Aquest document pertany al Departament d'Economia Aplicada.
Data de publicació: *juliol 1999*

Departament d'Economia Aplicada
Edifici B
Campus de Bellaterra
08193 Bellaterra

Telèfon: (93) 581 1680
Fax: (93) 581 2292
E-mail: d.econ.aplicada@uab.es
Http: //www.blues.uab.es/economia.aplicada

# Poverty among children and youth in Spain: The role of parents and youth employment status.

Olga Cantó-Sánchez*
*Fundación Universitaria San Pablo CEU, Elche, Alicante
Magda Mercader-Prats**
**Universitat Autònoma de Barcelona, Barcelona

Acknowledgements: This work has been developed under Children Into and Out of Poverty (CIOP) project. We are most grateful to Bruce Bradbury, Stephen Jenkins and John Micklewright not only for giving us the opportunity of working in this project but also for their advice and their helpful comments on earlier drafts of this work. We have also much benefitted from comments and discussion of the rest of participants in the project, in particular Peter Gottschalk. We would also like to thank Xavi Ramos for his support, Lluís Flaquer for suggestive discussions and Elena Bardasi for the provision of Italian data.

Address: Olga Cantó-Sánchez, Departamento de Economía y Empresa (ADE), Fundación Universitaria San Pablo CEU, Carrer Comissari, 1, 03203 Elche (Alicante), Spain. tel: 34.96.5426486. fax: 34.96.5459561. e-mail: ocanto@drgnet.com. Magda Mercader-Prats, Departament d'Economia Aplicada, Universitat Autònoma de Barcelona, tel. 34.93.581.16.80, fax. 34.93.581.22.92, e-mail: mmercader@volcano.uab.es.

## Abstract

In this paper we analyse economic poverty amongst children and youths (aged 18 to 29) in Spain around the 1990's. In particular, we focus on how poverty among these groups relates to the labour market situation of the household as a whole, mainly that of the head and youth household members. Given the recent increase in youth residential parental dependency and the jump in youth unemployment and labour market instability, we consider the notion of childhood in a broad sense when discussing child poverty: many of those aged 18-29 might be considered "dependent" on their families in a way similar to how children aged less than 18 are typically assumed to be. On the other hand, children might be better off is his-her elder brother-sister works. We analyse both static and dynamic aspects of child and youth poverty making use of both cross-sectional and longitudinal data from the 1990 *Encuesta de Presupuestos Familiares* and the 1985-1992 *Encuesta Continua de Presupuestos Familiares*. We show that the Spanish family is playing a key role in defending its members against the difficulties imposed by the new social and economic environment. Many parents are supporting their youth children at the expenses of increasing their risk of being in poverty. But this is not the only direction in which the family safety-net operates. Employed youth are also contributing to the basic family safety-net in households in which the head is not in employment: families with an employed youth have a lower risk of short and long-term poverty.

*Keywords:* Children, Youth, Cross-sectional poverty, Poverty Dynamics, Spain, Family arrangements, Labour market.
*JEL Classification:* D31,I32,J13.

**Introduction**

One of the features of the Spanish society which is most difficult to understand from a foreign perspective is how Spain can hold unemployment rates (and also temporary employment rates) which are well above those of other close European countries and, at the same time, keep a fairly high degree of social cohesion, without spending in social protection more than their neighbours do. As suggested by Robinson (1998), the answer to this difficult question relates to the predominant role played by the family in the Spanish society: family-ties are critical in ensuring financial protection against adverse labour market conditions. From a family perspective Spain is, in fact, one of the countries within the European context with the lowest percentage of jobless families, *i.e.* families with no one employed.

The increasing flexibility in the Spanish labour market and the dramatic jump in unemployment over recent years have mainly touched the youth[1]. In parallel with these increases, there has been a growing proportion of youth, particularly of those youth aged 25 to 29, living with their parents. The development of public policy over recent years has certainly tended to reinforce these trends in youth residential dependency. Firstly, because in many cases financial protection for unemployed youth is not available at all. In other cases protection might be available but for a short period of time. In fact, the Spanish system of social protection has developed keeping the relatively generous social insurance scheme at the centre of the system while a residual (low level) means-tested assistance scheme has been established in order to cover some of the holes of the insurance system. In fact, these limitations to protection are not only a problem for the youth but also for the rest of the population. Housing and child-care policies are also under-developed in the Spanish welfare state.

The lack of sufficient financial protection for some of the low groups in need has left family arrangements to play a key role in providing a basic "safety-net" for all household members. This paper studies economic poverty among children and youth in Spain over the 1990's. We focus on how poverty among these groups relates to both household arrangements and the labour market situation of household members, mainly that of the head of household and the youths in the household. The presence of youth in

[1] In 1994 youth aged less than 30 unemployment rate was 38.9 per cent and temporary employment affected more than 60 per cent of the total youth employed. See below.



the household might be seen as a burden -the great part of children attaining the age of majority at 18 do not leave home and may be considered as "dependent" on their families in a similar way to how children aged less than eighteen are typically assumed to be. In this context, the household would be covering the lack of other economic support of the young "first-job-seekers" and "early-age-unemployed" at the cost of a reduction in its own welfare. This phenomenon has been recurrently suggested for Spain (see Robinson (1996) or Toharia et al. (1998)). It is therefore important to consider the notion of childhood in a broad sense when discussing child poverty in the Spanish context.

On the other hand, youth employment may contribute to prevent overall household poverty, and children living in households in which their elder sibling works might be better off than those who don't, particularly when the head of the household is out of work. In this context, employed youths within low income households could be playing the role of the insufficient "Social Safety Net" for low income households with dependants at the cost of retarding their departure from the parental home. Therefore, we pay particular attention to the youth employment status in households with the head out of employment.

In this line, the main questions we would like to answer are: What are the household arrangements and poverty status of children and youth and how do they relate to the labour status of both the youth and their parents? Is the head of household labour status an important determinant of the extent of child and youth poverty and its persistence? Are youths always a burden for households or does their labour status prevent children's poverty? What implications does a youth leaving the household have on the poverty status of the household left behind?

We analyse both static and dynamic aspects of youth and child poverty using recent Spanish cross-section and longitudinal micro-data from the 1990's. In section 1 we describe in more detail the Spanish context including recent trends in youth unemployment and temporary employment as well as changes in household arrangements, underlying the important differences between Spain and other EU countries. After revising the methodological issues adopted in this study included in Section 2, Section 3 focuses on the statics of child and youth poverty in Spain in 1990-

91. The dynamic issues concerning child/youth poverty persistence and the effects on the household of the departure of young household members are put forward in Section 4. Finally, in Section 5 we conclude.

## 1. Is Spain really different?

Spain is one of the European countries with the highest proportion of individuals in the working-age population not at work, either because of unemployment or inactivity. It is also the country with the highest rate of precarious employment. Further, unemployment and temporary employment are largely concentrated among the youth. Namely, in 1994 youth (below 30 years of age) unemployment rate was 38.9 per cent and temporary employment affected more than 60 per cent of the total youth employed. Table 1 shows youth unemployment rates in Spain from a comparative perspective. As it can be seen, Spain is clearly an outlier country, showing the highest youth unemployment rates for all youth age groups considered, with a level that more than doubles the European Union average[2]. Youth unemployment rates are larger for the youngest group (16-19) and tend to decrease with age in all countries. It is however somehow particularly worrisome to find that unemployment rates for older young (aged 25 to 29) in Spain were above 30 per cent in 1994, a group for which the risk of unemployment has clearly increased since 1986.

**Table 1: Youth unemployment rates by age group. Different EU countries.**

| *Age group* | *16-19* | | *20-24* | | *25-29* | |
|---|---|---|---|---|---|---|
| *Year* | *1986* | *1994* | *1986* | *1994* | *1986* | *1994* |
| Spain | 51.1 | 52.3 | 44.2 | 42.5 | 25.8 | 31.3 |
| Italy | 41.8 | 36.7 | 29.8 | 30 | 14.4 | 16.8 |
| France | 33.6 | 36.6 | 28 | 27.6 | 9.4 | 15.7 |
| United Kingdom | 21.5 | 18.8 | 17 | 15.1 | 13.8 | 10.4 |
| European Union | 25.6 | 23.2 | 21.2 | 21.6 | 13.9 | 14.1 |

Source: Labour Force Survey. Results 1986 and 1994. Eurostat (1988 and 1996). Table 08.

[2] In a similar way and within the European context, Spain shows the lowest employment probabilities of new school leavers aged 16 to 29: According to OECD (1998) figures (See Table 3.4) only 44.3 school leavers found a job one year after leaving the educational system in 1989. This probability was still low in 1996: 37.2 per cent.



**Figure 1: Unemployment and Activity rates of youth in Spain: 1976-1998.**

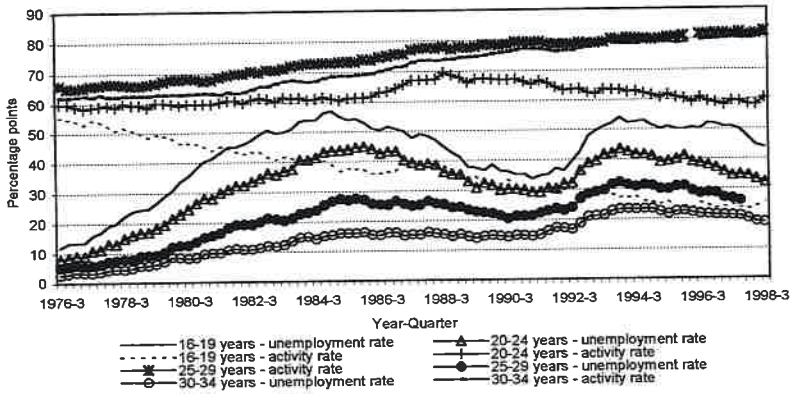


Figure 1 shows recent trends of youth unemployment and activity rates in Spain in more detail. Large differences appear in the evolution of activity rates of the three age groups within the youth. Early age youths have largely reduced their participation in the labour market since the mid-seventies surely following the improvement in the quality of the provision of public education and the interest of parents in enlarging their children's investment in education. Slightly older youths (20-24) activity rates instead are fairly constant since 1976 and increase only when finding a job becomes slightly easier (unemployment rates decrease). The oldest group of youths (25-29), disregarding the evolution of the probability of finding a job have continuously increased their labour market participation in the last two decades (mainly driven by the increase in female participation within this particular group). The level of unemployment of all groups has increased since 1976, showing two peaks around low growth periods (at the end of 1984 and at the end of 1993)[3]. A relevant difference between the 16-24 year age group and the 25-29 years youths is the instability of the unemployment rate in time. Older youths unemployment rate increased significantly more during the last economic crisis than it did in that of the mid-eighties while the contrary is true for youths below 25 years of age. This is consistent with an increasing job instability for youths over 25 years due to the

[3] These rates of unemployment affect the early-age youths (20-24) of all educational levels in a similar way: Castillo and Duce (1997) show that Spain registers -together with Italy and Portugal- a higher unemployment rate for males with an university degree than for males with compulsory education. Thus, the efforts on educational grounds in order to improve their labour market chances are rather unfruitful for the youth in Spain due to a bad adjustment of the educational offer to the labour demand.

increasingly short-term nature of their jobs.

Regarding the type of employment youth enter after schooling, Spain is again an outlier. Table 2 shows the entry-level jobs held by new school leavers (aged 16 to 29) one year after leaving education in different selected European countries. Notice that more than 80 per cent of school leavers in Spain hold a temporary job and in most cases it is because the youth could not find a permanent job. These percentages are clearly lower in other countries, particularly the UK. As a result of these trends in unemployment and temporary employment, youths have faced increasing difficulties to find labour market stability. In this line of argument, Toharia et al. (1998) report that the pattern access to permanent employment between 1992 and 1997 is slower for youths below 30 years in 1992 than it was for earlier cohorts.

