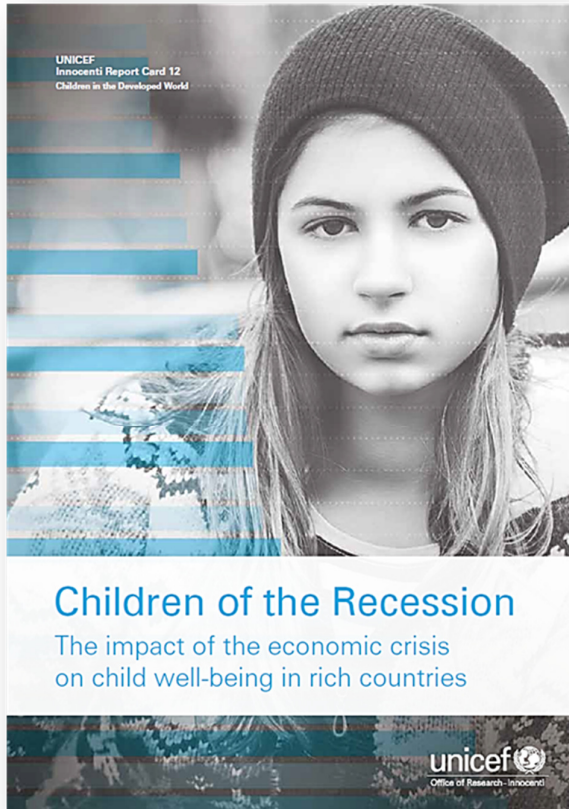


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## **MEDIA SUMMARY & LEAGUE TABLES**

### **Innocenti Report Card 12**

#### **Children of the Recession**

A special summary with key highlights of league tables for the media

**unicef**   
Office of Research-Innocenti

## Executive summary

The data and observations in this Innocenti Report Card reveal a strong and multifaceted correlation between the impact of the Great Recession on national economies and a decline in children's well-being since 2008. Children are suffering most, and will bear the consequences longest, in countries where the recession has hit hardest.

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For each country, the extent and character of the crisis's impact on children has been shaped by the depth of the recession, pre-existing economic conditions, the strength of the social safety net and, most importantly, policy responses. Remarkably, amid this unprecedented social crisis, many countries have managed to limit – or even reduce – child poverty. It was by no means inevitable, then, that children would be the most enduring victims of the recession.

### The impact of the recession on children

This report offers multiple and detailed perspectives on how the recession has affected children in the developed world. Official data have been used to rank the impact on children for countries in the European Union (EU) and/or the Organisation for Economic Co-operation and Development (OECD):

- In more than half of the 41 countries analysed, and in many of the highly populated countries, child poverty (children living in households whose income is below the poverty line) has increased since 2008 (in 23 countries, as well as in 31 US states). In 18 countries child poverty has fallen, sometimes markedly.
- The number of children entering into poverty during the recession is 2.6 million higher than the number that have been able to escape from it since 2008 (6.6 million, as against 4 million). Around 76.5 million children live in poverty in the 41 most affluent countries.
- The recession has hit young people extremely hard, with the NEET (not in education, employment or training) rate rising dramatically in many countries. In the EU, 7.5 million young people (almost the population of Switzerland) were NEET in 2013 – nearly a million more than in 2008.
- From 2007 to 2013, feelings of insecurity and stress rose in 18 of the 41 countries, according to measurable self-perception indicators (including access to food and satisfaction with life). The recession's impact on personal experiences and perceptions is not yet over, and many indicators have even worsened in the most recent years.

### Universal aftershocks

The median income in households with children has decreased in almost half of the countries with available data. The number of families stating that their situation is 'very difficult' has risen in most countries. Having a child or children in a household increases the risk of 'working poverty' (working, but below the poverty line) from 7 per cent to 11 per cent. Inability to cope with unexpected financial expenses has increased by almost 60 per cent, on average, in households with children in the 12 most affected countries.

### Poorer children suffer most

The poorest and most vulnerable children have suffered disproportionately. Inequality has increased in some countries where overall child poverty has decreased, suggesting that tax changes and social transfers intended to help the poorest children have been relatively ineffective.

