

# Childhood decides



## How can we do better for our children?

Government decisions help shape the lives of our children today and the society of the future. A new OECD report – *Doing Better for Children* – examines 21 different measures of children’s living standards, education, health and protection from risks. How can governments best invest to support families and secure better lives for children?

OECD countries spent an average of US\$ 126 000 on children up to the age of 18 in 2003. Public support for children is provided in different ways: family cash benefits and tax credits, education and childcare and other in-kind services. Although the analysis does not include public spending on health, many of the indicators of child well-being are related to health.

Total spending varies substantially between countries (figure 1). Half of the OECD has spending between US\$ 75 000 and US\$ 175 000, an enormous range. Obviously, higher-income countries can afford to spend more: the figure is highest in Luxembourg (US\$ 380 000, not shown in the chart) and the lowest in Mexico (US\$ 24 000). But differences in incomes account for only a little over half of the differences in spending on children.

Given income levels, spending is relatively high in Austria, Denmark, France and Sweden (towards the right of the chart), but also in Hungary. Spending is

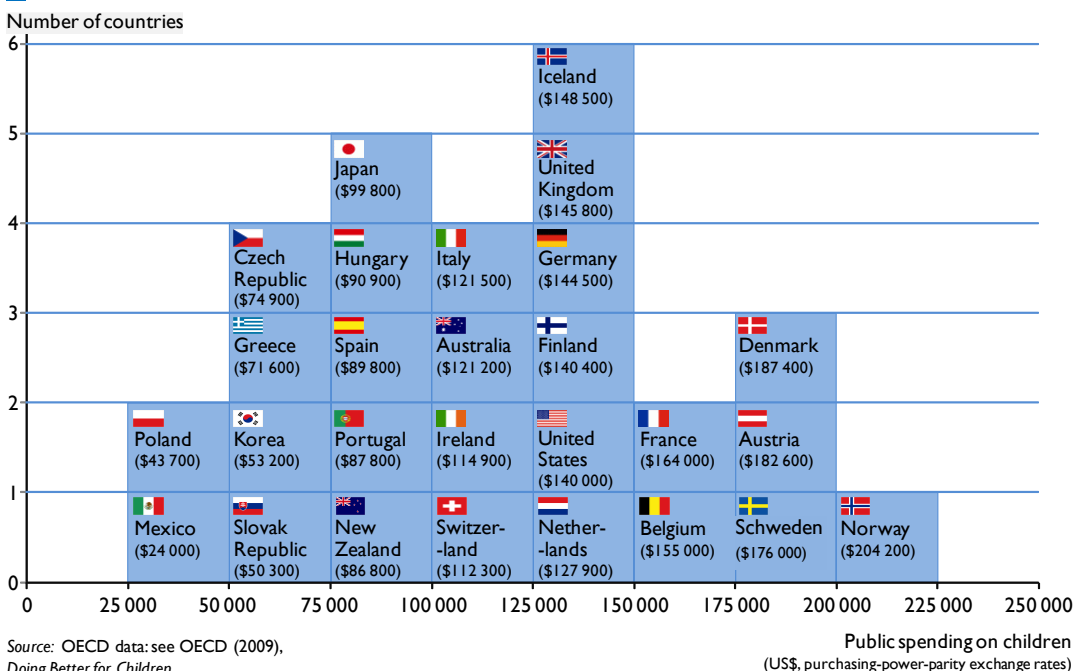
lower than expected in Greece, Korea and New Zealand (towards the left of the chart). But this is also true of two higher-income countries: the Netherlands and Switzerland.

As well as variation in the levels of public support for children and their families, there is also a great difference in how the support is provided. Education, of course, accounts for most spending on children in 23 out of 28 countries for which data are available. However, in Korea and Switzerland, around 90% of spending on children pays for education, well above the OECD average of 60%.

The second largest source of support is cash benefits paid to families with children, making up nearly a quarter of overall expenditure. But in Korea and Switzerland, spending on family benefits is very low, while in seven countries (including Austria, Germany and the United Kingdom) more than a third of public spending directed towards children takes the form of cash benefits or tax credits.