**Table 2: Temporary jobs held by new school leavers aged 16 to 29 years one year after leaving education, 1996. Different EU countries. As percentage of all jobs held.**

| | *Males* | | | *Females* | | |
|---|---|---|---|---|---|---|
| | *Total* | *For training* | *Involuntary* | *Total* | *For training* | *Involuntary* |
| Spain | 85.8 | 15.5 | 69.4 | 87.4 | 14.6 | 71.0 |
| Italy | 32.8 | 53.5 | 17.7 | 51.9 | 41.4 | 25.2 |
| France | 68.3 | 33.5 | | 66.3 | 28.9 | |
| United Kingdom | 27.3 | 11.7 | 25.9 | 25.7 | 10.0 | 25.3 |

Source: Employment Outlook, 1998. Table 3.5. OECD (1998).

The structure of the Spanish welfare state is that of a large pensions and unemployment insurance expenditure and a weak development in other areas. The benefits that arrive directly to young individuals are scarce. Labour related benefits are not available for first-job-seekers when 55.6 per cent of unemployed youths between 16 and 19 years of age and 38 per cent of unemployed youths between 20 and 24 years of age belong to this group in 1991[4]. Insurance protection under precarious employment is also rather limited. A growing and complex means-tested assistance scheme has been developed over the 1980's to cover somehow the holes of the insurance scheme. The means-tested unemployment scheme is mainly targeted at long term unemployed that might get assistance for a long time period which can go up to retirement. It also covers, even if for a shorter period, those unemployed after a temporary contract that have not contributed enough to be entitled to the insurance benefit. The level of this assistance

[4] These percentages show some increase in late years. In 1998 unemployed youths between 16 and 19 years of age and unemployed youths between 20 and 24 years of age are in a 64.3 and a 43.5 per cent, respectively, first-job-seekers. These results are obtained from the Spanish Labour Force Survey (*Encuesta de Población Activa* (EPA)).



benefit is only of 75 per cent of the Spanish minimum wage for a full-time worker. Finally, the last source in the limited range of social protection policies for low income families is the means-tested income support provided by the different Autonomous Communities (governments at regional level) which is, quantitatively, of reduced importance and was established at a lower level. Central government family support is also negligible as a share of spending in social protection (0.5 per cent of total spending)[5].

A further difficulty that youths face when considering the departure from the parental home is access to housing. In southern European countries like Italy or Spain home ownership is extensive and rental housing markets are narrow (see Castles and Ferrera (1996)). In fact, housing rent prices have increased largely over the mean and minimum wage in recent times. From 1992 until 1997, housing rent prices increased in a 48.9 per cent and housing purchase prices in a 38.3 per cent; while mean and minimum wages increased in a 25.8 and 18.4 per cent respectively. Therefore, approaching home ownership is hard for youths due to their relatively low wages and high labour instability while renting is comparatively too expensive. Housing policy for low income families is also insufficient[6].

**Table 3: Evolution of housing prices and wages in Spain. Different time periods.**

| | □ *mean wage* | □ *minimum wage* | □ *housing rent prices* | □ *housing purchase prices* |
|---|---|---|---|---|
| 1988-1992 | 32.7 | 27.7 | 38.9 | 30.8 |
| 1992-1997 | 25.8 | 18.4 | 48.9 | 38.3 |

Source: Boletín de Estadísticas Laborales (1998) data from the Spanish Wage Survey (Encuesta de Salarios), Ministerio de Trabajo y Asuntos Sociales and Price indexes, Instituto Nacional de Estadística, Tempus database.

Unsurprisingly, the majority of the Spanish youth live with their parents. According to data from the Eurostat Labour Force Survey reported by Fernández Cordón (1996) and included in Table 4, more than 90 per cent of the Spanish males aged 20 to 24 and over 60 per cent of those aged 25 to 29 still live with their parents. These percentages are slightly lower for females (81.3 and 52.7 per cent respectively). The level of youth residential autonomy in Spain is notably lower than the one in countries like France or the UK but similar to the one in Italy and other South European countries.

[5] In 1990, means-tested child (under 18) income support for families in need was introduced for both working and non-working families but dependent individuals over 18 cohabiting in the household are not considered as dependants.

[6] For a revision and evaluation of the housing policy in Spain since the 1980's see Garcia and Tatjer

While in France and the UK only one out of ten women still lives with their parents, in Spain (and Italy) 4 to 5 women out ten are still in their parental home.

**Table 4: Proportion of Male-Female still living with their parents, by age group (in percentage of age group totals). Different EU countries.**[7]

| *Sex* | Males | | | | Females | | | |
|---|---|---|---|---|---|---|---|---|
| *Age group* | 20-24 | | 25-29 | | 20-24 | | 25-29 | |
| *Year* | 1986 | 1994 | 1986 | 1994 | 1986 | 1994 | 1986 | 1994 |
| Spain | 88.1 | 91.5 | 53.2 | 65.8 | 76.6 | 84.3 | 35.3 | 47.6 |
| Italy | 87.8 | 92.2 | 49.6 | 66.0 | 70.4 | 82.4 | 25.5 | 44.1 |
| France | 56.9 | 61.8 | 19.3 | 22.5 | 36.4 | 41.6 | 8.4 | 10.3 |
| United Kingdom | 57.2 | 56.8 | 21.9 | 20.8 | 33.8 | 37.0 | 8.6 | 10.8 |

Source: Tables 1 and 2 in Fernández Cordón (1996).

Not only youth residential dependency is relatively high in south European countries but it has substantially increased over recent years. This is particularly the case for both males and females aged 25 to 29: In Spain this increase has been of 35 per cent for females and 23 per cent for males.

These trends in youth dependency are certainly not independent from the above described labour market and social protection context faced by youth. In fact, Ahn and Mira (1999) conclude that the lack of stable jobs among young men in Spain is an important factor forcing many young people to delay their marriage and childbearing. Further, recent works such as Martínez and Ruiz-Castillo (1999) find that, in Spain, the individual's age, the fact of having a job and the cost of housing in the region are intimately related to the decision of leaving the parental home. However, at the same time, household arrangements and the design of the Spanish social policy cannot be fully understood without taking into account the predominant role traditionally played by the family in society. Family ties in Spain, as in many other south European countries, are strong, particularly in comparison with centre and north European countries. As argued by Sven Rehen (1998), in Mediterranian countries, the family is seen as the main institution defending its members against adverse overall economic and labour market conditions. A stable job, access to adequate housing, leaving the parental household and marriage tend to be closely intertwined events[8] and youth will receive protection from

(1998) or FOESSA (1994) chapter 10.6.

[7] Young people below 20, of both sexes are not included since they are almost all still living with their parents in all countries considered here. See Fernández Cordón (1996) for details.

[8] According to the Encuesta Sociodemográfica, the emancipation of Spanish youth (25 to 29) is likely to take place at marriage. Other options are rather scarce. Only 2 per cent of them cohabitate with his/her partner and another 2 per cent live with other young people, see Jurado (1997).



their families until they leave for good. In northern societies, in turn, this role is largely accomplished through public and private institutions.

Without doubt, the present socio-economic context regarding the youth has tended to reinforce rather than weaken family-ties in Spain, and in some sense quite successfully. The significant rise of childless households with three or more adults (including youth and non-youth adults)[9] has allowed Spain to be one of the European countries with the lowest percentage of jobless household. Generally, in southern European countries a relatively low proportion of the inactive or unemployed live in a household without a person in employment (See OECD (1998))[10]. In this respect, the family will be acting as the main safety-net of those individuals in need. The cost of the increased youth dependency is that it has gone in line with having very low proportion of youth engaged in their own family life, a fact that has to be related to the very low fertility levels found in Spain and generally in other southern European countries[11].

## 2. Data and Poverty Lines

### 2.1 Data sources

The microdata used in the following sections come from two main household budget surveys: the 1990-1991 "Encuesta de Presupuestos Familiares" (EPF) and the "Encuesta Continua de Presupuestos Familiares" (ECPF). The EPF is a large yearly cross-sectional survey which has been conducted about once every ten years and the ECPF is a quarterly rotating longitudinal survey conducted since 1985.

The primary purpose of both surveys is the collection of the expenditure

[9] These trends have caused the demographic structure of Spanish households to notably diverge from that of central and north European countries.

[10] In the same line, Toharia et al (1998) show that 60 per cent of the Spanish unemployed live with someone in employment.

[11] Fernández-Cordón (1996) reports that 13.8 per cent of men and 29.6 per cent of women aged 20 to 29 live in couple or have children in south European countries as opposed to repectively 35.5 and 55 per cent in central countries in 1994. South European countries include Spain, Italy and Grece while Central European countries include France, Germany and the United Kingdom. According to the evidence provided by Ayala-Cañón (1998)(See Table 12.1 pp.589) from the Luxembourg Income Study database only 8.2 per cent of households in Spain in 1980 were headed by a youth while this percentage was 12.6 in France (1979), 13.9 in Germany (1981) or 23.0 in the UK (1979).

information necessary to determine the weights for the retail price index, but they also involve the collection of income data and other information on the demographic and socio-economic characteristics of households (age, sex, labour status of household members, etc.). The surveys are conducted by the Spanish Statistical Office (Instituto Nacional de Estadística, INE), and their interview structure is similar. The sample for each of these surveys reflects the total household population in Spain in the respective years or quarters. The representativeness of the sample is guaranteed by a "grossing-up" factor provided by the statistical office. It has to be remembered that these surveys exclude the homeless and people living in institutions. Population living in Ceuta and Melilla are excluded from our analysis even if the EPF includes them.

The size of the EPF sample is large. It contains 20,934 households and 71,333 individuals, 17,983 of them are children and 13,573 are youth.. Households are interviewed between April 1990 and March 1991. The total number of interviews are equally distributed over this period and interviews take place during a week. The information on income refers to the previous year income.

The ECPF panel contains data on 3,200 households each quarter and includes information on their incomes during the previous three months. Households ever interviewed in this survey are retained in the panel for a maximum of two years (eight quarters). Households are substituted both due to rotation and attrition[12]. In order to take account of a possible attrition bias, the longitudinal sample has been weighted[13]. Also, the ECPF sample, starting from the first quarter of 1985 until the last quarter of 1992, has been pooled. In pooling we have considered the interest of first, maximizing sample size, and constructing an interview structure which is similar to that of other datasets used in other chapters of this book. In this sense, we make sure that poverty is determined by the household's situation in the quarter relative to that of the corresponding quarter sample even if, once households are classified, the dataset consists

[12] 12.5 percent or one-eighth of the households (that is, around 400) are substituted every quarter due to rotation. See Cantó-Sánchez (1998) for a report on the quality of the substitution method due to attrition.
[13] The procedure to obtain the relevant attrition weights consisted in a probit regression of the probability of "staying" in the panel for a year (fifth interview) on household characteristics (age, level of education, civil status, sex and labour status of the household head together with the number of household members and household residence township). Weights were constructed by predicting the inverse of the probability of being a "stayer" and constraining the sum of the weights to be the total number of households in the sample at first interview.



of two interviews a year apart: first and fifth household interviews. The balanced sample, which includes those individuals effectively observed at both moments in time, contains 69,046 individuals of which 19,091 are children and 12,425 are youths between 18 and 30 years of age. An unbalanced sample, including all individuals observed at first interview, would contain 1,382 youths and 261 children more. Thus, a 10 per cent of the youths at their parental home at first interview have left their household a year later.

