The Triple Bind of Single-Parent Families

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This chapter reports on a country-comparative study that highlights the importance of studying not only single parents in poverty but also single parents who earn a middle-class income. Previous research on single-parent families has largely focused on poverty. Single-parent families, particularly those headed by mothers, have a higher risk of poverty compared to coupled-parent or non-child families (Ananat & Michaels, 2008; Lichter et al., 2006; Martin, 2006; McLanahan & Percheski, 2008; Musick & Mare, 2004). The literature has examined policies to address group-specific causes of poverty, including the burden of raising children alone (Garfinkel & McLanahan, 1986; Gornick & Jäntti, 2009). For the most part, research in this area has studied the determinants of, and strategies against, single-parent poverty. Much less is known about the economic wellbeing of single-parent families that are above the poverty threshold.

As suggested in Chapter One by Nieuwenhuis and Maldonado, despite the high presence of single-parent families among the poor, the vast majority are not poor. In fact, 70–90% of the single-parent families in most high-income countries have a disposable household income that is above the poverty threshold. Even in the US, which has exceptionally high single-parent poverty rates, more than 60% of single-parent families are not poor. How are these nonpoor single-parent families faring?

This chapter aims to extend the research beyond the scope of poverty to better understand the economic position of single-parent families in the middle class. In doing so, I will analyse the share of single-parent families in the middle class across countries. The middle class is defined as households that have an income sufficiently above the poverty threshold (more than 1.5 times the 50% median equivalised disposable household income), yet below the high-income threshold (less than two times the national median household income). This income-based definition of the middle class fits well for this analysis, as it provides direct reference to the income-based poverty measure.
The middle class has been largely neglected in distributive studies, which have assumed income distribution beyond poverty to be mainly the function of individual efforts or general economic conditions. However, recent studies have shown that the relative size of the middle class can also be the result of welfare-state institutions and policies (Byun, 2016; Gornick & Jäntti, 2013; Pressman, 2007). Pressman (2007) suggests that a large portion of the middle class maintains its income levels due to support from the welfare state. Byun (2016) shows that countries with broad collective bargaining coverage and generous social-insurance benefits facilitate a larger middle class.

Therefore, this chapter will describe the share of single-parent families in the middle class and then begin to examine some of the labour-market and welfare-state institutions that facilitate a larger share of single-parent families in the middle class. This chapter aims to answer the following questions:

1. To what extent does the share of single-parent families in the middle class vary across countries?
2. To what extent do labour-market and welfare-state institutions – collective bargaining coverage, unemployment insurance, female labour-force participation, paid parental-leave policies – affect the share of single-parent families in the middle class across countries?

**Literature and hypotheses**

I expect that three institutional features of the labour market and the welfare state will affect single parents’ ability to be in the middle class. These are: collective bargaining coverage, generosity of traditional social-insurance programmes (unemployment) and generosity of social-insurance benefits related to work and work–family reconciliation policies (paid parental leave).

First, broad bargaining coverage can facilitate gainful employment and job protection – especially for those disadvantaged in the labour market, such as single parents. Collective bargaining coverage can facilitate an increase in bargaining power of individual wage earners against employers. Bargaining coverage can increase through not only broad trade-union membership but also legislation. One example is the 1996 Dutch legislation that guaranteed the same collective bargaining agreements as standard full-time jobs to part-time jobs, where female labour was largely concentrated (Thelen, 2014).

With broad bargaining coverage, the detrimental effects of more labour-market outsiders on income inequality can be less significant.
In a bifurcated labour market divided between the protected and the unprotected, female labour tends to be concentrated in service sectors or part-time jobs, in which collective bargaining coverage falls short and employment is less gainful (Rueda, 2005). This has been the case for many high-income countries since the late 1970s. In these countries, deindustrialisation has been accompanied by occupational restructuring: from unionised manufacturing jobs to much less unionised service-sector jobs. The increase of female labour-force participation (FLFP) has been associated with the increase in less protected and/or nonstandard employment (Thelen, 2014).

