

The intergenerational transmission  
of poverty: An overview

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## **Abstract**

This paper reviews the international literature on the intergenerational transmission (IGT) of poverty and seeks to identify gaps in knowledge and to suggest a research agenda for work on the IGT poverty within the Chronic Poverty Research Centre. It aims to identify the factors and processes that, within the context of the broader economic and socio-political context, determine the poverty status of individuals and their households, the likelihood that poverty is passed from one generation to another, and the potential 'poverty trajectories' for those growing up in poor households.

After a general introduction to what we mean by IGT poverty, the paper presents a brief review of the literature on IGT poverty in the United States. We then go on to discuss some of the most influential household level and extra-household factors influencing the intergenerational transmission of poverty, before discussing the role of resilience.

**Keywords:** intergenerational transmission of poverty, household-level analysis, resilience, child labour, nurturing, health and nutrition, developing countries, United States

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## **Executive Summary**

This paper reviews the international literature on the intergenerational transmission (IGT) of poverty and seeks to identify gaps in knowledge and to suggest a research agenda for work on the IGT of poverty within the Chronic Poverty Research Centre. It aims to identify which factors increase the likelihood that poverty is passed from one generation to another.

Poverty is not transferred as a 'package', but as a complex set of positive and negative factors that affect an individual's chances of experiencing poverty, either in the present or at a future point in their life-course. The factors influencing an individual's likelihood of being poor include both the 'private' transmission (or lack of transmission) of capital and the 'public' transfer (or lack of transfer) of resources from one generation to the next. These can be positive or negative.

The livelihood framework is used to explore how the vulnerability and policy context influences individual and household level asset holdings and how capabilities, agency, perception of risk and levels of vulnerability and resilience combine with contextual and structural factors to influence individual and household responses to shocks and opportunities during the life course.

Being a poor child increases the chances of being a poor adult but this is not always the case, and other factors can operate independently to affect well-being over the life-course. Although highly context specific, household characteristics and initial endowments have been found to be important – an individual's asset bundle, their capabilities and characteristics, and their power to exercise agency. Agency, status and the social constructions determining roles can combine to result in differentiated access to and control of resources and the returns on those resources, unequal investments in the human capital formation of household members and unequal distributions of leisure and labour time. Other important factors include systematic inequalities within and between households; adolescent pregnancy; early child care and development practices; domestic violence; household income; household and individual assets; household decision-making; livelihood and survival strategies; service uptake; exposure and vulnerability to risk and resilience or ability to cope.

Despite focusing largely on parent to child transmissions, this paper suggests that the study of intergenerational transmission of poverty cannot simply focus on children and how their early life experience either builds a solid foundation for later life, or introduces a set of 'irreversibilities' which limits their opportunities and life chances. Such investigation must also explore the factors that impact on adults in such a way that the chronic poverty that they experience is likely to be transmitted intergenerationally either to their children, to their parents or to the cohorts above and below them.

### ***Reviewing US experience***

The paper presents evidence from the United States where high quality and long-run panel data has enabled the tracing of IGT poverty. The vibrant domestic policy debate about the drivers of poverty and the limits of opportunity has been reflected in the questions posed by analysts. Much of this has become a polarised debate between 'liberals' and 'the right' but the debates in the American literature are inherently interesting and generate a number of questions that are discussed at some length. They provoke questions that may be applied to researching IGT poverty in low and middle income countries. Five models are proposed: the economic resources model; the family structure model; the correlated disadvantages model; the welfare culture model and the social isolation model. Contrasting evidence is presented, and it is recognised that unmeasured sociological or psychological factors may be important. Some suggest that:

- poor parents may struggle to educate their children
- poor parents can only afford housing in poor areas
- teenage and unmarried mothers are more likely to be poor – and their children are more likely to grow up in poverty
- growing up in a 'non-intact' family leads to diminished adult outcomes
- neither parental income nor households characteristics can fully explain income variations
- non-economic parental resources are important
- welfare receipt traps people in poverty by generating perverse incentives
- the IGT of poverty is high in areas where an 'underclass' exists (i.e. where more than 40 percent of residents are poor, where male unemployment is high and there are few middle class residents or good schools).
- structural factors affect both parents and children, through the same adverse environment – entrenching the IGT of poverty
- the majority of poor people in the US do not live in 'high poverty neighbourhoods'
- 'neighbourhood effects' have less power than household characteristics in determining poverty outcomes although local employment conditions strongly predict unemployment and teenage fertility, particularly amongst African-Americans *and* 'bad' neighbourhood effects can be important
- racial discrimination and barriers to joining the workforce contribute to long-term welfare receipt (and poverty)

Discussion then moves on to an analysis of the international evidence on the intergenerational transmission of poverty. This paper focuses primarily on the household and intra-household level but it is recognised that the household is not the only nor, in many cases, even the main domain of IGT processes. The paper touches on a number of extra-household factors which either increase the likelihood of the IGT of poverty or mitigate against it. Although there are a range of governance, policy and delivery failures which can increase the likelihood of poverty being both chronic and intergenerationally transmitted, this paper focuses on micro-level structures (e.g. culture, class, caste, religion, ethnicity) and events (e.g. community and state level conflict), as well as psychosocial factors operating at the level of individual, household and beyond.

This the household is assumed by many to be a unit in which income is pooled and decisions are made for the benefit of all members. This definition is identified as being flawed, as households actually consist of separate, gendered spheres of economic responsibility, which intersect through a "conjugal contract" which is fundamental in defining the terms of cooperation. We identify the conjugal contract and the intergenerational contract as important institutions which help to determine differential outcomes.

### ***Household level factors.***

Parents' access to material and social resources and their ability to deploy them in ways that promote child well-being is probably more important than household composition. However, household composition can affect the material resources available to individual children and the extent to which adults are able, or wish, to invest time in child care.

### ***Household composition***

Household composition can influence fertility rates, dependency ratios, access to productive assets, investment capital and public fora. These factors can in turn influence income; investment, savings and consumption; nutrition, health and education, and through these factors the likelihood that an individual will be chronically poor.

Nuclear families have, on average, been found to have higher per capita incomes than non-nuclear households. Belonging to a polygamous household is not necessarily negative, but such households are more vulnerable to internal conflict and income shocks, children may perform poorly educationally and unfavoured wives and their children may be negatively affected by the systematically uneven distribution of work and consumption.

In many developing countries women do not have independent property rights, instead they access productive assets through their fathers, husbands or adult sons. As a result women who are orphaned, unmarried, separated, divorced or infertile are therefore at a significant disadvantage. Even women who are able to access land and other resources through other people are disadvantaged by not having their own independent rights. The children of divorce, separated or widowed mothers may grow up in poverty as well as losing inheritance rights – increasing their chances of becoming poor adults.

### *Dependency ratios*

High dependency ratios can contribute to the intergenerational transmission of poverty by limiting children's human development and socialisation and their subsequent earnings. The costs of education, health care and food may be enough to ensure persistent severe poverty in high dependency ratio households and children with many siblings are also likely to be less well nourished. In large families resources may be directed to the youngest children or to older children and children are less likely to be well fed and to complete secondary school.

### *Health and nutrition*

Good health is a key asset and ill-health is the single most widespread hazard affecting poor households. Health shocks have been identified as a key driver of downward mobility due to the lost labour of the individual and their carer, which alters household dependency ratios, and the costs of seeking treatment. Illnesses which are both severe and chronic can be particularly damaging to household consumption and well-being. Chronic and terminal illnesses impose considerable distress on families which often disintegrate as social and economic units.

Child and maternal nutrition and health status are often cited alongside the timing of shocks and interventions as *the* critical factors in determining the irreversibility of poverty transfers. Maternal malnutrition contributes to higher rates of maternal, infant and under five mortality. Poor *in utero* nutrition also leads to low birthweight babies with higher risk of the children being stunted, and experiencing a permanent limit to their physical and cognitive development affecting schooling performance and completion. These problems affect a very large number of children: over 200 million children are stunted worldwide; more than 150 million of pre-school children are underweight. Stunting and wasting have long term repercussions which can influence a child's likelihood of becoming a poor adult. Undernutrition (low weight-for-age) contributes greatly to child mortality as it increases the risk of death from common illnesses. Malnourished children are also at greater risk of developing certain chronic illnesses in adulthood. Stunting is also linked to mental impairment and at current rates of improvement by 2020 about 1 billion stunted children will be growing up with impaired physical and mental development.

### *Productive assets*

Access to and control of productive assets is a clear determinant of individual or household income and consumption levels. Asset holdings are also vital contributors to the initial conditions of a household and can cause "poverty traps", influencing risk aversion, vulnerability and ability to cope with shocks and contingencies. They influence individual and household livelihood and investment options and therefore influence both short and long-run

well-being. Better endowed households are likely to be more able to maintain their children's food security and invest in their health and education.

Asset ownership and accumulation is not equally straightforward for all individuals. In many agrarian situations what you own as an adult will be determined to a very significant extent by inheritance. Accumulation of assets may be possible but will depend on returns to existing assets, freedom from shocks (or insurance against them) and the ability to save. This indicates that inheritance patterns are important, as are factors determining returns to assets, the ability to invest and save, risk and vulnerability and the impact of coping strategies on current and future asset holdings.

### *Parenting Quality*

The quality and type of parenting and nurturing by care-givers has an important impact on the life chances of children. Early childcare and nurturing, intellectual stimulation, and affection shape a child's behaviour, the intellectual and social development and the educational performance, influencing their later economic performance. Care-givers need sufficient education, time and support from their family and community if they are to provide children with both positive aspirations and long-term emotional stability. Care-givers also need to be healthy and well-nourished, self-confident, autonomous and have control over resources and their allocation within the household

### *Fostering, adoption and orphanhood*

Fostering children outside their natal family is common in many parts of the developing world and is becoming more common as a result of HIV/AIDS and labour migration. Its impact on child well-being depends on the resources available to the fostered children, the bond between the fostered children and their carers and the reason for fostering – whether it was requested by an older person or a childless family or forced by death or migration.

The death of a parent has a differential effect on child well-being, dependent on which parent dies, living arrangements and whether children were in school at the time. One study found that maternal death resulted in stunting and lower educational attainment, while paternal death had an impact on educational attainment, but only for particular groups.

### *IGT and older people*

Elder-led households tend to have higher than average dependency ratios and lower levels of per capita income. Due to these pressures, children in these households are more likely to either fail to enrol in school or to drop out early and are more likely to grow up to become poor adults.

Older people can have an important role in the intergenerational transmission of poverty, and in mitigating its transmission, through their ownership of assets, transmission of technical and other skills to younger generations, their role in setting community and family norms, by contributing income to the extended family and by altering dependency ratios and as carers.

Although most analysis of the intergenerational transmission of poverty focuses on transmission from parents to their children, transmission from the younger to the older generation can be important. This transmission may be from children to adults and from younger adults to older adults within or outside the extended family. Transfers made from one generation to another are made in response to an implicit contract. These contracts are shaped by norms in society and link children, to adult parents to aging (grand)parents.

## *Education*

In many countries schooling correlates strongly with adult income and other markers of socio-economic status. Female education is important in interrupting the intergenerational transmission of poverty, partly because educated mothers are more likely to send their own children to school, but also because of 'externalities' including reduced fertility and infant mortality and improved family health. Educated parents are less likely to be poor, are more likely to educate their children, are more able to help their children with their homework and have higher aspirations for their children. Children who complete secondary education are likely to be protected from being poor in later life.

Other investments might be necessary after leaving school, before education can be translated into higher income. These might include migration or drawing in favours from the household's social network. Both may be more difficult for poorer households.

## *Child labour*

Children from poor households are widely assumed to be more likely to work. However, the empirical evidence is contradictory. Children are more likely to be child labourers if their parents have limited education and worked as children. It is also related to the child's age and gender, school characteristics (cost, quality, distance), the size and structure of the household, household composition (ratio of boys to girls in the household), social and cultural norms and religious beliefs, household landholdings, parental education and social expenditure by the state including on education. In some countries there is also a link to ethnicity, where this contributes to household poverty.

Other than the most hazardous forms of child labour, the extent to which work during childhood has long-term negative effects on children remains hotly debated. Most agree that *where actual alternatives for households to earn sufficient incomes and for children to study exist*, full-time work in childhood should be delayed as long as possible. Working as a child leads to lower education outcomes, particularly if the child works regularly and tends to lead to children taking on adult roles prematurely. The earlier an individual enters the labour market the lower his or her earnings are as an adult. This can be mitigated if the work develops skills the child can continue to use as an adult and work in middle childhood (6-12) can support a child's cognitive development, support their socialisation and the development of vocational and leadership skills

## **Extra-household factors**

### *Conflict*

Conflict can intensify the likelihood of poverty being transmitted intergenerationally either directly through its effect on children or indirectly through its impact on their care-givers, their household and their future livelihood options. The violence of war and terrorism can result in composite negative life events including the loss of loved ones, displacement, lack of educational structure, and drastic changes in daily routine and community values. Trauma from exposure to violence, sexual violence, loss and dislocation can have long-run impacts on both parents and children. The fragmentation of social networks and the abrupt change to cultural norms can have a profound impact on the degree to which people feel themselves to be located within a protective and known environment. The disruption to income generating activities and the loss of productive and household assets can have short-run impacts on consumption and food security and longer run impacts on livelihood options, well-being and inheritance.

## *Cultural and psychosocial issues*

The paper summarises debates around a range of cultural and psychosocial issues. This is a controversial area, which can seemingly blame the poor for their poverty. As a result, liberal researchers have tended to avoid such issues, leaving the terrain open to the right wing. In this section of the paper we discuss discrimination, cultures of poverty, the underclass and aspirations.

*Cultures of poverty:* These suggest that the poor have a different culture to the rest of society which is characterised by deviant attitudes, values and behaviours. Poverty is perpetuated through low levels of education, a lack of participation in mainstream society and the inherent socio-psychological, political and economic traits of the poor themselves. In other words much if not most poverty is based upon the 'innate' characteristics of the poor, sometimes called the 'underclass'. This can be linked to concepts of the 'deserving' and 'undeserving' poor. The opposing view suggests that poverty emerges and persists solely because of socio-economic structures external to the value systems and behaviours of the poor, for example racial discrimination and a lack of opportunities that affect individuals in each new generation. In between lie those who believe that 'cultures of poverty' have emerged over generations to enable poor people to cope with their situation. Their values, beliefs and behaviours were once an appropriate response to the social, economic and political barriers that they faced but have become ossified and now limit the current generation's ability to respond to opportunities

*Aspirations:* Aspirations are influenced by early life experiences and they have been found to play strong role in the extent to which that individual is able to extract maximum benefit from new opportunities. Low aspirations probably contribute to reduced income and asset formation and may influence parenting patterns and investment decisions (including in children's human capital formation) thus contributing to IGT poverty.

Individual aspirations are an important ingredient in individual mobility, however, their effectiveness is strongly influenced by the degree of meritocracy or distortion in a society's labour markets. Discrimination and stigma contribute strongly to economic outcomes as individuals internalise their statistical chances of success or failure and transform them into aspirations and expectations. Despite children's inventiveness in coping with poverty, poor children experience a gradual narrowing of their economic and social horizons which limit their expectations of life.

*Discrimination:* The paper shows that discrimination limits the beneficial impact of pro-poor policy interventions on individuals with particular characteristics. People who are discriminated against will be poor.

## *Caste, class, ethnicity and religion*

The intergenerational transmission of poverty in OECD nations commonly accompanies the replication of socio-economic class. The increased economic competition of market economies might be expected to encourage employers to recruit on an increasingly meritocratic basis. This would end socially ascribed bias in appointments based on class, sex or ethnicity and increase opportunities for both upward and downward social mobility. However, this assumes effective meritocracy in a free market and ignores historical, cultural, political and institutional factors and ingrained patterns of social mobility.

*Caste:* In India, being low caste or from a tribal or non-caste group is strongly associated with poverty. People are born into a particular caste, and so the IGT of poverty is likely to be powerful.

*Ethnicity:* Ethnicity has been shown to be a powerful driver of the IGT of poverty in the US. It is also important in Latin America.

*Religion:* Religion is another important element of social identity and can be strongly correlated with wealth, as it can help to determine levels of inclusion and access to opportunities.

### ***Resilience***

The livelihoods literature shows that households respond to covariate and idiosyncratic shocks by drawing down sequentially on their assets to develop coping strategies. Their ability to cope is therefore largely dependent on their access to and control of assets, including social networks and their own capabilities but is also influenced by the political, economic and social context and policy environment. Households may face sequenced and composite shocks where, for example, harvest failure is followed by the illness of a family member, reduced off-farm income employment and increases in the children's school fees. Resilience is a household's ability to 'bounce back' from a single shock, measured by bringing income and consumption back to pre-shock levels in a given time period. The idea can similarly be applied to a household's ability to respond to composite and sequenced shocks without seriously compromising well-being or moving into non-preferred or adverse forms of coping.

Even a relatively short period in poverty can have a critical impact on a child's development by creating 'irreversibilities'. However, difficult beginnings do not necessarily determine outcomes. People from disadvantaged backgrounds succeed in life and children resist and bounce back from harmful experiences, indicating 'resilience' in their functionings. The extent to which children experience long-term physiological and socio-economic damage from parental poverty depends on *when* the child experienced poverty and *how resilient* the individual child is to the effects of poverty, how resilient the child's environment is and the extent to which the damage is *functionally reversible*. Different forms of damage are more or less functionally reversible. Resilience is limited and children are most vulnerable to the non-reversible effects of poverty *in utero* and in early infancy, although youth is also important. Resilience is also influenced by environment, a child's social interactions, their personality and their self esteem.

