Does Household Composition Explain Welfare Regime Poverty Risks for Older Adults and Other Household Members?

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Objectives. This cross-national study examines the poverty of older adults and their household members and relates the risk of poverty to macrolevel state approaches to welfare as well as to microlevel composition of households.

Methods. Data on individuals in households with older adults for 22 countries come from the Luxembourg Income Survey. Robust cluster analysis relates the risk of poverty to the type of state welfare regime; the characteristics of the household head (age, gender, marital status, and education); as well as the household’s numbers of earners, older adults, and children.

Results. Persons in households with older adults are significantly less likely to be poor in countries with social democratic and conservative welfare regimes than in Taiwan, an exemplar of limited social welfare programs. Controlling for country differences in household composition increases the differences in poverty risks. Living with fewer children, more older adults, and more earners lowers the risk of poverty, as does having a married and better educated household head.

Discussion. Countries with more generous social welfare provisions have lower risks of poverty despite having household characteristics that are comparatively unfavorable. As Taiwan demonstrates, household composition, particularly a reliance on multigenerational households, compensates for limited state welfare programs.

Key Words: Elderly poverty—Household composition—Multigenerational coresidence—Social security—Welfare regimes.

In industrialized countries, support for older adults comes from three institutions—the welfare system, the market economy, and the family (Esping-Andersen, 1990, 1999; O’Rand & Henretta, 1999a). The adequacy of this support varies from country to country, as evidenced by the substantial differences among industrialized nations in poverty rates for older adults (Korpi & Palme, 1998; Lefèbvre, 2007). A full accounting of cross-national differences in the incidence of late-life poverty needs to be sensitive not only to the income from work and welfare but also to the support provided by households in which older adults reside. The importance of mutual support also calls for examining the incidence of poverty for everyone living in households with older adults because the poverty of household members is jointly determined and because household structure varies substantially across nations.

These considerations invite a cross-national and multi-level approach that incorporates both the country-level distinctions in social welfare programs and the microlevel differences in household composition that determine needs and resources. This study focuses on the incomes of older adults and their household members for 22 countries in the Luxembourg Income Study (LIS).

This article asks three questions: (a) For older adults and the persons with whom they coreside, how does the risk of poverty differ by the state approach to welfare or welfare regime? (b) How does the composition of individual households relate to this risk of poverty? and (c) To what extent do national differences in household composition account for the poverty risk differences between state welfare regimes? We begin by describing national approaches to welfare, how living arrangements influence the economic well-being of older adults, and how these living arrangements vary with state welfare approach. Our analysis examines 22 countries in the LIS, which includes data from advanced industrial nations as well as from less often studied southern European, postsocialist European, and East Asian states. Based on the characteristics of households with older adults, as well as the poverty for persons in those households, we select a strategic reference point for cross-national comparisons: As a developed East Asian state, Taiwan is distinguished by multigenerational living arrangements that compensate for very limited state welfare provisions.

In robust cluster logistic regressions, we demonstrate that there are significant macrolevel differences among state welfare regimes in the likelihood of poverty for older adults and those with whom they live. Furthermore, some characteristics of these individual households (such as having more earners) protect against poverty, whereas others (such as having a female household head) are associated with an elevated risk. Finally, controlling for individual household characteristics, our analysis illustrates how the more generous welfare approaches of western Europe compensate for household arrangements that exacerbate poverty risk.
Late-Life Poverty

Older adults are more likely to be poor than younger adults, but social security provisions have lifted the majority of retired older adults above the official poverty line in industrialized countries (Costa, 1998; Preston, 1984). Reversing the mid-1990s pattern of older adults being better off than children in Western countries (Bradbury & Jantti, 2001), poverty for older adults increased into the early 21st century when older adults became even more vulnerable to poverty than children in some nations (Förster & d’Ercole, 2005). Elderly poverty, however, shows a modest positive association with child poverty across Western nations. Countries where older adults are at higher poverty risk are also places where children are more likely to be poor (Brady, 2004). In general, poverty risks differ across countries, reflecting the complicated mix of household composition differences and the structural influences of the family, market, and welfare institutions. The Nordic countries, for example, have comparatively low late-life poverty compared with English-speaking countries (Smeeding, 2005).

