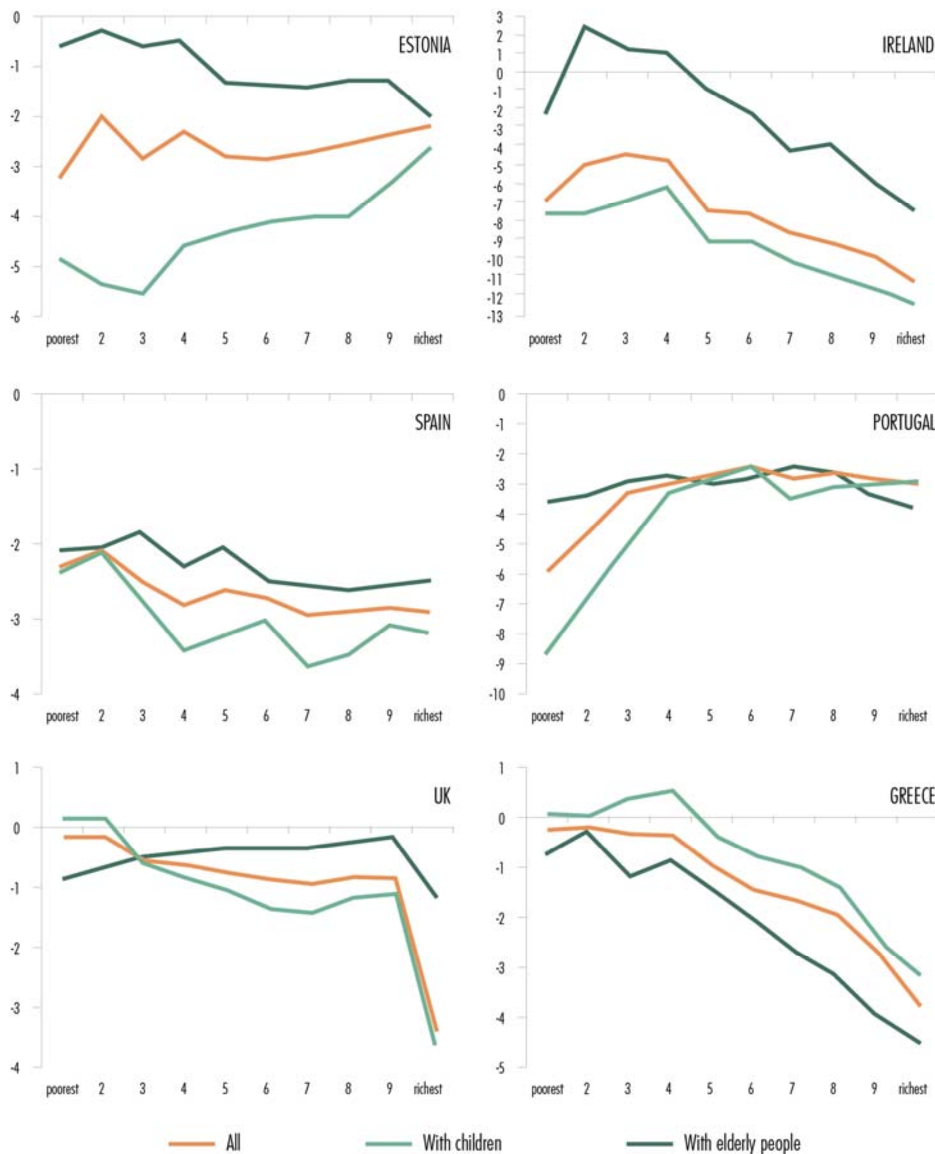
- Child benefit was increased for the third child and following children after that (in 2009).
- Child benefit was index-linked as of 2011.
- Private day care allowance was increased in 2009.
- The minimum parental leave after the birth of a child was increased in 2011 and the child home care allowance was increased in 2009 and became index-linked in 2011 (European Commission 2010).

