



Abigail McKnight

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## How do we halt the intergenerational transmission of poverty?

*In order to reduce poverty we need to understand what leads to intergenerational poverty. Abigail McKnight reviews new evidence around the mechanisms of poverty transmission between generations and finds that the family stress caused by poverty can impede children's development and educational attainment, as well as lead to lower self-esteem and aspirations.*



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To achieve a society free from poverty we need to understand not just what increases poverty risks at a point in time, but what drives poverty dynamics. Here I take the long view and focus on the intergenerational transmission of poverty risks, in particular the mechanisms which drive the higher risks of poverty in adult life for people who experienced poverty in childhood. To inform this analysis I draw on findings from [a recent evidence review](#) of mechanisms driving the intergenerational transmission of poverty and the different models suggested in the literature to explain why children who grow up in poor households are more likely to be poor in adult life.

## Understanding what drives intergenerational transmission of poverty

The negative legacy of child poverty means that we cannot just focus on reducing poverty now, although this should remain the main policy priority, the cycle of poverty also need to be broken.



*We need to reduce poverty now alongside reducing the intergenerational transmission of poverty if we want a society free from poverty.*



Through identifying and understanding the key mechanisms driving the transmission of poverty between generations we can help prevent childhood poverty leading to poverty in adult life. A detailed understanding of the key mechanisms can help direct policy to reduce the negative legacy of childhood poverty. In addition, there is evidence of a “Great Gatsby Curve” in poverty risks, with rates of intergenerational transmission of poverty higher in countries with higher poverty rates. This could be due to a feedback loop with higher rates of intergenerational transmission of poverty leading to higher rates of poverty, or higher rates of poverty increasing the risk of poverty being transmitted between generations, or both. What it does tell us is that we need to reduce poverty now alongside reducing the intergenerational transmission of poverty if we want a society free from poverty.

## The mechanisms of poverty transmission

Three main mechanisms and model types which appear most in public discourse are the family investment model, socio-cultural model: a culture of poverty, and genetic and biological models:

- 1. Family investment model.** Families who are poor have fewer resources (crucially financial and parental time) to invest in their children and enrich their children’s lives. Resources which are used to, for example, provide good quality housing in safe neighbourhoods, a healthy diet, leisure activities, holidays, education enrichment activities, quality time to nurture and support children. With limited resources available in poor families, children are more likely to have lower education outcomes, poorer physical and mental health outcomes, and during their working lives are more likely to experience unemployment and lower earnings. In turn, these factors increase poverty risks in adult life.
- 2. Socio-cultural model: a culture of poverty,** or a welfare dependency culture exists which children learn from their parents. Parents are “work shy” and expect the state to provide for them.

Generations of families who have never worked or experience high rates of unemployment and benefit dependency, explain why poverty is observed across generations.

**3. Genetic and biological models.** There are underlying differences in genetic and biological traits which are transmitted between generations shaping children's life chances and entrenching poverty risks.

What does the evidence show? The **review** found good evidence of a family investment model being a key mechanism behind the intergenerational transmission of poverty, but, at best, very weak evidence for either a culture of poverty or genetic inheritance explaining why children who grow up in poverty are more likely to experience poverty in adult life.



*Children growing up in poverty display lower self-esteem, confidence and aspirations, affecting decision-making and cognitive processes.*



In addition to the family investment model, two further models are supported by the evidence. They are:

**1. Family stress model.** Poverty impacts the emotional home environment, causing stress for children and parents, depleting the emotional resources needed for supportive and nurturing parenting behaviours. Family stress, toxic stress, has a harmful effect on children's social and emotional well-being, cognitive development, behaviour and educational attainment, and these lead to elevated poverty risks in adult life.

**2. Socio-cultural model: aspirations traps.** Children's aspirations and expectations are shaped by the experience of poverty in childhood. Children growing up in poverty display lower self-esteem, confidence and aspirations, affecting decision-making and cognitive processes, often linked to a proximal mind-set focusing on the "here and now" rather than planning for the future. Low aspirations affect education and employment outcomes, increasing the risk of poverty in adult life.

## Actions that can be taken

Where does this leave us? If we want a society free from poverty, we need to tackle the mechanisms underpinning the intergenerational transmission of poverty. The evidence suggest that this is best achieved through:

(1) Increasing family resources when children are young, both financial and parental time, and putting in place interventions that reduce the impact of low investments on children's outcomes.

(2) Reducing family stress and the impact of family stress on parenting behaviours, particularly harsh parenting, on children's social and emotional well-being. Evidence suggest that this is best achieved through taking a whole family approach.

(3) Improving children's self-esteem, confidence and aspirations, matched with real opportunities. Helping children and young adults with experience of childhood poverty, make ambitious plans for the future and provide support to allow them to take risks.

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