### 2.2 Poverty lines

This paper is concerned with relative economic poverty. In line with the Eurostat approach, the analysis aims to shed light on whether the households in which children and youths live have sufficient resources to share in the level of well-being of society as a whole. The poverty line is used that is set at half the median household equivalent income, a poverty line which is around 40 per cent of the average income for all years. The unit of analysis adopted is the household. Household income is adjusted for household needs according to household size and the number of equivalent adults in the household corresponds to the square root of household size.[14] An individual (child, adult or elderly person) is considered poor if the household in which the individual lives is classified as poor. Poverty rates are then computed weighting each household in the sample by the number of household members. The definition of income includes employment and self-employment income, income from regular transfers (including pensions and unemployment benefits), investment income and non-monetary income, that is, wages in kind, home production and self-consumption. It excludes social insurance contributions, and it is net of pay-as-you-earn taxes (PAYE taxes are deducted). It should be noted that, while for the cross-sectional evidence poverty is defined on a yearly income basis, in the longitudinal study poverty is defined on a quarterly basis. The poverty lines in the dynamic setting are determined for the quarterly income distribution and households are defined as poor if their quarterly income is below the 50 per cent of the corresponding quarter median income. Finally, the focus is only on poverty as measured by the headcount, thereby yielding a good picture of the extent of child and youth poverty, but no thorough analysis of the depth or severity of this poverty.

Recent empirical work on poverty measurement has emphasized the practical

relevance that such methodological choices can have on poverty estimates. In addition, there is evidence that the Spanish survey income data show some discrepancies with national accounts data, particularly among self-employment and capital income[15]. To check the robustness of the results, the distribution of expenditure is explored, also including home production and self-consumption. We also analyse the sensitivity of the results to changes in the equivalence scale[16].

It is surely interesting to provide here an indication of how our poverty rate relates to an official poverty line. In this sense, the reader could place our calculations in the context of what the Spanish administration is currently considering as households "in need". There is no official poverty line in Spain and the "nearest" to this definition in the Spanish welfare system is the *minimum wage*. Minimum wages are set by the government as the minimum salary a full-time worker should be paid. In 1990 the poverty line per equivalent adult is just under (73 per cent) the corresponding statutory minimum wage. However, only a myriad of minimum bargained wages in Spain are binding. In fact, our poverty line for 1990 is just below 50 per cent of the mean wage that year[17]. We should note that the poverty line that emerges from the panel survey (ECPF) in 1991 is equivalent (5 per cent higher) to the one which emerges from the cross-sectional survey (EPF) for the same year.

### 2.3 Other relevant definitions

Our definition of children follows the one adopted by UNICEF, whereby the word "children" includes all individuals under 18. Regarding the youth, we include individuals aged between 18 and 29 years old. Meanwhile, "adults" are all those individuals in the sample whose age is above that of youth but under 60. The elderly are those individuals who have already reached the age of 60.

As stated, our analysis focuses on the effect of youth and adults employment status

[14] See Atkinson et al (1995).
[15] See Sanz (1996) or Oliver-Alonso (1997) for the 1990-91 survey.
[16] For a more through analysis of the impact of these methodological choices on poverty estimates using Spanish data, see for the static context, Mercader-Prats (1998) and Duclos and Mercader-Prats (1999), and for the dynamic one, Cantó-Sánchez (1996) and (1998).
[17] Calculations using the Encuesta de Salarios de la Industria y los Servicios, Instituto Nacional de Estadística (INE) and reported by the Ministerio de Trabajo y Asuntos Sociales.



on child and youth poverty. An individual is considered to be employed if he/she receives any income from employment or self-employment. Thus, *employment* refers to both dependent employment and self-employment. The measurement period for 'labour market status' is that of income: the year previous to interview in the EPF and the quarter previous to interview in the ECPF.

Underlying our analysis there is the assumption of equal income sharing among household members. This might be a particularly strong assumption in the case of young living in relatively well off households. In this cases the youth might be saving to make the transition towards an independent household somewhat easier. Unfortunately, little research has been done on the equality of income sharing within the household and we lack a measure of the relevance of "non-income-sharing" in households with youths in Spain.

Before going into the poverty analysis, Table 5 summarises de distribution of the Spanish population by age group and household type in our cross-sectional 1990 survey data[18]. Taking into account our discussion in Section 1, the household population is broken down first according to the age of the household head (youth and non-youth head). Only 5.3 per cent of the population (6 per cent of children) live in a household head by a youth. Second, the large part of households headed by a non-youth (94.7 per cent) is then decomposed according to both the household composition (having or not having youths) and the labour status of the household head as well as that of the youth. Two thirds of the population shares its dwelling with a non-youth employed head and only 28.5 per cent lives with a non-youth head out of employment. Around half of the population lives in a household containing a youth and the majority of the youth (over 50 per cent) receive some employment income. Regarding the population of children, the majority (over 60 per cent) lives in a household without a youth. A relative small proportion of them (10.2 per cent) live in a household headed by a non-youth-non-employed head, but a third of them contain some employed youth. 17.1 per cent of the youth, in turn, live in a household headed by a youth. Out of the remaining 82.9 per cent

[18] The distribution of individuals by age group and household situation is very similar to that of the longitudinal data (ECPF) sample. Some variations must be expected due to the pooling of the 1985-1992 surveys in the longitudinal dataset. In this sense, the only notable difference between the panel and the cross-section data is that in the panel there is a slightly smaller number of individuals in households where some youth is employed.

(youth non household heads) more than 72 per cent live in a household with the head at work while the remaining 28 per cent live with non-employed head. Only 7.2 per cent of the youth population live in a household in which neither the head or the youth is at work. Finally, the population of non-youth-non-employed heads is mainly made by the elderly. Notice however that the proportion of elderly living with youth is relatively high (28.2 per cent) with more than 17 per cent of the elderly living with some youth employed[19].

**Table 5: Distribution of individuals by age groups and household situation in the 1990-91 survey. Absolute numbers and percentages of weighted population.**

| | All | Youth Head | Non-Youth Household head | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Head work | | | Head does not work | | |
| | | | No youth in household | Some youth in household | | No youth in household | Some youth in household | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| Children 0-17 | 17,983 | 1,082 | 10,249 | 2,723 | 2,034 | 872 | 392 | 631 |
| *Row weighted pop. %* | 25.1 | 6.0 | 57.6 | 14.7 | 11.5 | 4.7 | 2.1 | 3.4 |
| Youths 18-29 | 13,573 | 2,266 | | 3,509 | 4,580 | | 991 | 2,227 |
| *Row weighted pop. %* | 19.2 | 17.1 | | 24.8 | 34.9 | | 7.2 | 16.0 |
| Other Adults 30-60 | 25,540 | 294 | 10,249 | 4,402 | 4,406 | 2,446 | 829 | 1,371 |
| *Row weighted pop. %* | 36.1 | 1.2 | 46.5 | 16.6 | 18.1 | 9.1 | 3.2 | 5.3 |
| Elderly >60 | 14,237 | 129 | 1,868 | 688 | 958 | 8,395 | 801 | 1,398 |
| *Row weighted pop. %* | 19.6 | 0.9 | 13.3 | 4.6 | 7.0 | 58.5 | 5.7 | 10.0 |
| All | 71,333 | 3,771 | 23,909 | 11,322 | 11,978 | 11,713 | 3,013 | 5,627 |
| *Row weighted pop. %* | 100.0 | 5.3 | 33.5 | 15.9 | 16.8 | 16.4 | 4.2 | 7.9 |

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares 1990-91.

### 3. Child and youth poverty from a cross-sectional perspective

The existing cross-sectional evidence on the evolution of relative poverty in Spain tends to be coincident: According to the most recent EPF's, there was a reduction in the aggregate poverty rate over the 1980-1990 period[20]. The decline was only slight in terms of expenditure, but clearer with income estimates. Regarding child poverty, Cantó-Sánchez and Mercader-Prats (1998) show that over the same period child poverty tended to increase, although the increase was only very slight. However, the relative differences in poverty among children and the elderly rose, a fact that can be attributed, at least

[19] The Spanish structure of household arrangements and the labour status of the head of household and the youth compares well with the situation in Italy during the same period (Italian data from 'Indagine Campionaria sui Bilanci delle Famiglie Italiane – 1991' (Banca d'Italia)), kindly provided by E. Bardasi.

[20] See Ruiz-Huerta and Martínez (1994), INE (1996), Del Río and Ruiz-Castillo (1997) or Cantó-



partially, to the development of the system of old age pensions. Over the 1980's child poverty increased for relatively large households, particularly those composed by a couple with more than two children. It also rose for children in single and, particularly, lone parent families. Other adults in single-parent families appear to be effective in limiting poverty among single household heads. For children living in families headed by a person unemployed there is also an increase in their poverty incidence over the 1980's.

The cross-sectional poverty estimates using EPF 1990-91 data are summarised in Table 6. The first column of this table presents the headcount ratio by age groups. As it can be noticed, while children are the group with the highest risk of poverty (11.8 per cent), youth, in contrast, show the lowest poverty rate (7.6 per cent). Differences between age groups are not however as important as differences within children or youth living in different types of household.

**Table 6: Percentage of individuals below the poverty line. Estimates based on Income.** ***(Standard errors in brackets).***

| Individual type | | Household Situation | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ALL | Youth Head | Non-Youth Household head | | | | | |
| | | | Head works | | | Head does not work | | |
| | | | No youth in household | Some youth in household | | No youth in household | Some youth in household | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| Children <18 | 11.8 | 19.2 | 9.0 | 12.8 | 5.7 | 36.3 | 45.6 | 9.9 |
| | *(0.2)* | *(1.2)* | *(0.3)* | *(0.6)* | *(0.5)* | *(1.6)* | *(2.5)* | *(1.2)* |
| Youths 18-29 | 7.6 | 9.7 | — | 8.3 | 2.4 | — | 33.3 | 4.7 |
| | *(0.2)* | *(0.6)* | | *(0.5)* | *(0.2)* | | *(1.5)* | *(0.4)* |
| Adults 30-60 | 8.2 | 10.4 | 6.8 | 7.7 | 2.2 | 21.4 | 32.6 | 4.9 |
| | *(0.2)* | *(1.8)* | *(0.2)* | *(0.4)* | *(0.2)* | *(0.8)* | *(1.6)* | *(0.6)* |
| Elderly >60 | 10.8 | 3.3 | 4.7 | 4.4 | 1.9 | 14.0 | 23.1 | 2.4 |
| | *(0.3)* | *(1.6)* | *(0.5)* | *(0.8)* | *(0.4)* | *(0.4)* | *(1.5)* | *(0.4)* |
| All | 9.5 | 12.2 | 7.5 | 8.9 | 2.8 | 17.2 | 31.9 | 4.7 |
| | *(0.1)* | *(0.5)* | *(0.2)* | *(0.3)* | *(0.1)* | *(0.3)* | *(0.8)* | *(0.3)* |

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares 1990-91.

