

Free research paper about the effects of debt on children

[Sociology](#), [Poverty](#)



Abstract

Different researches have been conducted on the impact of debt on families. This current research study explores the effects of debts among children born in low income families. While using a study sample of 100 participants, the current research study found out that more poor children from indebted families have low educational attainment as compared to the children from wealthier families. This study suggests that in order to end poverty in the long run, the government needs to provide alternative sources of finance for the low income earners. This would help them repay their debts and leave them with enough to cater for their families' needs and save.

Introduction

There has been a growing concern on the significance of asset ownership among the low income families in the developed and developing nations of the world. Some of the significant family assets include savings, family economic security, income, human and social capital, and home ownership among these families. Different research studies have been conducted to study the impacts of debt, which has been increasingly high following the rise in the household debt. Several findings have associated economic factors such as the recession and inflation with the rising debt levels. Most of the American population is receiving only modest wage hikes amidst falling stock prices resulting in the inability to pay for housing loans granted in the early 2000s.

The effects of the rising debts in the developing of Africa and Asia, and the developed countries of the West including the United States and United

Kingdom are experienced at different levels on the family. Children are affected by the family debts including bad examples from parents, lack of proper education since parents are unable to pay for quality education, low academic achievements, poor health, unacceptable lifestyle changes, unnecessary depression, fighting, and stress, low self-esteem, and poor parent-child relationships. While parents are usually the cause of the family debts, children live with these effects and suffer their consequences.

Statement of the Problem

Vulnerable families usually have high debt levels that they usually cannot easily settle. Research indicates that these vulnerable families owe more than they earn (Anil, Jordan, & Zahirovic-Herbert, 2011). In addition to the lack of sufficient assets, several low income earning families have large amounts of debts. These large debts cannot allow the families to save for their children's expenses. Most of the earning received by these families is used to repay part of the debts. The larger installments leave these families with very little to spend and nothing to save. Different researches have been conducted, and their results associate debts with the psychological torture to the families. Due to the large debts, parents are usually unable to provide for their children. Consequent children born in these families often face several challenges including social, physical, mental, psychological, and economic frustration.

While parents strive to offer their children better lives than they received during their upbringing, the vicious poverty cycle, which seems to continue for generations along the poor income families. It is because children born

into the debt families cannot get better education to secure lucrative jobs, which would offer their children better life opportunities. In this research study, which reviewing several published research studies on the effects of debt on children, I will explain how children from these families have been exposed to several disadvantages, which results into class profiling between the poor and the rich members of the society.

Significance of study

The main aim of this study is to provide relevant information to the relevant government authorities to assist the low income indebted families to settle their debts as a long term measure of reducing the poverty levels in the nation. Through providing incentives such as income generating activities to such families, the low income earning indebted families would find alternative methods of increasing the family earnings to settle their debts and leave enough to save for their children, as well as meet family expenses with ease. It would help the government in solving several problems related to poverty such as poor education of the low income children. In the long run, this would help the government in reducing other vices such as insecurity, alleviating poverty levels, and increasing the education and production of the nation.

Theoretical Background

This study is based on two sociological theories – the conflict theory and the Behaviorism Psychological Approach. According to the Conflict Theory, which derives its assertions from the ideas of Karl Marx, the social life is considered as a competition while focusing on the distribution of power, resources and

inequality (Nevid, 2010). This theory asserts that, the human behavior results from the conflicts between competing groups. Karl Marx considered the human society as related to conflict between the social classes, majorly in the capitalist societies between the owners of the factors of production and the servants (Stolley, 2005). These owners of the factors of production are the employers of the lower class members of the society and pay them little salaries while advancing loans to them that they cannot successfully pay. It increases their debts and widens the gaps between the social classes. This theory also asserts that in a capitalist society, the rich accumulate more wealth at the expense of the poor members of the society. It also believes that, the poor members of the society take their children to bad schools, bad hospitals, and choose bad careers, which only make them servants of the property owners.

The Behaviorism Psychological Approach argues that all behaviors are acquired through conditioning. This theory asserts that, people learn their behavior through their interaction with their environment, and that the interaction with the environmental stimuli produces responses, which translates to behavior (Skinner, 2011). Therefore, individual's interaction with his environment is solely responsible for shaping that person's behavior. The family is usually the first socialization unit for children before they go out to interact with other children and other environments. The experiences within the family have a lifetime effect on the children families in debt usually have several problems associated with the poor families such as domestic violence and financial constraints leading to poor attention to children and inability to meet the needs of these children. Therefore, based

on this theory, this research study believes that the debt levels of the low income families have negative effects on children as earlier indicated in the introduction section.

