



The contribution of gifts to the household economy of low-income families¹

Social Policy Association conference 2009: Policy futures: learning from the past? 29th June-1st July, University of Edinburgh

Sarah Taylor
DPhil student
Department of Social Policy and Social Work
University of Oxford
sarah.taylor@gtc.ox.ac.uk

Chris Warburton-Brown
PhD student
Department of Urban Studies
University of Glasgow
chrisfuzzbrown@aol.com

Abstract

Measurements of income at the household level have traditionally only recorded monetary income received by household members from benefits and wages. This method of analysis has generally been reflected in qualitative research on low-income families. However, using interview data from two studies of British mothers and children on low incomes, we find that for some, cash and in-kind transfers from family and friends outside the household form a significant proportion of household income. In some cases income is double the measured figure once gifts are included. Thus gifts make a substantial contribution to living standards, both quantitatively and qualitatively. The implications of this finding for income measurement are discussed, and recommendations for future research on this emerging topic are made.

Keywords: gifts, transfers, income measurement, low-income households

Word count: 6,528

Introduction

The UK government publishes official poverty measurements annually in the Households Below Average Income (HBAI) data series (DWP, 2009). The HBAI series draws on data from the Family Resource Survey (FRS) and British Household Panel Survey (BHPS). Income measurement in these surveys is complex: more than 400 pages of BHPS user guide explain how the derived income variables were constructed (Taylor, 2007). The FRS and the BHPS measure household income from wages, state benefits, tax credits, investment earnings and maintenance payments. However, neither the FRS nor the BHPS collect data on income from gifts. This is a puzzling anomaly considering the Family Resources Survey's stated intention;

¹ The authors would like to express their thanks to Professor Moira Munro of the University of Glasgow and Professor Robert Walker of the University of Oxford for their invaluable comments on earlier drafts of this paper.

‘The primary function of the FRS is to collect information on the resources of households, that is income received from all sources... It is crucial for all DWP uses of the survey that information is as accurate as possible’ (DWP, 2008: 27).

We are not alone in noting the unwarranted absence of gifts from household income measurement. Ruspini (2000) notes that the reliance on income alone in measuring poverty is problematic, as it excludes other resources (gift exchanges, income from relatives and friends, and services and benefits in kind) which profoundly affect people’s standard of living. More recently, Bradshaw argued; ‘[There are] issues to do with whether household income is a valid indicator of living standards as it excludes borrowing, dissaving², gifts and home consumption’ (Bradshaw and Richardson, 2008: 525).

Policy work on the contribution of gifts to the household economy has been extremely limited in the UK context. The main literature on gifts has been done in the United States, where economists have produced considerable work on inter-vivos transfers (gifts from living older parents to grown-up children) and post-mortem bequests (transfers from deceased parents to children through inheritance). Villaneuva (2005) has estimated that in the mid-1980s 11% of aggregate net worth in the US came from inter-vivos transfers (\$431.24 per head at 1985 values). He was unable to calculate a comparable figure for the UK due to a lack of reliable data, but did estimate that the net worth of income deriving from gifts may have been \$433 per head at 1985 values. This raises the question of why government statisticians have overlooked a contribution to UK household net worth which Villaneuva estimates as £22bn in 1985.

A number of studies in various countries have concluded that adult children are more likely to receive financial help when they are in poor circumstances, so such transfers should be of particular interest for those interested in low-income households (see for example, Wolff et al, 2007 for France; Spilerman, 2004 for Israel; Kazianga, 2006 for Burkina Faso; Dunn and Philipps, 1997 for the US; Kohli and Kunemund, 2003 give a synthesis of a range of international studies). Most of the work on inter-vivos transfers has been statistical in nature and conducted by economists (Hayhoe and Stevenson, 2006 are an exception).

Accounts of gift exchanges are found in many anthropological studies, where gift-giving is usually associated with reciprocity (Offer, 1997; Silber, 2009, for an anthology of key anthropological and psychological essays on gifts see Komter, 1996). Taking a life course perspective, transfers to families with children are reciprocated to some degree, though it has been suggested that intergenerational reciprocity, at least in North America, works to the financial advantage of children (Offer, 1997). Thus, families with children benefit from a horizontal redistribution of income. In development studies, remittances have attracted interest. International flows of remittances exceed total development aid and have become the largest financial flow to some developing countries (Kunz, 2008: 1390). We see therefore that gifts are an important social and financial phenomenon, particularly important in the study of low-income families.