## 1. Introduction

The purpose of this overview paper is to review the international literature on the intergenerational transmission (IGT) of poverty, to identify gaps in knowledge and to suggest a research agenda for work on the IGT poverty within the Chronic Poverty Research Centre ([www.chronicpoverty.org](http://www.chronicpoverty.org)).

This paper aims to identify which factors increase the likelihood that poverty is passed from one generation to another. Such poverty is not transferred as a 'package', but as a complex set of positive and negative factors that affect an individual's chances of experiencing poverty, either in the present or at a future point in their life-course (Moore, 2005:12)<sup>1</sup>. While evidence around the world suggests that poverty in childhood increases the chances of poverty in adulthood, this is not always the case, and other factors including family structure, neighbourhood effects, welfare dependence and social isolation, while often related to economic disadvantage, can operate independently to affect well-being over the life-course (for the US, see Boggess *et al.*, 2005). The factors influencing an individual's likelihood of being poor include both the 'private' transmission (or lack of transmission) of capital and the 'public' transfer (or lack of transfer) of resources from one generation to the next (e.g. through taxing the income of older generations to pay for the primary education system). These can be positive (e.g. cash, assets, positive aspirations) or negative (bonded labour, poor nutrition, gender discrimination) (Moore, 2005:12).

In this paper we continue the process of disentangling the factors and processes that, within the context of the broader economic and socio-political context, determine the poverty status of individuals and their households, and the potential 'poverty trajectories' for those growing up in poor households.

Although highly context specific, initial endowments have been found to be important – an individual's asset bundle, their capabilities and characteristics, and their power to exercise agency<sup>2</sup>. Agency, status and the social constructions determining roles can combine to result in differentiated access to and control of resources and the returns on those resources, unequal investments in the human capital formation of household members and unequal distributions of leisure and labour time.

Systematic inequalities have been found to be at the root of many 'negative trajectories', and while many factors – lower investment in the education and nutrition of girls, for example – clearly have negative long-term poverty implications, other factors may have far more complex long-term effects on children's lives and livelihoods and need further investigation.

Household well-being and differentiation within the household may partly result from hard choices in negotiating the trade-offs between present and future, personal and family well-being. In this paper we attempt to identify the types of pivotal decisions which combine with the impacts of key structural and idiosyncratic events to generate 'irreversibilities', support resilience or otherwise fundamentally mould the life-course of the individual (and their household).

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<sup>1</sup> In this paper I use 'parents' to refer to the older generation responsible for the care of children. These people may, in fact, be grandparents, siblings or other relatives.

<sup>2</sup> 'Initial endowments' are generally taken to be the assets and capabilities that individuals and households have when a household is formed. However, many 'initial endowments' are based on intergenerational processes – from race and appearance to the effects of maternal malnutrition on *in utero* development. This may make us question when the 'initial endowments' were laid down, at conception, at birth or when a young person breaks off and begins their own household (which some might never do) (Karen Moore, pers comm.).

This paper focuses primarily on the household and intra-household level but it is recognised that the household is not the only nor, in many cases, even the main domain of IGT processes. The paper touches on a number of extra-household factors which either increase the likelihood of the IGT of poverty or mitigate against it. Although there are a range of governance, policy and delivery failures which can increase the likelihood of poverty being both chronic and intergenerationally transmitted, this paper focuses on micro-level structures (e.g. culture, class, caste, religion, ethnicity) and events (e.g. community and state level conflict), as well as psychosocial factors operating at the level of individual, household and beyond.

In this paper we largely assume that the intergenerational transmission of poverty is from poor parents (or grandparents) to poor children. It is anticipated that each working age generation will invest in their children and support their parents as a result of both altruism and strategic self interest (Collard, 2000:257). Transfers will depend on the implicit contract between generations, the “generational bargain”. However, a cohort may choose to do well for itself at the expense of other generations by saving too little and using up too much environmental capital (Collard, 2000:455). There may be too little left over for investments in the human capital of the younger generation, for pensions or support to the elderly or for investments which will build assets and savings for bequests. Alternatively, conflict or livelihood collapse may undermine opportunities for positive bequests.

The intergenerational persistence of wealth is not explained simply by bequests, but also reflects parent-offspring similarities in traits influencing wealth accumulation, such as orientation towards the future, sense of personal efficacy, work ethic, schooling attainment, and risk-taking. Some of these traits covary with the level of wealth: less well off people are more likely to be risk averse, to discount the future and have a low sense of efficacy, for example. (Bowles and Gintis, 2001, in Moore, 2001)

Despite focusing largely on parent to child transmissions, this paper suggests that the study of intergenerational transmission of poverty cannot simply focus on children and how their early life experience either builds a solid foundation for later life, or introduces a set of ‘irreversibilities’ which limits their opportunities and life chances. Such investigation must also explore the factors that impact on adults in such a way that the chronic poverty that they experience is likely to be transmitted intergenerationally either to their children, to their parents or to the cohorts above and below them.

The table below identifies some key factors in the intergenerational transmission of poverty, suggests how transmission occurs and identifies what affects transmission. In Section 2 we present a brief review of the literature of IGT poverty in the United States. We then go on to discuss some of the most influential household level (Section 3) and extra-household factors (Section 4) influencing the intergenerational transmission of poverty before discussing resilience (Section 5) and concluding.

**Table 1: Livelihoods approach to intergenerationally-transmitted poverty**

WHAT is transmitted?		HOW is it transmitted?
<b>FINANCIAL, MATERIAL, ENVIRONMENTAL CAPITAL</b>		
<ul style="list-style-type: none"> <li>◦ Cash</li> <li>◦ Land</li> <li>◦ Livestock</li> <li>◦ Housing, buildings</li> </ul>	<ul style="list-style-type: none"> <li>◦ Other productive/ non-productive physical assets</li> <li>◦ Common property resources</li> <li>◦ Debt</li> </ul>	<ul style="list-style-type: none"> <li>◦ Insurance, pensions</li> <li>◦ Inheritance, bequests, dispossession</li> <li>◦ <i>Inter vivos</i> gifts and loans</li> <li>◦ Dowry, bridewealth</li> <li>◦ Environmental conservation/degradation</li> <li>◦ Labour bondage</li> </ul>
<b>HUMAN CAPITAL</b>		
<ul style="list-style-type: none"> <li>◦ Educational qualifications, knowledge, skills, coping/ survival strategies</li> </ul>	<ul style="list-style-type: none"> <li>◦ Good mental/ physical health</li> <li>◦ Disease, impairment</li> <li>◦ <i>Intelligence?</i></li> </ul>	<ul style="list-style-type: none"> <li>◦ Socialisation</li> <li>◦ Investment of time/capital in care; education/training; health/nutrition</li> <li>◦ Contagion, mother-to-child transmission</li> <li>◦ Genetic inheritance</li> </ul>
<b>SOCIAL, CULTURAL, POLITICAL CAPITAL</b>		
<ul style="list-style-type: none"> <li>◦ Traditions, institutions, norms of entitlement, value systems</li> <li>◦ Position in community</li> </ul>	<ul style="list-style-type: none"> <li>◦ Access to key decision-makers, patrons, organisations</li> <li>◦ '<i>Cultures of poverty</i>'?</li> </ul>	<ul style="list-style-type: none"> <li>◦ Socialisation and education</li> <li>◦ Kinship</li> <li>◦ Locality</li> <li>◦ Genetic inheritance</li> <li>◦ Attitudes, prejudice (e.g. gender discrimination), cultural knowledge, traditions, value systems</li> <li>◦ Status</li> <li>◦ Norms of entitlement</li> </ul>
<b>Which factors AFFECT transmission?</b>		
<ul style="list-style-type: none"> <li>◦ Norms of entitlement determining access to capital</li> <li>◦ Economic trends and shocks</li> <li>◦ Access to and nature of markets</li> <li>◦ Presence, quality and accessibility of public, private and community-based social services and safety nets</li> <li>◦ HIV/AIDS pandemic; other diseases regionally endemic; stigma</li> </ul>	<ul style="list-style-type: none"> <li>◦ Structure of household and family</li> <li>◦ Child fostering practices</li> <li>◦ Education and skill level of parent</li> <li>◦ Intent/attitude of parent and child</li> <li>◦ Nature of living space</li> <li>◦ Coping/ survival strategies</li> <li>◦ Political access</li> </ul>	

Source: Adapted from Moore (2005).

## 2. Evidence from the United States

The United States has very high quality and long-run panel data which has enabled the tracing of IGT poverty. The vibrant domestic policy debate about the drivers of poverty and the limits of opportunity has been reflected in the questions posed by analysts. Much of this has become a polarised debate between 'liberals' and 'the right' but the debates in the American literature are inherently interesting and generate a number of questions that are discussed here at some length. They provoke questions that may be applied to researching IGT poverty in low and middle income countries.

Studies in the US have shown that children's economic futures are substantially affected by family and neighbourhood disadvantage (Boggess and Corcoran, 1999:3). Children in the US commonly move in and out of poverty during childhood. This experience of childhood poverty does not necessarily lead to adult poverty (Boggess *et al.*, 2005). A study traced 1,000 American children aged 1-4 in 1968 for 15 years. It found that over the period, while one in three children spent at least one year in poverty, 5 percent of the entire sample and 15 percent of children who were poor at any time during childhood, were in poverty for ten years or more. These chronically poor children were either poor for the whole of their childhoods or moved in and out of poverty but with only short periods above the poverty line (Corcoran and Chaudry, 1997:46).

Chronic poverty was found to be higher amongst African Americans, high school drop outs, individuals with health problems and individuals living in single mother households (Boggess and Corcoran, 1999:8). Chronically poor children were found to be more likely to become chronically poor adults than children who had been transitorily poor (Corcoran and Chaudry, 1997:50). However around half of the African-Americans who were chronically poor children and three quarters of the white adults who were chronically poor as children were *never* poor as young adults (Corcoran and Chaudry, 1997:50).

Analysis of the data has shown the key determinants of intergenerational poverty to be parental poverty, family structure, parental welfare use, neighbourhood disadvantages, social isolation and labour market conditions (Boggess and Corcoran, 1999:3; Boggess *et al.*, 2005). The least well-off families do not have the same chances as children from less poor households of becoming economically secure (Bowles *et al.*, 2005). Children from poor families have less access to material resources (food, shelter, health care) and also less access to community resources (good schools, safe neighbourhoods, adequate governmental services) than children in families with adequate economic resources (Corcoran and Chaudry, 1997:41).

The key events associated with children's transitions into and out of poverty include changes in the employment and wages of adults in the family and changes in family structure (e.g. separation/ divorce, death of parent) (Boggess and Corcoran, 1999:13). Of children living in chronic poverty, 26 percent were poor from birth, 12 percent became poor on the loss of a parent and 42 percent became poor following the reduction of an adult household member's earnings (*ibid.*)

### 2.1. Models to explain the IGT of poverty in the US

Five theories have been developed to attempt to explain the intergenerational transmission of poverty in the US. These are the

1. economic resources model
2. family structure model
3. correlated disadvantages model

4. welfare culture model
5. social isolation model

(Corcoran, 1995, Boggess and Corcoran, 1999:3).

The welfare culture model and the social isolation model contain some of the same ideas as those expressed in the culture of poverty debates. This is presented separately in Section 4.2.1, below.

#### *The economic resources model*

Becker (1993) highlights that parents must allocate limited resources between current consumption and investment in children's schooling (Becker, 1993 in Boggess and Corcoran, 1999:33). Poor parents are in a constant state of economic crisis and must therefore concentrate on survival. They have little time, money or energy left to help develop their children's human capital or earnings potential and they are poorly connected, so that when it comes to helping their children find a job they are unlikely to be able to help them to get a well paid one (*ibid.*). Although the US research does not identify the transmission mechanisms with any certainty, there is some evidence that long-run low parental income has a negative impact on the cognitive ability of children at age 5, as well as on stunting and wasting. Furthermore, poor parents can only afford housing in a poor neighbourhood. In the US these tend to have low quality schools, few good role models, less 'social control', fewer job networks and a greater likelihood of teenage gangs.

There is evidence to show that this model is borne out by reality. Analysis of long-run income in the United States has shown that the correlation between the incomes of fathers and sons is at least twice as large as was previously thought, indicating lower levels of economic mobility (Behrman et al. 2001:7). Similar intergenerational correlations of earnings have been found Canada, Finland, Germany and Sweden (*ibid.*).

#### *The family structure model*

In the US there are high rates of poverty amongst teen mothers, unwed mothers and single mothers (Boggess and Corcoran, 1999:34). Murray (1995) suggests a causal relationship (Murray, 1995 in Boggess and Corcoran, 1999:33), and others identify that women who give birth as teenagers are less likely to graduate from high school, have lower future earnings, have more children, are likely to spend longer as a single mother, are more likely to be poor and are more likely to receive welfare than women who wait until they are 20 to start a family (Boggess and Corcoran, 1999:57).

Children living in mother-only families<sup>3</sup> were more than five times more likely to be poor than were those living in two-parent families: 38 percent compared with 7 percent (Corcoran and Chaudry, 1997:40). And some commentators have suggested that 'children raised by single mothers will grow up to be idle<sup>4</sup>, unproductive and poor adults' (Rector, 1995 in Boggess and Corcoran, 1999:33)<sup>5</sup>, with double the risk of having an a teenage-out-of-wedlock birth or dropping out of high school, and a 40 percent greater chance of being 'idle' in their young-adult years (Boggess and Corcoran, 1999:34, 55).

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<sup>3</sup> Different authors in the American literature refer to single-parent families, female-headed households and mother-only families. They appear to assume that these describe the same phenomena, but do not make this explicit.

<sup>4</sup> This phrase is not explained by the author. It could mean unemployed, not searching for employment or something else.

<sup>5</sup> Rector publishes his work through The Heritage Foundation, which is well known in the US for the conservative flavour of its research. <http://www.heritage.org>

It has been suggested that growing up in a 'non-intact' family<sup>6</sup> leads to diminished adult outcomes because 'as children they had less access to parental economic resources, parental non-economic resources (involvement, supervision...), and community resources' (Corcoran, 1995:253) However, the effects are seen even after resources are controlled for suggesting that unmeasured sociological or psychological factors may be important (Corcoran, 1995:253). Sibling studies in the US confirm the importance of family background but they also show that neither parental income nor family or household characteristics fully explain income variation (Boggess and Corcoran, 1999: 25)

#### *The correlated disadvantages model*

This model suggests that parental income is not the only factor linked to the socio-economic outcomes of children growing up in poor households. Non-economic parental resources are also important and poor parents tend to have lower levels of education and are therefore less good at developing their children's human capital (Haveman and Wolfe, 1994 in Boggess and Corcoran, 1999 and Mayer, 1997 in Boggess and Corcoran, 1999).

#### *The welfare culture model*

This model focuses on the idea that welfare receipt traps people in poverty through generating perverse incentives which act as disincentives to work and marriage (Gottschalk *et al.*, 1994)<sup>7</sup>. Welfare dependency is seen by some as contributing to the development and replication of an underclass because where both parents and neighbours rely on welfare the stigma disappears, increasing the likelihood that the children will grow up to live on welfare themselves. Here the welfare system is seen as the source of the problem, and responsible for fuelling 'deviant values, attitudes and behaviours (Mead, 1986 and 1992 in Boggess and Corcoran, 1999). Such arguments highlight that girls raised in welfare-dependent homes and communities are more likely to drop out of high school, have illegitimate children and receive welfare (Boggess and Corcoran, 1999:37). Boys are more likely to father illegitimate children, drop out of high school, get involved in crime and avoid working regularly.

It is actually very difficult to say whether dropping out of high-school, fertility, employment or welfare receipt is driven by parental welfare receipt or the structural factors which affect both parents and children through the same adverse environment. There is little evidence to support the idea that people's attitudes change when they go on welfare or that it results in perverse incentives (Boggess and Corcoran, 1999:65). In fact, it is likely that parental poverty is more important (Boggess and Corcoran, 1999:64), and welfare is a *response* to that poverty.

A counter view highlights the heterogeneous nature of welfare recipients, with a large minority of the US population accessing welfare at some point during their life (Boggess and Corcoran, 1999:24). It also emphasises that as many as two thirds of the individuals who were poor as children and whose parents received welfare, manage to escape poverty (Gottschalk *et al.*, 1994). However, racial discrimination and barriers to joining the workforce are likely to contribute to long-term welfare receipt, with long-term welfare recipients disproportionately African-American and likely to be part of a female-headed household (Boggess and Corcoran, 1999:24).

#### *The social isolation model*

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<sup>6</sup> This term is not defined by the author, but is assumed to mean anything deviating from a 'norm' of a family with two resident parents.

<sup>7</sup> The appears to assume that marriage is inherently desirable as well as being both a route to economic security and positively linked to good quality childrearing – but does not provide evidence to support these assumptions (Caroline Harper, pers comm.).

The social isolation model presents the idea of an underclass. It has been proposed that an underclass exists in “underclass neighbourhoods” where more than 40 percent of residents are poor, where there are high rates of male unemployment, few middle class residents and poor schools (Corcoran and Chaudry, 1997:47).

Wilson presented the development of these neighbourhoods as being driven by an interaction between structural and cultural factors, with labour market and demographic changes in American cities leading to the social isolation of poor inner city African-Americans and to changes in the structure and organisation of family and community life (Wilson 1987, 1996 in Boggess and Corcoran, 1999:39). This allowed an underclass to develop who were poorly connected to the mainstream economy or society and had little incentive to engage.