The Welfare System

Cross-national differences in poverty stem, in part, from the differences in national welfare systems that determine how well they compensate for disadvantages in the labor market or inadequacy of family supports (O’Rand & Henretta, 1999a). The levels of social spending and the age-groups favored by benefit programs are consequential (Pampel, 1994). In 1983–1993, Greece, the United States, Italy, and Spain were described as the countries of the Organization for Economic Cooperation and Development (OECD) with the most elderly adults–oriented social programs, but they devoted a relatively small share of government budgets to the elderly adults and even less to nonelderly adults (Lynch, 2001). According to the basic elderly/nonelderly government spending ratio indexes, Nordic countries had age-neutral social policies but devoted a large share of their budgets to both elderly adults and nonelderly adults. Government social provisions for both young and old are very limited in East Asia, where economic growth has been prioritized over social welfare programs. Older adults are the poorest age-group in Taiwan as well as in South Korea, Singapore, and Hong Kong (Bradbury & Jantti, 2001; Chen, 1996; Choi, 1996; Hong Kong Council of Social Service, 2004; Lee, 1998). The negative connection between poverty and social spending has been widely documented across countries (Brady, 2004, 2005; Cantillon & Bosch, 2002; Kenworthy, 1999; Moller, Bradley, Huber, Nielsen, & Stephens, 2003), as has the negative relation between the poverty and the comprehensiveness of social welfare policies (Castles & Mitchell, 1993; Esping-Andersen, 1990; Ferrera, 1996; Korpi & Palme, 1998). Postsocialist countries and most East Asian countries have lower national incomes (i.e., gross domestic product [GDP]), and lower incomes constrain welfare programs, leading to reliance on other mechanisms to avoid poverty.

A widely used nation state typology by Danish sociologist Esping-Andersen (1990, 1999) identifies three types of capitalist welfare regimes. In liberal regimes (e.g., United States, United Kingdom, Canada, Australia), transfers are comparatively modest and limited to the needy because of a preference for market-oriented solutions. The Nordic social democratic regimes provide universal coverage and high levels of social provisions. In conservative regimes (e.g., Germany, France, Belgium, Austria), social programs sustain status differences with different benefits for different occupational groups, whereas welfare and tax policies promote male breadwinner rather than dual-earner or female-headed families (Bussemaker & Kersbergen, 1994; Esping-Andersen, 1990, 1999; Forssén & Hakovirta, 2002; Gustafsson, 1994; Leira, 2002; Staroff, 1994). In general, social democratic regimes have low poverty and high social spending, liberal regimes have high poverty and lower social spending, and conservative states fall in the middle.

The Esping-Andersen (1990) capitalist welfare state typology has been critiqued on a number of grounds, including the country-to-country variation in policies even within regimes. Because the typology does not consider how welfare state policies perpetuate gender inequality with family and other gender-related policies across countries, feminists have suggested a number of other classifications (Lewis, 1992; Sainsbury, 1993; Wennemo, 1994). Efforts to place countries within the Esping-Andersen (1990) typology reveal that many countries do not conform well to the liberal, conservative, and social democratic schemas, leading new regime types to be identified based on other indicators including social spending (as a percentage of GDP), welfare coverage, and poverty rates (see Bonoli, 1997; Castles & Mitchell, 1993; Ferrera, 1996; Korpi & Palme, 1998; Leibfried, 1992).

Mediterranean countries (e.g., Greece, Italy, Portugal, Spain) share some unique traits marking them as another distinct welfare regime type (Bonoli, 1997; Ferrera, 1996). Their welfare systems are characterized by dualistic schemes (differing provisions for regular and irregular sector workers), institutional fragmentation (separate plans for various occupational groups), universal health care, a mix of public and private welfare, and particularism and clientelism (welfare serving political purposes). Their dualistic welfare systems provide generous provisions to the core (regular or institutional) labor force but only limited benefits to the irregular market (smaller enterprises, traditional services, and agriculture; Ferrera). Older adults retiring from the irregular sector are, thus, at higher poverty risk.

Former socialist countries, a fifth type of welfare state, spend around 20% of GDP on their extensive social programs (OECD, 2004). Before 1989, comprehensive welfare provisions guaranteed jobs for men and women, generous pensions, housing, health care, education stipends, child care, and maternity leave. In the transition from socialism,
these countries restructured their social programs—raising the age of retirement, making benefits more earnings related, and means-testing family allowances (Fürster & Tóth, 2000). With larger benefit inequality between genders and across social classes (Makkai, 1994; Steinhilber, 2004), the new programs can lead to greater poverty.

Esping-Andersen (1999) classified Taiwan, Japan, and probably South Korea as conservative regimes, but others identified distinctive characteristics in East Asian welfare systems: low social spending, an emphasis on the family—not the state—to support dependents, the subordination of welfare to economic goals, and the development of social policies in order to build political support (Holiday & Wilding, 2003; Tang, 2000; Walker & Wong, 2005; White & Goodman, 1998). Indicative of limited social provisions, the total public social spending in Taiwan amounted to 8% of GDP in 1995; by contrast, the Western OECD countries spent 15%–30% of their GDPs on social spending (OECD, 2004; Ye & Lai, 1998). Traditionally, the Taiwanese welfare budget targeted soldiers, veterans, and government employees (Aspalter, 2002; Tang). As democratization accelerated after 1987, new welfare programs were introduced, including the National Health Insurance Scheme, unemployment compensation under the Labor Insurance (LI) program, and allowances for aged farmers and for middle- and low-income older adults. By 2000, more than 76% of Taiwanese older adults were covered by one of these programs (Sun, 2002), but social provisions are limited. The LI replacement rate is only 15% of average earnings (Sun).