The risk of poverty is relatively high for children living in a household headed by a youth (19.2 per cent), although the share of children living in this type of households is low. Given the above described labour market conditions youth face and the lack of public support at this critical stage of the household's life-cycle, this relatively high child poverty incidence is certainly not surprising. Furthermore, youth living in relatively well off households might be in a better situation to delay their departure from their parent's

Sánchez and Mercader-Prats (1998).

home. Jurado (1997) using data from the Encuesta Sociodemográfica 1990, suggests that there is a positive correlation between the educational attainment of the youth and his/her socio-economic background and the age he/she leaves their parental home.[21]

As expected, for all age groups, the risk of poverty decreases with the number of adults employed. At any age group, the risk of poverty is generally lower when the head of household is at work and higher for households in which the head is non-employed. It is also lower when the youth is employed than when he-she is out of work. But, how effective is youth employment in reducing overall poverty? Notice that for a given head's labour market status, there is quite a substantial range of variation of poverty rates at all ages depending on the employment status of the young. Individuals living with a youth dependent, *i.e.* living in a household with a non-employed youth, have a higher risk of poverty than those without a youth. Both unemployment and inactivity at young ages appears to be a burden for the rest of family members, including the children, increasing their economic vulnerability. The contrary happens when the household contains some employed youth. Poverty rates for children are in this case substantially lower than those for children living in households without a youth[22]. Thus, *ceteris paribus*, a child's risk of poverty is much lower if his or her elder sibling works but substantially higher if his or her elder sibling remains at home but he/she is not at work. The presence of an employed youth is particularly crucial in preventing both child and youth poverty in households in which the head is out of work: Having an employed youth when the head is out of work reduces child poverty by more than 70 per cent with respect to a situation in which the youth is out of work too (child poverty for the former group is 9.9 per cent against 45.6 when the youth is dependent). In fact, the youth is in 51 per cent of these households the person with highest personal regular income in the household.

These results are further confirmed when we are able to take into account all household characteristics in a multivariate approach (See Table A in Appendix 4). From the regression presented it can be seen that controlling for the rest of household characteristics, the effect of youth employment/non-employment on the welfare status of

[21] She also shows that unemployed and inactive women tend to leave their parental house earlier than employed women exchanging "parental dependency" by "husband dependency". In our sample 75 per cent of the households headed by a youth are couples. In 58 per cent of them the spouse does not work and 70 per cent of the couples have children.

[22] Remember that our analysis is based on the assumption that youth share their income with their



the rest of the household members is much larger in single parent households or in families in which the head out of work.

Table 7 presents the situation of youths in more detail. Notice that poverty is slightly higher for older youth aged 25 to 29 than for younger youth aged 18 to 24. In the same line of our previous table, the risk of youth poverty is very low when the youth works irrespectively of the labour market status of the head, but it dramatically increases for young people out of work living in a household in which the head is also out of work. In fact, paradoxically, employed youth sharing their dwelling with a non-employed head are better off that those out of employment with a head at work. Household heads in the former group are mainly old age pensioners who are likely to receive an old age pension.

**Table 7: Percentage of youth below the poverty line. Estimates based on income.** ***(Standard errors in brackets).***

| Individual Type | Household situation | | | |
|---|---|---|---|---|
| | Head works | | Head does not work | |
| Age of youth | Youth works | Youth does not work | Youth works | Youth does not work |
| 18-24 | 3.2 *(0.3)* | 6.5 *(0.4)* | 4.3 *(0.7)* | 25.1 *(1.3)* |
| 25-29 | 4.5 *(0.4)* | 10.7 *(0.9)* | 2.5 *(0.5)* | 28.8 *(2.1)* |
| All | 3.7 *(0.3)* | 7.5 *(0.4)* | 3.5 *(0.4)* | 26.2 *(1.1)* |

Source: Calculations of the authors based on the Encuesta de Presupuestos Familiares 1990-91.

In sum, the risk of both child and youth poverty is higher for the reduced number of households headed by a youth. The employment status of both the household head and the youth are key determinants of children's and youth poverty status. In fact, youth employment is as effective as head's employment as a poverty relief for children, particularly when the head of the household is out of work. In more than a half of these households the youth plays in this case the role of the head of the household strictu-sensu, fulfilling the insufficient safety-net for low income families[23].

families, an assumption that might be particularly strong for relatively well off families.

[23] We have also studied the implications on these results of both using alternative equivalence scales and switching to expenditure as welfare index (See Appendix 2 and 3). As expected there is a substantial substitution of elderly (living mainly in one or two persons households) by children (living in larger households) as we move from a distribution with no adjustment ($s$=0) to the per capita distribution ($s$=1) at the bottom of the income distribution. This substitution would be less marked if the scale was less generous to the presence of children. In all cases living with a youth employed is always a relief. Non employed youth are less of a charge when $s$ is closer to 0. This is also the case when expenditure instead of income is used as a welfare index. The switch to expenditure also notably increases poverty among the elderly.

## 4. The role of the labour market on the duration of child and youth poverty.

Our first concern now is to determine the role of parents and youth employment on the *duration* of poverty: the level of short-term poverty out of total poverty among children and youths. We identify as short-stayers in poverty those children and youths who are only once below the poverty line. Long-stayers instead are those found in deprivation at both interviews[24] (distant a year). Secondly, we are interested in measuring the *capability* of children and youths within different household types of leaving the ranks of the poor and their risk of falling into poverty anytime. For this purpose we calculate the poverty *turnover* for children and youths, namely, their flows into and out of poverty. Thirdly, we inspect the characteristics of the households whose youths leave and the implications of the departure of young individuals on the household left behind.

### 4.1 Does head and youth labour status have an impact on poverty duration?

Tables 8 and 9 summarise short-term and long-term poverty rates by age groups and household types. Generally, short-term poverty rates for children and youth appear to be larger than the long term ones, suggesting that an important part of the static poverty found in section 3 is of short-term nature. This is the case for households in which the household head is employed but more clearly for household headed by a youth or in which some youth is at work. We are likely to think that the temporary nature of youth employment has here an observable negative impact on the household welfare level in the short run which is less significant in the long-term. However, much of the poverty among children living with nobody employed (Columns (6 and 7)) is of permanent nature: More than 26 children out of 100 living in these households appear as *persistently poor*.

As in our static analysis, results indicate that the risk factors tending to affect a child or youth's likelihood of being both short and long-term poor, are significantly determined by the labour status situation of the head as well as that of the youth. The risk of both child and youth poverty is substantially lower when the household head is at work: In the case of children, around 3.2 per cent are long-term poor (summing columns 3, 4 and 5) when the head is employed while 15.2 per cent of children whose head is out of work are found in long-term deprivation (summing columns 6, 7 and 8). In the case of

[24] See Cantó-Sánchez (1998) for an exploration of the dynamics of poverty among households in Spain through an investigation of the characteristics which affect the rates of transition of households into and



youths percentages are of a similar range.

**Table 8: Short-term Income Poverty by age group and household situation. Percentage of individuals once below poverty line.**

| TYPE INDIVIDUAL | All | *Youth Head* | Non-Youth Household head | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Head works at both interviews | | | Head does not work at any interview | | |
| | | | No youth in hh. | Some youth in hh. | | No youth in hh. | Some youth in hh. | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Children | 9.6 | 11.7 | 6.2 | 6.8 | 5.5 | 15.4 | 21.3 | 17.8 |
| | *(0.2)* | *(0.9)* | *(0.2)* | *(0.5)* | *(0.5)* | *(1.2)* | *(1.9)* | *(2.0)* |
| Youths 18-24 | 8.8 | 13.9 | — | 5.0 | 3.3 | — | 15.9 | 13.8 |
| | *(0.3)* | *(1.2)* | | *(0.4)* | *(0.4)* | | *(1.3)* | *(1.2)* |
| Youths 25-29 | 7.0 | 7.3 | | 5.6 | 3.2 | | 11.0 | 5.7 |
| | *(0.4)* | *(0.6)* | | *(0.8)* | *(0.6)* | | *(1.5)* | *(1.1)* |
| Other Adults (not youths) | 8.0 | 5.2 | 4.9 | 4.6 | 3.3 | 14.1 | 17.3 | 12.5 |
| | *(0.2)* | *(1.8)* | (0.2) | *(0.3)* | *(0.3)* | *(0.7)* | *(1.2)* | *(1.2)* |
| Elderly (60+) | 9.6 | 2.1 | 6.3 | 4.0 | 2.0 | 10.9 | 10.7 | 7.4 |
| | *(0.3)* | *(1.3)* | *(0.6)* | *(0.8)* | *(0.8)* | *(0.4)* | *(0.8)* | *(1.0)* |
| All | 8.8 | 9.8 | 5.6 | 5.2 | 3.7 | 12.0 | 14.6 | 11.3 |
| | *(0.1)* | *(0.4)* | *(0.2)* | *(0.2)* | *(0.2)* | *(0.3)* | *(0.6)* | *(0.6)* |

Notes: (1) Calculations using the pooled ECPF sample.
(2) All individuals are present in the household at 1st and 5th interview. Ages are measured at 1st interview. The sample is weighted for attrition and the weighted total number of individuals in the sample is 69,046. Some youth in household indicates that there is at least one youth at first interview. The labour status of the heads and youths is measured at both 1st and 5th interview. No youth employed means that none of the youths in household work at any interview. Some youth employed means that at least one of the youths is working at one of the interviews. Poverty is measured at the household's observation quarter.
(3) Standard errors assuming a random sample appear in parenthesis.

The employment status of the youth is critical too, particularly in a household in which the head is out of employment. When the head is out of work, a child's risk of short-term and, more strongly, a child's risk of long-term poverty is notably lower if his or her older brother or sister works: 28.4 per cent of children in jobless households with youth are persistently poor while only 2.7 per cent of those in households with a head out of employment but with some youth employed are in this situation. Thus, in households in which the head is out of work youth employment is as effective in preventing child and youth poverty persistence as head's employment. This induce us to think that the persistence of household poverty is strongly correlated with persistent unemployment or inactivity of all household members, including youth.

out of poverty.

**Table 9: Long-term Income Poverty. Percentage of individuals below poverty line at both interviews.**

| TYPE INDIVIDUAL | All | *Youth Head* | Non-Youth Household head | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Head works at both interviews | | | Head does not work at any interview | | |
| | | | No youth in hh. | Some youth in hh. | | No youth in hh. | Some youth in hh. | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Children | 5.7 | 5.5 | 3.3 | 3.2 | 1.0 | 26.6 | 28.4 | 2.7 |
| | *(0.2)* | (0.6) | *(0.2)* | *(0.3)* | *(0.2)* | *(1.4)* | *(2.2)* | *(0.9)* |
| Youths 18-24 | 4.0 | 4.4 | — | 2.8 | 0.4 | — | 16.2 | 1.1 |
| | *(0.2)* | *(0.7)* | | *(0.3)* | *(0.1)* | | *(1.3)* | *(0.4)* |
| Youths 25-29 | 3.4 | 2.8 | | 2.6 | 0.2 | | 15.0 | 0.0 |
| | *(0.3)* | *(0.4)* | | *(0.5)* | *(0.2)* | | *(1.8)* | |
| Other Adults | 4.5 | 0.0 | 2.4 | 2.5 | 0.4 | 14.7 | 15.3 | 1.5 |
| (not youths) | *(0.1)* | | *(0.1)* | *(0.2)* | *(0.1)* | *(0.7)* | *(1.1)* | *(0.4)* |
| Elderly (60+) | 6.7 | 0.0 | 2.3 | 1.3 | 0.0 | 9.1 | 7.1 | 0.0 |
| | *(0.2)* | | *(0.4)* | *(0.8)* | | *(0.3)* | *(0.7)* | |
| All | 5.1 | 3.7 | 2.8 | 2.6 | 0.5 | 12.0 | 14.1 | 1.0 |
| | *(0.1)* | *(0.3)* | *(0.1)* | *(0.2)* | *(0.1)* | *(0.3)* | *(0.6)* | *(0.2)* |

Notes: See notes Table 8.