Second, as job insecurity has extended to broader layers in the population (O’Rand, 2011) and income volatility has increased in all income groups (Hacker, 2006), income protection via social insurance has become more important for the middle-income strata. This is particularly so for the single-earner middle class compared to the dual-earner middle class. In case of one earner’s unemployment, dual-earner households can (potentially) maintain their middle-class incomes with less generous insurance benefits due to the other earner’s income. However, single-parent families do not have a second earner, and more generous insurance benefits (such as higher income-replacement rates) are therefore needed to maintain income security when unemployed. As for traditional social-insurance programmes such as unemployment insurance, Continental European countries (based on the single-earner model) have maintained more generous benefit levels compared to the Nordic countries (based on the dual-earner model) (Byun, 2016). In this regard, if all else is equal, single-parent families in the middle class will be more secured against unemployment risks in Continental European than in the Nordic countries.

Third, expansion of work–family policies marked a path-shifting feature of recent developments in the welfare state, although the extent of the development varies across countries (Morgan, 2013). Previous research on work–family policies has emphasised the importance of paid parental leave to increase women’s labour-force participation (Gornick & Meyers, 2003). Paid parental leave facilitates the ability for parents, especially mothers, to continue their careers without completely withdrawing from the labour market. However, if the leave is too long, it can have negative consequences on women’s employment (Nieuwenhuis et al., 2017).

I expect to see positive effects of these three institutional features of the labour market and the welfare state; however, the increase in FLFP may not necessarily facilitate a higher share of single-parent families into the middle class. A higher FLFP indicates more job opportunities
for women in the economy, but is also associated with more dual-earner families. With more dual-earner families, the national median income shifts upward, therefore making it more difficult for a single parent to compete with dual earners. This effect of the median shifting may be higher in labour markets with broad bargaining coverage, because both earners in the household are more likely to have gainful and protected employment.

In sum, I hypothesise that broad bargaining coverage, and generous unemployment and parental leave benefits, increase the share of single-parent families in the middle class – but that the effects of FLFP are not necessarily positive.

**Measurement, data and methods**

Data are from 18 OECD countries characterised by different types of wage-setting institutions, social-insurance systems and family policies: Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany; Greece; Ireland; Italy; the Netherlands; Norway; Spain; Sweden; Switzerland, the UK and the US.

The main dependent variable is the proportion of middle-income households among single-parent families. Following previous research on income distribution (Atkinson & Brandolini, 2013; Byun, 2016), I define middle-class households as having an income between 75% and 200% of the national median household income. Additional dependent variables include the single-parent poverty rate (50% of the median disposable household income threshold), and the population share of the middle- and affluent-income single-parent households (those with more than two times the median income). I measure these for working-age (20–59) single parents with children under the age of 17. The household income is post-tax and transfer income, equivalised by family size according to the Luxembourg Income Study (LIS) equivalence scale. I aggregated these variables from a large number of household-level observations in each country-year dataset based on the LIS Database (LIS, 2016). I analyse 121 country-year datasets from 1973 to 2010.

I include six explanatory variables. First, bargaining coverage is the share of employees who are union members and/or covered by union-bargained collective wage agreements. Second, FLFP is measured as the share of working-age (15–64) women who participate in the labour market. For these two variables, I draw on the Comparative Welfare State (CWS) dataset (Brady et al., 2014). Third, drawing on the Comparative Welfare Entitlements Dataset (CWED)
Middle-class single parents

(Scruggs et al., 2014), I measure generosity of unemployment benefits as the income-replacement rates of benefits, based on the average production worker’s annual income. The unemployment benefit includes benefits paid through unemployment insurance programmes only, excluding benefits paid through unemployment assistance. Among three traditional social-insurance programmes, I include unemployment insurance, because sickness benefits are highly correlated with unemployment benefits and pension benefits are not directly relevant for single-parent families with children under the age of 17. Fourth, I include the legally guaranteed weeks of parental leave, drawing on the Comparative Family Policy Database (Gauthier, 2011). The length is measured by the number of weeks divided by 52 weeks (one year). The fifth variable is the benefit level of parental leave, measured by the income-replacement rate. Among the various types of family leave, I chose parental leave because I expect it to have more direct effects on work–family reconciliation for single parents than childcare leave (for school-age children) or maternity leave (for the immediate period after child birth). Finally, the GDP growth rate is included because general economic conditions are widely perceived to influence income distribution. I present summary statistics of these variables in Table 10.1.

