

Rovny, Allison

Working Paper

The capacity of social policies to combat poverty among new social risk groups

LIS Working Paper Series, No. 605

Provided in Cooperation with:

Luxembourg Income Study (LIS)

Suggested Citation: Rovny, Allison (2014) : The capacity of social policies to combat poverty among new social risk groups, LIS Working Paper Series, No. 605, Luxembourg Income Study (LIS), Luxembourg

This Version is available at:

<https://hdl.handle.net/10419/95349>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

LIS

Working Paper Series

No. 605

The Capacity of Social Policies to Combat Poverty Among New Social Risk Groups

Allison Rovny

February 2014



CROSS-NATIONAL
DATA CENTER
in Luxembourg

The Capacity of Social Policies to Combat Poverty Among New Social Risk Groups

Abstract:

This paper considers groups who are most likely to be vulnerable to new social risks and tests the effects of social policies on their poverty levels. Specifically, the paper conducts multi-level regression analyses across 18 OECD countries near the year 2004, analyzing the effects of social policies on the likelihood of being poor of low-skilled young women and men aged 18-30, and of those at risk of possessing obsolete skills, namely low-educated men aged 55-64. The analyses are conducted by combining both macro-level policy data and household- and person-level micro-data from the Luxembourg Income Study (LIS) cross-national database. The central question asks which policies—active labor market policies (ALMP), passive labor market policies (PLMP), employment protection legislation (EPL), family policies, and government daycare spending—are effective at combating new social risks. In addition to analyzing social policies, the paper also considers union density and representation of women in national parliaments as two measures that depict agents who are most intent on combating old and new social risks, respectively. The findings show that active labor market policies (ALMP) are the most important predictor of a decrease in poverty levels among the low skilled. The negative effect of passive labor market policies (PLMP) on poverty is only significant for the older male group. Family policies are related to a reduction in poverty for both low-skilled young women and men. Union density is significant in reducing the odds of poverty of the older male group, while it is insignificant for both younger males and females—thereby reflecting a measure of prevention against old, but not new, social risks. Additionally, the paper's findings support the hypothesis that the greater the representation of women in national parliaments, the greater the chances of having policies that are associated with a reduction in poverty across age levels. Lastly, gross public social spending as a measure of overall welfare generosity is found to be associated with a reduction in poverty only of the older male group, but not that of the younger groups. The paper's analyses suggest that some social policies remain geared toward older segments of society, leaving the younger population at greater financial and therefore social risk.

Introduction

In recent years, much has been made in the welfare state literature of the presence of new social risks in postindustrial political economies (Esping-Andersen 1999, Hemerijck 2002, Taylor-Gooby 2004, Armingeon and Bonoli 2006, Emmenegger et al. 2012, Morel et al. 2012). In fact, the term “new social risks” arguably signifies one of the defining areas of contemporary research on welfare state adaptations in advanced affluent democracies. The welfare state has long been the subject of study for its mechanisms of combating social risk and decommodifying the typical male industrial worker (Esping-Andersen 1990, Korpi 1980). However, in the context of postindustrialization and an evolving global economy, scholars and policymakers alike have turned to analyzing how the modern economy can avoid new social risks in times of technological change and globalization, with states still providing a modicum of social wellbeing for their citizens, especially those deemed to be most vulnerable. A range of policy tools remains in effect under postindustrialism, having originated in divergent models of welfare provision that today are commonly known as “worlds of welfare capitalism” (Esping-Andersen 1990). How these various worlds of welfare provision—specifically, policy tools—interact with the well-being of new social risk groups forms the basis of this paper.

This paper considers groups who are most likely to be vulnerable to new social risks and tests the effects of social policies on their poverty levels, filling an important lacuna in the literature. Specifically, I conduct multi-level regression analyses across 18 OECD countries around the year 2004, analyzing the effects of social policies on the likelihood of being poor of low-skilled young women and men aged 18-30, and of those at risk of possessing obsolete skills, namely low-skilled men aged 55-64.¹ These particular social risk groups are chosen for two main reasons: 1) they are well suited to empirical analyses of the sort conducted here because of the quality of data available, and 2) they are the “common denominator” of new social risk groups that figure prominently in the literature. Being low skilled and either young or nearing retirement (with the added age penalty of possessing obsolete skills) puts one at a distinct risk in the labor market. Additional social risk features like gender are captured in one of the social risk groups considered here (young low-skilled females), whereas other potential risk groups prove to be less well suited to empirical analyses because of a lack of data (as in the case of immigrants and LIS data), and a compounding factor of household composition. Since those who may fall into a new social risk category may also share a household with someone who does not fall into the risk category (who is either more economically secure or falls into an “old social risk” category), identifying other risk markers (besides skill level, age, and

¹ Due to data limitations, I am not able to include immigrants as a separate risk group.

gender) becomes a more complex endeavor. Ultimately, the dependent variable in the paper's analyses, poverty, is a household phenomenon.

The analyses are conducted by combining both macro-level policy data and household- and person-level micro-data from the Luxembourg Income Study (LIS) cross-national database. This paper provides an innovative contribution to the literature on social policy, new social risks, and the contemporary welfare state of advanced industrialized economies, in one of the first multi-level analyses to specifically focus on welfare policies and vulnerable population groups. My central question is to ask which policies—active labor market policies (ALMP), passive labor market policies (PLMP), employment protection legislation (EPL), family policies, and government daycare spending—are effective at combating new social risks. In addition to analyzing social policies, I also include union density and representation of women in national parliaments in my models as two measures that depict agents who are most intent on combating old and new social risks, respectively. Because the time point at which I analyze the effects of social policies on individual-level poverty is centered around the year 2004, my analyses capture the new social risk structures that have arisen in the new welfare state of the early 2000s—i.e. the “Third Way” of the social welfare state that promotes activation rather than passive welfare uptake (Huo et al. 2008). The paper's findings suggest that policies remain geared toward older segments of society, while the younger population is not effectively prevented from financial and therefore social risk. These findings have important relevance today, as youth remain a particularly susceptible group at risk of falling below the poverty line.

Theoretical Background

New social risks tend to be concentrated within specific groups: youth, women, families with small children, and older workers with obsolete skills. Given the nature of these societal groups, there is difficulty in identifying one underlying cause or uniting interest. As Kitschelt and Rehm (2006) state, there is “diversity, if not conflict” among the new social risk groups, contingent upon age and gender, due to a lack of unifying interest. In this paper, I focus on social risk groups as defined by low skill level: 1) young, low-educated males, aged 18-30; 2) young, low-educated females, aged 18-30; 3) older, low-educated men, aged 55-64.

Young people with low skill levels are exposed to a high risk of unemployment while having dwindling earning power. Young low-skilled females may have as a further constraint the concern of raising young children and/or caring for elderly parents. Older low-skilled males have the added risk of preparing for imminent retirement. Furthermore, they risk having antiquated skills that do not match the updated skill-level requirement of the current labor market.²

² I do not include older women as a new-risk group, under the logic that they have traditionally been sheltered against social risks via their status as spouses,

Before I discuss specific social policies and their hypothesized effects on individual measures of well-being, I turn to a discussion of new social risks and how to conceptualize them.

The vulnerabilities characterizing new social risks stem from three distinct features of the postindustrial economy. First, while gender appeared as an overlooked yet vital component of the welfare state research schema of the 1990s (Orloff 1993, Sainsbury 1996, Daly 1994), it has now become fully inserted into the understanding of social risks and how these relate to the political economy. Changing gender roles are one of the primary aspects of contemporary social risk profiles: women have entered the labor force in higher percentages than ever before, and their educational attainment matches, or in some countries exceeds, that of men. Countless academic and mainstream-media reports discuss the implications of women's increased entry into the labor market, including the heightened need for childcare outside the home and the ways in which these gender shifts are spawning social and domestic shifts (Esping-Andersen 1999, 2009). With evolving gender roles and changing family structures, we have seen a rise in lone-parent, especially single-mother, households, which risk being poor due to the particular challenges for them of combining work and parenthood (Taylor-Gooby 2004, Esping-Andersen 2009). As women have made massive advances in education and employment levels, thereby achieving more equal opportunities with men, the balance of unpaid labor of care responsibilities within the home has shifted: the postwar gendered division of home labor imposes strains on the family in today's modern era.