Source: Unless stated otherwise, all data based on ChildONEurope (2011).

Analysing how the burden of austerity measures is shared across different types of households in six EU countries – Estonia, Ireland, Greece, Spain, Portugal and the UK – Callan et al. (2011) show that households with children tend to lose more financially than other types of households. The measures seem to have had a particularly strong effect in Estonia and Portugal, especially at low levels of income. In the UK, the increases in means-tested payments for children introduced during the economic crisis allowed households with children in the bottom 20 per cent of the distribution not to lose financially in terms of household disposable income. Interestingly, Greek families with children are relatively well protected, especially towards the middle and bottom of the income distribution levels.

Similar findings are reported by Leventi et al. (2010). They examined the effects of austerity measures in four EU countries – Estonia, Greece, Spain and the UK, Member States among the worst hit by the crisis. The authors focused on the direct effects of tax increases and spending cuts across the distribution of household incomes and on relative poverty risk. They found that median incomes declined in all these countries, while estimated poverty rates increased. Looking at how these changes impacted upon specific population sub-groups, the authors noted that the rise in poverty in Estonia and Spain was above average for households with children, and for the elderly in Greece. Analysing the relative share of total income held by different income groups, they found that higher income groups contributed to the bulk of the total fiscal consolidation effort. However, in relative terms – that is, as a proportion of their income – lower-income groups suffered a greater income loss (except in Greece).

Figure 2. Percentage change in household disposable income due to austerity measures (by type of household)



Note: The austerity measures included here are limited to those that have a direct effect on household disposable income (changes to direct taxes, cash benefits and public sector pay). They do not include changes to employer or credited contributions. In addition, increases in indirect tax, cuts in public services and some minor tax-benefit changes are not included. Children are defined as those aged under 18 and elderly people as all those aged 65 or over. The charts are drawn to different scales, but the interval between gridlines on each of them is the same.

Source: Callan et al. (2011).

Looking at the situation in the UK, Browne (2012) shows that larger families with more children have experienced the most significant financial burden over recent years compared with other households. He concludes that children from ethnic minority families are the most impacted, since ethnic minority groups tend to have more children per family. Projecting the prospects for incomes and poverty rates among households with children until 2015, Browne found that the median income for households with children is set to fall in real terms by 4.2 per cent between 2010 and 2016. For families with three or more

children, households with very young children and those living in private rented accommodation, the median income is projected to fall by more than 4.2 per cent over the same period. The authors found that relative poverty rates are set to increase until 2016, and this increase will particularly affect the same types of families that will experience falls in their real income.

These findings are in line with those of Gauthier (2010). She reports that the economic crisis not only affected low-income families but also impacted upon those with middle income. Some families have been directly affected by the loss of employment, while others may have experienced a decline in income due to reduction of working hours or loss of additional benefits.

A recent EU Network of Independent Experts on Social Inclusion report (Frazer & Marlier 2014) comments on how EU countries invest in children in view of the recent Recommendation 'Investing in Children – Breaking the cycle of disadvantage'. The report focuses on policy changes implemented since the Recommendation, as well as the broader impact of the economic crisis on children at risk of poverty or social exclusion in the EU. The authors note that most of the countries with low rates of child poverty or social exclusion, defined as below 21 per cent, have largely sustained their investment in child and family-related benefits and services and have made efforts to ensure that children are protected from the impact of the crisis. Many of the medium-risk countries (22–30 per cent of children aged 0 to 17 at risk of poverty or social exclusion), such as Cyprus, Estonia, France, Luxembourg, Poland and Slovakia, have also made efforts to protect children and families and some of them introduced measures to mitigate the impact of austerity measures. National experts from countries with a high rate of child poverty and social exclusion (31–35 per cent), such as Greece, Spain, Croatia, Italy and the UK, reported that child and family policies in their respective countries have not protected children sufficiently from the impact of the crisis. Finally, experts from countries with a very high risk of poverty or social exclusion (40–52 per cent), such as Latvia, Hungary, Bulgaria and Romania, indicated that the impact of the crisis on children in these Member States has been negative and measures to protect children have been inadequate.

