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Spending Strategies of Elderly Canadians:
The Consequences of Low Income

Elizabeth Szekely

A Thesis

in

The Department of Sociology and Anthropology

Presented in Partial Fulfilment of the Requirements
for the Degree of Master of Arts at
Concordia University
Montreal, Quebec, Canada

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ABSTRACT

Spending Strategies of Elderly Canadians:

The Consequences of Low Income

Elizabeth Szekely

The present research aims to identify strategies of spending: patterns of action elderly Canadians take, given the varied circumstances and the structure of their lives. The focus is on elderly people of low income and their responses to this condition. Factor analysis of 1992 Family Expenditure data from Statistics Canada is used to identify the most important strategies adopted by the elderly for managing their finances, and to demonstrate the relative importance of those strategies. In conjunction with this, correlation analysis is used to identify which of the strategies, and the relative importance of these strategies are most likely to be utilized in order to cope with low income. In addition, other household conditions are analyzed in terms of strategies adopted.

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My parents, from whom everything was taken during WWII, taught me that what we learned cannot be taken away from us. On the chance that they are right I tried to pass this on to my daughter Sandra.

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1. INTRODUCTION

In late 20th century North American society financial success and material possessions are held in high regard. Individuals and families who exist on resources seriously below the average of others in their community are considered disadvantaged. They are unable to participate fully in society - economically, socially or politically. The consequences of this disadvantage can be construed as deprivation (Canada Council on Social Development (CSSD), 1984). Although there are many different ways poverty and deprivation are measured using both subjective and objective, psychological and social variables, one important indicator, according to Holman (1978), is to measure how people spend their money.

In everyday life, each day, in each household, decisions have to be made on how money is spent without depleting the household's resources. In low income households this is a difficult task. If a big-ticket item needs repairing, should it be done by a household member, or should a friend or neighbour be called rather than a repairman? Should that roof be changed or fixed? If the latter, who should do the job, so it should not cost too much? What about food? Should there be beef today, or eggs instead? Will there be enough money for a birthday gift for the grandchild, or should a home-made doll be given?

Low income, however important, is not the only circumstance influencing spending decisions. Besides the financial position of the household there are other situational conditions which apply, such as family and household composition, area of residence, and availability and acceptance of any kind of support. I suggest that the way elderly people respond to low income will be reflected in the relationships between life-conditions and the various spending strategies employed.

There are a number of questions to be answered. For example, what

are the different spending patterns of the low income elderly? How do they vary from those of others? How do other life-conditions affect these strategies? Can differences in spending patterns be construed as deprivation? In other words, will an inquiry into spending strategies reveal consequences of low income for the elderly?

This is an important and timely issue to research, since the elderly population is projected to increase considerably with the aging of the baby-boom generation, and with women outnumbering and outliving men by many years. The large increase in the elderly population coincides with the anticipated decline of the welfare state. Hence, the likelihood of even higher poverty rates among the elderly compared to present rates would increase. This in turn would manifest itself in greater hardships among those already having difficulty maintaining a socially acceptable standard of living.

THEORETICAL APPROACH

Elderly people adopt various strategies of spending to meet their household needs. These strategies are conscious or unconscious reflections of the context of their lives, in particular, the household in which they live. For example, low income elderly people will have different spending patterns from others. In addition, those living in rural areas will employ different spending strategies from those living in urban areas, and those living alone will have different spending strategies than those living with others.

Circumstances or conditions refer to the context within which a household operates. These are the structural under-pinnings which in the long term, are largely beyond the control of those affected. The structure is composed of a number of elements. First, elderly Canadian households operate within the context of a capitalist economy, and within minimum requirements for an adequate standard of living. Therefore capital is a necessity, and this is cash for most people. The

amount of cash needed for each household depends on their circumstances. Second, household size, household composition, civil status, past achievements (or the lack of them) and other demographic, ascribed, and social characteristics can be considered as structural factors. What type, and what size of residence the household occupies, and whether it is located in a rural or in an urban area are other examples. Furthermore, the web of available formal and informal networks in which people are involved is also part of this structure or context.

Statistics Canada has attempted to measure how much is a household's minimum cash requirement. In this measurement some of the circumstances are acknowledged such as: family size, and area of residence. By definition there is a level, a cut-off¹, below which a household is considered wanting compared to other households. This level provides the low income/other distinction - the main area of comparison of the present research.

Strategies refer to agency, the actions elderly people take regarding their spending. These are patterns of activities, rather than isolated incidents, over which they have a greater degree of control in the short term. Strategies reflect the management ability, what de Certeau (1984) calls the 'artfulness' of household members regardless of their determination. It is not within the scope of this research to explore whether the spending strategies employed were chosen after conscious deliberation or not. What is important here is to identify patterns of action taken. These activities might take the form of regularly searching for bargains, or cutting down on drinking and smoking, or inviting family for tea rather than for dinner.

One cannot make a strong differentiation between conditions and strategies. These are not mutually exclusive concepts. Often it is

¹It is called the Low Income Cut-Off (LICO). It is a Statistics Canada definition, and it is determined from an analysis of Family Expenditure data. Further definition will be given in the METHODOLOGY, RESEARCH DESIGN section of this thesis.

difficult to distinguish which is which, or which depends on which. For example, one may have a large home and have low income, but keep the home because it might provide an income-source or because it is already paid for and the upkeep costs less or poses less of a problem than changing the situation. Conversely, one might be well-to-do yet not spend a large sum on a dwelling because other spending items are deemed more important.

The task is then to check out the relationships between conditions and strategies. I ask, for example, "Will there be a distinction between low income households where the strategy to cope with poverty is to buy food-stuffs in stores and cook them at home, and other households whose members tend to eat in restaurants?"; "Will there be a relationship between living in rural areas and not having to buy all the food in stores because there is land to grow some of the food on?"; "Does low income impinge on this relationship or will there be a relationship between low income and the amount spent on transportation and living alone?" In other words what I am looking for is some pattern reflected in the relationships between the conditions in which elderly people live (structure) and their strategies of spending (agency). Does the latter usually depend on the former? Do particular conditions exclude certain strategies?

Thus, the aim of this research is to identify strategies of spending: patterns of action or agency elderly Canadians take, given the varied circumstances and structure of their lives. The focus is on elderly people of low income and their responses to poverty.

In the **LITERATURE REVIEW** (section 2.) of the thesis, definitions of poverty and deprivation are reviewed. Some of the assumptions and the results of empirical research around the issue are sorted out. Different categories of poverty experiences are identified, and the short-comings of the literature are discussed as far as answering some of the questions of the present research.

In the **METHODOLOGY AND RESEARCH DESIGN** (section 3.) section the method of inquiry is explained and justified. First, the importance of the reviewed literature and its usefulness in helping to identify the conditions under which elderly people live is considered. Second, in order to ground the research in the everyday experiences of elderly people - the need for field work is discussed. Third, the necessity to use a well-constructed and reliable data base, as well as the statistical techniques used to manipulate the data is argued.

In the **DATA PRESENTATION** (section 4.) the research results are given and analyzed. Canadian poverty statistics and levels of spending regarding the elderly population are presented. Furthermore, patterns of spending are introduced.

The **DISCUSSION AND CONCLUSION** (section 5.) is a summary discussion of the findings and the analyses. Problems and weaknesses of the research are identified. Suggestions for further research follow.

The **BIBLIOGRAPHY** (section 6.) contains works consulted in the course of researching and writing the thesis. **APPENDIX I** includes work in progress: "Strategies of Elderly Canadians on Limited Income: Toward a Typology of Spending", and **APPENDIX II** includes the "Rotated Factor Matrix with Eigenvalues and with Explained Variance among the Variables".

2. LITERATURE REVIEW

A number of concepts need to be defined, especially poverty and deprivation. These definitions are particularly important since they significantly affect those who are defined as such. Once defined as poor/low income or deprived certain policy decisions, economic, social, and personal implications will follow. These implications might take the form of measures alleviating poverty either by the state or by other formal organizations. For example to receive the Guaranteed Income Supplement from the Canadian federal government, or to become the beneficiary of subsidized housing in the province of Quebec, or to receive food packages from neighbourhood help-organizations all depend on an accepted definition of poverty. Furthermore, there are consequences relating to social exclusion such as the difficulty in being accepted into certain neighbourhoods, schools, or clubs. In addition there are personal implications, both physical and psychological, which might give rise to the form of specific behaviour or action to cope with poverty. For example, there might be resignation or apathy to change the situation, or there might be an attitude of defiance leading either to great personal efforts to climb out of poverty, or leading to crime which might culminate in violence.

In the first part of the following literature review I attempt to sort out definitions of poverty and deprivation. In the second part of the review I discuss categories of poverty experiences among the elderly as reported by various empirical researchers. What is important to keep in mind is that once defined as poor/low income the population might be treated as such through institutions and by members of the referent society.

DEFINITIONS OF POVERTY AND DEPRIVATION

Poverty and deprivation are concepts with a complex history. One

can find absolute and relative definitions of both. In some cases they are treated as similar concepts and in others they are considered to be independent. Finally, both have been considered from both an objective and subjective perspective.

Absolute or subsistence conceptualizations of poverty define the concept as narrowly as possible (Booth, Rowntree in Holman, 1978). It is usually an arbitrary measure of poverty based on the economic resources of individuals and family, and how these resources fill minimal physical human needs. Poverty

defined in absolute terms, ... has generally come to mean the inability of individuals or families to maintain, through lack of adequate resources, a socially minimal or acceptable level of living (summarized by Ferge, 1987:15).