The 'poverty gap' (a measure of the distance between the poverty line and the income of people below it) has increased in countries where poverty has increased most, meaning that deprivation in those countries is more extensive and intense. It is notable that this inequality has also increased in some places where overall child poverty has decreased. Moreover, children in particularly vulnerable situations – such as those in jobless, migrant, lone-parent and large households – are over-represented in the most severe ranges of poverty statistics. In 28 out of 31 European countries (EU plus Iceland, Norway and Switzerland) the poverty rate has increased more rapidly (or has decreased more slowly) for the young than for the elderly.

### A generation cast aside

Unemployment among adolescents and young adults is a significant long-term effect of the recession. Among those aged 15–24, unemployment has increased in 34 of the 41 countries analysed. Youth unemployment and

underemployment have reached worrying levels in many countries. Even when unemployment or inactivity decreases, that does not necessarily mean that young people are finding stable, reasonably paid jobs.

### **An uneven response**

Many governments adopted economic stimulus packages in the initial phase of the recession, pushing up public spending. The persistence of the recession led to a decrease in national revenues and an increase in deficits. Pressure from financial markets forced many governments to cut budgets. The Eurozone's U-turn was particularly abrupt, and there was a fall in social spending on children and families. Social protection responses have varied considerably in magnitude and makeup.

When budget cuts became unavoidable in certain countries, particularly in the Mediterranean region, the shift from stimulus to consolidation increased inequality and contributed to worsening living conditions for children. Extreme child poverty in the United States increased more during the Great Recession than it did in the recession of 1982, suggesting that, for the very poorest, the safety net affords less protection now than it did three decades ago.

### **The consequences of a Great Leap Backward**

A calculation of the impact of the crisis on the median income of households with children suggests that, between 2008 and 2012, Greek families lost the equivalent of 14 years of progress; Ireland, Luxembourg and Spain lost a full decade; and four other nations lost almost as much. The Great Recession has brought suffering and life-long risks to an extra 2 million children in Mexico, 1.7 million in the United States, 619,000 in Italy and 444,000 in France.

The problems have not ended for children and their families, and it may well take years for many of them to return to pre-crisis levels of well-being. In no region are these risks more problematic than in Europe, where inequality is rising within and between Member States, threatening to undermine the ambitious targets of Europe's 2020 agenda.

### **The children of the recovery**

What lies ahead for children neglected by the global response to the Great Recession? If the neglect persists, the crisis among children will continue well after any economic recovery. The long-term well-being of our societies is at stake.

The analysis in this report suggests the following principles and recommendations for governments to consider in strengthening child protection strategies:

- **Make an explicit commitment to end child poverty in developed countries.** Countries should place the well-being of children at the top of their responses to the recession, aligning their ethical obligations with their self-interest.
- **Rescue, prevent and give hope.** Opportunities to break cycles of child vulnerability should be promoted. Guaranteed minimum social standards would make a positive difference.
- **Produce better data for informed public debate.** Availability, timeliness and usefulness of information about the well-being of children should be improved.

## The League Tables

Each of these league tables describes a different dimension of a complex concept – how children have fared during the Great Recession. The first covers monetary poverty, a measure of the availability of resources to purchase goods and services to ensure material well-being. The second ranking reports on the schooling and employment status of young adults, who have arguably been the hardest hit during this period. And our third league table is somewhat innovative, employing data from the Gallup World Poll to see what individuals themselves say about their experiences during these tumultuous economic times.