The final major kind of spending is childcare. In three of the Nordic countries – Denmark, Finland and Sweden – childcare takes up more than a fifth of all spending on children. In contrast, childcare has a low share of total spending in the Asia/Pacific OECD members – Japan and Korea, Australia and New Zealand – as well as Ireland and Switzerland.

### 1 Public spending on children in OECD countries



Source: OECD data: see OECD (2009), *Doing Better for Children*  
 Note: Luxembourg (not illustrated): \$380 000

Public spending on children  
 (US\$, purchasing-power-parity exchange rates)

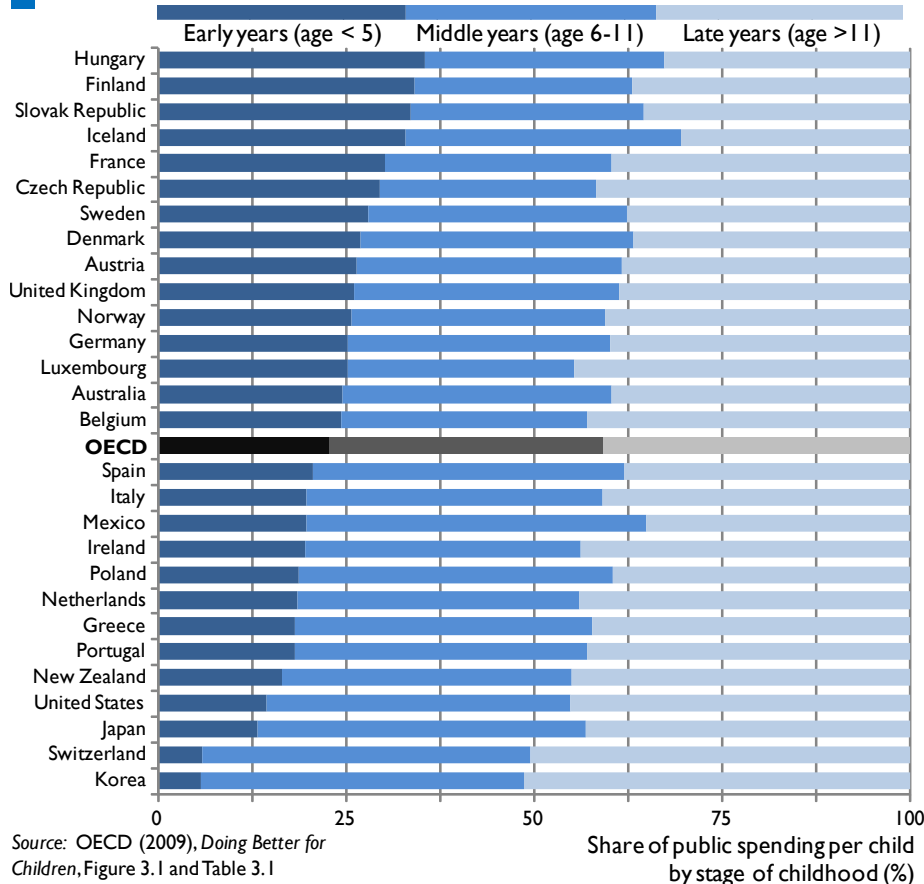
These different ways in which public money supports children and their families suggest that countries place a very different degree of emphasis on the role of the public sector. This involves a balance between objectives. For example, a more paternalist approach would involve spending less on cash benefits and tax breaks and more on direct provision of services. Some countries emphasise helping families meet the extra costs of children while others focus more on providing support for loss of potential earnings while caring for children.

### Patterns of public support for children

To summarise the impact of diverse kinds of social spending, figure 2 shows how the pattern varies with age. Childhood is divided into three periods: early (up to age 5), middle (ages 6-11) and later years (age 11 onwards). Some of the different categories of expenditure are obviously focused on different stages of childhood: childcare on the youngest, for example, while the cost of education tends to increase with the age of children. Countries also vary cash benefits with the age of the child, some paying more when children are younger and some, the reverse.

