

ВЛИЯНИЕ НА ИКОНОМИЧЕСКАТА КРИЗА ВЪРХУ ДЕЦАТА
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THE IMPACT OF THE ECONOMIC CRISIS ON CHILDREN
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Abstract

The aim of this paper is to examine the effects of economic crisis on children. The economic crisis as it is defined affects far more the lives of children of disadvantaged families and as the statistics show children have been severely affected by the economic crisis, more than any other segment of the population. The crisis has not just changed their well-being in material terms but has had negative psychological effects as well.

Another serious consequence has been the effect that the crisis has had on child care and schools as many children experience sudden changes in their educational process. These changes are bi directional and affect the psychology of the children and the family as well.

In order to deal with this problem affectively, special programmes need to be implemented that will address the key issues one by one and provide solutions.

Keywords: *Children, Economic crisis, Family, Poverty, Insecurity, Stress, Well – being, Stability, Education and child care, Development , Support*

JEL Codes: *A13, A14, D1*

Introduction

The economic and financial crisis, which began at the end of 2007, was not contained in the U.S. but it spread everywhere in the world.

In this article, I will focus mainly on the impact of the crisis on children in Europe. The effects of the crisis have been quite severe in many developing and developed countries but Europe, which until then had been experiencing an unprecedented economic growth witnessed a dramatic economic downturn that affected the living conditions of the population of many countries. The impact has

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not been the same in each country as it varies depending on the duration and intensity of the crisis, as well as the types of changes that may happen.

The effects of the crisis have been felt all over Europe but to different degrees. The common denominator however is the introduction of social expenditure cuts that have been directly felt by children and their families.

These cuts have in effect limited the access, of the vulnerable segments of the populations, to health, education and social welfare provisions and have also undermined the quality of these provisions.

Some European countries such as Portugal, Ireland and Greece needed big bail out packages and had to come to an agreement with the European Commission, the European Central Bank, and International Monetary Fund, the well-known “Troika”.

These bail out packages, had been conditional on serious cuts in public expenditure.

The family budget crisis

The efforts to save the economies and weather off the crisis had not been without a cost as the economies started falling in a spiraling recession and almost 10 years after the beginning of the crisis the negative effects are still evident in the countries that were the weak link of the financial system.

The labor market was among the first who felt the shock. Salaries were slashed and employees were made redundant.

For those that were employed the salary cuts lead to rising levels of in-work poverty. In Latvia for example public sector wages were cut on average by 25%. From 1st September 2009 salaries of primary education teachers were cut by 51% and those of high schools by 30%. Many schools had to be closed as a consequence. Similarly in Romania public sector salaries were cut by 25% and up to 70,000 public sector jobs were to be abolished in 2010. Bulgaria’s austerity measures aimed at reducing public sector jobs by 10% and a freezing wages for up to three years and in Lithuania one of the measures the government took was to year freeze public sector salaries for two years (Pietras, J., <http://tinyurl.com/334tnwy>).

The effects of these measures on children’s well-being have been multifold. Their families were forced to cut the family budget and adjust it to the new reality. As a result children had to experience a new family environment in which even unimportant things that were taken for granted were perceived as unnecessary expenses. Toys and entertainment were reduced, clothing items were

purchased less often and children had to make do with clothes used by their older siblings or relatives. Family excursions became less often and holiday time was reduced.

In the private sector the effects were equally serious, with jobs being lost, businesses closing down and salaries being cut (Unemployment rate, monthly average, Eurostat, update: 03-01-2011, <http://tinyurl.com/2wmp25o>).

For those were made redundant or had already been unemployed the consequences were even more serious. In many countries unemployment benefits were slashed and in some countries where those benefits had been barely enough to sustain the unemployed the situation became even worse.

In October 2010 the unemployment rate reached 9.6% for the EU 27 and 10.1% for the

Eurozone, ranging from 4.4% in Luxembourg to 14,1% in Ireland, 14,7% in Slovakia and

20,7% in Spain. For many countries (as for the overall EU27) these are the highest rates for many years.

