



*Irene Bucelli and Abigail McKnight*

# **Review of the mechanisms underlying the intergenerational transmission of poverty**



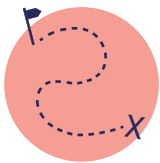
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#### Abstract

Children living in poor families are more likely to be poor in later life. Even in countries with low poverty rates, such as Finland, poverty risks persist across generations. These relationships are not deterministic and not all children who experience poverty in childhood live in poverty as adults, but their risk is higher than for their more advantaged peers. Breaking intergenerational cycles of poverty is a challenge for all countries striving to eradicate poverty and understanding the dynamics underpinning the intergenerational transmission of poverty is essential to find solutions.

This report contains a review of international evidence on the most prominent mechanisms and models which are thought to explain the intergenerational transmission of poverty. It draws on evidence from high-income OECD countries and particularly from countries from which lessons can be learnt for Finland. The review found that a number of mechanisms – centred around family investments, family stress, aspirations and correlation of multiple disadvantages – are supported by convincing evidence, while others – based on the idea of a culture of poverty and dependency or inherited natural differences – are not.

The review underscores complex relationships between several of these mechanisms, suggesting that breaking cycles of disadvantage requires understanding their interactions in a given context. However, the review also identified overarching lessons that can inform policy development: (1) Eradicating, or at least reducing, income poverty is a key policy priority relevant to all the mechanisms reviewed. There is evidence that money itself matters and strong support for the hypothesis that income has a causal impact on a range of child outcomes; (2) Positive parenting and stimulating home environments are crucial to boost children's life chances. They can also help ameliorate the negative impact of child poverty on children's cognitive and socio-emotional development; (3) Action in certain policy areas affects a wide range of dimensions and outcomes. This is the case for social security, but also for housing and health; (4) Multidimensional, multi-agency approaches supported by adequate service integration are relevant to a number of mechanisms. Multi-agency services are likely to be more effective, particularly where there is an understanding of the inter-linkages between multiple causes and multiple effects; (5) Attitudes and beliefs matter and play a complementary role in explaining the intergenerational transmission of poverty. Policies boosting children's aspirations can complement educational policies attempting to break the link between child poverty and later outcomes but aspirations need a matching reality of accessible opportunities.



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# Summary

This report contains a review of international evidence on the most prominent mechanisms and associated models which are thought to explain the intergenerational transmission of poverty. The review draws on evidence from high-income OECD countries and particularly from countries from which lessons can be learnt for Finland. Intergenerational transmission of poverty is characterised by higher risks of adult poverty among individuals who experienced child poverty relative to their peers from more advantaged family backgrounds. Where there is evidence that poverty risks are transmitted from one generation to the next, policy needs to focus not only on eradicating child poverty but also limiting the mechanisms through which poverty risks are transmitted.

In this expert-led review, evidence on a number of mechanisms is evaluated on the basis of certainty, strength and coverage, relevant policies are considered and the relevance to Finland and the Finnish policy context assessed. Five main models are examined:

- The family investment model
- The family stress model
- The socio-cultural models
- The correlated disadvantages model
- Genetic and biological models

The review concludes that there is limited evidence in support of a number of mechanisms which tend to attract attention. In particular, popular discourse often focuses on socio-cultural explanations such as a benefit dependency culture and behavioural patterns which are believed to be transmitted within families and even communities. However, the evidence that such a mechanism explains the persistence of poverty risks between generations is weak. There is also little evidence for biological models which explain poverty transmission through genetic inheritance of innate differences between the rich and poor. While these theories are not supported by the evidence, another socio-cultural mechanism, aspiration traps, whereby the experience of poverty shapes attitudes and lowers aspirations which in turn increase poverty risks, does appear to have some bearing on the persistence of poverty between generations. Importantly, the most effective policy response is very different for this mechanism than if dependency cultures were present. In addition, there is emerging evidence that biological factors through epigenetic changes may contribute to the persistence of poverty between generations, particularly in relation to how they shape health inequalities. Although there isn't evidence to support the claim that epigenetic changes alone, or even primarily, cause the intergenerational transmission of poverty, current evidence suggests that there is a biological component. This component is not isolated from but deeply related to the environment and should be understood in conjunction with other mechanisms.

There is much clearer evidence on the role of the family investment model, the family stress model and the correlated disadvantages model. In relation to the family investment model, there is strong cross-country evidence on the persistence of poverty between generations due to insufficient economic resources in the first generation. Causal pathways involve key intermediate outcomes such as education attainment, employment and health. Evidence suggests that worse child outcomes are caused by low income which in turn lead to higher risks of poverty in later life. Confounding factors play a role (for example, low parental education, time poverty and weak local labour markets) but these factors are likely to exacerbate the persistence of poverty between generations rather than cause it.

There is a rich body of evidence on the link between poverty and family stress and the negative effects of family stress on parenting and children's social and emotional well-being, child development, mental health and educational attainment. As a result, children's poverty risks in

adult life are elevated and their own parenting behaviours influenced by their childhood experience. However, evidence also shows that key mediating factors such as parental warmth and strong and supportive networks can protect children which means that policy has a key role to play.

There is good evidence that the common experience of disadvantage across a number of dimensions (for example, health, education, employment) combine, and it is the combination that entrenches risks of intergenerational transmission of poverty. This is captured by the correlated disadvantages model which explains how disadvantage across dimensions reinforce one another making cycles of disadvantage harder to break. Policy approaches operating in silos are unlikely to break the links between different dimensions of disadvantage. Where correlated disadvantages are a key mechanism in the intergenerational transmission of poverty, a multi-sectoral approach focusing on service integration and co-ordination across different policy areas is likely to be more effective.

## OVERALL EVIDENCE ASSESSMENT

Table 1 shows our overall assessment of the evidence in relation to the five mechanisms covered in this review.

**TABLE 1:** Overall evidence assessment of the five mechanisms.

Mechanism		Evidence assessment		
		Certainty	Strength	Coverage
<b>Family investment model</b>		High	High	High/Medium
<b>Family stress model</b>		High	High	High/Medium
<b>Socio-cultural models</b>	Culture of poverty	Low	Low	Low
	Aspiration traps	High	Medium	High
<b>Correlated disadvantages model</b>		High/Medium	High	High
<b>Genetic and biological models</b>	Inherited natural differences	Low	Low/Medium	High
	Epigenetic transmission	Low/Medium	Low/Medium	High

# 1 Introduction

To understand poverty risks it is essential to understand poverty dynamics. Studies of poverty dynamics take a longitudinal perspective examining how poverty status at one point in time is related to past experience of poverty and future prospects, including how the experience of child poverty is related to adult poverty risks. Cycles of disadvantage can be uncovered by studying poverty dynamics which help inform the most effective policy approaches to breaking these cycles and reducing overall poverty risks. Income poverty rates are influenced by economic growth and recessions, rates of unemployment and household work intensity, household composition, households' financial resilience, demographic and household characteristics as well as the generosity and design of cash transfers. But the study of poverty dynamics can be key to understanding who is poor, who becomes trapped in poverty and the risk of poverty being transmitted from one generation to the next. High rates of intergenerational transmission of poverty can lead to higher rates of poverty in the longer-run and reduce the effectiveness of policies designed to reduce poverty.

Finland has been very effective at virtually eliminating severe income poverty among children (living in households with net equiv-

alised income less than 50% of median income) and has among the lowest risk of poverty or social exclusion among children across European countries (Eurostat, 2022). This resulted from a generous social security system (Bradshaw, 2012), which includes a universal child benefit for children under 17 years with higher rates for single-parent households, child supplements added to the basic and earnings-related unemployment allowances for families with children (although these have now been removed) and a housing allowance for low-income households. Families with younger children also receive a generous entitlement for childcare, cash-for-care home care allowance and additional benefits paid by some municipalities, while families with school-age children can access free or subsidised school transport and free school meals that can help reduce extra costs and mitigate risks of food insecurity. Nevertheless, in 2022 9.5 percent of children in Finland lived in low-income families at risk of poverty (incomes below 60 percent of the country's median income) and over 9 percent of families with children received social assistance (Eurostat, 2023). In addition, UNICEF's 2023 assessment shows that progress on reducing child poverty in Finland has stalled with Finland ranked in the middle third of





the UNICEF Innocenti ranking of child poverty in OECD and EU countries based on recent child poverty rates and progress made in reducing child poverty over a seven year period (2012-2019) (UNICEF, 2023).

Living in poverty during childhood has been linked to a range of child and adult outcomes and poverty risks persisting across generations (ESRC, 2012; Bradshaw, 2002). In Finland, as in other Nordic countries, there is a lower degree of association between parental and child incomes relative to other similar high-income countries (D'Addio, 2007). However, there is, nevertheless, evidence that poverty and social disadvantage are intergenerationally transmitted in Finland (Airio et al., 2005). For example, several studies have identified intergenerational persistence of social assistance receipt in Finland (Vauhkonen et al., 2017; Ilmakunnas, 2023; Ristikari et al., 2018).

Recent trends make the need to understand and tackle intergenerational transmission of poverty most pressing. Across OECD countries there is evidence that the highest risk of poverty has shifted from the elderly to young people (Richardson, 2015; Ilmakunnas, 2018). This trend increases the risk of experiencing poverty at critical life-junctions such as during the early years and adolescence, potentially having long-lasting effects. Moreover, despite a policy focus on tackling child poverty in many countries including Finland, child poverty rates have largely stagnated in the past 20 years (Richardson, 2015; Ifla Children's Foundation, 2022). The recent cost-of-living crisis and rising energy and consumer prices has further exacerbated child poverty in European countries as families with children have higher consumption needs and spend a greater proportion of household income on essentials (Hiilamo et al., 2022; Menyhért, 2022). In addition, there is some evidence for the UK that the link between child poverty and adult poverty has strengthened over time (Blanden and Gibbons, 2006), as have the penalties associated with child poverty (for example, risks of unemployment and low pay in adult life) (McKnight, 2000). This increase in the intergenerational persistence of poverty and poverty penalties in the UK occurred over a period of rising income inequality and child poverty rates. If the current cost-of-living crisis leads to an increase in income inequality and child poverty, there is a concern that similar trends could be observed in other countries particularly due to the positive and reinforcing relationship between poverty and inequality (Hills et al., 2019). A consequence is likely to be that breaking the cycle of disadvantage will become increasingly difficult without adequate policy intervention.

A sole focus on income and financial resources is likely to give a partial picture of the disadvantage experienced by children living in poverty. Several attributes of poverty – low income, material deprivation, poor housing, disadvantaged neighbourhoods, poor performing schools, parental stress and social exclusion – seem

to individually and cumulatively shape the lives of children with negative short and long-term consequences. Children from low-income families are more likely to face adverse home environments, live in deprived neighbourhoods, and have access to lower quality services than do their better-off peers. There is evidence that family income and financial resources is likely to have a causal impact on a range of children's outcomes shaping their later life chances, such as cognitive development and school achievement, social and behavioural development and health (Cooper and Stewart, 2021). At the same time, health problems in childhood or adolescence are strongly associated with negative socioeconomic outcomes later in life (Haas, 2006; Smith, 2009). There is evidence that not only is there a socioeconomic gradient in health among children, but the association between poor health and later outcomes is stronger for children from disadvantaged families (Haula and Vaalavuo, 2022). Other evidence shows intergenerational transmission of educational attainment (Fleury and Gilles, 2018), unemployment (Grübl et al., 2020) and worklessness (long periods out of work, including economic inactivity) (Macmillan, 2014), criminal offending (Auty et al., 2017) and violence (Besemer, 2017), including intimate partner violence (Black et al., 2010). Overall, these dynamics suggest cumulative disadvantages across dimensions that increase risks of intergenerational transmission (IGT) of poverty among disadvantaged families. However, care needs to be taken in interpreting evidence on statistical associations and correlations in outcomes between generations which may or may not be due to a causal relationship.

## 2 Methodology

This expert-led, non-systematic, review explores international evidence on the mechanisms underpinning IGT of poverty, focusing on both the causal impact of low resources and other possible mechanisms behind the IGT of poverty. In line with Itla Children's Foundation's definition of child poverty as 'economic, social and emotional deprivation, leaving children unable to fulfil their rights, participate or achieve their full potential', the review focuses on a multidimensional understanding of poverty and disadvantage. This means considering not solely economic aspects related to material resources, but also disadvantages in other dimensions, related to participation (for instance in education or within social networks) as well as other aspects of wellbeing (such as health, emotional wellbeing, living environment, or exposure to crime and harm).

Several models have been suggested to explain mechanisms underlying the IGT of poverty (Bird, 2013; Cooper and Stewart, 2013; Jenkins and Siedler, 2007). Each of these models emphasises different factors:

### THE FAMILY INVESTMENT MODEL

Lacking financial resources limits parents' opportunities to buy goods and access to activities that children need in order to thrive: good quality housing, a healthy diet, books and other learning materials, toys, leisure activities, outings and holidays. Economic poverty is often linked with time poverty, leaving parents constrained in their ability to spend quality time with their children to aid cognitive and non-cognitive skill development and enhance social and emotional well-being.

### THE FAMILY STRESS MODEL

Economic hardship impacts the emotional home environment, causing stress for children and parents, depleting the emotional resources needed for supportive and nurturing parenting behaviours.

### SOCIO-CULTURAL MODELS

Parents transmit behavioural patterns, attitudes and values that shape children's aspirations and expectations. In relation to welfare benefit receipt, socio-cultural explanations have sometimes been linked to the controversial idea of a 'dependency culture', but they can also point to processes whereby children of welfare recipients may attach lower stigma to claiming benefits or have better knowledge of the benefit system making them more likely to file successful claims.

### THE CORRELATED DISADVANTAGES MODEL

The interplay between different dimensions of disadvantage – in relation to education, health, living environment, social networks, or economic resources – is in itself a mechanism that perpetuates vulnerability and increases poverty risks in later life.

### GENETIC AND BIOLOGICAL MODELS

Underlying differences in genetic and biological traits are transmitted across generations and shape children's life-chances and entrench poverty risks.

A special focus of the review is on both the direct and indirect impact of financial resources and evidence on the causal impact of low financial resources on the intergenerational transmission of poverty. The direct impact can be through inheritance and gifts made inter-vivos, financial assistance (for example, with house purchase, business start-up, coping with financial shocks), or reverse assistance where adult children provide financial support to their parents. The indirect impact is through what parental income and assets can pay for, including education, education enriching experiences, social activities, health treatments, home environment and geographical location.

Where evidence is available, the review also examines policies and interventions which appear to be effective at breaking the generational cycle of disadvantage. For example, Andersen et al. (2021) found that education appears to disrupt statistical associations in health and social disadvantage between and within generations and between and within families. In addition, asset-based welfare policies could help address poorer quality education, employment and housing outcomes for children growing up in low wealth families (Karagiannaki, 2012) and worse employment and health outcomes for people lacking small financial assets as young adults (McKnight, 2011).

The review also considers evidence on the role played by persistence, depth and timing of childhood exposure to poverty. For some children, poverty persists throughout childhood; however, for most children, poverty lasts for shorter periods of time. From this perspective, it is important to understand the impact of experiencing poverty at different stages of childhood. Poverty in early childhood has been widely found to be especially harmful, because of its impact on child development (Kalil et al., 2016). There is also evidence that poverty in adolescence is more strongly related to some behavioural outcomes (for example, early childbearing, arrests) than in earlier life stages (Duncan et al., 2017). Understanding these dynamics matters, as the most effective policy response is likely to vary at different critical junctions.

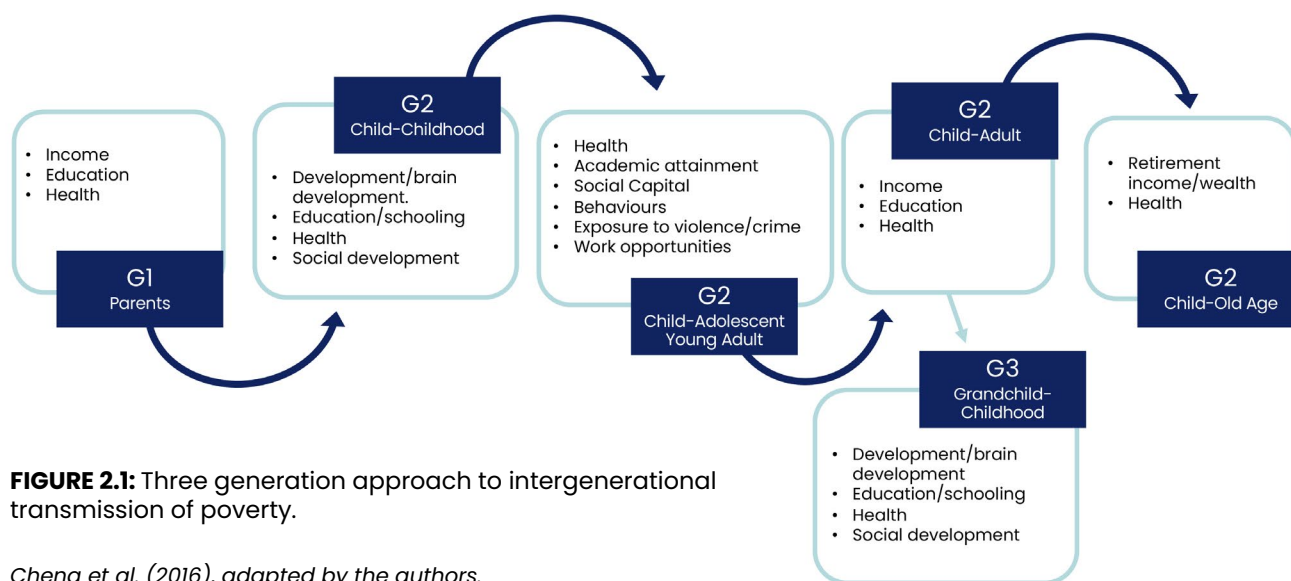
The review focuses on international evidence from high-income OECD countries and particularly countries from which lessons can be learnt for Finland. A range of factors shape the IGT of poverty in different countries related to demographic differences, risks faced by different vulnerable groups, or different levels of inequality – which have been shown to be linked to varying levels of social mobility (Jerrim and Macmillan, 2015; Smeeding, 2016). For instance, countries such as Australia and Canada have levels of IGT of pov-

erty and disadvantage similar to those in Nordic countries, despite different welfare regimes and levels of inequality (D’Addio, 2007). In different policy contexts, some mechanisms may be revealed to be more salient than others. Analysis of international evidence can underscore the role played by common and diverging factors and better understand the mechanisms relevant to the Finnish context.