Compared to this wealth of international research, work on gifts in the UK context is more limited. There is a small body of literature on the importance of parental gifts in helping first time buyers onto the housing ladder (Tatch, 2007), and a larger body of work on post-mortem

² Dissaving is the spending of money previously saved.

transfers (Rowlingson, 2006, Rowlingson and McKay, 2005). A number of commentators on household income have discussed gifts in passing and noted the failure of current statistics to measure their role in income measurement (Ridge, 2002; Goode, Callender and Lister 1998; Room 2000). For example, in a chapter discussing social exclusion, Graham Room writes '*Resources* include current income, but also the person's stock of assets, based on past investments and gifts' (2002: 409, emphasis in original). Goode, Callender and Lister (1998: 22) concluded from their empirical work with families on benefits that: 'almost without exception, couples received regular financial help from their extended family...most commonly from the couples own parents in the form of cash, groceries, shoes and other clothing for children and children's school trips.'

However, gifts are omitted from social surveys and there is a dearth of published studies on gifts in the United Kingdom. One exception, now dated, and focused on the sociology of gift-giving rather than the methodological or policy implications, was Wilson (1987). She found that grandparents, and especially grandmothers, played an important role in providing material support to families with children in inner London. Finch and Mason's (1993) study of family relationships in Britain also touched on gifts and their significance, but with little discussion of policy. We argue that more research is needed if we are to properly understand the role of gifts in the household economy.

This paper reports the findings of two doctoral research projects. Both are concerned with low income in the UK as it affects, and is experienced by, members of families: in one case children, in the other case mothers. A particular focus of both studies is official definition and measurement of income, which both studies seek to engage with but also to challenge. During the course of both research projects it became apparent that gifts formed an important part in the qualitative and quantitative understanding of household income. Gifts were both a salient and a positive component of income. This has not been recognised in previous social policy research (Bradshaw, personal communication, 2009; Wilson, personal communication, 2009). The studies will be explained and discussed in turn. For each study, the gifts are classified according to the giver of the gift; non-resident father, grandparent, extended family or friend. This is followed by an assessment of the monetary value of gifts to the recipients in each study. The article ends with a discussion of the implications of the neglect of gifts in household income measurement and suggestions for further research.

In both studies, a gift has been defined as any contribution to a household's income which comes from another household. The kinds of 'gifts' that the families in the two studies received can roughly be divided into three types. Firstly, 'pure gifts' such as direct donations of money or presents from family or friends. Secondly, 'hand-me-down gifts' such as clothes or white goods, which have previously been used by another household but are in good enough condition to be passed on and used again by the recipient household. Thirdly, 'gifts-in-kind', by which is meant the provision of free services which would otherwise have to be paid for, such as baby sitting and garden maintenance. This third category is slightly more complicated as such provision is often reciprocated and the cash value of such services is difficult to estimate. However, as these services would otherwise have to be paid for or foregone, they have been included here as making a genuine contribution to household income.

First study: the contribution of gifts to children in low income families

The following section discusses part of the findings of a study of child poverty dynamics in the UK conducted by Sarah Taylor. The research sought to compare the assumptions and findings of literature on poverty dynamics with the perceptions and experiences of children growing up in poor households during the period 1997-2001³. During this time the interview sample of 30 young people in 21 families experienced between one and five years in poverty (i.e. in households with incomes below 60 per cent of the median before housing costs). The interviews, which took the format of a semi-structured life history, were conducted in the homes of respondents from February to June 2008, in England, Scotland and Wales. At this time the sample were between 15 and 21 years of age. Respondents were identified through the co-operation of the administrators of the European Communities Household Panel sub-sample of the BHPS⁴. Respondents' parents took part in this survey from 1997 to 2001, and respondents were contacted at the last address known to the Institute of Social and Economic Research at the University of Essex, whose assistance is gratefully noted⁵.

The purpose of the interviews was not to question the facts of the BHPS, but to interpret them. In relation to gifts, however, data was missing which was found to be of such qualitative importance and quantitative size as to bring some income measurements produced by BHPS data into question. The particular focus of the following section will be to discuss the importance of this missing data, gifts, to children. The qualitative salience of gifts is discussed, in general and in relation to the relationship between the child beneficiary and the sender. Gifts appeared to have different implications depending on their derivation. The section analyses gifts from non-resident fathers, then from grandparents, then other family members, and finally from friends.

Non-resident fathers

Exceptionally, questions on informal payments from non-resident fathers are included in both the FRS and BHPS. However, non-cash gifts are not included. We know from Bradshaw et al. (1999: 156), for example, that a majority of non-resident fathers support their children with birthday and Christmas presents, clothing, shoes, pocket money, and holidays or outings. In fact, similar levels of financial support are given formally and informally (Bradshaw et al., 1999). Indeed in this sample, gifts from non-resident fathers were most visible to children when in the form of non-cash gifts intended for the use of children themselves, such as holidays and games consoles. In the sample of 30, 14 respondents did not live with their father for at least part of their childhoods due to divorce or separation. A number of respondents benefited to a notable extent from transfers from non-resident fathers, materially, financially and socially.