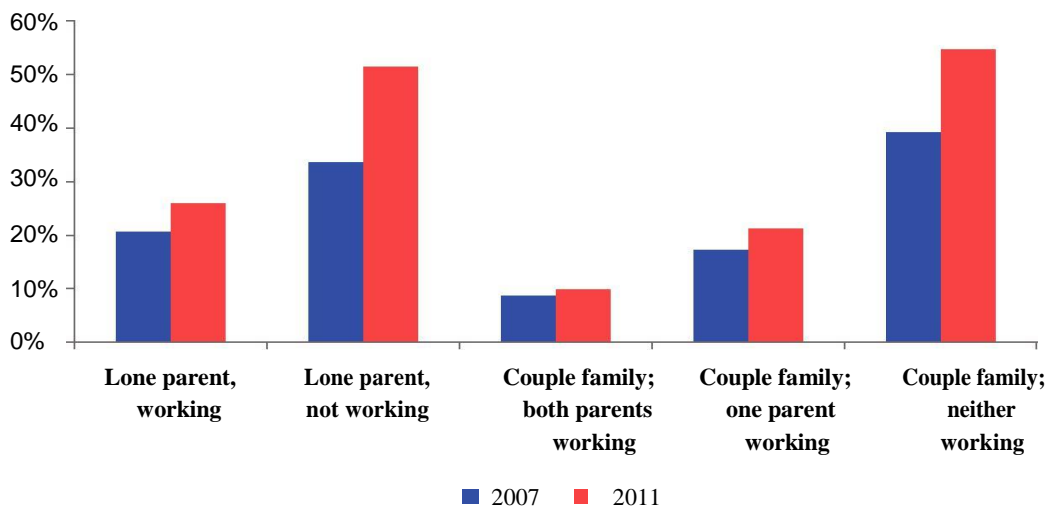
Migrant workers are another group that has been particularly vulnerable. Many of them had migrated with their children and when the recession started they had to return home and their children among other problems, will have to face the problem of trying to adopt to an educational system which they are not familiar.

In 2010, 9% of children in the EU lived in households with 'very low work intensity' (i.e. working less than 20% of their total work potential during the past year). But there are wide variations among Member States, from less than 4% in Cyprus, Luxembourg, Slovenia and Greece to more than 12% in Belgium, Latvia, Hungary, 17% in the UK and 25% in Ireland. The situation became worse after the crisis started. Between 2008 and 2010, the number of children living in households with very low work intensity in the EU increased by 3 million (Social Protection Committee (2012) SPC Advisory Report to the European Commission on tackling and preventing child poverty, promoting child well-being, Brussels: European Commission, <http://ec.europa.eu/social/BlobServlet?docId=7849&langId=en>).

The EU Social Protection Committee notes, that 'having a job remains the best safeguard against poverty and social exclusion, but it is no guarantee. In 2010, 10.7% of the working population, living in a household with dependent children, had an income below the national poverty risk threshold, as against 8.5% of the overall working population' (Ibid 5).

The difficulties being experienced vary depending on the type of family. Lone parent families find it more difficult to make ends meet and cope with the effects of the crisis, compared to couples, large families or extended families.

Figure 1: Households and workers having difficulty making ends meet, 2007 and 2011 (%)



Source: Eurofound 2012

Figure 1 shows how the crisis affected the family budgets.

Crisis in the family

The effects of the crisis on children have not been felt only in material terms.

The quantity and quality of time that parents spend with their children is affected by income reductions and the stress that follows because of it. Loss of parental time is more acute in poorer families, long working hours, less help at home and a lack of leisure activities can have a devastating effect on family relationships. For separated or divorced couples in Italy, for example, reduced incomes constraints caused by the crisis make already stressed relationships even worse (Children of the Recession. The impact of the economic crisis on child well-being in rich countries. UNICEF Office of Research. Innocenti Report Card 12. September 2014). Strained family relationships can also result in violence against children. A decline in consumer confidence during the Great Recession, as measured by the Consumer Sentiment Index, has been associated with worse parenting behavior. In particular, lower levels of consumer confidence are associated with increased levels of high-frequency spanking, a parenting behavior that is associated with greater likelihood of intervention of the relevant social services (Ibid 5).

Evictions, mortgage defaults and foreclosures have been a tragic reality in a number of countries hit by the recession. In Spain, 244,000 evictions were registered from 2008 to 2012 by the European Federation of Public, Cooperative & Social Housing. In Ireland, 400,000 mortgages were in negative equity in 2013. In Greece, at least 60,000 house owners faced immediate danger of eviction in 2013 (CECODHAS Housing Europe, Press release, 2013. www.housingeurope.eu/resource-144/about-time-to-stop-a-european-wave-of-evictions).

The cost of housing may be a challenge for many people long before evictions and foreclosures take place. Rent, mortgage payments and other housing costs constitute the largest expenditure in a family budget. The proportion of children in families overburdened by housing costs has increased in 19 European countries after the crisis (European Union, Social Europe: Many ways, one objective, p. 146).

A direct result lack of access to affordable housing may leads to homelessness of children and other extreme consequences that they will have to endure. Moreover the uncertainty about having a place to live can undoubtedly put extra strain on a family that is already trying to deal with so many difficulties.

Children become aware of the difficult times that their family is experiencing as they can perceive changes in the attitudes and the behavior of their parents even if the parents try to conceal the hard reality. In many cases they may experience fights between their parents and other such unpleasant situations that will leave a lasting mark in their souls.