Household Composition

Although state social welfare systems offer protection against inadequate earned income, individuals often count on coresidence to reduce their poverty risk because income, housing, and other costs can be shared (Alcock, 1996). In Western countries where social benefits are often pegged to family status (Meyer, Street, & Quadagno, 1994), households headed by a single elderly adult, particularly a woman, are at higher poverty risk than those headed by an older couple; the households of single mothers are at greater risk than those with two parents (Casey & Yamada, 2002; McLanahan & Casper, 1995; Rainwater & Smeeding, 2003; Ritakallio, 2002; Stark et al., 2005). In Australia, Canada, Finland, Germany, Poland, Taiwan, and the United States, older adults who live alone also have higher poverty rates than those who live with others besides a spouse (Dodge, 1995; Smeeding & Saunders, 1998; Waehrer & Crystal, 1995). In addition to the advantages of economies of scale, coresidence works against poverty by diversifying income sources. In multigenerational households, older people benefit from younger adults’ earnings, whereas younger people benefit from older adults’ retirement pensions.

Reflecting cultural norms, the demographic availability of kin, and economic need, the likelihood of coresidence—especially living in multigenerational households—varies cross-nationally (Kiernan, 1986; Pampel, 1992). Among 20 industrialized countries, the percent of adult men residing with their mother ranged from 11% in Norway and Sweden to 38% in Italy, 42% in Slovenia, and 43% in Japan (Treas & Cohen, 2006). Among women, aged 20–24 years, in 20 developed nations in the 1990s, 8% in Sweden lived with parents compared with 87% of Italians (Lesthaeghe, 2000). In Southern and East Central European countries where young people depend on parental support, they remained at home until they married. In Northern and western Europe where jobs, scholarships, and social welfare benefits offered financial alternatives, young women left home earlier to live alone or to live with roommates or a cohabiting partner. Having more adequate pensions, older people are more likely to live alone or with just a spouse in western Europe and North America than in Southern or eastern Europe and Asia (Laslett, 1988; Reher, 1998; Sun, 2002). Even as older adults in Europe have grown more likely to live alone than with their grown children, country-to-country differences in their living arrangements remain (Pampel, 1992). In southern Europe, for example, older adults in poverty are particularly likely to live with their children (Liberaki & Tinios, 2005). In developing countries, however, the trend of multigenerational living arrangements moves in two directions, with intergenerational households headed by older adults increasing and those headed by young people decreasing (Ruggles & Higgeness, 2008). Housing shortages, economic stress on young people, and old-age pensions contribute to the changing configuration of intergenerational living arrangements.

Welfare Regimes and Household Composition

Regional differences in living arrangements described earlier map to the generosity of public benefits and to state welfare regime types. Historically, there were cultural differences in family arrangements (Laslett, 1988; Reher, 1998), consistent with the familial values of Eastern and southern Europe and the individualism of Northern and western Europe. In their development, state welfare regimes incorporated these differing cultural orientations. Esping-Andersen (1999) observed that some welfare states have been at the vanguard of defamiliarization, whereby the state assumes dependent care responsibilities that once fell to the family. The Nordic social welfare states rank high on defamiliarization. The conservative countries like Germany and the Netherlands fall in the middle with family services and home help for aged adults. Liberal regimes like the United States and the United Kingdom rank low, although not as low as southern Europe, where the late development of public services meant little state support for caregiving.

Where social welfare and defamiliarization are least advanced, both older adults and unemployed young adults are more likely to live in multigenerational households (Esping-Andersen, 1999). Generous welfare benefits and social
services eliminate much of the economic necessity for social democratic Swedes to double up with their parents. In service-poor southern Europe where there is high home ownership, limited rental housing, and very little public housing (Allen, 2006), multigenerational living is an essential strategy to maintain an adequate living standard. Taiwan, like other East Asian countries, also has high rates of co-residence, reflecting not only Confucian cultural traditions favoring multigenerational households but also the extremely limited state social welfare provisions.

Because living arrangements are associated with welfare provisions and because both affect the risk of poverty, the poverty risks for older adults and their household members cannot be understood without considering both state welfare approaches and household composition. Given that co-residence is the leading way to avoid poverty where old age and family benefits are inadequate to make up for low earnings, we hypothesize that the regime differences in poverty for those in elderly households will be even greater if the characteristics of households are controlled.