The potential for reliably receiving things he wanted reduced Ed's perception of being badly off during his childhood⁶. He said 'If I asked my mum for something she might say no or, soon, but if I asked my dad I'd get it, just no questions.' His level of self-perceived

³ Further methodological details may be found in Taylor (2008).

⁴ The UK component of the European Communities Household Panel (ECHP) formed part of the BHPS sample during the period 1997-2001.

⁵ Parents and young people had the opportunity to refuse their consent before their contact details were passed to the interviewer, though none did so, and high priority was given to the confidentiality of respondents' data before, during and after data collection.

⁶ Names of sample members in both studies are pseudonyms.

deprivation was affected, leading to a qualitatively lowered impact of low income. In terms of the material impact of gifts from fathers, one respondent knew his father was richer than his mother, due to a higher paying job, and so 'if I wanted anything I would just go to him and he would get it for me.' He cited bikes, a games console, holidays and other activities. This was enough to make his life 'some better, a bit better.' Another respondent knew that, financially 'it would have been, well, a lot more money if he was still here.' Based on later knowledge, Malcolm's assessment was partly based on the fact that his father travelled as part of his job. Similarly, Natalie suggested the qualitative importance of these payments and in-kind payments from her father by stating that 'I'd always get everything I wanted'.

Quantitatively we know that the extent of child maintenance given by non-resident fathers to children depends in part on their relationships with their children (Bradshaw et al., 1999). Seventeen-year-old Tony illustrated the extreme end of having received pocket money from his non-resident father, with no expectations in exchange: 'even though I haven't seen him or spoken to him for nearly a year he still puts 50 pounds in my bank every month, since I was about 12.' This represents one extreme of a parent contributing cash only, with no in-kind support given. In other cases we might put a monetary value on the sometimes extensive time spent with children, for example through providing meals on visits, and through babysitting.

Grandparents

Recent years have seen increased research interest in grandparenthood (Dench and Ogg, 2002). Grandparental support to children tails off over time. As children age, grandparents more often support grandchildren directly, rather than indirectly through parents (Ibid). More affluent grandparents provide more material support than less affluent grandparents, who instead provide higher levels of in-kind support (Ibid.). In parallel, better-off non-resident fathers give larger amounts in child support than their worse-off peers (Bradshaw et al., 1999). From Bradshaw et al. (1999) we know that grandchildren make material contributions to grandparents, and scattered references were made in this study to children and parents helping grandparents. However these were substantially outnumbered by comments indicating the reverse.

As we have seen, extra-household payments were manifested in different ways, though the most usual method was through pure gifts. Gifts from grandparents were the most important and largest gifts for respondents. Grandparents could spend apparently unlimited sums on their grandchildren without those children being seen to become 'spoilt'. Several respondents were able to go on holiday, or holidays abroad, through the contributions of their grandparents, towards all or part of the cost. One family, in which three siblings were interviewed, received extensive benefits from their grandmother. The eldest lived with her grandmother, near to the family home, for about a year in her teens. Her brother lived there later, as a 'stepping stone', to leaving home. He also borrowed money from his grandmother occasionally. She took the younger sister shopping for clothes and shoes every other weekend. She took the siblings out for dinner and distributed pocket money. The youngest appreciated these contributions, but also felt they were normal, as her friends were also spoiled by their grandparents.

In one family, the thought that the respondent could approach his grandfather for money was comforting even though he had no intention of doing so. This is shown in the following exchange with his mother:

Jamie: no if I asked granddad for some clothes money, he'd give me some clothes money wouldn't he?

Mother: granddad's on a pension

Jamie: yeah yeah yeah but it's a fact, he would give it to me yeah

Mother: if he had it

Jamie: see he would yeah⁷

Jamie felt sure he would receive money from his grandparents if he asked, but chose not to. This may have provided him with the comfort of perceived financial security.

One respondent was particularly aware of the importance of the contribution her grandmother made, giving the example of Christmas, when half her presents would be from her mother and half from her grandmother. She would give 'little bits of cash', clothes, school uniforms, pocket money, and would buy shopping while the family stayed at her home during holidays. She explained, 'I would say if it weren't for my gran being there, we wouldn't have had as much, it's down to my gran that we had everything we wanted'. There were tensions between their mother and grandmother: the elder sister remembered her grandmother asking her if her mother had received any bills, as she wanted to help out. However, her mother would not tell the grandmother, or ask for money from her.

Another respondent went on holidays with his grandparents and had had bonds taken out by them on his behalf. The other contribution mentioned was indirect, benefiting him through a transfer from his grandparents to his parents: his mother borrowed money from them to refurbish the house when he was young and the family was 'struggling'. Another respondent was loaned money from his grandfather in order to buy a car: 'he lent me hundred quid to get it, so it was quite good, I don't have to pay it back'. Not only this, but he received enough casual additional monies to state that it was 'enough to make me happy.'