There is most variation in the share of total spending at the early-years stage. Finland, Hungary, Iceland and

### 2 Public spending through childhood



Source: OECD (2009), *Doing Better for Children*, Figure 3.1 and Table 3.1

the Slovak Republic place most emphasis on support for the under-fives, with a third or more of public spending going on children in this group. This compares with the OECD average of 23%.

The middle years account for 36% of the total on average and the late years, 40%. In only five of the 28 countries shown is spending on the middle years larger than the late years: most noticeable in Iceland, Mexico and Spain. In contrast, Finland, France and the Slovak Republic focus spending much more strongly than other countries on the late years. ■

## Child well-being

### How do OECD countries compare?

The quality of children’s lives has many dimensions, encompassing their economic condition, physical well-being and opportunities for development. From the dozens of potential indicators, the OECD has carefully chosen 21 that underlie analysis of six dimensions of well-being.

The indicators were picked for their relevance to policy, their focus on children and, more practically, the availability of up-to-date and comparable data.

The results for individual countries are shown in Figure 3. Each entry gives the country’s ranking on that measure. The shading indicates the level of performance: the darker the shade, the higher the country’s score.

### Living standards

The first pair of indicators relate to living standards of children. Material well-being is measured by average disposable income of families in which children live, child poverty rates and availability of essentials for learning.

These basic requirements comprise a dictionary, calculator, textbooks and a quiet place to study as well as the more modern needs of a computer, internet connection and educational software. On average in OECD countries, just 3.5% of children lack

more than half of these requirements. However, 13-14% of children in Mexico and Turkey are educationally deprived. These are among the poorest OECD countries in terms of incomes. But the same is also true of two of the OECD's richest countries: Japan (5.6% lacking more than half of learning needs) and the United States (4.8%).

Childhood poverty is assessed by looking at the disposable income of the households in which children live. Incomes are adjusted for household size: larger households need more money to maintain a given standard of living. "Poverty" in OECD analysis is a relative concept: individuals are counted as poor if they live in a household with income less than half of the national median income.

On average, 12.4% of children in OECD countries live in poor households. Half of them have an income-poverty rate for children of between 8% and 16%. Mexico, Poland, Turkey and the United States have the highest child poverty rates, of over 20%. But less than 5% of children live in poorer households in Denmark, Finland, Norway and Sweden.

Other measures of living standards look at housing and the local environment in which children live. On average, about one in three children live in crowded homes, meaning that there is less than one room per household member (excluding kitchens and bathrooms). This figure is at least one in ten in all OECD countries, and is close to or above one in two in the Czech Republic, Greece, Hungary, Italy, Mexico, Poland and the Slovak Republic. Around one in four children live in a poor local environment, blighted by noise, pollution, litter, vandalism etc. A poor local environment affects one in three or more children in Germany, Italy, the Netherlands and Portugal, which perform well on other measures of child well-being.

