Child Poverty in the Neighbourhood and How it is Combated by Social Assistance

Björn Gustafsson
Department of Social Work
Göteborg University
P.O. Box 720
SE 405 30 Göteborg
Sweden
E-mail: Bjorn..Gustafsson@socwork.gu.se

Torun Österberg
Department of Social Work
Göteborg University
P.O. Box 720
SE 405 30 Göteborg
Sweden
E-mail: Torun.Osterberg@socwork.gu.se

Extended abstract

This paper takes a fresh look at child poverty at the neighborhood level in the three Metropolitan regions of Sweden using unique data for 1990, 1996 and 2002. Our study has more than one motive. First, urban disparities have attracted increased attention among policymakers in Sweden as evidence indicates rapid increased difrenzialisons . The income situation of immigrants from middle income and low income background has developed rather unfavorable, especially in comparison to the development for natives. Such disparities are of particular concern when it comes to children as they indicate that new cohorts are socialized into much more different realities than was earlier the case. A second motivation for the paper is to investigate to what extent Sweden's Social Assistance program succeeds in alleviating child poverty at the neighborhood level and has this alleviation changed over time, an issue that has not been addressed before. Still a motivation for this work is that while many other studies of neighborhoods use administrative detentions of neighborhood, we can take advantage of a classification created for the purpose of studying residential segregation.

A "neighbourhood" is in this study an area smaller than a municipality, but larger than a city block and normally larger then a planning area (it often aggregates few planning areas), and as such it represents a convenient intermediate level. Since the neighbourhood represents a natural social arena for its residents. Furthermore, the division into neighbourhoods is not

dependent on administrative changes, which means the borders do not change during the period under review. The Neighbourhood is defined as a built-up area that:
- is demarcated by "natural borders" (larger streets, green areas, etc).
- corresponds to a city district or a residential area.
- possesses a number of inhabitants large enough to provide a basis for certain private or public services.
- can be considered as an "area of identification" by its inhabitants.

Such a geographical division into neighbourhoods in accordance with these criteria has only been established for the three metropolitan regions, i.e. municipalities of Stockholm, Göteborg and Malmö with neighbouring, suburb municipalities. Of Sweden's 9 million inhabitants, 3.3 million or 37 percent live in the three large city regions. The region around Stockholm, the capital, in the mid-eastern part of the country is the largest, and consists of not less than 24 municipalities (city level units) and 337 neighbourhoods. Eight municipalities make up the Göteborg region on the west coast, which is the second largest region by population and which has 205 neighbourhoods. As is usually the case for these types of studies, we treat Malmö in the south together with the eight municipalities surrounding it as a separate region, although if the national border to Denmark is disregarded, it can be considered to be the eastern (and smaller) part of the Copenhagen-Malmö region. The Malmö region has 154 neighbourhoods.

We define a child as a person under age 18 and measure his or her economic situation based on the disposable income of the parents. An important component of a household's disposable income is wages subject to income tax. In addition, there can be income from capital received as dividends and interest as well as income from capital gains from selling stocks and property. Disposable income also includes public transfers including social assistance. Tax files provide this information delivered to Statistics Sweden. We work with data on all children in the three metropolitan regions in Sweden, not a sample. The analysis can cover each of the years 1990, 1996 and 2002.

Our analysis will consist of several steps. First we will define poor neighbourhoods based on average equivalent disposable income of the neighbourhood. We will count the number of neighbourhoods having a mean child income lower than for example 50, 60 and 70 percent of average equivalent income during the corresponding year and find out if the number of neighbourhoods has increased or not. In a second stage we compute child poverty rates based on information for each child (and income of parent) for each of the neighbourhoods. This will provides us with knowledge on to how large extent child poverty is a problem concentrated to poor neighbourhoods as well as the probably partly overlapping category of neighbourhoods with a high concentration of immigrants. This analysis will also make it possible to identify neighbourhoods with different development of child poverty.

In the third and final stage, we compute the extent of child poverty assuming that receipt of social assistance was equal to zero for all households receive social assistance. In this way we can show the poverty reducing effect of social assistance at the neighbourhood level. We are also interested in how the poverty reducing effect of social assistance has changed over time (in different neighbourhoods). A hypothesis is that the poverty reducing effect of social assistance increased strongly from 1990 to 1996 as many households experienced drops in market income, and the expenditures on social assistance went up. In contrast the development of the poverty reducing effect of social assistance from 1996 to 2002 is

supposed to have developed in an opposite way as the economy gained speed and expenditures on social assistance decreased.