Throughout, the review draws on the three generation approach to the intergenerational transmission of disadvantage which was proposed by Cheng et al. (2016) (see Figure 1). The three genera-

tion approach considers not just parents’ generation outcomes, it also encompasses four life stages for their children (childhood, adolescence/young adult, adult, older age) and the third generation (grandchildren) during childhood. It helps to explain how poverty risks can be transmitted across multiple generations and the importance of different outcomes at different life stages.

For each mechanism included in the review, a common framework is used to summarise the evidence using a version of the Table 2.1 (shown below).



**FIGURE 2.1:** Three generation approach to intergenerational transmission of poverty.

Cheng et al. (2016), adapted by the authors.

**TABLE 2.1:** Overview of framework used to assess each mechanism

Mechanism:	
<b>Poverty transmission dynamics</b>	Key factors explaining IGT of poverty and the salient aspects of poverty covered by the mechanism (for example, interplay between resources, participation and other aspects of wellbeing).
<b>Evidence assessment</b>	Assessment of the evidence based on three key considerations: <ul style="list-style-type: none"> <li>• Certainty – Does the analysis identify a significant effect of the mechanism under scrutiny on IGT of poverty? Is there a causal relationship and a clear consensus in the literature?</li> <li>• Strength – How big is this effect and how direct is its influence?</li> <li>• Coverage – How many are affected? A certain and strongly influential mechanism may only affect a specific group or a very small number of children.</li> </ul>
<b>Relevant policies</b>	List of policies likely to disrupt or address the given IGT of poverty mechanism.
<b>Relevance to Finland and Finnish policy context</b>	Assessment of how relevant to the Finnish context a given mechanism is (based on existing literature but also on a rapid review of the Finnish context in relation to the factors emerging as salient for a given mechanism).

<sup>1</sup>In summarising evidence based on these three categories the authors draw on a similar framework used in HM Government (2014). However, the interpretation and focus of each category has been adapted to match the aims of this review – assessing the possible mechanisms underpinning the IGT of poverty, where the focus of analysis in HM Government (2014) was on factors causing child poverty.

### 3 Family investment model

**TABLE 3.1:** Family investment model overview

<b>Poverty Transmission Dynamics</b>	Poverty leaves parents with fewer resources to invest in their children relative to more economically advantaged families. This leads to children in poor families facing greater risks of experiencing poverty in their adult lives. Key resources identified in the family investment model are parental time and money. Financial investments which increase human and social capital boost children's adult earnings potential and reduce poverty risks. Time poverty increases parental poverty risks and limits time available to nurture children and aid the development of cognitive and non-cognitive skills. Furthermore, parental financial and time investments in children influence physical and mental health outcomes, and, consequently, risks of poverty in adult life.	
<b>Evidence Assessment</b>	Certainty	High
	Strength	High
	Coverage	High/Medium
<b>Relevant Policies</b>	<p>Reducing risks of poverty during childhood must be the priority policy aim. This is backed up by evidence showing that family income is causally related to a number of critical child outcomes linked to the intergenerational transmission of poverty. Relevant policies include addressing the adequacy of social security for families with dependent children, employment policy, tackling low pay and policies which address in-work poverty. These can cover policies which aid in-work progression, development of adult skills, and tackle labour supply constraints.</p> <p>In addition, policies which help to break the link between child poverty, poor child and adult outcomes and higher risks of poverty in adult life, play a crucial role. These include, education policies (including early childhood education), high quality childcare, health policies (in relation to both physical and mental health) and holistic child development programmes.</p> <p>Targeting policy at children and families most at risk of chronic and persistent poverty is likely to have the greatest impact.</p>	
<b>Relevance to Finland and Finnish Policy Context</b>	<p>Evidence suggests that intergenerational poverty persistence is lower in Finland than in many other high and middle income countries. In part, this may be due to lower rates of child poverty but also a policy environment which has widened opportunities and weakened the link between family circumstances and child and adult outcomes. The literature is clear in attributing Finland's lower rates of child poverty by international comparisons to its generous social security system. Spending on cash benefits also seems to reduce child poverty more effectively in Nordic countries, including Finland, than in other countries.</p> <p>Social security reform is one of the priorities of the new government with the specific aim to curb public debt and increase the efficiency of the system of social benefits – with cuts and freezes to a number of benefits including housing allowance, unemployment and child supplements. With concern that child poverty in Finland will increase as a result of proposed cuts to social security, there is a risk that poverty persistence between generations will increase, creating long term damage to individuals, families and society as a whole.</p>	



## MECHANISM

The family investment model is associated with two key resources which parents draw upon when investing in their children: parental time and money (Duncan et al., 2017; 419). More affluent parents are able to invest in high-quality childcare, education and education enhancing materials and experiences (books, technology, outings, extra-curricular activities, hobbies, travel, etc.), are able to afford to live in good quality housing in safe communities, nice amenities and good services. Wealthier parents can also directly transfer financial resources to their children. For example, financial support during further and higher education, help with buying a home or setting up a business, gifts made inter vivos and inheritance. These investments can increase children's human and social capital, increase their earnings potential in adult life, make it easier to take risks (for example, in their career choices, entrepreneurial activities etc.) and transfers can directly increase children's income and wealth when adults. Such investments and transfers tend to be out of reach for parents living in poverty, putting their children at a disadvantage and increasing the risk of poverty being transmitted between generations. In addition, parents living in poverty who work long, unsociable hours can have less quality time to spend with their children. Single parenthood, which increases the risk of poverty, also reduces the amount of quality time parents can spend with their children. Time poverty, particularly acute among low-income mothers, often leads to a vicious cycle, with individuals becoming trapped in economic and time poverty. Poverty means that individuals lack the economic resources required to pay for labour saving devices and services, managing on a very tight budget is time consuming and time poverty limits prospects for finding good employment opportunities and escape from poverty. Not only are mothers, on average, more likely to undertake a disproportionate share of unpaid household work (childcare, shopping, cleaning, cooking, etc.) but recent research has highlighted the hidden dimension of cognitive labour (Daminger, 2019). Women (mothers) take on an unequal share of the mental work and worry of run-

ning a household and the day-to-day time management of raising children. This cognitive labour goes largely unseen and includes anticipating needs, identifying options for meeting needs, asking others to complete tasks and household chores, making decisions and monitoring progress (meal planning, organising after school activities, ensuring children are dropped off and picked up on time for school, childcare and social activities, making medical and other appointments, arranging repair of household appliances, and so on). Gendered inequity of cognitive labour increases time poverty among women, limits their earnings and increases poverty risks.

Furthermore, the high overlap between disability and poverty also has an impact on time investments due to time taken up with health appointments, caring for a disabled partner or child and the time it takes to undertake everyday tasks. Some children even become child carers (caring for a disabled parent) which has an impact on time they have available for social activities and education (completing homework and exam revision) which can negatively impact adult earnings potential.

An important aspect of how this mechanism leads to poverty persistence between generations is through the impact of child poverty on adversity and a range of intermediate outcomes which, in turn, increase poverty risks in adult life. In particular, lower family investments (financial and time) lead to greater adversities and negatively impacts child development, educational outcomes, physical and mental health and negatively influences children's social and emotional well-being.

Importantly, the wider policy context is key for determining the strength of this mechanism. Strong welfare states, access to high quality services and a policy environment designed to provide equal opportunities are important for limiting this transmission mechanisms. For example, an education system which limits education inequalities and breaks the link between family resources and education outcomes, and adequate support for people with disabilities can reduce the transmission of poverty risks between generations.

**TABLE 3.2:** Family investment model – evidence assessment overview

<b>Certainty</b>	<b>High</b> There is a large body of evidence documenting the persistence of poverty between generations. Recent cross-country research suggests that the IGT of poverty is higher in countries where poverty rates are higher. Research on the underlying mechanisms of the family investment model (financial resources and time) finds that these operate through the impact on intermediate outcomes particularly cognitive and non-cognitive skills (education and socio-emotional outcomes), physical and mental health. Child poverty has a negative impact on these intermediate outcome which in turn increase poverty risks in adult life.
<b>Strength</b>	<b>High</b> Many studies document correlations between child poverty and poorer child and adult outcomes, but importantly other studies have sought to establish whether the relationship is causal. A recent systematic review of this evidence concluded that there is strong support for the hypothesis that household income has a positive causal effect on a range of poorer child outcomes and, therefore, financial resources are a key driver of the IGT of poverty.
<b>Coverage</b>	<b>High/Medium</b> Although there is strong evidence that poverty persists between generations within families, the evidence relates to probabilistic causal relationship and not deterministic. Child poverty alone does not determine who is poor in adult life as not all children who experienced child poverty will be poor as adults and a range of other factors contribute to risks of poverty, but child poverty does increase the risk of experiencing poverty in adulthood. Mediating factors have been found to be important and the policy environment is key.

## EVIDENCE ASSESSMENT

There are two main approaches to assessing the family investment model. The first is to estimate the extent to which poverty status of parents predicts poverty status of their children in adulthood. This approach seeks to estimate the direct transmission of poverty risks between generations and is related to studies focusing on intergenerational persistence of other socio-economic outcomes namely income, wealth, social class and education. While related to other aspects of social mobility, it is recognised that intergenerational poverty persistence is a distinctive phenomenon reflecting specific causal channels and mechanisms (Bavaro et al., 2023). The second approach takes a more indirect approach through assessing the relationship between child poverty and a range of intermediate outcomes which are known to be associated with poverty risks in adult life (for example, poor education outcomes, risks of unemployment or low wage employment and poor health).

There are a number of challenges associated with measuring intergenerational persistence of poverty risks. The main one, common to all studies seeking to attain reliable estimates intergenerational mobility, is the availability of data required to estimate outcomes in two generations. For estimates of poverty persistence between generations, comparable measures of poverty risks for parents and for their children when they reach a similar age in their adult lives are required. Birth cohort studies or household panel surveys which collected information on parental poverty risks when participants were children and comparable information collected from participants when they are adults can provide this information. Suitable long running panel studies are available in a small number of countries and a select number of countries have birth cohort studies (for example, the UK).

Although birth cohort studies provide rich data for large samples, findings relate to select groups of individuals typically born in a single year (or even a single week) who will have been born some decades before estimates of intergenerational poverty persistence can be measured. This means that the findings might or might not be generalisable for more recent birth cohorts.

Other potential data sources include linked administrative data where it has been possible to link data on parents and their children but these datasets often lack information on personal characteristics or household context. Some household surveys collect retrospective information on the economic circumstances of respondents' parents when they were children. For example, the European Union Statistics on Income and Living Conditions (EU-SILC) now includes such questions in a social mobility module which is periodically included in the annual surveys. Weaknesses with data collected using this method includes recall error and, the use of proxy measures of poverty (such as capacity to meet basic needs; financial hardship; education; social class/occupation) which can limit the comparability of poverty measures available for different generations (introducing measurement error). However, these data sources can provide timely estimates for a cross section of the population which could allow examination of cohort and time effects.

In terms of the methodology used to estimate intergenerational persistence of poverty, this has typically involved estimating correlations in poverty status in childhood and adulthood and assessing whether there are statistically significant differences between individuals whose parents were poor and those from more advantaged family backgrounds. If there is a positive statistically significant difference, this is evidence that poverty status persists between generations and these estimates can be used to assess the degree of persistence. Many of the early studies estimated intergenerational persistence of poverty using transition tables, but it is now more common to estimate correlations using logistic regression or linear probability models. The regression framework provides a simple way of assessing whether estimates of persistence are statistically significant and allows for analysis of mediating factors which may account for persistence in poverty status. Duncan et al. (2017) distinguish between probabilistic and deterministic causal associations and it is important to recognise that these causal associations identified in the literature are probabilistic and not deterministic. What this means is that evidence of poverty persistence between generations does not imply that individuals will be poor in adult life

just because their parents were poor, it simply means that the risk of being poor is higher than for other individuals who didn't experience poverty in childhood.

A distinct challenge relating to estimating intergenerational poverty persistence is that families often move in and out of poverty and for most the experience poverty is rarely a permanent state. In addition, poverty risks vary across the lifecycle and, therefore, the life stage at which poverty is measured in either the parent's generation or the child's generation is likely to be important. This means that estimates based on poverty status at single points in time are likely to contain measurement error. The impact of child poverty may also vary depending on what age or stage of childhood children experience poverty which may have an impact on different outcomes (Najman et al., 2018). For example, the experience of child poverty in the early years may lead to different impacts from experiencing poverty during adolescence, affecting different outcomes and the strength of the relationship. Evidence suggests that experience of poverty in the early years is more likely to have a negative impact on child development and cognitive outcomes while poverty experience in adolescence is more likely to impact behavioural issues (see, for example, Wadsworth and Butterworth, 2005; Duncan et al., 2017). In addition, chronic and persistent poverty throughout childhood has been found to be more detrimental to children's health and development than transient spells of childhood poverty (Kimberlin and Berrick, 2015).

There is a considerable body of evidence on estimates of intergenerational persistence of poverty within countries and a number of recent studies estimate intergenerational persistence of poverty between countries (Parolin et al., 2023; Bavaro et al., 2023). While published estimates of poverty persistence vary, all evidence reviewed reports poverty risks persisting across generations within families. Research on the intergenerational persistence of poverty in Finland found that children born in the 1960s who experienced poverty in childhood were around twice as likely to be poor as adults (measured 1990-1995 aged in their 30s) than children from non-poor family backgrounds (Airio et al., 2005).

Previous reviews have concluded that estimates of the degree of intergenerational persistence of poverty appear to vary depending on the definition of the outcome variable used (how poverty status is measured) and different estimation methods (Jenkins and Sidler, 2007). In part, due to the availability of the data necessary to estimate persistence, many of the earlier studies estimated poverty persistence in the US (see, for example, Corcoran, 1995; Duncan and Brooks-Gunn, 1997) and the UK (see, for example, Sigle-Rushton, 2004; Blanden and Gibbons, 2006). Recent studies using harmonised datasets and definitions have allowed for comparisons to be made between a wider set of countries. These studies find evidence of cross-country differences in the intergenerational persistence of poverty, with Finland and other Nordic countries tending to have some of the lowest estimates of persistence among European and other rich countries (Bavaro et al., 2023; Parolin et al., 2023). In addition, there is some evidence of a 'Great Gatsby Curve' for poverty, whereby countries with higher rates of poverty tend to have higher degrees of poverty persistence (Bavaro et al., 2023). This is consistent with UK evidence that the child 'poverty penalty' (higher rates of adult unemployment, low wage employment and poor health) increased between generations over a period of increasing poverty and income inequality (McKnight, 2000) and an increase in intergenerational poverty persistence (Blanden and Gibbons, 2006).

As discussed earlier, families invest in their children and these investments influence the intergenerational transmission of advan-

tage and disadvantage. These investments extend beyond financial investments to include time spent with children and the beliefs, values and attitudes parents pass on to their children (d'Addio, 2007). Of course, income by itself doesn't influence outcomes, it is what parents spend their income and wealth on that makes a difference. Investments in education, health (including social and emotional health), home environment, activities, nutrition, travel, leisure and entertainment can all play an important role in the transmission of economic status between generations.

Investments which increase children's earnings potential in adult life, are seen as critical to reducing poverty risks. If low-income parents are making poor family investment choices, for example spending scarce resources on alcohol and tobacco rather than items and activities known to improve key outcomes, then this could partly explain why children from lower-income families have poorer outcomes. Although there is limited research on this issue, aggregate expenditure statistics show that lower income families spend higher proportions of their income on essential items which are important for child well-being. For example, relative to higher income households, lower income households in the UK (in the lowest ten per cent of households) spend higher proportions of their income on housing, energy, food and non-alcoholic drinks (ONS, 2023). In addition, these lower-income households spend roughly the same proportion of income on alcohol and tobacco as higher income households in the second and third income quintiles. US evidence finds that low-income families spend higher proportions of their income on housing, transportation and food and less on discretionary items such as food away from home and entertainment than higher income families (PEW, 2016). Research on how low-income families spend increases in income, also suggests that additional income is spent on items which aid child development and well-being. Increases in social security, tax and labour market reforms in the late 1990s and early 2000s in the UK led to above average increases in income for low-income families with children. Research evaluating the effect of this increase on low-income families' expenditure patterns found that the additional income was spent on food, housing, clothing and transport (Gregg et al., 2006). Increased expenditure was found for children's footwear and clothing, books, and fruit and vegetables and, if anything, decreased expenditure on alcohol and tobacco. This suggests that it is parents' lack of money rather than poor choices which increase children's poverty risks in adult life.