Literature Review

A large majority of parents in the world today try to build normal lives for their children, but unbearable debts thwart their efforts. Several studies have been conducted to reveal the effects of these debts on the physical and mental health of children in such families. Most of these research studies have compared the relationships between children from families in debt with their peers from stable families and revealed that, debt undermines the relationships with peers and their school experiences, which cause long-term effects on the lives of these children. According to a research study conducted by “ The Children’s Society” titled “ The Debt Trap: Exposing the impact of problem debt on children,” the researchers found out that a personal debt has steadily risen over the years (The Children’s Society, 2014). This research also indicates that low income earning families are having difficulties in debt repayments, and creditor demands can spiral into unmanageable situations that can devastate lives (The Children’s Society, 2014). Such debt repayment problems are forcing parents to reduce their expenses, especially on essential items for their children. Such problems usually lead to long-term harm to the children, especially if their basic needs are not met by their parents.

According to the United Nations’ report posted in the BBC website, the mortality rates among children and mothers have greatly increased in the

African continent over the past few years due to the increasing costs of debt in the world's poorest countries (United Nations, 1999). This report reveals that the national debts of the poor nations are transferred to the citizens and the children and women bear most of the brunt of the debt crisis (United Nations, 1999). These poor governments are diverting the finances meant for education and healthcare to repaying the debts. Consequently many children are dying prematurely due to poor healthcare services. Additionally, the education sector usually faces financial problems such as insufficient facilities such as classrooms, teachers, and books. This United Nations report reveals that in these nations, hundreds of millions of people are suffering from ill health, and children are being condemned to a life without schooling (United Nations, 1999).

Other research studies have taken a step further and investigated the effects of debt on higher learning institutions as well as the achievements of students from different levels of families based on income and debt levels. According to " Staying on Course: The Effects of Savings and Assets on the College Progress of Young Adults," study conducted by Elliott, William; Beverly, Sondra, they found disparities in the graduation rates among students. They associated these disparities to the differences in the family income levels, which force the students to rely on education loans, which most of the times becomes very difficult to repay (Elliott, & Beverly, 2011). Consequently, the children from low income families graduate from the university with debts, which they carry on to their children since they might take too long completely to repay these loans. In some cases, these students fail to get salaried jobs, thereby making it impossible to repay their debts

and have unreliable family lifestyles.

Debts are sometimes acquired due to the lavish spending of the parents.

When the loans become impossible to repay, the parents usually resort to unacceptable lifestyle changes. For some children, moving from their bigger houses, better schools, big vehicle, and expensive holiday trips to smaller resized lifestyles are unbearable. For older children, they might understand and hope that when they complete their education they might make things better (Heinrich, Burkhardt, & Shager, 2011). However, for young children, this brings about psychological torture, which makes it difficult to adjust to the situations. Consequently, this results into negative impacts on the children, especially on the psychological front.

Hypotheses

- Students from families with high debts attend poor schools, have higher school dropout rates, and poor academic achievements
- The children from families with high debts have poor physical and mental health
- These children have low self-esteem, self-denial, and short dreams of achievement resulting in irresponsible behavior such as criminal activities

Methodology

This study interviewed 100 students from a local university in the United States and recorded the data for analysis. The information was gathered through interview where the respondents were allowed to fill in the questionnaires according to their convenience. The original sample size was 122, but the size was reduced to 100 after the interview forms were

returned, and others were either not returned or inaccurately answered. The respondents were of equal gender compositions, and the mean age of the participants was 24 years.

Results

During the four weeks research, the researchers found out that there were fewer students in the university from poor families (12 percent). Out of this population (the poor students), 78 percent relied on education loans to finance their studies since their parents were already in debt and could not get additional money to finance their children's education. Only 32 percent of the poor students were girls. The data retrieved from the administration revealed that students from lower income earning families are usually associated with college strikes and lower performances.

Discussion

The results of this result study indicate that children from families with debt have difficulty in finding money for their education since their parents cannot acquire other loans as they are unable to effectively pay their current loans. Additionally, this research study reveals that children from these families are associated with strikes in schools. This can be associated with the frustrations they face in schools, especially when the college administrations increase the school fees, which they are already struggling to raise. Even further, the children from families with high debt have little educational attainments (Nall, 2014). Therefore, they are unable to get the top positions in organizations when they eventually get employment. Consequently, they are paid lower salaries compared to their seniors, most of which were their

classmates. They also resort to loans, thereby subjecting their children to the same problems that they had faced as children in families with debt.

Implications and Conclusions

Since most governments are struggling with the problems of poverty in their economies, providing alternative sources of income for the low income families to finance their debts is a great move toward reducing the debts. Reducing the national debts also helps in ensuring that funds such as those meant for education and health are channeled to their respective projects. This will help in ensuring that families in debt reduce their debts, meet the basic needs of their children, which will eventually improve the quality of life of the future generations.

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