Children develop properly in a stable and nurturing environment where they have a routine and know what to expect. Even if there is some change in their life they can cope with it as long as it is normal and anticipated but when the changes that occur are sudden and dramatic, children become stressed and insecure.

In normal conditions, the supportive relationship with their parents will shield them against the negative effects of instability and children will learn how to cope, adapt to the new situation and regulate their emotions. But when parents lack choice or control over change, they may be less likely to support their children in adapting to the change.

“Unbuffered” stress that escalates to extreme levels can be detrimental to children’s mental health and cognitive functioning (Shonkoff, Jack P., and Andrew S. Garner. 2011. “The Lifelong Effects of Early Childhood Adversity and Toxic Stress.” *Pediatrics* 129: 232–46.).

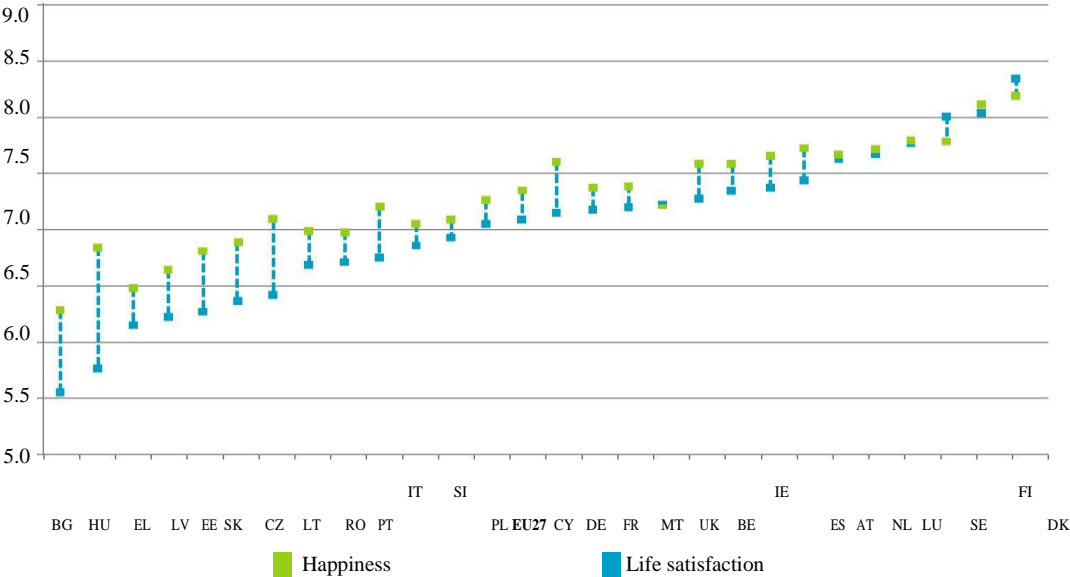
Life experiences and objective circumstances, particularly negative experiences, such as unemployment, deprivation, illness and family breakdown can all have significant impact on life satisfaction (Eurofound, 2009a),

When there is no happiness and emotional stability in the family children cannot have an emotionally balanced life.

It comes as no surprise that children’s and young people’s overall emotional well-being is being negatively affected by the crisis, as they are the most vulnerable members of the family. The psychological consequences of the financial difficulties can affect even their capacity to learn.

In some countries falling school attendance is one of the direct results. In Romania, 19% of the children drop out before the end of secondary school (Eurochild Report “How the economic and financial crisis is affecting children & young people in Europe”. January 2011). Emotional instability and dropping out of school can lead to other problems such as alcohol abuse, consumption of narcotic substances, ethnic hatred, street violence etc.

Figure 2: Life satisfaction and happiness, by country



Source: Eurofound 2009

Notes: Dotted lines show high–low range.

Q1. All things considered, how satisfied would you say you are with your life these days? Please tell me on a scale of 1 to 10, where 1 means very dissatisfied and 10 means very satisfied.

Q41 Taking all things together on a scale of 1 to 10, how happy would you say you are? Here 1 means you are very unhappy and 10 means you are very happy.

Figure 2 clearly shows that life satisfaction and happiness have been affected by the crisis and the effects are more profound in the weaker economies of the European Union, in countries such as Bulgaria and Greece, while there has been little or no change in the Nordic countries.

All in all the key points are:

- Instability often indirectly affects children by first affecting the well-being of their parents.
- Instability can lead to poor maternal mental health, negative parenting, and lower quality home environments.
- Unstable homes frequently lack the emotional and material resources that children need for healthy development.
- For parents who effectively cope with difficult transitions, positive parenting can buffer children from the negative effects of instability

The crisis in child care and education

Children are not only affected by stability in their home environments, but also in out-of-home settings where they spend considerable time, particularly school and child care settings. Any changes in these settings can negatively affect a child's developmental process.