Grandparents are an important part of many families' lives. Two exceptions proved the rule that respondents benefited from extra-household gifts from grandparents. These were two brothers who received extensive support from their grandmother, who lived with them. While the emotional aspects of grandparenthood were also important, for household income the large and regular sums transferred down the generations are significant.

Other family members

Siblings, aunts, uncles, and the non-resident partners of parents contributed cash and in-kind support to many respondents. A number of examples were given of respondents' siblings contributing small and large sums, particularly older siblings, before and after leaving home. Where relevant, the boyfriends and girlfriends of separated parents were a useful source of income: one respondent borrowed money from his mother's boyfriend if his mother had none, and another respondent received a £170 dress from her father's girlfriend for her school leaving event.

Some uncles and aunts made substantial contributions. Clare, for example, remembered that when her uncle moved house he could not take his piano, so gave it to her family. Another respondent spoke generally of getting things he wanted from his aunts and uncles. Farah was

⁷ In eight interviews, another adult, usually a family member, sat in the room for some or all of the interview.

able to go on holiday with her family after her uncle loaned a sum to her father, the amount of which was unknown to her. Given that her family was large, and the holiday was long-haul and lasted for six weeks, we may assume the figure was substantial.

Friends

Friends sometimes made respondents feel better about their financial situations, and other times worse. This was due to direct and indirect comparison and knowledge, as well as physical exchanges. They could be a help and a hindrance, causing and compensating for low income and its effects. The friends of their parents were also important for three respondents. One of these three, Kaitlin, and one of her friends, received mobile phones from another girl's father, through the company he worked for. She reported that her mother was unwilling to buy her a mobile due to their cost, 'so we got one for free so that was good but otherwise, I wouldn't really have got one'. She also mentioned family friends, from whom she received toys and other items because she was the first grandchild on both sides of the family, as well as in her parents' circle of friends: 'I was completely doted on'. Dench and Ogg (2002) also noted that first grandchildren benefited from additional support from grandparents. Another respondent's own friends were also important to him: 'it's a good job I had good mates, because they would give me their clothes, nice clothes'. Even small amounts of money were appreciated. One girl mentioned a friend who gave her 20 or 30p for sweets.

The quantitative importance of gifts

All 30 respondents received some level of extra-household support from family members living elsewhere or, less often, from friends. Spencer and Pahl (2006) noted that there is a higher expectation of support from family than from friends. Closeness was a factor, in that close family friends were cited as making contributions while more distant friends and relations were not. The smallest gifts reported were annual birthday gifts of around £5 in cash. The largest gifts are recorded below.

Having seen the qualitative importance of gifts to children, it is possible to quantify them. With the additional information available on sample members from the BHPS, it is possible to identify occasions when the value represented by gifts formed a large proportion of household income. For example, Tony received a lump sum in 2000 which was sufficiently large to pay for a car (see Table 1).

In seven households, for 11 respondents, transfers reached such an extent as to cast doubt on household income figures (Table 1). This did not necessarily coincide with the qualitative importance or salience to respondents, though the two were not unrelated in the sample. The difficulty of estimating the value of the gifts makes it correspondingly difficult to assess their contribution to overall household income. However, taking together the evidence in the interview transcripts and the survey record of their father's earnings once he returned to the UK, more than half of Melissa and Marie's household income may have been accounted for by informal transfers. These gifts represented an estimated one half of Kaitlin's and Malcolm household income, and one third of Ed's. The figures given in Table 1 represented between one quarter and one half of Karen, Hope, Natalie, Mark and Jamie's family incomes.

Table 1: Households with significant gifts, Taylor study

Household	Nature of gift	Approximate value
Kaitlin	Gifts from non-resident father in 2001	£1-5,000 to mother
Ed	Gifts from non-resident father throughout childhood	£3-5,000pa
Karen and Hope	Cash and gifts from grandmother 1987-2008	£2-4,000pa
Natalie, Jamie and Mark	Cash and gifts from non-resident father c1998-2006	£3,000pa
Malcolm	Cash 1994-2008 and holidays from non-resident father 1994-2001/2	£4,000pa plus £2,000pa to mother
Melissa and Marie	Remittances of income from father while working abroad 1993/4-1998.	£10,000pa
Tony	Lump sum inheritance in 2000, amount unspecified by mother. Tony reported this was 'a few grand'.	£2-10,000

Source: analysis of interview transcripts and BHPS.