Not only do living arrangements matter for poverty risks but so do the characteristics of household members. Households are more likely to be poor if they have either young or old heads as opposed to middle-aged heads at the peak of their earning power (Smeeding & Sullivan, 1998). Because women’s earnings and retirement incomes are lower than men’s, households with female heads are poorer than those headed by couples (McLanahan & Casper, 1995). Education is positively correlated with earnings, so households with less educated heads are at higher risk of poverty (Sullivan & Smeeding, 1997). Conferring greater access to market income, more earners—typically young and middle-aged adults but sometimes older adults too (O’Rand & Henretta, 1999b)—constitute a household income advantage that reduces the likelihood of poverty (Ritakallio, 2002). The age structure of households is also an influence on poverty. An additional older adult or an extra child in the household represents an additional demand on household resources. Depending on the welfare system, however, they may also bring in additional income, say, old-age benefits for retirees or family allowances for children (Redmond, 2000). We then analyze the risk of poverty using multilevel logistic regression models with robust cluster analysis.

Methods

This study relies on microlevel data for households in 22 countries from the LIS. The LIS database includes income, expenditure, labor market, and demographic microdata from more than 30 countries at multiple points in time. The microdata are harmonized and standardized by the LIS organization to facilitate comparative research. We use data from Wave 5, Release 2, from 1999 to 2001 surveys, except for the Wave 4 Czech Republic data, which come from a 1996 survey. Twenty-two countries were selected based on the availability of household- and country-level data. These countries cover a range of welfare regime types, including social democratic countries (Denmark, Finland, Norway, and Sweden), conservative countries (Austria, Belgium, France, Germany, Luxembourg, the Netherlands, and Switzerland), liberal countries (Australia, Canada, United Kingdom, and United States), southern European countries (Greece, Italy, and Spain), former socialist nations (Czech Republic, Hungary, and Poland), and Taiwan, the only East Asian state in the LIS. The large unweighted samples for households with adults aged 65 years and older range between 568 (Luxembourg) and 13,998 (Denmark). The number of persons in these households ranges between 877 (Belgium) and 22,097 (United States). Analyses use person weights, that is, the household weight multiplied by the number of household members. Households lacking information on income items and independent variables are deleted from analysis. For monetary variables (e.g., income, expenditure), LIS codes cases as 0 if no amount is available. As a result, “0” means zero value in some cases and “amount unknown” in other cases. To avoid inconsistency and bias, cases with “0” net disposable household income are deleted from analysis.

From the original (unweighted) 93,525 households with older adults, the sample is reduced to 92,843 when cases with missing income data are dropped. The effective household sample is 83,244 when cases with missing data on independent variables are dropped from analysis; most missing data relate to Denmark and Sweden, where education was not asked in the survey.

The dependent variable is the likelihood of being poor for individuals residing in households with older adults. The study uses a relative poverty approach, which evaluates poverty vis-à-vis the prevailing living standards in the society (Townsend, 1979, 1993). The poverty line is defined as income below 50% of the median net disposable household income of all individuals living in households with older adults, adjusted for household size (i.e., income needs). Net disposable income is the total household money income after taxes and transfers (e.g., public assistance). An equivalence scale is used to equate households of different sizes for economies of scale and consumption differences (Buhmann, Rainwater, Schmaus, & Smeeding, 1988). With the scale of power 0.5 or the square root of the number of household members, four people living together, for example, are assumed to live as well on a given income as two individuals living separately. Following the LIS, we bottom code disposable and market income at 1% of equivalized mean income and top code at 10 times the median non-equivalized income.

For independent variables predicting poverty, the microlevel household characteristics include the age, headship type, and educational attainment of the household head. Because studies dating back to Rowntree (1901) showed a U-shaped relationship between the household head’s age and the poverty, the age of household head is measured by years.
of age and age-squared terms to take account of any nonlinearity. A harmonized LIS variable distinguishes married and cohabiting couples from others. We use this variable to identify households headed by single women, single men, and couples. Based on the LIS educational attainment categories harmonized to take account of country differences in educational systems, head’s education is divided into low, medium, and high. In general, the low category consists of primary or elementary education; the medium category consists of secondary education or vocational training; and the high category consists of tertiary education including college, university, and postuniversity. The numbers of children younger than 18 years, older adults (65+ years), and earned income recipients in the household are all continuous variables.

Macrolevel variables are welfare regime dummy variables that incorporate the social democratic, conservative, and liberal capitalist welfare state types of Esping-Andersen (1990) and add southern European and formerly socialist states. As a distinctive case with limited social welfare provisions and high rates of intergenerational coresidence, Taiwan, the only East Asian country in LIS, is designated the omitted reference category.

In models of the risk of poverty, we use robust cluster analysis, that is, logistic regression, which addresses the nonindependence of observations that arises when households are sampled within countries. Technical problems with weighting preclude the use of standard multilevel statistical software with the LIS. The robust cluster variance estimator remains valid with any pattern of correlations among errors within units (Rogers, 1993). Thus, standard errors are not affected by any unmeasured country-specific factors causing a correlation between errors of observations within a country or by any other form of within-country error correlation.