Rowntree distinguishes two levels of poverty based on how the available money is spent by members of the household. These are primary and secondary poverty. He considers poor families to be those

whose total earnings are insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency. Poverty falling under this head I have described as 'primary' poverty. ... Families whose total earnings would be sufficient for the maintenance of merely physical efficiency were it not that some portion of them is absorbed by other expenditure, either useful or wasteful. Poverty falling under this head is described as 'secondary' poverty (Rowntree quoted by Holman, 1978:5). [emphasis mine]

Booth's definition also includes two levels but is based on depth of poverty:

My 'poor' may be described as living under a struggle to obtain the necessities of life and make both ends meet, while the 'very poor' live in a state of chronic want (Booth quoted in Holman, 1978:3). [emphasis mine]

The subsistence measure is arbitrary, inflexible, and not scientific (Holman, 1978:9-12). Most importantly, it relates to physical requirements only. It is a subjective definition considering that it lacks objective standards and comparisons. Who decides what are

the 'minimal necessities' or what are the 'useful or wasteful' expenditures? In comparison to whom or what? Furthermore, as the quote from Rowntree above suggests, the responsibility is laid on the individual or the family in how those minimal resources are disbursed.

The concept of relative poverty means that a segment of the population is unable to participate fully in a given society, according to its customary conditions (Ferge, 1987:15). This population has

a level of income sufficiently so low to be generally regarded as creating hardship, in terms of the community's prevailing living standards, and so requiring remedial action on the part of public social policy (Lafitte quoted in Holman, 1978:14).

This concept has four elements (Holman, 1978): first, there is a comparison with other persons; second, it is concerned with standards within a contemporary social environment; third, it refers to inequality between different sections of society; finally, it depends upon value judgements of the researcher as to what is right or wrong. This approach has objective dimensions in that it involves not only the affected individual or family but there is the possibility of a scientific measure based on comparisons and standards.

Deprivation is only defined in relative terms. However, it might or might not be related to poverty. It is useful to turn to Runciman (1966), for the basic definition of this concept:

we can roughly say that A is relatively deprived of X when (i) he does not have X, (ii) he sees some other person or persons, which may include himself at some previous or expected time, as having X (whether or not this is or will be in fact the case), (iii) he wants X, and (iv) he sees it as feasible that he should have X. ... Relative deprivation should always be understood to mean a sense of deprivation: a person who is 'relatively deprived' need not be 'objectively' deprived in the more usual sense that he is demonstrably lacking something. In addition, relative deprivation means that the sense of deprivation is such as to involve a comparison with the imagined situation of some other person or group. This other person or group is the 'reference group' or more accurately the 'comparative reference group' (Runciman, 1966:10-11).

It is clear from this definition that deprivation can be both

subjective and objective. It can be said that deprivation is a subjective notion when it is a feeling identified by the affected individual. Deprivation can also be an objective notion when it is defined with reference to more public criteria. However, as Ferge (1987) states, these dimensions are intertwined, and difficult to separate. Referring to both poverty and deprivation Ferge says:

an objective approach is also rooted in the subjective perception of the observers, and subjective perceptions are built-in reflections of some 'objective' reality. ... By contrast, poverty in the subjective sense refers to the perception that people form of their own situation, to the ways in which they interpret their experiences and to their perception of other conditions and experiences (Ferge, 1987:15-16).

This perspective includes not only comparisons of physical necessities but also of conditions and experiences. Thus, we can take a further step and recognize that some members of society not only lack income, and are defined as poor, but they also lack the social conditions, opportunities, and educational resources enjoyed by others. This condition is called social deprivation, a concept with objective and subjective dimensions.

[It is] a condition in which there is a failure to attain certain social norms to which existing social policies are apparently intended to provide access. [But, w]ho decides the standard? Who says when the gap is too far removed? Who determines which factors are included within the list of deprivations (Holman, 1978:32)?

Townsend saw poverty defined only objectively and applied it consistently only in terms of relative deprivation.

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are in effect, excluded from ordinary living patterns, customs, and activities (1979:31).

Resources which support 'ordinary living patterns, customs, and

activities' are not only economic resources (Reimer and Shaver, 1991), but also are housing and transportation, access to social resources such as health care, education, welfare, and recreational facilities. It is these 'ordinary living patterns, customs, and activities' that Ferge (1987) refers to when she says that neither absolute, nor material definitions of poverty and deprivation are comprehensive enough. The social scientist must consider

that people are living in a web of social relations, generating social obligations and social needs. Of those needs, at least some may not be less elementary than material needs, and may have just as compelling a force. Poverty is not only a condition of economic insufficiency. It is also social and political exclusion (1987:17).

It is this more inclusive definition of poverty which I will use for the study. Therefore, when I use income as a basis for identifying the poor, it is treated as one aspect of the general concept, chosen for convenience rather than inclusivity. This will become apparent as the analysis of the conditions of the elderly and their strategies unfolds.

REVIEW OF THE EMPIRICAL RESEARCH-BASED LITERATURE

There is considerable literature regarding the consequences of poverty among the elderly. It can be treated in terms of two major categories: survival problems and survival strategies. Discussion of the first category includes housing problems, food problems, health problems, and transportation and mobility limitations. Regarding the second category there is discussion about reliance on networks of help, various other strategies of survival, and social isolation.

SURVIVAL PROBLEMS

It is a common assumption that shelter, food, health-care, and transportation are the four most important concerns of elderly people, and presumably the most important items in the budget of poor households.

Housing is a concern for the elderly, whether they own their home or rent it. Often, however, it is financially difficult to maintain the home. Property taxes, heating and electricity bills, and maintenance cannot be met, or can only be met with difficulty. This situation often leads to the sale of the home, or to cut-backs of utility consumption (Campbell, 1993; Keating, 1991; Stuyk, 1976).

Keating (1991) cites studies from two provinces in this regard. A Nova Scotia study of 65 rural municipalities reports that 40% of the elderly had difficulty paying property taxes. Ontario studies report similar results. Furthermore, housing facilities are often inadequate. The Ontario studies also report that 25% to 50% of rural elderly are without any or without multiple facilities of running water, shower, indoor toilet, central heating with whatever utility, and stove or fridge. Campbell (1993) uses the English House Condition Survey of 1991 to demonstrate that in the U.K. if unable to pay for the heating bill many people disconnect their heating systems. This contributed to at least 1,078 deaths (predominantly among the elderly) from hypothermia. Stuyk (1976) reports that elderly Americans lived in inferior housing conditions. For example, deficiencies regarding heating were found in 56% of elderly farm households, and in 22% of elderly metro households. In 20% of farm households some rooms were closed in order to provide adequate heat to other rooms.

Housing assistance schemes ease the housing problems of many in need. Goldblatt (1986) elaborates on the various means available to the poor elderly population in Canada. However, Keating (1991) notes that there are fewer assisted facilities available for the rural senior than for the urban elderly. Hodge (1984) studied the role of assisted housing in nine small Ontario towns. He reported that with the various community services available, and given relatively good health, the senior citizen is able to live comfortably, and independently in such a setting.

Food is another of the four major concerns and budgetary items to discuss. We assume that it is where one can save by being creative. Often, however, being creative alone is not enough. Kallen, et al., report that a community food distribution program for the elderly in Detroit "may have meant the difference between going hungry and getting enough to eat" (1991:151).

It is well known that in times of economic stress the food budget is apt to suffer, since it has the apparent flexibility to absorb some of the increases in fixed expenses such as rent, utilities, medical care and so on (Kallen, et al., 1991:151).

They found that the program eased the economic hardship of poor elderly recipients. The food package's \$25 value per person per month allowed some of the saved money to go toward increased shelter, medical, transportation, and insurance costs.

Land rich and cash poor rural elderly people might have different nutritional problems than do poor urban elderly. They might have enough to eat, but of the wrong kind of food. Carlton-LaNey (1992) found that the ten elderly farm women she talked to in North Carolina lived on a high sodium, high protein diet. This traditional diet - a cultural factor - led to health problems.

In an aged population health problems are expected. However, "[p]oor health is exacerbated by poverty and poor nutrition" (Kallen, et al., 1991:145). This is concurred by Clark et al. (1988) who found that the health status of poor elderly people compared to their non-poor counterparts was worse by two to one.

In addition to health problems there is the question of adequacy of health-care resources for the elderly poor. In Canada, at present, there is adequate national health coverage (administered by the provinces) for the elderly - regardless of income status. In the United States, however, there is a differential health care system: one for those who can pay for it and one for the poor. In addition, after paying for it many become poor. Both Harrington Meyer (1994) and

Coward, et al., (1993) examine this issue. Harrington Meyer found that class, gender, and race are significant predictors of Medicaid use among elderly Americans. Furthermore, it means getting poverty based benefits. It means that "one-fifth of all physicians refuse to see Medicaid patients, and just 6 percent of physicians care for one-third of Medicaid patients (Harrington Meyer, 1994:21). It means that for Medicaid patients there are fewer beds available in institutions than for paying patients. It means long waits, grudging and less comprehensive service. Coward, et al., (1993) and Rowles and Johansson (1993) concur with these conclusions.

[I]n 47 of 54 comparisons (87%) non-metropolitan persistent low income counties had fewer health care resources available for their elderly residents than did other places the same size inside or outside the region (Coward, et al., 1993:378).

This means that for elders in the examined counties there were considerably fewer hospital beds, nursing home beds, nurses, family practitioners, medical specialist, and surgical specialists than in other counties inside and outside of the region. These findings hold even when adjacency to metropolitan areas is considered.

Housing, food, health-status, and mobility are connected. Healthy elderly people are more active than others.

Chronic illness and other health problems might have an impact on activities of daily living. The existence of crippling arthritis, for example, might limit mobility even if the recipient had increased energy resulting from an improved diet (Kallen, et al., 1991:145).

In spite of better nutrition among poor elderly recipients of supplementary food packages in Detroit (Kallen, et al., 1991) greater movement through the community did not follow. The food-package program was designed not only to provide the needy with food-assistance, but also as a means to get them out of the home (to pick up these packages). However, only those elderly who were in relatively good physical condition would pick up their food packages, while others had them

delivered.

Mobility within the community also depends on availability of transportation. Where good public transportation exists it is less of a problem for the healthy elderly. Transportation problems, however, are most acute for the very old, especially for widowed women on small income, and for those who live in rural communities - causing great hardship and their effective isolation (Grant and Rice, 1983; Carleton-LaNey, 1992; Hodge, 1984; and Hodge and Quadeer, 1983; Rowles and Johansson, 1993).

