A Comparative Analysis of Child Poverty: Child Welfare in Advanced Western Countries

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Abstract

This paper examines child poverty in advanced Western countries and analyzes the factors accounting for the differing levels of child poverty rates in these countries based on an extensive literature review of several influential studies. First, the paper focuses on studies by Rainwater and Smeeding (1995, 2005), which examine 11 advanced Western countries in the Luxemburg Income Study (LIS) and determine which countries have the highest child poverty rates, both pre- and post-government taxes and transfers. Next, the paper aims to explain why the U.S. has the highest child poverty rate despite its economic prosperity by looking at studies on values underpinning poverty policies in the U.S. Lastly, the paper introduces Esping-Andersen's (1990) welfare regime model to help explain some of the differences observed in antipoverty policies for children among rich Western countries. By examining studies on values and welfare regimes, which analyze political, social, and attitudinal factors, this paper aims to provide a framework for understanding the differences in redistributive polices in the U.S. and Europe that affect children in poverty. The paper further explores questions which may have important policy implications for reducing child poverty in rich countries.

I. Introduction: Child Poverty in the U.S.

Recent official poverty statistics show that approximately 13.2 million children in the United States (hereinafter U.S.) live in families with incomes below the federal poverty level, which is $21,200 per year for a family of four (Fass & Cauthen, 2008; U.S. Census Bureau, 2008). This means that 21 percent of children under the age of six and 16 percent of children age six or older are living in poor families and that 1.7 million more children are living in poverty today than in 2000 (Fass & Cauthen, 2008). Moreover, Black and Latino children tend to be disproportionately affected by poverty than their White counterparts. For instance, 34 percent of Black and 29 percent of Latino children live in poor families while only 10 percent of White children do (Fass & Cauthen, 2008).

Nevertheless, in order to render any judgment about whether child poverty is high or low in the U.S., it is necessary to take into consideration what child poverty looks like in other advanced Western countries. Thus, the puzzle this paper aims to explore is whether child poverty in the U.S. is high (or low) compared to that of other Western advanced countries; and if so, what accounts for this difference in child poverty rates between the U.S. and other countries. The paper is based on an extensive literature review of several studies, including those by Rainwater and Smeeding (1995, 2005) and Esping-Andersen (1990, 1996, 1999).

In the first section of the literature review, the paper focuses on studies by Rainwater and Smeeding to examine which countries of the advanced Western world have the highest child poverty rates, both before and after government taxes and transfers. This section outlines how governments respond differently to child poverty, and what impact various governmental social transfers have on reducing child poverty. Next, the paper aims to explain why the U.S. has the highest child poverty despite its economic prosperity by looking at values underlying poverty policies in America. The paper also looks at Esping-Andersen's (1990) welfare regime model to help explain some of the differences observed in antipoverty policies for children among advanced Western countries. By examining studies on values and welfare regimes, which analyze political, social, and attitudinal factors, this paper aims to provide a framework for understanding the differences in redistributive polices in the U.S. and Europe that affect children in poverty. Lastly, further questions are explored that could not be answered in this paper, but may have policy implications for poor children in affluent nations.

II. U.S. Child Poverty in Comparative Perspective

According to Rainwater, Smeeding, and Burtless (2000), the U.S. has one of the highest poverty rates among the 11 advanced Western countries in the Luxemburg Income Study (LIS), based on both absolute and relative poverty measures[1]. While the average rate of absolute poverty in the 10

[1] Rainwater et al. (2000) use both the absolute and relative poverty measures in their study. In order to perform a cross-national comparison, the official U.S. poverty line is used to estimate absolute poverty rates across countries. For relative poverty rates, however, they use adjusted disposable income (ADPI), which reflects differences in household size by dividing the unadjusted household

countries other than the U.S. was 8.1 percent, the U.S. had an absolute poverty rate of 13.6 percent, which is the third highest among the 11 countries, ranking behind only Australia and the United Kingdom. Using 40 percent of median income as the poverty threshold, the relative poverty rate of the U.S. was the highest of all countries at 10.7 percent; the average rate for all countries was 4.8 percent (Rainwater et al., 2000).