Second, changes within the labor market include the de-standardization of employment and the weakening labor market position of the low-skilled. In today's post-industrial societies, economic growth rates are lower and less certain, and states face various measures of economic austerity. Technological advancements have altered the landscape of the industrial manufacturing sector, resulting in lower mass employment in this sector, as well as increased economic unpredictability for the semi- and low-skilled. Economic globalization and the inherent competition that accompanies it have produced greater flexibility within the labor market, albeit to varying degrees.

Lastly, changes have occurred within the welfare state itself. As activation has become the buzzword especially in the employment-lagging continental European countries, the welfare state is being rebuilt around work, as with the Hartz IV reforms in Germany and similar measures across the OECD. Thus, the new phase of welfare politics can be described as the effort to make all citizens fit into the labor market as the new means to social inclusion, particularly for women, who were previously discouraged from work and from the employment-based model of social inclusion. However, youth are a vital part of society that is facing unprecedented levels of risk and threat from long-term unemployment.

and have typically had less active life-cycle employment profiles than their male counterparts (with the exception of the Nordic countries).

As these developments have taken place, new social risks have presented themselves as obstacles to social parity and societal well-being.

Let us now turn to a definition of new social risks, based on the synthesis of several streams of recent scholarly work. As aptly summarized by Bonoli (2006), new social risks are seen as the insecure situations under which individuals experience welfare losses and which result from the socio-economic transformations of the past three to four decades, generally subsumed under the heading of “postindustrialization.” Deindustrialization, the boom of employment in the tertiary sector (service sector), and the significant entry of women into the labor market, have increased the instability of family structures and at the same time, increased the destandardization of employment. More jobs now are classified as “atypical” jobs, which include part-time work, temporary contracts, and low-wage or “mini-jobs,” which do not carry social benefits.

Possessing low or obsolete skills signifies a significant new social risk. During the postwar years, the low skilled found economic salvation in the manufacturing sector, where wages could grow because of advances in technology and increases in productivity. Strongly mobilized unions' bargaining power has waned due to a relative decline in union density across the OECD (Bonoli 2006). Today, low-skilled people are either unemployed or are employed in the low-value added service sector, which entails retail, cleaning, catering, etc., and is known for providing little opportunity for productivity increases (Pierson 1998, Iversen and Wren 1998). In the contemporary economy, having low or obsolete skills poses a major risk of welfare loss, since the sheltered manufacturing sector which had provided an economic safe haven now does so considerably less (Bonoli 2006).

In sum, what distinguishes new social risk groups from their old social risk counterparts is the difficulty of securing and maintaining employment—employment (not the state) being the new key means of social protection and insurance against poverty. The primary characteristic of new social risk groups is insufficient employability. The “old” welfare state was able to guard against social risks via its mechanisms of unemployment insurance (short- and long-term), sickness and disability pay, and pensions—all of which are systems put into place to protect the workforce. New social risks are “new” in that they confront groups who are not certain of penetrating the workforce in the first place. Thus, this paper's question of whether social policies which began as instruments aimed at old social risk prevention are effective today against new social risks is a highly relevant and expedient one.

The following section presents hypotheses regarding social policies and their effects on the poverty level of the low skilled.

Hypotheses

The hypothesized effects of the macro-level independent variables on the dependent variable—poverty of the low-skilled by age and gender—are summarized in Table 1. In this study, the micro-level variables are entered primarily as control variables.

{Table 1 about here}

Active Labor Market Policies

Active Labor Market Policies (ALMP) are one facet of social policy that directly target employment levels. Active labor market policies can be seen as having an impact on the “insider-outsider” roles in employment. Outsiders, including those who are disadvantaged in the labor market such as the unemployed, atypical workers, and excluded people (single mothers, immigrants, low-skilled) who have difficulty securing and maintaining jobs, benefit from the training, re-entry, and skills-acquisition emphasis of ALMP (Rueda 2007). We can expect that active labor market policies have a positive effect in lessening poverty of the new social risk groups—that is, the higher the ALMP value (measured as government spending on active labor market policies as a % of GDP, divided by the unemployed population), the lower the odds of poverty. While active labor market policies are an inherently complicated explanatory variable due to the diversity of components, it is generally expected that the more a government invests in active labor market measures, the better the employability of the targeted population will be.³

Passive Labor Market Policies

Labor market strategies that fall under the rubric of passive labor market policies (PLMP) provide income protection for those who are temporarily without market income, rather than directly promoting employability (Martin and Grubb 2001). Passive programs such as unemployment insurance and income support assist the unemployed by supplying some income stability in the face of loss of income. However, because these policies are passive in nature, and do not actively retrain or reintegrate workers into the workforce, their outcome is mixed: they do not aim to enhance the employability of labor market outsiders, such as single parents and youth, but they assist those who are temporarily out of employment. Thus, passive labor market policies can be seen

³ A more nuanced analysis of the effectiveness of different active labor market policies, their take-up rates, and short- vs. long-term costs and benefits is beyond the scope of this paper’s analyses. For a useful overview, see Card, Kluve, and Weber 2010.

as a tool to aid “insiders,” or those who already have labor market attachment. It would be difficult to parse out the effects of PLMP on different segments of the population. In most cases, greater government spending on PLMP will be expected to be associated with less poverty. PLMP is operationalized (like ALMP) as government spending on passive labor market policies as a % of GDP, divided by the unemployed population.

Employment Protection Legislation

Employment protection legislation (EPL) is a passive income/job-protection policy tool that is generally seen as benefiting a core group of insiders, who maintain a solid connection to the labor market, at the expense of those on the exterior of the core labor market who would otherwise like to penetrate the market and become stably employed (Esping-Andersen 1999, Rueda 2007). In countries with strict job protection laws and various restrictions on temporary and part-time work, a dual labor market emerges in which “outsiders” (those without stable employment) face difficulty in obtaining the secure positions enjoyed by “insiders.” The high-EPL model of privileging the core workforce yields this insider/outsider divide: the high wages and job security enjoyed by chiefly male insiders is predicated in effect on the exclusion of youth and women. It is generally agreed that stricter employment protection laws inhibit employment among youth and outsiders who are left out of protected labor schemes, and propagate the insider/outsider divide (Rueda 2005). Therefore, I hypothesize that the stronger the employment protection levels in a country, the greater the degree of outsidersness, and therefore the higher poverty. One caveat here would concern the Nordic countries, where the effect of EPL on poverty will be smaller than the reducing effect on poverty of these countries' generous active labor market policies and family policies. In other words, the outsider-barrier nature of EPL in the Nordic countries will be felt much less acutely, if at all, due to the strong emphasis there on labor market activation and integration that is lacking in many continental European countries.

Family Policy Generosity and Childcare Availability

As women and men on the lower end of the income spectrum face greater obstacles to keeping their families out of poverty, it is of particular importance that the earners in the family (whether single-parent or dual-parent) have access to childcare options in order to maintain a basic income through employment, and that benefits are structured in such a way as to promote gainful employment and not promote undue exit from employment. Exit from employment hinders parents' prospects of later return to the workforce, as well as carries an income penalty of lost wages or wages that remain stagnant. Family policy can either exacerbate or diminish the inequalitarian consequences of modern female roles, as a report by Ray, Gornick, and Schmitt outlines (2008, 2010). When the ‘female

revolution' does not entail enhanced labor force participation by the lower income groups, greater social inequalities—at the very least, in income level—will ensue. If the bottom-end of the income spectrum could fully participate in new female roles, we would expect far less polarizing social consequences. I expect family policy generosity and higher government spending on daycare both to reduce poverty.