**Results**

For the 22 countries, households with adults, aged 65 years and older, also tend to have older heads, as indicated by a mean age of nearly 68 years (Table 1). Consistent with older heads being members of earlier cohorts, relatively few (13%) have high levels of education. The majority of persons in these households (63%) are headed by a couple, but 26% have a single female head and 11% a single male head. For the average individual, there are only 0.61 earners in the household, although the mean number of older adults is 1.4 and the mean number of children is 0.22.

On average, 11% of the individuals in households with adults, aged 65 years and older, live in poverty. Figure 1 shows that the risk of poverty for individuals in households with older adults varies from country to country. In Nordic social democratic countries with generous welfare benefits,

| Table 1. Household Characteristic Means and Proportions for Households With Older Adults in 22 Countries, 1996–2001 |
|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Country | Age of HH head | Coupled HH head | Single female HH head | Single male HH head | HH head with low education | HH head with medium education | HH head with high education | No. of earners | No. of older adults | No. of children |
| Denmark | 69.73 | 0.62 | 0.27 | 0.12 | 0.54 | 0.32 | 0.14 | 0.56 | 1.39 | 0.06 |
| Finland | 69.18 | 0.53 | 0.32 | 0.15 | 0.64 | 0.21 | 0.15 | 0.61 | 1.39 | 0.07 |
| Norway | 74.11 | 0.56 | 0.32 | 0.12 | 0.45 | 0.43 | 0.12 | 0.59 | 1.40 | 0.03 |
| Sweden | 67.26 | 0.68 | 0.20 | 0.13 | 0.48 | 0.35 | 0.17 | 0.60 | 1.39 | 0.04 |
| Austria | 70.31 | 0.57 | 0.33 | 0.10 | 0.45 | 0.50 | 0.05 | 0.80 | 1.38 | 0.36 |
| Belgium | 74.08 | 0.60 | 0.29 | 0.11 | 0.69 | 0.18 | 0.13 | 0.15 | 1.47 | 0.03 |
| France | 71.87 | 0.67 | 0.24 | 0.08 | 0.70 | 0.22 | 0.08 | 0.29 | 1.48 | 0.06 |
| Germany | 71.67 | 0.62 | 0.31 | 0.07 | 0.79 | 0.05 | 0.16 | 0.36 | 1.40 | 0.07 |
| Luxembourg | 68.68 | 0.64 | 0.28 | 0.08 | 0.53 | 0.35 | 0.12 | 0.48 | 1.38 | 0.19 |
| The Netherlands | 72.76 | 0.62 | 0.27 | 0.11 | 0.45 | 0.36 | 0.20 | 0.13 | 1.48 | 0.01 |
| Switzerland | 70.28 | 0.65 | 0.24 | 0.11 | 0.22 | 0.56 | 0.23 | 0.13 | 1.44 | 0.15 |
| Australia | 69.46 | 0.65 | 0.25 | 0.10 | 0.65 | 0.30 | 0.06 | 0.47 | 1.42 | 0.13 |
| Canada | 64.80 | 0.59 | 0.26 | 0.15 | 0.44 | 0.43 | 0.13 | 0.85 | 1.42 | 0.21 |
| United Kingdom | 71.79 | 0.60 | 0.29 | 0.11 | 0.73 | 0.19 | 0.09 | 0.37 | 1.41 | 0.10 |
| United States | 69.15 | 0.60 | 0.30 | 0.10 | 0.28 | 0.48 | 0.24 | 0.83 | 1.40 | 0.30 |
| Greece | 64.22 | 0.74 | 0.17 | 0.08 | 0.77 | 0.14 | 0.09 | 0.73 | 1.39 | 0.33 |
| Italy | 67.58 | 0.63 | 0.26 | 0.10 | 0.79 | 0.16 | 0.05 | 0.64 | 1.42 | 0.15 |
| Spain | 68.52 | 0.69 | 0.22 | 0.09 | 0.87 | 0.07 | 0.06 | 0.97 | 1.47 | 0.27 |
| Czech | 64.47 | 0.65 | 0.24 | 0.11 | 0.70 | 0.21 | 0.10 | 0.67 | 1.34 | 0.19 |
| Hungary | 59.46 | 0.54 | 0.26 | 0.21 | 0.72 | 0.16 | 0.11 | 0.66 | 1.33 | 0.22 |
| Poland | 58.24 | 0.68 | 0.23 | 0.09 | 0.42 | 0.51 | 0.08 | 0.95 | 1.30 | 0.82 |
| Taiwan | 48.66 | 0.72 | 0.10 | 0.18 | 0.49 | 0.29 | 0.22 | 1.62 | 1.35 | 1.14 |
| Total mean | 67.56 | 0.63 | 0.26 | 0.11 | 0.58 | 0.29 | 0.13 | 0.61 | 1.40 | 0.22 |