Evidence does not support the existence of an underclass. The majority of poor people in the US do not live in poor neighbourhoods. Only 12 percent of poor people and 25 percent of poor African Americans lived in ‘high poverty neighbourhoods’ in 1999 (Boggess and Corcoran, 1999:7). So, almost three-quarters of long-term poor African-American children were not living in ‘high poverty neighbourhoods’, suggesting that the idea of an underclass cannot be used to explain much of the long-term poverty among African-American children (Corcoran and Chaudry, 1997:47). Also, studies usually find that the neighbourhood effect has less impact than family characteristics (for example, one study found that only 10 percent of educational outcomes could be explained by neighbourhood effects) (Boggess and Corcoran, 1999:70). However, it is possible that neighbourhoods would matter more if they were very bad: local employment conditions have been found to strongly predict unemployment and teenage fertility, particularly amongst African-Americans (Boggess and Corcoran, 1999:73).

Some research suggests that growing up in “bad” neighbourhoods *does* have a negative effect on children and their adult lives. But it is not clear what it is about bad neighbourhoods that matters. Important factors include school resources, community norms, social isolation, social control and peer group pressure. It could be that there are high concentrations of poverty and welfare use and single parent families combine with the absence of role models to limit children’s aspirations, it could be that an inadequate tax base contributes to poor public services or it could be due to a range of other factors (Corcoran, 1995: 258). Unfortunately the data available are rarely able to investigate these factors adequately and need to be complemented by in-depth anthropological research and the collection of family and life histories.

In the rest of the paper we refer largely to research in the South. However, the lack of panel data means it is difficult to undertake the kind of in-depth quantitative analysis presented above. We have therefore had to piece together evidence. We do this under two major headings – the household and extra-household factors.

### 3. Household level factors

Evidence from the US has shown that certain household level factors can either increase or decrease the risk of chronic and intergenerationally transmitted poverty. In this section we examine the international evidence. Firstly it is important to highlight that the household is assumed by many to be a unit in which income is pooled and decisions are made for the benefit of all members. However households actually consist of separate, gendered spheres of economic responsibility. These intersect through a "conjugal contract" which is fundamental in defining the terms of cooperation (Pfeiffer, 2003). (See Box 1, below, for more on defining the household).

#### **Box 1: Defining the household.**

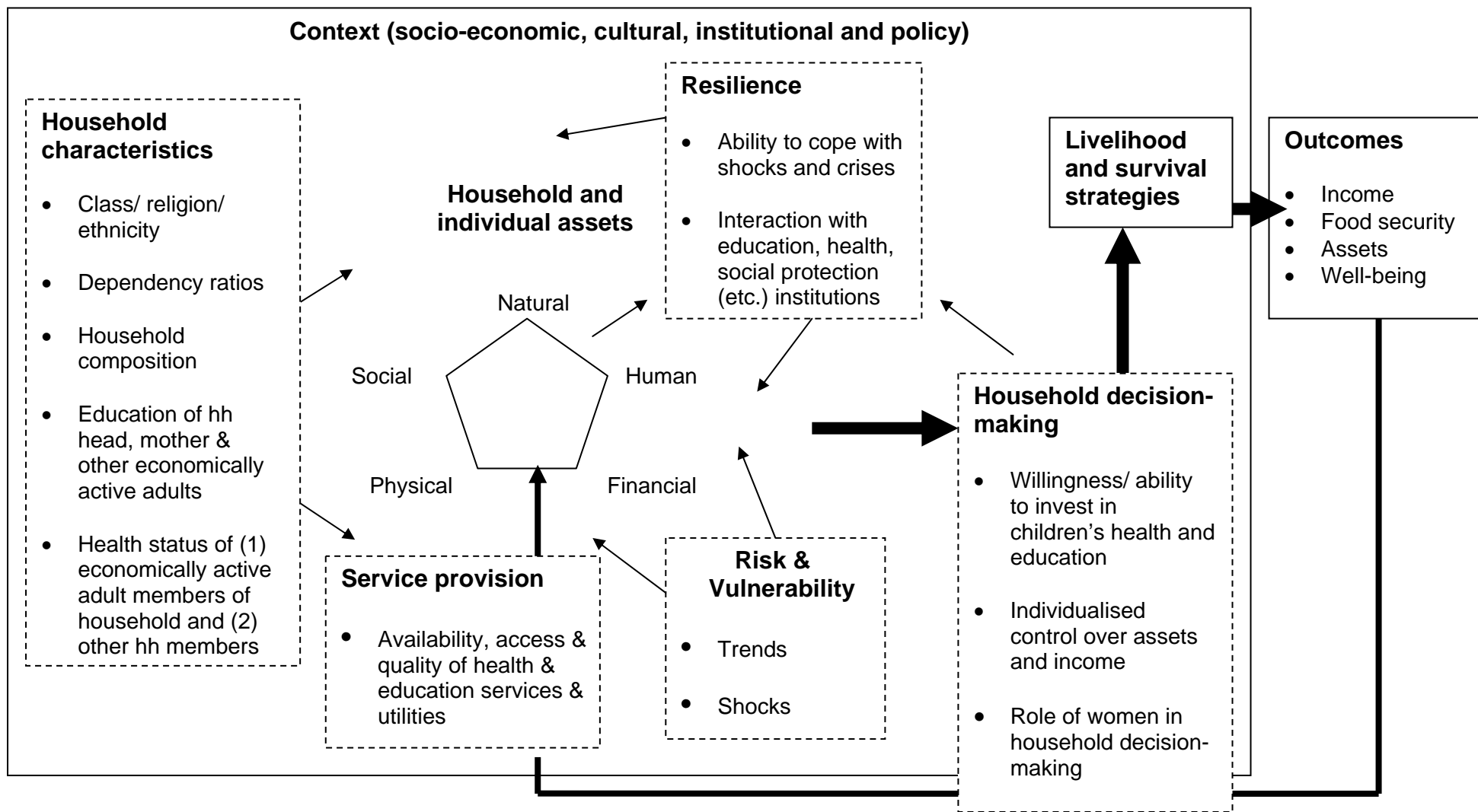
The household, an important but complex unit of analysis, can be defined in numerous ways. For example, the (nuclear) family or kinship unit; those who share a common residence; or those who share a joint function such as consumption, production, investment or ownership (functions that do not necessarily coincide) (Chen and Dunn, 1996). This potential variety of definitions is reflected in the literature. Chayanov (1966) identified the household as a place of exchange, while Becker (1965) saw the household as a place where commodities are produced and utility is generated, according to one set of preferences, by combining time, goods purchased in the market, and goods produced at home. However, neither of these defines the household, they simply tell us what it does. Evans (1991) observed that households are often shifting, flexible structures whose boundaries are difficult to discern, made up of a collection of individuals usually assumed to have a kin relationship with each other. The United Nations, however, supports a more pragmatic definition that 'a household is a group of people who live and eat together'. A variation of this definition is that the household is where members share a common source of major income and food, and they sleep under the same roof or in the same compound. When analysing the household, researchers must be much more definite about their use of the household, stating clearly the assumptions that underpin the research.

*Source: Bolt and Bird, 2003.*

Factors that influence poverty being transmitted intergenerationally appear to include household characteristics; adolescent pregnancy; early child care and development practices; domestic violence; household income; household and individual assets; household decision-making; livelihood and survival strategies; service uptake; exposure and vulnerability to risk and resilience or ability to cope (see Figure 1, below).

Also important are the systematic inequalities which can result in people within the same household having different choices, access to services and levels of well-being – with profound and long-term implications for them and their children. This inequality can be associated with a wide range of processes including non-cooperative household decision-making processes, household conflict and disintegration; preferences within polygamous and joint-households; and differentiation based on social status (e.g. gender, age, mental or physical impairment, relationship to household head, birth order etc.). These influence a number of the household level factors discussed below.

Figure 1:



### 3.1. Household characteristics

Numerous studies worldwide have found household characteristics to be important drivers of persistent poverty (Aldaz-Carroll and Moran, 2001; Deininger and Okidi, 2001; Boggess and Corcoran, 1999; Behrman *et al.*, 2001). In this section we examine what impact key household characteristics may have on the intergenerational transmission of poverty. We look at the educational attainment, health and nutritional status of key household members, and we explore the likely impact of household composition and of high dependency ratios<sup>8</sup>. (In Sections 4.3-4.5 below we examine the likely impact of class and caste, of religion and of ethnicity.)

#### 3.1.1. Household composition

Parents' access to material and social resources and their ability to deploy them in ways that promote child well-being is probably more important than household composition. However, household composition can affect the material resources available to individual children and the extent to which adults are able, or wish, to invest time in child care (Harper *et al.*, 2003:539). In this section we explore the routes by which household composition may influence the intergenerational transmission of poverty.

Different household forms are likely to co-exist in an area and a single household is likely to change its shape and form during the lifecourse of key members (Beall, and Kanji, 1999). So, a household could start as multi-generational, become nuclear and then later polygamous before again becoming multi-generational and eventually perhaps nuclear. Households in developing countries can also have a high degree of permeability. However, it is important to make some generalisations as household composition can influence fertility rates, dependency ratios, access to productive assets, investment capital and public fora. These factors can in turn influence income; investment, savings and consumption; nutrition, health and education, and through these factors the likelihood that an individual will be chronically poor.

Nuclear families in Uganda have been found to have, on average, higher per capita incomes than non-nuclear households (Bird and Shinyekwa, 2005:71); partially due to their higher dependency ratios. However it is not clear that coming from a nuclear family will always reduce the likelihood of IGT poverty. Important household level factors are likely to include the coping strategies adopted to maintain consumption, dependency ratios and the degree of cooperation between spouses rather than whether a household is nuclear, polygamous, or multi-generational.

Polygamous households are seen as 'rich in people' in Uganda, giving men considerable social standing in rural communities. Sometimes membership of a polygamous household also has advantages for wives and their children (if the children were from the current husband, and the wives lived on one compound) with some of the children of polygamous marriages enjoying having a number of 'stepmothers' to turn to, and lots of children of their own age to play with (Bird and Shinyekwa, 2005:71). However, dependency ratios tend to be higher in polygamous than nuclear households with short term impacts on nurturing quality and consumption and longer-term impacts through land fragmentation and limited inherited resources. Research from West Africa suggests that where women are responsible for providing for their children, the children are not necessarily disadvantaged by living in a

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<sup>8</sup> A household's dependency ratio is the ratio of healthy adults between 15 and 65 and the number of children under 15, adults over 65 and adults with severe chronic illnesses or severe physical or mental impairments. (We acknowledge that each household member may contribute directly or indirectly to household income and consumption.)

polygamous household but where it is a male responsibility, inadequate resources or their uneven distribution can result in women and children living in poverty (Harper *et al.*, 2003:540).

In Zimbabwe, polygamous households are amongst the most vulnerable to income shocks (Mutangadura, 2001) and in Uganda polygamy was identified by Lawson *et al.* (2003) as a widespread driver of poverty. Many men now see polygamy as a key cause of impoverishment, and associate polygamous households with having too many mouths to feed, family disputes and land fragmentation (Bird and Shinyekwa, 2005). Women identify polygamy as a serious source of conflict in some households, contributing to increased domestic violence and eventual family break-up (Bird and Shinyekwa, 2005:71; Elbedour *et al.*, 2002:258-259).

Research findings on the impact of growing up in a polygamous household on mental well-being are inconsistent. Some studies find a serious negative impact while others do not. In Nigeria adolescent boys raised in monogamous households were found to have significantly better psychological adjustment than boys raised in polygamous households. Xhosa-speaking South African children from polygamous families were found to have much lower levels of academic attainment and Bedouin Arab children in Israel were found to have poorer performance over a range of 29 behavioural, emotional and academic outcomes. However, other studies on Bedouin Arab communities found no significant difference between the outcomes for children from polygamous and monogamous households (Elbedour *et al.*, 2002:263)<sup>9</sup>.

Where men leave their senior wives to live with their later wives and their children, the father's absence is associated with poor academic performance and teenage pregnancy (Elbedour *et al.*, 2002:258-259). Unfavoured wives can be affected by the systematically uneven distribution of resources within the household, including heavier domestic workloads, fewer clothes, poorer nutrition and inadequate access to health care and education (Bird and Shinyekwa, 2005). These problems can permanently affect the life chances of some children.

Multi-generational households are common in many parts of the world. In economies with imperfect asset and insurance markets, the extended family provides scope for consumption smoothing and risk-sharing (Quisumbing, 1997), insuring against illness, adverse production shocks, bereavement etc (Collard, 2000:457). Families may be functionally extended even if they are residentially nuclear. Parents and children may live in separate households in close proximity and may see and help each other frequently (*ibid.*).

In India, joint-households, comprised of parents, their sons and sons' families are widespread. There does not seem to be a strong trend towards nuclear families and in urban areas brothers commonly own property jointly, even if they do not live together. Unlike some parts of sub-Saharan Africa, land and assets are only distributed amongst sons on the death of their father rather than on marriage, so the remaining part of their parent's household gives sons access to productive resources. Joint households in rural areas help to ensure the availability of agricultural labour and make it easier to provide older people with social and economic support (Datta and Nugent, 1984). Stereotypically, there is a hierarchy amongst the women in the household with the mother-in-law making key decisions. Where this is the case, it is possible that the children of women at the bottom of the hierarchy will have lower levels of well-being than more senior women. This was found to be the case in Jordan and Mali where the autonomy of women within households has been found to strongly influence the nutritional status of their children. The most malnourished children in a

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<sup>9</sup> Causality is not clearly assigned. In South Africa polygamous unions are more common in rural areas. Children from such unions would be more likely to be resident in rural areas and have access to poorer quality schooling (David Neves, *pers comm.*).

Malian sample were found to be the children of low status women in *high-income* households (Engle, *et al.*, 1999:1318). Where women work but have no control over their earnings their children's nutritional status can be negatively affected (*ibid.*). However, countering this, in some contexts children benefit from being part of a joint-household as they have easy access to a large number of adults.

### *Women-headed households*

A study which analysed the National Longitudinal Survey of Youth 1979 cohort in the US found that household structure during childhood shapes well-being and attainment during childhood and into adulthood (Keister, 2004). In the American context this refers to the impact of growing up in a single parent family, which are generally woman-headed. As we showed in Section 2 above, such households tend to have low incomes and children growing up in them were more likely to have low educational attainment.

In the US, family disruption during childhood due to separation, divorce or frequent home moves decreases adult wealth (Keister, 2004). In developing countries, separation and divorce can have a profound and long-run impact on household members, particularly on women and children, not necessarily because of the social dislocation of moving, but because separation and divorce results in the abrupt loss of access to productive resources. In many countries, women do not have independent property rights, instead they access productive assets through their fathers, husbands or adult sons. Women who are orphaned, unmarried, separated, divorced or infertile are therefore at a significant disadvantage. Even women who are able to access land and other resources through other people are disadvantaged by not having their own independent rights (Bird *et al.*, 2004: 26).

Women who separate from their husbands, divorce or are widowed, commonly lose access to their homes and to productive resources, including land, livestock and tools. Separated and divorced women may have no rights to jointly acquired assets, and widows may lose assets traditionally held by them in trust for their children through 'property grabbing' by relatives. This can have a profound impact on women's livelihood options and on household income and food security. In Botswana, evidence shows that most women and their children experienced economic hardship following divorce (Maundeni, 2000). In Bangladesh, where women's autonomy as economic actors continues to be highly constrained, separation, divorce, abandonment and widowhood have a profound impact on well-being. Divorce, for example, has been shown to increase infant and child mortality (Bhuiya and Chowdhury, 1997).

The inability of impoverished women to feed their children may result in the children remaining in the marital home when their mother leaves. Children who are left behind may be inadequately cared for by their step-mother(s) and may be withdrawn from school, experience poorer nurturing and decreased nutrition and health care (Bird and Shinyekwa, 2005). However, children who leave with their mother may lose inheritance rights (*ibid.*) and become poor adults.

Women headed households may also have higher dependency ratios (discussed in Section 3.1.2, *Dependency Ratios*). Where the socially determined division of labour is strong, where women do not have access to financial services in their own right and where women are not accepted as equals in decision-making fora, a range of factors may increase the risk of women heads of household being confined to low return and drudgery intensive livelihood options. This situation has long-term implications for their children's education, nutrition, health and inheritance, all of which can contribute to long-run and intergenerationally transmitted poverty. However, studies of orphans (see Section 3.5, *Fostering, Adoption and Orphanhood*) have shown that the loss of a father is, in some contexts, less likely to impact on educational and nutritional outcomes than the death of a mother. The difficulties faced by

single mothers can sometimes be ameliorated by support from the extended family and mothers' determination to give their children a good future (Harper et al., 2003:539) (See also Section 3.2 on *Access to Productive Assets*).

In conclusion to this section on household composition it is important to highlight the range of different experiences in different contexts and to emphasise the importance of avoiding the assumption that the patriarchal nuclear family is the best environment for child welfare and to avoid poverty transmissions (Harper *et al.*, 2003:540)

### 3.1.2. *Dependency ratios*

High dependency ratios are associated with income poverty and compromised human development. The costs of education, health care and food may be enough to ensure persistent severe poverty in high dependency ratio households, and this is particularly likely to be the case where livelihood options are limited, and in a rural setting where land is no longer abundant (Bird and Shepherd, 2003).