## Education

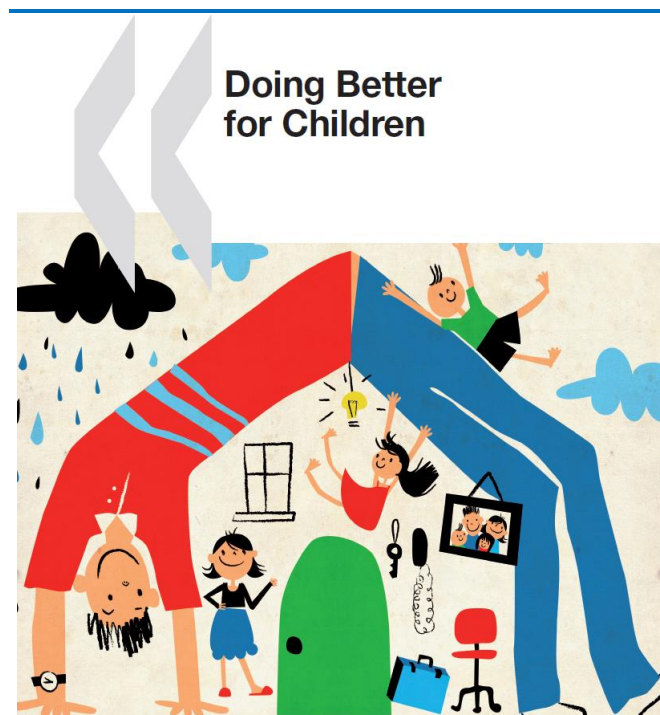
The OECD's Programme for International Student Assessment (PISA) compares 15-year-olds literacy, numeracy and scientific aptitude. Unfortunately, data are not available at other stages of childhood. Nevertheless, proficiency in these key skills at age 15 reflects individuals' educational experience at earlier ages. Turkey and Mexico – among the lowest-income OECD countries – have the worst educational performance. But educational achievement is also low in some southern European countries – Greece, Italy, Portugal and Spain – as well as the United States.

Test scores are highest in Asia/Pacific OECD countries – Japan and Korea, Australia and New Zealand – and in Canada, Finland and the Netherlands.

Another component of the OECD measure of educational well-being looks not at the levels of educational attainment, but the degree of variation between individuals. Many of the countries with low average test scores – such as Italy, Mexico and the United States – also show high variability. But differences in educational achievement are also large in some countries where overall scores are around the OECD average: Belgium, the Czech Republic and France, for example.

The final indicator of educational well-being focuses on older children who, after compulsory schooling, fail to find a job or avail themselves of education or training opportunities. Mexico and Turkey are again outliers, with a much higher proportion of young people not in education, employment or training (so-called 'Neets'). However, the proportion of young Neets is also well above the OECD average (of 7.9%) in Italy, Spain and the United Kingdom.

Putting the three indicators together, there are seven countries with high measures of educational well-being, notably Canada, Finland and Korea. The five countries where educational well-being is particularly below par are Greece, Italy, Mexico, Portugal and Turkey.



A second pair of indicators related to education covers the quality of school life. For example, an average of 11% of children (aged 11, 13 and 15) report that they are persistently bullied at school. However, the proportion is more than double that in Greece and Turkey (22.0 and 25.3%) and high in Austria (15.6%). Harassment is rarest in Spain and Sweden.

The second measure of quality of school life simply asks children if they like school. Most do not: only 27% on average report that they are happy at school. Only in Turkey does a majority of children like school, despite the bullying and fighting going on there. Satisfaction with school is lowest in the Czech and Slovak Republics, Finland and Italy, with fewer than

one in five saying they like school.

Putting the two together, quality of school life appears to be highest in the Nordic countries along with Hungary, Spain and the United Kingdom.

### Protection

The first indicator of protection is principally about health. It is based on eight underlying indicators that are designed to capture issues of health and safety throughout childhood. Three deal with birth and the first year of life. First, infant mortality (death before first birthday) averages 5.4 per 1 000 in OECD countries. It is 3-4 times more widespread in Mexico and Turkey than the average, and is also above average in Hungary, Poland, the Slovak Republic and the United States.