Second study: The contribution of gifts to mothers in low-income families

The second study involved in-depth semi-structured interviews with seventeen mothers from low income working families in the east end of Newcastle upon Tyne, recruited through Sure Start Newcastle East and Fossway between July 2008 and April 2009. It was undertaken by Chris Warburton-Brown, as part of his PhD. All of the women studied were living with a man and a child (or children) under eighteen. In all the households at least one adult worked thirty hours a week or more, but earnings from wages were less than three hundred and fifty pounds a week. As a result, all the households had an income between 60% (the poverty line) and 80% of the national median income before housing costs. In monetary terms, this equates to an after-tax income from wages and benefits of between £340 and £470 a week for a family with two children.

The main aim of this study was to gain a greater understanding of how mothers manage their limited family finances, and gifts rapidly emerged as one of the most interesting aspects of this. Following the example of Lister, Goode and Callender's 1998 study of the household finances of unemployed families, a specific question on gifts was included in the interview schedule, and was asked of all seventeen participants. The question 'Do you ever get any gifts of money, clothes or other items from family members or friends who don't live with you (including Christmas and birthdays)?' was used. In addition, other information on gifts-in-kind emerged from some of the other questions, such as those dealing with spending on children's clothes.

Non-resident fathers

All of the women in the survey were currently partnered. Five had children from previous relationships. Of these, only one had any contact with her previous partner. His financial contribution was small, a couple of hundred pounds a year, as his income was low.

Grandparents

As the interviews in this study were conducted with mothers, 'grand parents' is used here to refer to the parents of the interviewee or her parents-in-law, i.e. the grandparents of her children.

Grandparents were easily the most important source of gifts to the household economy. They were both the most generous and the most regular givers. Pure gifts predominated, but gifts in kind were also common.

A majority of the mothers in the study mentioned gifts of money from their parents and/or parents-in-law. In most cases, this consisted of a relatively small amount, ranging between twenty and two hundred pounds in a year. However, the importance of even small sums of money should not be under-estimated. For two of the women, the money they received at Christmas and birthday represented the only money they had to spend freely on themselves in the entire year; 'I get Christmas money off my mam... That money from my mam, I just go and buy myself a top or a pair of jeans with it.' (Pauline). Another mum was given money by her father to visit her dying mother in hospital, even though they had been divorced for many years: 'I had to go to visit my mam... all the money's been put aside for the bill money. So I phoned my dad, and he'll send us some money for whatever that costs.' (Claire).

In a couple of cases, direct financial help was much more generous. When both she and her husband were made redundant, Debbie's parents and parents-in-law offered to pay their mortgage until her husband found a new job. This took only four months, but the mortgage payments enabled them to keep their house, which otherwise would have been lost. The most extreme case in the study group was that of Marie's family. They had been given £20,000 as a one-off gift by her husband's parents. This was used to build a conservatory, extend the house, build a toy room for the new baby, buy furniture and carpets, redecorate, and go on holiday.

Several of the mothers received important gifts in non-monetary forms. One was given a food hamper every Christmas by her mother-in-law, which made a crucial contribution to the family finances at the time of year when they were most stretched. Two other women said that gifts of new clothes made a major contribution to their ability to provide for the children. For twelve of the seventeen families in the study, finances were too tight to allow them to purchase a holiday by themselves. However, for three of these households grandparents treated them to a family holiday.

Help in kind from grandparents also made a significant contribution the lives of the interviewees. Several were able to call on their parents or parents-in-law to help with decorating their home or doing DIY jobs: 'Colin's dad has been really good... He helped a lot getting the house sorted... whenever I need anything I'll just say to him 'if you spot it, will you get me this or that?' and he never expects any money back from me.' (Claire).

In two families, regular sums were given to children by their grandparents. These sums were being set aside in saving accounts which would not be accessible to children until they were eighteen. These sums ranged from ten pounds a month to a thousand pounds a month: 'Dad gave us a thousand pounds a month until he retired... He's a doctor so he earns quite a lot. And they're a bit like us, they don't spend a great deal. So he just wanted to get rid of it really. We've got ISAs and PEPs for the kids' (Isobel).

Surprisingly, very few of the mothers used family for day time childcare. Only one, Gabrielle, relied on her mother-in-law to do childcare for her one afternoon a week so she could go to work. However, about half the women said they could call on family to baby sit; relying either on their mother, mother-in-law, sisters or older children. For six of the women, this was an occasional occurrence, with only two having a regular arrangement:

‘Well my mam has Jamie once a month for us, she has him overnight as well, so we make sure we have a night out, we go for a nice meal, and a few drinks with friends. And we go to family parties. And my mam and Martin’s mam are always saying they’ll babysit all the time for us. I’m quite happy with that. We’ve just booked tickets to go and see Michael Jackson in July. That’ll be a full weekend without Jamie. That’ll be good.’ (Marie, mother of one).

Finally, one woman in the study was giving substantial amounts of money to her sick parents, in spite of her own straitened financial circumstances. This consisted of regularly paying for their shopping, with a value of around fifteen pounds a week.