Union Density

The level of union density, defined as union membership as a proportion of wage and salary earners in employment, is included as a measure of agency of old social risk protection. This variable offers another way of capturing insider-outsider dynamics, related to levels of wage inequality. There are generally lower levels of inequality among union members than among nonmembers of unions (Oliver 2008, Wallerstein 1999). Unions tend to favor wage scales that prevent firms from paying wages below a certain level, thus potentially affecting those at the bottom of the income spectrum (youth and single parents). The lower the union density, the smaller the proportion of the population that is protected by wage bargaining, and the more economically vulnerable are low-skilled workers.⁴ In other words, where unions are strong, wage dispersion is lower, thereby affecting poverty levels. However, unions can be viewed as agents who have traditionally protected those who are prone to the old social risks of unemployment in the large manufacturing sectors, disability, sickness, etc., while younger low-skilled women and men would be outside such union coverage. Thus, I hypothesize that higher union density will be associated with lowering the poverty of older low-skilled men, but not of youth, who occupy more non-unionized and atypical jobs.

Percentage of Seats of Women in Parliament

The proportion of seats held by women in national parliaments is used as a proxy for women's mobilization. This measure of gender equality represents agency of those who combat new social risks associated with women's modern roles in the workplace. The higher the percentage of seats held by women in national legislatures, the higher the expected overall degree of gender parity, both in terms of inputs (policies) and outputs (women's labor force participation, education levels, etc.). Thus, I expect higher levels of women's representation in government to be associated with lower levels of poverty, particularly among low-skilled women, which will have positive spillover effects for low-skilled men through beneficial societal externalities. This line of argumentation draws on previous research that has established the link between

⁴ In the regression models, I also used the variables “union bargaining coverage” and “wage dispersion” separately, in order to test other possible measures of the insider-outsider divide. These were, however, insignificant.

women's political mobilization and an expansion of welfare policies (Moller et al. 2003). Under this line of reasoning, women's political representation is expected to be associated with a decrease in poverty both via the mechanism of increased welfare generosity and a policy orientation that reflects greater levels of redistribution, both of which bear directly on new social risk groups.

Measurement of Data and Sources

I conduct my analyses using micro-data from the Luxembourg Income Study (LIS) Wave VI, around the year 2004. The macro-data come from a variety of sources, including the Comparative Welfare States dataset (Huber et al. 1997, updated 2004 and 2010); Gauthier Comparative Family Policy Database (2010); and OECD, Eurostat, and World Bank data. The 18 OECD countries in the study are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, and the United States. Table 2 contains descriptive statistics and values on the variables.

{Table 2 about here}

Following Brady and Burroway (2012), my dependent variable is poverty, defined as poor = 1 (non-poor = 0) if s/he resides in a household with less than 50% of the median household income. This definition of poverty is the standard definition that is commonly used in cross-national poverty analyses (Brady 2003, Brady et al. 2009, Smeeding 2006). Household income is calculated after taxes and transfers, using the standardized LIS variable "DPI" ("net disposable income"). To adjust for household size, DPI is divided by the square root of household members. I calculate the poverty threshold for each country at 50% of median household income, including all individuals. To run my logistic regression models on select segments of the population—by social risk group—I reduce the sample to include only these specific groups; however, this is done after calculating the overall population poverty threshold. I define the new social risk groups by age, gender, and skill level (measured by education level). Table 3 presents the mean values of the group composition by country and welfare state regime. I analyze the effects of social policies—ALMP, PLMP, EPL, family policy, and government spending on daycare—along with union density and the percentage of seats held by women in national parliaments, on individual-level poverty.

{Table 3 about here}

Micro-Level Variables

My analyses include a set of individual-level control variables that capture demographic variance in poverty outcomes. To account for the “economies of scale” effect, which assumes that households with multiple members pool resources and expenses, I measure several individual elements at the household level (Brady and Burroway 2012). These include binary variables for “No one employed” and “Multiple earners” in the household (reference category = one earner). I use the LIS-standardized measures of education, coded as binary values of “Head high education” and “Head low education” (reference category = medium education).⁵ The other control variables include “Age of the household head,” “Children under age 5,” “Number of other adults in the household,” and “Children under age 18 in the household.”

Macro-Level Variables

Data on employment protection legislation (EPL) are from the OECD (Organization for Economic Cooperation and Development) annual time series. The summary index summarizes a number of sub-indices measuring the difficulty of layoff (terms of notice, severance pay, etc.) and regulations restricting the use of temporary work (Bradley and Stephens 2007). This index is calculated along 18 basic items, which can be classified in three main areas: 1) employment protection of regular workers against individual dismissal; 2) specific requirements for collective dismissals; and 3) regulation of temporary forms of employment. The Active Labor Market Policy (ALMP) and Passive Labor Market Policy (PLMP) variables are operationalized as public expenditure on active and passive labor market measures, respectively, as a percentage of GDP, divided by the unemployed population. Both the EPL and ALMP/PLMP variables are standard OECD measures that are widely used in welfare state analyses.

Data on daycare is defined as “Public expenditure on day care/home-help services as a % of GDP,” and comes from the OECD Social Expenditure database (“SOCX”).⁶ Data on family allowances are defined as “Total expenditure on family allowances in the form of cash benefits as a percentage of the countries’ gross domestic product,” and come from the OECD, as provided by Gauthier

⁵ The categories are: 1) less than secondary (low), 2) secondary or some tertiary (medium), and 3) completed tertiary or more (high).

⁶ www.oecd.org/els/social/expenditure.

(2010).⁷ The union density variable, defined as net union membership as a proportion of wage and salary earners in employment, comes from Jelle Visser's union membership dataset (Visser 2011). The data for the proportion of seats held by women in national parliaments (expressed as a percentage) comes from the World Bank's World Development Indicators. The models analyzing particular social policies control for overall welfare generosity, which is defined as "gross public social expenditures as a percentage of current GDP" (OECD). To control for the economic context within a country, I include the unemployment rate (OECD in Huber et al. 1997, 2010).⁸

Analytical Technique

The regression technique utilized in this paper is multi-level logistic regression using random-intercept models.⁹ The models are composed variously of different micro- and macro-level independent variables (see Tables 4, 5, and 6 for models and results).

Due to the clustering of individuals within countries and the inclusion of country-level variables, the standard logistic regression model violates the assumption of independent errors. Mixed logit models predict whether an individual is poor based on a set of individual- and country-level variables. Based on Brady and Burroway (2012), the random intercept model can be expressed in two equations. First, the log odds of being poor for the i th individual in the j th country is represented by eta (η_{ij}) and is a function of country intercepts (β_{0j}) and a set of fixed individual-level characteristics (βX_{ij}):

⁷ OECD StatExtracts. Social and Welfare Statistics - Social Protection - Social Expenditure - Aggregated data.(On-line: <http://stats.oecd.org/index.aspx>; accessed March 2010).

⁸ To keep the models parsimonious at level two (the country level), only one macro-level variable is included per model per dependent-variable group (young low-educated male, female; older low-educated male) along with the macro-level control variable. The control variable is either *welfare generosity* in the case of the models that analyze the effects of particular social policies on poverty, or an economic context control (*unemployment rate*) for the models with union density and women's representation in parliament.

⁹ Estimated in Stata 11 using the *xtlogit* command. In these models, the intercepts are allowed to vary randomly in order to capture the country-specific nature of the data; the scores on the dependent variable for each individual observation are predicted by the intercept that varies across groups (Steenbergen and Jones 2002; Rabe-Hesketh and Skrondal 2008).

$$\log\left(\frac{p_{ij}}{1 - p_{ij}}\right) = \eta_{ij} = \beta_{0j} + \beta X_{ij}$$

Second, each country intercept (β_{0j}) is estimated as a function of an intercept ($\gamma_0 C_j$), a set of country-level variables (γC_j), and an error term (u_{0j}):

$$\beta_{0j} = \gamma_0 C_j + \gamma C_j + u_{0j}$$

Because the analyses are limited to 18 countries, it is necessary to keep the models parsimonious at level two, which is the country level¹⁰. Additionally, due to multicollinearity between the macro-level policy variables,¹¹ I include only one macro-level variable in addition to one macro-level control variable per model.