Numerous studies report positive associations between childhood poverty and poorer outcomes in childhood, adolescence and adulthood (Duncan et al., 2017). US evidence shows that adults who were poor as children completed two fewer years of schooling, earned less than half as much, worked fewer hours per year, received more food stamps, and were nearly three times as likely to report poor health relative to individuals whose families had incomes of at least twice the US poverty line during their early childhood (Duncan et al., 2017; 415). Such correlations are not sufficient to identify child poverty as the cause of poorer child and adult outcomes as poverty is itself associated with a range of factors which can influence outcomes (for example, low parental education). However, critically, research has shown that when it comes to determining key child outcomes, 'money matters' (Cooper and Stewart, 2021). Cooper and Stewart conducted a systematic review of evidence which had been published between 1988 and 2017, focusing on evidence which had sought to estimate the causal relationship between household financial resources and children's health, cognitive and social-behavioural outcomes. They assess the

evidence on whether and how far income in itself makes a difference to children's outcomes, rather than simply being a correlate of other drivers of child development. As Cooper and Stewart highlight, this is a question of central importance to policy, given that the level of household income can be influenced relatively easily by government through the tax-benefit system and the policy response would be different if other causal factors are identified. They conclude that the results lend strong support to the hypothesis that household income has a positive causal effect on children's outcomes. These outcomes include children's cognitive, social-behavioural development and health. The effect of income was greater in lower income households, at least for some outcomes. They also found clear evidence of a positive causal effect of income on, so-called, 'intermediate outcomes' that are important for children's development (including maternal mental health, parenting and the home environment). The conclusion from this systematic review of the evidence is that children from low income households do worse in life in part because of low income, and not just because poverty is correlated with other household and parental characteristics (Cooper and Stewart, 2021).

Overall, the evidence shows strong support for the family investment model being a key mechanism in the intergenerational transmission of poverty. International evidence documents a positive and significant relationship between poverty experienced in childhood and higher risks of experiencing poverty in adult life. Estimates of the strength of the relationship vary between countries, different time periods, estimation methods used and the measure of poverty adopted. Recent research finds evidence of a 'Great Gatsby Curve' – countries with higher rates of poverty tend to have higher degrees of intergenerational poverty persistence. This is consistent with earlier research estimating lower rates of intergenerational transmission of poverty in Finland and other Nordic countries relative to other high-income countries.

To get closer to identifying whether poverty in one generation causes poverty in the next, we need to examine evidence on intermediate outcomes. These outcomes are well-established key determinants of poverty risks such as education and employment outcomes. The overall evidence points to a causal relationship between child poverty and poorer outcomes which in turn increase the risk of experiencing poverty in adult life.

Taken together, the evidence points to the persistence of poverty between generations which is due to insufficient economic resources in the first generation. Confounding factors clearly play a role (low parental education, marital breakdown, time poverty, access to good employment opportunities, job networks and so on), but these factors are more likely to exacerbate the persistence of poverty between generations rather than cause it, or more than one causal factor may be at play.

## **POLICIES**

Reducing risks of poverty during childhood must be the priority policy aim. This is backed up by evidence which shows strong support for the hypothesis that family income is causally related to a number of critical child outcomes linked to the intergenerational transmission of poverty. Relevant policies include addressing the adequacy of social security for families with dependent children, employment policy, tackling low pay and policies which address in-work poverty. These can cover policies which aid in-work progression, develop skills among low educated adults, and tackle labour supply constraints.

In addition, policies which help to break the link between child poverty, poor child and adult outcomes and higher risks of poverty in adult life, have an important role to play. These include, education policies (including early childhood education), high quality childcare provision, health policies (tackling health inequalities in relation to both physical and mental health) and child development programmes. A systematic review of the evidence on protective factors that mitigate the harmful effects of child poverty on children's development outcomes found positive parenting and cognitively stimulating home environments play a crucial role (Saitadze and Lalayants, 2021). These include educational materials such as books and computers and home learning activities such as reading and counting activities which were found to limit the negative impact of child poverty on children's social-emotional and cognitive development. In relation to cognitive development, the review found a number of studies identified that the cognitive stimulation children receive at home is the most crucial factor mediating the effects of child poverty on children's outcomes (Gershoff et al., 2007; Guo and Harris, 2000; Kiernan and Huerta, 2008; Yeung et al., 2002; cited in Saitadze and Lalayants, 2021). A range of early intervention policy options are available. For example, there are very promising results from a randomised control trial which examined the effectiveness of the Parents as Teachers (PAT) programme in Switzerland (Schaub et al., 2019). Within this programme, a sample of children in at-risk families were supported by PAT during the first three years after birth with regular home visits and group connections. Results from the trial show that PAT improved children's adaptive behaviour, developmental status, and language skills and problem behaviour was reduced in families with the highest risk (Schaub et al., 2019).

Time poverty is clearly a factor which will limit the extent to which low-income parents can provide their children with the cognitive stimulation and home learning activities which could protect them from the negative effects of child poverty. Clearly policies need to find alternative ways to increase cognitive skill development for children living in poverty but crucially policies need to reduce risks of time poverty among parents of these children. Candidate policies include family-friendly employment policy, decent work for all and other policies designed to improve work-life balance. These two policy aims can be combined within Early Childhood Education and Care programmes which offer a range of services to at-risk low-income families and their children. Holistic programmes such as Head Start in the US and Sure Start in the UK (while it was in operation) can offer early childhood education, support with parenting and relationships, other social services, parental education, nutrition, health and emotional well-being. Evaluation of Head Start has found not only improved outcomes for children but long-term positive impacts on education and labour market outcomes (de Haan and Leuven, 2020). One can surmise that Head Start is likely to have reduced the intergenerational persistence of poverty among participants, although no studies have attempted to estimate this impact.

## **FINNISH POLICY CONTEXT**

There is a clear relationship between the generosity of the social security system and child poverty (Bradshaw, 2020) and the impact of social transfers is particularly marked in relation to child poverty compared to poverty in the rest of the population (Hallaert et al., 2023). The literature is clear in attributing Finland's lower rates of child poverty by international comparisons to its generous social



## Case study: Head Start

Head Start, a long running national programme in the US, has delivered services to young children and their families since 1965. The aim of the programme is to narrow the gap in school readiness between disadvantaged children and their more affluent peers. The main programme offers comprehensive early childhood education and care services to low-income pre-school children (aged 3-4 years) and their families, which is based on a 'whole child model'. Head Start also engages parents with their own educational, literacy and employment goals (Miller, Farkas and Duncan, 2016).

Given the length of time Head Start has been in place, there is now a large body of evidence evaluating the impact of the programme. In line with Head Start's main aims, much of this evidence focuses on assessing impact on children's cognitive and socio-emotional development by the end of the first year in elementary school but also children's health and family functioning (Zigler and Styfco, 2010). The Head Start Impact Study (HSIS) involved a large scale nationally representative randomised trial which was launched in the late 1990s to provide an official estimate of the average impact of Head Start on children's key development outcomes, the difference it makes to parental practices that contribute to children's school readiness and under what circumstances does Head Start achieve the greatest impact (HSIS, 2010). The results show that at the end of the programme year, there were statistically significant increases in children's pre-academic skills, reduced behaviour problems and improved overall health, relative to the control group (HSIS, 2010). Average effects were found to be small; a finding which has been shown to be consistent with other meta-level analysis (Shager et al., 2013). How-

ever, scholars have cautioned against viewing Head Start as a 'monolithic' programme that functions the same way for all children in all locations (Morris et al., 2018). This is important for understanding why estimated average effects vary between evaluations. In addition, even for evaluations based on randomisation it is important to understand not just variation in the 'treatment' but also the counterfactual. This is because the services control groups receive can vary between sub-groups, geographical areas and over time with the wider policy context in relation to early childhood education and care changing dramatically since 1965 (Morris et al., 2018). All of which will impact estimated average treatment effects.

From the perspective of the intergenerational transmission of poverty, much can be learnt from recent evaluation evidence on long-term outcomes. With such a long running programme, it is possible to estimate the impact of Head Start on adult outcomes. This research has identified positive significant effects on years of education and employment income (de Haan and Leuven, 2019), a summary index of young adult outcomes (including high school graduation, college attendance, crime, teen parenthood and health) (Deming, 2009), years of schooling, high school completion, college enrolment and college completion (Bailey, Sun and Timpe, 2021), higher rates of employment, greater labour market attachment, lower receipt of public assistance among men and lower rates of adult poverty among women (Bailey, Sun and Timpe, 2021). In addition, positive private internal rates of return (13.7%) and positive public internal rates of return based on savings on public assistance expenditure and increased tax returns (5.4-9.1%) (Bailey, Sun and Timpe, 2021).

security system (Bradshaw, 2020). Cross-country comparative analysis also shows that spending on cash benefits seems to reduce child poverty more effectively in Nordic countries, including Finland, than in others (Nygård et al., 2019). This is explained by the generosity of the system and its design, combining universalism of child benefits with targeted support which is shown to be particularly effective, especially for single-headed households (Van Lancker et al., 2015; Nygård et al., 2019).

However, policy changes are on-going as the new government's priorities revolve around substantial fiscal consolidation, aiming to curb public debt, and spending cuts totalling 4 billion euro at the 2027 spending level, which is around 1.5% of GDP (Finnish Government, 2023). Social security reform is one of the priorities of the new government with the specific aim to "increase the efficiency of the system of social benefits, improving incentives to work, and also supporting long-term sustainability of public finances" (Minis-

try of Finance, 2023: 14). In 2024, the Finnish government's projects in this area include the reform of basic social security by exploring a universal earnings-related security model (where all wage earners would be entitled to earnings-related daily allowance regardless of whether they belong to an unemployment fund model) as well as a social assistance reform and reform of the general housing allowance (Ministry of Social Affairs and Health, 2023). From 2024 cuts to housing and unemployment benefits will be implemented, with child benefit increases augmenting unemployment benefits being reduced and abolished in April 2024. Child care allowance indexation will be frozen but child benefit rates for large families (four or more children) and single parents have been increased. The level of earnings-related unemployment insurance will be reduced through a staggered system: falling to 80% of the original level after eight weeks of unemployment and to 75% after 34 weeks of unemployment.

## 4 Family stress model

**TABLE 4.1:** Family stress model overview

<b>Poverty Transmission Dynamics</b>	The family stress model is one of the key mechanisms thought to drive the intergenerational transmission of poverty. It works through poverty and economic hardship resulting in economic pressures leading to parental psychological distress, which, consequently, impacts parenting behaviours, negatively affecting child outcomes and elevating poverty risks in later life. Family stress can have a harmful effect on children’s social and emotional well-being, cognitive development, deviant behaviour, educational attainment and elevated poverty risks in adult life. Effects can perpetuate across multiple generations.	
<b>Evidence Assessment</b>	Certainty	High
	Strength	High
	Coverage	High/Medium
<b>Relevant Policies</b>	<p>Policies need to provide support for the psychological well-being and mental health of parents, especially mothers, experiencing family stress as a result of poverty. These include support with relationships, relationship breakdown and domestic violence.</p> <p>Policies need to break the link between family stress and parenting behaviours, through promoting good parenting behaviours, tackling harmful behaviours and seeking to break the generational link in poor parenting styles.</p> <p>It is crucial that policies address the profoundly harmful effects of adversity and toxic stress on some children’s social and emotional health.</p> <p>Taking a whole family approach rather than ‘treating’ individual members can be more effective. In addition, policies and programmes which take a multidimensional, multi-agency approach rather than trying to address issues individually, can be more effective, particularly where there is an understanding of the inter-linkages between multiple causes and multiple effects.</p> <p>Addressing this mechanism would benefit from approaches which reflect how this mechanism operates across multiple generations.</p>	
<b>Relevance to Finland and Finnish Policy Context</b>	Services available for families in Finland have long been shaped by an array of different local actors and projects. Challenges in coordinated service provision and service fragmentation exist, while there is evidence that the ‘family centre model’ developed following the LAPE programme, improved integration of multi-agency services – the scope of reforms has been altered through the different agendas of subsequent governments. The impact of recent social and health reforms and possible coordination challenges is yet to be evaluated.	

## MECHANISM

Economic hardship impacts the emotional home environment causing stress for children and parents, depleting the emotional resources needed for supportive and nurturing parenting behaviours. Poverty can have a negative impact on parental mental health, leading to parental conflict and difficulties with parenting. The family stress model is one of the key mechanisms thought to drive the intergenerational transmission of poverty. It works through poverty and economic hardship resulting in economic pressures leading to parental psychological distress, which impacts parenting behaviour, negatively affecting child outcomes and elevating poverty risks in later life. Duncan et al. (2017) trace the development of this model to Elder (1974) and Elder et al. (1985) who used it to explain the influence of economic loss on children during the Great Depression.

Parents living in chronic poverty are particularly vulnerable to high levels of stress (Linver et al., 2002). Poor families face significant economic pressures as they struggle to pay bills and purchase essential goods and services. These economic pressures couple with other stressful life events more prevalent in the lives of poor families, and create high levels of psychological distress (Duncan et al., 2017; 417, referring to Kessler and Cleary, 1980 and McLeod and Kessler, 1990). The increase in caregivers' risk of experiencing psychological distress can disrupt and impair parenting (Masarik and Conger, 2017; Neppl et al., 2016; Wagnmiller and Adelman, 2009). Evidence has been found of a positive association between poverty and harsh parenting and reductions in nurturing parenting, leading to toxic stress and negatively impacting child and youth development outcomes (Nelson et al., 2020; Neppl et al., 2016). However, it is important to be clear that these relationships are not deterministic and nor should it be seen as evidence that economically poor parents can't be good parents. Cooper (2021) argues that it is more accurate to consider parenting in poverty as different rather than deficient. There is some evidence that middle-class parents adopt different parenting styles to working-class parents, both, in part, shaped by differing economic context (Lareau, 2003). Cooper's (2021) quantitative research on a large sample of parents in the UK, finds that the majority of parents regardless of income were more likely to report parenting behaviours considered to be 'ideal' rather

than 'poor'. She reports that the crude contrasting of parenting behaviours between parents living in poverty and the rest, which is commonly used in research of this type, provides a false dichotomy (and risks demonising poor parents) while in reality an income gradient exists and gradients are not always negative.

Poverty has a negative impact on mental health linked to the daily struggles it gives rise to (Frazer, Guio and Marlier, 2021). Stress not only arises from struggles associated with trying to cope with inadequate financial resources but from how people in poverty are perceived and treated by others and wider society, which can lead to stigmatisation and discrimination based on stereotypes, prejudice and ignorance (Bray et al., 2019). The negative impact of poverty on parental mental health and experience of stress can have an especially negative effects on children and influence the intergenerational transmission of poverty (Frazer, Guio and Marlier, 2021). There is even evidence of a biological transmission of stress (Bowers and Yehuda, 2016). Qualitative research on a sample of 6-9 year old children, finds that the psychological state of children's parents influences their behaviour and feelings, and perceptions of living in poverty (Heberle et al., 2018).

Research has identified three crucial periods in an individual's life course where the impact of poverty and family stress appear to have greatest impact. These are during foetal development, early childhood and youth (Bird, 2007). While a lot of research focuses on the early years, Moore (2005) emphasises the importance of understanding the experience of poverty and family stress during adolescence and early adulthood as this is when individuals develop the majority of their 'adult functionings'.

## EVIDENCE ASSESSMENT

The stress of living in poverty impairs parenting and parenting behaviours (Wagnmiller and Adelman, 2009). Parenting behaviours impact children's self-perceptions of competence; self-worth; confidence (self-efficacy, self-esteem); temperament and personality (adaptability, sociability); and, self-regulation skills. These in turn can impact resilience, educational attainment, relationships, employment and poverty risks as well as own parenting behaviour (Bird, 2007); highlighting the transgenerational effects that can

**TABLE 4.2:** Family stress model – evidence assessment overview

<b>Certainty</b>	<b>High</b> There is a rich body of evidence on the link between poverty and family stress and the negative effects of family stress on children's social and emotional well-being. Similarly, the well-documented impact on child development, children's behaviours, mental health and educational attainment demonstrates how children's poverty risks in adult life are raised and how their own parenting behaviour is influenced by childhood experiences.
<b>Strength</b>	<b>High</b> The impact of family stress on children can be profound, including scarring effects in adult life and perpetuation of behaviours and poverty risks across multiple generations. However, mediating factors such as parental warmth, and strong and supportive networks can protect children from some of the negative effects of family stress.
<b>Coverage</b>	<b>High/Medium</b> Impact of poverty on family stress would appear to be pervasive but there is limited evidence on the proportion of families affected. The often assumed dichotomy between poor and non-poor families in relation to harmful parenting behaviours can be misleading.



extend beyond two generations. It is also important to be clear that these relationships are not deterministic and children may have different physiological reactions to the same stressor (Nelson et al., 2020; Boyce, 2019). Parenting quality, including warmth, structure, and monitoring can help build resilience in children experiencing adversities (Bird, 2007).

