



**Università
Bocconi**

IEP@BU
Institute for European
Policymaking



The EU's Anti-Poverty Strategy: An evaluation and next steps

20 October 2025 | 9:00 am – 4:45 pm

Bocconi University | Leonardo Del Vecchio Building | Room N01 Piazza Sraffa 13

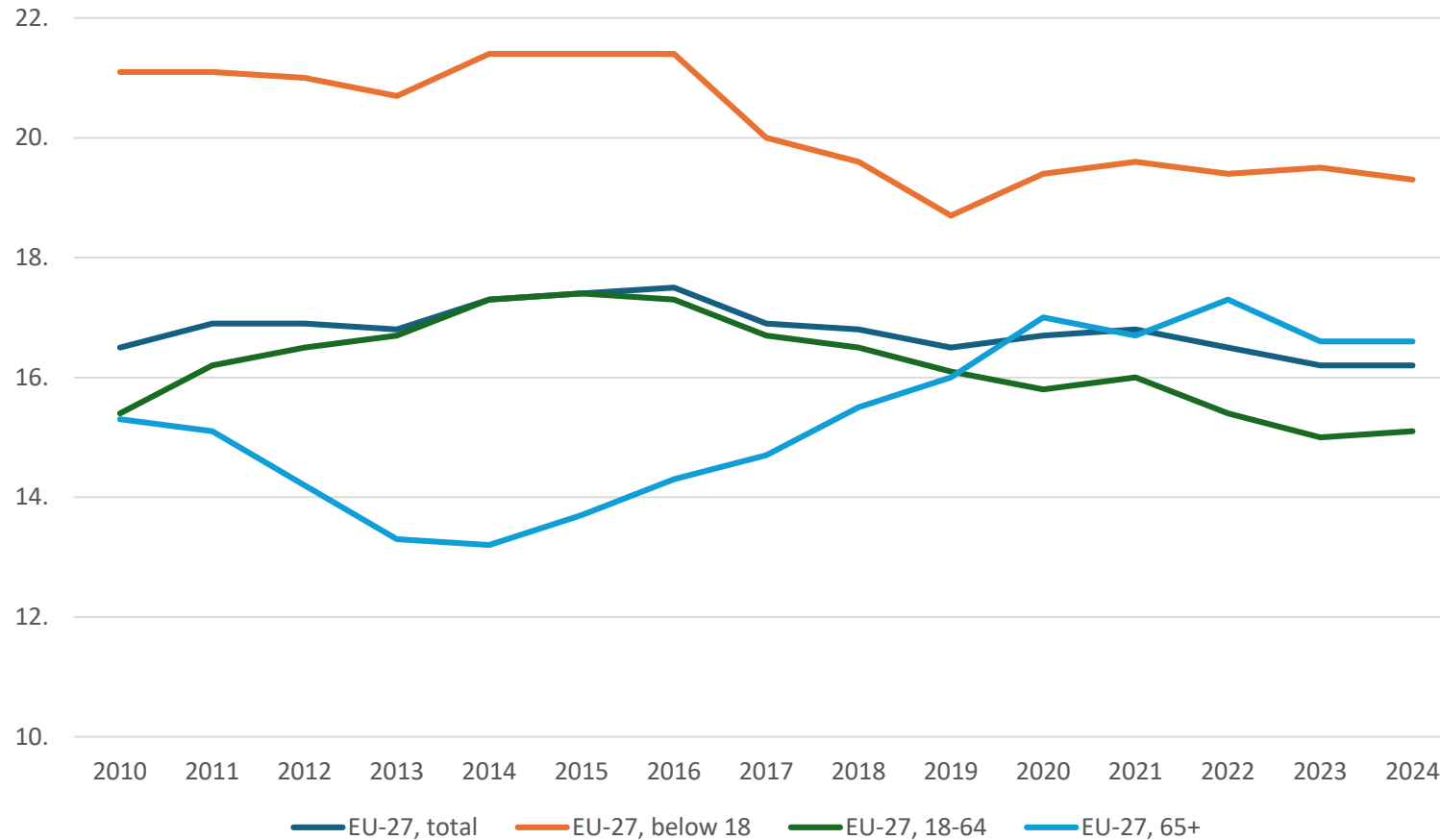
Stefano Filauro (University of Rome – La Sapienza and IEp)

**Addressing the Root Causes of Poverty in the EU Across Generations: From
Child Poverty and Old Age Poverty to Prosperity Pathways**

Outline

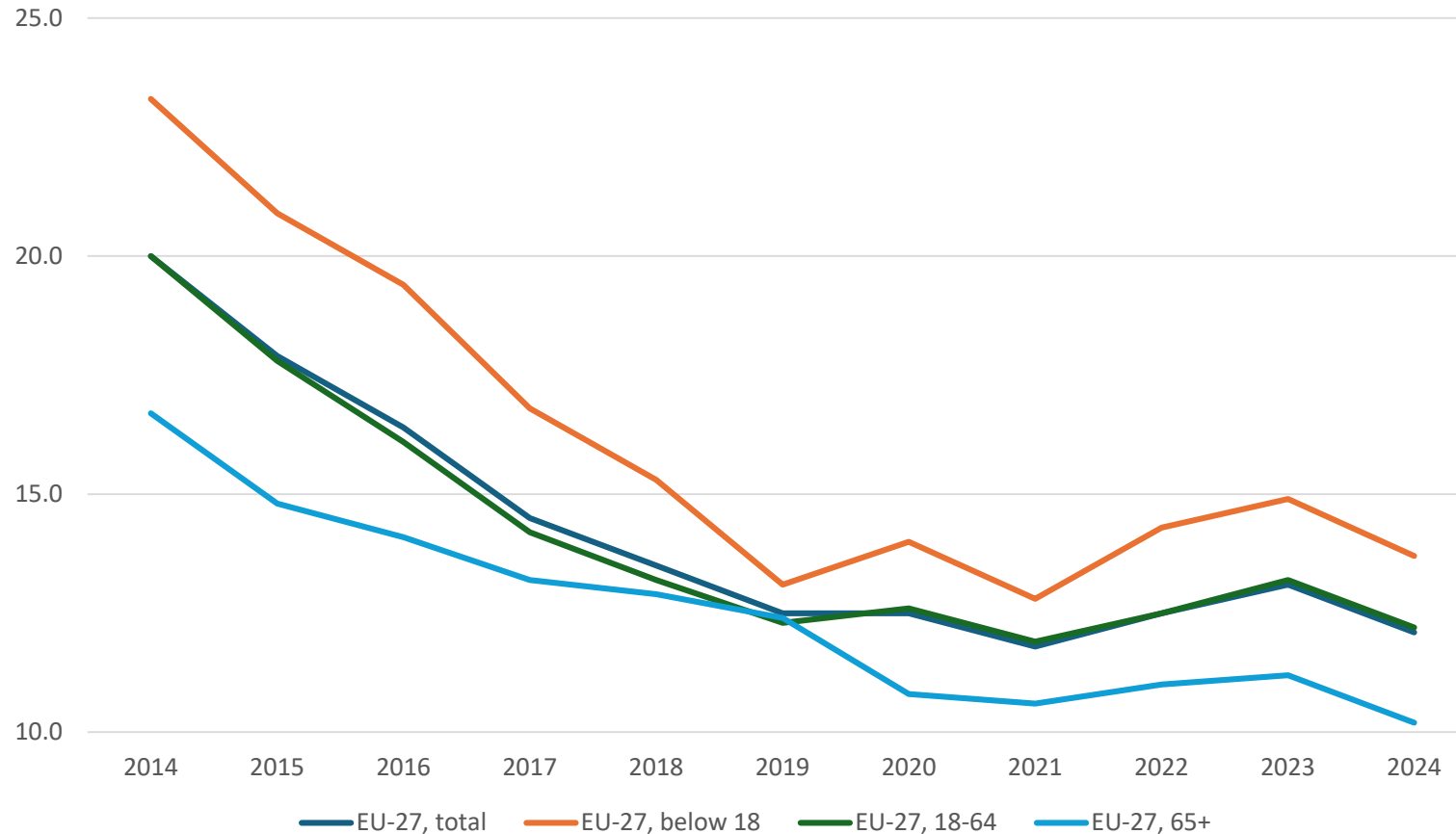
- Poverty and deprivation by age: trends
- Child poverty and adult poverty across the EU
- Intergenerational poverty
- Policy implications