Hodge and Quadeer (1983) found that the rural population is extremely dependent on the automobile. Since most poor elderly persons (72% of their sample) do not own a car, they are dependent on others for transportation. This is particularly so when community resources are beyond walking distance, that is they are located more than about five-hundred meters from the home. Grant and Rice's (1983) research concurs with this, by finding that 80% of poor rural elderly had severe transportation problems.

The literature bore out the assumption that shelter, food, health-care, and transportation are very important concerns of elderly people. It is a struggle for many of them to maintain their own home, to meet their nutritional needs, and to arrange for adequate transportation. They rely on state and community organizations, or on the help of family members, of friends, and of neighbours. In the next section, I examine this reliance on networks of help, as well as other strategies of survival, and the consequences when such strategies fail.

SURVIVAL STRATEGIES

How do poor elderly people manage on their limited financial resources? What about their social participation? Pahl (1989) found that some people do not plan or know how to define housekeeping money: they just buy what is needed. Others plan and keep careful account of

how much is spent on each item. "Poverty-stricken couples usually budgeted carefully, paying their bill for rent and fuel first and using what was left as economically as possible" (Pahl, 1989:140). Lack of money could drastically alter leisure patterns. Activities which did not involve spending would be found such as fishing - with its added benefit: the fish. Some households pool their resources through reciprocal actions (Howarth, 1993). Some will use strategies of saving like doing themselves what others pay for, such as personal care services, or they find ways to supplement their income in the informal economy (Cape, 1982; Newton, 1977). Others might cut back on expenditure items (Bultena, et al., 1986), or do self-provisioning, or share resources (Newton, 1977)². In spite of all this, many elderly poor people do not consider themselves poor, regardless of being defined as such by objective measures.

To cope with poverty elderly people often use various survival strategies which include asking for and getting help from informal and formal networks. I understand networks of help to be formal when the resources are organized and funded either by the state or by volunteer groups; and informal when the help comes from family member(s), from friend(s), and from neighbours. Which source is used depends on cultural value systems, on the existence of these help resources, and on the geographic proximity of these resources to those in need.

There is a great deal of discussion in the literature regarding the nature, and the depth of help provided by these various networks. However, it is sufficient to say that poor elderly people will likely ask family members, friends, and neighbours to help out when in need of assistance, rather than going to formal organizations (Cape, 1982; Clark, et al., 1988; Barret, 1982). This is more characteristic of those elderly who have deeply ingrained cultural and moral values in

²Except for Cape (1982) all other research cited in this paragraph was conducted among middle-aged research subjects.

this regard such as: those living in close-knit rural communities (Rowles and Johansson, 1993), those who belong to groups which were victims of a long history of discrimination (Carlton-LaNey, 1992), those in ethnic communities who have cultural values of taking care of community members (Litwak and Silverstein, 1990), and those who remain, despite widow(er)hood, and poverty, committed to old friendships (Howarth, 1993). These often reciprocal arrangements not only facilitate much needed help but also result in companionship, and physical and emotional security, as well.

Elderly people's social and political isolation is dependent on their social network, on their financial resources, on the availability of transportation, and on their ability and willingness to participate. It seems that poor widows, particularly the very old, and those who live alone - especially in rural areas - tend to be the most isolated (Cape, 1982; Grant and Rice, 1983). They are often victims of lack of formal social networks, or of social networks fallen apart (Carlton-LaNey, 1992).

SOCIAL DEPRIVATION

Social deprivation involves a comparative aspect. As a result, the following types of questions will be addressed: "How do poor elderly people compare to their non-poor counterparts regarding the conditions they live in?" and "How do they conceive of their life-condition?"

Low income elderly have comparatively poorer housing, lower quality of food, poorer health, and fewer services; they have narrower social networks, less mobility, and they get less respect from the community. They are less active in recreation; they go to restaurants less frequently, and they have different shopping habits from others. They are thought of as 'has beens', and they are subjected to negative stereotypes. In short, older elderly people suffer universal decline in their quality of life (Baker, 1988; McDaniel, 1986).

Despite the objective conditions (or the lack of them) many elderly do not feel deprived (Baker, 1988; Clark, et al., 1988; Matthews, 1991; McPherson, 1990). This is particularly true for those who live in close-knit communities which "provide particularly supportive contexts for aging that ameliorate the effects of poverty" (Rowles and Johansson, 1993:359). For them, social relationships are more important than other aspects of their environment as measured with objective indicators. Others who do not have this kind of support are not only poor but they feel deprived, too (Townsend, 1979).

Do poor elderly people accept their deprivation, and do they lower their aspirations, their wants and their needs? Runciman (1966) theorized that it was so. Clark, et al., (1988) found confirmation of this in California during the course of their research, while others did not, like Hodge (1984) in Ontario, and Kallen et al., (1991) in Detroit. The latter two researchers found that although poor elderly people knew how to live within their means, their wants and needs have not diminished, only remained dormant.

Finally, the most exciting 'bottom line' research by Williams (1977) must be mentioned³. She takes an objective and relative approach while calculating the 'consumer detriment' factor at 11% in Britain. This means that poor people actually pay out 11% more to get equivalent goods and services (excluding housing costs) compared to average families.⁴ Williams writes that:

Not only do [poor people] have less money to spend than richer ones, they also get worse value for their money (or for money spent on them). There are thus not one but two dimensions to inequality: that of incomes, and that of value for money. The National Consumer Council [NCC] has called this second dimension *consumer detriment* (Williams, 1977:1).

³I will elaborate on this study in more detail than on any other of the reviewed literature, since it is directly relevant to spending - which is the focus of the present thesis.

⁴Population of all ages.

Using NCC figures, in Britain, in 1977 poor families spent two-thirds of their total spending on housing, fuel, and food, while the average household spent one-third and the rich spent one-fifth. It was found that poor people tend to shop in small local stores where choices and quality were lower and prices were higher. Poor people used less in quantity and cheaper quality fuel, poor insulation, and lower efficiency heating equipment than others. Rather than buying, they rented equipment. They spent 5% of their total expenditure on inferior quality clothes and shoes - usually bought from door-to-door salesmen rather than from stores. They spent 3% on transportation (usually public). They spent 5% on tobacco and alcohol. Moreover, "poor people are less likely than rich to 'know the ropes': know their rights, know about sources of impartial information, know about sources of help" (Williams, 1977:21).

In addition, poor people get less or worse quality goods and services pound for pound than others. '*Consumer detriment*' occurs three ways, according to Williams (1977). First, it is a matter of 'provision and choice'. It is the extent to which poorer people have less access to or choice of good quality goods and services than others. Second, it is a matter of 'use and take-up'. It is the extent to which poorer people make less use of opportunities and services provided. Third, it is the 'outcome'. It is the extent to which fewer provisions, restricted choice, and low take-up result in '*consumer detriment*' and its consequences.

CONCLUSION

The above review was designed to study two areas of the social science literature: definitions of poverty and deprivation, and examples of research addressing the consequences of these definitions. Definitions of poverty and deprivation are very important given their structural nature in the lives of the population affected. Poverty or

experiences of low income are empirical consequences conditioned by policies which are shaped by various definitions of the state of poverty. These experiences are outcomes of not only policy decisions but of social and personal interactions.

The literature includes material relating to both the conditions in which people live and to the ways in which they manage under these conditions. This includes a description of the context (the structure) in which elderly people live, the resources used by them, and the resources lacking to fill the gap left by poverty. Several survival problems were also discussed. Reliance on networks of help and some consumer strategies are addressed in the literature as well, along with the negative effects of social isolation and examples regards to the aspirations, wants and needs of elderly people of low income.

The literature shows, that structural factors influence how elderly people cope with poverty or low income. Structural factors constrain spending, and spending is an empirical indicator of strategies. It is through spending, or rather through spending patterns of elderly households living in various life-conditions, that I propose to identify strategies and how different there strategies are for those living on either side of the Canadian Low Income Cut-Off.

The literature did not provide enough information on the decision-making process regarding household spending, nor did it provide enough comparative information between poverty or low income and other elderly households given the various structural differences. I propose to show that these differences also affect spending. In addition, I will replicate (to some extent) Williams's (1977) work of 'consumer detriment' regarding the elderly population of Canada. I will show what proportion of their total expenditure low income elderly Canadians spend on essentials and other items, and how these figures compare to the expenditures of other elderly Canadians. I will not, however, attempt to show what value they get for their money.

3. METHODOLOGY, RESEARCH DESIGN

The main research questions are: "What are the different spending strategies of elderly Canadians?" and "To what extent are these strategies responses to low income and to other life-conditions?"

Spending strategies will be reflected in the levels of spending, that is, how much is spent on various items. Spending strategies will also be reflected in the patterns of spending, that is the trade-offs which are made among the various items. In addition, the conditions of the elderly and their individual characteristics will be related to their approaches to spending.

To answer the research questions I proceeded through the following stages. First, the literature review was used to identify the characteristics and the conditions elderly people live in, and the various strategies they use in order to cope with poverty or low incomes (see Section 2 above). Such information was very useful during the third stage of the research when I needed to identify the 'context' (structure) variables of the data base in preparation for correlation analysis. Second, informal discussions with low income elderly people are used in order to ground the propositions relating to spending strategies in everyday life-experiences. This information was then used in the third stage of the research when choosing the 'strategy' (agency) variables of the data base in preparation for factor analysis. Finally, data from the 1992 Survey of Family Expenditures Public-Use Microdata File⁵ (FAMEX-92) was used to examine the levels of spending, the patterns of spending, and how the conditions and the characteristics of elderly people are related to their approaches to spending.

⁵It is a Statistics Canada survey conducted in January, February, and March of 1993 and refers to the calendar year 1992. There are 145 expenditure variables along with variables of location (area of residence), housing, characteristics of reference person and spouse, in addition to household description. Further information about the survey is available in Statistics Canada Catalogue 62-555.