An inverse relationship is found between the amount of stress parents undergo and the likelihood of sensitive, warm, non-punitive maternal childcare and more broadly secure attachments with caregivers (Meaney, 2010 – cited by McEwen and McEwen, 2017). The use of ineffective or harsh discipline practices by parents are linked to detrimental child and adolescent psychological and developmental outcomes (Berthelon et al., 2020; Tribble and Kim, 2019; Hovee et al., 2009; McKee et al., 2007). Research on very young children has found that mothers' contingent harsh parenting responses to children's non-compliance when children were 12 months of age predicted increases in children's observed distress from 12 to 24 months (Scaramella et al., 2008). Poverty, particularly chronic poverty, has been found to be a major risk factor for engaging in harsh discipline practices (Tribble and Kim, 2019; Pereira et al., 2015; Jansen et al., 2012). Parents in low-income families encounter a wide range of difficulties and are more likely to experience parental stress, which increases their tendency to adopt harsh parenting practices that undermine parent-child relationships (Ho et al., 2022). Children's exposure to harsh parenting and poor quality of parental care increases the likelihood of children as adults providing similar low quality parental care to their offspring (Tribble and Kim, 2019).

Prolonged exposure to adversities in early childhood can trigger a toxic stress response (Hertzman, 2013). "Toxic stress is the maladaptive and chronically dysregulated stress response that occurs in relation to prolonged or severe early life adversity" (Nelson et al., 2020: 1). The economic and social home environment, impact interpersonal experiences in the home and can produce adversities which generate toxic stress (Boyce et al., 2012). The consequences

of exposure to adversities include behavioural, neurobiological and physical (Nelson et al., 2020). Toxic stress can have negative impact on attention, persistence, delay of gratification, short-term memory and capacity to mobilise information to solve problems and accomplish goals (Urasche et al., 2012; Berger, 2011). It can increase the risk of stress related disease and cognitive impairment (Nelson et al., 2020). Toxic stress impacts on childhood brain development are likely to have consequences on educational and employment outcomes (Boyce et al., 2012). Negative impacts on capacities for self-regulation and cognitive performance increase the risk of poverty in later life and is one way in which the family stress model impacts on the IGT of poverty.

McEwen and McEwen (2017) conclude that there is strong and consistent evidence of a statistical relationship between early life poverty, limited capacity for self-regulation and reduced cognitive performance. Weak self-regulation and poor executive function can lead to young children experiencing increased difficulties in paying attention, organising and sequencing tasks, resisting impulses and immediate gratification, controlling anger and aggression and engaging in pro-active planning (McEwen and McEwen, 2017).

Non-supportive relationships between parents and children without the expression of emotions are more likely to facilitate the IGT of poverty, due to lower educational attainment and more anti-social behaviours (Cheng et al., 2016). In addition, individuals who have been exposed to poor supervision during childhood, display similar parenting skills when they become parents (Visser et al., 2022). Capaldi et al. (2003) examined parenting and externalising behaviour across three generations using a sample of at-risk young adult men in the second generation. Men who had become young fathers, had more arrests and were less likely to have graduated from high school than other young men in the sample. Among the young men who had become fathers, Capaldi et al. (2003) found a direct association between poor parenting practices with their parents and a mediated effect via development of antisocial and delinquent behaviour by adolescence.

An ethnographic study conducted in an area of the Netherlands blighted by industrial decline which had decimated employment opportunities and resulted in high levels of poverty across generations, looked at the importance of family, warmth and communication from a multi-generation perspective (Visser et al., 2022). Participants in the study spoke about a lack of love and communication within the family. Second- and third-generation participants reflected on the impact that the lack of love and communication had on the development of their opportunities, identifying two explanations why such lack kept them from escaping poverty. Firstly, participants would not speak about problems they had or skills they could not develop because they did not want to place an extra burden on their parents. By not sharing such difficulties, they attempted to relieve the family of additional stress and reduced fights and disagreements in already difficult circumstances. Secondly, participants explained that in their families they did not develop the skills to show love and to communicate well.

The source of adversities and stressors can also be key factors in helping to mitigate and protect children from the impact of stress or even reverse its effects (McEwen and McEwen, 2017). Supportive networks and nurturing caregiving relationships can provide a powerful protective role (George, 2013; Pearlin and Bierman, 2013; Kim-Cohen et al., 2004 – cited in McEwan and McEwan, 2017). Supportive family relationships can buffer the response to toxic stress (Nelson et al., 2020). Maternal warmth and sensitivity have been found to be of central importance (Burke and Dittman, 2022; Kim et al., 2018; Waldfogel and Washbrook, 2011; McKee et al., 2007), and help to mediate the negative impact of poverty on children's cognitive development (NICHD, 2005). Maternal attachment, social support networks, and consistent, high quality childcare can help protect against the harmful effects of toxic stress (McEwen and McEwen, 2017).

Domestic violence can have a profound effect on children and has been found to be associated with the intergenerational transmission of poverty (Bird, 2007: 21). Children's exposure to domestic violence can be associated with increased aggressive behaviour, increased emotional problems, lower levels of social competence, and poorer academic functioning (Aldaz-Carroll and Moran, 2001; Fantuzzo and Mohr, 1999). For many years, activists and research took the perspective of domestic violence being largely a classless problem. Not refuting the fact that domestic violence occurs in families across social class and income groups, a body of evidence has built up over the last few decades highlighting the significant role poverty plays in the occurrence and perpetuation of domestic violence as well as its effects (Goodman et al., 2009; Humphreys, 2007; Raphael, 2003). A recent study of Canadians during the Covid-19 pandemic found that the inability to meet financial obligations and concerns about maintaining social ties were significantly related to concerns about family stress and domestic violence (Béland et al., 2021).

Family stress associated with poverty can be a key factor in increased family insecurity and break-up (Frazer, Guio and Marlier, 2021). In addition, debt has been found to have a negative impact on relationships, problem debt contributes to relationship breakdown as well as negatively affecting parents' relationships with their children (Relate, 2017). At the extreme end, pressure of living in severe poverty increases the risk of families being split up and children being cared for by others. A key element in supporting children in poverty is supporting the security and well-being of their families and limiting the potential negative impact of family breakdown on children.

Separation generally leads to lower financial resources available to the main care-giver (typically mothers), increasing risks of poverty and chronic poverty. Not only does separation typically increase child poverty risks due to lower income, family disruption has been found to be associated with lower adult wealth (Keister, 2004). Fewer material resources affect poverty risks both in the short-term and in the longer-term. Challenges associated with separation and/or divorce and managing shared parenting post-separation, all add to family stress and can have long-term impacts on children which in turn affect poverty risks in adult life.

However, it is not clear that children raised in, so-called, nuclear families will always face lower risks of poverty persisting across generations (Bird, 2007: 10; Harper et al., 2003: 540). Protective factors include resources available to care-givers, the degree of co-operation between parents, and dependency ratios (Bird, 2007). Access to adequate social security, child support, childcare, mothers' education and mothers' employment prospects can be critical factors in protecting children from poverty and the intergenerational transmission of poverty, post separation. Depending on the circumstances, separation can have a positive effect on reducing family stress, it can protect children from domestic violence and with the right support children can thrive.

## POLICIES

There is clear evidence that the most effective policy approach required to address the Family Stress Model mechanism needs to consider the whole family and tackle the inter-linked causes and consequences of poverty on family stress, parents and children.

It really goes without saying that the priority must be on eradicating, or at the very least reducing, poverty in the first place. Research on family stress and the impact family stress has on parents and children demonstrate only too clearly the profound consequences of poverty which can perpetuate across multiple generations. Aside from addressing the adequacy of social security, policies designed to improve families' financial resilience (particularly those most at risk of poverty), and support for families with problem debts (debt advice services, etc.), need to be considered due to well-documented links between these aspects of financial security and stress.

Working through policies on the basis of how this mechanism appears to operate:

*Firstly*, policies need to provide support for the psychological well-being and mental health of parents, especially mothers, experiencing family stress as a result of poverty. These can include, maternal social support, help with effective coping strategies, communication and problem-solving, community and neighbourhood support (EIF, 2023). Social support has been shown to mediate the adverse relationship between poverty and parental depression (Lee et al., 2009). It is also important to consider policies that help to break the link between poverty and psychological well-being. For example, evidence suggests that asset holding can moderate the direct and indirect effects of paths linking income poverty to caregiver psychological distress and adolescent problematic behaviours (Chen et al., 2023).

For parents experiencing relationship problems, ready access to support and counselling can be important. For parents experiencing relationship breakdown, support with separation which aims to minimise conflict between parents, an adequate child support system and support for separated parents can help reduce the negative impact on children. For mothers (and fathers) experiencing intimate partner violence, support must be available for them and

## Case study: Sure Start in England

Sure Start Local Programmes (SSLPs) were community-based services, designed to deliver a place that would provide integrated care and services for children aged under 5 and their families. SSLPs were introduced in 1998 and planned, delivered, and run by local authorities, while being financed by a ring-fenced grant from central government. By 2004, 524 SSLPs were established in the 20% most deprived communities, and in 2005 they were turned into children's centres (SSCCs) and rolled out nationally with the aim of making Sure Start centres available for every community. By 2010 the target of 3,500 Sure Start centres had been met. While initially focused on serving deprived communities, services were not specifically targeting the most disadvantaged families. Instead they aimed at becoming 'one-stop shops' providing services to all families in the community, thus reducing the stigmatising effects of services solely targeting disadvantaged families. SSCCs provided programmes focused on parenting; promotion of breastfeeding, good nutrition and active play; prenatal and health visitor services; early learning and links to childcare, employment services and welfare support for parents.

Evidence of their effectiveness showed varying results for different outcomes (Bate and Foster, 2017). Family functioning and maternal well-being saw small but significant improvements, together with reductions in harsh parenting alongside improvements in children's home environment. Smoking in pregnancy declined and breastfeeding increased, while social class gaps in both measures narrowed, as well as for birth weight and mortality (Bate and Foster, 2017). At the same time, there is ev-

idence that as SSCCs improved their functioning (for example, reducing staff-skills shortages) and as more families were consistently engaged and exposed to the programme, beneficial effects emerged – for instance in relation to improved children's social development, positive social behaviours, less negative parenting and improved home-learning environments (Melhuish et al., 2010). SSCCs have also been shown to have significant positive effects on children's health outcomes (Cattan et al., 2019).

However, the experience with SSCCs in England also points to challenges in maintaining sustainable services across subsequent governments, especially in face of shifting policy priorities and budget cuts. As originally conceived and founded, a principle of "progressive universalism" underpinned the SSCCs, with at their core the idea that open-access services serving children from different social backgrounds would promote social mobility and social cohesion and reduce stigma (Stewart and Reader, 2020). Their purpose changed under the Coalition Government in the 2010s, with a new emphasis on targeting services towards those with "high need". SSCCs were also hit the hardest in terms of funding cuts of almost any other service in the country (Stewart and Reader, 2020). Funding pressures led to SSCC closures in many areas – albeit more likely to occur in less deprived areas (Cattan et al., 2019) – while reorganisation of children's centres took place in a variety of ways to save costs, including by increasing targeting of services to disadvantaged families (Stewart and Reader, 2020). Cuts to government budgets further prevented follow-up studies of mid- or long-term effects (Sammons et al., 2023).

their children. This includes easy and immediate access to safe havens, sensitive medical help, support and counselling, sensitive and supportive treatment in the criminal justice system, the family law courts and rehabilitation programmes for perpetrators.

*Secondly*, policies need to break the link between family stress and parenting behaviours, promote good parenting behaviours, and tackle harmful behaviours. In addition, policies should seek to break the link between poor parenting styles across generations. Burke and Dittman (2022) emphasise the importance of focusing on parenting as a mechanism by which the intergenerational transmission of disadvantage may, at least in part, be interrupted. Social support has been found to be associated with positive parenting and can moderate the indirect relationship between low family income and parenting (Lee et al., 2009). There is also evidence from randomised control trials that parenting interventions can improve child behavioural problems (McGilloway et al., 2012). In relation to harsh parenting perpetuating across generations, a two-gen-

erational approach to intervention, providing coping skills and teaching protective factors to both children and their parents may be more effective than only one member of the family receiving this intervention (Tribble and Kim, 2019). Key aspects of parenting such as warmth, love and communication are known to provide protection and mitigate some of the most harmful effects of poverty and family stress on children. Policies which promote positive aspects of parenting behaviour combined with addressing the most harmful behaviours, is likely to be more effective than focusing solely on trying to address negative aspects.

*Thirdly*, it is crucial to address the profoundly harmful effects of family stress on children's social and emotional health, and action in childhood is important for breaking the cycle of poverty (Harper, 2004). Parents can benefit from policies designed to improve poor parenting behaviours, although there isn't a 'one size fits all' solution. While some experts talk about the 'irreversibility' of the impact of adversity at crucial life stages, there is a key role for policy as

the brain's plasticity means that some of the harmful effects of toxic stress can later be reversed (McEwen and McEwen, 2017). Promising policies include those which are designed to improving parenting behaviours, access to good quality childcare and social support.

Addressing poor parenting behaviours is an area which needs to be treated sensitively. Bird (2007: 29) highlights a crucial point made by Wilson (1987) that the controversy surrounding seemingly 'blaming the poor' led some liberal researchers to avoid discussing behavioural issues that might be construed as unflattering to minority groups (and to poor people). On the other hand, as Cooper (2021) notes, some parts of the media seems only too ready to blame parents (see also the review on socio-cultural models in the next section). Moving away from a false dichotomy between poor and non-poor in the delivery of programmes designed to improve harmful parenting behaviours seems to be good starting point.

*Finally*, taking a whole family approach rather than 'treating' individual members can be more effective (Aldaz-Carroll and Moran, 2001). In addition, policies and programmes which take a multidimensional, multi-agency approach rather than trying to address issues individually, can be more effective particularly where there is an understanding of the inter-linkages between multiple causes and multiple effects. Programmes can take an holistic approach and avoid stigmatisation of families living in poverty by making at least some services universally available to all families in a local community (such as the UK's Sure Start before substantial funding cuts). It is essential that any policy approach should avoid stigmatising families living in poverty, as we outlined earlier in the review that stigmatisation can have harmful effects on the well-being of children and families but can also make families reluctant to take-up policy offers which could improve their lives and help break the cycle of poverty.

Visser et al. (2022) highlight the fact that although research shows that poverty and poverty risks extend across multiple generations, policy makers have neglected to take on (effective) two- or three-generation approaches in the design of interventions and services for family poverty reduction (Chase-Lansdale and Brooks-Gunn, 2014; Upadhyaya et al., 2021). We have shown throughout this review how the three-generation approach provides a better framework for understanding the family stress model. Building this understanding into a policy response is likely to more effective.

## FINNISH POLICY CONTEXT

Family services have long been delivered by municipalities in Finland and there is a wide array of programmes and services available varying across different contexts. Services offered range from maternal and child health to family counselling and assistance with financial advice or housing. Since 2023 there has been a change to the governance of family centres from local municipalities to regional wellbeing service counties. A number of nation-wide initiatives have shaped local family services. National projects in 2005-2007 and subsequently in 2007-2009 included support for family centres within local communities and services focused on parenting (Sihvonen, 2023). In the late 2000s until mid 2010s family centres were developed in conjunction with national programmes on building common guidelines for health and social services but their design, delivery and evaluation varied across municipalities (Klavus et al., 2021).

Research on family services in Finland points to challenges in coordinated service provision and service fragmentation (Joronen

et al., 2022) - these challenges can not only hinder the early identification of problems and the provision of support but also the parental empowerment within services, which has been shown to be relevant to parenting stress (Vuorenmaa et al., 2016). In 2016, the LAPE programme set out to reorganise child and family services, aiming to improve "wellbeing and resources of children, young people and families" (Ministry of Social Affairs and Health, 2016: 2), strengthening children's rights, increasing participation in planning activities among children and their families, providing "needs-based and tailored services" and improving service coordination.

There are now five types of family centres in Finland: multidisciplinary family centres based at one location; multidisciplinary family centres across different locations; welfare health care clinics; open services for early childhood education and care; and specialised family support centres; while 'electronic family centres' to provide services online are being developed (McTier et al., 2023). The Family Centre model appears to have improved integration of multi-agency services (McTier et al., 2023) but the scope of reforms has been altered through the different agendas of subsequent governments (McTier et al., 2023). The impact of recent SOTE reforms<sup>2</sup> (fully effective from January 2023) cannot yet be evaluated - possible coordination challenges, as health and social welfare services transferred to the regional level while education services remained at the local level, need to be assessed - while the extent to which reforms resulted in cuts and increased privatisation and marketisation of the system will also bear on family services. In 2020, the Ministry of Social Affairs and Health launched a new 10-year mental health strategy, which encompassed five priority areas including mental health for children and young people (Ministry of Social Affairs and Health, 2020). The Strategy recognised the important role of the whole family for the health and development of children and young people, as well as the role of poverty in reducing the entire family's wellbeing, increasing stress and risks of abuse and violence. While again the effects of the SOTE reforms still need to be adequately assessed, the Finnish system has long been characterised by an array of different local actors and projects shaping the services available to families. There is evidence that professionals and practitioners within the public sector experience an imbalance between the needs of families and the availability of services, and limited resources undermine the capacity of services, impose trade-offs and undermine efforts to prevent and promote family mental wellbeing (Viklund et al., 2023).