*Note: HH = household.*
the risk of being poor is generally low. (The percent in poverty in Norway [11%] stands at the mean for the 22 countries; by Nordic standards, it has a higher official retirement age [67 years], lower coverage by supplementary pensions, and lower replacement rates for typical wage earners [Dahl & Pedersen, 2006; Nordlund, 2000].) In conservative countries, the record is mixed: The percent is remarkably low in the Netherlands (2%), but Belgium (15%) and Switzerland (13%) register above-average poverty. Although poverty is moderate in Poland (12%), it is considerably lower in the other former socialist countries of Hungary (3%) and the Czech Republic (7%). Except for Canada (5%), where late-life poverty is reduced at low public cost through old-age pension benefits resulting from the expansion of the guaranteed income supplement program and automatic take up (Zuberi, 2004), liberal regimes like the United States (22%) show high risks of poverty for those in households with older adults. As Greece (21%) and Italy (14%) show, southern Europe is also high, and Taiwan (15%) is high as well.

Countries in Table 1 differ not only in the poverty risk associated with living in a household with an older adult but also in terms of the composition of those households. Taiwan illustrates this point because it has a package of favorable household characteristics that protect Taiwanese households with older adults against poverty. The average head’s age is only about 49 years in Taiwan compared with a mean of 68 years for the 22 countries and a high of 74 years for Norway. In part, because they are younger, only 49% of Taiwanese heads have low educational attainment compared with an average of 58% for all 22 countries. 72% of Taiwanese heads are married, whereas only 63% of heads, on average, are married in the 22 countries. Only 10% of the Taiwanese households are headed by a woman in contrast to 26% overall. The Taiwanese households have one more earner than the overall average. Compared with the 22 countries, Taiwan has slightly fewer older adults (1.35 instead of 1.40) but considerably more children (1.14 instead of 0.22) living in the households with older adults. Although children generally raise the risk of poverty, they also point to the likely presence of their parents, that is, to younger wage earners. Taken together, these characteristics reflect an unusual penchant for multigenerational living by Taiwanese older adults and their kin—one that can insulate against poverty.

Other countries also differ from one another in their household characteristics. For instance, former socialist countries have several poverty-protective factors to buffer the hardships of transition economies and social benefit cutbacks—heads who are a little younger than average as well as numbers of earners somewhat above the norm. Compared with other countries, however, few household heads in former socialist countries (or southern European ones) report having the advantage of high levels of schooling. Distinguishing the Nordic social democratic regimes is the fact that households with older adults have comparatively few children to support. Compared with Taiwan, none of the other LIS countries has a household composition as favorable to mitigating poverty in the households in which older adults live. Thus, Taiwan—with its beneficial household composition and limited social welfare programs—presents a strategic reference for evaluating the implications of welfare regime types and household characteristics for poverty of older adults and their household members.

The logistic results of the robust cluster analyses are shown in Table 2. Model 1 considers the risks of poverty by welfare regime type for all individuals in households with older adults. According to the odds ratios shown, individuals in social democratic and conservative countries are roughly half as likely to be poor as are those in Taiwan, the omitted reference category. On the other hand, the differences in poverty risk between Taiwan and liberal, southern European, and former socialist countries are not statistically significant at the .05 level. The results confirm that older adults and those with whom they reside are at lower risk of economic deprivation in countries with more generous social welfare systems.

Next, we ask how the characteristics of households with older adults are related to the risk of poverty for the household members. Model 2 shows the findings for microlevel household composition variables across the 22 countries. A
U-shaped relation was expected for the age of head, but the linear age term is not statistically significant at the .05 level once other household factors such as number of earners are controlled. Compared with persons in households headed by couples, individuals living with female household heads are, as expected, significantly more vulnerable to the risk of poverty, being 94%, that is \((1.938 - 1.0) \times 100\) more likely to be poor. Those in households headed by single men are 45% more likely. Not surprisingly, the head’s educational attainment is negatively associated with poverty. In households where the head has the lowest level of schooling, household members are 2.5 times more likely to be poor than persons in households where the head has the highest level of education. Poverty also correlates negatively with the number of earners in the household. Persons in households having additional older adults (e.g., an older couple rather than a single widow) have lower poverty risk. Children do not enjoy or confer this advantage. Those in households with more children are more likely to be poor. Each additional child raised the likelihood of poverty by 57%, whereas each additional older adult lowers this likelihood by 30%.