Income poverty (AROP) by age



- Overall AROP remains constant
- Child poverty higher than old-age poverty but...
- Evidence of an improvement in child poverty (at least until COVID)
- Clear indications of a increase in old-age poverty (at least until COVID)

Material deprivation (SMSD) by age



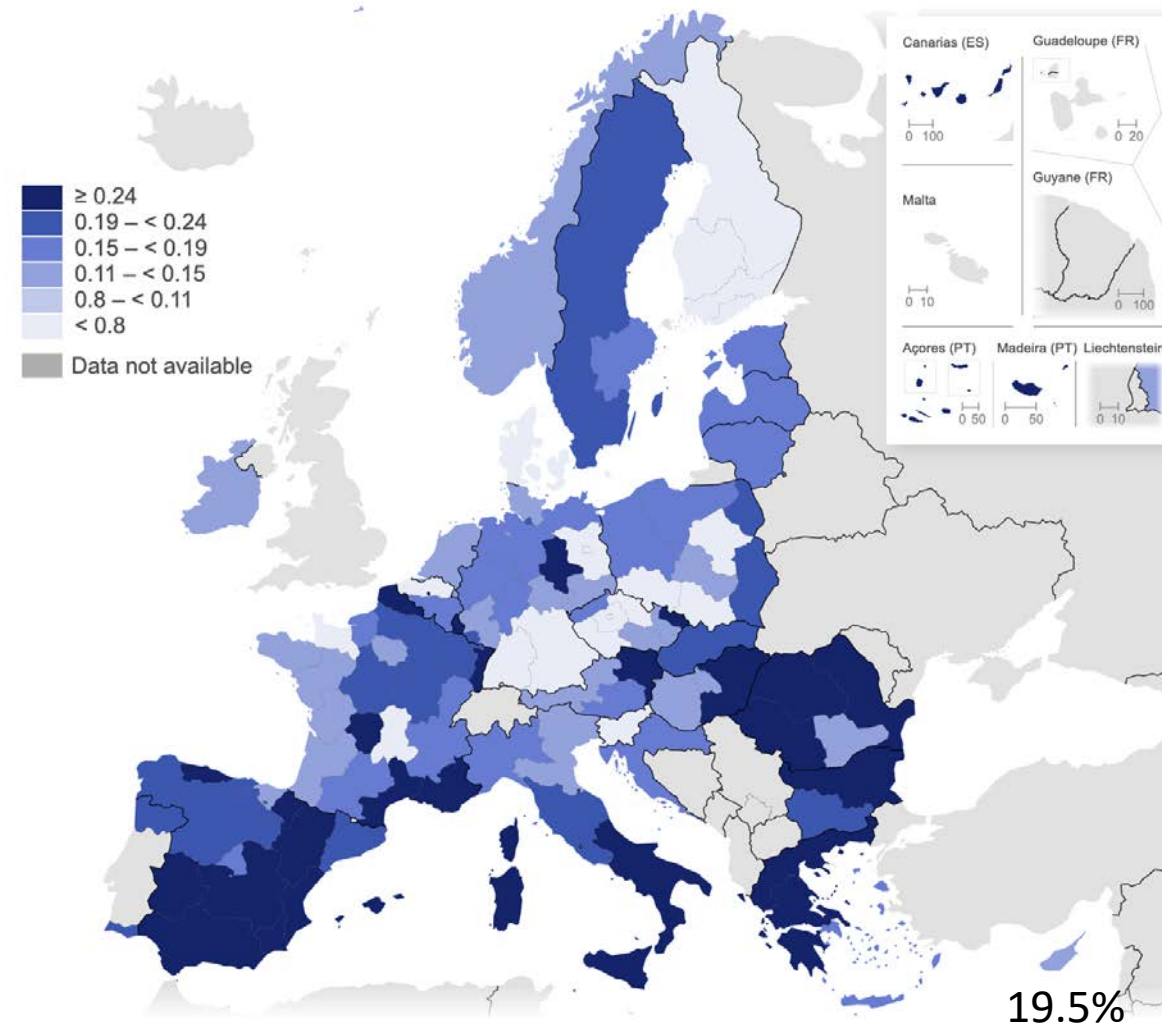
- Pronounced reduction in SMSD overall
- Child SMSD higher than old-age SMSD but...
- Clear evidence of a decline in child deprivation (at least until COVID), followed by a recent upward trend
- Indications of a decrease in old-age deprivation, with a stable trend during COVID