### 3 Six dimensions of child well-being: OECD countries ranked with 1=top performer

	Living standards		Education		Protection	
	Material well-being	Housing and environment	Educational well-being	Quality of school life	Health and safety	Risky behaviours
Australia	15	2	6	–	15	17
Austria	5	9	18	11	27	27
Belgium	11	11	20	19	26	13
Canada	14	–	3	16	22	10
Czech Republic	18	24	19	17	5	23
Denmark	2	6	7	8	4	21
Finland	4	7	1	18	6	26
France	10	10	23	22	19	12
Germany	16	18	15	9	9	18
Greece	26	19	27	24	23	7
Hungary	20	21	12	7	11	25
Iceland	8	4	14	1	2	8
Ireland	17	5	5	10	25	19
Italy	19	23	28	20	17	11
Japan	22	16	11	–	13	2
Korea	13	–	2	–	10	2
Luxembourg	3	8	17	23	7	14
Mexico	29	26	29	–	28	30
Netherlands	9	17	4	3	8	9
New Zealand	21	14	13	–	29	24
Norway	1	1	16	2	16	4
Poland	28	22	8	15	14	20
Portugal	25	20	26	21	18	6
Slovak Republic	27	25	24	25	1	22
Spain	24	13	21	6	12	16
Sweden	6	3	9	5	3	1
Switzerland	7	–	10	13	21	5
Turkey	30	–	30	12	30	29
United Kingdom	12	15	22	4	20	28
United States	23	12	25	14	24	15

**Key** ■ High performing ■ Average performing ■ Low performing – Data unavailable

Note: high and low scores are defined as one half a standard deviation above and below the mean.

Source: OECD (2009), *Doing Better for Children*, Table 2.1

Secondly, 6.6% of babies are underweight (less than 2.5kg or 5.5lb) on average. Countries where there are more underweight births tend to have higher infant mortality. But there are exceptions: in Japan, for example, infant mortality is the fourth lowest in the OECD while 9.5% of newborns are underweight, the second highest in the OECD.

Thirdly, breastfeeding is of great benefit to children, even into the long term. Indeed, 86% of children in OECD countries were breastfed at some point during infancy. However, breastfeeding rates are significantly below par in France (63%) and Ireland (just 41%).

A pair of measures focuses on infancy: immunisations against pertussis (whooping cough) and measles. Vaccination achieves near-universal in Eastern Europe. Coverage exceeds 90% for pertussis in all but five OECD countries and for measles in two out of three countries. Immunisation rates are relatively low for both conditions in Austria and Canada.

Two measures look at older children. First, only one in five older children (11, 13 and 15 years old) does the recommended amount of physical activity. The most sedentary children are in Ireland, the Slovak Republic and the United States, with the most active in France and Switzerland. Secondly, suicide is more prevalent among boys and young men than among girls and young women. For 15-19 year olds, about three times as many young men commit suicide as women. Overall suicide rates of young people are much the highest in Finland and New Zealand.

These seven measures of health and safety are combined with analysis of childhood mortality (from age 1 to 19) to give the overall indicator of health and safety of children. Some 12 countries are significantly ahead of the OECD average on health and safety, including most of the Nordic and Eastern European members of the OECD, along with Germany and the Netherlands, among others.

However, nine countries have measures significantly below the OECD average, a group that comprises Austria, Belgium, Canada, Greece, Ireland, Mexico, New Zealand, Turkey and the United States.

In addition to direct measures of health and safety, there is a range of risk behaviours that governments have sought to discourage. Principal among them are drinking, smoking and sex. Just less than one in ten 13-year-olds and nearly one in three 15-year-olds report that they have been drunk twice or more.

Teenage drinking is the most widespread in Denmark, Finland and the United Kingdom and rarest in Greece, Italy and the United States. Around 17% of 15-year-olds smoke, with smoking most common in Austria, the Czech Republic, Finland and Hungary. The fewest teenagers smoke in Canada, Sweden and the United States. Finally, teenage births are much the most common in Mexico, Turkey and the United States, with about 3-4 times as many births to 15-19 year olds as the OECD average. Teen births are rarest in Japan, Korea, the Netherlands and Switzerland.

Putting these three measures together gives the indicator of risky behaviours. Children in Japan and Korea, and Norway and Sweden are much the least likely to behave riskily. But risky activity is significantly more common than the OECD average in Austria, Finland, Hungary, Mexico, Turkey and the United Kingdom.

### **Child well-being: the broad picture**

The Nordic countries tend to do well on most measures of child well-being, along with the Netherlands. The indicators tend to be lowest for the lowest-income OECD members: Mexico and Turkey. Many of them are low in some European countries – Greece, Italy, Portugal and the United States – and in New Zealand and the United States. However, it is important to bear in mind that no single country outperforms on every facet of child well-being.