Results

Table 3 shows the percentages of the new social risk groups within the population, the percentage within the age and gender groups that is low skilled, and the percentage within the group that is in poverty. Figures 1 and 2 show the important variation in the poverty rates of the new risk groups, by country and by welfare state typology. Summarizing the effects of policies when looking at the composition of the population by group type (defined by gender/age/skill-level) provides insight into the efficacy of particular countries' policy mixes in combating new social risks. As a general note of caution, all results should be

¹⁰ For an explanation of the number of level-two (country-level) units that is appropriate for multi-level modeling, as well as the difficulty in estimating cross-level interactions, see Stegmueller 2013.

¹¹ The correlations range from .6-.9.

read with the understanding that direct causality cannot be claimed, but rather, this paper shows associations between policies and poverty of certain at-risk groups. While it can be said that the Nordic welfare regime as a whole provides better coverage against social risk, looking at individual country profiles gives a more accurate picture of government effort against risk. While the Nordic welfare regime clearly protects older low-skilled males against poverty to a much better degree than the Continental or Liberal welfare regimes, the picture for the younger population is less clear. It is true that the Nordic countries have lower percentages of youth in poverty than the other regimes, but it is young, low-skilled males in particular that complicate the story. Denmark, for example, appears as an anomaly; it shows an unexpectedly high percentage of young low-skilled men in poverty (15.1% compared to a mean of 11.4% in the Continental countries). This is particularly unusual given Denmark's higher than average spending on ALMP, but it also has higher than average spending on PLMP. The combination of active and passive labor market policies in this country does not seem to be adequately protecting its low-skilled youth from poverty, whereas the older population seems to be benefiting disproportionately.

As expected, in all welfare state regimes, young low-skilled women are worse off than their male counterparts. However, this difference is most stark in the Liberal welfare regime. The Liberal Anglophone countries have the lowest percentages of seats of women in parliament compared to the other two welfare state regimes, and similarly the lowest amount of government spending on daycare facilities. Looking at the welfare regime groups as a whole, one would conclude that the Liberal countries offer the least protection against social risk for women. However, looking at individual countries again provides a refined assessment: Australia, for example, has higher than average daycare spending and family allowances, and its young low-skilled women are indeed much better off compared to their peers in the other Anglophone countries, with a group poverty rate of 11.5% compared to the regime mean of 25.7%. This is particularly striking when noting that young low-skilled females comprise the biggest share of the population (6.7%) in Australia out of all the countries under analysis.

Older low-skilled males fare far better in countries where mechanisms of old social risk protection are strongly in place. Where union density is higher, older low-skilled males are better protected against the risk of poverty. Looking at the individual country profiles, we see for example that Spain has the highest percentage of older low-educated men in poverty (16.7%) out of both the Continental and Nordic welfare regimes, and by far the lowest union density (15.5%) out of all the countries in the sample, save for France (8%) and the United States (12%). Similarly, Spain's spending on PLMP (.14%)—shown in this paper's analyses to protect older males via its passive insider income-protection mechanism—is one of the lowest in Europe. Italy shares a similar country profile with Spain in this regard, providing evidence of a southern European welfare regime that is distinguishable from the other regimes.

The results of the multi-level logistic regression models are presented in Tables 4, 5, and 6. The analyses are conducted by grouping the sample into new social

risk groups, analyzing the dependent variable of poverty among low-educated young males and females (age 18-30), and low-educated older males (age 55-64).

{Tables 4, 5, 6 about here.}

Throughout all the models, the individual-level control variables are significant and stable. Multiple earners, additional adults, and persons over age 65 in the household all reduce the likelihood of poverty for the three groups (young low-educated males and females, and older low-educated males). The presence of multiple earners in the household reduces the odds of poverty by as much as a factor of 7.4 for young, low-educated, males.¹² For the female group, having multiple earners in the household reduces the odds of poverty by 5.6, and for the older male group, the presence of multiple earners yields a reduction in poverty odds by 4.1.

Conversely, having no one employed in the household, children 5 years old and under, and a greater number of children in the household all increase the odds of poverty of the three groups. If no one is employed in the household, the odds of poverty increase by a factor of 4.8 for young low-educated men, around 3.5 for young low-educated women, and 3.7 for older low-educated males. For young men, the number of children in the household increases the odds of poverty by a factor of 1.3, while the presence of children under 5 increases the odds of poverty by a factor of 1.5. Similarly, for young women, the number of children increases the odds of poverty by a factor of 1.1, and the presence of young children increases the odds of poverty by a factor of 1.3.

The economic context control variable, unemployment, is correctly signed in all models (increasing poverty odds by a factor of 1) but remains insignificant in all models. Strikingly, the welfare generosity control variable is insignificant in all models on the young groups, but is highly significant and correctly signed (decreasing poverty odds by a factor of 1.5-1.9) in the older male group. The implications of this finding echo the theme of this paper: traditional welfare state measures more effectively assist those people facing old social risks—those already entrenched in the labor market, e.g. the 55-64-year-olds in this paper's analyses—than they do youth. Public social spending, on the whole, is not shown in these analyses to be significantly correlated with a reduction in poverty among low-skilled young women and men—a finding which is quite novel in the literature. That public social spending is shown to be significant in decreasing

¹² Odds ratios are used to interpret the effects of binary independent variables (micro-level variables in this paper's models). Standardized odds ratios are used to interpret continuous or ordinal independent variables (macro-level variables here). Tables 4, 5, and 6 show both regular and standardized odds ratios for the macro-level variables. To interpret odds ratios below 1.0, the inverse is taken. For example, an odds ratio of .5 is interpreted as $-1/.5 = -2$.

poverty only in the older male group suggests that the welfare state may have important gaps in its aim to protect against social risk.

The effects of employment protection legislation (EPL) on poverty odds differ according to the group under analysis. For both young low-skilled males and females, higher EPL is associated with an increase in the odds of poverty, but the results are not significant. For the older male group, however, EPL is associated with a decrease in poverty odds (by a factor of 1.1), but again the results remain insignificant. Thus, we can neither confirm nor disconfirm our expectation of an increase in poverty of low-educated groups as a result of increased employment protection levels.

Across all models, active labor market policies (ALMP) are shown to be the most important and consistent predictor of a decrease in poverty levels among the low skilled. The odds of low-skilled young male and female poverty are reduced by a factor of 1.8 for a one standard deviation increase in active labor market policy spending. For older low-skilled men, the results show even more importance of active labor market policies for reducing poverty than for the younger population, both in terms of factor size (2.0) and significance level. This finding may indicate that ALMP are more effectively targeted at older people, or that this group is better at responding to the opportunities provided by ALMP. Further analysis of the components, provision, and take-up rates of active labor market policies is a necessary next step.

The effect of passive labor market policies (PLMP) on poverty is only significant for the older male group. For one standard deviation increase in the passive labor market policy variable, the odds of older male poverty are reduced by a factor of 1.7. These results suggest that passive labor market policies, such as unemployment insurance, are most effective for the financial well-being of older low-skilled males, while the younger groups do not register a benefit from these passive measures. Furthermore, we observe a stark contrast in reduction of poverty odds between active and passive labor market policies. Active labor market measures have by far the more powerful effect on the reduction of the odds of poverty across all three groups.

The policies related to the family—which can be considered as work/family reconciliation policies for the younger groups—are, as expected, related to a reduction in poverty for both low-skilled young women and men. A one-standard-deviation increase in the family policy allowances indicator yields a reduction of the odds of poverty by a factor of 1.3 for both the young female and male groups. For the older males, this effect is insignificant though similarly signed. For young men, the effect of government daycare spending is not significant, but for young low-skilled women, the odds of poverty decline by a factor of 1.6 with a one-standard-deviation increase in government daycare spending.