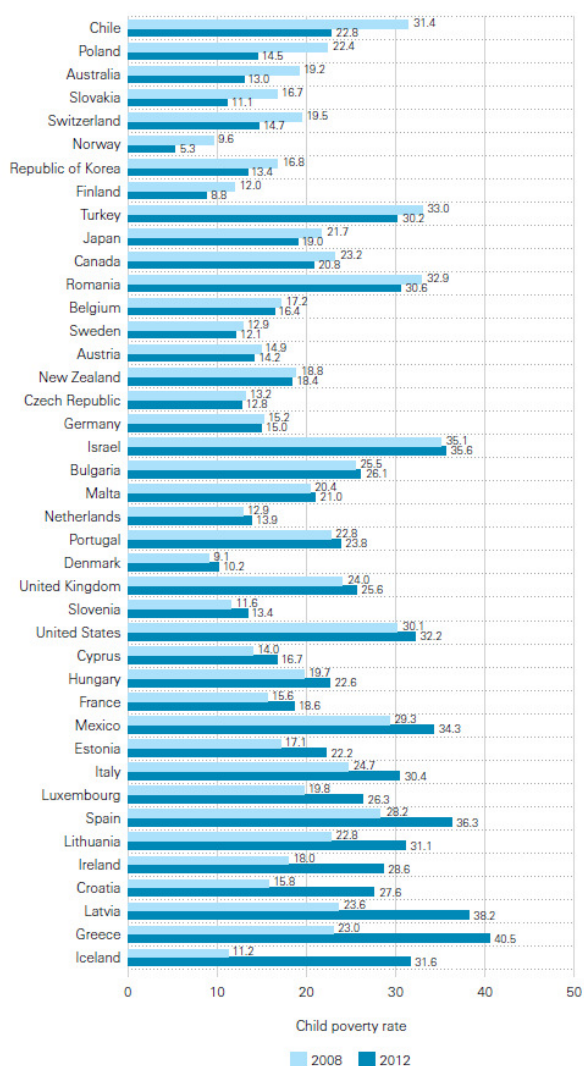
The rankings focus on 2007/2008 up to the latest period for which data are available. A light blue background indicates a place in the top third of the table, mid blue denotes the middle third, and dark blue the bottom third. While some macroeconomic indicators in most affluent countries show signs of recovery, economic growth is slow and unemployment remains abnormally high. The impact of the recession on children, in particular, will be felt long after it is declared to be over.

**League Table 1** ranks the change in child poverty in 41 EU and OECD countries between 2008 and 2012. This change is calculated by computing child poverty in 2008 using a poverty line fixed at 60 per cent of median income. Using the same poverty line in 2012, adjusted for inflation, the rate is computed and the difference in the two rates is shown.