Levels of spending are identified by using univariate analysis. Patterns of spending are identified by using factor analysis. Correlation analysis is used to identify relationships between patterns of spending and the context (conditions and characteristic) elderly people live in.

Univariate data, however useful, reflect levels of spending only. Although levels of spending are reflections of spending strategies, which are reflections of approaches elderly people take given the conditions and individual characteristics, they do not facilitate explanation regarding the strategies themselves. They do not help explain action: the trade-offs, the choices people make in order to stay within their means. They do not reflect intercorrelation between items. Levels of spending are result statistics - they are the product of activity.

Strategies of spending are goal-oriented activities. They are reflected in patterns of behaviour juggling household expenditures. Since these patterns are presumed to be reflections of conscious or unconscious decisions made by household members (they are not random), they could be identified through a complex set of correlations. Thus the goal is to find representations of a continuum. Factor analysis is to facilitate this identification. It helps reduce the data and enables us to see some underlying pattern of relationship - in this case strategies of spending (more about this in the **DATA PRESENTATION** section).

It is presumed that spending patterns are not only reflections of the conditions and characteristics of elderly household members, but they in turn affect different aspects of peoples' lives in the household. Therefore, correlation analysis is used to identify the extent of these relationships (more about this in the **DATA PRESENTATION** section).

Several operational decisions were taken during the course of the

research. First, how will 'elderly people' be defined? Although the theoretical discussion refers to elderly people - intimating individuals, the decision was made that the study will focus on elderly households. This decision was rational and practical. Elderly people live in households, either alone or with others - this is a structural condition. The interview subjects talked to me as members of households: their actions were not based solely on individual decisions but concerned the other household member, too. The survey data is based on households, as well. Households were considered to be elderly where either the respondent or the spouse of the respondent was at least 65 years old. Second, rather than using an income variable, the Low Income Cut-off (LICO)⁶ was used as the basis for differentiating low income elderly households from other elderly households. Thus, when interpreting the research results elderly people mean elderly households, and low income elderly are those elderly households which are below the LICO, and other elderly are those elderly households which are above the LICO.

⁶LICO is a Statistics Canada definition. It is determined from an analysis of 1992 Family Expenditure data. Families who on average spent 56.2% or more of their income on food, shelter, and clothing were considered to be in strained circumstances. There are 35 different categories of LICO, dependent on area of residence and on family size. LICO then is related to the income of the household.

4. DATA PRESENTATION AND ANALYSES

INCOME

The conditions elderly Canadians live in are related to their approaches to spending. Some of these conditions are related to income such as their position on either side of the Low Income Cut-Off (are they poor or not), They are related to the geographic location of their households (area of residence), to the size of the household, and to personal and social characteristics. In the first part of this section some Canadian income statistics are presented to situate elderly households in the Canadian context.

Using data from the Family Expenditure Survey of 1992, it is found that elderly households represent 21.3% of the sample population. 17.2% of these elderly households are located in rural areas, while the rest are located in urban areas.

The three tables presented below contain comparative statistics regarding the income situation of elderly Canadian households. In TABLE 1 average total income, and income of various (selected) sources received by elderly and other households are compared.

The table is to be read as follows. According to the results of the 1992 Family Expenditure Survey, the average before tax income of elderly Canadian households is \$27,653. Included in this total are investment income, and government transfer payments, averaging \$4,104 and \$13,577 respectively. Not included in the before tax income are other cash receipts of \$483, government sales tax (GST) credits of \$176, and provincial sales tax (PST) credits of \$77. The after tax income of elderly Canadian households is \$23,761. The information is to be read similarly regarding non-elderly households.

TABLE 1
Selected Average Income \$ of
Elderly and Non-Elderly Households in Canada

INCOME TYPE	ELDERLY HOUSEHOLDS	NON-ELDERLY HOUSEHOLDS
INCOME BEFORE TAXES	27,653	49,244
INCOME AFTER TAXES	23,761	38,963
*GOVERNMENT TRANSFERS	13,577	4,678
*INVESTMENT INCOME	4,104	1,413
**OTHER \$ RECEIPTS	483	1,224
**GST CREDIT	176	171
**PROV'L TAX CREDIT	77	143
	Total Elderly HH n=2,026	Total Non-Elderly HH n=7,466

* These items are included in Income Before Taxes

FAMEX-92, 100% sample

**These items are not included in Income Before Taxes

Taking non-elderly households as the base of comparison (100%), on average, elderly households have 56% of the before tax income and 61% of the after tax income of other households. They have, on average, 2.9 times (290%) the investment income of non-elderly households. However, on average, they receive nearly 3 times (290%) the amount in government transfers than do non-elderly households. When it comes to tax credits they receive about the same (103%) in GST credits, but only 54% in provincial tax credits, compared to non-elderly households. Other cash receipts are 40% of non-elderly households. We find that in elderly Canadian households the bulk (65%) of before tax income comes from government sources and from investment income. In non-elderly households this source is to the extent of 13%.

In sum, examining aggregate data it is found that elderly households, on average, have lower before tax income than other households, regardless of the higher proportion of income coming from government, and from investment sources. If it were not for income coming from government, and from investment sources, elderly people, on

average, would have very little money to spend relative to non-elderly households in Canada.

Since the present research is focused on elderly people, income tables from here on are related only to them. Aggregate income-data is broken down by different conditions, such as the geographical location, and the Canadian Low Income Cut-off (TABLE 2). In addition, in TABLE 3, this information is shown regarding those elderly who live alone.

TABLE 2 illustrates how much money is available on average for expenses⁷ (the total of INCOME BEFORE TAXES, OTHER CASH RECEIPTS, GST, AND PST CREDITS) in low income and in other elderly Canadian households in rural and in urban areas.

TABLE 2
Average Income Available Before Expenses in Elderly
Canadian Households by Area of Residence
and by
LOW INCOME CUT-OFF
(LICO)

LOW INCOME CUT-OFF	RURAL	URBAN
LOW INCOME	9,487 (80)	12,364 (538)
OTHER	28,334 (254)	36,160 (1,075)
n=1,947 + masked cases*		

*Cases of easy identifiability such as in P.E.I. and other small-sampled areas

FAMEX-92, 100% sample

We find that the average before expenses income is distributed in elderly households as follows. In rural low income households it is \$9,487, and in urban low income households it is \$12,364. In rural other households this income is \$28,334, while in urban other households it is \$36,160. Figures in brackets represent the number of cases in the particular category.

It is found that 6.5% of all households of all ages are low income elderly households. Of all elderly households, however, 32% are low

⁷Personal taxes are included in expenses.

income, with 87% of these households located in urban areas. 33% of all urban elderly households are low income compared to the 24% in rural areas. The average income available for expenses in both low income and in other elderly households is lower in rural than in urban areas (77% and 78% respectively).

In sum, although a higher proportion of urban elderly households are low income compared to those located in rural areas, actual dollar comparisons show that on average, both low income and other rural households have less income available before expenses than those in urban areas. These differences could be attributed, among other things, to the definition of the LICO (for rural households lower absolute dollar value separates above and below the LICO than for urban households)⁸. Discussing the definition of the LICO, however, is not within the scope of this research. Regardless, it is absolute dollar amounts which define how much a household can spend, and relative and objective comparisons are based on these amounts.

As a point of interest in situating elderly households in the Canadian context, it is necessary to show how much before expense income elderly people living alone have. TABLE 3 contains information regarding the average income available for expenses⁹ (the total of INCOME BEFORE TAXES, OTHER CASH RECEIPTS, GST, AND PST CREDITS) in single member low income and in other elderly Canadian households in rural and in urban areas. This information is further broken down by the sex of the respondent.

Low income elderly Canadian women living alone in rural areas, on average, had \$9,836 income according to the findings of FAMEX - 92. Comparably, low income elderly men had \$8,958 to spend. Low income lone urban elderly women had \$11,096 income to spend, and low income men had

⁸For more information see "Income Distributions by Size in Canada, 1992" by Statistics Canada - Cat. No. 13-207:43.

⁹Personal taxes are included in expenses.

\$11,524. Others had \$25,286, and \$29,667 respectively.

TABLE 3
Average Income Available Before Expenses in Single
Member Elderly Canadian Households by
LICO and by Area of Residence and
by Sex of Respondent

LICO BY SEX	RURAL	URBAN
LOW INCOME (n=618)		
Female	9,836 (39)	11,096 (321)
Male	8,958 (18)	11,524 (82)
OTHER (n=1,329)		
Female	20,660 (30)	25,286 (222)
Male	17,815 (24)	29,667 (76)
n=1,947 + masked cases		

FAMEX-92, 100% sample

In sum, when the average incomes before expenses are compared among single member elderly households it is found that both low income and other rural women have higher amounts available before expenses than do rural men. However the reverse is found among single member urban elderly households (both low income and others) where men have more money than have women before expenses. In addition, when comparing average income figures of single-member elderly households (TABLE 3) with all elderly households (TABLE 2) on either side of the LICO it is found that aside from low income elderly women living alone, single-member households in all other categories have lower incomes on average than the aggregate average income figures.

In the **INCOME** section of this data presentation I situated elderly households in the Canadian context. Furthermore, I illustrated the importance of various conditions regarding their income-situation, such as source of income, location of household (rural or urban), and being female or being male in a single-member elderly household. These findings are important to note, even though they are not in direct answer to the research questions. Their importance lies with the

conditions elderly people live in: of the objective and relative importance of income in terms of the rest of society, and in terms of it being the financial source of spending.

EXPENDITURES: LEVELS OF SPENDING - UNIVARIATE ANALYSES

Spending strategies are reflected in the levels of spending. In this part of the data presentation comparisons of actual average dollar, and average percentage expenditure by the LICO status are made. This presentation includes a limited replication of Williams's (1977) work regarding 'consumer detriment' to the extent that a comparison is made between low income and other elderly Canadians in regard to what proportion of total expenditure is spent on each main item. In addition a rough balance sheet is made comparing the average amount available before expenses to the total expenditure for both the 'low income' and the 'other' population.