Other family members

Gifts from extended family were less important than grandparental support and relatives often expected a degree of mutuality which grandparents did not. However, they were specifically mentioned by more than half the mothers in the sample.

For two mothers, relatively small sums of money given by extended family members enabled them to buy things for the children which otherwise would have been difficult;

‘They always get fifty pounds for Christmas and birthdays [from their great aunt]. It makes a big difference, because Claire [daughter] is desperate for a proper pair of shoes. So I was able to buy her a good pair of shoes, and the rest went to my bank account, and when summer comes round I can buy her some good clothes, the money’s there so I can go and get it.’ (Nikki).

One mother had received £5,000 when her granddad had died, and the money had been used to buy a new bed, a sofa bed and a holiday.

A number of families got occasional money from family members when especially needed for major one-off expenses such as moving house. Two families had received interest-free loans from extended family to help them move house, both of five hundred pounds. Although not strictly gifts, the kind of credit available to these low-income families would be very expensive; other families in the study resorted to high-interest door-step loans, commonly paying back double the amount that had been borrowed. These interest-free loans effectively amount to a ‘gift’ of several hundred pounds of foregone interest payments.

Two women mentioned receiving hand-me-down clothes from their sisters who had older children.

Four families had regular contributions to decorating or gardening work from relatives: ‘My [unemployed] uncle does all the gardening and that for me, so you don’t really have to pay anybody for that, just give him cups of tea (laughs)’ (Steph). In one case, the contribution of

family members was much greater, with a new porch, a new kitchen, a conservatory and a new plumbing system having been built by the husband working with his cousin, a bricklayer, and her brother, a plumber. The total value of work done on their ex-council house was close to ten thousand pounds and had transformed it. In return, the husband had been working on the homes of the cousin and brother-in law.

Friends

Whereas pure gifts solely came from family members, hand-me-down clothes often came from friends. Seven of the families specifically mentioned hand-me-downs as making a contribution to their household economy. These comments were not usually made in response to the 'gifts' question, but in discussions of the costs of providing clothes for children or for themselves:

'For the kids, virtually all of their clothes are second hand or given to us as presents. We've been really lucky as several of our friends have got slightly older children. It tends to be the mums I'm meeting for coffee anyway, so I'll be meeting with them and I'll get a great big bag of clothes, which is fantastic.' (Isobel).

Adults were also sometimes able to benefit from hand-me down clothes: 'My next door neighbour has got two twin boys who are in their twenties, so whenever they decide to change their fashions, Andrew [her husband] gets clothes' (Anna). However, some mothers were reluctant to have their children dressed in hand-me down clothes: 'We do get some hand-me-down clothes for the kids. Not as much as what you used to years ago, I think people are frightened of what people will say. Just an odd time' (Hazel).

Clothes are not the only things given as hand-me-downs. Over a five-year period, Jill had received almost everything she needed for her house from friends who were up-grading their own homes. The total monetary value of all these items exceeded five thousand pounds, and made a very substantial contribution to her family's material well-being: 'The car, old video machines and TVs, our dishwasher, our computer, our washing machine, our microwave, cooker, fridge and freezer. We just get given everything. We never have to buy anything really'.

The quantitative importance of gifts

Overall, sixteen of the seventeen mothers in the survey had some kind of gifts coming into their household. Looking at the contribution that gifts made to their household economy, it is possible to divide these mothers into three groups. The first group was those for whom gifts make little or no contribution. Four of the sixteen families who received gifts fit into this category. For these families, these only amounted to small gifts at Christmas and birthdays, and the value of these was no greater than the gifts which the household was making to other households (e.g. mutual exchange of Christmas presents).

The second group were those for whom gifts made a noticeable contribution and clearly made difficult financial circumstances easier. The monetary values of these gifts ranged from fifty to several hundred pounds in a year, either as direct cash contributions, as interest free loans, or indirectly through baby sitting or giving regular help with DIY or gardening. In percentage terms, such gifts can be quantified as increasing household incomes by several percentage

points. For example, Gabrielle’s mother-in-law provided childcare one afternoon a week, allowing Gabrielle to go to work. If Gabrielle used local nursery provision for this, it would cost her £15. This in-kind contribution of around £700 a year amounts to a three per cent addition to her household income. For other women, a financially small contribution, such as a food hamper at Christmas or £100 for the children’s clothes, played a valuable role when money was particularly stretched. Others in this group were able to access loans or gifts which enabled them to move house or decorate. This group contains seven families, all of whom would have found financial life significantly more difficult without these gifts.

The third group consisted of the five families for whom gifts made a huge contribution; in excess of a thousand pounds in the last two years. For these families the gifts they received transformed their financial circumstances, increasing annual incomes by between twenty and one hundred per cent. No understanding of the financial circumstances of these families would be complete without a recognition of the huge role gifts played. The details of these families are given in Table 2.

