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Family Wellbeing and Poverty Eradication

Debate Regarding Sustainable Economic Growth

- **Mainstream Economics searches for effective paths of sustainable development:**
 - ✓ Technical solutions are insufficient, need institutions.
 - ✓ Necessary to develop/maintain these institutions.
- **A revaluation of aspects not included in conventional economic analysis.**
 - ✓ Definition of 'advances in society':
 - Progress in key economic indicators.
 - Progress in quality of life.
 - Development in people's potential.

SUSTAINABLE ECONOMIC GROWTH REQUIRES

- ✓ Institutions
- ✓ Savings
- ✓ Wealth
- ✓ Investment: Physical and Human Capital
- ✓ Remittances?
- ✓ Good Policies

How Does the Family Fit in the Economy?			
Basic Activities	Means Used	Role of the Family	Purpose
Production	Resources	Human and Physical Capital	Basic Needs
Exchange	Market	Human, Moral, Social Capital	Profit
Consumption	Optimization and Distribution	Appropriate distribution	Wellbeing (welfare)

How Does the Family Fit in the Economy?

Socioeconomic Relevance

➤ **Children develop best within a family that is functional, i.e., with their biological parents in a stable marriage**

- ✓ Marriage Increases likelihood of father having good relations with children.
- ✓ Marriage reduces the probability of children divorcing themselves or becoming unwed parents.

➤ **The academic and social performance of a child is very closely related to the structure of the family in which he lives and this is important for the quality of human and social capital**

- ✓ Divorce reduces the likelihood of children graduating from college and high school.

Divorce increases risk of course failure.

- The psychological stability and health of a child is closely related to healthy families and this is important for worker productivity and government finances
- Children enjoy better physical health, on average, than other family forms.
- Sharply reduces infant mortality.
- Increases life expectancy, especially for men
- Associated with reduced abuse of alcohol, and substance abuse for adults and teens.
- Associated with better health and lower probability of injuries for both men and women.
- Lower levels of physiological distress and mental illness.
- Mothers have lower levels of depression than single or co-habiting mothers.

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- ✓ Savings
- ✓ Wealth
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- ✓ Institutions

Percentage of Families, Women and Children who are in poverty by Family Structure and Ethnicity, 2008

Source: Annual Demographic Survey, Poverty in the U.S.: US Census Bureau, August 2009, Table POV21, POV03, POV04

A Cross Country Comparison

- ▣ USA: developed market economy
- ▣ Canada: developed social market economy
- ▣ Guatemala: 60% of the population in poverty, average 3rd grade, proportionally it is the largest country receiving remittances.
- ▣ Chile: successful developing country
- ▣ Household Average Net Wealth Worth in USA by Education Level and Family Structure
- Net Wealth by Family Structure: Canada
- Net Wealth by Family Structure: Chile

Percentage of Households with Savings and Home Ownership: Guatemala

Level of Education of the Head of Household per Race and Family Structure in Guatemala

Guatemalan Children in Families who Receive Remittances

- ✓ Have a highest probability of attending grade school in married households (it increases by 58%)
- ✓ Have the lowest probability of attending high school in non-married households (it decreases by 89% for single mothers.)

- ✓ If women is head of household and works the probability decreases by 66%.

Concluding Remarks

- ✓ The family is a necessary good for economic development and thus poverty eradication. It should be promoted and protected if poverty reduction is to be achieved.
- ✓ Family structure is relevant for wealth, investment, as well as human capital generation.
- ✓ The impact of children on family wealth is best within marriage.
- ✓ Evidence seems to hold across countries. In socialized market economies the negative impacts seem to be mitigated but not eliminated.