Where more detailed data are available, the outcomes for girls are generally better than for boys. Test scores for 15 year old girls are slightly higher than for boys in all countries bar the United States. Inequality of education entitlement is greater for boys than for girls without exception. Childhood mortality and suicide is more common for boys than girls in all countries. Boys report more bullying than girls in all but two cases. More girls report that they like school in all countries.

While the picture is unambiguous for these six indicators, it is less clear cut for a minority of measures. When it comes to risky behaviours, for example, girls are more likely to smoke in 60% of countries whereas boys are more likely to have been drunk in 70%. Young men are more likely not to be in education, employment or training in half of countries, young women in a quarter. The proportion of youth who are Neets is equal between the sexes in the final quarter of countries.

## Box. Well-being of children with single parents

Single-parent families have become more common in OECD countries over the last generation. However, the scale of the change has varied. Figure 4 shows the structure of families in 25 countries in 2005/06. The darkest bars, at the left, show the percentage of children who report that they live with both their parents. On average, 75% of 11-, 13- and 15-year olds live with both parents. The United States is a clear outlier, with just 57% of children living with both parents. The figure is highest in Southern Europe: around 85% in Greece, Italy, Portugal and Spain. It is also high in a couple of countries in Northern Europe: such as Ireland and Poland.

Single-parent families are rarest in these six countries, accounting for just 11% of children on average. However, this is not substantially less than the average for the 25 countries shown of 14%. Single parents are only significantly more prevalent than average in Canada, Denmark and the United States.

It is the proportion of children living in step families (one parent plus partner) that varies the most around the average of 8%. Less than 3% of children live in step families in Greece, Italy, Poland and Turkey. But the figure exceeds 12% in most of the Nordic countries, along with the United Kingdom and the United States.

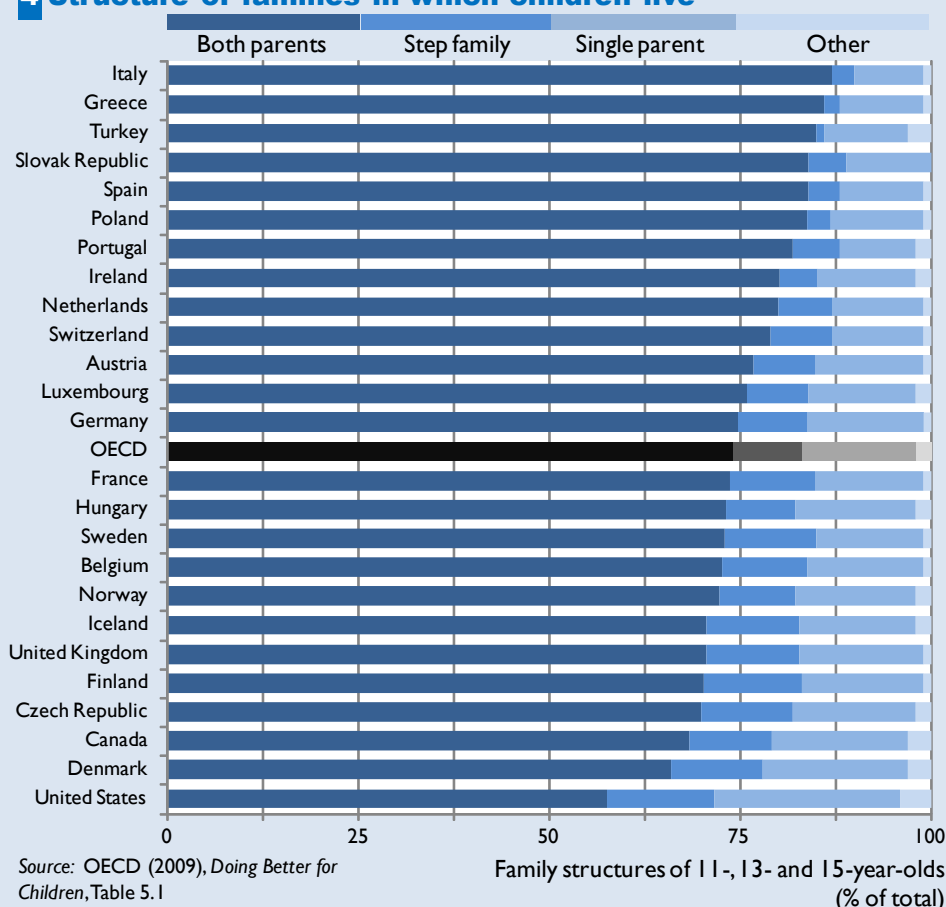
The family environment has a critical effect on children and concerns about the impact of increased lone parenthood on child well-being are common both in the media and among researchers. In *Doing Better for Children*, the OECD presents a 'meta-analysis', based on a survey of 122 pieces of original research comprising 367 measures of different facets of child well-being.