Table 2. Families with significant gifts, Warburton-Brown study

Mother	Nature of gift	Approximate value of gift
Bridget	House being rebuilt by extended family	£10,000
Debbie	Parents paid mortgage for four months	£2,200
Jill	1) ‘Hand-me-down’ car, white goods and furnishings 2) Cash inheritance	£5,000 £5,000
Isobel	Her father invested in her children’s saving accounts	£1,000 a month
Marie	One-off gift from parents-in-law	£20,000

Conclusion

We have seen that household income is also received and shared by members of other households, and so standard income measurements do not capture the ways in which regular, irregular and one-off sums flow between households known to each other, from grandparents living next door to relatives abroad. The importance of contributions from outside the household was very substantial for some young people. They are seen individually and collectively as a priority, and benefit financially from this. This may be a buffer, a continual trickle, or an occasional loan. Grandparents, family friends, uncles and aunts give grants, loans, time, skills, hand-me-downs and money to their families. These can make a substantial improvement to living standards and alter young people’s financial self-perceptions. Mothers, too, can benefit greatly from gifts. Being able to access support, be it financial or in-kind, during times of particular stress or difficulty can make a crucial difference to a mother’s ability to steer her family through poverty shocks or changing circumstances. Even small gifts can allow mothers to buy things that would otherwise be inaccessible, such as clothes or haircuts. Larger gifts allow investments in quality of life, particularly through house moves, better furnishings or home improvements, which significantly reduce material deprivation.

Nearly all the families in the two studies benefited from gifts to some extent. Moreover, both studies contained families for whom the impact of gifts was highly significant and transformed their financial situation, at least in the short term. Where gifts are substantial or sustained over time, household income provided in survey data is reduced downwards; income measures will underestimate what the household can actually afford. Conversely,

where occasional large gifts reduce household material deprivation it will appear that household income is stretching further than is in fact the case; material deprivation measures will overestimate what the household can actually afford.

However, it is important to stress that only in some cases do contributions make up a large enough proportion of household income to cast doubt on official figures. Given the small and unrepresentative nature of the samples in both studies reported here, it is not possible to speculate on the proportion of households in the population for which this is the case, without conducting further research. It is difficult to extend our findings to the population of non-poor families, for two reasons. Firstly, falling into financial difficulties may itself prompt gift-giving by other households. Secondly, and working in the opposite direction, low-income households are disproportionately likely to be part of low-income networks.

Implications for future research

The two studies found that gifts were of considerable importance in low-income families; both to children and to mothers⁸. The dual focus of the paper has allowed us to confirm that these gifts are viewed as positive and important contributions by both generations. This has not been recognised in most existing literature, and so we have presented preliminary findings to inform future research. Future studies of household incomes should include an explicit question on gifts including gifts-in-kind. Moreover, in-depth qualitative studies should include space for a discussion of the importance of gifts and the role they play in shaping the financial position of the family. This should take account of the potential variability of gift-giving over time. Future quantitative studies should consider the way in which gifts can be assigned monetary value and included in calculations of household income.

Three areas may merit particular attention in future. Firstly, work is needed on the ways in which mutually supporting networks of extended family and friends can ameliorate the effects of low incomes from wages and benefits across the life-course, and the ways in which policy might foster such networks. Secondly, we call for research on the ways in which gifts may represent a significant inter-generational income transfer from an older generation (grandparents) to a younger (parents), therefore off-setting some of the cost of children. In particular, the quantitative impact of gifts on the child poverty rate is unknown. Thirdly, further consideration should be given to the way in which access to the financial resources of extended family members, both through regular support and crisis gifts or loans, can help families weather poverty shocks. Expressed differently, we are intrigued as to whether families who can draw on gift-giving networks are substantially better placed to deal with unexpected poverty crises than families who have no gift-giving networks. If so, families who appear to have identical incomes are in fact very differently placed in relation to surviving life on a low-income.

Bibliography

Aquilino, W. S. (2005). 'Impact of family structure on parental attitudes toward the economic support of adult children over the transition to adulthood' *Journal of Family Issues*, 26, pp. 143–167

Bradshaw, J. (2009) Personal communication.

⁸ Presumably to fathers as well, but that in itself is a topic for further research.