In Uganda and Asia large household size and high dependency ratios have been found to be correlated with low per capita incomes (Deininger and Okidi, 2001; de Haan and Lipton, 1998); in the Kyrgyz Republic there is a correlation between large numbers of children and childhood poverty (Falkingham and Ibragimova, 2005); in Rajasthan, India, high dependency ratios have been found to contribute to indebtedness, ill-health and an inability to afford education (Bhargava et al., 2005); and in the US large family size has been found to be associated with lower levels of well-being and attainment during childhood and into adulthood (Keister, 2004). Children with many siblings are also likely to be less well nourished (Engle, *et al.*, 1999:1315), and in large families resources may be directed to the youngest children (Anderson, 2000 in Harper et al., 2003:540) or to older children (Leslie, 1987 in Harper et al., 2003:540)

The more siblings a child has, the less likely they are to complete secondary school. (Aldaz-Carroll and Moran, 2001). In Latin American having up to 3 siblings makes little difference, but having 4 or more has a bigger impact. A study found that around a third of children with less than 4 siblings complete secondary, compared with around a fifth of those with 4 or more siblings (Aldaz-Carroll and Moran, 2001). Having a large number of siblings also affects nutrition, which in turn affects educational outcomes. A review of 18 country studies concluded that children with fewer siblings are more likely to be wanted children, to access public resources, to be treated more equitably relative to their siblings, to receive more parental time, and to have lower fertility aspirations when they grow up (Aldaz-Carroll and Moran, 2001). The sibling effect is stronger in poor households (Aldaz-Carroll and Moran, 2001).

These findings suggest that high dependency ratios can contribute to the intergenerational transmission of poverty by limiting children's human development and socialisation and their subsequent earnings.

### 3.1.3. *Parental education*

Female education is important in interrupting the intergenerational transmission of poverty, partly because educated mothers are more likely to send their own children to school, but also because of 'externalities' including reduced fertility and infant mortality and improved family health (Christiaensen and Alderman, 2004; Rose and Dyer, 2006). Having uneducated parents is strongly associated with household poverty and increased risk of malnourishment and disease from poor sanitation and health practices (Aldaz-Carroll and Moran, 2001; Handa *et al.*, 2004; Emerson and Souza, 2005; Falkingham and Ibragimova, 2005).

Educated adults tend to be healthier and have fewer and healthier children with lower levels of infant mortality and morbidity. They make better health choices and live longer (Hannum and Buchmann, 2005, Rose and Dyer, 2006), but in South Asia the relationship between women's education and fertility has been found to be variable and context specific (Rose and Dyer, 2006).

In Rajasthan it was found that less educated parents do not prioritise education, particularly for girls (Bhargava et al., 2005) and in Mozambique children with educated mothers are more likely to go to school and stay in school longer (Handa *et al.*, 2004).

A study of poverty drivers in 16 Latin American countries found that children born in low-income households and to parents who have received little or no schooling generally face significant disadvantages in achieving their human potential compared to children born in households with higher income and schooling. Roughly a third of children born poor completed secondary education, compared to two thirds of children born in non-poor households (Aldaz-Carroll and Moran, 2001). Children from higher-income households may also benefit from having access to higher-quality (or more accessible) schooling (Behrman and Knowles, 1999:219). Behrman and Knowles have reviewed 42 studies, covering 21 countries, which explore the associations between household income and schooling, and found an association in about three-fifths of the studies (Behrman and Knowles, 1997 in Behrman and Knowles, 1999). However setting aside pure income effects, the children of educated parents also gain because their parents are more able to help them with their homework and usually have greater aspirations for them (Aldaz-Carroll and Moran, 2001).

Children who complete secondary education are likely to be protected from being poor in later life. A study in Latin America appeared to confirm the reproduction of class across generations. It found that children who complete secondary education, and are therefore more likely to break the IGT poverty cycle, are those with fewer siblings and more highly educated parents. They live in higher income households and are more likely to be urban (Castaneda and Aldaz-Carroll, 1999 and Aldaz-Carroll and Moran, 2001). Children who were born to poor adolescent single mothers, or who did not attend a preschool programme, or were undernourished, were found to be less likely to complete secondary education than other children from poor households (Aldaz-Carroll and Moran, 2001). The study also found that domestic violence and ethnicity affected educational outcomes (*ibid.*). Another study found that the number of siblings a child has increases their 'schooling gap', unless the sibling is an older sister in which case resources are commonly diverted from her to her younger siblings (Anderson, 2001, in Moore, 2005:15).

#### 3.1.4. Parental health

Good health is a key asset and ill-health is the single most widespread hazard affecting poor households (Harper, 2004a). Health shocks have been identified as a key driver of downward mobility due to the lost labour of the individual and their carer, which alters household dependency ratios, and the costs of seeking treatment. Illnesses which are both severe and chronic can be particularly damaging to household consumption and well-being. Despite this, formal insurance against ill-health is largely unavailable in low income developing countries (Harper, 2004a).

Ill-health is so common in high prevalence societies that it becomes an anticipatable stress and without insurance vulnerable people's perceptions of risk is transformed, affecting their behaviour (Harper, 2004a). For example, adults in countries with a high HIV prevalence rate may have shorter investment time horizons. They may no longer anticipate being supported in old age by their children, and instead of investing in their children's education may look for quick return investments, leaving their children to become low income adults (Cohen, 2005).

Chronic and terminal illnesses impose considerable distress on families which often disintegrate as social and economic units. Both the illness and the household break-up can have profound psycho-social impacts on children (Cohen, 2005). Adult deaths in the economically active age-group can also contribute to reduced food security, withdrawal of children from school and early marriage of girls. Communities or extended families experiencing high levels of chronic morbidity and early mortality, e.g. due to HIV/AIDS, may experience particular pressures due to the intensity of the demands for nursing care, informal transfers to cover health costs and the need to foster large numbers of orphans.

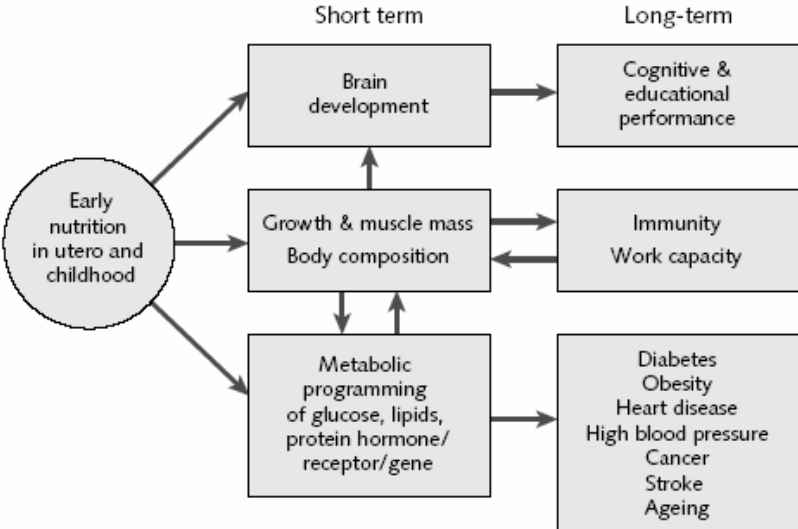
The stigma and social exclusion associated with coming from an AIDS affected household can damage children’s psycho-social development, reduce livelihood options and remove a sense of belonging (Cohen, 1998). Where this combines with severe and chronic poverty, children are more likely to adopt behaviours which lead to HIV infection, and become the next generation of those infected with HIV (Cohen, 1998).

The HIV/AIDS crisis in Sub-Saharan Africa will have a profound impact on the education of the current school-age generation (Case and Ardington, 2006). This is partially through children being withdrawn from school and partially a result of the profound impact the epidemic has on institutional capacity, as morbidity and mortality remove large numbers of trained personnel (e.g. teachers, nurses and civil servants) (Cohen, 2005). This will affect the quality of service delivery, with potentially serious consequences for the human capital formation of the current generation.

3.1.5. Nutrition

Child and maternal nutrition and health status are often cited alongside the timing of shocks and interventions as *the* critical factors in determining the irreversibility of poverty transfers. Maternal and child malnutrition is particularly widespread in South Asia, with higher rates of child stunting and wasting than other regions. Half of South Asian women are underweight before starting pregnancy, over three-quarters are anaemic during pregnancy and most gain too little weight, contributing to very high maternal mortality rates (UNU, 2000:23). Maternal malnutrition contributes to higher rates of maternal, infant and under five mortality (Larrea *et al.* 2004; UNU, 2000). Poor *in utero* nutrition also leads to low birthweight babies (those below 2.5kg) with higher risk of the children being stunted and experiencing a permanent limit to their physical and cognitive development, affecting schooling performance and completion. For many, the risks are reinforced by malnutrition in infancy and early childhood (see Figure 2).

Figure 2: The short-term and long-term effects of early nutrition

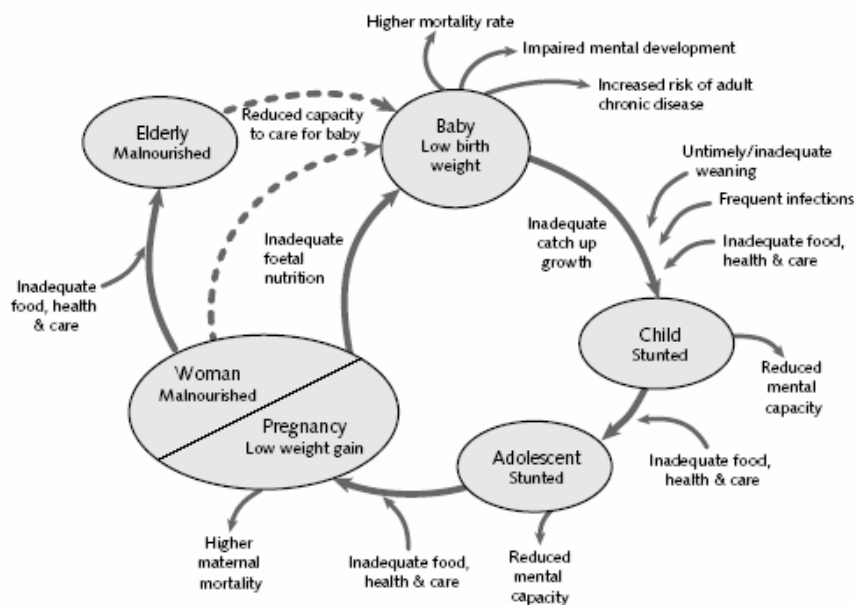


Source: UNU, 2000:29

Children who experienced malnutrition *in utero* and in infancy are more likely to have cognitive impairments and poorly developed immune systems. They suffer frequent childhood illnesses, further slowing growth and potentially trapping a child in cycle of malnutrition and illness. Cognitive impairment caused by poor nutrition before the age of two is likely to be irreversible (ACC/SCN, 2000 in Harper et al., 2003:542). Low birthweight is associated with high blood pressure in later life and blood pressure of children at 8 years was found to be inversely proportional to their mothers' weight gain in the last trimester of pregnancy. Iodine deficiency during pregnancy affects foetal brain development at a critical stage and can permanently impair cognitive performance. Maternal anaemia can also contribute to low birthweight (Freedman *et al.*, 2005:55) and iron deficiency during infancy also results in impaired cognitive performance (Scrimshaw, 1997).

If girls born with low birth-weights grow up malnourished they are likely to go on to be malnourished mothers themselves, perpetuating the intergenerational transmission of malnourishment and stunting (Harper, 2004a; Freedman *et al.*, 2005:55; UNU, 2000:23).

**Figure 3: Malnutrition during the life course**



Source: UNU (2000) (<http://www.unu.edu/unupress/food/fnb21-3s.pdf>)

Undernutrition (low weight-for-age) contributes greatly to child mortality. Mildly underweight children under the age of five are twice as likely as their nourished peers to die; moderately underweight children are five times as likely to die, and severely undernourished children are eight times as likely to do so (Freedman *et al.*, 2005:55) Overall, 53 percent of all post-neonatal childhood deaths are associated with undernutrition: 61 percent of diarrhoea deaths, 57 percent of malaria deaths, 52 percent of pneumonia deaths, and 45 percent of measles deaths. Ensuring the adequate nutrition of children under five could prevent more than 2.5 million deaths from these diseases (Freedman *et al.*, 2005:55). Malnourished children are also at greater risk of developing certain chronic illnesses in adulthood, including hypertension, coronary heart disease, non-insulin dependent diabetes, and autoimmune thyroid disease (UNU, 2000).

Stunting is also linked to mental impairment. At current rates of improvement, about 1 billion stunted children will be growing up by 2020 with impaired physical and mental development

(UNU, 2000:19). In Zimbabwe young children who were stunted as a result of drought and conflict-induced malnutrition were shorter as adults and were found to have completed fewer years of schooling than the median (Alderman *et al.*, 2004). This is likely to have a life-long impact on their earnings potential. Added to this, stunting has been found to have a direct, negative effect on labour productivity and individual earnings making it more likely that a stunted child will grow up to become a poor adult and to pass that poverty on to his or her children.

These problems affect a very large number of children. There are more than 150 million underweight pre-school children worldwide, and more than 200 million are stunted. Sub-optimal growth may affect many more (UNU, 2000:19). The prevalence of stunting is over 50 percent in several countries: Ethiopia 64 percent, Bhutan 56 percent, Bangladesh 55 percent, India 52 percent, Pakistan 50 percent (UNU, 2000).

Turning to specific forms of malnutrition; both iodine deficiency and iron deficiency (and anaemia) in young children can lead to permanent reductions in cognitive function; Vitamin A deficiency can lead to blindness (Harper, 2004b). In 2000, over 150 million preschool children were estimated to be underweight and over 200 million children to be stunted. Harper suggests that at current rates of improvement by 2020 about one billion children will be growing up mentally impaired (Harper, 2004b).

Iron deficiency anaemia affects about 2 billion children and adults, particularly in Asia (UNU, 2000:26). Maternal anaemia is widespread, with over 80percent of expectant mothers anaemic in some countries and severe anaemia is associated with 20percent of maternal deaths in developing countries (UNU, 2000:19, 26). It is a major cause of lasting brain damage and death in children with low birthweight infant being particularly vulnerable (UNU, 2000:26). Anaemia is exacerbated by malaria, hookworm, other parasitic infections and by chronic diarrhoea linked to poor sanitation and hygiene (UNU, 2000:26).

The section above has highlighted the long-term health and cognitive impairments resulting from *in utero* and early childhood malnutrition. These children's problems are compounded by learning difficulties and their small stature and physical weakness (from stunting) can limit agricultural returns or wages from casual labour.

### **3. 2. Access to productive assets**

Access to and control of productive assets is a clear determinant of individual or household income and consumption levels. Asset holdings are also vital contributors to the initial conditions of a household and can cause "poverty traps", influencing risk aversion, vulnerability and ability to cope with shocks and contingencies. They influence individual and household livelihood and investment options and therefore impact both short and long-run well-being. Better endowed households are likely to be more able to maintain their children's food security and invest in their health and education.

There tend to be high levels of inequality in asset holdings between households in the same village, and in some cases between regions. Research in Ethiopia, Kenya, Rwanda, Mozambique, and Zambia using nationally representative household surveys between 1990 and 2000 has found that land ownership was becoming concentrated and highly unequal, particularly within villages rather than between villages. Farm sizes were declining and around a quarter of agricultural households were virtually landless, controlling less than 0.10 hectares per capita, including rented land. However, there was a strong relationship between access to land and household income, as even the households with the least land got less than 40percent of household income from non-farm activities (Jayne, et al., 2003). In Uganda, land fragmentation is leading to impoverishment and rural unemployment.

What implications does this have for the intergenerational transmission of poverty? Where income is highly dependent on agricultural production and landholdings are becoming so small that they are no longer viable, it becomes increasingly likely that the children of people who are poor now will grow up to be even poorer, unless they can develop other sources of livelihood. This will depend on well developed human capital and well functioning labour and capital markets.

Asset ownership and accumulation is not equally straightforward for all individuals. In many agrarian situations what you own as an adult will be determined to a very significant extent by inheritance. Accumulation of assets may be possible, but will depend on returns to existing assets, freedom from shocks (or insurance against them) and the ability to save. This indicates that inheritance patterns are important, as are factors determining returns to assets, the ability to invest and save, risk and vulnerability and the impact of coping strategies on current and future asset holdings. We do not have space in this paper to do more than skim over the extensive literatures on these topics.

#### *Low levels of asset accumulation as “poverty traps”*

Barrett, *et al.* (2004) present the idea of “poverty traps” and suggest that otherwise identical neighbours will have radically different experiences if one starts with sufficient land, livestock and human capital, while the other lacks the minimum initial stocks necessary to accumulate wealth over time (Barrett, *et al.*, 2004:1). These asset holdings then evolve according to the household’s saving behaviour and its ability to respond to shocks (*ibid.*:2). They identify that if asset holdings are below a particular threshold, the household is so vulnerable to shocks and so economically disadvantaged that it will be unable to accumulate sufficiently to move out of poverty, whereas households above that threshold are much more likely to have upward trajectories of asset accumulation and improving well-being.

Analysis of survey data from Kenya showed that chronically poor people had fewer assets than the never poor (Barrett, *et al.*, 2004:3). Poor people emphasised the central role of assets in escaping from poverty and both their difficulty in accumulating assets and the role of asset losses in preventing their escape from poverty (Barrett, *et al.*, 2004:2). Every poor household was found to trace their poverty back to an asset shock which increased risk aversion. Their lack of education and investment capital prevented their movement into activities which would achieve higher returns to their labour, land and livestock (*ibid.*). The poor households in Northern Kenya were found to systematically choose income stability over income growth because of risk aversion or the need to meet subsistence requirements (Barrett, *et al.*, 2004:3). Without enhanced income, households need to reduce consumption if they are to save and invest. The households unable to reduce their consumption any further will see their asset holdings remaining low over a long period, contributing to the household remaining trapped in poverty (Barrett, *et al.*, 2004:2).