As for child poverty, the U.S. again had the highest rate among the countries in the LIS study despite being the second richest country, ranking after only Luxemburg. Using the 40 percent of median poverty threshold, child poverty in the U.S. was at 14.7 percent of all children under age 18. Italy closely followed with 14.1 percent. In Scandinavia, however, child poverty rates ranged between 1.3 and 2.2 percent, and in the rest of Europe they were either below or around five percent (Rainwater et al., 2000). Rainwater et al. note that "child poverty rates in the low poverty countries of the European Community and Scandinavia are usually less than or equal to overall poverty rates (p. 12)." This is in stark contrast to the U.S. case where child poverty rates have exceeded the levels of overall poverty and poverty for people 65 and older. Recent statistics show that poverty for children under 18 years old has increased to 19 percent in 2008, while the overall poverty rate is 13.2 percent and that for people 65 and over is 9.7 percent (U.S. Census Bureau, 2008).

Pre- and Post-Transfer Poverty Rates

Similar Pre-Transfer Rates, Differing Post-Transfer Outcomes

Although the U.S. has the highest post-transfer child poverty and relative poverty rates among all countries in the LIS study, child poverty rates computed using *before*-tax-and-transfer household income does not vary among countries as much as those calculated *after* taxes and transfers (Rainwater & Smeeding, 2005). Pre-transfer child poverty rate is 24% in the U.S.; 35% in the U.K.; 27% in France; 23% in Australia; 22% in Belgium,

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income (DPI) by household size (S) raised to an exponential value *(e)* (ADPI = DPI/S*e*, where the value of *e* is 0.5 in the study). Since cross-national studies generally define the poverty threshold as one-half of national median income, Rainwater et al. compare a household's ADPI to 50 percent of the national median ADPI to determine if it is relatively poor. They also use the 40 percent of national median income as their relative poverty threshold because it is closest to the ratio of the official U.S. poverty line to the median U.S. household income. Since Rainwater et al. concentrate mainly on the 40 percent of median line because of its proximity to the U.S. poverty line, the relative poverty figures will be based on the comparison of household ADPI to the 40 percent of median ADPI.

Canada; and Sweden; 17% in Denmark; 15% in the Netherlands and Norway. Thus, Rainwater and Smeeding (2005) argue that this finding implies that different levels and mixes of income packaging through government expenditure on the poor have significant effects on national child poverty rates. Analyses show that higher levels of government spending in Scandinavia and Northern Europe, as well as targeted government transfers to the poor in Canada, result in lower overall and child poverty levels (Rainwater, 1995; Rainwater et al., 2000; Rainwater and Smeeding, 2005).

Hence, in order to understand variations in poverty rates among countries, the income packaging of a country needs to be examined. The term "income packaging" refers to the fact that in most countries "a family's income is usually an aggregate from several different sources," such as "taxes, earnings, rent, interest, dividends, child support, pensions, child allowances, public assistance, housing allowances" (Rainwater & Smeeding, 2005, p. 68). Rainwater and Smeeding (2005) focus on three main aggregates of income—market income, taxes, and transfers.

First, with regards to market income, earnings and wage disparities significantly impact poverty rates, especially among families with children. A strong association is found between low wage and national child poverty rates. For instance, the U.S. has the highest percentage of low-wage full-time jobs, as well as the highest child poverty rate. On the other hand, most European countries have both significantly lower rates of child poverty and smaller proportions of low-wage full-time employment than the U.S. does (Rainwater et al., 2000). States with an egalitarian wage structure tend to have lower child poverty rates, partly because relative poverty is lower among working-age adults when wage disparities are small (Rainwater et al., 2000).

Secondly, social spending and government antipoverty efforts are important predictors of child poverty rate (Rainwater et al., 2000). While pre-transfer income includes "salaries, self-employment income, and asset income before taxes are paid," post-transfer income, or disposable income, refers to "the net of pre-transfer income minus taxes plus social and private transfers" (Rainwater and Smeeding, 2005, p. 71). Rainwater and Smeeding (2005) point out that the U.K. has a higher pre-transfer child poverty rate than the U.S. does, where the respective rates are 35% and 24%. The U.K. government, however, reduces child poverty by over 50 % compared with 20% in the U.S., which results in post-tax-and-transfer child poverty rates of

17% in the U.K. and of 20.5% in the U.S. The countries with the smallest reduction in child poverty through government taxes and transfers are the U.S. and Italy, reducing the rate by approximately 25%. Switzerland, Germany, Spain, Australia, and Canada reduce child poverty by a larger amount, between 37 and 46%. Sweden, Finland, Belgium, Denmark, Norway, and France reduce child poverty by 75% or more, resulting in child poverty rates of five percent or less (Rainwater & Smeeding, 2005).