Due to the unbalanced nature of the panel data, with varying numbers of observations for each country, I employ random effects (RE) models with robust clustered errors (clustering errors within countries). Statistically, although fixed-effects (FE) analysis is known

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-parent poverty rate</td>
<td>121</td>
<td>0.236</td>
<td>0.123</td>
<td>0.043</td>
<td>0.498</td>
</tr>
<tr>
<td>Single-parent middle-class share</td>
<td>121</td>
<td>0.424</td>
<td>0.117</td>
<td>0.237</td>
<td>0.807</td>
</tr>
<tr>
<td>Single-parent middle and affluent share</td>
<td>121</td>
<td>0.448</td>
<td>0.119</td>
<td>0.248</td>
<td>0.814</td>
</tr>
<tr>
<td>FLFP</td>
<td>121</td>
<td>0.635</td>
<td>0.108</td>
<td>0.324</td>
<td>0.794</td>
</tr>
<tr>
<td>Bargaining coverage</td>
<td>121</td>
<td>0.686</td>
<td>0.247</td>
<td>0.131</td>
<td>0.990</td>
</tr>
<tr>
<td>Unemployment benefit (income replacement rate)</td>
<td>121</td>
<td>0.652</td>
<td>0.139</td>
<td>0.177</td>
<td>0.908</td>
</tr>
<tr>
<td>Weeks of parental leaves (weeks out of 52 weeks)</td>
<td>121</td>
<td>0.900</td>
<td>0.981</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Benefit level of parental leaves (income-replacement rate)</td>
<td>121</td>
<td>0.267</td>
<td>0.326</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>GDP growth rate</td>
<td>121</td>
<td>0.023</td>
<td>0.023</td>
<td>-0.086</td>
<td>0.091</td>
</tr>
<tr>
<td>Country</td>
<td>121</td>
<td>1</td>
<td>18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>121</td>
<td>1997</td>
<td>9.425</td>
<td>1973</td>
<td>2010</td>
</tr>
</tbody>
</table>
as more robust than RE analysis, FE analysis cannot be used if there are time-constant factors in the independent variables. This is because there is no way to distinguish the effects of time-constant observables from the time-constant unobservable (Wooldridge, 2010, p. 266). In my models, paid parental leave – a time-constant variable – has been absent in some countries. In addition, Hausman’s (1978) chi-square test results prefer RE models to FE models as more efficient estimations for all my regression models. Lastly, RE models perform better when both cross-national and historical variation are essential, because FE models remove variations between countries with country-specific constants (Beck, 2001; Brady & Leicht, 2008).

In a set of four regressions, I estimate the effects of the same institutional variables on three dependent variables – the population shares of the poor, the middle class and the middle and above – for single-parent households. This is to compare the effects of the explanatory variables for different income groups. In the fourth regression, I estimate the effects of the interaction term between FLFP and bargaining coverage on the main dependent variable (the size of the single-parent middle class) to assess if the effect of FLFP is contingent on the degree of bargaining coverage.

**Descriptive results**

**Cross-country comparison**

Figure 10.1 depicts cross-national variation in the size of poor and middle-class single-parent families in 14 high-income countries in the mid-2000s (I chose this time period because it provides the largest number of countries, among other time periods). Conventional wisdom is reaffirmed here: Nordic countries had the lowest levels of single-parent poverty while Anglo-American countries had the highest. These poverty rates are consistent with Chapter One by Nieuwenhuis and Maldonado.

Most importantly, Figure 10.1 shows stark differences between the cross-country variation in the share of single parents in poverty and single parents in the middle class. This is particularly so for non-Nordic countries with medium-level poverty rates. In these countries, fairly large shares of single-parent families earned a middle-class income, even though their single-parent poverty rates were much higher than the Nordic countries. By far, Italy had the largest share of middle-income single parents (52%), but its single-parent poverty rate was three times higher (22.7%) than Denmark. Although Denmark marked
the lowest poverty rate, its single-parent middle class (40.8%) was smaller than in the Netherlands (47.5%) and Austria (46.8%). This is somewhat puzzling, as the Continental European countries have been characterised by unfavourable conditions for single mothers’ full-time employment.