The same stock of poverty can be a result of radically different number of entrants (inflow rate) and leavers (outflow rate). The interest in looking at entry to and exit from poverty rates in this context is that of detecting which of the two flows is most affected by parents and youth labour status[25]. In Table 10 we confirm, comparing poverty inflows and outflows, that the head of household labour status is a strong determinant of both the entry and the exit hazard of all household members. If the household head is employed at both interviews household members are less likely to enter poverty and more likely to exit from it than if the household head is out of work at both interviews. The stable employment of the head of household reduces the inflow rate in a 70 per cent (6.2 to 1.9) and increases the outflow rate in a 30 per cent (42.1 to 59.6). Thus, the employment of the household head is helping non-poor households to *"avoid a fall into poverty"* and, in a comparatively weaker way, it is giving support to poor households in their need of *"promotion for an exit from poverty"*. Regarding the labour market of the youth, households whose head is employed hardly show any difference in their risk of transition whatever the situation of their youths. On the other hand, the presence of employed youth in households with a non-employed head strongly reduces the household probability of becoming poor. Therefore, youth employment not only reduces the

[25] We calculate inflow and outflow rates together with inflow rates by groups. Due to the shortage of



household probability of *"being found"* in *"permanent"* poverty but it plays the role of the head in reducing the risk of falling into below the poverty line wherever the head of household is out of employment.

**Table 10: Flow into Poverty by age group and household situation. Percentage of individuals who transit into poverty.** (all individual entry rate: 3.6)

| | Head works at both interviews 1.9 *(0.06)* | | | Head does not work at both interviews 6.2 *(0.2)* | | |
|---|---|---|---|---|---|---|
| | No youth in household | Some youth in household | | No youth in household | Some youth in household | |
| | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Children | 2.2 | 2.5 | 2.8 | 8.9 | 15.2 | 6.2 |
| | *(0.2)* | *(0.3)* | *(0.4)* | *(1.1)* | *(2.2)* | *(1.9)* |
| Youths | — | 2.7 | 1.6 | — | 8.6 | 1.2 |
| | | *(0.3)* | *(0.2)* | | *(0.9)* | *(0.5)* |
| Other Adults | 1.7 | 1.8 | 1.2 | 7.8 | 10.6 | 2.4 |
| (not youths) | *(0.1)* | *(0.2)* | *(0.3)* | *(0.6)* | *(1.1)* | *(0.9)* |
| Elderly (60+) | 2.8 | 0.8 | 0.0 | 5.9 | 3.7 | 0.0 |
| | *(0.4)* | *(0.3)* | | *(0.3)* | *(0.6)* | |
| ALL | 2.0 | 2.2 | 1.8 | 6.5 | 7.9 | 1.9 |
| | *(0.1)* | *(0.1)* | *(0.2)* | *(0.3)* | *(0.5)* | *(0.4)* |

Notes: (1) Calculations using the pooled ECPF sample.
(2) All individuals are present in the household at 1st and 5th interview. Ages are measured at 1st interview. The sample is weighted for attrition and the weighted total number of individuals in the sample is 69,046. Some youth in household indicates that there is at least one youth at first interview. The labour status of the heads and youths is measured at both 1st and 5th interview. No youth employed means that none of the youths in household work at any interview. Some youth employed means that at least one of the youths is working at one of the interviews. Poverty is measured at the household's observation quarter.
(3) Standard errors assuming a random sample appear in parenthesis.

These cross-tabulation results are further confirmed when we are able to take into account all household characteristics in a multivariate approach (Appendix 4, Table B). Households whose head is employed hardly show any difference in their risk of transition whatever the situation of their youths. The presence of dependent youth in households with a non-employed head has no effect on the household's probability of falling into poverty while if some of the youths were employed the probability of becoming poor reduces importantly. Thus, the employment of the youth for a given household is *"avoiding a fall into poverty"* more than *"promoting an exit from it"*.

### 4.2 The consequences of youth Departure from parental household: a burden or a relief.

Our interest in this section is to see whether the departure of youths from the household raises or lowers the chances of being found in poverty for those who remain. This

sample results on the outflow rates by groups were unreliable and are not reported.

probability will be essentially different for individuals who shortly before were found below the poverty line. Thus, we will consider separately the changes in these chances for this group and that for those who were out of poverty. In order to isolate the effect of a youth leaving the household from a large number of other household characteristics, we have estimated *exit from poverty* and *entry into poverty* probabilities for individuals in households with youths taking socio-economic and demographic characteristics of the household into account.

A 10 per cent of the youth have left the parental home a year after the household's first interview. What type of households do youths leave from? In Table 11 we show that, as expected, youths in the panel leave at a late moment (head of household over 55 years of age). Generational reasons make leavers belong to households with a low educated head who is likely to be retired and has no children at home. These youths are often the household main earners and are more likely to leave if other household members earn some income[26]. The departure of youth reduces the expected increase in household equivalent income during the year (from a 30 per cent to an 18 per cent), indicating that, in the mean household, leavers may cause economic difficulties to their parental households. This could be an indication that youths are rarely a burden when we assume household income pooling. This last assumption, however, may be inadequate given that the mean change in equivalent expenditure shows only a small reduction before and after youth's departure (from 18 per cent to 16 per cent).

[26] This results from a multivariate regression of the probability that a household has a youth who leaves. In fact, youths within poor households are slightly less likely to leave their parental household than youths whose household is out of poverty (3.9 per cent of the poor youth leave their household while 5.1 of non-poor youth leave it).



**Table 11: The Departure of Youths: household characteristics.**
(Percentage of column group)

| | *Youth stays* | *Youth leaves* | *All households with youth* | *All households in sample* |
|---|---|---|---|---|
| ***Demographic characteristics*** | | | | |
| *Age of head* | | | | |
| 18-24 | 3.5 | 3.1 | 3.5 | 1.5 |
| 25-34 | 24.1 | 3.7 | 21.4 | 14 |
| 35-44 | 6.9 | 2 | 6.2 | 19.8 |
| 45-54 | 33.5 | 13.8 | 30.8 | 20 |
| 55-64 | 24.2 | 56.8 | 28.7 | 21.3 |
| >=65 | 7.7 | 20.5 | 9.4 | 23.4 |
| *Level of education of head* | | | | |
| Low | 22.7 | 34.8 | 24.3 | 27.9 |
| Middle | 69 | 59.1 | 67.7 | 63.7 |
| High | 8.3 | 6.1 | 8 | 8.3 |
| *Type of municipality* | | | | |
| <=20,000 inh | 22.6 | 27.9 | 23.3 | 26.5 |
| >20,000 & <=100,000 inh | 35.9 | 31.6 | 35.3 | 33 |
| >100,000 inh. | 41.5 | 40.5 | 41.4 | 40,5 |
| *Home Ownership status* | | | | |
| Owner | 73.7 | 80.7 | 74.6 | 76.8 |
| Renting | 17.2 | 14.7 | 16.9 | 15.5 |
| Other | 9.1 | 4.6 | 8.5 | 7.6 |
| *Number of Household members* | | | | |
| Three or less | 37.5 | 29.2 | 36.4 | 50.8 |
| Four or five | 46.8 | 52.5 | 47.6 | 39.3 |
| More than five | 15.6 | 18.3 | 16 | 9.9 |
| *Marital status head (with spouse)* | 86.6 | 82 | 86 | 79.2 |
| *Sex of head (male)* | 88.6 | 85.7 | 88.3 | 83.4 |
| ***Household Composition*** | | | | |
| Couple with children | 53.4 | 21.1 | 49 | 46.2 |
| Couple without children | 33.1 | 60.9 | 36.9 | 33 |
| Single with children | 4.6 | 4.3 | 4.6 | 3.7 |
| Single without children | 8.7 | 13.6 | 9.4 | 17 |
| Single head, elderly (>65) | 2.1 | 5.3 | 2.6 | 9.5 |
| Single head, non elderly | 11.2 | 12.6 | 11.4 | 11.2 |
| ***Household Socioeconomic Status:*** | | | | |
| Couple, both work | 14.8 | 6.9 | 13.7 | 12.1 |
| Couple, both retired | 1.3 | 3.1 | 1.6 | 4.2 |
| Couple, head retired, spouse works at home | 10.4 | 29.9 | 14.2 | 14.9 |
| Couple, only head works | 51.5 | 32.7 | 49 | 41.3 |
| Couple, head unemployed | 6.5 | 4.2 | 6.2 | 4.7 |
| Single, head works | 5.4 | 6.5 | 5.6 | 6 |
| Single, head unemployed | 0.6 | 0.5 | 0.6 | 0.7 |
| Single, head retired | 5.8 | 8.9 | 6.2 | 12.5 |
| ***Welfare situation*** | | | | |
| Poor household (1st interview) | 9.4 | 6.3 | 9.5 | 11.6 |
| Mean change equivalent income | 33 | 17.7 | 30.9 | 25.6 |
| Mean change equivalent expenditure | 18.2 | 15.8 | 17.8 | 19.2 |
| Total sample | 7,684 | 1,204 | 8,888 | 20,960 |

Notes:
(1) All individuals are present in the household at 1st and 5th interview. Ages are measured at 1st interview. The sample is weighted for attrition and the weighted total number of individuals in the sample is 69,046. The labour status of the heads and youths is measured at both 1st and 5th interview. Poverty is measured at the household's observation quarter.
(2) The definition of low education is illiterate or without studies, middle education includes any education below university level, high education includes university level education.
(3) Calculations using the ECPF.

Poor individuals increase in a 20 per cent their chances of stepping out of poverty and in a 50 per cent their chances of avoiding poverty if one youth in their household decides to leave[27] (see Table 12). Considering the effects of other possible events like the departure of older household members or the loss of a job by an employed household head, the departure of a youngster is not such an important determinant of transition rates. Estimations of the effect of youth departure including other competing events confirm the previous result. The arrival of children to the household and the loss of employment of the household head cause a strong reduction on the possibilities of welfare improvement of poor individuals. The departure of adults or elderly members from the household, instead, increases (more than the youth's departure does) the individual's probability of leaving poverty. Also, the chances of non-poor household of avoiding poverty are more strongly determined by the increase in the number of children in the household, the entry to unemployment of the household head or the departure of the spouse from the household than by the youngster's departure.

**Table 12: The impact of youth departure and other transitions: risk of staying in poverty and risk of falling in it *(percentage change in mean predicted probability in parenthesis).***

| | □ *in risk of leaving poverty.* | □ *in risk of falling in poverty* | *Sample occurrence (%)* |
|---|---|---|---|
| Youth leaves | +0.118* *(20.3%)* | +0.009** *(50%)* | 11.0 |
| Youth stays | Reference group | Reference group | 89.0 |
| *Other Competing transitions* | | | |
| A non-youth leaves | +0.175* *(30%)* | Non-significant | 4.5 |
| Unemployed head gets a job | +0.08* *(14.1%)* | +0.019* *(67.8%)* | 3.1 |
| Employed head looses job | -0.159** *(27.2%)* | +0.095* *(339.3%)* | 1.9 |
| Increase in number of children in hh. | -0.406* *(70%)* | +0.080* *(286.7%)* | 3.7 |
| Head from without to with spouse | Non-significant | Non-significant | 0.5 |
| Head from with to without spouse | Non-significant | +0.049* *(175%)* | 1.4 |

Notes: (1) *=significant at a 5%; **=significant at a 10%.
(2) Sample consists of all individuals in households with youth.
(3) Estimations of youth departure effect based on probit regression including: age of individual; age, sex, marital status, education and labour status of household head; type of municipality where individual lives; dependency index (number of dependants per income receiver) and youth dependency index (number of youth dependants per income receiver).
(4) Estimations on competing transitions included youth departure and all other transitions presented. Estimations with "age of individual" as control variable where also estimated, results were very similar in estimations and significance.