Family Type and Income Packaging

American children with both parents have a higher poverty rate than their counterparts in most European states. In the Nordic countries, only one to two percent of children in two-parent families were poor, and in the Netherlands, Switzerland, Belgium, France, and Germany, less than six percent of children in two-parent families were poor; whereas, in Canada, Australia, the U.K., and the U.S., approximately seven to 12 percent of children with both parents were poor (Rainwater & Smeeding, 2005).

Rainwater and Smeeding (2005) show that varying levels of social protection transfers contribute to such differences in child poverty rates among two-parent households. There are two main programs in social protection transfers. First, the social wage program is designed to help families whose main source of support is earnings, including sickness payments, maternity/ paternity payments, child allowances, and other child support, as well as labor market programs and unemployment payments. Second, the social assistance program is designed to alleviate hardships "from having an income below the government-established minimum (p. 95)" and provides either cash assistance or in-kind benefits. Social assistance programs include food stamps, housing allowances, and heating allowances. The U.S. has a narrow set of social protection transfers, which do not include sickness benefits and child allowances.

In examining the extent to which social wage programs move pre-transfer poor children in two-parent households out of poverty, Rainwater and Smeeding (2005) find that social wage programs enable approximately 60% of pre-transfer poor children to move out of poverty in Finland, Sweden, France and Belgium; 40% in Norway and Denmark; and 33% in Germany, Australia, and Canada. However, only three to four percent of pre-transfer poor children escaped poverty with social wage transfers in the U.K. and U.S. Social assistance programs, on the other hand, reduce poverty for two-parent children by much smaller amounts - around three percentage points or less - than do social wage programs except in a few countries. The U.S., for example, heavily depends on means-tested programs where almost three quarters of transfer income goes to low-income two-parent children in the form of cash or in-kind social assistance, such as the Earned Income Tax Credit (EITC), Temporary Assistance to Needy Families (TANF), and food stamps. However, even with all three means-tested programs mentioned above, less than 25% of two-parent poor children moved out of poverty in the U.S. (Rainwater & Smeeding, 2005).

Therefore, it is important to note that pre-transfer income earnings are the most effective in reducing poverty and that "income-tested benefits can be an important part of a poverty-reducing income package when accompanied by a generous social wage package, as in the Nordic countries and the Netherlands (Rainwater & Smeeding, 2005, p.102)." However, when means-tested benefits are the principal antipoverty tool, they are far less likely to be effective. For instance, the Nordic countries had both high earnings and very high levels of transfers, including sickness and unemployment insurance, child allowances, and means-tested programs; the U.S., U.K., Canada, and Australia, on the other hand, had low average earnings and social protection transfers relied heavily on means-tested benefits. As a result, two-parent child poverty rates were much higher in the latter group of countries (Rainwater & Smeeding, 2005). Thus, higher earnings have the largest impact on child poverty and generous social benefits, particularly universal transfers such as child allowances, are needed to bring more children in two-parent homes out of poverty (Rainwater et.al, 2000).

As for single-parent families, Rainwater and Smeeding (2005) report that children in single-mother families are disproportionately poor: "Single mother children's poverty rates are higher than two-parent rates in every country (p. 111)." The poverty rate for children in two-parent families in the U.S. is 11%, while that of children in single-mother homes is 50%. Also, statistics show that a majority of children in single-mother families would be poor if their families depended solely on market income. Pre-transfer child poverty would be around 50 % in Denmark and Finland; 55 to 60% in Switzerland, Spain, Belgium, and Sweden; over 80% in the Netherlands and the U.K.; and 62 to 66% in Canada, Germany, France, Norway, and the U.S. However, transfer income enables 75 to 90% of the pre-transfer poor children of single mothers to move out of poverty in the Nordic countries, as well as Belgium and Switzerland. In Spain, France, and the U.K., slightly over 50% of pre-transfer poor children move out of poverty with transfers. In Australia and Canada, 33 to 40% of poor children are removed from poverty. Lastly, about 25% of pre-transfer poor children escape poverty in the U.S. and Germany with transfers. "Thus, it is very clear that most single-mother families cannot depend on market income alone to rescue them from poverty or near-poverty. Social transfers are an integral part of the income packaging for single mothers (p.119)." As in two-parent families, it is the earnings of single mothers that substantially reduce child poverty. However, earnings and market income are merely a foundation, and only when social transfers are combined with earnings can child poverty rates decrease significantly (Rainwater et al., 2000; Rainwater & Smeeding, 2005).