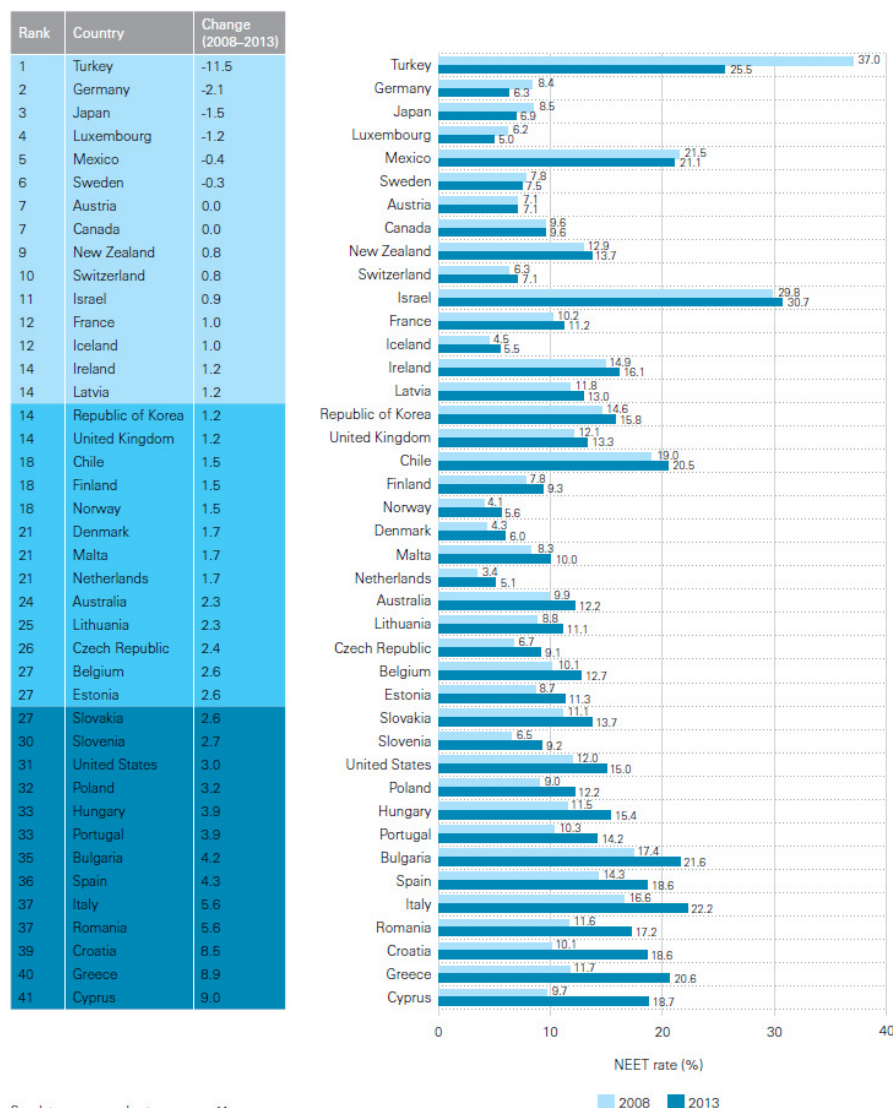
- In 23 countries, the income poverty of children has increased since 2008, with wide variations among countries (from 0.55 percentage points in Israel to 20.4 percentage points in Iceland).
- In the five countries at the bottom of the table, child poverty rose by 10 to 20 points – an increase of over 50 per cent.
- In a remarkable group of 18 countries, families and governments found some way to cope with the worst consequences of the recession or saw their child poverty numbers reduced markedly.
- Around 76.5 million children live in poverty in the 41 most affluent countries.

**League Table 1** Change in child poverty (anchored in 2008)

Rank	Country	Change (2008–2012)
1	Chile	-8.67
2	Poland	-7.90
3	Australia	-6.27
4	Slovakia	-5.60
5	Switzerland	-4.80
6	Norway	-4.30
7	Republic of Korea	-3.40
8	Finland	-3.20
9	Turkey	-2.76
10	Japan	-2.70
11	Canada	-2.44
12	Romania	-2.30
13	Belgium	-0.80
13	Sweden	-0.80
15	Austria	-0.70
16	New Zealand	-0.40
17	Czech Republic	-0.40
18	Germany	-0.20
19	Israel	0.55
20	Bulgaria	0.60
20	Malta	0.60
22	Netherlands	1.00
22	Portugal	1.00
24	Denmark	1.10
25	United Kingdom	1.60
26	Slovenia	1.80
27	United States	2.06
28	Cyprus	2.70
29	Hungary	2.90
30	France	3.00
31	Mexico	5.00
32	Estonia	5.10
33	Italy	5.70
34	Luxembourg	6.50
35	Spain	8.10
36	Lithuania	8.30
37	Ireland	10.60
38	Croatia	11.80
39	Latvia	14.60
40	Greece	17.50
41	Iceland	20.40



See data sources and notes on page 44.

**League Table 2** Youth aged 15 to 24 not in education, employment or training (NEET), percentage

See data sources and notes on page 44.

these indicators reveal rising feelings of insecurity and stress from 2007 to 2013.

- In 29 of the 41 countries, the survey shows an increase in the percentage of respondents who reported not having enough money to buy food for themselves and their family.
- In terms of its impact on personal experiences and perceptions, the recession is certainly not over with negative responses to three or four questions in 16 countries still rising between 2011 and 2013.
- In Greece, the share of respondents saying they “experienced stress yesterday” jumped from 49 per cent in 2006 to 74 per cent in 2013. In the United States, the share of respondents that have experienced not having enough money to buy food doubled, from 10 per cent to 20 per cent.

**League Table 2** depicts the NEET rate, or the percentage of young people aged 15 – 24 who are not participating in education, employment or training of the 41 countries between 2008 and 2013.