[27] We have been unable to distinguish between employed and unemployed leavers given that all leavers who are employed are in non-poor households.



In sum, the dynamic approach has shown that households headed by a youth or households with employed youth if ever touched by poverty, are more likely to suffer short-term poverty spells than other groups. Both the employment status of the household head and that of the youth is determinant in the duration of poverty all household members. In this sense, those children in households where nobody is employed suffer a high incidence of permanent poverty. Parent's employment and youth employment helps households *avoid a fall in poverty*. Moreover, households where the head is out of work youth employment is as effective in preventing child and youth poverty persistence as head's employment is. Finally, the departure of youths, even if increasing slightly the probability of leaving poverty, has a negative effect for households out of poverty by increasing their probability of becoming poor. However, other competing events like the increase in the number of children in the household or labour status transitions of the household head appear to have a much larger effect on household welfare changes.

## 5. Conclusions

In sum, even if the youth is the age group who has more deeply suffered the consequences of the recent jump of unemployment and labour market flexibilisation in Spain, the risk of youth poverty in 1990-91 was relatively low: Only 7 or 8 out of a hundred youth appeared as poor in our cross-sectional 1990-91 survey. Our analysis shows that this relatively low poverty rate among youth can be explained by two main facts: First, because more than 80 per cent of youth live with their family. In fact, in line with the high levels of youth unemployment and temporary employment, youth residential dependency has gone up over recent years, particularly among older youth aged 25 to 29. Poverty is substantially higher for those youth who have left their parental home. Second, because more than 60 per cent of the youth who are residentially dependent on their parents are employed (at least part of the year), contributing to the overall household income. This group of youths living with their parents are more a relief than a burden: They notably reduce the risk of poverty for the rest of household members, including the children. Furthermore, when the head of the household is out of work, the employment status of the youth is as effective as that of the head to prevent overall household poverty. Moreover, this youth employment status reduces more

strongly *persistent* poverty than *transitory* poverty.

The degree of youth dependency is important too. The remaining 40 per cent of youth living with their parents are not in employment, being a burden for their families, *i.e.* increasing the risk of poverty for the rest of family members. This is particularly evident when we observe an increase in the probability of leaving poverty for those individuals in poor households where some (unemployed) youth leaves.

Without any doubt, the role of the traditional Spanish family, that of providing help to its members when in need, has been reinforced over the most recent decades in a changing socio-economic context. Parents have played a key role in supporting their youth children. But this is not the only direction in which the family safety-net has operated. Employed youth too are acting as a safety-net for low income families, particularly when the head is out of employment.

From our results, it would be tempting to conclude that the Spanish family model has been very successful in the combat of poverty and social exclusion. Certainly, this is partly true. We believe that in southern societies in which family-ties are strong, solidarity and protection at the family level is a good thing. However, the costs of the family model are also important. First, for families having in charge a dependent youth. Second, for youths as a group who are living in a situation of semi-dependency for too long. Thirdly, and most importantly, for employed youth in low income families who must hold (for long) the responsability of supporting their relatives. In the current socio-economic context, we can not talk about the *crisis* of the Spanish family but we can certainly talk about the *strangling* of the Spanish family. Urgent policy action is required to overcome this situation. In our view the direction policy should take is twofold: First, to increase the ***support for families in need***, second, to ***help the youth*** to cross the bridge towards the *creation of their own families*. Spain should take advantage of being a society with strong family ties when rethinking about its social protection system but it should also help to keep the family alive.



**References**


Ahn N. and Mira, P. (1999) "Job bust, baby bust: The Spanish case", Documentos de trabajo de la Fundación de Estudios de Economía Aplicada (FEDEA), num: 99-06.

Atkinson, A. B., Rainwater, L., and Smeeding, T. M. (1995), *Income Distribution in OECD countries*, Social Policy Studies, n°18, OECD.

Ayala Cañón, L. (1998) Cambio demográfico y Pobreza. *Las Condiciones de Vida de la Población Pobre en España, Informe General*. Colección estudios. Fundación Foessa y Cáritas Española.

Cantó-Sánchez, O. (1996) "Poverty Dynamics in Spain: A Study of Transitions in the 90s". DARP papers, No 15. London: London School of Economics.

Cantó-Sánchez, O. (1997) "Desempleo y Pobreza en la España de los 90". *Papeles de Economía Española*, n. 72, pp.88-105.

Cantó-Sánchez, O. (1998) The Dynamics of Poverty in Spain: The Permanent and Transitory Poor, Ph.D.Thesis, European University Institute, Florence, Italy.

Cantó-Sánchez, O. and M. Mercader-Prats (1998) "Child Poverty in Spain: What Can Be Said?". Innocenti Occasional Papers, Economic and Social Policy Series, no. 66. Florence: UNICEF International Child Development Centre.

Castillo, S. and Duce, R. (1997) "Paro Juvenil en Europa". *Papeles de Economía Española*, n. 72, pp.106-121.

Castles. F.G. and Ferrera, M. (1996) "Home Ownership and the Welfare State: Is southern Europe Different?", *South European Society & Politics*, Vol.1, No.2, Autumn, pp.163-185.

Del Río, C. y Ruiz-Castillo, J. (1997) "TIP's for poverty analysis. The case of Spain, 1980-81 to 1990-91", Working Papers, núm. 97-58, Universidad Carlos III de Madrid.

Duclos, J.Y. and M. Mercader-Prats (1999), "Household needs and poverty: With Application to Spain and the UK". *The Review of Income and Wealth*, Forthcoming March Issue.

EUROSTAT (1988) *Labour Force Survey. Results 1986*. Eurostat. Luxembourg.

EUROSTAT (1996) *Labour Force Survey. Results 1994*. Eurostat. Luxembourg.

Fernández Cordón, J.A. (1996), "Youth Residential Independence and Autonomy. A Comparative Study", Instituto de Economía y Geografía, Consejo Surperior de Investigaciones Científicas, Madrid.

FOESSA (1994) V Informe Sociológico sobre la Situación Social en España, Juárez M. (dir) Fundación Fomento de Estudios Sociales y de Sociología Aplicada. Madrid.

García, E. and Tatjer, M. (1998) "La política de vivienda: El estado del bienestar vulnerable" in *Políticas Públicas en España*, R.Gomà and J.Subirats (Coords.), Ariel Ciencia Política,

Editorial Ariel, Barcelona.

Instituto Nacional de Estadística (1990) Encuesta de Presupuestos Familiares, *Metodología.*

Instituto Nacional de Estadística (1992) Encuesta Continua de Presupuestos Familiares, *Metodología.*

Instituto Nacional de Estadística (1996), *Encuesta de Presupuestos Familiares. Desigualdad y Pobreza en España. Estudio basado en las encuestas de presupuestos familiares de 1973-74, 1980-81 y 1990-91.* Universidad Autónoma de Madrid i INE.

Martínez, M. y Ruiz-Castillo, J. (1999) The decissions of Spanish Youth: A cross-section study, Estudios sobre la economía española, EEE-14, Fundación de Estudios de Economía Aplicada.

Mercader-Prats, M. (1998), "Identifying Low Standards of Living: Evidence from Spain". *Research on Economic Inequality*, No. 8, PP. 155-173.

Sven Reher, D. (1998) Family ties in Western Europe: Persistent contrasts. *Population and Development Review*. Volume 24. Number 2. June.

Toharia, L. Albert, C., Cebrián, I. García Serrano, C. Garcia Mainar, I. Malo, M.A., Moreno, G. y Villagómez, E. (1998) *El mercado de trabajo en España*, Serie McGraw-Hill de Management.

Jurado Guerrero, T. (1997) "Un análisis regional de los modelos de convivencia de los jóvenes españoles. Las cuatro Españas de la emancipación familiar", *Estudios de Juventud*, nº 39, pp.17-35.

OECD (1998) *Employment Outlook*, June 1998, Paris.

Oliver-Alonso, J. (1997) "Ingreso, Consumo y Ahorro de las Familias: Propuesta de una Metodología para la Explotación de la Encuesta de Presupuestos Familiares", Documentos de Trabajo, Fundación FIES, nº 132.

Robinson, A (1998) Spanish Family Values: Spain's Welfare system is let off the hook by the family, New Economy.

Ruiz-Huerta, J. y R. Martínez (1994), "La pobreza en España: ¿Qué nos dicen las encuestas de presupuestos familiares?". *Documentación Social*, No. 96, "La Pobreza en España, Hoy". *Documentación Social*, No. 96, Madrid: Cáritas.

Sanz, B. (1996) "La Articulación Micro-Macro en el Sector Hogares: De la Encuesta de Presupuestos Familiares a la Contabilidad Nacional", in La Desigualdad de losRecursos, II Simposio sobre Igualdad y Distribución de la Renta y la Riqueza, Vól.6.



## Appendix 1: Samples Description.

**Table 1: Distribution of individuals by age groups and household situation in the ECPF sample. Absolute numbers and row percentages.**

| TYPE INDIVIDUAL | All | *Youth Head* | Non-Youth Household head | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Head works at both interviews | | | Head does not work at any interview | | | Head transits into or out of employment |
| | | | No youth in hh. | Some youth in hh. | | No youth in hh. | Some youth in hh. | | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| Children (0-17) | 19,091 | 1,279 | 10,395 | 2,621 | 1,761 | 937 | 434 | 354 | 1,309 |
| *Row %* | (27.6) | 6.7 | 54.4 | 13.7 | 9.2 | 4.9 | 2.3 | 1.9 | 6.8 |
| Youths (18-29) | 12,425 | 2,698 | — | 3,480 | 2,990 | — | 1,205 | 1,205 | 848 |
| *Row %* | (17.9) | 21.7 | | 28.0 | 24.0 | | 9.7 | 9.7 | 6.8 |
| Other Adults (30-60) | 24,996 | 157 | 11,141 | 4,516 | 3,134 | 2,390 | 1,025 | 757 | 1,875 |
| *Row %* | (36.2) | 0.6 | 44.6 | 18.0 | 12.5 | 9.6 | 4.1 | 3.0 | 7.5 |
| Elderly (60+) | 12,534 | 118 | 1,412 | 672 | 338 | 7169 | 1,323 | 666 | 834 |
| *Row %* | (18.1) | 0.9 | 11.3 | 5.4 | 2.7 | 57.2 | 10.6 | 5.3 | 6.6 |
| All | 69,046 | 4,252 | 22,948 | 11,289 | 8,223 | 10,496 | 3,987 | 2,982 | 4,866 |
| *Row %* | 100.0 | 6.1 | 33.2 | 16.3 | 11.9 | 15.2 | 5.8 | 4.3 | 7.0 |

**Table 2 : Distribution of individuals by age groups and household situation – Italy 1991**

| | Youth Head | Non-Youth Household head | | | | | |
|---|---|---|---|---|---|---|---|
| | | Head works | | | Head does not work | | |
| | | No youth in household | Some youth in household | | No youth in household | Some youth in household | |
| | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| Children (0-17) | 5.17 | 59.46 | 19.90 | 6.58 | 4.59 | 2.59 | 1.72 |
| Youths (18-29) | 12.94 | 0 | 37.06 | 24.07 | 0 | 11.56 | 14.37 |
| Other Adults (30-60) | 0.83 | 41.71 | 22.11 | 12.65 | 12.17 | 4.84 | 5.70 |
| Elderly (>60) | 0.57 | 8.48 | 3.71 | 2.80 | 69.33 | 7.16 | 7.95 |
| All | 4.07 | 31.36 | 21.35 | 11.90 | 18.26 | 6.10 | 6.97 |