III. The U.S. Exceptionalism?—American Values, Conundrums, and Antipoverty Policy

Rainwater, Smeeding, and Burtless (2000) show that as a result of low levels of government spending on social transfers to the non-aged, the U.S. has the highest child poverty rate despite having the second highest per capita GDP in the LIS study. While almost all of the high-spending nations in northern Europe and Scandinavia have child poverty rates of five percent or less, the U.S. tops the group with 14.7 percent using the 40 percent of median poverty threshold. Rainwater and Smeeding (2005) argue that "for more affluent nations [like the U.S.] child poverty is not a matter of affordability—it is a matter of priority" (p. 132). For instance, the U.S. had budget surpluses at both the federal and state levels in the early 2000s enough to significantly reduce child poverty. However, what was missing was a serious commitment to make this a reality. Therefore, it is not so much the capacity of the U.S. government but "the need to conform to American values (market work and self-reliance)" that determines the implementation and success of antipoverty policies in the U.S.

Thus, this section will examine public attitudes toward children and poverty in the U.S. to understand the values underlying public support for poverty programs for children.

American Values concerning Children and Poverty

Values provide support for social policies and create a conceptual framework through which the American public views social issues. "Children" and "poverty" are words that are far from neutral to the

American public. That is, the words provoke controversial value judgments. For instance, there are different views regarding who should mainly be responsible for the care of children (family vs. state) and for being poor (individual vs. society). Also, people have different perceptions of what the government's role should be and to what extent the government should intervene in private matters.

As Heclo (1997) nicely puts it, "[v]alue underpinnings are the normative standards that are brought to bear on public policies for impoverished children…They are not abstract matters of philosophical debate, but rather framing perspectives through which Americans assign worth and meaning to public policy events and conditions (p. 141)." He argues that underlying values are of practical importance since antipoverty policies and programs that do not reflect values shared by most Americans are highly vulnerable to political attack and rejection. Thus, empirical findings or facts have little influence on generating public support for poverty initiatives; rather, it is the "value-based political rhetoric" and framing of policies that generate mainstream support.

Children

According to Katz (1997), the major paradigm shift in public perception of children in the U.S. occurred during the Progressive Era, which refers to the period from the late 1890s to the early 1920s. Up until the early periods of the Progressive Era, it was not rare to see young children, ages nine to 14, working on farms and in factories. However, the emergence of new child psychology during the Progressive Era shifted the value of children away from economical worth to vulnerable individuals in need of protection, especially for "children 14 years of age or younger (p. 120)". The new child psychology promoted children as "economically 'worthless' but emotionally 'priceless' (p.120)." Eventually, in the 1930s, a combination of compulsory education and child labor laws banned children from the workplace. Katz (1997) argues that this is an example where "value shaped the price [of a child], 'investing it with social, religious, or sentimental meaning (p. 120)."

Heclo (1997) also recognizes that "Americans in general place a very high value on children (p. 142)", especially with regards to policies on child abuse and neglect. However, there is ambivalence with regard to poor children because of their inevitable connection to poor adults and the public's expectation that adults be self-sufficient: "In a policy sense, childfocused reform has turned parents into dependents of their children, with parents' access to certain benefits dependent on the presence of their children…[such as] the Aid for Dependent Children program of the 1930s...(Heclo, 1997, p. 142)".

Poverty

Scholars overlap in their identification of values in American social policy. However, each scholar specifies a different set of social values related to antipoverty policies or programs for children and families. First, Ellwood (1989) identifies four fundamental American values: autonomy, work, family, and community. The first value is the autonomy of the individual. According to Ellwood, "Americans believe that they have a significant degree of control over their destinies" and "the rags-to-riches American dream pervades [the American] culture (p. 16)." Second is the virtue of work. Americans hold strong work ethics: "Laziness or idleness is seen as indications of weak moral character" and thus "the idle poor are scorned (p. 16)." Third is the primacy of the family. The American society places heavy responsibility on the family to care for their children. Families are expected not only to provide for basic needs, such as food, shelter, and clothing, but also education and discipline for their children. Last is the desire for a sense of community, compassion, and sympathy.