- The recession hit young people extremely hard, with the NEET rate rising dramatically in most EU countries. Croatia, Cyprus, Greece, Italy and Romania, all had relative increases of around 30 per cent.
- Across the EU, 7.5 million young people (almost the entire population of Switzerland) were NEET in 2013, nearly a million more than in 2008.

**League Table 3** (next page) tracks what people say when asked their impression of how life has changed since the Great Recession. It draws data from the Gallup World Poll’s representative sample of 1,000 respondents in each country on four essential questions.

- In 18 of the 41 countries, three or more of



**League Table 3** How people say their lives have changed

What people say about their living situation when asked...

Country rankings based on change 2007–2013, Gallup World Poll. Figures in columns 1 to 4 show the relative position of each country in relation to the rest, and column 5 indicates the number of these indicators that had worsened in each country between 2007 and 2013.

Countries ranked based on change 2007–2013					Direction of change	Recent Impact
Country	1 Have there been times in the past 12 months when you did not have enough money to buy food that you or your family needed?	2 Did you experience stress today?	3 Overall satisfaction with life?	4 Do most children in (country) have the opportunity to learn and grow every day, or not?	5 Number of indicators worsening 2007–2013	6 ! = >2 indicators worsened 2011–2013
Germany	4	9	3	6	0	
Switzerland	3	12	8	11	1	
Israel	4	29	6	2	1	!
Slovakia	26	13	3	4	2	
Chile	1	32	1	14	1	
Iceland	18	16	3	11	2	
Australia	13	6	15	15	1	
Austria	4	16	8	21	2	
Japan	8	7	27	8	1	
Bulgaria	1	n.a.	11	29	1	
Latvia	28	15	7	5	2	
Sweden	4	11	10	34	2	
Denmark	8	9	28	15	1	
Mexico	23	8	2	28	2	
Lithuania	29	4	28	1	2	
Republic of Korea	32	2	12	17	1	!
Norway	16	21	15	11	2	
Czech Republic	8	25	12	19	1	
France	26	5	15	19	1	
Malta	20	25	15	8	2	
Poland	18	20	28	3	3	
United Kingdom	8	25	15	21	2	!
Belgium	13	18	24	17	3	
Italy	13	21	36	8	3	
Luxembourg	16	25	15	26	3	!
New Zealand	23	1	31	31	3	
Canada	8	32	15	34	2	
Hungary	41	18	24	6	3	
Estonia	35	13	15	36	3	!
Croatia	29	n.a.	15	33	2	
Netherlands	29	30	24	21	4	!
Romania	32	3	33	37	3	
Slovenia	20	34	12	39	3	
Finland	20	34	31	21	4	
United States	37	21	33	21	4	!
Portugal	35	21	35	31	4	!
Spain	23	30	40	38	4	!
Ireland	32	36	38	30	4	!
Turkey	40	38	37	27	4	!
Cyprus	38	37	38	40	4	!
Greece	39	39	41	41	4	!