SOURCE: our computations based on the 'Indagine Campionaria sui Bilanci delle Famiglie Italiane – 1991' (Banca d'Italia)

## Appendix 2:Poverty figures based on expenditure

**Table 1: Percentage of individuals below the poverty line. Estimates based on Expenditure.**

| | ALL | Youth Head | Non Youth Head | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Head works | | | Head does not work | | |
| | | | No youth in household | Some youth in household | | No youth in household | Some youth in household | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| Children | 9.2 | 12.2 | 7.9 | 7.3 | 5.2 | 29.9 | 20.4 | 11.9 |
| Youths | 5.6 | 6.3 | 0 | 5.5 | 2.6 | 0 | 15.1 | 7.5 |
| Other Adults (not youths) | 8.1 | 7.6 | 7.6 | 5.1 | 3.0 | 24.1 | 14.4 | 7.8 |
| Elderly (60+) | 23.4 | 5.4 | 13.2 | 7.3 | 4.0 | 33.1 | 14.2 | 8.3 |
| All | 10.9 | 8.0 | 8.1 | 5.9 | 3.3 | 31.0 | 15.3 | 8.2 |

**Table 2: Short-term Expenditure Poverty by age group and household situation. (% individuals once below poverty line.)**

| TYPE INDIVIDUAL | PROPORTION OF INDIVIDUALS ONCE POOR | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ALL | *Youth Head* | Non-Youth Household head | | | | | |
| | | | Head works at both interviews | | | Head does not work at any interview | | |
| | | | No youth in hh. | Some youth in hh. | | No youth in hh. | Some youth in hh. | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| Children | 8.4 | 11.4 | 6.2 | 7.9 | 4.9 | 21.9 | 15.1 | 11.4 |
| Youths | 7.1 | 8.9 | — | 6.1 | 3.5 | — | 11.1 | 7.0 |
| 18-24 | 6.7 | 10.0 | | 4.9 | 3.4 | | 11.5 | 8.8 |
| 25-29 | 7.8 | 8.4 | | 9.6 | 3.9 | | 10.4 | 3.9 |
| Other Adults (not youths) | 8.2 | 5.0 | 6.3 | 6.4 | 3.7 | 19.4 | 13.8 | 9.2 |
| Elderly (60+) | 17.1 | 5.0 | 10.9 | 4.2 | 3.0 | 22.7 | 10.7 | 6.4 |
| All | 9.7 | 9.4 | 6.5 | 6.5 | 3.8 | 21.9 | 12.1 | 8.0 |

Notes: All individuals are present in the household at 1st and 5th interview. Ages are measured at 1st interview. The sample is weighted for attrition and the weighted total number of individuals in the sample is 69,046. Some youth in household indicates that there is at least one youth at first interview. The labour status of the heads and youths is measured at both 1st and 5th interview. No youth employed means that none of the youths in household work at any interview. Some youth employed means that at least one of the youths is working at one of the interviews. Poverty is measured at the household's observation quarter



**Table 3: Long-term Expenditure Poverty by age group and household situation. (% individuals once below poverty line.)**

| TYPE INDIVIDUAL | PROPORTION OF INDIVIDUALS POOR AT BOTH INTERVIEWS | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ALL | *Youth Head* | Non-Youth Household head | | | | | |
| | | | Head works at both interviews | | | Head does not work at any interview | | |
| | | | No youth in hh. | Some youth in hh. | | No youth in hh. | Some youth in hh. | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| Children | 4.1 | 3.4 | 3.2 | 2.7 | 3.3 | 10.2 | 14.7 | 2.4 |
| Youths | 2.7 | 2.4 | — | 1.7 | 1.4 | — | 8.6 | 2.4 |
| .....18-24 | 2.7 | 3.3 | | 1.3 | 1.7 | | 9.4 | 2.4 |
| .....25-29 | 2.6 | 1.9 | | 3.0 | 0.6 | | 7.0 | 2.5 |
| Other Adults (not youths) | 3.7 | 0.0 | 2.9 | 1.7 | 1.6 | 10.7 | 8.2 | 2.3 |
| Elderly (60+) | 11.7 | 0.0 | 6.0 | 2.6 | 1.0 | 16.5 | 7.2 | 3.6 |
| All | 5.1 | 2.5 | 3.2 | 2.0 | 1.9 | 14.6 | 8.7 | 2.7 |

Notes: All individuals are present in the household at 1st and 5th interview. Ages are measured at 1st interview. The sample is weighted for attrition and the weighted total number of individuals in the sample is 69,046. Some youth in household indicates that there is at least one youth at first interview. The labour status of the heads and youths is measured at both 1st and 5th interview. No youth employed means that none of the youths in household work at any interview. Some youth employed means that at least one of the youths is working at one of the interviews. Poverty is measured at the household's observation quarter.

## Appendix 3: Poverty estimates based on alternative equivalence scales

**Table 1: Percentage of individuals poor by age group and household situation. Income. S=1.**

| | ALL | Youth Head | Non Youth Head | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Head works | | | Head does not work | | |
| | | | No youth in household | Some youth in household | | No youth in household | Some youth in household | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| Children | 17.3 | 20.9 | 13.5 | 21.1 | 11.6 | 42.5 | 56.0 | 20.0 |
| Youths | 9.5 | 9.6 | - | 12.4 | 4 | - | 31.6 | 7.5 |
| Other Adults (not youths) | 9.4 | 11.7 | 8.3 | 11.6 | 3.6 | 14.8 | 32.9 | 8.5 |
| Elderly (60+) | 4.3 | 4.7 | 3.2 | 6.1 | 1.9 | 3.7 | 16.7 | 3.4 |
| All | | | | | | | | |

**Table 2: Percentage of individuals poor by age group and household situation. Income. S=0.**

| | ALL | Youth Head | Non Youth Head | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Head works | | | Head does not work | | |
| | | | No youth in household | Some youth in household | | No youth in household | Some youth in household | |
| | | | | No youth employed | Some youth employed | | No youth employed | Some youth employed |
| Children | 9.6 | 13.2 | 6.9 | 10.2 | 3.3 | 33.2 | 39.5 | 6.1 |
| Youths | 7.9 | 13.6 | - | 7.5 | 1.9 | - | 34.0 | 4.1 |
| Other Adults (not youths) | 9.1 | 12.2 | 7.5 | 7.1 | 1.7 | 31.6 | 32.2 | 3.9 |
| Elderly (60+) | 29.9 | 3.7 | 10.4 | 5.2 | 1.8 | 45.0 | 24.7 | 3.7 |
| All | | | | | | | | |



## Appendix 4: Regressions.

**Table A: Probit Regressions: Household Probability of Being Poor.**

| Covariates | dF/dx | P>\|z\| |
|---|---|---|
| *Characteristics of Household Head* | | |
| Age of hh. head | | |
| 18-24 | 0.067 | 0.01 |
| 25-34 | 0.023 | 0.01 |
| 35-44 | ref | — |
| 45-54 | -0.008 | 0.25 |
| 55-64 | -0.020 | 0.00 |
| >64 | -0.055 | 0.00 |
| Level of education head: | | |
| Illiterate or without education | 0.043 | 0.00 |
| Basic or low (up to 8 years) | ref. | — |
| Middle (up to 12 years) | -0.028 | 0.00 |
| High (15 years) | -0.046 | 0.00 |
| Upper High (18 years) | -0.039 | 0.00 |
| Sex of hh. Head: male | -0.040 | 0.00 |
| Labour status head: retired | -0.048 | 0.00 |
| *Characteristics of the Household* | | |
| Type of municipality hh. Lives: | | |
| <10,000 inh. | ref | — |
| >10,001-<50,000 inh. | -0.016 | 0.00 |
| >50,001-<10,000 inh. | -0.016 | 0.01 |
| >100,001-<500,000 inh. | -0.033 | 0.00 |
| >500,001 inh. | -0.033 | 0.00 |
| Housing Ownership: | | |
| Owned | ref. | — |
| Rent | 0.039 | 0.00 |
| Subsidised/Others | 0.028 | 0.00 |
| Number of household members | | |
| One | 0.042 | 0.00 |
| Two | 0.037 | 0.00 |
| Three | ref | — |
| Four | 0.010 | 0.13 |
| Five | 0.036 | 0.00 |
| Six | 0.039 | 0.00 |
| Seven or more | 0.081 | 0.00 |
| *Household type* | | |
| Youth head without children | -0.034 | 0.03 |
| Youth head with children | 0.019 | 0.15 |
| ***Couple non-youth head, head works*** | | |
| No youth | ref. | — |
| All youth dependent | 0.005 | 0.51 |
| Some youth working | -0.044 | 0.00 |
| ***Couple non-youth head, head does not work*** | | |
| No youth | 0.185 | 0.00 |
| All youth dependent | 0.389 | 0.00 |
| Some youth working | -0.002 | 0.84 |
| ***Single parent, non-youth head, head works*** | | |
| No youth | -0.002 | 0.88 |
| All youth dependent | 0.042 | 0.19 |
| Some youth working | -0.045 | 0.00 |
| ***Single parent, non-youth head, head does not work*** | | |
| No youth | 0.172 | 0.00 |
| All youth dependent | 0.345 | 0.00 |
| Some youth working | -0.018 | 0.23 |
| Spouse employed | -0.039 | 0.00 |
| *Autonomous Communities* | | |
| Andalucia | ref | — |

| | | |
|---|---|---|
| Aragón | -0.038 | 0.00 |
| Asturias | -0.044 | 0.00 |
| Balears | -0.037 | 0.00 |
| Canarias | 0.004 | 0.63 |
| Cantabria | -0.034 | 0.00 |
| Castilla-León | -0.032 | 0.00 |
| Castilla la Mancha | -0.024 | 0.00 |
| Catalunya | -0.050 | 0.00 |
| Communitat Valenciana | -0.033 | 0.00 |
| Extremadura | 0.002 | 0.77 |
| Galicia | -0.033 | 0.00 |
| Madrid | -0.027 | 0.00 |
| Murcia | -0.004 | 0.62 |
| Navarra | -0.038 | 0.00 |
| País Vasco | -0.030 | 0.00 |
| La Rioja | -0.048 | 0.00 |
| Log -likekihood | | -5393.8 |
| Pseudo R-squared | | 0.183 |
| Predicted probability (means) | | 0.055 |
| Number observations (household weight) | | 21,155 |