Next, Heclo (1997) identifies three core values: an egalitarian desire to help those in need, a hierarchical desire to enforce norms, and an individualistic desire to promote self-sufficiency and independence. Heclo argues that "fighting poverty" in the U.S. was never about income poverty. Rather it was about helping the "deserving poor" out of the "condition of misery, hopelessness, and dependency (p. 143)." He contends that antipoverty policies that aimed to raise income for the poor had never obtained widespread support from the public. Instead, "support for governmental help with jobs has consistently outweighed any public interest in income assistance for nonelderly adults (p. 143)." Because of the strong values in self-sufficiency and independence, antipoverty policies were designed to help those who would help themselves.

Regardless of what principle or criteria each scholar uses to identify the underlying values of American social policy, there are two social values in common: *self sufficiency* through work and *equity* by fulfilling the basic needs of families with children. First, self sufficiency is defined as *independence* obtained through *work* (Currie, 1997; Ellwood, 1989; Heclo, 1997; Waldfogel, 2006). A typical family and children's policy that has incorporated this value is TANF, which has replaced the former Aid to Families with Dependent Children (AFDC). TANF has stricter work requirements and demands families to be self sufficient within a limited time period—at most five years, or 60 months. Even if families fail to obtain a certain level self-sufficiency, federal assistance automatically ends. Hence, TANF, unlike AFDC, is no longer an entitlement. A value that possibly conflicts with this policy is equity. Although TANF may promote work ethics, it does relatively little to lift disadvantaged children out of poverty.

Second, the value of equity is related to Ellwood's sense of community where people develop empathy towards others and wish to provide opportunities to those who are on uneven grounds. Currie explains equity as "bringing poor children up to par with other children (p. 115)"; and Heclo calls it the egalitarian desire to help those in need to meet their basic needs. Waldfogel also recognizes the value of equity, arguing that the government should actively support and provide equal opportunities to children. If programs promote equity, they may be socially worthwhile even if they are not necessarily efficient. Again, AFDC is an example of a program that began out of equity purposes and a desire to help those in need. However, the program was blamed for cultivating a culture of welfare dependency and forming undesirable family types—namely, out-of-wedlock births and single motherhood. In other words, the value of equity clashed right into the values of family and autonomy.

Conundrums

According to Ellwood (1989), a conundrum is a situation where a satisfactory solution is difficult to find. That is, it is a dilemma where solutions available fail to fulfill all the goals or objectives that are equally important to achieve and in fact, bring them to conflict with one another. Social policies often accompany conundrums since it has been difficult to find a policy that would minimize the conflict among all the primary values of American society—self-sufficiency, work, equity, family, and the community. Is the clash among values inevitable in social policy?

As seen above, family assistance programs such as AFDC and TANF create conflicts among values of self-sufficiency, work, family, and the community. Also, there has been much controversy over social policies that aim to assist the working poor, especially those with both parents. People tend to believe that providing assistance to poor two-parent households would decrease the parents' incentive to work and cultivate a culture of dependency and moral irresponsibility. However, the children of these families are poor not because their parents do not work, but rather because the wages are too low to allow their parents to support the family (Currie, 1997; Waldfogel, 2006).

Waldfogel (2006) suggests that in order to reconcile values that promote work, stable two-parent families, and equal opportunities, the government should expand child care services to all eligible working poor families in the nation so that they may be able to balance work and family. Currie (1997) argues that expanding successful in-kind programs, such as Head Start, would be more effective and acceptable to the public than cash transfers, especially when the public does not favor cash transfers and evaluations of this type of benefit has yet to be made.

Conundrums will always exist in social policy. Depending on the political, social, economic, and demographic situation of society, priorities may change among the conflicting values. The change, however, will be a "bounded change." In other words, bounded change is that depending on historical trajectories, states develop their own framework of social policy and cluster into welfare regimes. Esping-Andersen (1990) is one theorist who argues that change occurs within the boundaries of the regime rather than transcending across different welfare regimes. That is, the U.S., as a member of the liberal welfare regime, will follow a different path with regards to poverty policies than countries of the social democratic universalist regime would.