Union density is significant in reducing the odds of poverty of the older male group by a factor of 1.7, while it is insignificant for both younger males and females. This finding, which exactly mirrors that of passive labor market

policies, is consistent with the expectation that union density captures agency of actors promoting policies that are aimed at old social risks, i.e. temporary unemployment spells, disability, sick leave, etc. of established workers. Conversely, the number of seats of women in national parliaments—a proxy for agents developing policies aimed at new social risks relating to gender equality and work-family balance, among others—has a significant effect in reducing the odds of poverty for young low-skilled women by a factor of 1.3. This measure has a similar effect on the reduction of poverty odds for the older male group, by a factor of 1.7. This finding offers support for the hypothesis that the greater the representation of women in national parliaments, the greater the chances of having policies that are associated with a reduction in poverty among women and also of old social risk groups (of at least 55 years of age) who may be at risk because of obsolete skills. In general, this paper's findings corroborate previous research that showed that women's mobilization is associated with lower levels of poverty overall (Moller et al. 2003).

Analyzing welfare regimes grouped together as a whole, coupled with scrutiny of individual country profiles, yields nuanced evaluation of the policy effects found in this paper's analyses. This paper offers evidence for the argument that the three worlds of welfare capitalism famously brought to light by Esping-Andersen (1990) are in need of refined categorization as policies and populations continue to adapt to changing times. Future research will need to take this paper's analyses, based around the year 2004, and apply them to policies and societies that exist today under greater financial and economic strain.

Conclusion

In the political economies of Europe today, measures of “old risk” prevention such as unemployment insurance and sick pay exist alongside “new risk” profiles that center on skill level and opportunity for participation in the labor market. The capacity to adequately cope with these risks will be unevenly distributed among citizens based on levels of education, income, and policy formulation. The new risk target group, or group most affected by the structure of new social risks, does not possess a sufficient attachment to the labor market to deal with the financial imposition that these risks imply. New risks have mainly to do with entering the labor market and establishing an enduring position in it, and with care duties that arise principally at the early stage of family-formation. However, many scholars have recently drawn attention to the later risks posed to families of providing long-term care for frail, dependent, elderly (Saraceno 2010, Knijn and Ostner 2002). Individuals who are able to successfully navigate the transition to solid, paid employment, as well as those who develop strategies of care-taking using independent means, will not experience the urgency of these new social risks.

Thus we see how polarization comes into the picture: new social risks pose a problem mainly to certain subsets of the population: these include those with lower education and less access to training, and those who do not have available

recourse to the family or the market for provision of family care services for children and/or the elderly.

In this paper, I have analyzed the effects of common social policy instruments—active labor market policies, passive labor market policies, employment protection, family policies, daycare—along with union density and women's representation in parliament, on the poverty levels of low-skilled segments of national populations. While gross public social spending as a measure of overall welfare generosity is found to be associated with a reduction in poverty only of the older male group, and not that of the two younger groups, I find that specific social policies contribute to the reduction of poverty among all three groups. Specifically, active labor market policies—involving public employment services, training programs, and employment subsidies for the un- and under-employed—significantly reduce poverty of all three groups under analysis: low-skilled young women and men, and low-skilled older men. Notably, passive labor market policies, which are most often in the form of unemployment insurance, are most helpful in alleviating the poverty of older low-skilled men. This finding is in line with the expectation that passive labor market policies are generally targeted at those who have already contributed to the workforce and who receive passive income assistance in exchange for such service—a mechanism against old social risk that does not help to relieve the poverty of low-skilled youth—at new social risk—who do not have such employment history. This expectation about the difference in mechanism, effectiveness, and aim between active vs. passive labor market policies is borne out in the analyses' findings.

In the same vein, union density is found to be significant and positively related to lowering the poverty of older low-skilled men, but not of the younger groups. This finding may reflect the weakening capacity of unions to protect the income of jobs across a wide spectrum, as opposed to protection within privileged sectors in which mostly older men work.

Family allowances are notable for being associated with a significant reduction in the odds of poverty of both younger men and women, but not with lowering poverty of older men. This finding offers evidence for the positive effects of generous family policy on the income of young low-skilled adults, who rely on child benefits to offset the financial hardship that comes from child-rearing.

The analyses in this paper shed light on the different ways in which social policies are effective in combating poverty across low-skilled segments of the population. In one of the first multi-level statistical analyses combining micro- and macro-level data to address policy effectiveness, the paper contributes to contemporary studies of public policy and the welfare state. There are several directions for future research based on these findings. First, researchers will need to overcome the inherent limitations of the data, including differentiating between different types of active labor market policies, for example (i.e. employment services vs. training programs vs. employment subsidization), as well as studying the different components that comprise contemporary family-policy packages (child benefits in cash vs. the length and structure of paid parental leave). Furthermore, while this paper's study provides insight on policy

and poverty interactions in a post-Third Way era, it is a static snapshot of one time point (roughly the year 2004) across multiple countries. Future research will benefit from providing analyses that extend across time in addition to across countries, to show the diverse policy trajectories that have differing impacts on the poverty of certain groups. Furthermore, as social risk profiles continue to develop, future studies will need to emphasize the interaction between gender, age, and skill level, and examine how vulnerabilities arise differently across different welfare regimes. The path to poverty reduction is likely not a one-size-fits-all approach, but rather one that will combine elements from diverse national approaches.

References

- Armingeon, K., & G. Bonoli. 2006. *The politics of post-industrial welfare states: adapting post-war social policies to new social risks*. Routledge: Taylor & Francis Group.
- Bonoli, G. 2006. "1 New social risks and the politics of post-industrial social policies." *The politics of post-industrial welfare states: adapting post-war social policies to new social risks* 9: 1.
- Bradley, D.H., & J.D. Stephens. 2007. "Employment performance in OECD countries." *Comparative Political Studies* 40 (12): 1486.
- Brady, D. 2003. "Rethinking the sociological measurement of poverty." *Social Forces* 81 (3): 715–751.
- Brady, D., A.S. Fullerton, & J.M. Cross. 2009. "Putting Poverty in Political Context: A Multi-Level Analysis of Adult Poverty across 18 Affluent Democracies." *Social Forces* 88 (1): 271–299.
- Brady, David, & Rebekah Burroway. 2012. "Targeting, universalism, and single-mother poverty: a multilevel analysis across 18 affluent democracies." *Demography* 49 (2): 719–746.
- Card, David, Jochen Kluve, & Andrea Weber. 2010. "Active Labour Market Policy Evaluations: A Meta-Analysis." *The Economic Journal* 120 (548): F452–F477.
- Daly, M. 1994. "Comparing welfare states: towards a gender friendly approach." *Sage Modern Politics Series* 35: 101–101.
- Emmenegger, Patrick, Bruno Palier, & Martin Seeleib-Kaiser. 2012. *The Age of Dualization: The Changing Face of Inequality in Deindustrializing Societies*. OUP USA.
- Esping-Andersen, G. 1990. "The three worlds of welfare capitalism."
- Esping-Andersen, G. 1999. *Social foundations of postindustrial economies*. Vol. 15 Oxford University Press Oxford.
- Esping-Andersen, G. 2009. *Incomplete Revolution: Adapting Welfare States to Women's New Roles*. Polity.
- Esping-Andersen, G., D. Gallie, A. Hemerijck, & J. Myles. 2002. "Why we need a new welfare state." OUP Catalogue.
- European Commission Eurostat. 2010. URL: <http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/themes>

Gauthier, A.H. 2010. "Comparative Family Policy Database, Version 3 [computer file]. Netherlands Interdisciplinary Demographic Institute and Max Planck Institute for Demographic Research (distributors)." Retrieved from www.demogr.mpg.de.

Hemerijck, A. 2002. "The self-transformation of the European social model(s)." *Internationale Politik und Gesellschaft* pp. 39–67.

Huber, E., C. Ragin, J.D. Stephens, D. Brady, & J. Beckfield. 1997, updated 2010. "Comparative welfare states data set." Northwestern University, University of North Carolina at Chapel Hill, Duke University.

Huo, J., M. Nelson, & J.D. Stephens. 2008. "Decommodification and activation in social democratic policy: resolving the paradox." *Journal of European Social Policy* 18 (1): 5.