Main Takeaways So Far

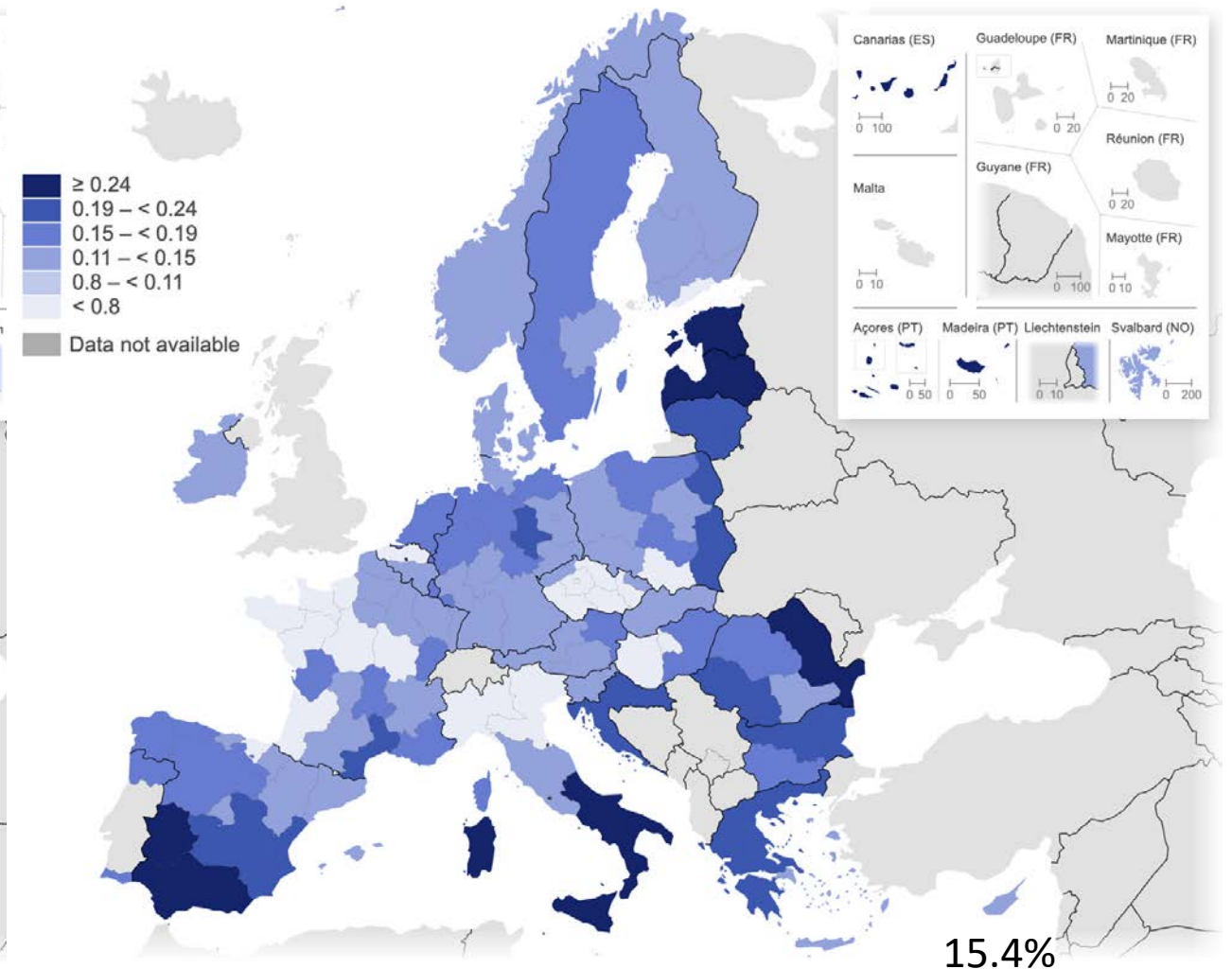
- The picture is mixed: both groups are exposed to different forms of social exclusion (children to a greater extent). Trends differ: old-age individuals are experiencing greater **income** poverty, while children seem increasingly at risk of **deprivation**.
- Both measures are calculated at the **household level** do not account for changes in age structure or household composition over time; more advanced analyses could provide nuanced insights.
- **Significant geographical differences** exist across Europe...