TABLE 4 contains information of various expenditure items of low income and other elderly households of rural and urban areas. This information is provided in average dollar amounts spent by total households, and each main expenditure item as a percentage in relation to the total expenditure.

MAJOR AREAS OF SPENDING

The Canadian Low Income Cut-off (LICO) is calculated by taking into consideration three items of expenditure: food, shelter and clothing. Examining FAMEX - 92 data, on average, 18% of the total expenditure of elderly Canadian households goes for food, 25% goes for shelter, and only 4% goes for clothing. Transportation and personal taxes represent 10% of their total expenditure. The next largest percentage, 8%, is spent on gifts and contributions. Household operating expenses follow with 6%.

TABLE 4
Average Income Before Expenses,
and Average Expenditures in All, Low Income and Other Elderly Canadian Households (HHs)*

ALL HHs		ITEM	LOW INC. HHs		OTHER HHs	
\$	%		\$	%	\$	%
27,469	n/a	Average Income Before expenses	11,991	n/a	34,664	n/a
3,864	18	**Food	2,545	22	4,472	16
5,083	25	**Shelter	4,237	36	5,477	20
4,746	24	Principal Accommodation	4,153	36	5,022	19
1,653	10	Rented Living Quarters	2,300	20	1,351	6
1,789	8	Owned Living Quarters	943	8	2,185	7
1,304	6	Water, Fuel, and Electricity	910	8	1,486	6
338	1	Other Accommodation	84	.5	455	1
1,217	6	**Household Operation	814	7	1,403	5
773	3	**Household Furnish. and Equipment	351	3	970	3
361	1	Household Furnishing	161	1	455	1
342	1	Household Equipment	155	1	429	1
70	.3	Srvce Related to Furn. and Equip.	36	.4	86	.3
1,030	4	**Clothing	485	4	1,283	4
3,507	10	**Transportation	1,244	3	4,550	13
3,175	8	Private Transportation	1,004	.5	4,175	12
332	2	Public Transportation	240	2	375	1
750	3	**Health Care	486	4	875	3
514	2	**Personal Care	318	3	606	2
1,129	3	**Recreation	402	3	1,466	4
191	1	**Reading and Oth. Printed Material	104	1	231	1
71	.2	**Education	12	.1	93	.2
743	3	**Tobacco and Alcohol	374	3	910	3
712	3	**Miscellaneous	264	3	918	3
3,840	10	**Personal Taxes	293	2	5,496	14
410	1	**Security	48	.3	579	1
1,979	8	**Gifts and Contributions	885	7	2,490	8
25,813	100%	TOTAL EXPENDITURE	12,863	100%	31,817	100%
(1947+masked)			(618)		(1,329)	

* \$ figures and % are rounded at decimal point

FAMEX-92, 100% sample

**Main expenditure items total 100% (differences are due to rounding)

Elderly Canadians spend the same percentage, 3%, of their total expenditure on each of the following items: on tobacco and alcoholic beverages, on health care, on household furnishing and equipment, and on recreation. Other main items represent a progressively lower percentage of the total, such as 2% on personal care, 1% on security, 1% on reading materials, and .2% on education.

LOW INCOME/OTHER COMPARISONS

In low income elderly households, on average, 22% of the total expenditure is spent on food while in other elderly household 16% of all expenses goes for this item. Shelter costs represent 36% of the total expenditure in low income, and 20% in other elderly households. There is no difference between percentage (4%) spent in low income or in other elderly households on clothing. Other items are as follow: on transportation 3% of the total expenditure is spent in low income elderly households, while in other elderly households this percentage is 13. For household operation the comparisons are 7% in low income and 5% in other households. On gifts and contributions in low income households 7%, while in other households 8% of the total expenditure is spent. For health care in low income households 4%, and in other households 3%, while on tobacco and alcohol 3% is spent in both low income and in other households. However, low income elderly households pay 2% in personal taxes, while in other households taxes comprise 14% of the total expenditure.

Using other elderly households as the base of comparison (regarding average dollar amounts spent on each item), we find the following. On food, low income elderly households spend 57% of what the other elderly households spend. On shelter, they spend 77% of what the other elderly spend. On clothing, low income elderly household members spend 38% of what other elderly household members spend on this item. On transportation, low income elderly spend 27% of what is spent in

other households. On household operations the percentage is 58. On gifts and contributions, it is 36%. On health care, it is 56%, on personal care, it is 52%, and on tobacco and alcohol, low income elderly households spend 41% of what is spent in other elderly households.

Considering that the average income before expenses in low income elderly households is 35% that of the other elderly households, it could be expected that the difference between their expenses would be similar. However, on the main items of food, shelter, household operations, health, and personal care low-income households spend more than this 35% difference.

In spite of this, on average, low income elderly Canadian households are overspending by only 7% in terms of their average income before expenses. In other elderly households, however, 8% of this income is left unspent at the end of the year. These statistics lead to the speculation that members of low income elderly households manage their money efficiently. While they might use some of their savings to plug the holes in their budget, they must have strategies of spending which allow them to control their expenditures. How is it possible? How do they manage?

The univariate data, however useful, provide levels of spending which are reflections of approaches elderly people take given the conditions and individual characteristics. They do not identify patterns of spending which reflect the choices and the trade-offs they make among the purchase items. Factor analysis is a technique which focuses on the intercorrelation of the items, allowing identification of spending patterns.

EXPLORING STRATEGIES

In order to choose variables for factor analysis propositions regarding spending strategies are made. These propositions are formulated at an abstract level and operationalized through FAMEX - 92.

In order to ground the propositions in everyday life I wanted to talk to members of low income elderly households. I wanted them to tell me how they manage day-to-day, and what are the decisions they make regarding their spending. I wanted them to inform me about the process of their decision-making: how they meet their needs, and how they stay within their means.

My intention was to conduct focused group discussions. Unfortunately I was not successful in organizing such a group. The topic seemed to be too sensitive to inspire any response regardless of contacts with a number of organizations and with individuals.

I was, however, able to have three informal discussions of various lengths with members of three different elderly households. The first discussion was with a couple living in a rural area, the second discussion was with a single woman, a widow, living with one of her single adult sons in a large metropolitan area, and the third discussion was with a man living in a common-law relationship also in a large metropolitan area. They all were receiving the Guaranteed Income Supplement, and thus had low income status. In addition to these three discussions I drew on previous field research I had undertaken for various term-papers, and also on my own life-experiences regarding strategies of spending.

Two of the discussions were taped, and they are transcribed. The third discussion took place over the telephone, and notes were taken. The rural interview was extensive, more like a life-history. It took many hours, two visits, and a follow-up discussion over the telephone to fill in the gaps in our conversation. The urban interview with the elderly man took about an hour. He was very impatient, and wanted to get it finished. This interview was more structured. The other interview with the urban single elderly woman was over the telephone, rather abrupt and matter-of-fact in the sense that she did not see what there was to talk about. Counting pennies was a way of life for her.

As a result of these discussions and previous information a rather extensive but by no means exhaustive list was compiled called "Strategies of Elderly Canadians on Limited Income: Toward a Typology of Spending" (see APPENDIX I). Ten copies of this list were distributed to acquaintances with a request to append it in addition to marking any of the strategies used by them. The response rate was 50%, and there were no substantial additional ideas.

The accumulated information was used to identify different spending strategies potentially used to cope with low income, thus grounding the next stage of the research in everyday experiences. These strategies can be seen as a series of propositions regarding the way in which those with low incomes adjust their spending to save money on expenditure items, or to limit, to cut back, or to cut out some items, or to accept gifts.

These propositions were operationalized by identifying the relevant expenditure variables in FAMEX - 92, which then were converted into variables reflecting proportions of the total expenditures (see FIGURE 1). For example, one strategy to cope with low income is to eat more at home than in restaurants. I was able to operationalize this proposition by using two FAMEX - 92 variables measuring the dollar amounts spent on food bought in stores, and food bought in restaurants. Another spending strategy to be tested was to cut back on or to use alternate utilities. To operationalize this proposition the expenditure variables for liquid fuel, for gas, for other fuel, and for electricity were used. Since these are continuous variables reflecting dollar amounts spent by each household on items, they needed to be standardized for comparability. The rationale is that all units (households) will have a different base (total expenditure) of comparison, and they will spend different amounts on the items. Thus, it is the proportions of the total spent on each item which are to be inquired into, not the amounts.

FIGURE 1
Saving Strategies Tested Through Factor Analysis
(operationalized items are expressed as % of total expenditure)

STRATEGIES	OPERATIONALIZATION
Eat more at home than in restaurants	% spent on food from stores, from restaurants
Grow food-stuffs or receive it unpaid	% unpaid food received
Find cheap residence	% rent paid
Buy materials and do own labour	% paid for materials
Buy materials and pay for labour	% paid for contracts
Do not remodel or update the home	% paid for remodeling
Cut back on or use alternate utilities	% paid for different sources of utilities
Limit water use	% paid for water
Cut back on or cut out long-distance phone-calls	% paid for long-distance phone charges
Cut back on or cut out household supplies	% paid for cleaning, and for wrapping supplies
Cut back on or cut out gardening products	% paid for horticulture
Cut back on or cut out household furnishing and equipment	% paid for household furnishing, and for equipment
Do own repairs on household furnishing and equipment	% paid for repairing household furnishing and equipment
Make, alter, and clean own clothes	% paid for clothes made
Use public rather than private transportation	% paid for private, and for public transportation
Cut back on or cut out health expenses	% paid for health-care
Cut back on or cut out personal items	% paid for personal items
Cut back on or cut out personal care services	% paid for personal services
Cut back on or cut out entertainment expenses	% spent on different items of recreation and entertainment
Cut back on or cut out alcohol consumption, or drink at home	% paid for alcohol in-, and for outside the home
Cut back on or cut out smoking	% paid for tobacco products
Cut back on or cancel life insurance	% paid for life-insurance
Cut back on or cut out charitable contrib.	% paid for charity
Will accept gifts of all sorts	% spent on gifts
Will gamble	% spent on government lottery

FAMRX-92, 1001 sample

EXPENDITURES: PATTERNS OF SPENDING

FACTOR ANALYSIS

After generating 25 potential strategies of spending (25 propositions) and operationalizing these propositions by using 40 variables (39 expenditure items and the total expenditure variable) from FAMEX - 92, the statistical technique of *factor analysis* was used to test the extent to which the various strategies were employed. Factor analysis has data-reducing capability. It is designed to reduce the complexity among variables by assuming that those variables which are highly intercorrelated are so because of some underlying factor¹⁰. In this case the factors are presumed to be spending patterns - each representing a dimension or a continuum. They reflect the notion that an individual household can be represented at different points on any one of these dimensions, or in other terms, adopt these various strategies to a greater or lesser degree.