Iversen, T., & A. Wren. 1998. "Equality, employment, and budgetary restraint: the trilemma of the service economy." *World Politics* 50 (4): 507–546.

Kitschelt, H., & P. Rehm. 2006. "3 New social risk and political preferences." *The politics of post-industrial welfare states: adapting post-war social policies to new social risks* 9: 52.

Knijn, T., & I. Ostner. 2002. "6. Commodification and de-commodification." *Contested concepts in gender and social politics* p. 141.

Korpi, W. 1980. "Social policy and distributional conflict in the capitalist democracies. A preliminary comparative framework." *West European Politics* 3 (3): 296–316.

Luxembourg Income Study (LIS) Database, <http://www.lisdatacenter.org> (multiple countries; 2004-2005). Luxembourg: LIS.

Martin, J.P., & D. Grubb. 2001. "What Works and for Whom: A Review of OECD Countries' experiences with active labour market policies." *Swedish Economic Policy Review* 8 (2): 9–56.

Moller, Stephanie, Evelyn Huber, John D Stephens, David Bradley, & Francois Nielsen. 2003. "Determinants of relative poverty in advanced capitalist democracies." *American Sociological Review* pp. 22–51.

Morel, Nathalie, Bruno Palier, & Joakim Palme. 2012. *Towards a social investment welfare state?: Ideas, policies and challenges*. Policy Press.

Oliver, R. 2008. "Diverging Developments in Wage Inequality." *Comparative Political Studies* 41 (12): 1551.

Orloff, A.S. 1993. "Gender and the social rights of citizenship: The comparative analysis of gender relations and welfare states." *American sociological review* 58 (3): 303–328.

Pierson, P. 1998. "Irresistible forces, immovable objects: post-industrial welfare states confront permanent austerity." *Journal of European Public Policy* 5 (4): 539–560.

Rabe-Hesketh, Sophia, & Anders Skrondal. 2008. *Multilevel and longitudinal modelling using Stata*. STATA press.

Ray, R., J.C. Gornick, & J. Schmitt. 2008. "Parental Leave Policies in 21 Countries: Assessing Generosity and Gender Equality." CEPR Reports and Issue Briefs.

Ray, R., J.C. Gornick, & J. Schmitt. 2010. "Who cares? assessing generosity and gender equality in parental leave policy designs in 21 countries." *Journal of European Social Policy* 20 (3): 196.

Rueda, D. 2005. "Insider–outsider politics in industrialized democracies: the challenge to social democratic parties." *American Political Science Review* 99 (01): 61–74.

Rueda, D. 2007. *Social democracy inside out: partisanship and labor market policy in industrialized democracies*. Oxford University Press, USA.

Sainsbury, D. 1996. *Gender, equality, and welfare states*. Cambridge University Press.

Saraceno, C. 2010. "Social inequalities in facing old-age dependency: a bi-generational perspective." *Journal of European Social Policy* 20(1): 32.

Smeeding, T. 2006. "Poor people in rich nations: The United States in comparative perspective." *The Journal of Economic Perspectives* 20(1): 69–90.

Steenbergen, Marco R, & Bradford S Jones. 2002. "Modeling multilevel data structures." *American Journal of Political Science* 46 (1): 218–237.

Stegmueller, Daniel. 2013. "How Many Countries for Multilevel Modeling? A Comparison of Frequentist and Bayesian Approaches." *American Journal of Political Science* 57(3): 748–761.

Taylor-Gooby, P. 2004. *New risks, new welfare: the transformation of the European welfare state*. Oxford University Press, USA.

Visser, J. 2011. "The ICTWSS database: database on institutional characteristics of trade unions, wage setting, state intervention and social pacts in 34 countries between 1960 and 2007. Version 3.0 updated May 2011."
URL: <http://www.uva-aias.net/208>

Wallerstein, M. 1999. "Wage-setting institutions and pay inequality in advanced industrial societies." *American Journal of Political Science* 43 (3): 649–680.

Wollmann, H. 2003. *Evaluation in public-sector reform: concepts and practice in international perspective*. Edward Elgar Publishing.

World Bank World Development Indicators. 2010.
URL: <http://data.worldbank.org/indicator>

Table 1: Variable Descriptions and Hypothesized Effects on Poverty of the Low Skilled

Variable	Description	Young (18-30) Male	Young Female	Older (55-64) Male
Active labor market policies	Spending on ALMP measures as % of GDP divided by the unemployed population	-	-	-
Passive labor market policies	Spending on PLMP measures as % of GDP divided by the unemployed population	+	+	-
Employment protection	Index of employment protection legislation	+	+	-
Daycare spending	Public expenditure on day care/home-help services as % of GDP	-	-	N/A
Family allowances	Total expenditures on family allowances as % of GDP	-	-	N/A
Union density	Union membership as a proportion of wage and salary earners in employment	-	+	-
Seats of Women	Proportion of seats held by women in national parliaments	-	-	-

Sources: Gauthier 2010; Huber et al. Comparative Welfare States dataset; LIS; OECD; Visser 2011; World Bank.

Table 2: Mean Values of Variables by Country and Welfare State Regime

	Year	Young Low-skilled Male Poor	Young Low-skilled Female Poor	Older Low-skilled Male Poor	EPL	Family Allowances	Daycare Spending	ALMP	PLMP	Unempl.	Union Density	Seats of Women in Parl.	Welfare Gen.
Nordic (Social Democratic) Welfare States													
Denmark	2004	0.15	0.16	0.03	1.50	1.61	1.65	0.30	0.47	5.7	71.7	38	27.6
Finland	2004	0.12	0.13	0.06	2.02	1.62	0.94	0.11	0.23	8.8	73.3	38	25.9
Norway	2004	0.13	0.14	0.02	2.56	1.75	0.76	0.17	0.19	4.5	55.0	36	23.2
Sweden	2005	0.08	0.09	0.03	2.24	1.52	1.63	0.18	0.16	7.1	76.0	45	29.4
<i>Mean</i>		<i>0.12</i>	<i>0.13</i>	<i>0.04</i>	<i>2.08</i>	<i>1.63</i>	<i>1.24</i>	<i>0.19</i>	<i>0.26</i>	<i>6.5</i>	<i>69.0</i>	<i>39</i>	<i>26.5</i>
Continental European Welfare States													
Austria	2004	0.14	0.24	0.11	1.93	2.43	0.41	0.12	0.29	4.9	34.1	34	27.3
Belgium	2000	0.05	0.11	0.07	2.18	1.76	0.62	0.17	0.31	7.0	49.3	23	25.2
France	2005	0.13	0.19	0.09	3.05	1.39	1.19	0.10	0.18	8.9	8.0	12	29.1
Germany	2004	0.11	0.20	0.09	2.12	1.17	0.38	0.11	0.24	9.8	22.2	32	26.6
Italy	2004	0.16	0.18	0.11	1.82	0.60	0.60	0.08	0.09	8.1	33.9	12	24.6
Luxembourg	2004	0.21	0.22	0.09	3.25*	3.24	0.40	0.15	0.21	3.1	42.4**	17	23.9
Netherlands	2004	0.04	0.11	0.04	2.12	0.74	0.96	0.22	0.32	6.5	22.0	37	21
Spain	2004	0.12	0.18	0.17	2.98	0.43	0.51	0.07	0.14	11.0	15.5	28	21.2
Switzerland	2004	0.06	0.07	0.10	1.14	1.03	0.31	0.18	0.25	4.2	19.6	25	20.2
<i>Mean</i>		<i>0.11</i>	<i>0.17</i>	<i>0.10</i>	<i>2.29</i>	<i>1.43</i>	<i>0.60</i>	<i>0.13</i>	<i>0.22</i>	<i>7.1</i>	<i>27.4</i>	<i>24</i>	<i>24.3</i>
Liberal Welfare States													
Australia	2003	0.10	0.12	0.17	1.19	2.64	0.40	0.06	0.12	5.9	22.8	25	17.7
Canada	2004	0.20	0.25	0.21	0.75	0.68	0.17	0.05	0.10	7.2	29.5	21	16.5
Ireland	2004	0.08	0.31	0.24	1.11	2.25	0.26	0.15	0.20	4.5	38.3	13	16.1
United Kingdom	2004	0.12	0.21	0.17	0.75	2.22	0.84	0.10	0.04	4.8	29.7	18	21
United States	2004	0.26	0.39	0.29	0.21	0.08	0.28	0.03	0.05	5.5	12.0	14	16
<i>Mean</i>		<i>0.15</i>	<i>0.26</i>	<i>0.22</i>	<i>0.80</i>	<i>1.57</i>	<i>0.39</i>	<i>0.08</i>	<i>0.10</i>	<i>5.6</i>	<i>26.5</i>	<i>18</i>	<i>17.5</i>

Sources: Gauthier 2010; Huber et al. Comparative Welfare States dataset; LIS; OECD; Visser 2011; World Bank.