Child poverty vs non-child poverty

Child AROP, 2023

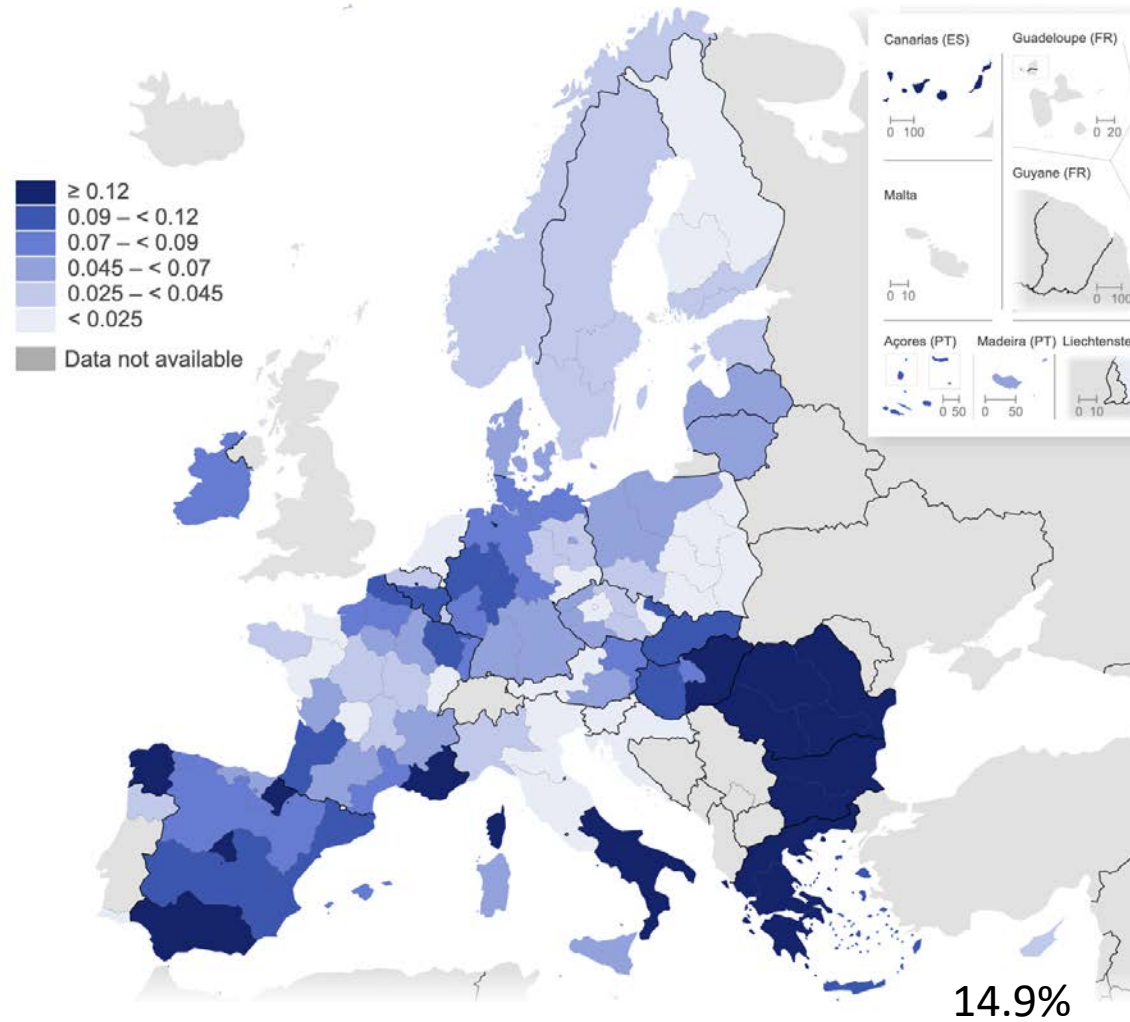


AROP 19+, 2023

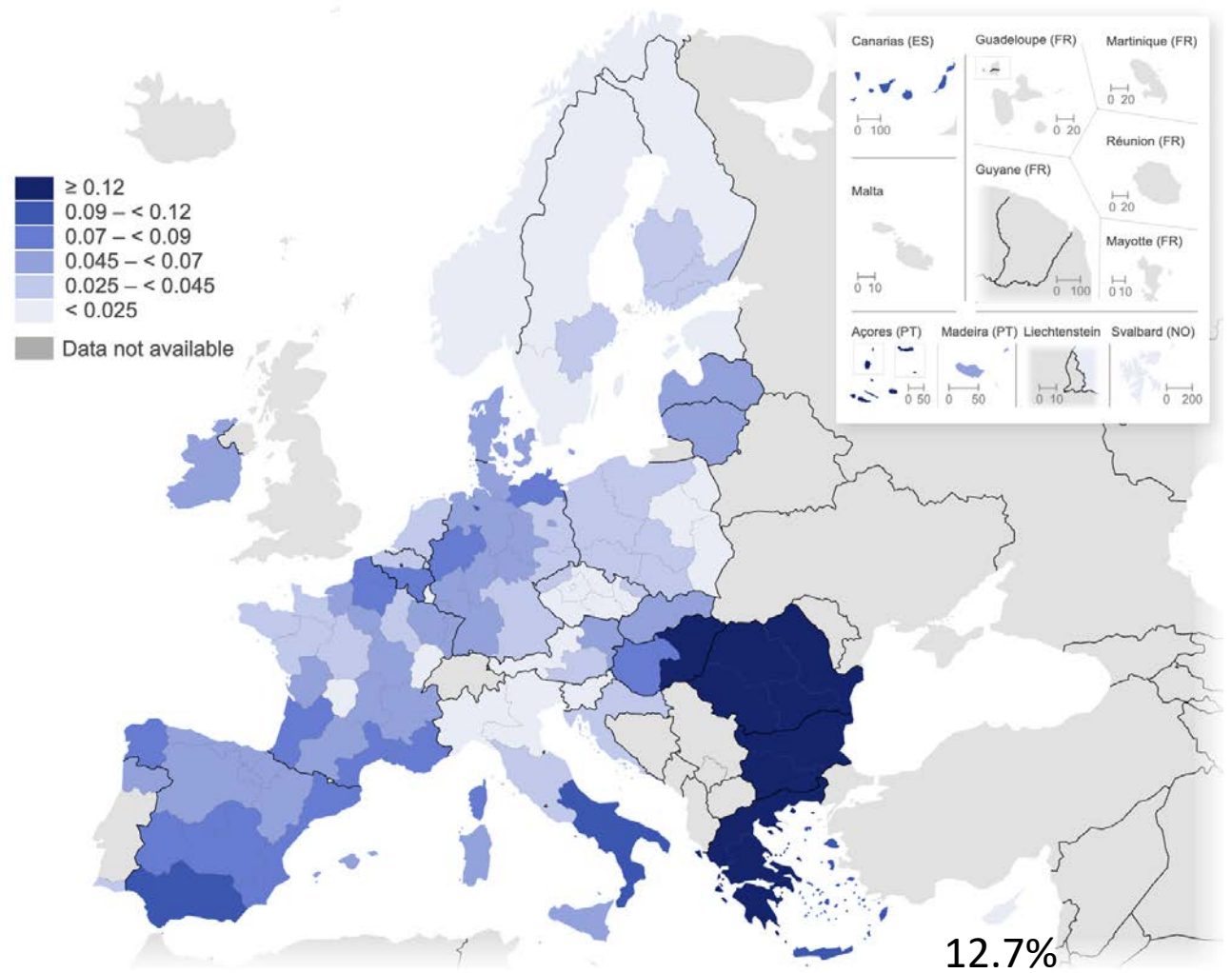


Child smsd vs non-child smsd

child, SMSD 2023



SMSD 19+



Child vs non-child poverty at the regional level

Regression coefficient: 1.37. **Strong, positive, and greater-than -proportional** relationship

Regions with higher adult poverty tend to have **proportionally higher** child poverty

Regions with 1-point higher non-child poverty have, on average, 1.37 points higher child poverty (i.e. comparing regions within the same country, holding constant country-level differences).

When poverty increases in society, *families with children are hit harder* than without children ($\beta > 1$: child pov “elastic” w.r.t non-child pov, more volatile and reactive to economic stress)

...and material deprivation

Regression coefficient :1.547

Within a given country, regions with 1-point higher non-child smsd have, on average, 1.547 points higher child smsd.

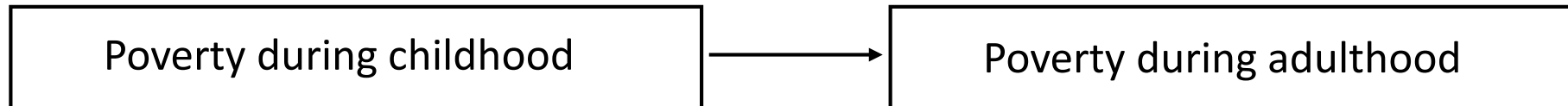
Again, the relationship is **strong, positive** and **greater than proportional**.

From snapshot to lifecycle poverty

From child poverty to adult poverty

Beyond correlations...

Growing up in poverty implies a penalty along the lifecycle
(Intergenerational poverty)



- New insights compared to intergenerational mobility (focus on poverty, specific policy implications)

Intergenerational poverty

- Estimates from prior studies suggest that **consequences of low family income during childhood** are stronger in some countries relative to others
- **United States**, in particular: strong poverty persistence (on top of strong intergenerational income and earnings elasticities; Corak, Torche, Gregg, Chetty, etc.)

Perspectives on the Intergenerational Persistence of Poverty:

1. Family Resources & Child Investment
2. Family Quality, Structure, and Characteristics
3. Place Effects
4. Mediation Effects Benchmark Access - Market Rewards Packages
5. Welfare policy Tax/Transfer Effects
6. Other (Labour market structure; ...)

Intergenerational poverty

Country	(1) Association of Childhood Poverty and Adult Poverty
United States	0.43
United Kingdom	0.16
Australia	0.21
Germany	0.15
Denmark	0.08

High-reliability estimates of intergenerational poverty with **longitudinal data** (Parolin et al 2025)

Focus on disposable income (post-tax/transfer)

Adult poverty in the age group (25-35)

Striking differences across countries (US and DK polar cases)

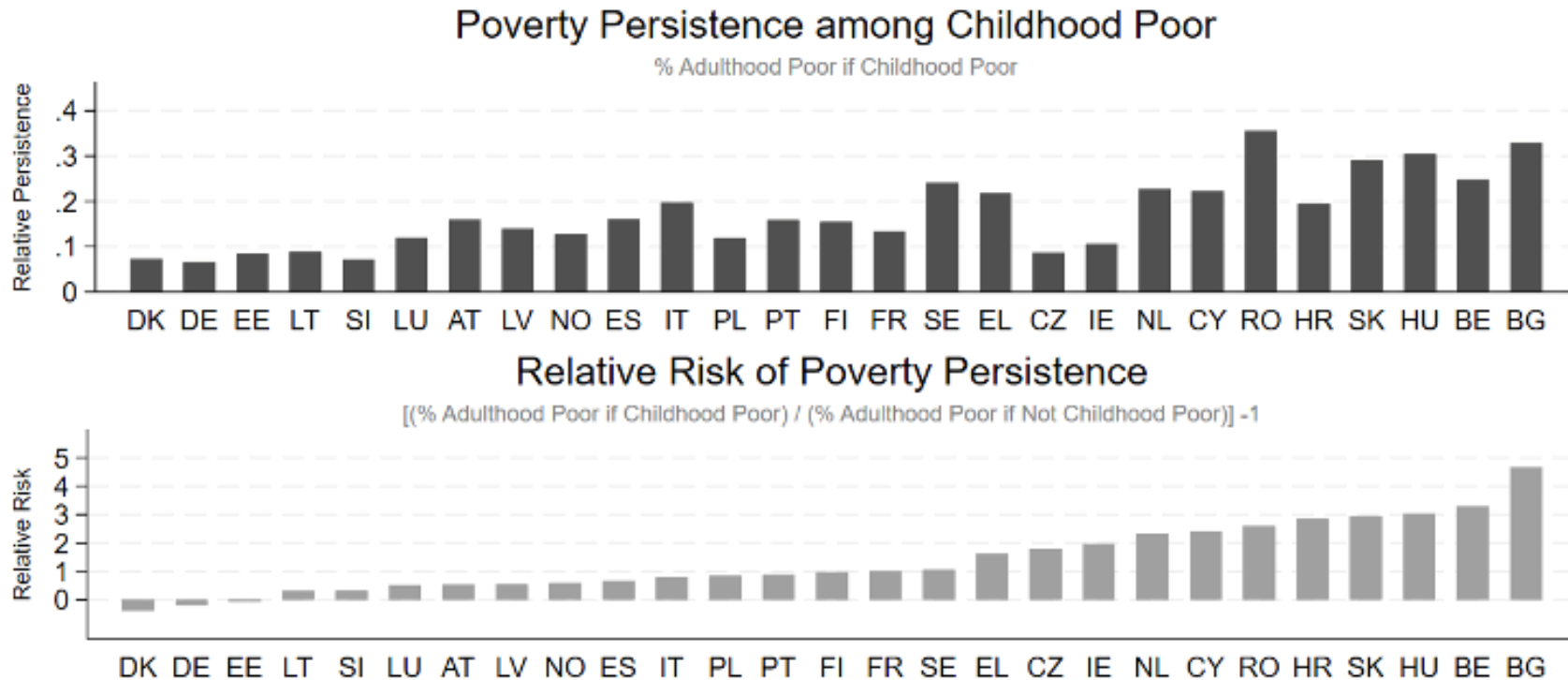
...and the other European countries ?



