

## **Poor but handsome** Fertility events and poverty risks of Italian families (in Italian).

Famiglie, mercato del lavoro e rischi sociali: nascita di un figlio e rischi di transizione alla povertà tra le famiglie italiane

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### **Long abstract**

Child poverty and intergenerational transmission of social risks are intolerable features of the increase of social inequality occurred in the last two decades. In this paper, we study how in a sub-protective welfare model, as the Italian one, the households may enter poverty in concomitance with a child birth; more specifically, the research question address the magnitude and the distribution, among different household types, of these household level poverty risk. In order to address properly the research question, we use It-Silc panel data (the Italian component of Eu-Silc dataset) covering the period between 2004 and 2007. This allows for cautious checks for time-ordering of events and possible confounders of the estimated effects.

By means of Random Effect logit models we show that families with new-born babies face, on average, higher poverty risks (+5%; threshold calculated at 60% of median income) than their counterpart. In particular, a child birth represents a risky event among single earner couples and dual earner families where both partners have temporary works (+10%). All the estimates of predicted probabilities for theoretically relevant household profile have been calculated for three different scenarios; absence of unobservables, positive correlation between unobserved factors and regressors, negative correlation.

In this regard, our results suggest how having two earners in the families is a necessary but not sufficient condition to reduce the poverty risk concomitant to a child birth and that household whose members have instable or poor labor market attachment are more exposed to poverty risks.

Based on regression results, unobserved heterogeneity does play a role, net of household characteristics, in increasing household poverty risks, especially for those families with at least one parent unemployed or with a precarious LM position.

In order to address these findings, counterfactual analysis has applied to test for the “causal” effect of childbirth on the transitions to poverty, across different types of families. In a first step kernel matching estimator has been used, while Rosembaum sensitivity test has been then computed in order to exclude a major role of unobserved heterogeneity in matching procedures. Again, the results confirm that in correspondence of a childbirth, Italian households experience a 5% net avg risk of entering poverty.

Moreover, the analyses show a huge variability across different types of households with regards to the distribution of poverty risk associated to a childbirth, being the effect negligible in the case of two standard earners while exceeding 9% when looking to single earner families or even “at least one precarious” households.

Our empirical evidence points out how in Italy labor marker precariousness and social vulnerability represent quite often two sides of the same coin: the Italian welfare state provides households with no sufficient resources in order to cope with the childbirths event, thus failing to prevent an increase of the probabilities of transition into poverty and a parallel deepening in intergenerational transmission of social and economic risks. This applies in particular to the case of “young families”, often composed by atypical workers (clearly conditioned to having a baby, and leaving apart possible selection bias issue), whose children could be affected by HH poverty spells during their childhood, possibly with negative consequences on their future life chances.