The results show that living with a single parent is associated with worse outcomes for children on a range of measures. However, most of the results show only a small effect. The impact is a little bit larger in the United States than in European countries. Of the different aspects of well-being, children's behaviour (conduct, delinquency and susceptibility to attention deficit/hyperactivity disorder) is affected the most. The impact is close to the average of all facets on educational attainment, psychological health (depression, anxiety, happiness) and social relations. Children's self-concept and self-esteem is affected less than the other factors. But there are good reasons why even these small effects might be over estimates. The most important are underlying factors that affect both measures of child well-being and the likelihood that a family breaks up. This effect explains around a third of the measured impact of single parenthood on child well-being.

Nevertheless, the current state of research makes it hard for to draw firm policy conclusions: for example, balancing resources between supporting single parents and supporting couples to get or stay together.

See Chapter 5 of OECD (2009), *Doing Better for Children* and Chapple, S. (2009), 'Child well-being and family structure across the OECD: an analysis', Social, Employment and Migration Working Paper, OECD, forthcoming.

### 4 Structure of families in which children live



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# The way forward

## How can we do better for children?

Child well-being is firmly on the policy agenda, and underpinned by increasingly robust data and research about what works. OECD governments are today in a strong position to make policy choices that secure better lives for children.

In *Doing Better for Children*, the OECD has examined six dimensions of child well-being. It is important that governments bear in mind these different facets of children's lives when designing public policies.

### Childhood poverty and cash payments

In many countries, policy has focused on child poverty: cash transfers (such as birth grants, child benefits and tax credits) are a favoured means for governments to boost net family incomes. Is there a causal link between family income and child well-being? And, if so, how can cash transfers be targeted to the greatest effect?

Research from range of OECD countries shows a mixed picture. Most studies show that the effect of income on child well-being is small, once other factors – such as the age of the parents and their educational experience – have been taken into account. However, the positive effects of cash transfers on children's health, cognitive ability and educational outcomes are stronger for poor families than rich. And the link is stronger still when such transfers are made in early childhood.

Cash transfers to raise the income of families of young, disadvantaged children in particular – while not a magic bullet – are likely to remain a significant element in policy designed to improve child well-being.

### Is work the key to child well-being?

Paid parental employment is an important route out of poverty for families and thus for children. Governments have therefore promoted employment through a range of tax and benefit policies, job subsidies and subsidised childcare for working parents. But does a work-based anti-poverty strategy have positive effects on other, broader dimensions of child well-being?

This issue is important for governments seeking an appropriate balance between a 'benefits' strategy and

a 'work' strategy. The evidence to date is limited: employment programmes with earnings supplements have better outcomes on child educational attainment and behaviour (but little impact on health) than those which leave family income unchanged. Positive effects are generally higher for children under 5. But the same policies have had mild detrimental schooling impacts on adolescents.