State of the evidence in the EU

- Evidence is accruing also for European countries in comparative form
- Data limitations (no harmonised panels)
- Pioneering studies imputing child poverty based on the parental background (Bavaro et al. 2024, Filauro&Parolin forthcoming)
- Focus on intergenerational poverty levels
- Poverty defined as disposable income poverty (AROP-like)

Intergenerational poverty in the EU



Note: Authors' analyses from EU-SILC data. Countries are ranked by value of Relative Risk of Poverty Persistence. Models use the LASSO probit when exporting the conditional association of childhood poverty with variables available in the retrospective sample to adults in the 2023 SILC. See Appendix E for alternative analyses.

Preliminary evidence

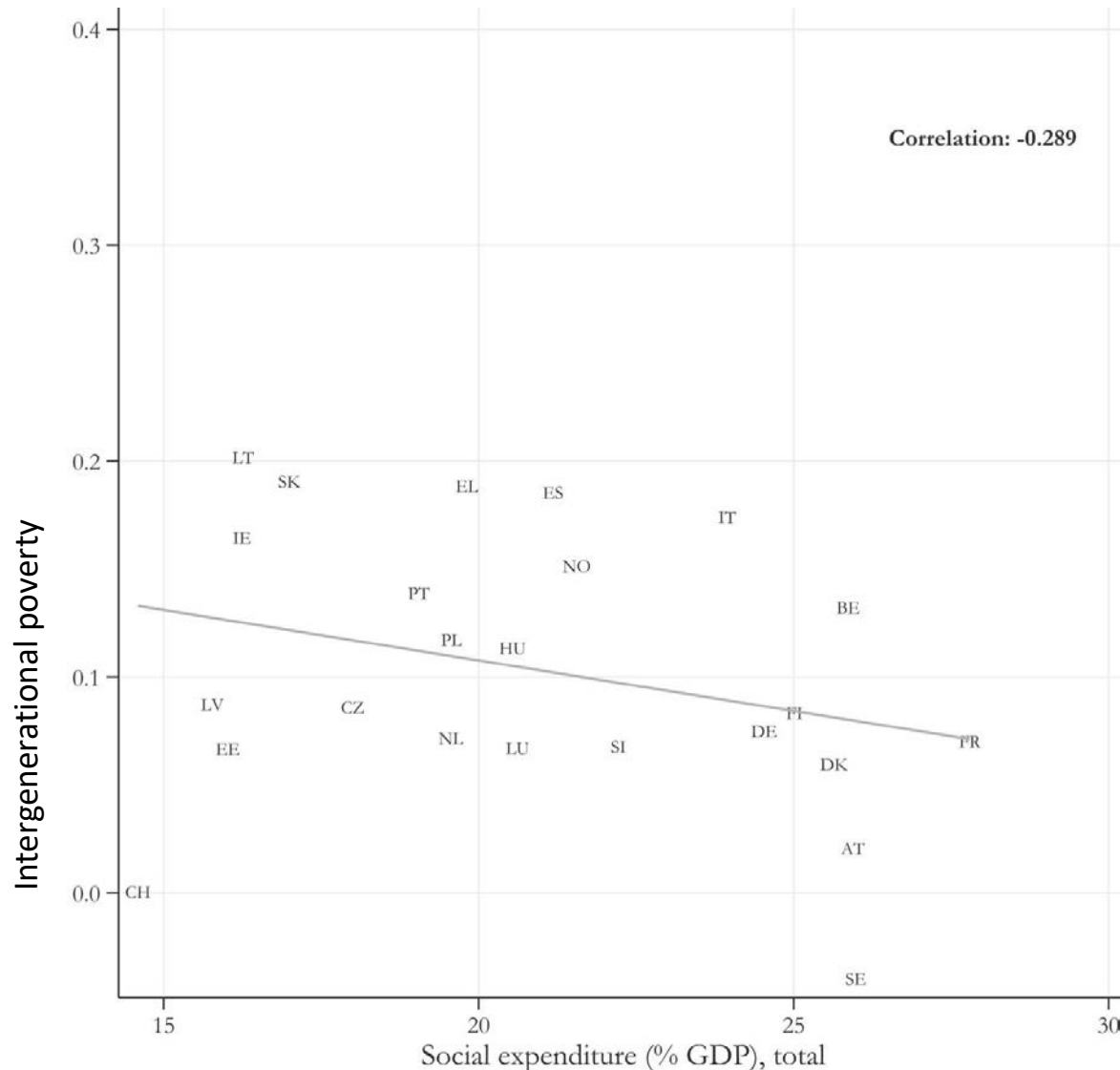
- Poverty persistence among the childhood poor: the % of poor children becoming poor adults (aged 25-35)
- Relative risk of poverty persistence: the likelihood that a poor child becomes a poor adult compared to a non-poor child.

Ex RPP: in FR a value of 1 means that those who experienced child poverty are 100% more likely to be poor in adulthood than those who were not.