It remains to be seen whether country-to-country differences in the microlevel characteristics of households can account for the differences in poverty risks among regime types. Adding both micro- and macrolevel variables in Model 3 addresses this question. With the microlevel household variables controlled, persons in households with older adults who are fortunate enough to live in the conservative and social democratic countries become even less likely to be poor compared with their Taiwanese counterparts. For instance, although older adults and those living with them in Nordic social democratic countries are 48% less likely to be poor than are the Taiwanese, they are 72% less likely when national differences in the composition of households are taken into account. The conservative countries see a similar change from 39% to 75% less likely to be poor. This demonstrates that the characteristics of elderly households in conservative and social democratic countries are comparatively unfavorable, having, for example, more female heads and fewer earners than the Taiwanese example. Controls for household composition have a similar impact on the liberal, southern European, and former socialist countries, suggesting that they have similarly disadvantageous household compositions compared with Taiwan, but overall, these three regime types are not statistically different from Taiwan in poverty risk.

Controlling for macrolevel regime type also registers modestly on the magnitude of all the coefficients for household composition. Although the changes are not statistically significant, they are consistent with the notion that some regimes do a better job than others in protecting disadvantaged groups from poverty. Were it not for the income safety net provided by some of the welfare regime types, persons living in households headed by those with low education

### Table 2. Odds Ratios of Poverty Risk for Persons in Households With Older Adults in 22 Countries, 1996–2001

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
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</thead>
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<td><strong>Country-level variables</strong></td>
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<td></td>
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<tr>
<td>Welfare regimes</td>
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<td>Social democratic</td>
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<td>0.280*</td>
<td>4.632*</td>
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<td>Conservative</td>
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<td>0.254*</td>
<td>0.648</td>
<td></td>
</tr>
<tr>
<td>Liberal</td>
<td>1.548</td>
<td>1.100</td>
<td>2.701*</td>
<td></td>
</tr>
<tr>
<td>southern European</td>
<td>1.011</td>
<td>0.525</td>
<td>1.616</td>
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</tr>
<tr>
<td>Former socialist</td>
<td>0.801</td>
<td>0.507</td>
<td>1.509</td>
<td></td>
</tr>
<tr>
<td>Taiwan (reference)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Household-level variables</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>HH head age</td>
<td>0.969</td>
<td>0.969</td>
<td>0.966</td>
<td></td>
</tr>
<tr>
<td>HH head age squared</td>
<td>1.000*</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Single female HH head</td>
<td>1.938***</td>
<td>1.884***</td>
<td>1.840***</td>
<td>1.279*</td>
</tr>
<tr>
<td>Single male HH head</td>
<td>1.454**</td>
<td>1.302*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coupled HH head (reference)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>HH head with low education</td>
<td>2.510***</td>
<td>3.334***</td>
<td>3.332***</td>
<td></td>
</tr>
<tr>
<td>HH head with medium education</td>
<td>2.020***</td>
<td>1.862***</td>
<td>1.861***</td>
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<tr>
<td>HH head with high education (reference)</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Number of earners</td>
<td>0.347***</td>
<td>0.306***</td>
<td>0.305***</td>
<td></td>
</tr>
<tr>
<td>Number of older adults</td>
<td>0.704**</td>
<td>0.672***</td>
<td>1.269</td>
<td></td>
</tr>
<tr>
<td>Number of children</td>
<td>1.569***</td>
<td>1.466***</td>
<td>1.463***</td>
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<tr>
<td><strong>Interaction variables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Democratic × Older Adults</td>
<td>0.098***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservative × Older Adults</td>
<td>0.504**</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Liberal × Older Adults</td>
<td>0.519**</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>southern European × Older Adults</td>
<td>0.438***</td>
<td></td>
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<tr>
<td>Former Socialist × Older Adults</td>
<td>0.442***</td>
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<td>Log pseudolikelihood</td>
<td>−35,009.317</td>
<td>−31,674.523</td>
<td>−30,189.512</td>
<td>−30,137.204</td>
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<tr>
<td>Pseudo $R^2$</td>
<td>.020</td>
<td>.114</td>
<td>.155</td>
<td>.157</td>
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**Notes:** HH = household.  
*p < .05; **p < .01; ***p < .001.
would be even more likely (3.3 times, not 2.5 times) to be poor than those with highly educated heads. With the different state approaches to welfare controlled, the disadvantage linked to female heads is reduced slightly: Those living with single female heads are 88%, not 94%, more likely to be poor than those living with couple headship. Similarly, single male headship means 30%, not 45%, greater risk. Taking account of welfare regime, the risks associated with the numbers of earners and older adults decline, although the poverty risk for numbers of children increases.

Finally, because welfare regimes vary in terms of the coverage and benefit levels of old-age pension programs, it is reasonable to expect that individuals in households with more older adults in countries with limited old-age benefits will experience higher personal poverty risk than comparable individuals in countries with more comprehensive old-age provisions. To address this issue, Model 4 incorporates the interaction terms between the number of older adults in the household and the welfare regime types. As expected, in all Western welfare regimes, individuals living with a greater number of older adults are less likely to be poor than Taiwanese individuals living with more older adults. This implies that Western countries, with more generous social provisions, are more successful than Taiwan in protecting households with older couples from poverty, at least compared with households with a lone unmarried older adult.