Analysis of asset dynamics in South Africa also shows that large numbers of South Africans are trapped in poverty because of their low levels of asset holding (Adato, *et al.*, 2006). It is likely that studies of asset-based poverty traps in other countries would show similar results, although the optimal mix and amount of assets would be likely to vary, based on local conditions.

What does this imply for the intergenerational transmission of poverty? Parents who are unable to accumulate assets are unlikely to be able to marry their children ‘well’ where dowry or bride price is paid and they will be unable to pass them land at marriage, or on their death. This limits the income and livelihood options of the new household. The need to protect assets as part of coping with shocks may have led to reduced nutrition at crucial periods in children’s development, leading to stunting, long-term damage to health and impairments.

Protecting productive assets may also have been at the expense of children's education and access to health care, with long term implications for their human capital and therefore life-long incomes.

#### *The role of assets in reducing vulnerability and in coping*

Poor households will commonly reduce consumption in order to cope with shocks or contingencies rather than risk losing important productive assets, but consumption smoothing behaviour was found to increase above the median of the wealth distribution, meaning that less poor households were more willing to sell assets to maintain their level of consumption (Barrett, *et al.*, 2004:3).

#### *Asset quality*

Households may own large tracts of land, many heads of cattle or other productive assets, but if they are poor quality they may gain limited returns. Research in Rajasthan, India, has found that declines in asset quality through environmental degradation contributes to the intergenerational transmission of poverty (Bhargava *et al.*, 2005). This finding is likely to be replicated by other studies examining this issue.

#### *Inheritance*

In some societies children inherit their parent's assets when they marry. The inheritance of land can be affected by the wealth – or otherwise - of grandparents and transfers from grandparents can be particularly important if parents are credit constrained (Quisumbing, 1997). In agrarian societies these transfers provide the start up capital for a new production unit and strongly shape the future prosperity of newly formed households, and subsequently their children. Such transfers can also be important in determining bargaining power within the marriage (Fafchamps, and Quisumbing, 2004) and therefore the intrahousehold distribution of goods, services, leisure and labour.

#### *Control to returns on assets.*

The question of who controls the returns to assets owned by an individual or household can have important implications for the health and well-being of household members. Earlier in this paper we suggest that property grabbing from widows and the difficulty for women to own productive assets or accessing financial services in their own right, can contribute to the poverty of women headed households and the intergenerational transmission of that poverty. In addition, the formalisation of asset holding from previously informal, less codified systems of ownership has tended to disinherit women, as men tend to sign legal documents. )

### **3.3. Quality of parenting, nurturing and socialisation**

The quality and type of parenting and nurturing by care givers has an important impact on the life chances of children. Early childcare and nurturing, intellectual stimulation, and affection shape the child's behaviour, the intellectual and social development and the educational performance of the individual influencing their later economic performance (Aldaz-Carroll and Moran, 2001). Children are sensitive to the lack of stimulation and nurturing during early infancy and the absence of a 'primary attachment' to a parental figure or an abusive or erratic relationship with a primary carer may lead to impaired cognitive and psycho-social development, with impacts on language acquisition, motor skills and social skills. Children also learn social (and antisocial) patterns of behaviour early in life from the family, which are then displayed outside the home (Aldaz-Carroll and Moran, 2001), at which

point children interact with their extra-household social environment to reinforce or counteract this behaviour.

The importance of nurturing has been highlighted by studies which have identified the impact of early childcare programmes. Two empirical studies in the United States using randomised trials and follow-up interviews with the children have generated robust evidence that quality early childcare and development services for children in poverty is one of the most effective tools for interrupting IGT poverty (Aldaz-Carroll and Moran, 2001). In Peru, attendance at an early childcare programme had an unexpectedly large impact on poor children's completion of their secondary education in Peru (Aldaz-Carroll and Moran, 2001).

Cultures of child care affect how adults perceive both childhood and their role as carers. Belief systems can have an important influence on child care practices. For example, certain illnesses can be seen as normal processes of childhood or the result of witchcraft or spirits (Engle, *et al.*, 1999:1314). Feeding practices in infancy can also be influenced by beliefs which are detrimental to the child (*ibid.*).

However childhood and parenting is perceived, care-givers need sufficient education, time and support from their family and community if they are to provide children with both positive aspirations and long-term emotional stability (Engle, *et al.*, 1999:1310; Harper, 2004b). Care-givers also need to be healthy (including mental health and the absence of stress) and well-nourished, self-confident, autonomous and have control over resources and their allocation within the household (Engle, *et al.*, 1999:1310). But research has found the importance of mental health to be context specific. A relationship has been found between high maternal common mental disorders and poor child nutritional status in India and Vietnam but the findings from Peru and Ethiopia do not provide clear evidence for a similar association being present in non-Asian countries (Harpham *et al.*, 2005).

Parents may not have enough time or resources to invest in their children. The time and resources devoted to a child are determined by the number of siblings, the gender of the child, and age relative to that of siblings (Aldaz-Carroll and Moran, 2001). The livelihood activities of parents influences the time available for childcare. The commercialisation of agriculture in Nepal has been found to have an impact on child health by diverting the mother's time away from child care where there is only one pre-school child in a household (Paolisso *et al.*, 2002). Non-poor parents tend to work fewer hours and therefore have more time to spend with their children (Aldaz-Carroll and Moran, 2001). But even under favourable conditions the concern and activism that parents show for their children's mental development varies substantially, including within socioeconomic groups (Aldaz-Carroll and Moran, 2001).

Educated women are more likely to be more open to new information, to actively teach their children and be more interactive and stimulating in their child care practices. This has positive implications for the development of their children (Engle, *et al.*, 1999:1313). Healthy parents also provide better child care. Poor maternal health can influence child care by reducing the energy available to provide care (Engle, *et al.*, 1999:1315). Famine affected women in Kenya were found to hold and care for their children significantly less than before the famine (Engle, *et al.*, 1999:1315). Maternal depression is also associated with poor care giving and with problematic outcomes for children (Engle, *et al.*, 1999:1317). Being traumatised or preoccupied with problems, including household poverty, may also directly affect the parent's capacity to be responsive to their child (Tomlinson, Cooper and Murray, 2005: 1044).

Two-thirds of poor children in Santiago (Chile) have lower than expected educational performance due to inadequate nurturing and developmental care during their early years (Buvinic *et al.*, 1992 in Aldaz-Carroll and Moran, 2001). But being poor does not necessarily

affect the quality of parenting. A study in South Africa suggests that most poor parents can provide infants with the quality of nurturing necessary for the healthy emotional development of their children (Tomlinson, Cooper and Murray, 2005:1051).

### **3.4. Early exposure to violence**

Living in a violent household or one where there is on-going emotional or psychological abuse can have a profound impact on children and is associated with the intergenerational transmission of poverty. Domestic violence has also been found to have a strongly negative impact on children's education performance, with the children more likely to have discipline problems and being more likely to have to repeat grades (Aldaz-Carroll and Moran, 2001). Alarming, a review of 35 studies shows that between a quarter and a half of women report having been physically abused by either a current or a previous partner (Engle, *et al.*, 1999:1316).

Where domestic violence is associated with non-cooperative decision-making within the household, it can be linked to substantial intrahousehold differentials in consumption and well-being. Where it contributes to marital breakdown and household fragmentation, it can result in children experiencing a collapse in their well-being, reduced chances of inheriting land, withdrawal from school and relocation from their community and network (Bird and Shinyekwa, 2004).

### **3.5. Fostering, adoption and orphanhood**

Fostering children outside their natal family is becoming more common as a result of HIV/AIDS and labour migration. In this section we explore whether fostering, adoption and orphanhood has implications for a child's long-term poverty status and on the intergenerational transmission of poverty.

In Mali, research has found that fostered children's health and nutrition depends on the resources available to the fostered children, the bond between the fostered children and their carers and the reason for fostering – whether it was requested by an older person or a childless family or forced by death or migration (Engle, Castle and Menon, 1996 in Harper *et al.*, 2003:540). In Sierra Leone, parents may foster their children to provide them with better access to education or improved food security (Harper *et al.*, 2003:540). A study on Northwestern Tanzania, an area deeply affected by HIV/AIDS, has shown that orphanhood affects long-run health and education outcomes (Beegle, *et al.*, 2005). The study used a sample of non-orphans surveyed in 1991-94, who were traced and re-interviewed in 2004. Of this group 23 percent had lost one or more parents before the age of 15 between 1991 and 2004. This enabled the researchers to identify the impact of shocks associated with becoming an orphan. They found that living arrangements and whether the child was in school at the time of losing a parent were important and strongly influence the impact of maternal and paternal death. Maternal death resulted in stunting<sup>10</sup> and lower educational attainment<sup>11</sup>. Paternal death also had an impact on educational attainment, but only for particular groups (Beegle, *et al.*, 2005).

Maternal death is also a predictor of poor educational outcomes in KwaZulu Natal (South Africa) where maternal orphans are significantly less likely to be enrolled in school, have completed significantly fewer years of schooling than children whose mothers are alive and

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<sup>10</sup> The death of a mother resulted in a permanent height deficit of about 2 cm (or 22 percent of one standard deviation)

<sup>11</sup> The death of a mother resulted in a persistent impact on years of education of almost 1 year (or 25 percent of one standard deviation).

have less money spent on their education, on average (Case and Ardington, 2006). These children also do less well than non-orphaned children with whom they live (*ibid*). Evidence from the 2001 South Africa Census suggests that the effects of maternal deaths on children's school attendance found in KwaZulu Natal is likely to be found throughout South Africa (Case and Ardington, 2006).

In the early days of the AIDS epidemic in sub-Saharan Africa there was initially no difference between the school enrolment and retention of orphans and non-orphans, but differences are now emerging. This has been attributed to the strength and subsequent HIV/AIDS-induced breakdown of extended family orphan care arrangements (Nyamukapa and Gregson, 2005). In rural Zimbabwe maternal orphans have lower primary school completion rates than non-orphans and paternal or double orphans. This results from a lack of support from fathers and stepmothers and ineligibility for welfare assistance due to residence in higher socio-economic status households. Sustained high levels of primary school completion amongst paternal and double orphans—particularly for girls—result from increased residence in female headed households and greater access to external resources (Nyamukapa and Gregson, 2005).

Children in child-headed households are at risk of poor food security, curtailed schooling and inadequate health care. They also miss out on important processes of socialisation and acculturation. As a result they may become alienated and experience anomie, with destructive outcomes both for the children and for wider society (Cohen, 2005). Child-headed households are also more likely to have poor housing, which is a risk factor in TB and other serious illnesses. Cohen (2005) suggests that HIV/AIDS is resulting in the emergence of a generation with poor health status, few skills (not even those necessary for rural development), low levels of literacy and numeracy, little or no access to financial and other real assets (where their property and other rights will often have been infringed). They tend to be socially excluded as a result of coming from AIDS affected households and have been deprived of the normal processes of socialisation.

### **3.6. Child-headed households**

Children growing up in child-headed households face many challenges and deprivations. These include: having their property grabbed by their extended family or community on the death of their head of household; difficulty in getting food and shelter; serious threats to their education because of poverty; a higher risk of being sexually abused by neighbours and relatives; more child prostitution and child labour; and more likelihood of pursuing life on the street (Sloth-Nielsen, 2004:2).

The heads of such households face practical problems in providing care to their younger siblings. They, and their siblings, also face psychological trauma from having observed their parent's terminal illness and because of the lack of adult guidance and mentoring, love and security (Sloth-Nielsen, 2004:3). Socially determined gender roles mean that girls are more likely than boys to have to care for terminally ill family members. This increases the likelihood that they will drop out of school. (Sloth-Nielsen, 2004:3). Both male and female orphans are less likely to be in school and more likely to fall behind or drop out, compromising their abilities and prospects. In Tanzania, the school attendance rate for children who have lost one parent is 71 percent but only 52 percent for "double orphans". Although primary school is free, the children and their carers often cannot afford other costs (pens, pencils, exercise books) and so drop out (HAI, 2004).

In Rwanda, despite legal protection for children, many orphans lose control of their parents' customary land holdings to their guardians (Rose, 2005). It is not just physical assets that are vulnerable, but the children themselves, and evidence suggests that orphaned girls

(particularly those without adult protection) are especially vulnerable to being victims of sexual exploitation and trafficking (Sloth-Nielsen, 2004:3).

### **3.7. The role of older people in IGT poverty**

Older people can have an important role in the intergenerational transmission of poverty, and in mitigating its transmission; through their ownership of assets; transmission of technical and other skills to younger generations; their role in setting community and family norms; by contributing income to the extended family; and by altering dependency ratios and as carers.

#### *Pensions*

Non-contributory old age pensions are not widely available in low-income developing countries, and in sub-Saharan Africa only three middle-income countries (South Africa, Namibia and Botswana) and one low-income country (Lesotho) provide them. Pensions provide direct support to pension recipients and their extended families. Pensions reduce vulnerability by smoothing consumption and in South Africa and Namibia pension-dependent households are better off than small farmers, lifting many households out of poverty (Devereux, 2002). Pensions provide older people with economic independence and increase their status within the family and community. Pensions also enable economically active adults to migrate in search of work, leaving their children to be looked after by their parents resulting in a net inflow of resources to poor rural areas (Devereux, 2002).

A high proportion of pension income is spent on both primary and secondary schooling expenses. Pensions also generate a number of important secondary benefits by stimulating trade and marketing infrastructure, and helping to stabilise rural food supplies (Devereux, 2002). Women have been found to be particularly likely to use their pensions to support multi-generational households (Schatz, and Ogunmefun, 2005).

#### *Elder-led households*

Older people play an important role in mitigating household collapse and extending their involvement in economic and social roles, where high morbidity and mortality has removed large numbers of the 'economically active' adult population.

HIV has changed the lives of many older people. They might reasonably have expected their days of intensive child-rearing and income earning to be over but for many the death of their children, leaving dependent grandchildren, has changed that. Grandparents are the primary caregivers for over one-third of orphans in Uganda, Zambia, and rural Tanzania (Deininger, Garcia and Subbarao, 2001 in Schatz, and Ogunmefun, 2005). This is not an easy role, as many older people are left with debts from medical treatment and funerals and do not find it easy to increase their incomes sufficiently to meet the food, clothing and educational needs of children. They may have passed productive assets to their children on marriage and those assets may have been liquidated to cover medical costs. They also find it more difficult to find wage employment and may not have the physical strength to succeed in agriculturally-based activities or the micro-enterprises which have low barriers to entry but are drudgery intensive.

Older people and orphans living with, or related to, people living with HIV/AIDS commonly face exclusion and the social ties and traditional support mechanisms can be weakened through marginalisation (HAI, 2003: 5). This makes it more difficult for the older carers to

cope with the financial and emotional stresses and discipline problems of raising much younger children.

Elder-led households tend to have higher than average dependency ratios and lower levels of per capita income. Due to these pressures, children in these households are more likely to either fail to enrol in school, or to drop out early, and are more likely to grow up to become poor adults. However, in Cameroon, Nigeria, and Uganda *male* children are *more likely* to attend school if they come from elderly-headed households but not *female* children who are *less likely* to attend school if they live in elderly-led households (Kakwani and Subbarao, 2005).

### *The transmission of poverty to the older generation*

Although most analysis of the intergenerational transmission of poverty focuses on transmission from parents to their children, transmission from the younger to the older generation can be important. This transmission may be from children to adults and from younger adults to older adults within or outside the extended family.

Transfers made from one generation to another are made in response to an implicit contract (Malhotra and Kabeer, 2002:7). These contracts are shaped by norms in society and link children, to adult parents to aging (grand)parents. Contracts are organised in response to the dependency an individual experiences while an infant and young child and a frail older person (Malhotra and Kabeer, 2002:7). Many parents invest in their children - in their food security, health care, education and training – with the expectation that the children will provide them with support in their old age. The nature of this contract depends on alternative sources of security in old age and inter-generational contracts undergo a process of change and contestation. In some societies the declining ability and motivation of families to provide care and support to their elderly members means that the elderly are emerging as a new vulnerable group and this risk is larger, the greater the scope for individual discretion (Malhotra and Kabeer, 2002).

### **3.8. Early childbearing**

In some countries early childbearing is associated with poverty. Adolescent motherhood contributes to the intergenerational transmission of poverty by making it more difficult for the young mother to complete her secondary education. (Aldaz-Carroll and Moran, 2001). In Chile, Barbados, Guatemala and Mexico adolescent childbearing is associated with lower incomes (*ibid.*). This is also the case in SE Asia where the incidence of early motherhood is low in the wider population (Moore, 2005:18).

Early childbearing has implications for the children's health and education. In Chile, Barbados, Guatemala and Mexico, the children of poor adolescent mothers tend to have below average levels of nutrition (Buvinic, 1998) and in Rajasthan, India, it was found that early pregnancy contributes to children being vulnerable to poor health (Bhargava *et al.*, 2005). The children of adolescent single mothers in Chile are much less likely to complete secondary school than other children. This is partly because these children experience a higher incidence of malnutrition compared to other children, which makes them more likely to repeat school years (Aldaz-Carroll and Moran, 2001).