Intergenerational poverty in the EU

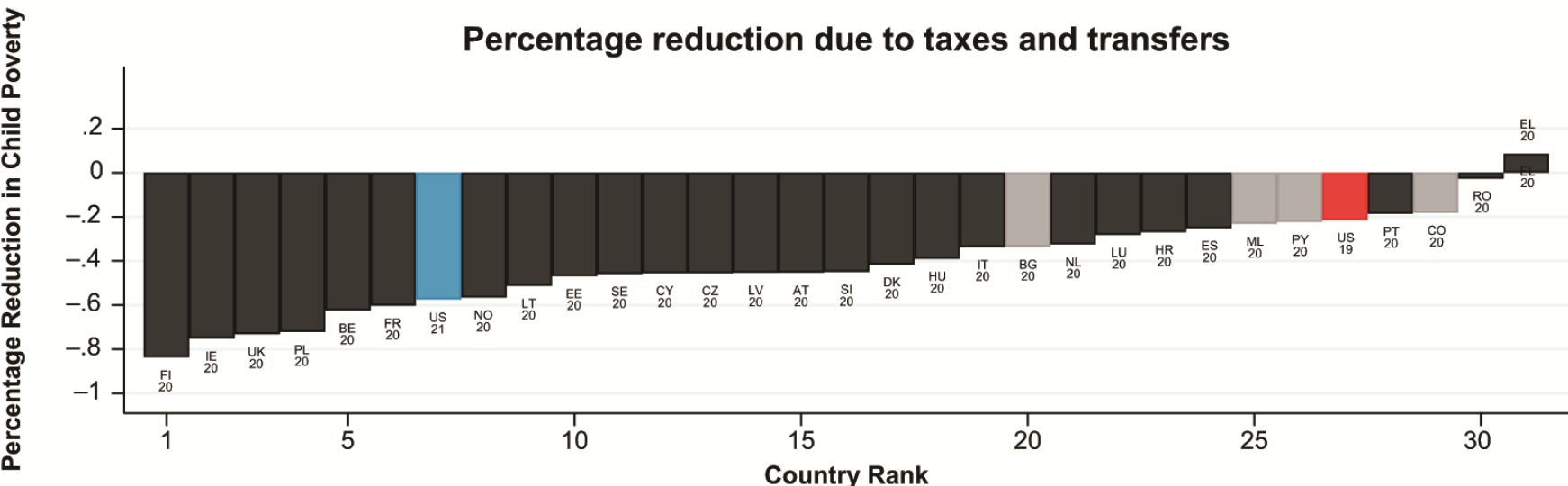
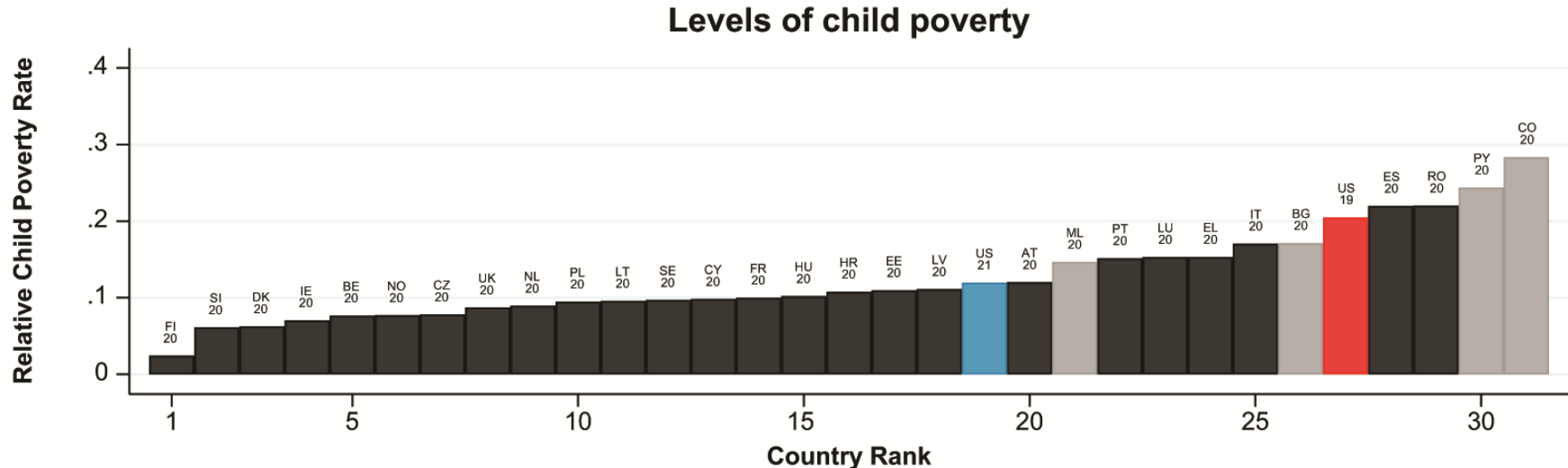
- Clear country rankings emerge: Eastern countries show higher persistence, MED countries fall in between, while Continental and some Eastern countries display lower persistence.
- Country rankings remarkably similar when focusing on the *in-work poor*, i.e. the penalty of growing up in poverty carries over into labour market outcomes.
- Data are not yet mature to analyse the mitigating effect of tax–ben systems on the intergenerational transmission of poverty (next slide).
- Identifying specific policy impacts remains a challenge. Data and methods still experimental for evaluating the effects of welfare policies (e.g. tax–benefit systems).

What the Evidence Tells Us for Policy (1/2)



Bavaro et al (2025) find a negative correlation between current social expenditure and intergenerational poverty levels

What the Evidence Tells Us for Policy (2/2)



Observing other country experiences

Thanks to massive income support measures (such as the expanded Child Tax Credit), the anti-poverty impact of the U.S. tax-ben system improved dramatically before & during COVID.

Unfortunately, **short-lived** progress; yet shows that policy choices can have a significant impact on poverty outcomes



Conclusions

- Child poverty remains a visible and pressing issue requiring policy intervention.
- Beyond cyclical trends, part of the problem stems from long-term structural factors.
- Poverty tends to be transmitted across generations.
- Initial evidence suggests varying levels of persistence and highlights the potential for coordinated action both **ex post** (through social policies) as well as **ex ante** (in the labour market).

Thank you



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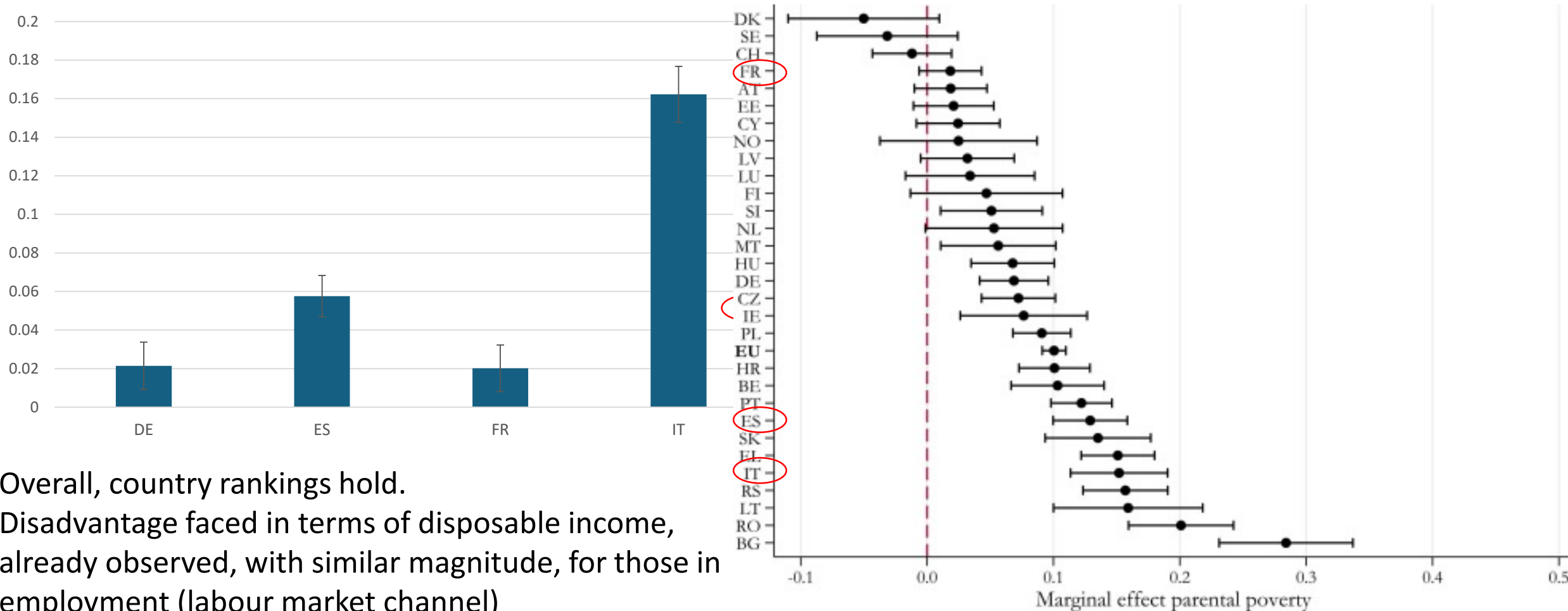
Extra slides