One of the effects of the crisis has been on the educational system. Due to public expenditure cuts schools have closed down or merged with other schools and children have to experience a negative mobility. This can have negative effects during the primary school years when children are trying to adapt to school norms, build relationships with other children of their age, and start developing their basic cognitive skills. If they are forced to change schools, they will have to form new relationships and adjust to new school procedures, which can be difficult and lead to problem behaviors. Children also need time to adjust to the new school environment and as a result they often fall behind.

School mobility affects both the children who move and other students because teachers must accommodate incoming students, which often causes a disruption of the academic process.

Public expenditure cuts have taken their toll on child care programs as well.

Child care is not only very important support for employed parents but for children's learning and development as well. Among families with employed mothers, rely on child care quite a lot. When provided properly, the child care

services can have positive effects on children's cognitive, language, and social-emotional development.

The relationship or the bonds that young children develop with their caregivers form the basis of a healthy socialization development. This type of bonding and relationship are particularly important for prekindergarten children (Thompson, Ross A.2000.“The Legacy of Early Attachments” *Child Development* 71(1): 145–52).

Young children can profit a lot when they live in predictable settings with good care especially when children face some form of instability in other aspects of their lives, the qualities of caregiver relationships mentioned above provide the safety and security that children need.

The connection between child care and employment works both ways. Child care instability can cause instability at work, particularly among the low-income workers whose jobs do not provide the perks of paid sick leave or personal days. When children become ill or child care providers are not available because they themselves have been made redundant due to cuts, parents must either rely on relatives, if there are any nearby, or must miss work in order to care for their children. Those who suffer most in these cases are low income mothers who have to work shifts and have little support.

The general picture of the situation in education is quite grim almost everywhere in Europe and does not allow any optimism.

In Spain, for instance, there has been a clear trend to reduce education services, such as extracurricular activities, provision of textbooks and free meals for students from families with limited income (UNICEF (2012) *La Infancia en Espana 2012-2013: El impacto de las crisis en los niños*, http://www.unicef.es/sites/www.unicef.es/files/Infancia_2012_2013_final.pdf), with cuts of over 20% to school and higher education budgets. As a result, all state education (including early year's education and care, and primary education) has been directly affected by austerity measures and quality was reduced because they were more children in one class, teachers had to do more hours, less money was spent on improving conditions of classrooms and schools, in research in new pedagogical methodologies and ongoing training for teachers. In Portugal, the situation was not good and a high number of pupils started leaving school early and the number of pupils per class was increased to 30 students (European Anti Poverty Report. February 2011)

In Ireland, teacher numbers were cut, on top of cuts made in successive budgets that reduced subsidies to schools, cut language support teachers, education psychologists and abolished grants for music, home economics and school

libraries. Public spending on education in the UK had been growing quite rapidly between 2000 and 2009-2010, but then it experienced a fall by 3.5% per year between 2010–2011 and 2014–2015 - the largest cut in education spending over any four-year period since at least the 1950s. The largest cuts in spending were on higher education (40% in total) and spending on the early years and youth services is was cut by over 20% in real terms (35Chowdry H., Sibieta L. (2011) Trends in Education and Schools Spending, Institute for Fiscal Studies).

Cuts in public budgets for mainstream education and/or for special school education for children with disabilities and for vocational training for young adults with disabilities have occurred in a series of Member States. Some countries have suspended earlier plans to promote and implement mainstreaming in education for children with disabilities as a direct result of the economic crisis (EFC European Consortium on Human Rights and Disability (2012) Assessing the Impact of European Governments' Austerity Plans on the Rights of People with Disabilities, Bernhard Brunhes International BPI group).

Conclusion

Safeguarding the children's well-being is an investment in the cohesion of the future society. Therefore governments should ensure a quality work/family life balance for parents.

Having a job remains the best safeguard against poverty. Flexible working arrangements are important as well, because they enable parents to balance work and family commitments. A lot of attention must be given to parental leaves as well as provision of accessible, affordable high-quality children's care services both pre-school and after-school.

It is crucial that families and parents are being properly supported before problems start putting children's well-being and mental health at risk.

Providing support for children's growth and development with preventive policies that will strengthen parental responsibility should be implemented, families most at-risk should be properly looked after and escalation of problems that may push children further into poverty and risky situations will be prevented.

Furthermore, provision of services for good pre-school education – not only as a service for parents who have employment, but (and most importantly) for children's development – should be strengthened.

Good early childhood education plays a very important role in reducing the educational, developmental and behavioral challenges that disadvantaged children will have to cope with. Special provisions must be made to improve the working

conditions in the childcare sector, where jobs are typically poorly paid, and vulnerable to public expenditure cuts.

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