The daughters of teenage mothers tend to become teenage mothers themselves, passing on the risk of poor nutrition, low educational performance, ill health and low life-long earnings (Aldaz-Carroll and Moran, 2001). However, adolescent parenthood cannot be explained solely by parental precedent; poor education, limited employment opportunities and sub-cultural norms are likely to all be influential. Some areas can have very high levels of

adolescent parenthood. A survey of youth aged 10-24 in poor urban neighbourhoods of Fortaleza in Northeast Brazil found that 31 percent of the youth had their first child before they were 16, triple that of the general population (Verner and Alder, 2004).

### **3.9. Education and skill acquisition**

Education and the acquisition of skills are strongly influenced by both household-level factors and the wider environment, including access to and quality of education and the market demand for child labour. In this section we focus on household level factors, but recognise that contextual issues are very influential.

Low education amongst children with poor parents has been found to be the single most important factor contributing to the persistence of poverty in both Latin America (Aldaz-Carroll and Moran, 2001) and Vietnam (Behrman and Knowles, 1999). However, children from poorer households are likely to have access to lower quality schools, they tend to receive fewer year's schooling and are likely to attain less per year of schooling, with mean attainment of children from the poorest two quintiles below that of children from the third quintile and nearly 20 percent lower than children in the top two quintiles (Behrman and Knowles, 1999).

Having a good start is important. Research in the Philippines has shown that investments in human development in the first few years of a child's life has a strong impact on cognitive development, school performance, productivity, income, and health and nutritional status over the life course (Ghuman *et al.*, 2005). Early school enrolment and sustained education influences adult income earning potential (Emerson and Souza, 2005). However research evidence from Vietnam shows that it tends to be inversely related to household income (Behrman and Knowles, 1999) and in Guatemala to poor health and nutrition (Aldaz-Carroll and Moran, 2001). Interestingly in the US, pre-schoolers and children who are poor in their early school years have lower rates of school completion than children who are poor during adolescence (Brooks-Gunn and Duncan, 1997 in Blackman and Litchfield, 2001) suggesting that resilience is greater amongst older children.

Declines in mortality and fertility in South Asia have directly and indirectly increased the value placed on education. This reflects the 'quantity-quality' transition in which families move from having large numbers of children but make a low investment of resources per child to having smaller numbers of children but investing more per child. This process also reflects a change in the intergenerational contracts within families and a shift in parent-child relationships. With decreasing fertility and mortality rates and the increased availability and use of birth control, parents are more likely to invest emotionally in their children, to feel a greater sense of personal agency, and to make investments in their children for the future. However, this process has been uneven, which suggests that different forms of intergenerational contract co-exist with certain norms present in particular socio-economic groups and in particular areas (Kabeer, 2003).

In many countries, schooling correlates strongly with adult income and other markers of socio-economic status (Aldaz-Carroll and Moran, 2001). This is because education improves cognitive skills and can increase individual economic and agricultural productivity (Aldaz-Carroll and Moran, 2001, Rose and Dyer, 2006). In Latin America, children who completed primary school increased their earnings in their first job by 50 percent. However returns to education are non-linear as they increase in steps linked to literacy, the completion of primary school, passing exams and so on (Emerson and Souza, 2005) and they can be insignificant where agriculture is stagnant, labour markets distorted or wages poor (Rose and Dyer, 2006).

After leaving school other investments might be necessary before education can be translated into higher income. This might involve migration or contacting members of the household's social network but may be more difficult for poorer households (Behrman and Knowles, 1999:220). Having parents who worked when they were children may prevent normal returns to education. This may be because the parents do not have the knowledge or contacts to help their children to find well-paid work (Emerson and Souza, 2005). Non-poor parents are likely to have access to better information about the job market. This combined with better connections and networks make it easier for them than for poorer parents to help their child find a well-paid job, even where they have not performed well academically. This increases the likelihood that parents will benefit from the investment in their child's education (Behrman and Knowles, 1999:220). Advance knowledge of these advantages (through observing other families) may make richer parents more likely than poorer parents to invest in their children's education.

### 3.10 Child labour

Child labour is another issue influenced by both household and extra-household factors. In this discussion we focus largely on household level issues, while recognising the importance of the wider context.

Other than the most hazardous forms of child labour, the extent to which work during childhood has long-term negative effects on children remains hotly debated. Most, however, do agree that *where actual alternatives for households to earn sufficient incomes and for children to study exist*, full-time work in childhood should be delayed as long as possible. In this section we provide a brief overview of the literature and identify whether child labour may have implications for the intergenerational transmission of poverty.

Whether children work or not is partly the result of how childhood is conceived. In many cultures children are expected to take on agricultural and household provisioning roles in early childhood. Children from poor households are widely assumed to be more likely to work. However, the empirical evidence is contradictory. Wahba (2000) finds that child labour is not necessarily associated with poverty. It is seen in Pakistan but not in Peru or Zambia and in Ghana household poverty only has a weak association (Wahba, 2000:1). Dar *et al* (2002) review a number of country studies from Asia, Africa and Latin America and find a reliable association between poverty and child labour. In Brazil, children in the poorest households were more likely to work following sudden reductions in the income of male household heads, but this was not the case in richer households who were more able to borrow to smooth consumption (Neri *et al.*, 2005). The ability to borrow was also found to be an important alternative to child labour in response to shocks in Guatemala (Guarcello, 2003). Having children work can spread a household's risk, reducing its vulnerability – even if the wages that they earn are not crucial to household survival (Moore, 2000:538). So, poverty may not be the deciding factor.

Other household characteristics may be important in influencing the likelihood that children will work. For instance in Brazil, children from households with high dependency ratios are more likely to work outside the home. The greater the number of siblings aged 5 to 14, the more likely the children were to work (Emerson and Souza, 2005). There is inconsistent evidence on whether children are more likely to not attend school and to work in the home if their mothers are involved in wage labour, but there is evidence from a number of countries that mothers' and children's labour is substitutable (Dar *et al.*, 2002:25-26).

There is strong evidence from a number of countries that the likelihood of working as a child is transmitted intergenerationally. Children are more likely to be child labourers if their parents worked as children and if their parents have limited education (Emerson and Souza, 2005;

Wahba, 2000:2). Parents who started work as young children are more likely to send their own children out to work (Wahba, 2000:11). This suggests that having worked as a child affects one's social norms (Emerson and Souza, 2005). In Egypt women heads of household were just as likely to send their children out to work, but were more likely to invest in the education of their children (*ibid.*).

Whether children work or not is also related to their age and gender; school characteristics (cost, quality, distance); the size and structure of the household; household composition (ratio of boys to girls in the household); social and cultural norms and religious beliefs; household landholdings; parental education; and social expenditure by the state, including on education (Grootaert and Kanbur, 1995, in Moore, 2000:538; Dar, *et al.*, 2002:2-3). Changes in household size and structure due to conflict or the HIV/AIDS pandemic play an important role in determining the extent and nature of child work, particularly as a result of the increased number of child-headed households (Moore, 2000:538). In some countries it is also linked with ethnicity, where this contributes to household poverty (Dar, *et al.*, 2002:14).

Working as a child leads to lower education outcomes, particularly if the child works regularly (Sanchez *et al.*, 2005). Even modest amounts of child labour affect academic performance and cognitive development, particularly when very young children work (*ibid.*). This shows that working as a child, even when continuing to attend school, is damaging on education and thus on long-term outcomes. However, an additional year of schooling is still beneficial to adult wages, suggesting that delaying drop-out from school, even if the child begins to work, is beneficial (Ilahi *et al.*, 2005). Not having an education leads to a truncated childhood and in Pakistan uneducated male and female youths (aged 15 – 24) take on adult roles prematurely, at home and in the labour market (Lloyd and Grant, 2004).

Being engaged in some harmful forms of child labour (e.g. sex work) can damage a child's emotional and social development, contributing to anomie and mental illness as an adult and permanently limiting their livelihood options and income. Girls tend to be more likely to engage in harmful child labour than boys, e.g. in Ghana (Blunch and Verner, 2000), introducing a gender dimension to the intergenerational transmission of ill-being.

The earlier an individual enters the labour market the lower his or her earnings are as an adult (Emerson and Souza, 2005). This can be mitigated if the work develops skills the child can continue to use as an adult (*ibid.*) and work in middle childhood (6-12 yrs) can support a child's cognitive development, support their socialisation and the development of vocational and leadership skills (Moore, 2000:540). However, research in Brazil has shown that adults who entered the labour market before the age of 13 had their earnings per hour as adults reduced by 20 percent per hour, they were 14 percent more likely to be in the bottom two income quintiles and increased the probability of being poor as an adult from 13 percent to 31 percent (Ilahi *et al.*, 2005).

The negative impact of child working is not only felt in low income developing countries. In the US, children in low income households, particularly girls, may lose out on education and other opportunities in order to fulfil complex, and time consuming, household obligations, contributing to IGT poverty (Dodson and Dickert, 2004).

#### **4. Extra-household influences on the IGT of poverty**

There are important factors outside the household which influence the inter-generational transmission of poverty. These include the economy, the policy environment and, economic and societal institutions and norms. In this section we focus on social networks, conflict, cultural and psycho-social factors, class and caste, religion and ethnicity.

#### 4.1. Conflict

Conflict can intensify the likelihood of poverty being transmitted intergenerationally either directly through its effect on children, or indirectly through its impact on their care-givers, their household and their future livelihood options. The violence of war and terrorism can result in composite negative life events including the loss of loved ones, displacement, lack of educational structure, and drastic changes in daily routine and community values. Trauma from exposure to violence, sexual violence, loss and dislocation can have long-run impacts on both parents and children. The fragmentation of social networks and the abrupt change to cultural norms can have a profound impact on the degree to which people feel themselves to be located within a protective and known environment. The disruption to income generating activities and the loss of productive and household assets can have short-run impacts on consumption and food security, and longer run impacts on livelihood options, well-being and inheritance. In this section we present evidence on each of these major themes and indicate their implications for the intergenerational transmission of poverty.

Turning first to the psychological impact of conflict on children. Children respond differently to the stress of violence depending on their age, but impacts can include the development of traumatic stress reactions, impaired social-emotional and cognitive development, and physical health over the short and longer term (Joshi and O'Donnell, 2003; de Silva *et al.*, 2001), but the impact on the child can be mitigated by having a secure family unit (Montgomery, and Foldspang, 2001).

In Palestine, children exposed to traumatic events were found to be more likely to have difficult relationships with their parents, to experience psychological problems and to have impaired intellectual, creative, and cognitive resources (Punamaki, *et al.*, 1997). In Khayelitsha, a peri-urban settlement on the outskirts of Cape Town, South Africa, as many as 40 percent of children exposed to community violence were found to have one or more psychiatric disorder (Tomlinson, Cooper and Murray, 2005:1044). Soon after the end of the Khmer Rouge regime Cambodian adolescents were found to show signs of having been exposed to stress. Many had 'current trauma symptoms' and 37 percent of respondents showed symptoms of post-traumatic stress (Realmuto, *et al.*, 1992). Later, children in Cambodia were found to be exhibiting behaviour which stemmed from their parents' trauma as children and from being separated from their parents and not 'parented'. The negative impacts on their children were not affected by the class, wealth or education of the parents, indicating that none of these factors determined who was best able to recover from trauma (Caroline Harper, *pers comm.*). Other studies have shown that both adults and children are significantly more likely to experience long-duration mental illness including trauma, post-traumatic stress, anxiety and depression as a result of the sequential stresses of conflict (Silove, 1999; Steel, 2002).

Anomie, resulting from social fragmentation and displacement, trauma and depression can contribute to increased alcohol and narcotic abuse (Bird and Shinyekwa, 2005) with implications for marital stability and nurturing practices. These problems can affect individuals' ability to function effectively in their productive and reproductive roles, and can impair their ability to form and maintain effective social bonds.

The depletion of social resources and the breakdown of the protective structures of families and communities during conflict, leaves children vulnerable to being abducted, coerced or persuaded to join armed forces. Many are killed, injured and permanently disabled as a result of combat. The sexual violence which can occur alongside conflict can have long run impacts on the mental health of victims and expose victims to sexually transmitted diseases, including HIV/AIDS (Uppard, 2003).

The impact of trauma combines with the loss of social cohesion, increased alcohol and substance abuse, reduced access to public services, the loss of household and productive assets and increased difficulty in making a living, to reduce levels of consumption and investment. These various transmission mechanisms increase the likelihood of households becoming severely and chronically poor and of that poverty being transmitted intergenerationally. Even in households which have been able to protect both physical assets and consumption, it is likely that the psychological impact on household members increases vulnerability to long-term declines in well-being.

## 4.2. Cultural and psychosocial factors

Discussions have raged in the international literature since the 19<sup>th</sup> Century on the degree to which culture and psychosocial factors influence the likelihood of poverty becoming intergenerational; and the extent to which personal traits such as intelligence, managerial ability or diligence affect movements in and out of poverty is still hotly debated (Yaqub 2000b). However, Wilson (1987) has suggested that the controversy surrounding seemingly 'blaming the poor' has led liberal researchers to avoid discussing behavioural issues that might be construed as unflattering to minority groups (and to poor people) and to "refrain from using 'loaded' terms such as 'culture of poverty' or underclass, to interpret evidence selectively and to attribute any increase in inner-city social problems to racism or discrimination." As a result, by the mid-1980s in the US conservatives dominated intellectual discussions around social and behavioural problems and poverty (Wilson, 1987 in Boggess and Corcoran, 1999: 22). In response to this challenge the paper now seeks to summarise these debates and briefly present existing empirical evidence, most of which is from OECD countries.

There is substantial evidence that discrimination limits the beneficial impact of pro-poor policy interventions on individuals with particular characteristics. It influences the likelihood of people with those characteristics (e.g. based on race, religion, gender, caste, age, impairment) being poor. We will need to examine whether there is evidence that discrimination increases the likelihood of poverty being transmitted inter-generationally, and whether there is evidence that the ways of coping with stigmatisation, including the 'internalisation' of discrimination, which can contribute to reduced aspirations, can also increase the likelihood of IGT of poverty (sometimes called a 'culture of poverty' thesis).

### 4.2.1. *Do cultures of poverty exist?*

The idea of a *culture of poverty* was developed by Oscar Lewis (1965; 1969) and suggests that poverty is perpetuated through low levels of education, a lack of participation in mainstream society and the inherent socio-psychological, political and economic traits of the poor themselves. This theory suggests that the poor have a different culture to the rest of society which is characterised by deviant attitudes, values and behaviours (Patterson, 2000). These affect the way in which capital is transmitted intergenerationally and may result in individuals being unable or unwilling to take advantage of emergent opportunities (Moore, 2001).

Moore (2001) summarises the ongoing debate on the 'culture of poverty' theory and shows that at one end of a continuum, there are those (e.g. Edward Banfield) that believe that much, if not most, poverty is based upon the 'innate' characteristics of the poor, sometimes called the 'underclass'. Moore links this approach to concepts of the 'deserving' and 'undeserving' poor, and suggests that it is inherently racist and classist (Moore, 2001). This

view suggests that any attempt to eradicate or alleviate poverty among the 'underclass' is doomed to failure (*ibid.*). The opposing view suggests that poverty emerges and persists solely because of socio-economic structures external to the value systems and behaviours of the poor. In between lie those, like Lewis, who believe that 'cultures of poverty' have emerged over generations to enable poor people to cope with their situation. Their values, beliefs and behaviours were once an appropriate response to the social, economic and political barriers that they faced, but have become ossified, and now limit the current generation's ability to respond to opportunities.

Some research has suggested that social class has a powerful influence on behavioural, social and psychological variables (Singh-Manoux and Marmot, 2005), but contradictory findings suggest that it is "*very difficult to make any comprehensive cross-cultural generalisations about the poor other than that they lack money and are often socially and politically marginalised*" (Rigdon, 1998:17, in Moore, 2001).

As discussed earlier in the paper, there has been a focus in the United States literature on the perverse incentives generated by a welfare system. These include a reluctance to supply labour at low wages, teenage out-of-wedlock births, and the low levels of aspirations associated with continued welfare use which creates welfare dependency. By changing the behaviour of both recipients and their children, welfare systems are argued by some in America as supporting the development and the reproduction of an underclass (Corcoran, 1995; Ario, *et al.*, 2004).

Corcoran (1995) found that there was no evidence that welfare receipt alters values or attitudes or had a consistent effect on the labour supply and earnings of welfare recipients' sons. However welfare-recipient parents were more likely to have daughters who received welfare and had become unmarried teenage mothers. Few studies disentangled the impacts of parental poverty from those of welfare use or separated short-term and longer-term reliance on welfare.

Findings from a study which analysed the National Longitudinal Survey of Youth 1979 cohort in the US, suggest that the extreme and persistent racial divide in wealth ownership in the US is at least partially the result of family processes during childhood (Keister, 2004). This is because household disintegration can result in child poverty, which in turn is associated with being a low income adult and the analysis of this data shows that African-American households are less stable over time.

Evidence from low- and middle-income developing countries suggests that socio-cultural and psycho-social factors associated with being poor and excluded or discriminated against can create their own barriers to the escape from poverty. Research in India found that coming from a group which has been discriminated against over an extended period of time may have a persistent impact on the earning potential of members of that group through its impact on individuals' expectations of prejudice which suppresses motivation (Hoff and Pandey, 2004). Also some extended family systems can hold back individuals who might progress more economically if they took an individualistic approach to life. This can result in the kin system becoming a poverty trap for its members (Hoff and Sen, 2005). Other evidence shows that – despite the impact that working as a child has on life-long wages - parents who worked when they were children may send their own children to work because they feel that working will strengthen their characters, or provide them with useful experience (Emerson and Souza, 2005).