IV. The Welfare Regime Model of Western Advanced Countries

Gosta Esping-Andersen (1990) provides a comparative framework for modern welfare states in the U.S. and Western European countries in his book, the *Three Worlds of Welfare Capitalism*. His analysis of modern welfare states has influenced numerous studies on welfare regimes and frameworks for social welfare policies. Esping-Andersen (1990) uses the concept of de-commodification of labor to classify social welfare policies in 18 Western developed countries into three welfare-regime typologies—liberal, conservative, and social democratic regimes. According to Esping-Andersen (1990), "De-commodification occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market (pp. 21-22)." That is, de-commodification represents the degree to which social policies permit individuals to sustain a normal and socially acceptable standard of living independent of their performance in the labor market. Esping-Andersen argues that the mere existence of social assistance or insurance does not guarantee de-commodification "if [it] do[es] not substantially emancipate individuals from market dependence (p. 22)." He further contends that means-tested poor relief may provide a safety net of last resort but "if benefits are low and associated with social stigma, the relief system will compel all but the most desperate to participate in the market (p. 22)," which results in low de-commodification.

Rather than using a linear classification based on social expenditure levels, Esping-Andersen (1990) suggests a non-linear, clustered welfare-regime framework to categorize social welfare policies in advanced Western states[2]. He identifies three distinct welfare regimes, the first of which is the liberal welfare regime consisting of Anglo-Saxon countries, such as the U.S., Canada, Australia, and Great Britain. The liberal regime is typically marked by social policies that engender the lowest levels of de-commodification, and welfare provision is characterized by means-tested assistance, modest universal transfers, or modest social insurance plans. Because assistance to the poor and working class is means-tested, social welfare policies and programs entail stigmas and are often punitive. Also, the liberal welfare regime cultivates dualism in its social stratification. That is, there is a dualism between the middle class and the poor and/or working class; the middle class relies on public and private insurance, while the poor and the working class often depend on means-tested programs.

Second, there is the conservative corporatist (etatist) regime, which consists of continental European or Christian democratic countries such as Austria, France, Germany and Italy. The conservative corporatist regime scores in the middle for the level of de-commodification. Also, in this regime, market and social policies function to preserve class-status differences and to promote a traditional sense of family life. Social insurance schemes are paternalistic, and there are high inequalities in social insurance benefits depending on work contribution, loyalty, and civil

[2] Esping-Andersen operationalizes the concept of de-commodification by developing an index using 1980 data that measure factors such as the strictness of eligibility rules and the level of income replacement for pension, unemployment and sickness benefits. Early comparative studies on welfare states employed an expenditure-based classification. Esping-Andersen argues however that assessing welfare provision solely on spending levels may be misleading and that countries cannot simply be ranked and compared as more or less egalitarian based on total social spending.

servant status. Social integration and order are highly valued and have historically developed in opposition to liberal atomization of the individual and to the expansion of democratic rights and freedom. Due to strong family preservation values, women are encouraged to stay at home to care for children.

Lastly, there is the universalist social-democratic welfare regime, where de-commodification level is the highest, meaning welfare provision is a social right, which tends to be universally applicable irrespective of class or market position. Scandinavian countries, such as Sweden, Norway, and Denmark, as well as Holland comprise the social-democratic regime. According to Esping-Andersen, the universalist social-democratic regime has pursued "… an equality of the highest standards, not an equality of minimal needs…" (p. 25). Consequently, the social insurance system is two-tiered, where the first tier is based on flat-rate universalism, and the luxurious second tier is for the middle-class based on earnings. Because work is perceived as a right, working women are actively supported by the government.

Framework for Child and Family Policy

How well does the prevailing model of welfare state regimes, based on the degree of de-commodification, help to provide a framework for understanding family policies in the U.S. and other Western developed countries? Addressing this question, Esping-Andersen (1999) re-examined the welfare regimes through the analytical lens of family-related policy. In doing this he introduced the concept of de-familialization, which is defined as "the degree to which households' welfare and caring responsibilities are relaxed either via welfare state provision or via market provision' (Esping-Andersen, 1999, p. 51). This concept is operationally defined with several empirical measures of social policies that promote defamilialization of family care and responsibility, such as public expenditure on family services and the percentage of children under three in public childcare. In comparison with policies that de-commodifiy labor by reducing workers' dependence on the market, policies that promote de-familialization reduce the individual's dependence on kinship.