Figure 10.2 shows the distribution of single-parent families by more detailed income groups in four typical welfare regimes: Austria (conservative), the UK (liberal), Sweden (social democratic) and Italy (Southern European). The vertical axis represents the population share of each income group. Not surprisingly, only a marginal share of single-parent households made an affluent-level income (IG7 and 8) in all four cases. Single-parent families were largely poor (IG1 and 2), or near poor (IG3) in the UK. Single-parent poverty was the smallest in Sweden; yet it is revealing that the share of the middle- and high-income groups (IG5 and above) in Sweden was smaller than that of Austria and Italy. In Sweden, single-parent families are largely concentrated in the near-poor (IG3) and lower-middle (IG4) income groups. Notably, in Austria and Italy, a relatively large share of single-
parent families are located in the middle (IG5) and upper-middle (IG6) income groups.

**Trends**

Figure 10.3 shows the change in the share of middle-income single parents between the mid-1980s and the mid-2000s. The vertical axis represents the proportion of single parents with a middle-class income for the two time points in each country.

In the mid-1980s the middle-class shares in Nordic countries were exceptionally larger than those in all other countries. In Sweden, Norway and Finland, more than 65% of single parents had a middle-class income; in contrast, only 30–40% had a middle-class income in
Middle-class single parents

Figure 10.3: Trends in the share of middle class of single-parent families between the mid-1980s and the mid-2000s in 14 high-income countries

Notes: Except France (2005) and Sweden (2005), all data are from 2004.
Source: Authors calculation based on the LIS dataset

the US, Canada, the UK and Germany. This is the country variation well-explained by previous research.

However, by the mid-2000s, the share of the middle class among Nordic countries had declined to 45–50%, similar to the level of some Continental European countries. This suggests that single-parent families in Nordic countries have become less likely to have a middle-class income. In contrast, single-parent families in Austria and the Netherlands became more likely have a middle-class income in the mid-2000s than in the mid-1980s. Single parents in the middle class increased in Austria (from 36.2% to 46.8%) and the Netherlands (from 36.7% to 46.5%). In Germany and the UK, the share of single parents in the middle class became even smaller. In the US and Canada, with the smallest single-parent middle-class shares, only marginally more single-parent families had a middle-class income than in the mid-1980s.

In sum, countries with the lowest single-parent poverty rates are not necessarily the ones with the largest single-parent middle class, and there is significant variation by country and time.
Statistical results

Table 10.2 presents the estimation results of the analysis of welfare-state and labour-market institutions. In models 1 and 2, collective bargaining coverage negatively affects single-parent families’ poverty rate, and positively affects their middle-class share. However, the effects of unemployment benefit generosity on the single-parent middle-class share are significant only in Model 4.

Both measures of parental leave have significant effects, but the signs are the opposite. The effects of lengthy parental leaves are negative,