However, some of the socio-cultural traditions, institutions and value systems which appear to entrench poverty - for example the gendered inheritance practices in South Asia - are widespread across socio-economic groups and are "structural impediments that both the poor and the rich must negotiate" (Moore, 2001).

Moore (2001) suggests that the growing literature on coping strategies provides an alternative way of looking at 'culture of poverty' as it links the behaviour of the poor to the context in which they live. It is likely that the coping and survival strategies passed on from one generation to the next actually facilitate survival in the midst of bad or deteriorating socio-economic, political or environmental conditions; keeping the poor from destitution or death, but often helping to reproduce the social and economic structures that obstruct escape from poverty – a form of 'adverse incorporation'. (Moore, 2001)

However, the notion of the poor having a particular culture or set of cultures or behaviours which intensifies and perpetuates their poverty has been challenged. Corcoran (1995) argues that intergenerational poverty in the United States is commonly the result of racial discrimination and a lack of opportunities that affect individuals in each new generation, rather than an intergenerationally transmitted culture of poverty.

#### 4.2.2. Does an 'underclass' exist in low income developing countries?

Section 2.1 of this paper presented discussions from the American literature on the existence (or otherwise) of an underclass and its role in the intergenerational transmission of poverty. Is the idea of an underclass useful in understanding poverty and in particular IGT poverty in low income developing countries? Many poor areas of poor countries would be stigmatised as containing an underclass were we to apply the threshold of 40 percent of poor residents used in the States (Corcoran and Chaudry, 1997:47). Also, given the context specificity of the structural and idiosyncratic drivers of poverty, chronic poverty and intergenerational poverty, and because the idea of an 'underclass' is culturally determined it is unlikely that the 'underclass' approach is the most useful entry point for the analysis of IGT poverty in low and middle income developing countries. However, in countries where the majority, or a large minority, of people are poor or extremely poor, rather than there being an underclass *per se*, it may be that particular social, locational and occupational groups within the poor that attract sufficient stigma to constrain both opportunities and aspirations, operate as an underclass.<sup>12</sup>

Subsequent research by the Chronic Poverty Research Centre might usefully build on the literature on labelling to explore how low status is constructed and internalised. A central focus of such research would be to examine how the stigmatisation, exclusion and discrimination likely to surround such labelling, influences the intergenerational transmission of poverty.

#### 4.2.3. Aspirations.

An individual's aspirations are influenced by early life experiences and they have been found to play a strong role in the extent to which that individual is able to extract maximum benefit from new opportunities created by policy change and programmatic interventions. Low aspirations, therefore, probably contribute to reduced income and asset formation over the individual's life course. They may influence parenting patterns and investment decisions (including in children's human capital formation), thus contributing to IGT poverty.

Individual aspirations are an important ingredient in individual mobility; however, their effectiveness is strongly influenced by the degree of meritocracy or distortion in a society's labour markets. Work by Hoff and Pandey (2004) reported on below (Sections 4.3) shows that discrimination and stigma contribute strongly to economic outcomes, as individuals internalise their statistical chances of success or failure and transform them into aspirations and expectations. Other research, focusing on the UK, has found that despite children's

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<sup>12</sup> (Karen Moore, *pers comm.*).

inventiveness in coping with poverty, poor children experience a gradual narrowing of their economic and social horizons which limit their expectations of life (Attree, 2006).

#### 4.2.4. Social networks

Social interactions link the individual to the wider community, affect access to opportunities and resources and can have an important role in supporting or blocking movement out of poverty (Harper *et al.*, 2003:541). Strong social connections are important in helping people find work, cope with crises, share childcare, access credit and have increased social and political influence. This reduces the negative effect of poverty and can help escape it (Harper *et al.* 2003: 541). Evidence from a study of remote rural towns in the United States has shown that a “rich civic culture” enables the poor to escape poverty and conversely that persistent inequality erodes the fabric of the community, feeds corrupt politics and undermines institutions crucial for helping poor families escape poverty. (Duncan, 1999).

People who are severely poor may not have the leisure to develop social connections and may not be able to engage in reciprocal exchanges (Harper *et al.*, 2003:541). Others may be excluded as a result of social discrimination, or their social network may only contain other severely poor people – offering little by way of employment opportunities or risk mitigation.

### 4.3. Class and caste

#### *Socio-economic class*

The intergenerational transmission of poverty in OECD nations commonly accompanies the replication of socio-economic class. Parental occupation is commonly used as a proxy indicator of class and crudely divides a population into unskilled manual workers through to managerial and professional groups. Persistent inequality in the OECD is related to the degree, or otherwise, of class mobility. There are two kinds of mobility, absolute and relative. *Absolute mobility*, refers to the amount and rates of movement between different class positions; and *relative mobility* (sometimes called social fluidity) which is the degree of inequality, according to class origins, in a person’s chances of acquiring a better, rather than a poorer, class position.

The increased economic competition of market economies might be expected to encourage employers to recruit on an increasingly meritocratic basis. This would end socially ascribed bias in appointments based on class, sex or ethnicity and increase opportunities for both upward and downward social mobility. However, this assumes effective meritocracy in a free market and ignores historical, cultural, political and institutional factors and ingrained patterns of social mobility.

A study focusing on nine European countries plus Australia, Japan and the United States found that there has been little change in relative mobility over time, although it is possible that state intervention could help reduce the intergenerational transmission of class inequality (Erikson *et al.*, 2005).

Why is class so strongly entrenched? Access to free, good quality education might be assumed to provide opportunities for mobility. However, in England and Wales academic performance and the choices that children make around education differ by class, and children from ‘salarial’ backgrounds performed better and were nearly five times more likely to stay on after compulsory education ends at 16 than children from working class backgrounds (Erikson *et al.*, 2005). This suggests that deep-seated factors are influencing performance and choices and thus limiting mobility. These factors may include prejudice and bias in the labour market, or the fear of such prejudice, or it could be that class-based

'culture' and aspirations influence decision-making around education, or it could be a mix of other factors.

### *Caste*

The caste system in India locates individuals in a complex hierarchy of four social classes (varnas), linked to traditional occupations – Brahmins (priests), Kshatriyas or Thakurs (rulers and warriors), Vaishyas (traders) and Shudras (servile labourers). The fifth group, the untouchables, were considered by traditional Hindu society to be too lowly to be regarded as part of the system and were seen as paying for sins in a previous life. They were not permitted to own land, use temples, courts, high-caste wells and most schools. They were expected to show respect for higher caste people and to confine themselves to 'dirty' occupations involving 'pollution' (Hoff and Pandey, 2004). Hindus are born into this hierarchy, while Muslims and other religious groups are outside the system. Although strict caste observance has broken down in some parts of India, the social and economic discrimination associated with caste still has a strong influence on inherited wealth and poverty, particularly in rural India.

In 2001 there were 167 million people from scheduled castes (SCs) and 86 million people from scheduled tribes (STs) in India (Thorat and Mahamallik, 2005:6). Around three quarters of scheduled caste households are landless or nearly landless and over half rely on casual agricultural labour, partially explaining the high levels of chronic poverty amongst SC households (Thorat and Mahamallik, 2005:62-63). STs are heavily reliant on rural livelihoods and are likely to see their situation improve or decline in line with local returns to agricultural labour.

Hoff and Pandey (2004) examined the impact of caste on performance using game theory. They ran three 'games': in the first caste was not publicly revealed; in the second the caste of each participant was publicly announced; and in the third, groups participating in the 'game' were separated, one group being all high caste and the other low-caste or 'untouchable'. No statistically significant difference in performance was found between the two groups when caste was not revealed, but the low-caste group performed less well when their caste status was publicly revealed and much less well when the groups were segregated. This was interpreted as illustrating that low-caste individuals anticipated prejudice and their motivation dropped accordingly (Hoff and Pandey, 2004). It is likely that fear of discrimination in society leads to the long-term replication of social inequalities and contributes to the intergenerational transmission of poverty.

#### **4.4. Religion**

Religious identity is an important element of a person's social identity. In many countries it helps to determine inclusion and exclusion and can be correlated with employment opportunities, income and well-being. Many countries have long-running religious conflicts, some of which overlay ethnic differences (e.g. Sudan, Nigeria, Uganda, India). Surprisingly, little analysis appears to explore religious identity and poverty.

#### **4.5. Ethnicity**

In the US, poverty rates for African-American children (46 percent) and Latino children (40 percent) were two and a half to three times the rate for white children (16 percent) in 1992 (Corcoran and Chaudry, 1997:41). African-American children are much more likely to be chronically poor with almost 90 percent of all chronically poor children being African-American (Corcoran *et al.*, 1992). Chronic childhood poverty was extremely rare among white children, with less than 1 percent being poor for 10 years or more, compared with 29

percent of African-American children and almost half were poor for 5 or more years ((Corcoran and Chaudry, 1997:47, Boggess and Corcoran, 1999:13). African-Americans were also more likely than whites to be poor adults, regardless of their poverty status as children (Corcoran and Chaudry, 1997:50) with African-American men earning less than white men and working in lower status jobs (Boggess and Corcoran, 1999:19). When the disadvantages experienced by African-American children are controlled for (e.g. parental poverty and welfare use), unexplained differences in men's incomes remained. Apparently even inner city employers in the United States are reluctant to employ African-American men (Corcoran, 1995).

Turning to developing countries, a study of intergenerational transmission of poverty in Latin America found that ethnicity was a factor. People from indigenous groups are more likely to be poor and in Peru they are less likely to complete their secondary education (23 percent of poor indigenous children compared with 36 percent of the poor non-indigenous children) with a negative impact on their future earning potential.

## **5. Resilience or ability to cope**

The livelihoods literature shows that households respond to covariate and idiosyncratic shocks by drawing down sequentially on their assets to develop coping strategies. Their ability to cope is therefore largely dependent on their access to and control of assets, including social networks and their own capabilities, but is also influenced by the political, economic and social context and policy environment. Households may face sequenced and composite shocks where, for example, harvest failure is followed by the illness of a family member, reduced off-farm income employment and increases in the children's school fees. Resilience is *'the manifestation of positive adaptation despite significant life adversity'* (Luthar, 2003: xxix). It is a household's ability to 'bounce back' from a single shock, measured by bringing income and consumption back to pre-shock levels in a given time period. The idea can similarly be applied to a household's ability to respond to composite and sequenced shocks without seriously compromising well-being or moving into non-preferred or adverse forms of coping.

Resilience can also be applied to human development, but its usefulness has been criticised, particularly in terms of its ability to identify appropriate interventions to improve the lives of poor children in developing countries. Boyden and Cooper (2007) suggest that resilience, used in this context, usefully highlights the competencies of children, families and communities, instead of focusing solely on their vulnerability and deficits, however, they note that the resilience discourse, in part because of its tangled and positivistic disciplinary origins, tends to encourage academics and policy-makers to focus on the individual rather than the structural inequalities behind poverty. They therefore suggest focusing on particular factors that moderate and mediate poverty experiences and outcomes, and relinquishing the metaphor of resilience.

Despite possible limitations, the international literature on resilience and irreversibility generates a number of useful ideas, which are presented below, in brief.

This literature suggests that even a relatively short period in poverty can have a critical impact on a child's development by creating 'irreversibilities'. A baby's nutritional intake may be limited, resulting in stunting and cognitive impairment that it will never recover from. A child may be withdrawn from school and once the pattern of attendance has been broken may never return, or may fall behind on return (Falkingham and Ibragimova, 2005). However, difficult beginnings do not necessarily determine outcomes. People from disadvantaged backgrounds succeed in life and children resist and bounce back from harmful experiences, indicating 'resilience' in their functionings (Yaqub, 2002:1082). However, resilience is not an

attribute that can be measured directly. Instead it is a process or phenomenon that must be inferred from the coexistence of high adversity with relatively positive adaptation (*ibid.*).

The extent to which children experience long-term physiological and socio-economic damage from parental poverty depends on *when* the child experienced poverty and *how resilient* the individual child is to the effects of poverty, as well as how resilient the child’s environment is and the extent to which the damage is *functionally reversible* (Moore, 2005:17). Different forms of damage are more or less functionally reversible (*ibid.*:18). Due to the limited number of datasets in the South, which track individuals from infancy through to older adulthood, it is difficult for us to say with any certainty what the long term outcome of particular negative experiences will be. What impact, for instance, will the timing of a poverty spell have on the resilience of an individual, or what impact will an additional year in poverty during infancy, childhood or youth have on that individual’s ability to escape poverty in adulthood, in comparison to experiencing that additional year in poverty later in life? (Moore, 2005:15).

What we do know, however, is that resilience is limited. Material presented in Section 3.1.5 above, suggests that children are most vulnerable to the non-reversible effects of poverty *in utero* and in early infancy, and controlled experiments with animal suggest that some, although not all, aspects of brain development damaged by early malnutrition are irreversible (Yaqub, 2002:1083). For example, iron-deficiency in infancy results in permanent structural impairment and *in utero* iodine deficiency results in permanent neurological damage (*ibid.*). However, cognitive development is poorly predicted by brain physiology. Nurture can shape brain morphology and functioning<sup>13</sup> and education and care can promote cognitive development and support resilience (Harper et al., 2003:543).

Resilience is influenced by an individual’s personality. An important component of personality is self esteem. An individual’s self esteem relies on effective nurturing and goes through a process of change when a child first has contact with peers outside the home. Children with high self-esteem have been found to associate their success in a particular situation with their ability, and their failure with a lack of effort or a factor that they had no control over. This contrasts with the ‘learned helplessness’ of children with low self esteem (Yaqub, 2002:1085). In later life this can influence the degree to which individuals assert agency, respond to risks and cope with covariant and idiosyncratic shocks. Resilience is also influenced by an individual’s environment and their social interactions which may help or hinder them in overcoming early disadvantage.

**Table 2: Attributes associated with resilience**

<i>Individual differences:</i>	cognitive abilities (IQ scores, attentional skills, executive functioning skills); self-perceptions of competence, worth, confidence (self-efficacy, self-esteem); temperament and personality (adaptability, sociability); self-regulation skills
<i>Relationships:</i>	parenting quality (including warmth, structure and monitoring, expectations); close relationships with competent adults (parents, relatives, mentors); connections to prosocial and rule-abiding peers (among older children)
<i>Community resources and opportunities:</i>	good schools; connections to prosocial organisations (clubs, religious groups); neighbourhood quality (public safety, collective supervision, libraries, recreation centres); quality of social services and health care

<sup>13</sup> (David Neves, pers comm.)

Source: Masten and Powell, (2003)

Reversing the impacts of poverty becomes more difficult as an individual gets older as the biological and socio-economic disadvantages that they experience accumulate. Three crucial periods in an individual's life course appear to be foetal development, early childhood and youth. We have already said a great deal about nutrition, nurturing and child development ,but it appears that youth is important, because it is during adolescence and early adulthood that individuals develop the majority of their 'adult functionings' (Moore, 2005:20). If these are interrupted or distorted they can have a significant impact on the future life course of the individual.

Figure 4, below graphically indicates periods in the life course and shows when investments are made which may help individuals to build personal and livelihood resilience and those periods when most resilience formation occurs.

## 6. Conclusions and next steps

This paper has reviewed a wide array of literature related to the intergenerational transmission of poverty. It has focused largely on household and intra-household level factors, while introducing a number of crucial contextual and structural extra-household factors.

It shows that although highly context-specific, household characteristics and initial endowments are important – an individual's asset bundle, their capabilities and characteristics, and their power to exercise agency. In addition, agency, status and the social constructions determining roles can combine to result in differentiated access to, and control of, resources and the returns on those resources, unequal investments in the human capital formation of household members and unequal distributions of leisure and labour time. Other important factors include systematic inequalities within and between households; adolescent pregnancy; early child-care and development practices; domestic violence; household income; household and individual assets; household decision-making; livelihood and survival strategies; service uptake; exposure and vulnerability to risk and resilience or ability to cope.