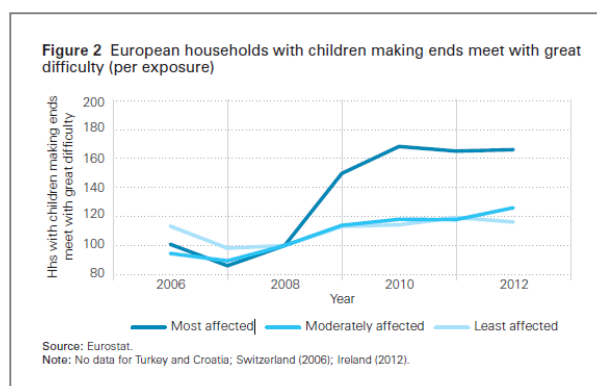
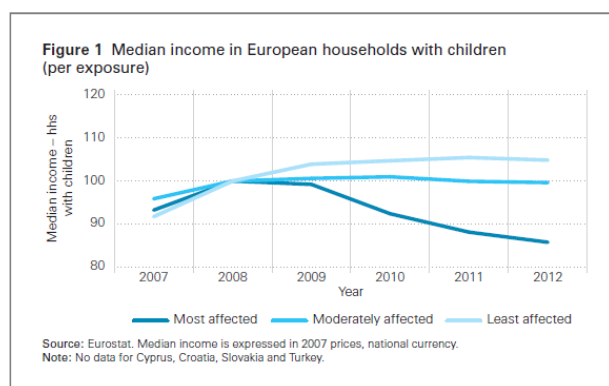
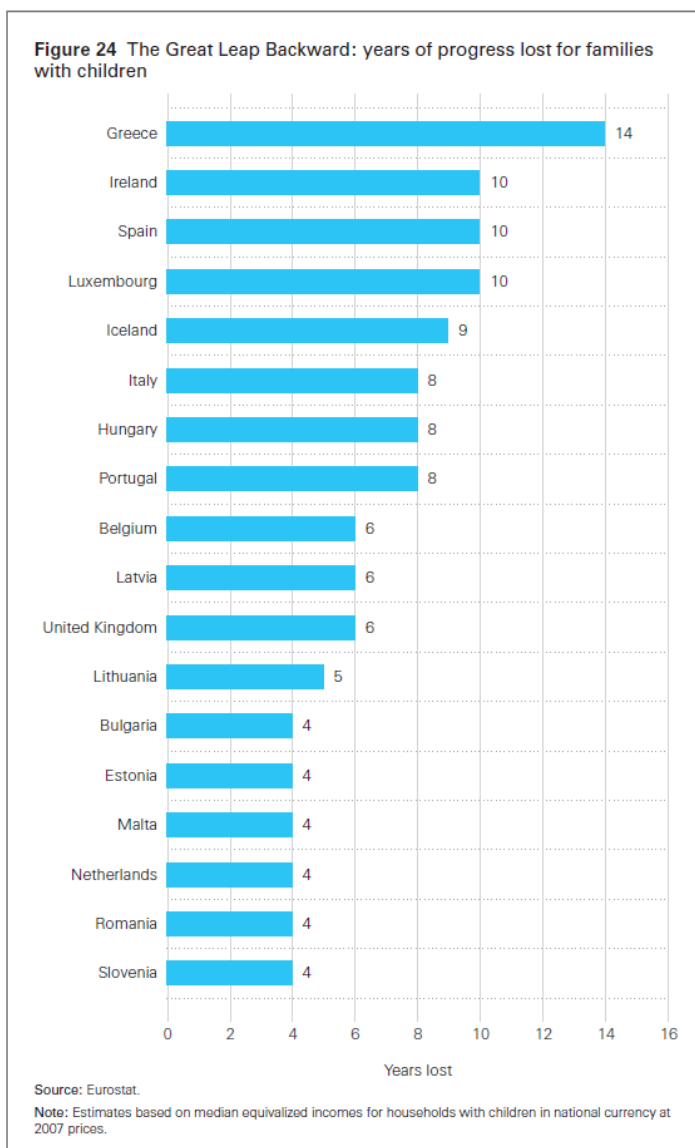
See data sources and notes on page 44

## Conclusion

In the case of the Great Recession and its impact on children, conventional wisdom has it that the suffering was inevitable, spread equally among social groups and alleviated by the macroeconomic recovery.

This report suggests otherwise. Children by the millions were immediately and directly affected by the recession (more than other vulnerable groups, such as the elderly), and many will suffer the consequences for life. And the impact certainly has not been spread evenly across all children in all countries.