<table>
<thead>
<tr>
<th>(Model 1) The poor</th>
<th>(Model 2) The middle</th>
<th>(Model 3) The middle/affluent</th>
<th>(Model 4) The middle (w/interaction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLFP</td>
<td>–0.252</td>
<td>–0.342**</td>
<td>0.338</td>
</tr>
<tr>
<td></td>
<td>(0.18)</td>
<td>(0.17)</td>
<td>(0.30)</td>
</tr>
<tr>
<td>Bargaining coverage</td>
<td>–0.278***</td>
<td>0.135**</td>
<td>0.667**</td>
</tr>
<tr>
<td></td>
<td>(0.07)</td>
<td>(0.06)</td>
<td>(0.28)</td>
</tr>
<tr>
<td>Bargaining coverage*FLFP</td>
<td>–0.844**</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.41)</td>
</tr>
<tr>
<td>Unemployment benefit</td>
<td>–0.117</td>
<td>0.214</td>
<td>0.225*</td>
</tr>
<tr>
<td></td>
<td>(0.11)</td>
<td>(0.13)</td>
<td>(0.13)</td>
</tr>
<tr>
<td>Parental leaves (length)</td>
<td>0.039***</td>
<td>–0.037***</td>
<td>–0.039***</td>
</tr>
<tr>
<td></td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Parental leaves (benefit)</td>
<td>–0.076**</td>
<td>0.172***</td>
<td>0.177***</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
<td>(0.05)</td>
<td>(0.05)</td>
</tr>
<tr>
<td>GDP growth rate</td>
<td>–0.614*</td>
<td>0.310</td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>(0.35)</td>
<td>(0.30)</td>
<td>(0.00)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.660***</td>
<td>0.415***</td>
<td>–0.050</td>
</tr>
<tr>
<td></td>
<td>(0.12)</td>
<td>(0.13)</td>
<td>(0.21)</td>
</tr>
<tr>
<td>N</td>
<td>121</td>
<td>121</td>
<td>121</td>
</tr>
<tr>
<td>R² within</td>
<td>0.049</td>
<td>0.200</td>
<td>0.205</td>
</tr>
<tr>
<td>R² between</td>
<td>0.845</td>
<td>0.662</td>
<td>0.622</td>
</tr>
<tr>
<td>R² overall</td>
<td>0.639</td>
<td>0.469</td>
<td>0.446</td>
</tr>
</tbody>
</table>

Notes: *p<0.1, **p<0.05, ***p<0.01
Standard errors are in parentheses. Given the small number of observations (121), I included the significance level of p<0.1.
whereas the effects of the payment level are positive. These two variables are not correlated at all, and a higher level of parental leave not only helps to reduce the poverty rate but also increases the share of single-parent families in the middle class. However, longer parental leave has a negative effect on the share of single parents in the middle class and positive effects on their poverty rates.

All the effects are similar between the middle class (Model 2) and the middle and affluent groups (Model 3). And except FLFP, all the variables that reduce poverty (Model 1) increase the share of single-parent families in the middle class (Models 2 and 3). While an increase in FLFP is associated with a reduction in poverty (although insignificant), it also reduces the share of single parents in the middle class. This is possible if single parents’ income is just above the poverty threshold but insufficient to count as middle-class income.

**The interplay between bargaining coverage and FLFP**

In Model 4, I estimated the interaction between the effects of bargaining coverage and FLFP on the share of single-parent families in the middle class. With the interaction term, the unique effects of FLFP vary depending on the level of bargaining coverage. The FLFP effects are positive (coefficient of 0.338) with no bargaining coverage, but become negative (coefficient of −0.506) with full bargaining coverage (100%). FLFP has no effects with a medium-level coverage (40%).

To further examine the interaction between bargaining coverage and FLFP, Figure 10.4 plots the predicted single-parent middle-class sizes, by different levels of bargaining coverage and at different FLFP rates. The horizontal axis represents bargaining coverage, and each line represents the predicted single-parent middle-class sizes by different FLFP rates.

At all rates of FLFP, an increase in bargaining coverage leads to a larger share of single-parent families in the middle class, although the positive effects of bargaining coverage become smaller with a higher FLFP rate.

However, the effects of a higher FLFP become negative if the bargaining coverage is higher than 42%. At medium levels of bargaining coverage (between 30% and 50%), there is almost no effect of FLFP on the share of single-parent families in the middle class. This is possible if the labour market is divided between insiders and outsiders, and an increase in FLFP is concentrated into the latter group. In this situation, even if single mothers participate in the labour market they are less likely to earn a middle-class income.
As bargaining coverage increases, an increase in FLFP is increasingly negatively associated with the share of single-parent families in the middle class. As discussed previously, this is possibly explained by the median shift effects of dual earners. It can also be attributed to legislation on rights for reduced working. Particularly in Sweden, a substantial decline in the single-parent middle class between 1995 and 2000 can be explained by this voluntary reduction of working hours among single parents. With the Parental Leave Act 1995 (Föräldralädedighetslag 1995, 584), Swedish parents became entitled to a reduction of their normal working hours (from 25% to 80%) and to a return to full-time work. Although the payment level of the parental-leave benefit is as generous as 80–90% of the previous earnings, it can still contribute to some single parents ending up slightly below the middle-income threshold. Other Nordic countries followed this Swedish precedent in 2001, but with less strict provisions (Gornick & Meyers 2003, pp. 166–70).