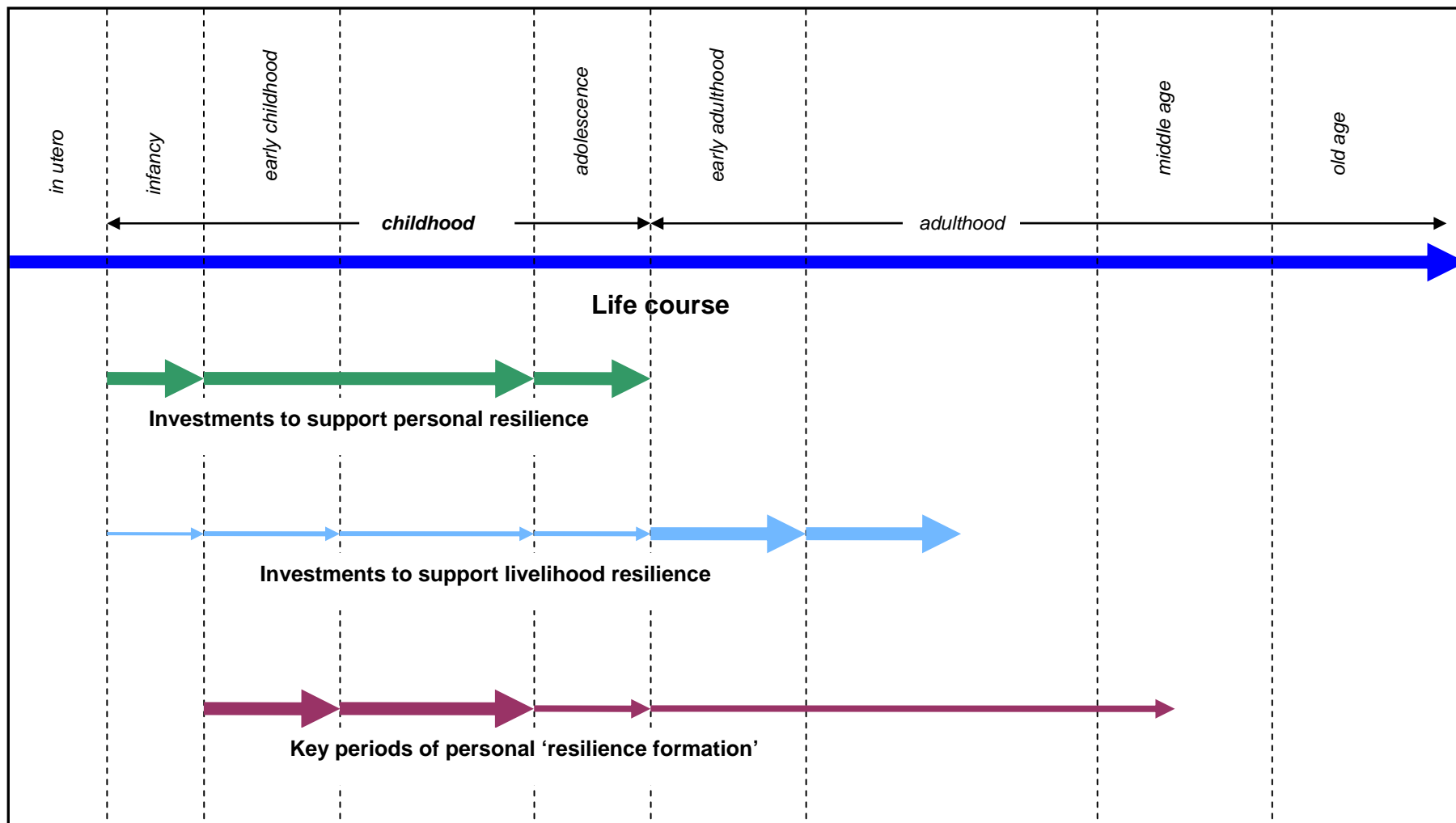
The paper further shows that good quality health, and education provision (including pre-school) are important instruments to limit the intergenerational transmission of poverty and that anti-discrimination measures, combined with policies to improve the functioning of labour markets, have the potential to enable socio-economic mobility. This suggests that policy failures and the absence of a development state will increase the likelihood of poverty being transmitted intergenerationally. Where not only governance is poor but the state is either fragile or failed, the provision of key services is likely to be weak. Conflict has also been shown to be an important driver of intergenerationally transmitted poverty.

It is clear that parental income is a key correlate of IGT poverty. This suggests that policies that support sustainable livelihoods, employment and pro-poor growth are likely to be significant in supporting its interruption.

A range of factors and events influence an individual's well-being during their life course. Positive events and consistent nourishment, good parenting, education and skills transfer build the individual's capabilities and agency, while exposure to negative shocks and the absence of nurturing, investments in human capital and opportunities is likely to compromise the individual's future. Identifying *which events* in *which period* during the life course are *more important than others*, in terms of building resilience or creating irreversibilities is an empirical challenge (see Figure 4, below). We plan to respond to this challenge by focusing

on how assets (including human capital and social assets) and inheritance influence resilience, the creation of “irreversibilities” and the creation and interruption of IGT poverty.

Figure 4: Investing in resilience during the life course.



## 6.1 Next steps: the research agenda

The paper now proceeds to outline work by the Chronic Poverty Research Centre on the intergenerational transmission of poverty, lays out plans for commissioning and identifies possible gaps in this agenda.

Relevant earlier work by the Centre includes that on working children (Moore, 2000), childhood poverty (Harper et al, 2003, Harper, 2004a and 2004b), youth (Moore, 2005) and the intergenerational transmission of poverty (Moore, 2001). More recently, da Corta has written a paper on concepts and methods to understand the link between the intergenerational transmission of poverty and escapes and political economy (da Corta, 2007a).

The “Empirical Approaches to the Intergenerational Transmission of Poverty” theme of the Chronic Poverty Research Centre has sought to build on this body of work, and on an earlier version of this paper, by commissioning work on the research methods appropriate for examining the intergenerational transmission of poverty. See Box 2, below.

### **Box 2: Research methods to examine the intergenerational transmission of poverty**

The Chronic Poverty Research Centre proposes to rely heavily on the use of quantitative panel studies, triangulated with qualitative life history interviews during its work from 2007-2011. Few multi-wave panel data sets are available in low income developing countries. This sets a challenge for research into the intergenerational transmission of poverty. In order to explore ways around this challenge, a number of ‘methodological notes’ have been commissioned. This work is summarised below (along with some relevant other papers).

#### *Recall methods* (da Corta, 2007b)

Qualitative interview methods can be used to jog people’s memories and collect data which is periodised, structured and rich in the types of detail necessary for the investigation of the intergenerational transmission of poverty. Da Corta’s paper emphasises that recall methods can be used (1) to create panel data sets on parent and child economic status and characteristics ‘from scratch’, when such data sets are unavailable and to gather the linked-in qualitative data necessary to reach deeper understandings of changes in the panel; (2) to complete existing panel data sets by enhancing the range of variables or by extending existing panel data or one-off household surveys back into the past, and (3) to complete good quality panel data by linking a smaller, sub-sample to in-depth qualitative life/ family history data. The paper discusses the limits of ‘received’ panel data and the usefulness of smaller panels built on recall, which give the flexibility to gather data which meets the requirements of our conceptual framework. It outlines the importance of gathering historical and contextual information through prior focus group research to enable individual and family histories to be contextualised in terms of key events and trends (politics, economics, culture, health, conflict and climate) and the changing social and economic relations. It also provides detailed suggestions of how to build robust (and periodised) data on assets, occupation, spending/ investment, diet, unfreedom, education, health, crises and coping and on inheritance.

#### *Life histories* (da Corta and Bird, 2007; Prowse and Davis, 2007, Ojermark and Bird, 2007, Ojermark, 2007) (all forthcoming)

This set of papers provides guidance on how to apply life history methods to chronic poverty research. da Corta and Bird (2007) and Prowse and Davis (2007) both outline how to use life history methods in the context of a multi-country comparative study. In both, the exploration of the intergenerational transmission of poverty is a dominant theme. Ojermark and Bird (2007) provides an introductory overview of designing life history research and collecting, storing, analysing and presenting the data.

#### *Family histories* (Miller, 2007)

This paper proposes a method of collecting family histories that would act as a means of linking households from the panel studies with individual life histories. The family histories would augment information on the IGT of poverty in a number of ways:

- by placing quantitative findings into a context of expressed meaning;
- by providing a holistic view of the family, useful for investigating issues such as whether there is a 'family strategy' for mobility;
- by extending the space dimension provided by household panel data to households and individuals within the same family but located separately;
- by extending the time dimension provided by panel data, through the retrospective recall of events and the prospective anticipation of the future;
- by allowing for the direct examination of generational change in the family and the persistence of poverty across generations of the same family.

The paper describes the procedure used to construct a three-generation 'social genealogical' chart of the family and a strategy for interviewing individual family members sited across the generations of the family. A mode of 'contrastive comparison' analysis between the factual family history and the accounts of the family given by differently-sited family members is explained that would allow a holistic extra-individual view of the family to be constructed.

*Panel data* (Jenkins and Siedler, 2007)

This paper discusses how household panel surveys can be used to generate information about the intergenerational transmission of poverty. It discusses both data requirements and the methods that can be applied to panel data to explore the IGT of poverty. The authors highlight the advantages and disadvantages of panel data in comparison with other types of longitudinal study and review the estimation methods that have been used to examine the intergenerational transmission of poverty when using household panel surveys. They also provide three examples of household panel surveys in developing countries (Indonesia, Mexico and Malaysia) that meet the data requirement for the analysis of the IGT poverty.

*Micro data* (Behrman, 2006)

This paper explores the challenge of undertaking good empirical analysis of the intergenerational transmission of poverty by considering: (1) what estimated relations would be informative for improving understanding within an intergenerational life-cycle behaviours framework with important unobserved variables (e.g. genetics); (2) possible resolutions to estimation problems; and (3) different types of data. The paper suggests that the greatest progress can be made by focusing on: links between parental background and adult child resource access; high quality data in terms of (a) representativeness, (b) power, (c) coverage of important concepts for such studies and (d) limited measurement error and finally by using data that permits better estimates, including their robustness to different assumptions.

Alongside this paper, these works provide a useful starting point for researchers working on the intergenerational transmission of poverty.

Building on the improved understanding of what research and analytical methods can be applied to the study of the intergenerational transmission of poverty, a range of empirical work is now planned. This will focus on the themes that I have identified as priorities for the CPRC's work on the IGT of poverty: assets, inheritance and resilience.

A number of studies are proposed which will explore the role of physical assets in aiding resilience and limiting the intergenerational transmission of poverty. A number of studies will examine inheritance norms and practices and their effect. Quisumbing (2007, forthcoming) will examine inheritance patterns and the intergenerational transmission of poverty in Bangladesh, while other studies will provide an overview of the rules and norms of inheritance practice in Africa and Asia and their effect on the intergenerational transmission of poverty (proposed, 2008), and the IGT effect of property grabbing (proposed, 2008). A further study will explore the impact of differential access to and control of resources (and the returns of those resources) within households, and how such differential control can result in

very different outcomes for different household members, including human capital formation and therefore capabilities, with some household members becoming chronically and intergenerationally poor and others not (proposed, 2008). It is anticipated that this cluster of studies will provide a gendered analysis, and that they will identify a range of possible entry points for further policy analysis.

It is proposed that a number of studies explore human capital formation, shocks and the IGT of poverty. Three of these are summarised in Box 3 below.

### **Box 3: Human capital formation, shocks and the IGT of poverty**

*The Impact of Mothers' Intellectual Human Capital and Long-Run Nutritional Status on Child Human Capital in Guatemala* (possible commission, Quisumbing and Behrman, 2008).

This proposed study will use panel data from Guatemala to examine the role of maternal human capital in the intergenerational transmission of poverty through its impact on child human capital. It will allow the Centre to know more about the following issues:

- the impact of maternal intellectual human capital on child human capital (and changes in patterns across maternal birth cohorts)
- the impact of maternal biological human capital on child human capital (and changes in patterns across maternal birth cohorts)
- differential impacts among the different forms of human capital of the children (maternal intellectual human capital and child biological human capital)
- impact of maternal intellectual human capital (represented by maternal knowledge and skills instead of by schooling attainment)

It will also explore whether these estimates change if maternal human capital is treated as behaviourally determined and then identify policy interventions which may improve the human capital of poor women

*The intergenerational transmission of poverty during the AIDS epidemic in Uganda.* (Seeley, 2008)

This study will use a longitudinal survey and case study data to examine the role of HIV and AIDS in the intergenerational transmission of poverty and subsequent child inheritance in rural south west Uganda. It will explore the IGT of poverty associated with children orphaned by AIDS and the older people they then rely on. The study will also use gendered analysis to explore patterns of intergenerational transfers and asset inheritance in the study. More specifically, it will seek to:

- document the factors that can be identified that contribute to chronic poverty in rural Uganda;
- identify the pattern of intergenerational transfers and asset inheritance in the study households in Uganda;
- examine particular aspects of the impact of HIV and AIDS that can be singled out as contributing to the intergenerational transmission of poverty;
- explore the impact on children orphaned by HIV and AIDS of the intergenerational transmission of poverty;
- explore the impact on older people of the intergenerational transmission of poverty.
- identify the types of assets and in what volumes and combinations they are important in protecting individuals from becoming chronically poor;
- describe the types of assets and activities which are important in lifting individuals and households out of poverty;
- explore any differential access to and control of resources, and through differential investment in human capital formation or differential inheritance between women and men, boys and girls in the transmission of intergenerational poverty in the context the AIDS epidemic.

*The impact of conflict on human capital formation and the intergenerational transmission of poverty in N Uganda* (possible commission) (Bird, Higgins, et al., 2008)

It has been suggested that conflict engenders IGT poverty by creating damage resulting in transitory or chronic poverty, followed by the intergenerational transmission of poverty. There is limited empirical

work in this area and this proposed study will fill a gap in our knowledge by exploring the way in which the long-run conflict in Northern Uganda has increased the likelihood of inter-generationally transmitted poverty, by hampering human capital formation. The study plans to answer the following questions: Does the impact of the conflict on human capital formation vary within and between households? If so, how and why does it vary? What contributes to vulnerability? What contributes to resilience?

This study will use a mix of contextual analysis (from secondary data and key informant interviews), survey data analysis, participatory research and life history research to explore these core issues:

- Investment in human capital assets
- Erosion/ retention of human capital assets
- Effects of conflict on the human capital of parents/carers and children, affecting the intergenerational and life-course transmission of human capital
- Effects of capacities within the household on mediating the negative effects of conflict on children

Other work is proposed on the role of social exclusion as a driver of IGT poverty and is underway on the links between household dynamics (formation and dissolution) and IGT poverty in a number of countries. A series of comparative studies are planned using panel data and life histories. Pilots will be run in 2008 in Kenya and India and the analysis will result in papers on IGT poverty in Kenya and India and a cross-country comparison. It is anticipated that this work will enable us to understand more about the determinants of differential levels of “livelihood resilience” which act as a buffer against the intergenerational transmission of poverty and to explore the differential impact of shocks on the intergenerational transmission of poverty through the creation of irreversibilities (e.g. short-run intense shocks versus long lasting intense or long-run less intense shocks).

In addition to this stream of empirical work, there are also plans for policy analysis, which will explore possible entry points to support resilience and to limit irreversible damage from the IGT of poverty. Two important policy analysis projects are outlined below in Box 4.

#### **Box 4: Policy analysis: possible entry-points to limit the IGT of poverty**

*Interrupting the intergenerational transmission of poverty: What can low income countries learn from the OECD?*

This paper will focus on the policy experiments and policy instruments that have been used to bolster (livelihood) resilience and limit irreversibilities and the IGT of poverty in OECD countries. It will examine the array of policies used in OECD countries to intervene at specific points in the life course to reduce poverty, ill-being and exclusion, or to bolster resilience. This review will include small-scale interventions and policy experiments and more widely implemented and recognised national policies. The paper will then examine which of the interventions and policies would be appropriate for adaptation for low income countries.

*Key moments in the life course: building resilience and interrupting the intergenerational transmission of poverty*

There are a number of gaps in our knowledge about resilience. This paper will explore the relative danger (in terms of creating irreversibilities and transmitting poverty intergenerationally) of events/ shocks/ negative events/ downturns in consumption at various points in the life course (*in utero*, infancy, early childhood, adolescence, early adulthood, marriage (or etc.) of adult children, old age) and would identify possible policy instruments which would seek to intervene at these points to limit the IGT of poverty. It will also select from the following:

- What are the key moments that increase the likelihood that a poor child will be a poor adult? What creates ‘irreversibilities’? What are the key interrupters?
- What can we generalise from what we know about the factors which increase the

likelihood of children with poor parents being upwardly mobile and non-poor (e.g. free education and healthcare, social protection, universal and high quality pre-school)?

- What needs to happen in the wider political and social context to enhance the potential of such interventions?
- What provides children, youths and young adults with resilience?
- How can the resilience of children and youths be supported?
- What interventions (or opportunities) are most likely to prevent a child from a poor family being a poor adult and themselves raising poor children?

There are also a number of gaps, which it is unlikely the CPRC will be able to fill, given resource limitations. These include the following:

- nurture, psycho-social issues and the intergenerational transmission of poverty;
- aspirations and agency and an individual's potential to have agency in different contexts - this work might explore psychological development, the role of parents and violence;
  - What are the processes by which the (differential) aspirations of individuals influence the transmission of poverty intergenerationally?
  - What determines people's aspirations and norms?
  - To what extent are aspirations and norms set by parents and to what extent are they set or influenced by others and by other factors (e.g. school, experience of discrimination and labour market rigidities)?
  - To what extent are low aspirations the result of the internalisation of discrimination?
  - What factors influence the transformation of aspirations into outcomes, and to what extent do unmet aspirations foster poverty that persists over lives and generations? (important to recognise that 'big dreams' are important, 'feasible dreams' are better)
- adolescence, young adulthood and the intergenerational transmission of poverty;
- neighbourhood – cultures of poverty, location, situational poverty, does it exist outside the north, importance of social context;
- ethnicity, class and caste (ascribed status) - linked to adverse incorporation, discrimination, political contexts (and some gender issues);
- the impact of health and care deficits associated the rise in women's paid employment, especially informal work;
- a gendered analysis of the relationship between child labour and the IGT of poverty;
- migration;
- institutionalised care and the IGT of poverty.

Research conducted under the “Empirical Approaches to the Intergenerational Transmission of Poverty” theme should ultimately generate research findings about the relative importance of different shocks during the life course in driving the intergenerational transmission of poverty. It should also provide us with insights into the extent to which livelihood resilience can help protect individuals from transitory poverty becoming chronic and intergenerational and the extent to which it can protect from the development of ‘irreversibilities’. Furthermore, it should identify how important different bundles of assets are in protecting individuals from intergenerationally transmitted poverty, and what mix of assets or what absolute amounts are necessary. Lastly, it is anticipated that the research should assess the role of agency or choice in the intergenerational transmission of poverty and how agency interacts with assets to influence poverty outcomes.

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