The 39 expenditure variables (representing proportions of items in relation to the total expenditure) were subjected to *principal-component analysis* with *orthogonal* extraction and with *varimax* rotation. Missing data was replaced by the mean and was deleted pairwise. *Principal-component analysis* means that the variables included in the analysis are defined as exact mathematical transformations of the original data. The factors defined provide the best linear combination of the variables. *Orthogonal* (independent, or different) extraction means that the correlation between factors is arbitrarily determined to be zero. Thus, each factor may be viewed as a summary of linear relationships exhibited in the data, with the first factor providing the best combination of variables; the second factor providing the next best, and so on, providing that each subsequent factor is orthogonal to the previous one.

¹⁰Explanations referring to the technique of factor analysis are based on Nie, et al. (1975:Chapter 24)

Thus, each subsequent factor will account for the proportion of the variance not accounted for by the previous factor. Varimax rotation simplifies the columns of the factor matrix.

The resulting rotated factor matrix contained 14 extracted factors which are ordered by their relative importance (eigenvalue) in terms of the percentage of variance they explain among the variables (see: APPENDIX II). For example, Factor 1, explains 6.8% of the variance among the (39) variables. All the factors extracted explain 51.2% of the variance among the variables. The factors are theoretical constructions of the empirical correlations between the variables. Each coefficient or factor loading (the number in each cell at the intersection of variable and factor), is a value representing both a regression weight and a correlation coefficient between the variable and the factor. High-loading coefficients (I decided the cut-off to be .3) describe the factor. Thus, each factor identifies a set of strategies which are theoretical inferences derived from the empirical correlations between the variables originally used in the analysis.

In this fashion, the 14 factors represent (describe) 14 spending patterns, each of which can be thought of as a life-style. Factor 1, represents the life-style of the 'Clean and Propers' with high proportions of spending on cleaning, on wrapping, and on personal supplies and services in addition to buying food from stores (see: FIGURE 3 illustrating high-loadings of .73, on the cleaning supplies; .72, on wrapping supplies; .65, on personal supplies; .40, on food from stores; and .38, on personal services). High-loading variables in Factor 2, describe the life-style of the 'Gas-Heating Swimmers' with high proportions of spending on gas, and on water (see: FIGURE 4). Factor 3, represents high proportions of spending on liquid fuel and electricity, on renovation, on clothing made, and on food bought from stores - describing the life-style of the 'Dual-Energized Renovators' (see: FIGURE 5). Factor 4, infers the life-style of the 'Tapers'

with high proportions of spending on video- and audio-tapes, and on recreation equipment (see: FIGURE 6). **Factor 5**, indicates high proportions of spending on spectator entertainment and on recreation services, and describes the life-style of the 'Active Spectators' (see: FIGURE 7). **Factor 6**, represents the life-style of the 'Long-Distance Travellers' with high proportions of spending on public transportation as opposed to private transportation, and high proportion of spending on long-distance calls (see: FIGURE 8). High-loading variables in **Factor 7**, describe the 'Fuming Alcoholics' with high proportions of spending on alcohol consumed in and outside the home, and on tobacco products (see: FIGURE 9). **Factor 8**, represents high proportions of spending on charity, and on horticultural product, as well as low proportions of spending on tobacco products, and on food bought in stores - describing the life-style of the 'Charitable Non-Smoking Outgoing Gardeners' (see: FIGURE 10). High-loading variables in **Factor 9**, represent high proportions of spending on services relating to furniture and equipment, on maintenance labour cost, and on horticultural products and services - describing the 'Contractors' (see: FIGURE 11). **Factor 10**, represents the high proportions of the value of food produced or received as wages, high proportions of spending on long-distance calls, and on electricity - inferring the life-styles of the 'Phone-in Electrified Harvesters' (see: FIGURE 12). High-loading variables in **Factor 11**, reflect high proportions of spending on household furnishing and equipment, on renovations, and on maintenance materials - describing the 'Refurbishing Innovator Do-It-Yourself Renovators' (see: FIGURE 13). **Factor 12**, represents high proportions of spending on reading material, on alternate fuel such as wood, and on food bought in stores of the 'Fireside-Snacking Readers' (see: FIGURE 14). The life-style of 'Life-Insured Lone Lotto Players' inferred by the high-loading variables of **Factor 13**, represents high proportions of spending on life-insurance, and on buying lotto of those households which do not receive gifts (see:

FIGURE 15). Finally, **Factor 14**, represents high proportions of spending on recreation vehicles of the 'Road-Runner Sailors' (see: **FIGURE 16**).

Theoretically, each elderly household could be located somewhere in one of these life-styles. How these life-styles change, that is, how these spending patterns change, which spending strategies, and to what extent do members of elderly households adopt, depends on the one hand on the context of their lives: on the conditions they live in, and on their personal characteristics. On the other hand, their life-conditions might depend on the spending strategies they employ. This relationship is discussed in the next section.

CORRELATION ANALYSIS

In order to establish whether there is a relationship between spending patterns and life-conditions a *correlation matrix* was prepared. Fifteen condition and characteristic variables were chosen from FAMEX - 92 and correlated with each factor. All variables which were not at least ratio level were recoded (or computed) into 'Dummy variables' with two categories: 0 and 1.

The correlation matrix contains unstandardized regression (*Pearson product-moment correlation*) coefficients for each pair of variables - examining zero order relationships. A *two-tailed test of statistical significance* was applied for each co-efficient requested, since the direction of the relationship between the variables is not theoretically determined. The significance level of $*p \leq .01$ or $**p \leq .05$ indicates that the probability of error is less than or equal to 1% or to 5% respectively, if the assumption that there is no relationship between the particular 'condition and characteristic' variable and the strategies is rejected. In other words, it might only be chance one or five times (respectively) out of 100, if a relationship is assumed between them. Conversely, we make a mistake only one or five times if we say that there is a relationship between each of the spending

patterns (the factors) and each of the various conditions and characteristics of elderly people.

FIGURE 2
Condition and Characteristic Variables Used with Factors in
Correlation Matrix

ORIGINAL (LABELS) AND VARIABLES	DUMMY VALUE LABELS	DUMMY CATEGORIES
(LICO) Low Income Cut-Off	Below LICO Above LICO	0 1
(AREA) Area of Residence	Rural (farm & non-farm) Urban	0 1
(GEOCODE) Provinces	Prairie Provinces All Other	1 0
(TYPEDWEL) Type of Dwelling	Room, Mobile Home, Apartment All other	0 1
(ROOMS) Number of Rooms in Dwelling	One to Three More	0 1
(SOCASSIS) Social Assistance	No Yes	0 1
(EFNUM) Number of Economic Families	One Two or More	0 1
(HHNETCH) Net Change in Assets and Liabilities	Less than \$ 0 (zero) \$ 0 (zero) or More	0 1
(HHCOMP) Household Compositions	One Person More	0 1
(RFSEX) Sex of Referent Person	Male Female	0 1
(RFMARST) Marital Status of Referent	Single (also divorced, widowed) Married or Common-Law	0 1
(RFOCCUP) Occupation of Referent	Farming, Fishing, Forestry, Lugging All Others	1 0
(SPOCCUP) Occupation of Spouse	Farming, Fishing, Forestry, Lugging All Others	1 0
*(TOTADULT) Total Number of Adults (16yrs or older) in HH	*Continuous Variable	n/a
*(TOTCHILD) Total Number of Children (15 yrs and under) in HH	*Continuous Variable	n/a

FAMEX-92, 100% sample

To examine the extent that spending strategies are responses to low income I began the analysis with the correlations between the LICO variable and the factors. The relevant correlation coefficients of the correlation matrix and high-loading variables of the factors are

illustrated in **FIGURE 3** to **FIGURE 16**.

It is found that **Factor 1**, and the Low Income Cut-off variable negatively and significantly correlate with one another. In addition, there is a significant negative relationship with the geographic location of the residence, and a significant positive relationship with the referent person's sex.

FIGURE 3
Factor 1 'CLEAN AND PROPER'
'EXTENT OF SPENDING ON HOUSEHOLD AND ON PERSONAL SUPPLIES AND SERVICES':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables	Condition Variables
Household cleaning supplies .73	Low Income Cut-off -.24**
Household wrapping supplies .72	Area of Residence -.09**
Personal supplies .65	Sex of Referent Person +.13**
Food from stores .40	
Personal services .38	

*p<=.05 **p<=.01

FAMEX-92, 100% sample

The -.24 (significant) coefficient indicates that the lower the income, the greater the extent of spending on household cleaning supplies, on household wrapping supplies, on personal supplies, on food from stores, and on personal services. The significant correlation between the income variable and the factor suggests that these strategies are important when income levels vary. The geographic location of the household, and the sex of the referent person are also important conditions in 'Clean and Proper' households.

Factor 2, does not correlate significantly with the LICO variable. Other condition and characteristic variables, however, show significant relationships with this life-style.

The -.02 (not significant) coefficient suggests that spending strategies of heating with gas, water use, and the extent of spending on rent are not tied to income variations. The geographic location of the household, the type and the size of the dwelling, and the existence of a

cohabiting couple in the household are important conditions when spending strategies of 'Gas-Heating Swimmers' are concerned.