<sup>2</sup> SOTE is a major reform which restricted how social and healthcare is organised in Finland, transferred responsibilities for health, social and rescue services from 309 municipalities to 22 larger bodies (21 welfare counties and the city of Helsinki).

## 5 Socio-cultural models

**TABLE 5.1:** Socio-cultural models overview

	Culture of poverty		Aspiration traps	
<b>Poverty Transmission Dynamics</b>	According to this model, the transmission of poverty is a 'cultural' transmission of a set of values and behaviours that are different from those of the non-poor and entrenches risks of remaining in an impoverished position within society.		Stringent external constraints experienced by poor children and their families can shape attitudes and result in lower aspirations which in turn shape future outcomes.	
<b>Evidence Assessment</b>	Certainty	Low	Certainty	High
	Strength	Low	Strength	Medium
	Coverage	Low	Coverage	High
<b>Relevant Policies</b>	Policies boosting incentives to work and disincentivising reliance on state benefits – increased conditionality, stringent entitlement criteria and punitive sanctions.  Localised initiatives focusing on 'troubled families' and specific behaviours.  Policies aimed at raising aspirations and attitudes of disadvantaged children and families.		Mixed communities.  Mentoring and career advice services in schools and provision of extra-curricular training opportunities and network building.  Place-based initiatives tackling "social mobility cold spots".	
<b>Relevance to Finland and Finnish Policy Context</b>	Conditionality and sanctioning in relation to unemployment benefits have increased in Finland since the late 1990s, but through the 2010s have remained light by international comparison. A new sanction regime ("activation model") was implemented in 2018 but rescinded in 2020. Recently, the new government has approved a number of changes to unemployment benefits that tighten work requirements and aim at boosting work incentives, with a focus on full-time work.			

### MECHANISM

Parents transmit behavioural patterns, attitudes and values that shape children's aspirations and expectations. In relation to welfare benefit receipt, socio-cultural explanations have sometimes been linked to the controversial idea of a 'dependency culture' (Ilmakunnas, 2018; Ludwig and Mayer, 2006), or a "culture of poverty" (Lewis, 1959; Mead, 2011). These individualistic perspectives regard the causes of poverty to be rooted in individual characteristics, failings, and inadequacies of the poor that increase the risks for children growing up in poor families to become and remain poor in later life. In these respects, a number of characteristics are associated with the persistence of poverty across the life-course and with its intergenerational transmission, such as irresponsibility, laziness, substance abuse, lack of ambition. The transmission of poverty is thus

framed as a 'cultural' transmission of a set of values and behaviours that are different from those of the non-poor and entrenches risks of remaining in an impoverished position within society. The result is a narrative that often contrasts "us" and "them", "strivers" and "shirkers", hard-working families and scroungers, often pointing to "generations who have never worked" (Hills, 2015) and an 'underclass' (Dean, 2016). This literature also often suggests that these behaviours, attitudes and social norms become ingrained not just in families but in whole communities over time.

Focus on social attitudes as key to poverty transmission need not be tied to these frameworks related to a 'dependency culture' or 'culture of poverty'. Intergenerational transmission of welfare receipt (Ilmakunnas, 2018; Vauhkonen et al., 2017) may also be explained by processes whereby children of welfare recipients may attach



lower stigma to claiming benefits or have better knowledge of the benefit system making them more likely to file successful claims (Jenkins and Siedler, 2007), rather than by a ‘dependency culture’. A different IGT of poverty mechanism centred around social attitudes points to dynamics by which poverty increases the likelihood that a person gets stuck in an aspiration trap (Dalton et al., 2016). This kind of view does not ascribe low aspirations as a behavioural bias solely to the poor, but recognises that stringent external constraints (such as lower wealth and resources, lack of access to relevant social networks, etc.) make those experiencing poverty more susceptible to an aspiration failure, for instance because they have to make a greater effort than the rich to achieve the same outcome. The psychological dynamics underpinning aspiration traps link with the family stress model highlighted above, for instance as poverty is shown to deplete cognitive and emotional resources, affecting people’s attitudes in securing immediate benefits and leading to short-sighted choices at the expense of long-term benefits (Schilbach et al., 2016).

**EVIDENCE OF EFFECTIVENESS**

The analysis above has identified two different mechanisms underscoring the role of behavioural patterns, attitudes and values in shaping the intergenerational transmission of poverty: one focused on cultures of poverty and dependency, and one on aspiration traps. The below reviews and assesses the evidence in relation to both separately.

**Cultures of poverty and dependency**

Narratives around a ‘culture of poverty’ and a ‘dependency culture’ have been dominant in the policy discourse around welfare reform and poverty eradication in a number of Anglophone countries (Abell and Lyon, 1979; Katz, 2013a; Dean, 2016; Stoeffler and Rigaud, 2020). This has led to a rich body of evidence questioning the assumptions underpinning this mechanism of the IGT of poverty and ultimately concluding that empirical support for the theory is

weak (Stoeffler, and Rigaud, 2020; Bird, 2007) and that the very idea of a culture characterised by worklessness and dependency is a “myth” (Shildrick et al., 2012, Gregory, 2022; Hills, 2015; Dean and Taylor-Gooby, 1992; Small et al., 2010). These limitations in explaining the IGT of poverty already emerged in studies in the 1970s (Abell and Lyon, 1979; Coward et al., 1973) that assessed Lewis’ (1959) original work. Research in the UK (Shildrick et al., 2012; Hills, 2015; Ralston and Gayle, 2017) and the US (Corcoran et al., 1985), finds that the existence of permanent worklessness across generations within families is largely overstated, that extensive or permanent worklessness in the same family is a rare phenomenon (Macmillan, 2010) and that people are more likely trapped in ‘low-pay, no-pay’ cycles, churning between unemployment and insecure, casual work (Shildrick et al., 2012; Hills, 2015).

A number of studies have focused on understanding drivers of intergenerational worklessness. This literature highlights geographical variations, particularly linked to different labour market conditions (for example, contexts of high/low unemployment) (Macmillan, 2011; Gregg and Macmillan, 2020). In the UK, sons with workless dads were found to be disproportionately more likely to be workless than sons with employed dads only in contexts of high unemployment (Macmillan, 2014). Recognising the role that outside economic forces play in the intergenerational transmission undermines explanations privileging a ‘culture of dependency’ mechanism. Across 15 European countries, Gregg and Macmillan (2020) find that while weak regional labour markets alone cannot explain generational persistence at the individual level, it is the combination of local economies, low education and experiencing a jobless household in childhood that combined create penalties in later life. Contrary to the ‘dependency culture’ hypothesis, they find that intergenerational joblessness is less prevalent in countries with more generous welfare states, and welfare generosity, alongside higher spending on education, reduces ‘scarring effects’ from growing up in a deprived family. These results are also echoed in qualitative research, which can be especially insightful in

**TABLE 5.2:** Socio-cultural models – evidence assessment overview

<b>Certainty</b>	<b>Culture of poverty: Low</b> The theory has been subject to thorough scrutiny by the academic community in virtue of being the dominant policy narrative in Anglophone countries. Evidence supporting the theory is weak, and the idea of disconnection from mainstream societal values among the poor dismissed.
	<b>Aspiration traps: High</b> Extensive literature in psychology, sociology and economics supports the idea of a bidirectional relationship between poverty and children’s motivations, aspirations, attitudes and behaviours.
<b>Strength</b>	<b>Culture of poverty: Low</b> Since the effect of the mechanism is difficult to ascertain, assessment of its strength is equally hard to assess.
	<b>Aspiration traps: Medium</b> The effect of aspirational traps is significant and high aspirations lead to better outcomes but can also have perverse effects when unmatched with opportunities.
<b>Coverage</b>	<b>Culture of poverty: Low</b> A number of studies find that “benefits streets” and “generations of people who never worked” are a rare phenomenon.
	<b>Aspiration traps: High</b> The phenomenon appears to be widely spread among disadvantaged children both in poor and rich countries, while exacerbated for some groups experiencing multiple disadvantages.

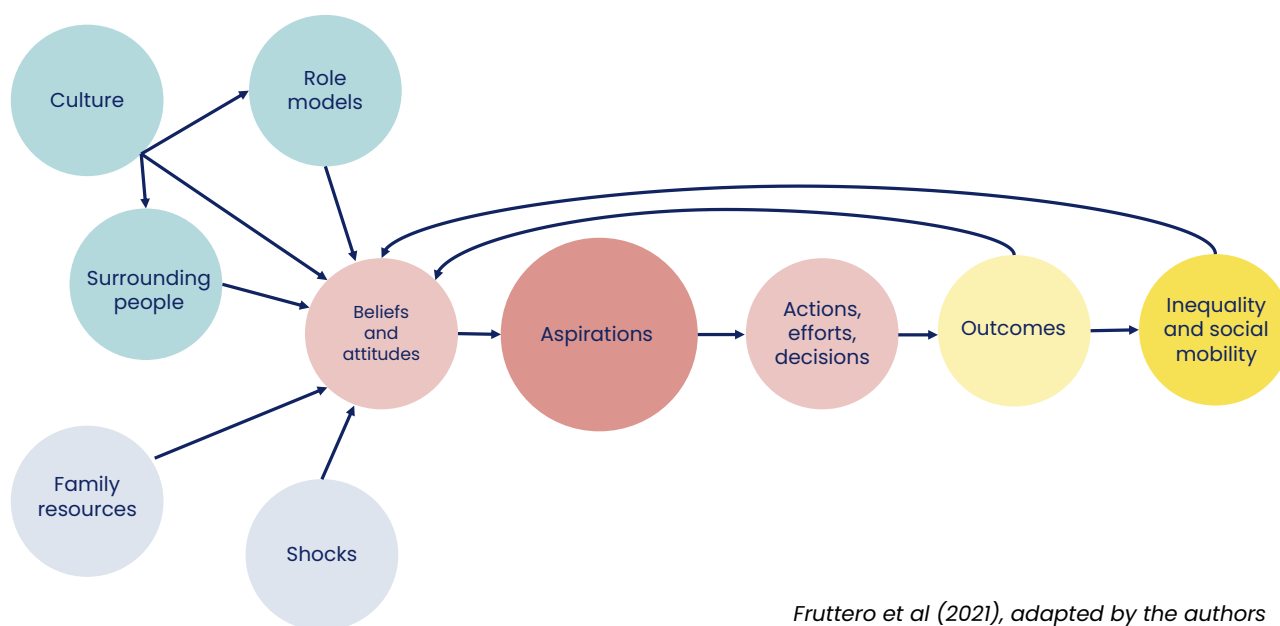
## Case study: policy design and reduced effectiveness of means-tested benefits on poverty reduction in the US

The limited effectiveness of programmes designed and implemented under the 'culture of poverty' model also points to the limitations of this mechanism in explaining the IGT of poverty (Stoeffler and Rigaud, 2020). Temporary Assistance to Needy Families (TANF) in the US is an example of this: TANF is a means-tested cash assistance programme that was introduced in 1996 to replace Aid to Families with Dependent Children (AFDC) and that, in line with the policy implications of a 'culture of dependency' model, introduced time-limited benefits, work requirements, stricter eligibility rules and sanctions, varying across States.

Research on the effects of the programme has shown some expected effects in reducing welfare use and increasing employment but has also highlighted limited effects on poverty (Berger et al., 2018). Some studies suggest that the programme dramatically reduced the effectiveness of the means-tested safety net for the poorest families, in particular for children in deep poverty (Trisi and Pavetti, 2012; Pavetti, 2016; Sherman, 2009). Where the AFDC had lifted out of deep poverty 62 percent of children who would have otherwise been living in families with income below half the poverty line, by 2005 this figure had dropped to 21 percent (Sherman, 2009). This is due to a decline in caseloads under TANF – in 1996, 68 out of 100 poor families would have accessed cash assistance, versus 27 in 2010 (Trisi and Pavetti, 2012). This decline was a result of entitlement restrictions and sanctions, while the use of the work participation rate as the primary performance measure discouraged States from assisting families in the greatest need (Trisi and Pavetti, 2012). Qualitative evidence has shown TANF to be inadequate in offering support and services for the most vulnerable families, such as those often facing multiple health problems, inadequate housing and adverse life environments characterised by drug use and domestic violence (Hildebrandt and Stevens, 2009). Meanwhile there is evidence that returning to TANF was often considered a necessary decision driven by desperation rather than calculation and dependency, for instance because TANF leavers had accessed low-quality, unstable employment (Anderson et al., 2004).

Overall, TANF strategies appear to fall short of enabling self-sufficiency, while sanctioning and withholding or terminating cash benefits destabilises poor families and undermines

meeting basic family needs (Hildebrandt, 2016). Generosity, conditionality and sanctions have been shown to explain different rates of participation in TANF and the Supplemental Nutrition Assistance Program (SNAP) (Ribar, 2014). The introduction of numerous restrictions saw high rates of take-up plummet for both schemes in the 1990s. While TANF maintained restrictive policies in relation to work requirements, time limits and sanctions, and continued to see lower take-up rates, more accommodating eligibility rules and streamlined administration processes saw SNAP take-up rates increase – this resulted in a coverage gap between the two policies of nearly 50%. A well-recognised barrier to benefit uptake is the stigma attached to claiming means-tested social assistance, especially in the context of strict conditionality and sanctions (Figari et al., 2013; Baumberg, 2016). In this sense, punitive and restrictive policies based on cultural explanations of poverty and its transmission may produce adverse effects, reinforcing the shame and stigma that further entrenches disadvantage. A recent international review (Pattaro et al., 2022) on the impact of benefit sanctions also finds evidence of adverse child outcomes, such as child maltreatment, poorer child well-being and educational outcomes.

**FIGURE 2:** The cycle shaping aspirations

*Fruttero et al (2021), adapted by the authors*

understanding mechanisms grounded in social norms. Shildrick et al. (2012) looked at how explanations of worklessness differed between generations in Scotland and England and found that for younger generations, factors such as weak local labour markets and lack of job opportunities were providing the most relevant explanation, while for the older generation evidence of cumulative disadvantages (further explored in the next section) was more significant (Shildrick et al., 2012).

Importantly, a number of studies also explore social norms around welfare dependency, work and family life (Corcoran et al., 1985; Dean and Taylor-Gooby, 1992; Billings, 1974). These consistently find that young people growing up in workless families hold conventional values about work and often display a motivational spur to try and do better in their own lives (Shildrick et al., 2012). Welfare recipients are found to adhere to mainstream values of work and family ethics, and in fact often experience social welfare system as intrusive and oppressive (Dean, 2016; Jones and Luo, 1999).

A large literature considers the issue of a “culture of poverty” looking beyond the family, at disadvantaged communities and neighbourhoods. Social networks have been shown to influence individuals’ employment prospects and, understood as social capital and social resources, social networks can entrench disadvantage and inequality (Green and White, 2007). Where people live and their local social networks bear on access to opportunities, education and training and shape their perceptions and horizons. This, compounded by the fact that poverty can limit people’s capacity to travel outside their neighbourhoods, can make young people more dependent on local networks and communities while the overlap of these local networks with wider ones outside the neighbourhood may be limited. Local networks can thus fail to help people to bridge to opportunities beyond their own areas (Lupton, 2003; Green and White, 2007). There is also evidence that social networks influence people’s attitudes, knowledge, expectations and social norms in relation to work opportunities, family life and a range of individual behaviours (Green and White, 2007). From a

“culture of poverty” perspective, however, the key question pertains whether the influence of these social networks in certain communities and places can be described as cultural.

In general, evidence of neighbourhood effects is debated in the literature (Corcoran and Adams, 1995; van Ham et al., 2012; Lupton and Kneale, 2012; Harding, 2003; d’Addio, 2007; Chetty and Hendren, 2018; Deutscher, 2020; Bird, 2007) and, when these are identified in relation to child poverty, intergenerational transmission of disadvantage or welfare use, they are small and often explained concurrently by other factors (Casciano and Massey, 2008; d’Addio, 2007; Lupton, 2006; Corcoran, 1995). For instance, several studies (Lupton, 2003; Massey and Fischer, 2000; Lassiter, 2006; Charles et al., 2004) point to “macro” causes of neighbourhood decline (for example, national economy, housing market). Neighbourhood effects also appear to vary across countries and are especially pronounced in Anglophone countries such as the US and Australia relative to Nordic and Continental European countries like Denmark and Germany (OECD, 2019). Little evidence supports the theory of an underclass wholesale disconnection from mainstream societal values in disadvantaged communities (Lupton, 2003; Harkness et al., 2012; Bird, 2007). The idea of “benefit streets”, where “9 out of 10 households are on welfare” finds little support in the evidence (MacDonald et al., 2014; Bird, 2007) and research also points to a number of factors entrenching disadvantages in certain communities and places, from disparities in institutional resources and services to concentration of environmental stressors and hazards (OECD, 2019). Extreme concentrations of poverty make it especially difficult to develop effective local solutions within normal structures and resources of public services (Lupton, 2003). The effect of neighbourhood discrimination negatively affecting employment outcomes for people from disadvantaged neighbourhoods is debated (Tunstall et al., 2014; Bunel et al., 2016), but there is evidence that stigma can further increase barriers to creating networks between neighbourhoods, entrenching segregation and impacting confidence and attitudes of young residents (Lupton, 2003).

