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National Policies Affect Poverty Rates in Rich Nations

What is this research about?

National policies can and do make a difference in the living conditions faced by immigrant as well as native-born children. Generous countries with strong social welfare programs also have strong anti-poverty policies that help alleviate poverty. Countries that have weak social welfare programs have smaller effects on poverty.

What did the researchers do?

Data was used to analyze income poverty in households with children under 18 years. It was taken from the Luxembourg Income Study (LIS) and the European Statistics on Income and Living Conditions (SILC). The LIS contains over 160 household income data files for 35 countries since 1967 to 2004. The researchers focused on minority and native children in 14 countries: Australia, the United States, Canada, Ireland, the United Kingdom, Austria, Belgium, France, Netherlands, Italy, Germany, Denmark, Finland and Sweden.

What you need to know:

The labour market alone cannot move struggling families out of poverty. The social welfare programs in a country have a great impact on the level of poverty among minority and native population.

What did the researchers find?

A graph of the market income (MI) and disposable income (DPI) poverty rates ranks all 14 countries. It shows that higher overall DPI poverty rates are found in Italy and the following English speaking nations: United States, Canada, Australia, Ireland, and the United Kingdom. The lowest poverty rates are found in smaller, well-developed, and high-spending welfare states such as Sweden, Finland and Denmark, where they are about 5 percent. Middle-level rates in the 7 to 9 percent range are found in European countries such as Austria, France, Belgium, Netherlands and Germany. These countries provide more generous income support and unemployment compensation, along with support for single mothers and working women. The social assistance minimums in these countries are also high. Child poverty rates are highest in countries with many single

parents, low wages and low level support from social transfers. However, on average, tax-benefit programs can reduce child poverty by about 50%.

A table summarizes child DPI poverty rates by majority and minority status for each of the 14 countries. In all but one country, the poverty rates are higher among minorities than the majority population.

The United States has the highest proportion of workers in low pay jobs and it also has the highest poverty rate. Relying on the low-skill immigration and the job market to generate income for families does not help alleviate poverty. In any country, the antipoverty efforts of the government such as social spending can reduce poverty.

How can you use this research?

This research may be used by policymakers in developed nations such as Canada and the United States. Antipoverty policymakers can design social welfare programs that can help people move out of poverty, rather than merely survive. Countries such as Sweden may be looked towards as examples of successful policy.

About the Researchers

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