

Neo-Liberalism, Political Discourse and 'Child Poverty'

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Overview

- Introduction
- Policy Background
- Measuring and Comparing 'Child Poverty'
- Factors Affecting Child Poverty
- Neo-Liberal Labour Markets
- Focusing on Children and Parental Wages to Resolve Poverty
- Conclusions

Introduction

- 1989: UN Convention on the Rights of the Child (international agreement)
- Ceremonial launch with public commitments to resolve 'child poverty'
- However, 2005 statistics show that child poverty rates are rising or stable in $\frac{3}{4}$ of OECD countries (even though governments agree that growing up in poverty has long-term negative consequences for children)

Goal of Lecture

- To discuss contradictions between ‘child poverty’ discourse & lack of discourse about poverty
- To ask if ‘Working for Families’ is best policy solution for NZ?
- To inquire if other policy areas counteract effectiveness, such as labour market deregulation, social housing, cutbacks to income support programs & gendered work patterns

Policy Background Relating to Child Poverty in NZ

- 1911 widows' pension
- 1926 means-tested child allowance
- 1935 family wage
- 1938 unemployment & sickness benefits
- 1946-91 universal child allowance
- 1973 Domestic Purposes Benefit
- 1991 family income support was targeted
- 1991-8 eligibility tightened for DPB
- 2006 Working for Families (discuss later)

Measuring and Comparing 'Child Poverty'

- 'Child poverty' ideological concept
- Definition in international statistics:
% of children living in households with less than 50% of national median income, after taxes & transfers, adjusted for family size (or % of households containing children)
- Cross-national variations: high child poverty rates in 'liberal' welfare states (like NZ & US) and low in 'social democratic' states (Sweden, Denmark)

Table 1: Poverty Rates in Households with Children, 1999-2001 (OECD 2005)

Country	Single-Parent Household	2-Parent Household
Denmark	7.2	1.9
Sweden	9.3	2.0
France	26.6	5.1
Australia	38.4	6.8
United Kingdom	40.7	8.7
Canada	42.1	8.5
New Zealand	47.5	8.8
United States	48.9	14.5
OECD (24 countries)	32.5	8.7

Correlates with Child Poverty

- Living in 1-parent household (especially if mother-led)
- Parents receiving low wages:
 - Low-wage work more prevalent in liberal states & increasing gap between 'good jobs' & 'bad jobs'
 - Gender wage gap between mothers & fathers
- Parents living on low social benefits
 - neo-liberal restructuring & welfare to work programs have decreased eligibility and reduced payments to poorest families

Table 2: Poverty Rates for Households with Children by Work Status of Parents (OECD 2005: 57)

Country	1 Parent no worker	1 Parent Worker	2 Parents no worker	2 parents 1 worker	2 parents 2 workers
Denmark	22.2	4.0	19.0	6.4	0.7
Sweden	34.2	5.6	13.7	8.2	1.1
Australia	58.7	11.7	43.3	5.4	3.3
UK	62.5	20.6	37.4	17.6	3.6
NZ	87.6	21.3	43.3	14.5	4.1
Canada	89.7	27.7	75.3	22.9	3.5
US	93.8	40.3	77.9	30.5	8.3
OECD	58.0	20.6	41.6	13.7	4.3

Child Poverty increases when:

1. More parents separate and children live with their mother
2. Unemployment rises
3. Wages fall relative to living costs
4. Governments cut social benefits & services, or make them harder to obtain

Child Poverty declines when:

- Workers gain more education and skills
- Couples at older age produce fewer children
- More households acquire two earners
- Economy booms & wages rise relative to costs

Neo-Liberal Labour Markets

- Employment conditions/wages important to family poverty (also socio-demographic trends)
- Governments have permitted labour markets to polarise into 'good jobs & bad jobs' (bad = part-time, temporary jobs, low paid)
- Mothers with young children (esp. sole mothers) more likely to accept 'bad' jobs
- Growing gap between high earners and low earners/beneficiaries

Working for Families (2006)

- Increased income support for employed but not beneficiary parents – tax credit & in-work payment
- Slightly higher childcare subsidies for employed parents up to 50 hours/wk (income-tested)
- Higher accommodation allowance for low-income families with children

Focusing on Working Parents to Resolve Poverty

Liberal welfare states focus on several policy changes:

1. Income support (but targeted to working poor parents)
 2. Public childcare (especially for working poor)
 3. Maternity/parental Benefits for employed parents
 4. Preparation for paid work
- At the same time, cut duration & eligibility for income support & supplementary/emergency benefits
 - Paid less attention to pay equity, rising household debt, social housing, & keeping wages up with cost of living

Conclusions

- Policy options change when policy makers focus on children to resolve poverty
- They also need to deal with parental concerns in workforce
- Some governments regulate wages & working conditions, develop tax systems & transfers to stabilize income & supplement earnings, & keep family poverty rates low
- But liberal welfare states tend to move beneficiaries into low-paid jobs and pay modest child benefits
- I argue that this is insufficient to reduce poverty in globalizing economy when costs are rising faster than wages & more mothers are expected to become self-supporting