## Aspiration traps

The literature around social norms and attitudes in relation to the IGT of poverty has long pointed at challenges in disentangling the separate role of personal characteristics as a cause of poverty from those that are a consequence of poverty (Corcoran, 1985). Different motivational and personality characteristics (for example, self-esteem, personal efficacy, future orientation) among disadvantaged individuals and families are shown to be largely resulting from economic shocks and adverse experiences, and adaptations to environment and circumstances (Corcoran, 1985; Billings, 1974). The past 15 years have seen the emerging of a flourishing literature around the importance of aspirations to the IGT of poverty. The fact that individuals in poverty and the children growing up in poor families display lower self-esteem, confidence, lower aspirations and that poverty affects decision-making and cognitive processes is well-documented (Sheehy-Skeffington and Rea, 2017; Dalton et al., 2016; Ray, 2006; Genicot and Ray, 2014). A number of reviews have summarised the key lesson from studies focusing on aspirations across a number of disciplines, including economics, psychology, anthropology and sociology (Fruttero et al., 2021; Lybbert and Wydick, 2018; La Ferrara, 2019; Genicot and Ray, 2020). Low aspirations are shown to entrench disadvantage in a bidirectional relationship: external constraints, risks and challenges posed by poverty and lack of resources exacerbate phenomena such as aspiration failure (Dalton et al., 2016; Ray, 2006), hence making these an additional cause of poverty persistence and negative future social outcomes. These explanations are congruent with evidence, including from Finland, that finds that explanations based solely on material resources do not completely explain the intergenerational transmission of social disadvantages (Vauhkonen et al., 2017).

In a systematic review of the research on these psychological phenomena, Sheehy-Skeffington and Rea (2017) find that the impact of poverty can be understood as producing a shift in psychological focus, as individuals growing up in poverty develop highly pragmatic and realistic expectations, which adapt to their environment (for example, limited educational opportunities, unreliable labour markets). The shift towards this 'proximal mindset' - towards the here, the now, the actual, and those socially close - is functional in contexts of immediate need and hardship. The influence of others such as parents, neighbours, peers, teachers, leaders, as well as distant figures in the media exert influence on aspirations and act as role models (Galiani et al., 2021; Beaman et al., 2012). This influence, however, is hard to disentangle from circumstantial factors such as family resources, exposure to stressful environments and shocks children's experience (Fruttero et al., 2021). While aspirations traps emerge in relation to a wide spectrum of social disadvantages (for example, income, social class), social norms around people's identity in their given context (such as, their gender, ethnicity, religion, immigration and disability status) may further contribute to lower as-

pirations for children in disadvantaged groups (Fruttero et al., 2021).

Figure 2 summarises this self-reinforcing relationship that can lead to aspiration failures. In particular it shows the range of factors which bear on people's beliefs and attitudes; beliefs about social mobility, attitudes such as optimism, their self-efficacy and confidence, the degree to which they believe their lives are under their control. Among these factors are also aggregate outcomes that shape the context people live in, such as inequality, social mobility and economic growth within their countries. Beliefs and attitudes influence aspirations, which in turn shape people's efforts and decisions and contribute to achieve a range of outcomes in relation to education, employment, income, etc.

In attempting to break the IGT of poverty, interventions removing material barriers alone may fail to be effective if psychological barriers are overlooked (Ghosal, 2021). Interventions that address aspiration levels and attitudes can thus enhance and facilitate the effectiveness of policies that address material constraints. At the same time, there is empirical evidence that raising aspirations needs to be put in context of matching opportunities, as higher aspirations can lead to frustration and resentment and increase risks of social withdrawal and aggression (Genicot and Ray, 2020; Appadurai, 2004; Ray, 2006; Dalton et al., 2016). As shown in Figure 2, this phenomenon can contribute to the cycle shaping aspirations, as it affects people's beliefs and attitudes, and through the key role played by family and social networks, the perverse effects that unmatched aspirations can have may bear not just on the individual but on the subsequent generations' beliefs and aspirations.

## POLICIES

Ideas around a culture of poverty and dependency have long underpinned approaches in public and social policy that saw social security as a means to regulate the lives of the poor rather than relieving poverty, as was the case for Britain's 19th Century Poor Laws (Dean and Taylor-Gooby, 1992). Even when aiming at eradicating poverty, policy approaches that rest on the assumption that poverty and its transmission are rooted in cultural, motivational and psychological deficits, would consider that the provision of economic resources likely to fail and possibly entrench poverty by fostering dependency. The main focus of these policies is tackling the influence of families and communities, for instance addressing specific behaviours within the family unit. Policies consistent with cultures of poverty and dependency include:

- Policies boosting incentives to work and disincentivising reliance on state benefits - such as increased conditionality associated with social benefits and other non-cash welfare programmes, with stringent entitlement criteria and punitive sanctions.
- Localised initiatives focusing on 'troubled families' and in particular focusing on specific behaviours (for example, substance use, anti-social behaviour, early pregnancy, parenting behaviours).

Both of the socio-cultural mechanisms explored in this section would support policies aimed at raising aspirations and attitudes (for example, self-confidence) of disadvantaged children and families. Education policies can also focus on providing young people opportunities to expand their social networks and gain access to training and skill-building activities that can shape their perceptions of possible career prospects. These policies can include programmes offering extra-curricular activities and opportunities to gain mentoring (including peer mentoring) or career advice in schools.

The idea of aspirations traps also suggests that policies focused on raising aspirations need to be combined with those improving resources and opportunities, as aspirations are not the sole determinant of people's poverty risks and in light of the perverse effects that unmatched aspirations can have.

- Area-based initiatives tackling high levels of unemployment and targeting “social mobility cold spots” (areas of low social mobility) – for instance, working with local employers, attracting larger employers in disadvantaged areas and working with local government to tackle local skills gaps.
- One (radical) approach is to alter the immediate circumstances where people live as these may shape behaviours and attitudes as well as available opportunities, this can be achieved through “mixed communities” – a well-known example is the Moving to Opportunity programme in the US, in which disadvantaged families living in public housing in high poverty neighbourhoods were moved to near poor or non-poor neighbourhoods using a randomised control trial.

## FINNISH POLICY CONTEXT

Conditionality and sanctioning in relation to unemployment benefit claims have increased in Finland since the late 1990s, with new requirements for the long-term unemployed to participate in rehabilitative work programmes from the early 2000s (Hiilamo, 2022). In the 2010s, out-of-work benefit requirements remained light in Finland by international comparison (Immervoll and Scarpetta, 2012; Eleveld, 2018). A new sanction regime (“activation model”) was implemented in 2018, with stricter requirements to participate in employment-promoting services, training or education and sanctions reducing the value of unemployment benefits, but was rescinded in 2020 by the incoming Social Democrat-led government. Recently, the new government has approved a number of changes to unemployment benefits that tighten work requirements and aim at boosting work incentives, with a focus on full-time work (Kela, 2023). Among these are an extended waiting period, the removal of the 300-Euro monthly exemption (the amount of money that an unemployment benefit recipient may earn without affecting the value of an unemployment benefit claim), with a reduction of 50 cents per Euro earned to adjusted unemployment benefits (the unemployment benefits reduced to account for wages from

work undertaken while receiving the benefits; known as the taper rate.). Meanwhile the work requirement to access earnings-related unemployment allowance and basic unemployment allowance has been extended from around 6 months to 12 months and tied to earnings (so that earnings above a certain threshold count as a full month and below that as half a month); age-related exceptions (for example, affecting unemployment related allowances for older recipients) are abolished. The system to establish the level of earnings-related unemployment security becomes staggered (decreasing to 80% after 8 weeks and to 75% after 34 weeks) with the aim of boosting work incentives. Other cuts are also specifically framed as measures to place more people into work – for instance the abolition of the adult education allowance which the government estimates will place 8,000 more people into work (Finnish Government, 2023). As these reforms are rolled out in 2024, the system will see increased conditionality with an “extensive initial assessment” and linking individual and employment-promoting services to certain obligations, particularly for younger people. For Finland, long-term unemployment has been a particularly pressing problem over the last few decades (Hiilamo, 2022). Stressing that the long-term unemployed are at higher risk of social exclusion, the government proposes to link services promoting inclusion and social integration to benefits, with the aim of boosting work incentives. Obligations include the requirement to accept services concerning active job seeking, to participate in education and training, integration, rehabilitation and other activities (Finnish Government, 2023). Claimants of adjusted unemployment benefits will be required to apply for full-time work or to accept employment and training alongside part-time work, while language requirements are also being introduced.

## 6 Correlated disadvantages model

**TABLE 6.1:** Correlated disadvantages model overview

<b>Poverty Transmission Dynamics</b>	Disadvantages across dimensions reinforce one another so that it is their interaction and cumulative impact that entrenches IGT of poverty risks.	
<b>Evidence Assessment</b>	Certainty	High/Medium
	Strength	High
	Coverage	High
<b>Relevant Policies</b>	<p>Multi-agency, whole-community (place-based) approaches.</p> <p>Approaches focused on addressing needs and service preferences of specific groups at higher risks of experiencing multiple disadvantage.</p> <p>Action in policy areas affecting a wide range of dimensions and outcomes (for example, health and social care integration, integrated mental health services, supported housing, housing quality monitoring, social housing provision, housing advice).</p>	
<b>Finnish Policy Context</b>	<p>Family services have long varied across Finnish municipalities and past decades have witnessed efforts to improve service integration and multi-agency coordination. The recent SOTE reforms and their impact on these coordination efforts is yet to be evaluated. There is evidence that a number of groups in Finland (for example, low-skilled youth, non-standard workers, economically inactive people living in rural areas) face multiple employment barriers that overlap and compound their poverty risks. In areas such as housing, Finland has developed effective approaches (for example, in regards to homelessness) which have been internationally recognised. However, housing is also an area where low-income families in Finland may experience increasing pressures, with increasing costs, cuts to housing benefits and social housing stock reduction.</p>	

### MECHANISM

Focusing on correlated disadvantages, this model stresses how it is not just the lack of material resources per se that shapes opportunity but that there are also other factors that increase risks of IGT of poverty. Family structure, parental education and neighbourhood disadvantage may be associated with family income but it is the fact that families experience a range of disadvantages concurrently that shapes life-trajectories and intergenerational dynamics. The interplay between different dimensions of disadvantage – in relation to education, health, living environment, social networks, or economic resources – is in itself a mechanism that perpetuates vulnerability and increases risks of poverty and persistent poverty. It is also important to understand these dynamics as they affect children throughout the life course. Children exposed to multiple disadvantage experience a range of poorer outcomes which are shown to be strongly correlated (Clarke and Thevenon, 2022), and which in turn shape the disadvantages they will experience in later life. This accu-

mulation of disadvantages across dimensions poses challenges in addressing and mitigating them.

Disadvantages across dimensions reinforce one another (Treanor, 2012; Duque and McKnight, 2019). Explanations of these correlated disadvantages rest on both structural risk determinants (for example, social stratification structures like class, gender or ethnicity) and biographical factors (such as divorce or the birth of a child), and other life course risks such as job loss. These structural and biographical explanations are complementary and interact (Vandecasteele, 2011), so that the effect of life events triggering poverty depends on a range of structural factors, making the probability and impact stronger for those social groups that are already at a higher risk of poverty and disadvantage. These processes of cumulative disadvantage are at work during important life transitions and are rooted in the poorer environments children face at home, in school, and in the community (Clarke and Thevenon, 2022). Social structures and institutions shape what factors lead to disadvantages in

a given society and how these factors relate to one another. This means that the way in which these disadvantages interact, accumulate and are transmitted will be shaped by the contexts in which they operate.

**EVIDENCE ASSESSMENT**

There is strong evidence pointing to the existence of correlated disadvantages and that those experiencing poverty and financial hardship also experience disadvantages across a number of dimensions (Lee and Hills, 1998; Hulme et al., 2001). In assessing the ‘correlated disadvantages’ model, however, we need to establish whether it is in fact the *combination* of these disadvantages that entrenches risks of IGT of poverty.

Some studies, such as Gregg and Macmillan (2020), find that it is the combination of multiple deprivations that explains intergenerational joblessness. They stress factors related to the strength of the local economy, as well as the protective role of education. In weak labour markets, they show that those already disadvantaged appear to be ‘at the back of the queue’ for jobs. Some studies look specifically at how disadvantages accumulate and whether the effect of this accumulation is greater than the sum of individual disadvantages and find evidence that there is a compounding of different impacts when a large number of disadvantages occur together (Jensen et al., 2007). This supports the idea that “a sliding scale of poverty persistence results from an accumulation and intensity of risk factors” (Smith and Middleton, 2007: 9) and a relationship between risk factors that tends to be more exponential than linear (Madden, 2016).

There is sometimes lack of clarity in the literature about how the “correlated disadvantages model” should be understood and measured. Where the model is simply understood as referring to the multiple background characteristics that might constrain children’s life chances, practical difficulties emerge, as it does not seem possible to exhaustively identify and measure all potential disadvantages associated with parental poverty that bear on children’s poverty risks (Corcoran, 1995). On the one hand, this approach would make it impossible to totally reject a correlated disadvantages argument while on the other hand this lack of specificity would open the possibility of subsuming other mechanisms (such as those discussed below emphasising biological and genetic factors) under a correlated disadvantages model.

Some studies have conceptualised the effect of a “correlated disadvantages model” by focusing on the effects of specific family background characteristics and contrasting these with the role directly played by income and lack of material resources. In the UK, Blanden and Gibbons (2006) have studied factors explaining the persistence of poverty from teenage years to the early thirties for different cohorts. They show that family characteristics, in particular parents’ education and work, not lower income per se, explain poverty in later life for teenagers growing up in the 1970s. However, for those who were teenagers in the 1980s low income itself directly played a role, even controlling for other family characteristics. Using odds ratios to estimate the association between teenage poverty and poverty in adulthood, they show that those growing up in poverty were at a higher risk of adult poverty than non-poor teenagers with similar family characteristics. Parolin et al. (2023) assess a number of IGT of poverty mechanisms in a study comparing the US, Germany, Denmark, the UK and Australia. This includes exploring the effects of a ‘correlated disadvantages’ model by estimating the association between childhood poverty and adult poverty after accounting for family background characteristics, and contrasting these effects to those of the “family investment model” (see review of this mechanism). Their findings show that different mechanisms appear to be more relevant in different countries, but that in all countries the correlated disadvantages model, as they define it, is significant in explaining poverty persistence, albeit to different degrees. However, it should be noted that this way of understanding and measuring the ‘correlated disadvantages’ model exemplifies the fuzziness in the literature around this concept – as defined in this section, it is the interplay of different dimensions of disadvantage, *including* economic hardship and low income, that characterises the model. Nevertheless, the study points to important contextual differences: family background characteristics explain most of the positive relationship between childhood and adult poverty in Denmark, compared to countries with higher inequality and less generous welfare states such as the US or the UK. In the US, with the state playing a weaker role in protecting families from poverty and social stratification, the family investment model has greater explanatory force.

Qualitative evidence supports the idea of a ‘web of deprivation’ suggesting that risk factors – such as poor educational qualifications, involvement in crime, ill health or exposure to violence

**TABLE 6.2:** Correlated disadvantages model – evidence assessment overview

<b>Certainty</b>	<b>High/Medium</b> There is good evidence that those experiencing poverty and financial hardship also experience disadvantages across a number of dimensions and that it is the combination of these disadvantages that entrenches risks of IGT of poverty. At the same time, the concept of “correlated disadvantages” is sometimes not clear in the literature, with consequences for how it is measured and estimated.
<b>Strength</b>	<b>High</b> There is evidence of the compounding impact of multiple correlated disadvantages, making cycles of disadvantage harder to break.
<b>Coverage</b>	<b>High</b> There is evidence that disadvantages generally tend to cluster and accumulate across dimensions of people lives. At the same time, certain smaller groups within the population are more likely to experience a greater number of overlapping disadvantages, augmenting risks of IGT of poverty.

– are unlikely on their own to lead to negative outcomes such as extensive or permanent worklessness, but that when problems are multiple, interlinked and faced in quick succession, they can have a cumulative effect (Shildrick et al., 2012). Studies exploring the lived experience of homelessness, sexual exploitation, human trafficking and violence, stress how multiple forms of disadvantage (poverty, poor mental and physical health, drug and alcohol abuse, lack of educational opportunities and exposure to crime) overlap and cannot be understood in isolation (Bramley et al., 2015; Robinson, 2010; McCormack and Fedorowicz, 2022; Hodges et al., 2022). Qualitative studies also point to how policy design and lack of understanding of how different policy areas intersect can further entrench and exacerbate poverty risks. Shutes (2022), for example, focuses on migrant, single-parent families in the UK and shows how citizenship and immigration policies restrict access to social assistance at a stage in the life course of particular need for mothers and their children. This can enforce family dependence, with possible negative consequences on emotional wellbeing and risks of domestic violence.