Notes: "Poor" is a dichotomous variable from 0 (non-poor) to 1 (poor), with poverty defined at 50% or less of median (national) income. EPL is a scale from 0 (least restrictive) to 6 (most restrictive). Family Allowances & Daycare spending are public spending as % of GDP. ALMP & PLMP are public spending as % of GDP, divided by the unemployed population. Unemployment & Seats of women in national parliament are expressed as %. Union density is net union membership as % of wage & salaried employees.

*Value for 2008. **Value for 2003.

Table 3: Group Composition by Country and Welfare State Regime

Country	Year	Young Male	Young Female	Older Male	Young Low-skill Male	Young Males that are Low skilled	Young Low-skill Female	Young Females that are Low skilled	Older Low-skill Male	Older Males that are Low skilled	Young Low-skilled Males that are in Poverty	Young Low-skilled Females that are in Poverty	Older Low-skilled Males that are in Poverty
		% pop.	% pop.	% pop.	% pop.	% group	% pop.	% group	% pop.	% group	% group	% group	% group
Nordic Welfare State													
Denmark	2004	7.6	7.5	6.7	2.8	36.8	2.4	32.0	2.0	29.9	15.1 (n: 4974)	15.5 (n: 4199)	3.0 (n: 3584)
Finland	2004	8.1	7.0	7.4	2.3	28.4	1.8	25.7	2.9	39.2	12.4 (n: 674)	13.4 (n: 536)	5.8 (n: 856)
Norway	2004	11.1	9.7	7.3	0.8	7.2	0.5	5.2	1.5	20.5	12.6 (n: 205)	14.2 (n: 140)	2.3 (n: 388)
Sweden	2005	8.0	7.7	6.6	1.9	23.8	1.4	18.2	1.9	28.8	8.4 (n: 696)	8.9 (n: 534)	3.2 (n: 700)
<i>Mean</i>		<i>8.7</i>	<i>8.0</i>	<i>7.0</i>	<i>2.0</i>	<i>23.0</i>	<i>1.5</i>	<i>18.8</i>	<i>2.1</i>	<i>30.0</i>	<i>12.1</i>	<i>13.0</i>	<i>3.6</i>
Continental European Welfare State													
Austria	2004	7.5	7.6	6.0	0.8	10.7	0.9	11.8	1.2	20.0	14.0 (n: 107)	23.6 (n: 114)	10.9 (n: 155)
Belgium	2000	6.4	6.6	4.4	1.1	17.2	0.6	9.1	2.1	47.7	5.3 (n: 57)	10.7 (n: 28)	7.4 (n: 107)
France	2005	7.6	8.1	5.2	1.6	21.1	1.3	16.0	2.0	38.5	13.4 (n: 394)	19.2 (n: 327)	9.4 (n: 508)
Germany	2004	7.6	8.0	6.1	1.4	18.4	1.3	16.3	0.6	9.8	10.9 (n: 373)	19.7 (n: 359)	8.8 (n: 169)
Italy	2004	8.4	7.4	7.0	3.0	35.7	2.2	29.7	4.3	61.4	16.3 (n: 625)	18.1(n: 446)	11.3 (n: 886)
Luxembourg	2004	9.2	9.6	5.8	3.6	39.1	3.2	33.3	2.5	43.1	20.8 (n: 346)	22.0 (n: 309)	8.6 (n: 242)
Netherlands	2004	6.2	6.2	5.8	1.1	17.7	0.8	12.9	1.7	29.3	4.1 (n: 268)	11.3 (n: 193)	3.7 (n: 402)
Spain	2004	8.9	8.5	5.7	3.2	36.0	2.1	24.7	3.9	68.4	11.5 (n: 1177)	17.6 (n: 775)	16.7 (n: 1450)
Switzerland	2004	5.8	6.8	5.5	1.4	24.1	1.2	17.6	0.5	9.1	6.0 (n: 115)	7.3 (n: 95)	10.0 (n: 40)
<i>Mean</i>		<i>7.5</i>	<i>7.6</i>	<i>5.7</i>	<i>1.9</i>	<i>25.3</i>	<i>1.5</i>	<i>19.7</i>	<i>2.1</i>	<i>36.8</i>	<i>11.4</i>	<i>16.6</i>	<i>9.6</i>
Liberal Welfare State													
Australia	2003	9.6	9.7	6.5	6.7	69.8	6.7	69.1	4.9	75.4	9.5 (n: 813)	11.5 (n: 822)	17.4 (n: 595)
Canada	2004	8.0	8.4	5.6	1.4	17.5	1.3	15.5	1.9	33.9	19.9 (n: 696)	24.6 (n: 666)	20.7 (n: 954)
Ireland	2004	6.4	6.9	5.6	1.2	18.8	1.0	14.5	3.5	62.5	8.3 (n: 192)	31.4 (n: 159)	24.4(n: 549)
U.K.	2004	6.1	6.6	7.6	3.1	50.8	3.5	53.0	5.4	71.1	12.3 (n: 991)	21.4 (n: 1107)	16.6 (n: 1726)
U.S.	2004	7.6	8.2	4.1	1.7	22.4	1.4	17.1	0.6	14.6	25.9 (n: 3494)	39.4 (n: 2994)	29.4 (n: 1260)
<i>Mean</i>		<i>7.5</i>	<i>8.0</i>	<i>5.9</i>	<i>2.8</i>	<i>37.3</i>	<i>2.8</i>	<i>35.0</i>	<i>3.3</i>	<i>55.9</i>	<i>15.2</i>	<i>25.7</i>	<i>21.7</i>

Source: Luxembourg Income Study. Group composition as % of population, or as % of age/gender/skill-level group. Sample size (n) in parentheses.

Table 4: Generalized Linear Mixed Logit Models of Young (age 18-30) Low-educated Male Poverty on Individual- and Country-Level Variables: Odds Ratios and *Z*-Scores

N (Obs.) = 16194; N (Countries) = 18							
Individual-Level	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
No One Employed in HH	4.796***	4.782***	4.784***	4.799***	4.795***	4.796***	4.790***
(<i>Z</i> -Scores)	20.97	20.96	20.96	21	20.99	20.99	20.97
Multiple Earners in HH	0.135***	0.135***	0.135***	0.135***	0.135***	0.135***	0.135***
	-31.01	-31.00	-31.00	-31.02	-31.01	-31.01	-30.98
Other Adults in HH	0.730***	0.729***	0.729***	0.729***	0.729***	0.729***	0.729***
	-10.67	-10.71	-10.71	-10.70	-10.70	-10.68	-10.70
Persons in HH over age 65	0.535***	0.535***	0.535***	0.536***	0.535***	0.535***	0.535***
	-5.62	-5.63	-5.63	-5.62	-5.63	-5.63	-5.63
Number of children under age 18	1.260***	1.259***	1.260***	1.261***	1.260***	1.260***	1.260***
	9.32	9.31	9.32	9.34	9.33	9.33	9.31
Child Under 5 in HH	1.508***	1.508***	1.508***	1.509***	1.508***	1.508***	1.508***
	5.63	5.63	5.63	5.64	5.62	5.62	5.63
Country-Level^a							
Welfare Generosity	0.889	1.073	1.015	0.936	1.089		
	-0.51	0.39	0.07	-0.4	0.36		
Unemployment						1.090	1.128
						0.64	0.93
EPL	1.001						
	0.01						
ALMP		0.554*					
		-2.27					
PLMP			0.678				
			-1.37				
Family Allowances				0.758*			
				-1.96			
Daycare Spending					0.709		
					-1.24		
Union Density						0.874	
						-0.68	
Seats of Women in Parl.							0.826
							-1.18

***p< .001, **p< .01, *p< .05

^aStandardized odds ratios shown for country-level variables.