### Targeted or universal provision?

As well as cash transfers, an enormous amount of public funding is absorbed by other programmes. In the early years, health services are the biggest spending item, while in mid and late childhood, it is education that dominates.

Targeting allows scarce resources to be used more intensively to remedy a problem, and can be more equitable than universalism. But it can create disincentives to work or stigmatise recipients. Universal delivery of services can avoid these problems, but is costly and can be wasteful by providing something to children who do not need it. For example, the middle classes may otherwise have paid for the service themselves, delivering them a windfall cash gain.

Universal services can actually reinforce inequality for children, through middle-class capture or poor design. In education for example, higher-performing teachers are often rewarded by getting the better job of teaching school-ready, well adjusted children (for no extra money), rather than being paid more to teach struggling children.

Conditional cash transfers (CCT) can increase demand for a free service and contribute to improving child well-being, by rewarding poorer families with cash payments provided they take part in child health programmes or have their children attend school regularly, for example. CCT programmes in Mexico and Turkey have significantly reduced the incidence of illnesses, increased growth and motor skills, increased rates of immunisation, as well as reducing child poverty rates.

A further delivery model, which may be usefully pressed into service to increase child well-being, is the 'cascading service' model. The cascade model offers universal access to a service but then adjusts the 'intensity' of the service in response to social risks observed.

## What to do

- Concentrate spending in the early years. Most OECD countries concentrate spending later on rather than earlier in the child's lifecycle.
- Spend relatively more on children at high risk of poor well-being at all stages of the lifecycle. This ensures that later investments in high-risk children complement earlier investments in those same children.
- Mix cash and in-kind service benefits. The higher the risk of the family situation, the more effective delivery of services in kind, rather than cash, will be.
- Improve targeting of pre-natal and early-years care towards higher-risk children. For example, home-visiting can play an important role in expanding the take-up of services by those who most need them.
- Reallocate resources away from advantaged children and towards disadvantaged children. This is especially relevant in the context of compulsory education. All OECD countries already spend heavily on compulsory education: children with strong early foundations are in the best position to take advantage of this spending. Allocating the best teachers to the highest risk pupils, increasing access to out-of-school programmes, extending the school day are all ways in which investments in the early years may be extended into middle and later childhood.
- End the statistical invisibility of children. There is a need for more and better data on child well-being. It is also important to expand the range

internationally comparable data so that government's can learn policy lessons from the experience of other countries.

## What not to do

- Some governments could spend less on highly medicalised, universal policies around childbirth. Hospital is costly; the money could be better spent elsewhere.
- Avoid committing resources to programmes captured by advantaged children, especially programmes directed at those past the age of compulsory education. These are likely to reinforce the transmission of inequality across the generations. For example, post-compulsory public education spending is highly inequitable as it goes disproportionately to children from richer families. There is little evidence that money spent at this point in the lifecycle encourages participation in higher education for poorer children.
- Some countries continue to pay child benefits beyond 18 while the 'child' is still in higher education. It would be more efficient and equitable to end these benefits and use the resources freed up to raise the average payment rate or make higher payments during early childhood.

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## Acknowledgments

This media briefing was written by Edward Whitehouse and Kate Wilcox, with contributions from Simon Chapple, Monika Queisser and Dominic Richardson of the OECD's social policy division. © OECD 2009

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## Follow-up

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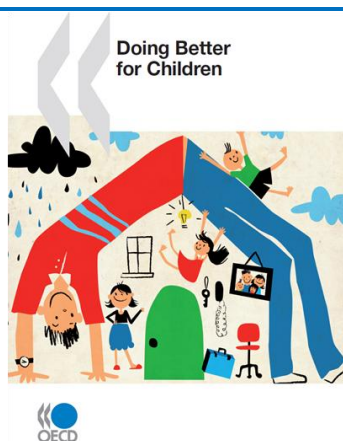
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## Doing Better for Children

OECD Publishing  
ISBN 978-92-64-05933-7

191 pp. Price €30, US\$42,  
¥4 500, £23

Published:  
1 September 2009