Some children are particularly exposed to experiencing multiple disadvantages. Burchardt et al. (2018) find that Roma, Gypsy and Traveller children in England and Wales are disproportionately more likely to be deprived on three or more dimensions (for example, housing, household economic activity, education and health), compared to other children. Qualitative evidence (Ringold et al., 2005) has shown that there are multiple and interconnected roots to Roma poverty, including discrimination, low levels of educational attainment, geographical isolation, lack of access to healthcare and poor housing (often linked to mismatches between state bureaucratic procedures and Roma ownership practices). Across countries, poverty risks are especially high for refugee or asylum-seeking children and children exposed to social risks such as homelessness, violence, and trafficking (Bove and Sharmhad, 2020; Bennett, 2012). There are higher rates of IGT of poverty among some minority groups and there is evidence that this is the result of a web of disadvantages experienced by these groups. For example, the combination of factors such as race, social and geographical isolation, and neighbourhood effects of poverty among Native Americans is shown to explain higher rates of IGT of poverty (Martinez, 2019). While the clustering of disadvantages (for example, related to parental education, family income, home environment, neighbourhood deprivation) for Māori and Pacific children in New Zealand explains the persistent vulnerability of these groups across the life-cycle and is linked to a number of negative outcomes in a range of domains (Morton et al., 2014).

Young carers are also likely to experience deprivation across a number of dimensions. Evidence from the UK shows that a substantial child poverty gap exists between young carers and other children (Vizard et al., 2019), young carers also have higher risks of social isolation as well as restrictions in relation to education and leisure (Joseph et al., 2020). While a caring role can have a positive impact on self-esteem, empathy and maturity, the pressures of caring responsibilities contribute to increased risks of mental health distress, such as increased risks of self-harm (Me-We, 2019). These multiple interconnected disadvantages pose specific challenges that can increase risks of disadvantage in later life and strategy attempting to support young carers thus require to develop approaches tailored to the needs of this group.

## POLICIES

The correlated disadvantages model highlights the dynamics that lead multiple disadvantages to accumulate and reinforce one another in children's lives and entrenching poverty transmission dynamics. As multiple disadvantages aggregate in different combinations in different contexts, an analysis of the most relevant risk factors and how they are significant for different groups within a certain context should guide policy.

At the same time, because of the overlapping nature of multiple disadvantages, no single agency is capable of addressing the complex problems impacting the lives of children growing up in poverty and increasing poverty transmission risks. Policy approaches operating in silos – say, tackling poor educational outcomes solely focusing on interventions and programmes within education – are unlikely to break the links between related disadvantages and hence address the challenges posed by their concentration.

One strategy is to adopt a multi-sectoral approach, focusing on service integration and coordination across different policy areas. Examples include:

- Multi-agency, whole-community (place-based) approaches (for example, integrated family care approaches);
- Programmes specifically addressing 'multiple disadvantage' (for example, in relation to homelessness);
- Promotion of local cross-sector collaboration and coordination (for example, between mental health, criminal justice and substance misuse services).

Approaches focusing on groups facing higher risks of experiencing multiple disadvantages. Examples include:

- Migrant integration programmes;
- Integration of assessments of needs and preferences around service design and delivery (for example, co-design and active participatory engagement of minority groups).

In turn it is also important to acknowledge that action in certain policy areas affects a wide range of dimensions and outcomes. This is the case for housing or health, so that a number of policies can be considered in this area:

- Integrated health and social care systems;
- Integrated mental health services (for example, partnerships between primary care practices and mental health specialists, school-based services);
- Supported housing (housing combined with provision of care and support services);
- Definition and monitoring targets in both the social and private sectors in relation to housing quality or overcrowding, including attention for these targets to reflect today's understanding of children's need for space and privacy;
- Increased provision of affordable, family-sized social rented homes;
- Secure funding for housing advice and tenancy sustainment services.

## FINNISH POLICY CONTEXT

As noted in the family stress model review, family services vary across Finland as they have long been delivered by municipalities (and by regional wellbeing counties from 2023). Services include assistance with financial advice, family counselling or housing, but tailored services also exist for specific groups such as the homeless



## Case study: Young carers in Europe

Young carers' needs and challenges remain often unrecognised and many countries do not have effective policy arrangements in place, including Finland which in fact has been shown to lag behind many other European countries (Leu and Baker, 2017). A European research and innovation project called Me-We – Psychosocial Support for Promoting Mental Health and Well-being among Adolescent Young Carers in Europe – examined through cross-national comparisons the most successful strategies pointing to the need to develop an approach tailored to the specific disadvantages experienced by this group. Improving prospects for young carers requires a coordinated, multi-sectoral strategy that recognises the different, multiple dimensions of disadvantage young carers face but also how these are interlinked.

Key elements of strategies supporting young carers are:

- Effective and timely identification of young carers through screening at schools and social/health settings;
- Specific training of professionals from the educational, health and social sectors to engage young carers, effectively communicate with them and understand their needs;
- Raising awareness among professionals and general public about the phenomenon, including about the challenges as well as the positive effects of caring activities;
- Flexibility is important for young carers to complete education and perform well. Recognising the special needs and challenges of young carers means adapting and developing processes to respond to these needs (for example, setting up tutoring systems,

- tailored educational plan and learning activities, flexibility around attendance and school work, use of online tools);
- Improving access to emotional and mental health support services within and outside the school;
- Introduction of an evaluation/classification system recognising soft skills gained by young carers and linking these to possible prospective work opportunities;
- Tailored career guidance – for example, to raise awareness around and access to possible flexible working arrangements;
- Set up of young carers' groups, peer support groups (including mentoring and coaching) and young carers' networks;
- Respite support and services – in some countries, such as Switzerland, this includes offering relief hours where a professionally trained nurse takes over the care.

The project also stressed some cross-cutting findings relevant to the successful planning and delivery of services:

- the importance of clear legal rights and entitlements and legal protection for young carers, which is absent in many countries;
- young carers' participation in co-designing the support they receive ensures that it fits their needs;
- sufficient financial support is needed to fully enact policy strategies and service frameworks (Leu et al, 2018).

and the long-term unemployed - for instance focusing on employment support and social rehabilitation (City of Helsinki, 2023a) – or immigrants, with integration services and specific support for children and young people (City of Helsinki, 2023b). The past few decades have witnessed efforts to improve service integration and multi-agency coordination. Recent SOTE reforms and their impact on these coordination efforts is yet to be evaluated.

In 2023 the Finnish Parliament approved a comprehensive reform of the Integration Act which will be implemented in 2025. This will occur concurrently with the transfer of employment and economic development services to municipalities, with the aim of integrating these different services for which municipalities will be responsible (Ministry of Economic Affairs and Employment, 2023). At the same time, coordination with wellbeing services counties will be needed, in light of SOTE reforms.

Finland has been internationally recognised as having adopted effective policies to tackle homelessness. The “Housing First” approach, provides people experiencing homelessness with immediate, independent, permanent housing, for instance by providing rental assistance but also through increasing housing supply (Boone and Cournède, 2021). However, housing is an area where low-income families in Finland may experience increasing pressures, and, as noted above, this may affect a wide range of outcomes and dimensions of their lives. Housing costs have increased, especially for renters, and Finland now has among the highest share of low-income households in the private rental sector overburdened by housing costs in the OECD; with 44.6% spending more than 40% of their income on rent, well above the 36.4% OECD average (OECD, 2023). This is in a context of cuts to the housing allowance and a reduction of the social housing stock over the last decade.

## 7 Genetic and biological models

**TABLE 7.1:** Genetic and biological models overview

	Inherited natural differences		Epigenetic transmission	
<b>Poverty Transmission Dynamics</b>	Underlying differences in genetic and biological traits shape life-chances and entrench poverty risks.		Recent epigenetic transmission models envisage a biological pathway by which environmental risk factors and adverse experiences may impact subsequent generations.	
<b>Evidence Assessment</b>	Certainty	Low	Certainty	Low/Medium
	Strength	Low/Medium	Strength	Low/Medium
	Coverage	High	Coverage	High
<b>Relevant Policies</b>	Largely politically discounted forms of biological control (for example, associated with eugenics).  Critique of efforts to ameliorate economic inequality, equalise opportunities or raise cognitive abilities as these approaches would be considered likely ineffective in face of innate differences driving educational, economic and occupational disparities.		Screening of epigenetic markers and integration of epigenetic risk-assessments for prevention and treatment of associated conditions.  Novel approaches to creating nurturing environments, such as neuroeducation.	
<b>Finnish Policy Context</b>	Biological explanations of IGT of poverty are not prominent in the Finnish political discourse. A number of programmes have recently been established to link research in genetics and policy – particularly health policy – but they are not focused on poverty, its transmission or eradication. The potential of epigenetics to help to understand and tackle health inequalities remains largely unexplored.			

### MECHANISM

Another model that stresses the role of individual factors shaping the IGT of poverty focuses on genetics and biology. The endowments parents are likely to transmit to children range from financial assets, attitudes, family connections as well as physical appearance, cognitive abilities and other genetic traits. According to biological and genetic IGT of poverty models there are underlying differences in genetic and biological traits across populations and the position of those at the bottom of the income distribution reflects a faulty heredity of genetic or biological disadvantages. As for “culture of poverty” models, biological theories frame those in poverty as “others”, who are deficient and inadequate when it comes to a range of individual characteristics shaping children’s life trajectories. Unlike in cultural explanations, however, poverty is conceived as the result of natural differences, for instance in intelligence and cognitive ability but also in personality traits such as aggression and locus of control. The idea that poverty, crime or mental illness can be explained

by inheritance of acquired characteristics can be documented from the 1860s onwards and in different forms, from social Darwinism to eugenics, has endured a number of falls and revivals in prominence in poverty research and policy (Katz, 2013b). Discourses around biological inferiority have also often linked poverty and race (Katz, 2013b). In the mid-1990s the debate focused on the genetic inheritance of intelligence or cognitive ability (Hernstein and Murray, 1994). In the past 15 years, research in neuroscience, evolutionary psychology, and genomics have revived interest in biological factors and their link to social phenomena, including poverty, particularly in relation to the new field of epigenetics.

Epigenetics offers a revised understanding of natural traits and their relationship with the environment. Epigenetics envisages the possibility that molecular phenotypes can be transmitted across generations, not just genotypes. In lay terms, epigenetic changes can be understood as changes in genes activity (certain stretches of DNA being switched on or off) that do not involve genetic altera-

tion but do result in the development of certain physiological traits. These epigenetic changes are responses to environmental stimuli and can be inherited. Epigenetics thus reshapes the understanding of natural traits suggesting that these might actually evolve in a dynamic manner as a response to environment rather than solely as the result of slow evolutionary genetic changes. An epigenetic transmission of disadvantage envisages a biological pathway by which environmental risk factors and adverse experiences may impact not just the individual and the individual's children but also their children's children. Environmental factors and adverse life events would cause epigenetic changes that can manifest in the next generation, for example affecting neuronal and synaptic development or the endocrine and immune systems. These epigenetic changes can result in adverse health outcomes in later life that in turn can affect life chances and bear on poverty risks. Epigenetic transmission emphasises that the focus on children's own experiences of adversity (including in utero) and their influence on future outcomes may be too narrow and adverse parental experiences even in early life may lead to biological changes that are transmitted across generations (Scorza et al., 2019). Importantly, epigenetic changes are not immutable and there is the possibility that they can be reversed, for instance when an intervention provides a different environmental stimuli (Scorza et al., 2019; Loi et al., 2013). If epigenetic traits are responsive to environmental cues, they can be influenced by social institutions and policy.

**EVIDENCE ASSESSMENT**

The analysis above has identified two different mechanisms underscoring the role of genetic and biological factors in the intergenerational transmission of poverty: one focused on inherited natural differences, and one drawing on recent insights within the field of epigenetics. The below reviews and assesses the evidence in relation to both separately.

**Inherited natural differences**

In the 1990s, research on the role of heritable characteristics to explain inequality, poverty and social disadvantage was revived, particularly following the publication of Herrnstein and Murray (1994, "The Bell Curve". The empirical evidence grounding claims around the stronger explanatory role of inherited intelligence and cognitive ability over socioeconomic background (Herrnstein and Murray, 1994) has since been widely assessed and questioned (Fischer et al., 1996; Heckman, 1995). Causality in relation to the IGT of poverty is ultimately hard to establish. In a well-known paper in economics, Bowles and Gintis (2002) find that while genetic transmission of earnings-enhancing traits (for example, personality traits) appears to play a role in the transmission of economic status, the genetic transmission of IQ appears to be unimportant. IQ has been shown to be subject to large environmental influences with heritability contingent on family socioeconomic status (Conley and Domingue, 2016).

Studies involving twins are often used to assess genetic transmission, such as in relation to earnings, income or educational attainment (Sacerdote, 2011; Björklund and Jäntti, 2020; Branigan et al., 2013). In an international meta-analysis of twin studies, Branigan et al. (2013) estimated that between 25%-40% of the variation in educational attainment can be attributed to genetic endowments. Other studies suggest that the influence of genes or the environment varies for households across the income distribution, with the influence of genes being more important to explain differences (for instance IQ variance) among affluent families than for disadvantaged families, where environmental effects play a great role (Turkheimer et al., 2003). Country differences are also found. For example, sibling correlations indicate that family background is more important in the U.S. than in the Nordic countries in relation to the transmission of educational attainment and earnings (Mogstad and Torsvik, 2023). This suggests the importance of

**TABLE 7.2:** Genetic and biological models - evidence assessment overview

<b>Certainty</b>	<b>Inherited natural differences: Low</b> There is evidence that genetic and biological traits play a role in the IGT of poverty but causation and interplay with environmental factors are hard to establish.
	<b>Epigenetic transmission: Low/Medium</b> Evidence from epigenetic studies is at present not conclusive but points to the interaction of a biological component, not isolated but actually deeply related to the environment, with other mechanisms.
<b>Strength</b>	<b>Inherited natural differences: Low/Medium</b> There is mixed evidence in relation to extent to which a number of traits studied in the literature contribute to the IGT of poverty. Returns to genetic endowments appear to be stronger in more advantaged households.
	<b>Epigenetic transmission: Low/Medium</b> Epigenetic effects seem to be significant in explaining health outcomes and disparities. However, the current evidence base does not allow a definite assessment of the strength of the effect of epigenetic changes on the IGT of poverty.
<b>Coverage</b>	<b>Inherited natural differences: High</b> Incidence of biological and genetic traits would be widely spread across the population.
	<b>Epigenetic transmission: High</b> Poverty as an environmental stressor would impact the population widely, and potential resulting epigenetic changes would have a far reaching impact on health outcomes for subsequent generations. At the same time risks would be higher for certain groups exposed to multiple stressors and sources of disadvantage.

the interplay with specific environments to understand biological transmission. Moreover, findings from twin studies may lead to overstating the importance of genetics in the general population, because twins (especially monozygotic twins) may be exposed to a different treatment in their environment than ordinary siblings, and because they may influence each other more than ordinary siblings do (Mogstad and Torsvik, 2023).

Recent studies on the genetics of educational attainment have focused on geographical differences and on migration dynamics: suggesting the concentration of certain traits in the population in certain areas or the likelihood of migrating from depressed areas (Abdellaoui et al., 2019; Belsky, 2016; Hill et al., 2016). This literature also stresses that rather than considering these findings as supporting a bio-deterministic explanation of neighbourhood disadvantage, this evidence complicates efforts to draw causal inferences. Social processes concentrating disadvantage in some places across a number of dimensions (for example, employment, education, crime) will induce geographical variation in genotypes, because of people's differential capability to choose their place of residence (Harden and Koellinger, 2020).

Recent studies are careful in stressing challenges in estimating causal effects, as associations between genes and outcomes reflect also indirect effects operating, for example, through the family environment (Papageorge and Thom, 2020; Harden and Koellinger, 2020). Many studies stress gene–environment interactions, showing that growing up in resource-poor environments imply lower returns to genetic endowments (Guo and Stearns, 2002) or that returns to genetic endowments are stronger in more advantaged households (Turkheimer et al., 2003; Papageorge and Thom, 2020). Overall, evidence points to the fact that gene expression is mediated by environments and that genes need sufficiently rich environments to fully express themselves. The recent shift of research focus on epigenetics further underscores this conclusion.

## EPIGENETIC TRANSMISSION

As a new field of study, at present the evidence that epigenetic intergenerational transmission exists in humans is still developing (Scorza et al., 2019). Some studies (involving Holocaust survivors, genocide survivors, famine survivors) found some evidence that adversity experienced long before pregnancy can lead to changes in DNA methylation (Yehuda et al., 2016). However, proving causation and differentiating between epigenetic inheritance and social transmission remains a challenge. Epigenetic research has generally stressed how the focus on prenatal experiences in utero may be too narrow, as adverse parental experiences may have consequences on children well before pregnancy: some studies have emphasised the effect of early trauma (for example, abuse in childhood) on later outcomes such as pre-term delivery and birthweight separately from pregnancy stressors (Margerison-Zilko et al., 2016).