If an increase in FLFP is accompanied by an extension of bargaining coverage, the negative effects of FLFP associated with the median shifting effects can be cancelled out by the positive effects of bargaining coverage. The Netherlands, with its 1996 change in legislation, is one example. In contrast, if an increase in FLFP is accompanied by a
decline in bargaining coverage, the negative effects can be multiplied. This is the case with the UK and Germany, which witnessed declines in their bargaining coverage between the 1980s and 2010.

A surprisingly high share of middle-class single parents in Italy (Figure 10.1) can also be explained by the interaction effects of bargaining coverage and FLFP. In Italy, bargaining coverage was at the highest level (85%), while the FLFP rate remained at the lowest level – with some increases (42% to 52%) between 1986 and 2010. With the highest level of bargaining coverage, employed single mothers can expect relatively gainful and protected employment. Equally importantly, single parents in Italy have to compete with relatively few dual earners; the majority of families have a single earner. In this mainly single-earner-model society, those who earn a middle-class income may have been able to manage work–family conflicts with the support of retired grandparents who live in the household or nearby. To further test this, I measured the proportion of single-parent families with at least one elderly member (aged 65 or older) in the household. The proportion was exceptionally high in Italy. In the mid-2000s, about 14.4% of single-parent families in Italy lived with elderly family member(s), whereas the percentage was as low as 0.6% in Sweden. However, it is not clear if Italy can maintain its high share of single parents in the middle class; if an additional increase of FLFP is accompanied by a decline in bargaining coverage, this share would be substantially reduced.

Conclusion

This chapter demonstrates the importance of studying not only single-parent poverty but also single parents in the middle class. To further emphasise this point, the country variation in the share of single-parent families in the middle class does not correspond to the single-parent poverty rates. Surprisingly, countries with the lowest single-parent poverty rates do not necessarily have the largest share of single-parent families in the middle class.

My findings suggest that institutional differences in the labour market and the welfare state can influence single-parent families’ chances of earning a middle-class income. Broad bargaining coverage and generous parental-leave benefits facilitate single parents into more gainful and protected employment that secures a middle-class income. Broad bargaining coverage does this by increasing single parents’ bargaining power in the labour market. Generous parental-leave benefits help secure employment to care for children without having to withdraw from the labour market.
The triple bind of single-parent families

The results on FLFP are mixed. Although FLFP has been studied as a key mechanism for reducing single-parent poverty, these findings suggest this is not necessarily the case for the increased share of single-parent families in the middle class. Perhaps this can be attributed to less gainful and protected employment of single mothers, or to the median income shifting as a result of the increase in dual-earner households. Whatever the case might be, the effects of FLFP are contingent on the level of bargaining coverage. The effects of increased FLFP become slightly negative at a higher level of bargaining coverage, mainly due to the increased share of dual-earner households. These negative effects can be larger if an increase in FLFP is accompanied by a decline in bargaining coverage due to the negative effects of smaller bargaining coverage. However, the negative dual-earner effects of FLFP can be cancelled out if an increase in FLFP is accompanied by an extension of bargaining coverage.

This chapter has begun to scratch the surface on single-parent families in the middle class. This analysis accounts only for institutional determinants; it does not account for sociodemographic and labour-market characteristics of single-parent families, which might affect their ability to earn a middle-class income. Future studies could include person- and household-level characteristics with macro-level data to more accurately estimate the precise effects of labour-market and welfare-state institutions on single parents in the middle class.

Notes
1 The European Union uses 60% of median income as the poverty threshold, while the OECD uses 50% of the median income. I also use 50% of the median income, as it fits well with the middle-class definition.

2 The household income is divided by the square root of the number of household members.

References