Table 5: Generalized Linear Mixed Logit Models of Young (age 18-30) Low-educated Female Poverty on Individual- and Country-Level Variables: Odds Ratios and *Z*-Scores

N (Obs.) = 13794; N (Countries) = 18							
Individual-Level	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
No One Employed in HH	3.493***	3.489***	3.489***	3.499***	3.497***	3.501***	3.494***
(Z-Scores)	17.88	17.87	17.87	17.91	17.9	17.92	17.89
Multiple Earners in HH	0.178***	0.178***	0.178***	0.178***	0.178***	0.178***	0.179***
	-26.47	-26.45	-26.46	-26.47	-26.44	-26.44	-26.41
Other Adults in HH	0.595***	0.594***	0.594***	0.594***	0.594***	0.594***	0.594***
	-15.8	-15.84	-15.83	-15.82	-15.82	-15.82	-15.85
Persons in HH over age 65	0.583***	0.582***	0.582***	0.582***	0.583***	0.583***	0.583***
	-3.96	-3.97	-3.97	-3.97	-3.97	-3.96	-3.97
Number of children under age 18	1.121***	1.121***	1.121***	1.122***	1.121***	1.121***	1.121***
	5.39	5.38	5.38	5.41	5.39	5.39	5.39
Child Under 5 in HH	1.341***	1.342***	1.341***	1.341***	1.342***	1.342***	1.342***
	4.21	4.22	4.21	4.2	4.22	4.21	4.22
Country-Level^a							
Welfare Generosity	0.789	0.956	0.885	0.832	1.043		
	-1.02	-0.26	-0.61	-1.12	0.19		
Unemployment						1.059	1.124
						0.46	0.97
EPL	1.005						
	0.03						
ALMP		0.546*					
		-2.39					
PLMP			0.716				
			-1.17				
Family Allowances				0.765†			
				-1.83			
Daycare Spending					0.623†		
					-1.80		
Union Density						0.754	
						-1.45	
Seats of Women in Parl.							0.743†
							-1.88

***p< .001, **p< .01, *p< .05, †p< .10

^aStandardized odds ratios shown for country-level variables.

Table 6: Generalized Linear Mixed Logit Models of Older (age 55-64) Low-educated Male Poverty on Individual- and Country-Level Variables: Odds Ratios and *Z*-Scores

N (Obs.) = 14571; N (Countries) = 18							
Individual-Level	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
No One Employed in HH	3.682***	3.666***	3.676***	3.684***	3.673***	3.667***	3.660***
(Z-Scores)	20.00	19.97	19.99	20.00	19.96	19.93	19.89
Multiple Earners in HH	0.241***	0.242***	0.241***	0.241***	0.242***	0.242***	0.242***
	-14.99	-14.95	-14.98	-14.98	-14.94	-14.92	-14.92
Other Adults in HH	0.890**	0.885**	0.888**	0.889**	0.887**	0.885**	0.884**
	-2.88	-3.03	-2.94	-2.92	-2.98	-3.03	-3.04
Persons in HH over age 65	0.519***	0.520***	0.519***	0.518***	0.520***	0.520***	0.520***
	-6.28	-6.26	-6.28	-6.28	-6.26	-6.26	-6.26
Number of children under age 18	1.305***	1.309***	1.307***	1.306***	1.307***	1.306***	1.307***
	3.74	3.79	3.76	3.75	3.76	3.75	3.76
Child Under 5 in HH	0.798†	0.802†	0.800†	0.799†	0.801†	0.801†	0.802†
	-1.63	-1.59	-1.61	-1.63	-1.61	-1.61	-1.60
Country-Level^a							
Welfare Generosity	0.572**	0.658***	0.634***	0.540***	0.669*		
	-3.12	-4.41	-3.67	-4.58	-2.33		
Unemployment						1.007	1.153
						0.04	0.90
EPL	0.889						
ALMP		0.501***					
		-5.19					
PLMP			0.574**				
			-3.11				
Family Allowances				0.883			
				-1.04			
Daycare Spending					0.665*		
					-1.96		
Union Density						0.575**	
						-2.77	
Seats of Women in Parl.							0.593**
							-3.03

***p < .001, **p < .01, *p < .05, †p < .10

^aStandardized odds ratios shown for country-level variables.

Figure 1: Poverty Rates of Social Risk Groups by Country

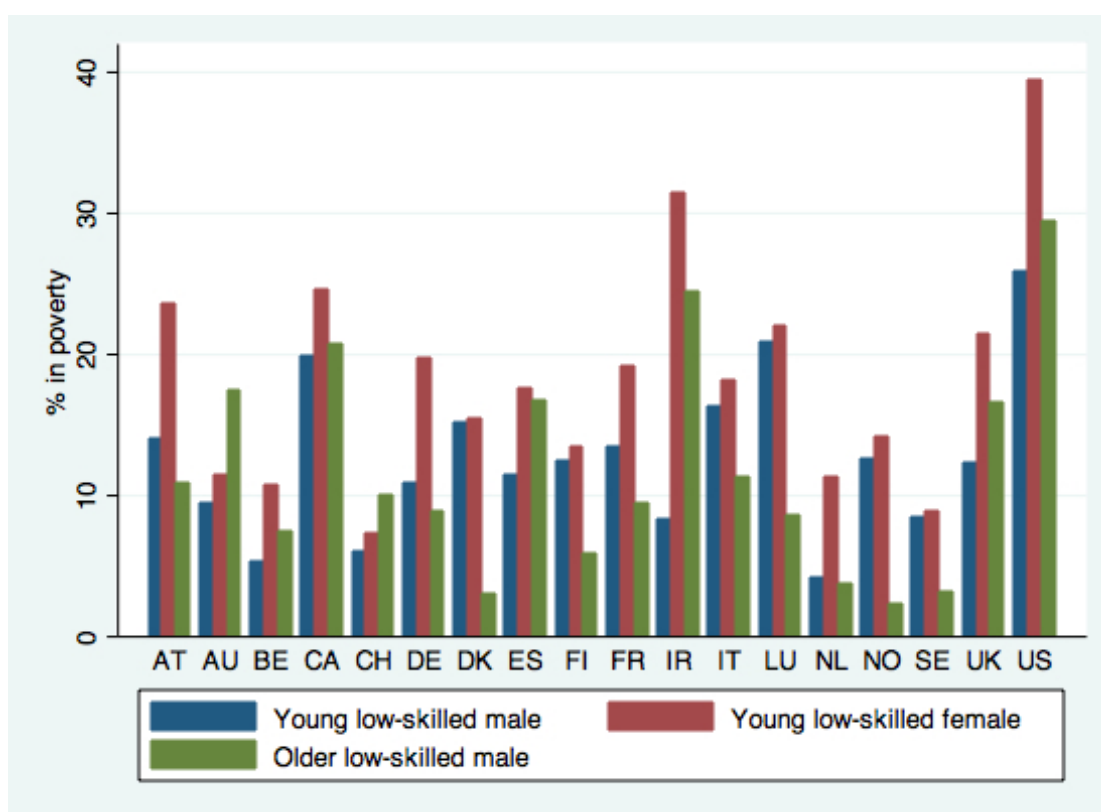


Figure 2: Poverty Rates of Social Risk Groups by Welfare State Typology