**Conclusions**

For persons residing in households with older adults, there is considerable variation in the risk of poverty across developed countries. This variation reflects, in part, the type of welfare regime and the social provisions the state provides. Compared with Taiwan, a developed country with limited public welfare provisions, the more generous Nordic social democratic states, and the conservative capitalist welfare regimes of Europe have significantly lower poverty risks.

Across 22 countries at the start of the 21st century, a household’s characteristics also affect the poverty risk for its members in predictable ways. For persons residing in a household with an older adult, having a single man or a woman rather than a couple heading the household is linked to a greater likelihood of poverty. In households with more earners, people are less likely to be poor if only because stronger ties to the labor market bring greater income. Similarly, head’s higher education, as a marker of the household’s income-generating human capital, portends lower risk of poverty. An additional older adult in the household is associated with lower risks of being poor if only because older household members are eligible for old-age benefits. Furthermore, a second older adult usually means a couple with a stronger economic portfolio than an elderly single woman. By contrast to older adults, the support requirements posed by additional children confer a generally greater risk of poverty for everyone in the household.

Once constituted, households may buffer against the risk of poverty. Or, by virtue of their disadvantageous composition and characteristics, they may place everyone at risk of being poor. Households not only confer large or small poverty risks, but they also attract people who are more or less needy. Where coresidence is uncommon, we might expect persons who double up will be needier than in countries where multigenerational living is the norm. We do, however, know that both the risk of poverty and the likelihood of older people living with others are more common where state provisions for dependents and families are limited. Furthermore, poverty reductions from adaptive behavior, such as sending additional family members to work or moving in with relatives, may impose other highly personal costs on older adults and their families.

The differences in the risk of poverty among welfare states are not just a function of country-to-country differences in the composition of their households, however. Compared with Taiwan, an example of the East Asian welfare states with very limited social benefits, the more generous Nordic social democratic countries and the western European conservative states have lower poverty risks. With the microlevel characteristics of households controlled, the social democratic and conservative regimes have even lower risks of poverty vis-à-vis the Taiwanese case. Western countries have household features — such as higher female headship and fewer earners — that dispose them to higher poverty were it not for their generous welfare systems. By contrast, Taiwanese households have fewer single mothers and elderly women as heads; they have heads who are younger with higher levels of education, and they have more earners. All these features dispose them to lower poverty and offset the fact that Taiwan does not offer many social benefits to protect against low earnings.

Family coresidence and welfare state provisions are alternative strategies that help older adults and their kin to cope when their market income falls short. State and family supports for dependents, young and old, are intimately related. Given the familialistic values of societies such as those in southern Europe and East Asia, it is not surprising that state welfare programs have been slow to develop. Given the generous welfare programs of Nordic social democratic countries, it is understandable that older adults and their kin are able to live independently of one another. Of course, many welfare programs are being scaled back as countries address the economic challenges of aging populations (Burtless, 2002, 2004; Schieber & Shoven, 1996; Shoven & Slavov, 2006). Thus, the country-to-country differences in poverty reduction from welfare may be reduced as generous states cut back and as Taiwan and other states that have had minimal social provisions build up programs.

In sum, our analysis makes three broad contributions to our understanding of cross-national poverty risks for older adults and their household members. First, it moves beyond prior cross-national poverty analyses based on aggregate
data to a multilevel analysis incorporating micro- and macrolevel factors. Second, by expanding cross-national analyses to include an example of East Asian welfare regimes, it demonstrates how household composition can buffer against poverty in societies where social welfare provisions are limited. No doubt that this characterizes most societies of the globe. For instance, in tabulations not shown, there is no statistically significant difference in poverty risks for Mexicans and Taiwanese in households with older adults, once household characteristics are controlled. Third, the results reflect back on the project of welfare regime typologies. Our analysis offers evidence on where Taiwan, and by extension other East Asian states, fits in. Although sometimes characterized as a conservative capitalist welfare regime (Esping-Andersen, 1999), Taiwan departs sufficiently from established conservative regimes like Germany or Austria as to constitute a distinct approach to welfare and poverty. Typologies offer a useful heuristic for state differences, but there is more variation in poverty within regime types than among them, reflecting the diversity of individual circumstances even within countries. To alleviate existing poverty, state policies—whatever the welfare regime—need to focus on the sorts of individual households we have identified as being at greatest risk.

Author Contributions
This study draws on a chapter from T.-o.T.’s doctoral dissertation, which was written under the supervision of J.T., F. Wang, and J. Pixley. Dr. T.-o.T. planned the study, performed all analyses, and wrote the chapter that she and J.T. adapted into this article.

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