FIGURE 4
Factor 2 'GAS-HEATING SWIMMERS'
'EXTENT OF SPENDING ON GAS, ON WATER AND ON RENT':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Gas heating	.83	Low Income Cut-Off	-.02
Water	.74	Area of Residence	+.07**
Rental	-.41	Province	+.32**
		Marital Status of Referent	+.05*
		Type of Dwelling	+.35**
		Number of Rooms	+.26**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

Factor 3, positively and significantly correlates with the LICO, as well as with many of the condition and characteristic variables.

FIGURE 5
Factor 3 'DUAL-ENERGIZED RENOVATORS'
'EXTENT OF SPENDING ON LIQUID FUEL, RENOVATION, CLOTHING MADE, AND FOOD BOUGHT FROM STORES':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Liquid Fuel	.59	Low Income Cut-Off	+.09**
Clothes Made	-.56	Area of Residence	-.17**
Rental	-.42	Province	-.22**
Renovations	.36	Household Composition	+.14**
Electricity	.36	Marital Status of Referent	+.11**
Food From Stores	-.33	Sex of Referent Person	-.08**
		Total Adults in HH	+.13**
		Type of Dwelling	+.36**
		Number of Rooms	+.28**
		Net Change in Assets/Liab.	+.12**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

The +.09 (significant) correlation coefficient suggests that spending strategies of households located on this continuum are

sensitive to changes in income levels. Low income would likely cause a decrease in the extent of spending on liquid fuel, renovations, and electricity. At the same time there would be a shift to greater spending on clothes made at home, on buying a home rather than renting it, and on purchasing food from stores. Geographic location of the household, the type and the size of the dwelling, the household's composition, the existence of a cohabiting couple in the household, and their financial position are all important conditions with regard to the kind of strategies employed by 'Dual-Energized Renovators'.

The positive and significant correlation between income level and spending patterns of Factor 4, suggests that the lower the income, the lower the extent of spending on video-, and audio-tapes, and on recreation equipment.

FIGURE 6
Factor 4 'TAPERS'
'EXTENT OF SPENDING ON HOME-ENTERTAINMENT, AND ON RECREATION EQUIPMENT':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Blank Video-Tapes	.78	Low Income Cut-Off	+.12**
Blank Audio-Tapes	.75	Household Composition	+.09**
Recreation Equipment	.41	Marital Status of Referent	+.06**
		Sex of Referent Person	-.09**
		Total Adults in HH	+.13**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

Other conditions and characteristics, such as household composition, whether there is a cohabiting couple living in the household, and the sex of the respondent are also important when strategies of spending are determined in the households of 'Tapers'.

Similarly to Factor 2, strategies identified in Factor 5, are not affected by changes in income level. Thus, for changes in the extent of spending on spectator entertainment, and on recreational services we must look to other conditions with which they are significantly related.

Thus, for 'Active Spectators' the geographic location of their residence, the household's composition, marital status, and the sex of the referent person are important conditions and characteristics when decisions are made with regard to spending strategies.

FIGURE 7
Factor 5 'ACTIVE SPECTATORS'
'EXTENT OF SPENDING ON SPECTATOR ENTERTAINMENT AND ON RECREATION SERVICES':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Spectator Entertainment	.76	Low Income Cut-Off	-.01
Recreational Services	.75	Area of Residence	+.17**
		Household Composition	-.09**
		Marital Status of Referent	-.07**
		Sex of Referent Person	+.10**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

Factor 6, is identified by a shift in the extent of spending from private transportation to increased spending on public transportation, and by high proportion of spending on long-distance phone calls. These strategies are responses to low income.

FIGURE 8
Factor 6 'LONG-DISTANCE TRAVELLERS'
'EXTENT OF SPENDING ON PRIVATE TRANSPORTATION, ON PUBLIC TRANSPORTATION, AND ON LONG-DISTANCE CALLS':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Public Transportation	.67	Low Income Cut-Off	-.22**
Private Transportation	-.67	Area of Residence	+.12**
Long-Distance Calls	.34	Household Composition	-.21**
		Marital Status of Referent	-.19**
		Sex of Referent Person	+.23**
		Total Adults in HH	-.18**
		Type of Dwelling	-.21**
		Number of Rooms	-.20**
		Net Change in Assets/Liab.	+.14**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

Other conditions, such as the sex, and marital status of the referent person, the household's composition, the type and the size of the dwelling, and the financial position (change in assets and liabilities) of the household are also important with regard to spending strategies for 'Long-Distance Travellers'.

The spending pattern identified in Factor 7, is significantly and positively correlates with the LICO variable. This suggests decrease in the extent of spending on alcohol consumed in, or outside the home, and on tobacco products in relation to decreased income levels.

FIGURE 9
Factor 7 'FUMING ALCOHOLICS'
'EXTENT OF SPENDING ON ALCOHOL AND ON TOBACCO PRODUCTS':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables	Condition Variables
Alcohol Out .69	Low Income Cut-off +.14**
Alcohol In .62	Household Composition +.08**
Tobacco Products .37	Marital status of Referent +.05**
	Sex of Referent Person -.16**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

The household's composition, and the sex of the referent person, as well as the existence of a cohabiting couple are also important conditions and characteristics when strategies of spending are employed in the households of 'Fuming Alcoholics'.

There is a significant and positive correlation between spending strategies identified in Factor 8, and the LICO.

Variations in income level relate to the extent of spending on various items. As income decreases so does the extent of spending on charity, and on horticultural products and services, increasing the extent of spending on tobacco products and on food bought in stores. The type and the size of the residence are also important when strategies of spending are concerned in the households of 'Charitable

Non-Smoking Outgoing Gardeners'.

FIGURE 10
Factor 8 'CHARITABLE NON-SMOKING OUTGOING GARDENERS'
'EXTENT OF SPENDING ON CHARITY, ON TOBACCO PRODUCTS, ON FOOD BOUGHT IN
STORES, AND ON HORTICULTURAL PRODUCTS
AND SERVICES':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Charity	.63	Low Income Cut-Off	+.16**
Tobacco Products	-.45	Type of Dwelling	+.16**
Food from Stores	-.41	Number of Rooms	+.16**
Horticult. Items	.40		

*p<=.05 **p<=.01

FAMEX-92, 100% sample

Significant and positive relationship exists between the LICO variable and spending strategies defined in Factor 9.

FIGURE 11
Factor 9 'CONTRACTORS'
'EXTENT OF SPENDING ON SERVICES RELATING TO FURNITURE AND EQUIPMENT, ON
MAINTENANCE LABOUR COST, AND ON HORTICULTURAL PRODUCTS AND SERVICES':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Service of Furn. and Equip.	.74	Low Income Cut-Off	+.07**
Maintenance Labour	.59	Type of Dwelling	+.22**
Horticultural Items	.43	Number of Rooms	+.20**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

In the households of 'Contractors' the lower the income, the lower the extent of spending on services relating to furniture and equipment, on maintenance labour, and on horticultural products and services. The type and the size of the dwelling occupied by the household are also important when spending strategies are determined.

Similarly to Factors 2, and 5, variations of income level do not relate to changes in spending strategies identified in Factor 10.

However, the extent of food produced or received as wages, or spending on long-distance phone calls, and electricity are related to other conditions existing in the households of 'Phone-in Electrified Harvesters'. The geographic location, the type and the size of the household, the sex and the occupation of the referent person are important with regard to spending strategies.

FIGURE 12
Factor 10 'PHONE-IN ELECTRIFIED HARVESTERS'
'EXTENT OF FOOD PRODUCED OR RECEIVED AS WAGES, SPENDING ON LONG-DISTANCE CALLS, AND ON ELECTRICITY':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Food Produced or Received	.60	Low Income Cut-Off	-.04
Long Distance Calls	.55	Area of Residence	-.27**
Electricity	.40	Province	+.11**
		Sex of Referent Person	-.07**
		Type of Dwelling	+.19**
		Number of Rooms	+.14**
		Occupation of Refernt	+.15**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

There is a significant and positive correlation between the spending pattern identified in Factor 11 and the LICO.

FIGURE 13
Factor 11 'REFURBISHING INNOVATOR DO-IT-YOURSELF RENOVATORS'
'EXTENT OF SPENDING ON HOUSEHOLD FURNISHING AND EQUIPMENT, ON RENOVATIONS, AND ON MAINTENANCE MATERIALS':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Household Furnishings	.69	Low Income Cut-Off	+.11**
Household Equipment	.61	Area of Residence	-.11**
Renovations	.45	Household Composition	+.14**
Maintenance Material	.33	Marital Status of Refernt	+.14**
		Sex of Referent Person	-.07**
		Total Adults in HH	+.12**
		Type of Dwelling	+.12**
		Number of Rooms	+.12**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

The lower the income, the lower the extent of spending on household furnishings, on household equipment, on renovations, and on maintenance materials in the households of 'Refurbishing Innovator Do-It-Yourself Renovators'. As well, spending patterns are significantly related to the geographic area, to the type and the size of the household, to the existence of a cohabiting couple in the household, to the sex of the referent person, and to the household's composition. Factor 12, and the LICO variable are significantly and negatively correlate with one another.

FIGURE 14
Factor 12 'FIRESIDE-SNACKING READERS'
'EXTENT OF SPENDING ON READING MATERIAL, ON ALTERNATE FUEL, AND ON FOOD BOUGHT IN STORES':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Reading Materials	.56	Low Income Cut-Off	-.09**
Other Fuel	.55	Area of Residence	-.11**
Food from Stores	.34	Household Composition	-.05**
		Net Change in Assets/Liab.	+.10**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

This suggests that the extent of spending increases on reading material, on other fuel such as wood and bottled gas, and on food bought from stores when income levels drop below the LICO. The geographic location of the household and its composition, as well as its financial position are important with regard to spending strategies of 'Fireside-Snacking Readers'.

There is a significant and positive correlation between the LICO variable and Factor 13.

This suggests that as income levels decrease, there is a corresponding increase in gifts received, and decrease in the extent of spending on life-insurance, and on the purchase of government lottery. The household's composition, the sex of the referent person, and the

existence of a cohabiting couple in the household of 'Life-Insured Lone Lotto Players' are also important when strategies of spending are determined.