2.2 Changes to wider social assistance packages

It is important to note that apart from child benefits that target children's needs directly, a much broader range of policies and benefits can impact upon overall child wellbeing. For instance, children are affected by the general economic situation of a family, e.g. whether their parents work, their living conditions and the level of social assistance available at times of financial hardship. Cantillon et al. (2013) suggest that over recent years families with low work-intensity households were mostly affected by the inadequacy of social protection. This was the case over the last decade as social spending in many EU countries evolved with the prioritisation of policies aimed at raising employment levels and weakening passive social protection measures.

Since the onset of the financial crisis, the lives of many European families have become harder as unemployment levels have risen and job security has declined. As reported in Richardson (2010, 498), increases in unemployment have led to 'inevitable increases in associated welfare benefits recipiency (unemployment benefit, social assistance)'. In Estonia and Spain, the worst affected countries, the rates of unemployment benefit receipt increased by 164 and 61 per cent respectively in the first year of the crisis. Similarly, the demand for social housing and the share of children living in households overburdened due to housing costs have also increased (SPC 2014). At the same time, a shortage of jobs and slow

employment creation have made it difficult for many families to 'work their way out of benefit receipt and poverty' (Richardson 2010, 498). However, having a job does not always allow families with children to escape poverty. The SPC report (2014, 127) shows that across Member States, people in households with children are much more likely to be working poor than households without children. The study estimates that 'compared to a childless household with two adults, a two adult household with two children cost about 40% more'. Lone parents and their children are particularly exposed to the risk of poverty – financial difficulty inevitably impacts upon children.

As noted in Bradshaw & Richardson (2009), there is a link between living in a poor household and overall child wellbeing. Their research suggests that there is no direct association between a jobless household and child wellbeing, but the worklessness impacts on children if it results in poverty or deprivation. This may be particularly important if benefits to families are paid on condition of work or social security contributions. In that case, strict conditionality of benefits may have a limited effect on children because they have 'a more limited coverage than universal benefits or services' (Richardson 2010, 498).

Overall, most countries have steadily increased the provision of benefits in kind, including tax breaks and allowances for families with earned income, while cash benefit spending has decreased (OECD 2011). For instance, the UK and Ireland have aligned some of their family-related benefits with working benefits through the child tax credit and working tax credit measures. The OECD study reports that in countries such as the UK and Ireland, when family support is largely income-tested, the rise in the number of low-income families since the onset of the economic crisis has impacted upon the take-up of income support benefits and the number of claimants with maximum payments. It is argued that these family policy measures have cushioned the effects of economic austerity for poorer families (OECD 2012).

Conclusion

Analysis of the changes to child and family policies implemented during the economic crisis shows a variety of responses across Member States. These include the introduction of cuts to services and social benefits payments, introducing stimulus measures, and moving from passive to activation policies. As reflected by the increase in public spending on family benefits as a percentage of GDP over recent years, it seems that the majority of such crisis measures were temporary and will not lead to a permanent drop in investment in children. On the other hand, many were related to particular types of families, ages of children and/or family incomes, meaning that these changes may not have affected all families to the same extent. In addition, the available data show the provision of support for families rather than whether these policy measures were meeting the demand for family and child-related support. It is also important to situate child- and family-related benefits within a broader context of policy changes, since a wide range of measures has impact upon child and family well-being.

The 2013 European Commission Recommendation gives new incentive to promote investment in child policy measures and services. This would reinforce positive development, would provide children and families with better opportunities and improved outcomes, and would help them to escape poverty and deprivation. It is critical that post-crisis policies support all children and families to invest in early

intervention and prevention measures as the most cost effective ways of helping children break the cycle of disadvantage, escaping poverty and social exclusion later in life.

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