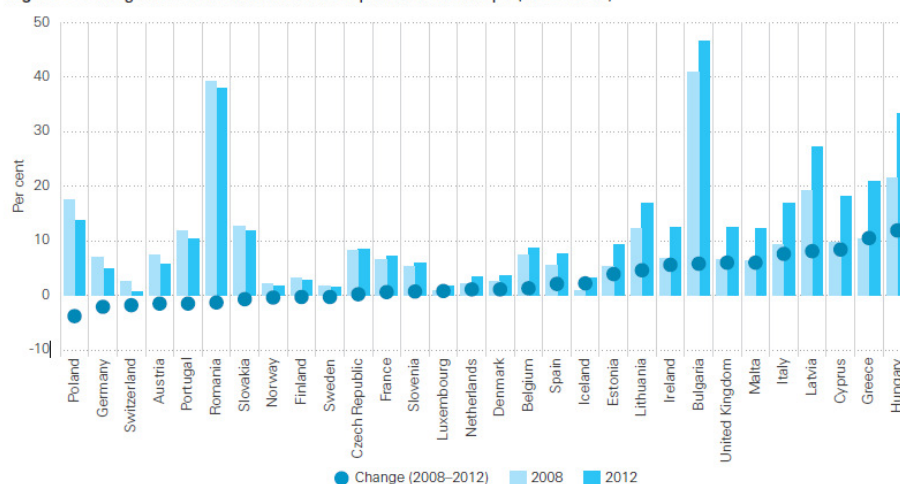
**Figure 24** charts decreases in household income from 2008 to 2012. It shows that years of potential progress have been lost in the recession. In Greece, families with children lost the equivalent of 14 years of income progress. Ireland, Luxembourg and Spain lost 10 years; Iceland lost 9, and Italy, Hungary and Portugal lost 8. The situation is probably worse for children in families at the lowest income levels.



**Figures 1 & 2** show the evolution of median income in European households with children, and the percentage of those households that are having great difficulty in making ends meet. The households are categorized according to the exposure of their national economies to the recession.

**Figure 5.** Two-thirds of the European countries in this analysis saw material deprivation worsen after 2008, with the largest absolute increases in Cyprus, Greece and Hungary. In relative terms, the severe child material deprivation rate doubled in Greece and tripled in Iceland, albeit from a very low base. In the group of hard-hit countries, the proportion of severely deprived children nearly doubled in four years.

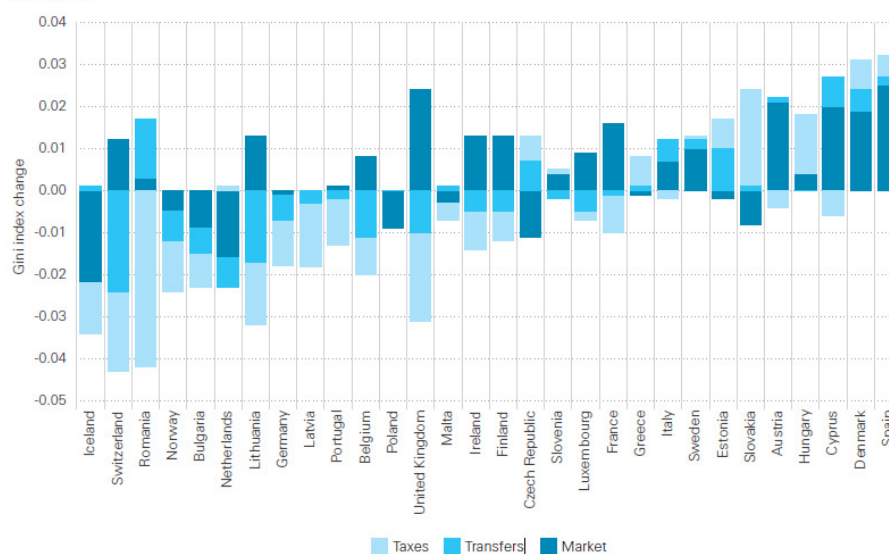
**Figure 5** Change in severe child material deprivation in Europe (2008–2012)



Source: Eurostat.  
Note: No data for Croatia.

**Figure 20** shows how different income sources (private household income, taxes and social transfers) contributed to changes in the Gini index between 2008 and 2012. Positive bars indicate that the particular source of income increased inequality during this period. In Spain, for example, all three sources contributed to an increase in inequality.

**Figure 20** Contribution of income, taxation and social transfers to changes in the Gini index, and other countries, 2008–2012



Source: EU-SILC.  
Notes: For Belgium and Ireland data refer to the period 2008–2011.