Child poverty – In work poverty link

- comparison with intergenerational poverty
- regional trends

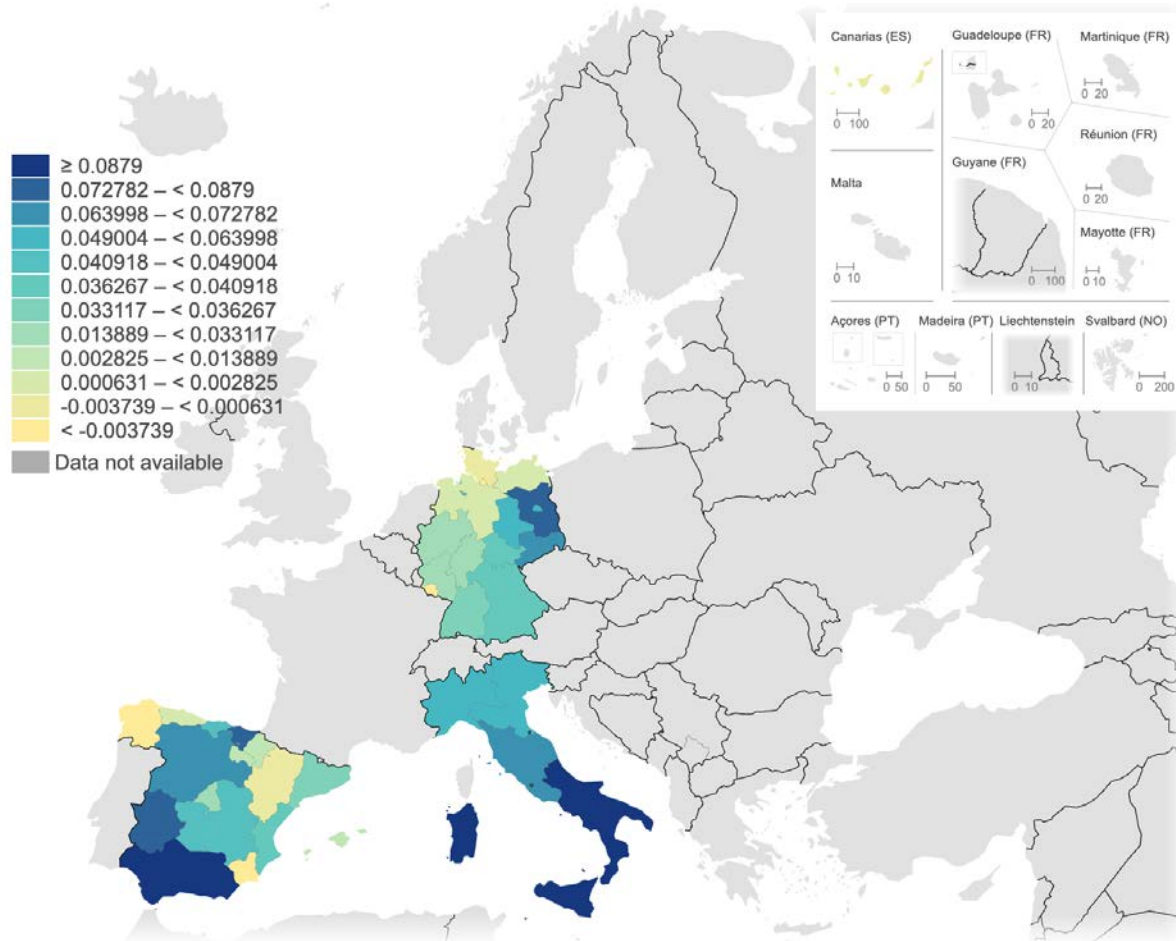
Compare estimates

- Child poverty-In-work poverty link and Intergen poverty (Bavaro et al.)



Regional trends (2/2)

Intergenerational in-work poverty



Childhood poverty in its **broad** concept

Visible heterogeneity

- East-West Germany
- North-South Spain
- Lower disparities in Italy (growing up in poverty is similarly a disadvantage in North-East and South)

Patterns relatively confirmed, perhaps exacerbated in the North-South Italian divide

Patterns relatively confirmed, perhaps exacerbated in the North-South Italian divide

Disadvantage along the lifecycle and housing
challenges

Disadvantage along the lifecycle and housing challenges (1/2)

Housing deprivation. 2023, difference between the young (below 40) and non-young households (40+)