- Bradshaw, J. and Richardson, D. (2008) 'Does child income poverty measure child well-being internationally?' *Social Policy and Society* 7, 4 pp. 521-536.
- Bradshaw, J., Stimson, C., Skinner, C. and Williams, J. (1999) *Absent Fathers?* London: Routledge.
- Cox, D., & Rank, M. R. (1992) 'Inter-vivos transfers and intergenerational exchange' *The Review of Economics and Statistics*, 74 pp. 305–314.
- Dench, G. and Ogg, J. (2002) *Grandparenting in Britain: a baseline study*. London: Institute of Community Studies.
- Department for Work and Pensions (2009) *Households Below Average Income 2007/8*. 20th edition. London: DWP.
- Department for Work and Pension (2008) *Family Resources Survey 2006-07* London: DWP.
- Department for Work and Pensions (2007) *Households Below Average Income 1994/5-2005/6*. 18th edition. London: DWP.
- Dunn, T., Phillips, J. (1997) 'The timing and division of parental transfers to children' *Economics Letters* 54, i pp. 35-137.
- Finch, J., and Mason, J. (1993) *Negotiating Family Responsibilities* London ; New York : Tavistock/Routledge.
- Goode, J., Callender, C., and Lister, R. (1998) *Purse or wallet? Gender inequalities and the Income Distribution within Families on Benefit* London: Policy Studies Institute.
- Hayhoe, C. and Wilhelm, M. (1998). 'Modeling perceived economic well-being in a family setting: A gender perspective'. *Financial Planning and Counseling*, 9(1) pp. 21–34.
- Hayhoe, C. and Stevenson, M. (2007) 'Financial Attitudes and Inter vivos Resource Transfers from Older Parents to Adult Children' *Journal of Family Economic Issues* 28 pp.123–135.
- Kazianga , H. (2006) 'Motives for household private transfers in Burkina Faso' *Journal of Development Economics* 79 pp. 73– 117.
- Kochuyt, T., 2004. 'Giving away one's poverty: On the consumption of scare resources within the family' *The Sociological Review*, 52(2), pp. 139-161.
- Kohli, M. and Künemund, H. (2003) 'Intergenerational Transfers in the Family: What Motivates Giving?' chapter 6 in: Vern L. Bengtson & Ariela Lowenstein (eds.), *Global Aging and Challenges to Families*. New York. Aldine de Gruyter, pp. 123-142.
- Komter, A. (1996) *The Gift* Amsterdam University Press.
- Mayer, C. and Engleheart, G. (1996) 'Gifts, down payments and housing affordability' *Journal of Housing Research*, 7 pp. 59-78.
- Offer, A. (1997) 'Between the gift and the market: the economy of regard' *Economic History Review*. L, 3, pp. 450-476.
- Office of National Statistics (2009) *Social Trends 2008* Basingstoke; Palgrave Macmillan.

- Perry, B. (2002) 'The Mismatch between Income Measure and Direct Measures of Poverty' *Social Policy Journal of New Zealand* 19, 2002.
- Ridge, T. (2002) *Childhood and Social Exclusion: from a Child's Perspective* Bristol: The Policy Press.
- Room, G. 'Trajectories of social exclusion: the wider context for the third and first worlds' ch.17 in Gordon, D. & Townsend, P. (eds.) (2000) *Breadline Europe; the Measurement of Poverty*, Bristol: Policy Press, pp. 407-439
- Rowlingson, K. (2006) 'Living Poor to Die Rich'? Or 'Spending the Kids' Inheritance'? Attitudes to Assets and Inheritance in Later Life' *Journal of Social Policy* 35(2) pp. 175-192.
- Rowlingson, K. and McKay, S. (2005) *Attitudes to Inheritance* Bristol Policy Press.
- Ruspini, E. (2000) 'Engendering poverty research: how to go beyond the feminisation of poverty?' *Radical Statistics*, 75, pp. 25-37.
- Silber, I. (2009) 'Bourdieu's Gift to Gift Theory: An Unacknowledged Trajectory' *Sociological Theory* 27(2) pp. 173-190
- Spilerman, S. (2004) 'The impact of parental wealth on early living standards in Israel' *American Journal of Sociology* 110 pp. 92-122.
- Tatch, J (2007) 'Affordability: Are Parents Helping?' *Housing Finance* 2007(3)
<http://www.cml.org.uk/cml/publications/research>.
- Taylor, M.F., ed. (2007). *British Household Panel Survey User Manual Volume A: Introduction, Technical Report and Appendices*. Colchester: University of Essex.
- Taylor, S. (2008) 'Combining Qualitative and Quantitative in Researching the Dynamics of Childhood Poverty'. *ENQUIRE: Electronic Nottingham Quarterly for Ideas, Research and Evaluation*, 1(1).
- Villanueva, E. (2005) 'Inter vivos transfers and bequests in three OECD countries' *Economic Policy* July 2005 pp. 505-565.
- Wilson, G. (2009) Personal communication.
- Wilson, G. (1987) 'Women's work: the role of grandparents in inter-generational transfers' *Sociological Review* 35 pp. 703-720.
- Wolff, F., Spilerman, S. & Attias-Donfut, C. (2007) 'Transfers from migrants to their children: evidence that altruism and cultural factors matter', *Review of Income and Wealth* Series 53, Number 4.