Early trauma also seems to affect the placenta environment regardless of women's health or experiences during pregnancy, as found in some studies controlling for sociodemographic, biophysical, obstetric, behavioural, and psychological factors in pregnancy (Scorza et al., 2019).

A large literature has focused on the social determinants of health and epigenetic changes. The housing literature has also identified epigenetic changes as a pathway through which housing affects health outcomes and health disparities (Clair et al., 2024). Chen et al. (2021) focuses on the relationship between early stress (not just experiences of poverty but also child abuse and neglect or family conflict) and alterations of the immune system. They identify epigenetic dysregulation (for example, including increased inflammation, susceptibility to illness, DNA methylation) that can be linked to poorer mental health, such as increased risks of depression, and poorer physical health, such as risk of cardiovascular diseases, type II diabetes and cancer. An association between epigenetic markers and depression is also reported by Lin and Tsai (2019). Epigenetic associations are found in a number of studies between adverse childhood experiences since early stages of infancy and impaired immune function and accelerated ageing (Evans et al., 2021; Mareckova et al., 2023), or between economic disadvantage and children's cognitive functioning and educational performance (Raffington et al., 2022). Other studies, depending on the epigenetic markers studied, do not find evidence of associations (Caramaschi et al., 2022). At the same time, a literature is developing seeking to understand the role of epigenetics in interventions attempting to improve health outcomes. Through the study of randomised controlled trials, this literature has shown that epigenetic changes can be reversed and that epigenetic effects are important to understand the biological pathways linking the impact of environmental and life-style stressors to health outcomes (Purewal Boparai et al., 2018; Fitzgerald et al., 2021).

Reviews of this fast developing literature (Krause et al., 2020; Evans et al., 2021) stress limitations of the current evidence base. The dominant focus of certain types of epigenetic markers (for example, DNA methylation) does not allow an assessment of the contribution of other epigenetic mechanisms, making causal conclusions tentative. A number of technical challenges in sampling, testing techniques and data interpretation have been identified and weaken claims based on current evidence (Cerdeña, 2022; Evans et al., 2021). Moreover, at present, epigenetics research lacks instruments to answer specific IGT of poverty questions as instruments that accurately quantify the impacts of adversity across possible multiple dimensions (poverty, housing quality, segregation, toxic exposures) are lacking (Cerdeña, 2022). In general, little is known about how different adverse events will result in epigenetic markers, as well as how these markers can be reversed.

Overall, there isn't the evidence to claim that epigenetic changes alone, or even primarily, cause IGT of poverty (Scorza et al., 2019),

but the current evidence base suggests that there is a biological component, not isolated but actually deeply related to the environment, which should be further understood in conjunction to other mechanisms.

## POLICIES

Biological theories grounded in genetic essentialism might call for forms of biological control associated with eugenics. Today, these policy approaches are largely discounted. Policy arguments emerging from genetic explanations of inequality (Herrstein and Murray, 1994) offer a critique of governments' efforts to ameliorate economic inequality, equalise opportunities, raise cognitive abilities as these are likely ineffective in face of innate differences driving educational, economic and occupational disparities. At worst, these policies are disruptive of innovation and productivity, wasting resources on those who are naturally less productive and limiting resources to the most talented.

Current thinking in relation to epigenetics suggests that changing environmental stimuli might have intergenerational physiological consequences. This can, for instance, reverse ill health effects associated with the trauma and stress of living in poverty. In practice, existing policies (for example, around food insecurity, housing or income transfers) already shape the environmental stimuli children and their families are exposed to but an understanding of their effect on epigenetic changes is still developing. Possible policy directions in this emerging field include:

- Development of screening and diagnostic tools in early life – for example, risk assessments based on epigenetic markers for a number of later life diseases;
- Preventive interventions attempting to revert potential adult consequences, focusing on early life and on the whole family. These can concern design of changes around the family, neighbourhood and care environments – for example, cleaner air, better housing, less stressful home environments etc. which can influence epigenetic markers toward a more favourable gene expression profile. In health, these also include pharmaceutical interventions and personalised medicine strategies (Dupras et al., 2020);
- Interventions to improve therapies and treatments of certain conditions – for example, targeting some epigenetic markers linked to specific diseases;
- Neuroeducation is an evolving field, attempting to promote nurturing learning environments.

Many researchers in the field of epigenetic are wary of how epigenetic arguments will be digested in the public sphere and used to support future policies (Meloni, 2015). Epigenetics, as an emerging field, can be used to challenge biological essentialism as well as bridging between individual and structural explanations of the IGT

of poverty. Stressing how experiences of structural vulnerability, oppression and hardship might shape neuroendocrine programming for particular families and groups, epigenetics can link structural disadvantage to increased individual risks in developing, for example, health conditions that further perpetuate disadvantage (Thayer and Kuzawa, 2011). On the other hand, concerns also exist that new epigenetic studies may entrench racial essentialisms and beliefs in the inferiority of certain disadvantaged groups (Katz, 2013b; Cerdeña, 2022; Meloni, 2015).

## FINNISH POLICY CONTEXT

As in many parts of Europe in the late 19th Century and mid-20th Century, ideas of Social Darwinism and eugenics influenced policy discussion in Finland – for instance in relation to the assimilation of minority groups such as the Sámi (Weinstock, 2013). Nowadays, focus on biological explanations of poverty transmission mechanisms are not prominent in the Finnish political discourse, nor are the policies associated with them.

In recent years, a number of programmes have been established to link research in genetics and policy – particularly health policy. Examples include the partially publicly supported FinnGen project, aimed at collecting genome data and integrating it with national health registry information (Wahlfors et al., 2022), the establishment of a nationwide biobank network (the Finnish Biobank Cooperative) and the National Genome Strategy, which was published in 2015 and aims to collect genomic data and ensure its effective use in healthcare. Emphasis on genetic research is also part of the recent Health Sector Growth Strategy for Research and Innovation Activities. These initiatives are not focused on poverty, its transmission or eradication. Epigenetics is also not at the forefront of interests for these projects and its potential to contribute to understanding and tackling health inequalities – which are well-documented in Finland (EAPN, 2023) – remains largely unexplored.

Also relevant to the family stress model discussed earlier, another notable project is the FinnBrain Birth Cohort Study, launched in 2010, a longitudinal study focusing on early life stress and aiming to identify the combined influence of environmental and genetic factors on child development and later health outcomes.

## 8 Concluding remarks

Children living in poor families are more likely to be poor in later life. Even in countries with low poverty rates, such as Finland, poverty risks persist across generations. Addressing the intergenerational transmission of poverty is urgent with poverty rates increasing in many countries and evidence that the highest risk of poverty has shifted from the elderly to young people in many high-income OECD countries. In addition, the cost-of-living crisis and rising energy and consumer prices have further exacerbated poverty risks among families with children. Breaking these intergenerational cycles of poverty is a challenge for all countries striving to eradicate poverty and understanding the dynamics underpinning the intergenerational transmission of poverty is essential to find solutions.

This review showed that a number of mechanisms – centred around family investments, family stress, aspirations and correlation of multiple disadvantages – are supported by convincing evidence, while others – based on the idea of a culture of poverty and dependency or inherited natural differences – are not (Table 1). This is despite their resonance, especially of cultural explanations, in the current policy discourse in many countries.

The review further underscored that the different mechanisms explaining the IGT of poverty are not mutually exclusive, but in fact intersect and interact. Figure 3 tries to summarise the complex interplay of different mechanisms that were identified by the review

as having a strong or medium level of certainty based on the assessment of the evidence<sup>3</sup>.

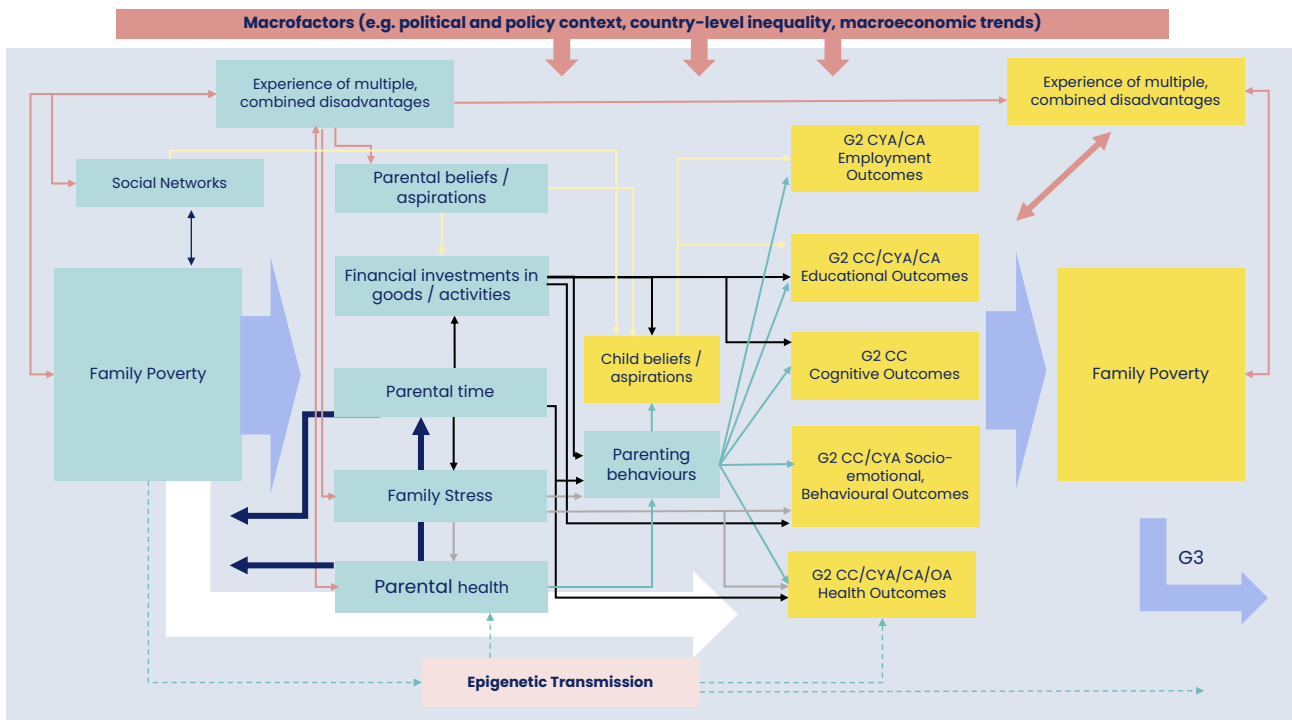
Figure 3 also attempts to show how the transmission of poverty risks can be understood in a three-generation framework, impacting outcomes at different life stages (the relationships between these outcomes are not shown for simplicity), while also framing these dynamics within the context of macro-factors shaping opportunities for individuals and families. As highlighted in the review, these relationships are not deterministic and not all children who experience child poverty live in poverty as adults, but their risk of living in poverty is higher than for their more advantaged peers. In addition, while there is evidence that certain mechanisms have an influence on the intergenerational transmission of poverty, they do not affect all individuals at risk or in the same way. For example, family stress has been shown to have a negative impact on parenting behaviours, but the review has shown that by no means all

<sup>3</sup> Figure 3 builds on Gerhoff's (2007) framework – also cited in Cooper and Stewart (2013) – to understand the relationship between poverty and children's outcomes. That work focused solely on the family investment model and the family stress model, and specifically looked at cognitive and social/emotional outcomes.

**TABLE 8.1:** Overall evidence assessment of the five mechanisms

Mechanism		Evidence assessment		
		Certainty	Strength	Coverage
<b>Family investment model</b>		High	High	High/Medium
<b>Family stress model</b>		High	High	High/Medium
<b>Socio-cultural models</b>	Culture of poverty	Low	Low	Low
	Aspiration traps	High	Medium	High
<b>Genetic and biological models</b>	Inherited natural differences	Low	Low/Medium	High
	Epigenetic transmission	Low/Medium	Low/Medium	High
<b>Correlated disadvantages model</b>		High/Medium	High	High

**FIGURE 3:** Mechanisms shaping IGT of poverty risks



- G1 (Generation 1) - Parents
- G2 (Generation 2) - Children
- CC (child-childhood) / CYA (child - adolescence, young adult) / CA (child - adult) / COA (child-old age)
- Family investment model
- Family stress model
- Aspiration traps
- Correlated disadvantages model
- - - Epigenetic transmission (dashed line to signal the medium/low certainty assessment)
- Generic relationship lines

*Thicker lines are used to avoid further overcrowding the figure and they signal that a specific element has multiple influences. For example, time poverty limits opportunities to find better employment, hence impacting income and material hardship, while also making it hard to expand one’s social network. Similarly, ill health can affect family income, increase material hardship and restrict opportunities for social interaction, while it also affects stress and time dedicated to the family. In addition, income has been shown to have a causal impact on key children’s outcomes – as shown by the thick grey arrow. Finally, second generation (G2) outcomes can both entrench and be shaped by experiences of multiple concurrent disadvantages.*

parents living in poverty who are experiencing high levels of stress have harmful parenting practices.

This image cannot do full justice to the complexity of the mechanisms that underlie the IGT of poverty. For instance, evidence on the direct impact of income poverty has been shown to have differential effects on outcomes at different life stages, such as on cognitive development in the early years and behavioural outcomes in adolescence. The effects of poverty on health and development have also been shown to vary depending on whether poverty spells are short and transient rather than chronic and persistent. The figure however captures how the mechanisms for which the review found stronger supporting evidence are intertwined, sometimes standing in mutually reinforcing relationships.

An important upshot of this analysis is that the actual ‘mix’ of

the most relevant mechanisms explaining the IGT of poverty in a given country is likely to vary. For example, the review found that the family investment model may be more relevant in contexts such as the US, where, compared to the more generous welfare systems in Nordic countries, poor families are less likely to access generous income support and extensive public services. At the same time, the saliency of the different mechanisms can change across time – as shown by the case of the UK, where the family investment model has become more relevant for younger cohorts than it was in the past. Ultimately, what this shows is that policy matters and that the policy context shapes the vulnerability to different IGT of poverty mechanisms.

On the one hand, this suggests that breaking cycles of disadvantage requires a diagnostic exercise, assessing who is most at risk of

experiencing poverty and at what point in the life-course. Only by understanding poverty dynamics in a given context and the groups at risk can the most salient mechanisms (and connected policy responses) be identified. For instance, even in a context of low overall child poverty rates, some groups may experience vulnerabilities across a number of dimensions, suggesting that the ‘correlated disadvantages model’ may play a significant role in the risks of IGT of poverty for these groups.

On the other hand, we can also draw some overarching lessons that inform policy development to address IGT of poverty risks:

- Eradicating (or at least reducing) poverty remains a key policy priority relevant to all the mechanisms covered here. There is evidence that money itself matters and strong support for the hypothesis that income has a causal impact on a range of child outcomes. There is also evidence that being in poverty is linked to experiencing disadvantages across dimensions, making it harder to break cycles of disadvantage. Policy priorities thus include ensuring the adequacy of social security for families with dependent children, as well as employment policies – such as tackling low pay, addressing in-work poverty, improving in-work progression as well as ensuring these policies are family-friendly and consider aspects such as time poverty. At the same time, families’ financial resilience matters beyond the focus on resources per se, because of the role that financial insecurity plays in relation to family stress.
- Positive parenting and stimulating home environments are crucial to boost children’s life chances. These can limit the negative impact of child poverty on children’s cognitive and socio-emotional development. Policies addressing parenting behaviours need on the one hand to recognise the causes of stress shaping these behaviours and the role parents’ psychological wellbeing and mental health as well as children’s own social and emotional health, which shape beliefs, attitudes and behaviours in later life. On the other hand, it is essential that policies in this area are designed not to further entrench stigmatisation, stereotyping parents in poverty as “poor parents”, as stigma is a further source of pressure on mental health and family stress with influence on the IGT of poverty. ‘Whole family’ approaches rather than ‘treating’ individual members can be more effective.
- Action in certain policy areas affects a wide range of dimensions and outcomes. This is the case for social security, but also for housing or health. In regards to the latter, given suggestive evi-

dence of possible epigenetic transmission, more can be done to understand and address the social determinants of health exacerbating health disparities and in turn shaping further IGT of poverty risks.

- Multidimensional, multi-agency approaches supported by adequate service integration are relevant to a number of mechanisms – such as in relation to tackling family stress or correlated disadvantages. Multi-agency services are likely to be more effective than trying to address issues individually, particularly where there is an understanding of the inter-linkages between multiple causes and multiple effects.
- Finally, people’s attitudes and beliefs matter and play a complementary role in explaining the IGT of poverty. This does not mean that poor families hold abnormal values, but rather that adverse experiences and economic hardship lead people to adapt to their circumstances – for example, developing highly pragmatic, short-term goals and expectations which are realistic and necessary to navigate their immediate environment. These dynamics are linked to family stress, as poverty is shown to deplete cognitive and emotional resources, affecting people’s attitudes in securing immediate benefits. Policies boosting children’s aspirations can complement educational policies attempting to break the link between child poverty and later outcomes. With the caveat that aspirations need a matching reality of accessible opportunities, these policies can contribute to the array of influences shaping children’s expectations and role models, boost confidence, self-esteem and optimism and allow children and young adults to seize educational and employment opportunities.



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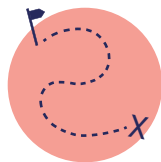
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