**Table B: Probit Regressions: Household Probability of Leaving and Entering Poverty.**

| Covariates | Leaving Poverty dF/dx | P>\|z\| | Entering Poverty dF/dx | P>\|z\| |
|---|---|---|---|---|
| *Characteristics of Household Head* | | | | |
| Age of hh. head | | | | |
| 18-24 | -0.049 | 0.72 | 0.026 | 0.17 |
| 25-34 | -0.014 | 0.83 | 0.017 | 0.03 |
| 35-44 | ref | — | ref | — |
| 45-54 | 0.001 | 0.98 | -0.007 | 0.21 |
| 55-64 | -0.041 | 0.47 | -0.010 | 0.09 |
| >64 | -0.118 | 0.11 | -0.016 | 0.04 |
| Level of education head: | | | | |
| Illiterate | -0.026 | 0.59 | 0.013 | 0.09 |
| Basic (4-5 years) | Ref | — | ref | — |
| Low (8 years) | 0.032 | 0.31 | -0.016 | 0.00 |
| Middle (10years) | 0.111 | 0.11 | -0.018 | 0.00 |
| Middle (12 years) | 0.360 | 0.00 | -0.026 | 0.00 |
| High (15years) | 0.372 | 0.03 | -0.026 | 0.00 |
| High (18 years) | 0.211 | 0.26 | -0.027 | 0.00 |
| Sex of hh. Head: male | 0.005 | 0.89 | -0.005 | 0.28 |
| Labour status head: retired | 0.130 | 0.02 | -0.015 | 0.03 |
| *Characteristics of the Household* | | | | |
| Type of municipality hh. Lives: | | | | |
| <10,000 inh. | ref | — | Ref | — |
| >10,000-<100,000 inh. | 0.026 | 0.43 | -0.011 | 0.00 |
| >100,000 inh. | 0.019 | 0.59 | -0.023 | 0.00 |
| Housing Ownership: | | | | |
| Owned | ref | — | Ref | — |
| Rent | -0.071 | 0.16 | 0.007 | 0.28 |
| Subsidised | -0.024 | 0.53 | 0.008 | 0.08 |
| Number of household members | | | | |
| One | -0.062 | 0.29 | 0.007 | 0.34 |
| Two | -0.013 | 0.78 | 0.013 | 0.02 |
| Three | ref | — | Ref | — |
| Four | 0.079 | 0.11 | 0.0002 | 0.96 |
| Five | -0.014 | 0.79 | 0.003 | 0.59 |
| Six | 0.072 | 0.30 | -0.0007 | 0.93 |
| Seven or more | -0.070 | 0.33 | 0.013 | 0.21 |

| | | | | |
|---|---|---|---|---|
| *Household type* | | | | |
| Head works, no youth | -0.071 | 0.22 | 0.010 | 0.10 |
| Head works, dependent youth | Ref | — | ref | — |
| Head works, some working youth | -0.009 | 0.92 | -0.002 | 0.72 |
| Head does not work, no youth | -0.133 | 0.02 | 0.061 | 0.00 |
| Head does not work, dependent youth | -0.042 | 0.45 | 0.064 | 0.00 |
| Head does not work, some working youth | 0.144 | 0.43 | 0.032 | 0.03 |
| *Time dummies* | | | | |
| Year | -0.018 | 0.01 | -0.001 | 0.21 |
| Quarter | | | | |
| First | ref | — | ref | — |
| Second | 0.021 | 0.60 | -0.002 | 0.50 |
| Third | 0.013 | 0.74 | -0.007 | 0.09 |
| Fourth | 0.002 | 0.95 | -0.0006 | 0.87 |
| Spouse employed | 0.075 | 0.21 | -0.011 | 0.02 |
| Log -likekihood | | -850.38 | | -1454.52 |
| Pseudo R-squared | | 0.045 | | 0.081 |
| Predicted probability (means) | | 0.502 | | 0.029 |
| Number observations (weighted for attrition) | | 2,421 | | 18,535 |

Notes: (1) Leaving poverty: Dependent variable = 1 if household (poor at interview 1) leaves poverty from interview 1 to interview 5. Entering poverty: Dependent variable = 1 if household (non-poor at interview 1) enters poverty from interview 1 to interview 5. (2) All covariates refer to status at 1st interview. (3) dF/dx shows 'marginal effects, i.e. the effect on theprobability of an unit change in the relevant variable (or a change from 0 to 1 for a dummy) evaluated at the means. (4) P>|z| is the p-value of the t-test of whether the coefficient is equal to 0.



**Table C: Probit Regressions: Individual Probability of Leaving and Entering Poverty. Individuals in households with youth.**

| Covariates | Leaving Poverty | | Entering Poverty | |
|---|---|---|---|---|
| | dF/dx | P>\|z\| | dF/dx | P>\|z\| |
| *Characteristics of individual* | | | | |
| Age 0-17 | -0.004 | 0.91 | 0.003 | 0.27 |
| Age 18-29 | -0.013 | 0.68 | 0.00005 | 0.98 |
| Age >65 | -0.047 | 0.39 | -0.005 | 0.17 |
| *Characteristics of Household* | | | | |
| Age of hh. Head*100 | -1.69 | 0.01 | -0.06 | 0.22 |
| Age of hh. Head squared*100 | 0.016 | 0.02 | -0.0003 | 0.60 |
| Sex of hh. Head: male | 0.121 | 0.24 | 0.008 | 0.08 |
| Marital status hh. Head: without spouse | 0.438 | 0.00 | -0.015 | 0.20 |
| Male head without spouse | -0.414 | 0.00 | -0.0005 | 0.96 |
| Dependency index | -0.238 | 0.00 | 0.031 | 0.00 |
| Youth dependency index | -0.085 | 0.37 | 0.014 | 0.03 |
| Level of education head: | | | | |
| Basic (4-5 years) | 0.202 | 0.00 | -0.004 | 0.34 |
| Low (8 years) | 0.080 | 0.07 | -0.019 | 0.00 |
| Middle (10years) | 0.130 | 0.03 | -0.016 | 0.00 |
| Middle (12 years) | 0.394 | 0.00 | -0.022 | 0.00 |
| High (15years) | — | | -0.017 | 0.00 |
| High (18 years) | — | | -0.016 | 0.00 |
| Labour status head: | | | | |
| Less than 13 hours of work | -0.531 | 0.00 | -0.001 | 0.90 |
| Unemployed | -0.059 | 0.06 | 0.085 | 0.00 |
| Retired | -0.023 | 0.53 | 0.054 | 0.00 |
| Housework | 0.187 | 0.15 | 0.058 | 0.00 |
| Other | -0.415 | 0.00 | 0.0002 | 0.98 |
| Type of municipality hh. Lives: | | | | |
| >10,000-<100,000 inh. | 0.114 | 0.00 | -0.005 | 0.01 |
| >100,000 inh. | 0.094 | 0.00 | -0.017 | 0.00 |
| Housing Ownership: | | | | |
| Rent | -0.076 | 0.02 | 0.002 | 0.43 |
| Subsidised | -0.222 | 0.00 | 0.005 | 0.13 |
| **Youth leaves** | 0.118 | 0.04 | 0.009 | 0.06 |
| Log -likekihood | | -1048.6 | | -1896.8 |
| Pseudo R-squared | | 0.09 | | 0.12 |
| Predicted probability (means) | | 0.582 | | 0.018 |
| Number observations (weighted for attrition)) | | 3,135 | | 30,010 |

Notes: (1) Leaving poverty: Dependent variable = 1 if individual (poor at interview 1) leaves poverty from interview 1 to interview 5. Entering poverty: Dependent variable = 1 if individual (non-poor at interview 1) enters poverty from interview 1 to interview 5. (2) dF/dx shows 'marginal effects, i.e. the effect on theprobability of an unit change in the relevant variable (or a change from 0 to 1 for a dummy) evaluated at the means. (3) P>|z| is the p-value of the t-test of whether the coefficient is equal to 0.

**Table D: Probit Regressions: Individual Probability of Leaving and Entering Poverty. Individuals in households with youth. Competing Transitions.**

| Covariates | Leaving Poverty | | Entering Poverty | |
|---|---|---|---|---|
| | dF/dx | P>\|z\| | dF/dx | P>\|z\| |
| *Characteristics of individual* | | | | |
| Age 0-17 | 0.001 | 0.96 | 0.011 | 0.00 |
| Age 18-29 | 0.015 | 0.62 | 0.002 | 0.45 |
| Age >65 | 0.023 | 0.60 | -0.006 | 0.20 |
| *Competing Transitions* | | | | |
| Youth leaves | 0.120 | 0.03 | 0.013 | 0.03 |
| A non-youth leaves | 0.174 | 0.01 | -0.011 | 0.12 |
| More children in household | -0.406 | 0.00 | 0.079 | 0.00 |
| Head gains a job | 0.082 | 0.02 | 0.019 | 0.04 |
| Head loses job | -0.158 | 0.09 | 0.092 | 0.00 |
| Head from without to with spouse | 0.079 | 0.69 | 0.041 | 0.05 |
| Head from with to without spouse | -0.053 | 0.63 | 0.047 | 0.00 |
| Log -likekihood | | -1138.3 | | -2096.8 |
| Pseudo R-squared | | 0.020 | | 0.029 |
| Predicted probability (means) | | 0.580 | | 0.028 |
| Number observations (weighted for attrition)) | | 3,155 | | 30,010 |

Notes: (1) Leaving poverty: Dependent variable = 1 if individual (poor at interview 1) leaves poverty from interview 1 to interview 5. Entering poverty: Dependent variable = 1 if individual (non-poor at interview 1) enters poverty from interview 1 to interview 5. (2) All covariates refer to transitions ocurred between 1st and 5th interview. (3) dF/dx shows 'marginal effects, i.e. the effect on theprobability of an unit change in the relevant variable (or a change from 0 to 1 for a dummy) evaluated at the means. (4) P>|z| is the p-value of the t-test of whether the coefficient is equal to 0.



# Últims documents de treball publicats

| *NUM* | *TITOL* | *AUTOR* | *DATA* |
|---|---|---|---|
| 98.01 | El mejor orden de ejecución de una serie de proyectos de inversión | Joan Pasqual | gener 1998 |
| 98.02 | Impacto de la inversión en infraestructuras sobre el producto, la ocupación y la inversión privada en España | Oriol Roca | gener 1998 |
| 98.03 | Externalidades y cambio técnico endógeno. Un repaso a la literatura sobre crecimiento regional y local | Iván Muñiz | març 1998 |
| 98.04 | Marhallian external economies and local growth | Iván Muñiz | març 1998 |
| 98.05 | Estimación del cambio técnico y sus determinantes para el sector farmacéutico: estudio comparativo para nueve países de la OCDE | Pablo D´Este | març 1998 |
| 98.06 | Distritos industriales y crecimiento endógeno | Iván Muñiz | maig 1998 |
| 98.07 | Economías de aglomeración y convergencia regional en la industria española 1978-992 | Iván Muñiz | juny 1998 |
| 98.08 | Dispersión regional en la estructura sectorial del empleo y en los niveles de renta de la Unión Europea (1980-94) | Josep Lladós | juliol 1998 |
| 98.09 | Labour demand in spanish industry. A panel data analysis | Héctor Sala | setembre 1998 |
| 98.10 | Intergenerational equity in natural resources management | Guadalupe Souto<br>Joan Pasqual | octubre 1998 |
| 98.11 | The effects of knowledge spillovers on industrial employment in european regions (1980-92), a comment | Josep Lladós | octubre 1998 |
| 99.01 | Hirings, Separations and Economic Growth. A Different Perspective on Spanish Unemployment. | Hector Sala | febrer 1999 |
| 99.02 | Las emisiones de CO2 y la ocupación del "espacio ambiental": un ejercicio empírico | Vicent Alcántara<br>Jordi Roca | març 1999 |
| 99.03 | Análisis coste-beneficio con externalidades ambientales y efectos macroeconómicos a corto y largo plazo. Una aplicación a la autopista túneles de Vallvidrera | Pere Riera<br>Oriol Roca<br>Roberto Penín<br>Loli García | abril 1999 |
| 99.04 | Not All University Degrees Yield the Same Return: Private and Social Returns to Higher Education for Males in Spain | Josep Oliver<br>Xavier Ramos<br>José Luis Raymond | abril 1999 |
| 99.05 | Contraste de las hipótesis de convergencia entre las regiones europeas | Josep Lladós | juny 1999 |
| 99.06 | Análisis Económico, Equidad Intergeneracional y Sostenibilidad | Emilio Padilla | juny 1999 |