Employing these measures in a cross-sectional analysis of data on family policy, Esping-Andersen finds a general consistency among the three standard welfare regimes and the degree of de-familialization. That is, in social democratic welfare state regimes, family policies emphasize a strong government role, stressing the goal of gender equity and child wellbeing. Due to these generous family policies, social democratic regimes exhibit the highest degree of de-familialization and women's labor force participation. In continental European countries, however, family policies stress the role of traditional family and discourage female labor force participation. Continental family policies parallel the conservative welfare regimes that emphasize status and class with underlying male breadwinner model assumptions. Therefore, countries such as Germany show a modest level of defamilialization and low levels of women's labor force participation. The liberal model marked by the Anglo- American approach to family policy has the lowest level of de-familialization through public welfare intervention among the three original regime clusters[3], but has higher female labor force participation and more child policies than the conservative model.

Although researchers have found the three-welfare-regime typology to be a convincing tool for describing and explaining cross-national differences, this typology has also been criticized on several levels. For example, some find that welfare capitalism changed dramatically in the 1990s and that the three regimes identified by Esping-Andersen's analysis of data from 1980 have begun to converge—the diffusion process with globalization (Gilbert 2002). Others argue that the three welfare-regime typologies are too narrowly based on income transfer programs (such as pension, unemployment, and sickness benefits) for male breadwinner workers and lacks a gender framework for examining how different welfare regimes affect women, mothers and family life (O'Connor, 1993; Orloff, 1993).

Esping-Andersen's framework has its drawbacks since synthesizing and systematizing complex characteristics of nations lead to the loss of specificity of information for any given nation. Notwithstanding this issue, however, the welfare-regime model offers a valuable approach to cross-national comparative research, and shows how historical trajectories and underlying value systems matter in forming social policies, especially with respect to children and families.

[3] In addition to these three regimes identified in the 1990 study, Esping-Andersen (1999) introduced a fourth regime – Southern Europe – in his analysis of the relationship between family policy and welfare regimes. On the measure of public spending on family services as a percentage of gross domestic product (GDP), the southern European regime falls at the very bottom of the list, with a level of de-familialization below that of the liberal regimes.

V. Conclusion: Further Research and Policy Implications

Esping-Andersen's (1990) welfare regime model, in conjunction with the literature on values underpinning social policies and on child poverty in rich countries, provides a strong framework for understanding how and why governments of advanced Western countries respond differently to social issues, such as poverty, and what social transfer mechanisms developed to address these issues. That is, societal values affect the type and extent of social transfer policies that can alleviate poverty among families with children. Countries tend to cluster together according to dominant value structures regarding children, women, and poverty, and any change in policy generally occur within these boundaries—thus, the term "bounded change". For instance, Esping-Andersen's framework, despite being developed in the early 90s, still stands valid in explaining the findings of Rainwater and Smeeding (2005), which show that Anglo-Saxon countries, especially the U.S., have higher rates of post-transfer child poverty rates than other European countries.

We have seen that high child poverty rates in the U.S. are not the result of government incapacity, but a lack of will and of particular value sets. The U.S. was the second richest country in the LIS study, but had the highest child poverty rate. If we wish to change this reality and make the future a better place for our children, who deserve to live free of poverty and enjoy equal opportunities, we need to understand what values, norms, and beliefs are holding us back from realizing this goal. Only then can we address the fundamental problems limiting the chances of poor children in rich countries.

Rainwater and Smeeding (2005) have shown us that both the wage distribution and the generosity of social benefits strongly affect poverty, especially child poverty. For over a decade, unemployment in the U.S. has been well below the OECD average, and the strong economy coupled with a few specific antipoverty devices (like the EITC) has produced most of the U.S. poverty reduction in recent years. However, the U.S. model emphasizes only one predictor of child poverty: market earnings. Because the U.S. safety net and governmental social transfers are not sufficient to buffer adverse effects of the market economy, children in low-income families are most vulnerable to economic recessions that can change the wage distribution, affecting the earnings of less skilled workers. Given the worst financial crisis in several decades, what is the future of American children in economically vulnerable families? Will individualistic values of self-reliance and work ethic be enough to ensure the safety and well-being of these children? What policies should be adopted to protect children from the current economic crisis?

These questions may have important policy implications for reducing child poverty in the U.S., as well as in other countries that rely largely on market income and means-tested programs.

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