Poor young households face greater housing challenges

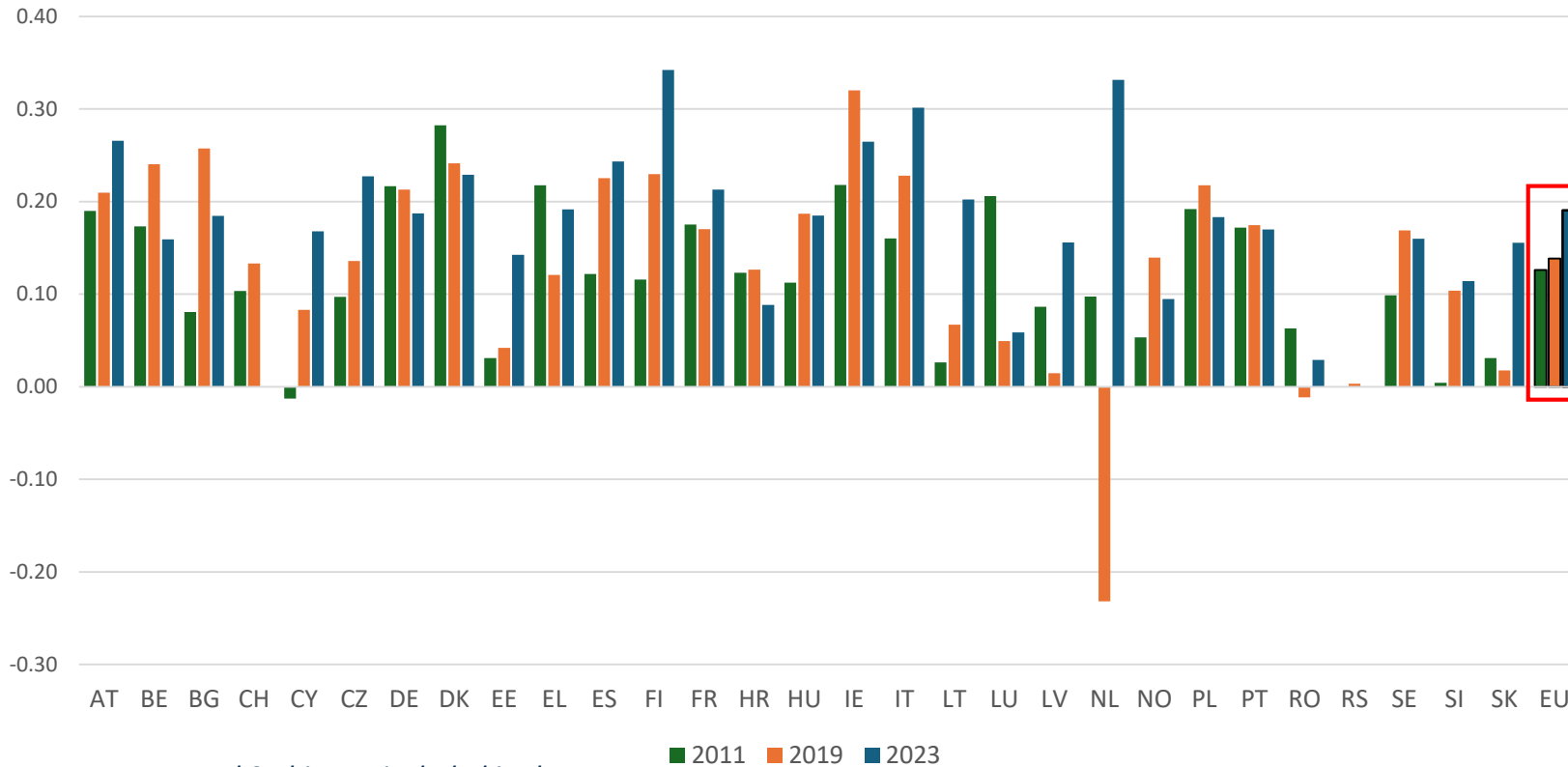
Average EU value: young (hh with primary earner below 40) 3.4%, non-young 2.3%

In most regions housing deprivation larger for younger households (particularly in Germany, north-western Italy, Greece)

Surprisingly, in some regions deprivation is higher among non-young households (e.g. Sicily, Sardinia, Corsica, several Spanish regions, and certain Eastern regions. Selection effects: only younger adults who can afford independent households?)

Disadvantage along the lifecycle and housing challenges (2/2)

Intergenerational homeownership persistence. 40-44 age



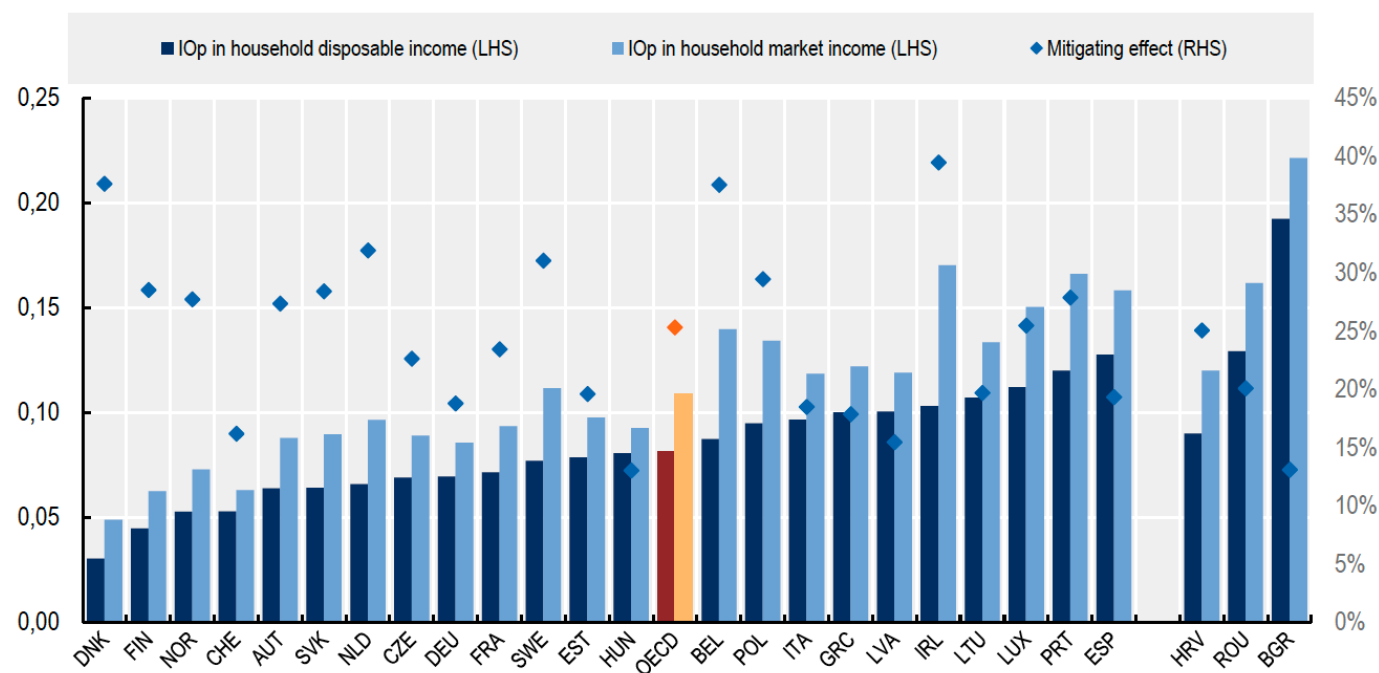
Note: Norway and Serbia not included in the EU aggregate.

- The probability of owning a house in the 40-44 age group increasingly dependent on housing status of the family of origin
- Probability of owning for those from homeownership households 19pp higher than those from renting households in 2023. it was 12 pp in 2011.

What the Evidence Tells Us for Policy (1/2)

Figure 4.6. Taxes and transfers contribute to reduce inequality of opportunity in OECD European countries, though to varying degrees

Absolute inequality of opportunity in household disposable and in market income and mitigating effect of transfers in reducing inequality of opportunity, by country, individuals aged 25-59, 2019



Note: LHS: left-hand side axis. RHS: right-hand side axis. Absolute inequality of opportunity (IOP) is measured as the Gini index of the counterfactual distribution of income where differences in outcomes result entirely from the set of circumstances covered in Figure 2.1. For better readability, the mitigating effect is shown in the chart as the percentage difference between IOP in household equivalised market income and IOP in household equivalised disposable income. Countries are ranked in ascending order of absolute inequality of opportunity in household equivalised disposable income. "OECD" is the simple average of the OECD European countries displayed in the chart.

- Tax–benefit systems reduce inequality of opportunity (driven by parental background, proxy for child poverty) in market income by around 25% in the EU.
- The labour market operates as an intergenerational transmission channel (clear IOp in market income): policies can be combined **ex post** (social policies) as well as **in** the labour market.