FIGURE 15
Factor 13 'LIFE-INSURED LONE LOTTO PLAYERS'
'EXTENT OF SPENDING ON LIFE-INSURANCE, AND ON BUYING LOTTO, AND THE
EXTENT OF GIFTS RECEIVED':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Life-Insurance	+.65	Low Income Cut-Off	+.11**
Gifts Received	-.46	Household Composition	+.18**
Government Lotto	.41	Marital Status of Referent	+.15**
		Sex of Referent Person	-.12**
		Total Adults in HH	+.16**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

Factor 14, significantly and positively correlates with the LICO variable.

FIGURE 16
Factor 14 'ROAD-RUNNER SAILORS'
'EXTENT OF SPENDING ON RECREATION VEHICLES':
High-Loading Variables
and
Significantly Correlated Condition Variables

High-Loading Variables		Condition Variables	
Recreation Vehicle	.84	Low Income Cut-Off	+.13**
		Household Composition	+.19**
		Marital Status of Referent	+.14**
		Sex of Referent Person	-.14**
		Total Adults in HH	+.15**
		Type of Dwelling	+.10**
		Net Change in Assets/Liab.	-.13**

*p<=.05 **p<=.01

FAMEX-92, 100% sample

This indicates that the lower the income, the lower the extent of spending on recreation vehicles. Conditions and characteristics, such as the composition of the household, the sex of the referent person, the

type of dwelling the household occupies, and their financial position, are also important when 'Road-Runner Sailors' make decisions with regards to spending strategies.

In sum, aided by the statistical techniques of factor and correlation analyses, propositions relating to spending strategies grounded in everyday life-experiences were tested. Fourteen spending patterns or life-styles were identified in order of importance. Theoretically, each of these life-styles are different. However, any one household can be located somewhere on all of these factors, and each one will tend to be related more strongly to one factor or another. Exactly where they are located depends on their income level and on other life-conditions. As we saw, in some cases, the lower the household income, the higher the proportion of the total household expenditure is spent on some items: such as cleaning supplies, and so on. In other cases, the lower the income the lower the proportion of the total expenditure is spent on some items such as charity, but the higher the proportion is spent on other items such as tobacco or food from stores. There is a switch to personal maintenance items.

There are important spending patterns describing life-styles which are directed at the maintenance of the physical person such as expenditures on cleaning and personal supplies, food, shelter, heating, and water. The next most important spending patterns are directed at the soul or the psychological well-being of the person, such as entertainment in- and outside the home, transportation, and long-distance calls. After these there are spending patterns relating to benevolence (giving to others) and to the beautification of the home. These are expenses relating to paying for services, or to beautifying the home (gardening, furnishings, maintenance, renovation). After these, there are spending patterns which are directed at security, such as buying life-insurance, and playing the lotto.

The fourteen spending patterns could be reclassified when

directing the inquiry to their relation to the income variable. Thus, three main types of responses to low income can be inferred: those which are directed at the person; those which are directed at the immediate physical surrounding of the household; and those responses to low income which have to do with interaction with people and places outside the household. First, as income decreases there is likely more spending on personal supplies and services, on clothes made at home, and on food bought from stores. In addition, there is more spending on reading materials, and on using alternate, presumably cheaper utilities. There is decreased spending on recreation vehicles and activities. There is likely less use of alcohol and tobacco, and decreased spending on life-insurance. Second, there is likely a decrease in spending on furniture, renovation, and maintenance: both regards to purchases, contracts, and services. Furthermore, there is decreased spending on gardening products and services. Third, there is increased use of public transportation over private transportation, and increase in long-distance phone calls. Finally, there is a decrease in giving to charity.

Now, those strategies adopted in response to low income will be summarized which are most likely to be adopted by members of elderly households in rural areas, and those which are most likely to adopted in urban areas. These strategies are listed in order of importance. Strategies most likely employed in rural areas are increased spending on cleaning and wrapping supplies, on personal supplies and services, and on food from stores (**Factor 1**); increased spending on liquid fuel, on renovations, on electricity, and decreased spending on clothes made at home, on rental, and on food from stores (**Factor 3**); increased spending on furnishing, on equipment, on renovations, and on maintenance material (**Factor 11**); increased spending on reading materials, on other fuel, and on food from stores (**Factor 12**). Strategies most likely adopted by urban elderly households (inferred by **Factor 4**, only), are increased

public transportation as opposed to private transportation, and increased long-distance phone charges.

Other condition and characteristic variables were tested, and many significantly related to the spending patterns indicating that life-conditions do affect spending strategies, and that spending strategies reflect back on these conditions.

5. DISCUSSION AND CONCLUSION

The research aimed to identify strategies of spending - patterns of action elderly Canadians take, given their varied life-conditions - the structure of their lives. Primarily I wanted to demonstrate that these strategies are different in low income and in other households. Furthermore, I asked if these differences can reveal the consequences of poverty for the elderly?

Life-conditions were thought of as the context within which each household operates. These structural conditions, in the long term, are largely beyond the control of those affected. Strategies were thought of as agency, the action elderly people take regarding their spending. This is where, in the short term, they have a greater degree of control. Causal relationship was not presumed between the two concepts.

To answer the research questions, patterns of spending needed to be identified, and their relationships to indicators of life-conditions had to be tested. The research identified the most important spending patterns which are adopted by the elderly for managing their finances. By using factor analysis 25 propositions were tested and reduced to 14 spending patterns. These can be interpreted as 14 distinct life-styles. As a result of factor analysis the relative importance of these 14 patterns were demonstrated by using the percentage of variance explained by each factor.

Using correlation analysis in conjunction with factor analysis, the research identified the strategies most likely utilized in order to cope with low incomes, as well as it also identified the relative importance of these strategies in this regard. Strategies most likely to be adopted by elderly living in rural areas, as opposed to those living in urban areas are identified. In addition, the relative importance of the strategies for differentiating rural and urban households is also identified. Furthermore, other household conditions

and characteristics such as household composition, sex of main income-recipient, type and size of residence, marital status, number of adults in the household were also related to the various strategies employed.

The research reveals the consequences of low incomes among the elderly, as well. The univariate data analysis of TABLE 4, demonstrates that low income elderly are deprived both in relative and in objective terms when their level of spending is compared to that of other elderly. Furthermore, if we think of each spending pattern (each factor) as a distinct life-style, then we might conclude that some life-styles describe social deprivation in low income households.

We could consider the extent to which the high-loading variables in each factor are related to social participation. For example we could say that the activities inferred by the first factor (increased spending on household and on personal supplies and services with income levels falling below the low income cut-off) tend to be limited to the home. Similarly, the fourth, the twelfth, and the fourteenth factor describe spending patterns (relating to home-entertainment, recreation, and reading materials, and food purchased from stores) which also tend to limit activities to the home when income falls below the LICO. Other factors, such as the eighth, show that with decreased income the extent of spending on helping others likely decreases, along with going out to restaurants (by spending more on food bought from stores). Similarly, the lower the income, the lower the extent of spending on tobacco and alcohol products (factors seven and eight). These activities could be construed as the consequences of low incomes.

Of course it is difficult to tell from the results how actively elderly people participate in social activities. Some of them might not leave the house much, or they might not spend much on activities outside the home, but they might be visited quite often. Their structural

conditions might not deter them from living active lives. As Monette¹¹, they might never go out to a restaurant, rather, they invite the family for dinner - but "they have to bring the drinks" (Urban interview - notes, 1994:1). Or I found out from talking to Masha and Fred¹² that "sometime I have ... 12-15 people for supper. No problem for me, really, no problem. We are invited very much, [too]" (Rural Interview - notes, 1994:7).

Elderly people of low income do not necessarily have to spend much on charity, or on activities to participate socially outside their home. They are active agents in living their lives. Masha and Fred, for example, volunteer by-weekly at the local food bank. Fred also sings at funerals, and at church concerts. He is taking singing lessons at a nearby CEGEP. She does 'activity lessons' for depressed people on the phone three to four hours per week. They are busy. So is Monette, the urban widow I interviewed. She is the president of a senior's club: "I am very busy with the seniors, the church. I play darts - a good therapy" (Urban interview - notes, 1994:2).

These interviews gave me insight which I might not have otherwise. Therefore, I believe, field-based research is important for a well-grounded study. As well, it is needed in order to discover the processes leading to the decisions people make with regard to their expenditures. We need to find out more about the kind of thinking Mr. Jack¹³ talked about:

I only buy what I mostly need, that's all. ... You cut down everything, this is the secret of your success, if you can call it a success. No debts. I avoid debts like anything! I buy something when I have the cash! If I don't have the cash I don't buy it. Though I have credit card. But by the end of the month I pay it. ... I pay by the due date. I never pay interest! (Urban interview of cohabiting couple - notes, 1994:9, 13, 14)

¹¹pseudonym

¹²pseudonym

¹³pseudonym

Besides more extensive fieldwork the statistical analysis could also be extended. For example, the factors could be subjected to multiple regression analysis in order to determine the impact each particular condition or characteristic has over and above all the others. Or a causal model (path analysis) could be worked out using a series of multiple regression analyses. With this technique the standardized partial regression coefficients would indicate the independent effect each of the conditions have on spending patterns while all the other conditions would be held constant. Furthermore, separate factor analyses could be done of low income and of other elderly households, and the results compared to find out whether the life-styles identified could be maintained with declining income. Ideally, this latter should be done time over time using longitudinal data.

Regardless, the research results bore out the structure and agency relationship presumed. In spite of structural constraints, members of elderly households employ spending strategies, either through their 'artfulness' or by other means, to manage their finances, and to have a diversity of life-styles. Although the present research did not provide 'the comprehensive insight' into spending strategies as responses to low incomes among elderly Canadians, it is a small contribution to the literature in the area of poverty consequences. By focusing on spending, it is also contributing to the literature in the area of consumption.

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Strategies
of
Elderly Canadians
on
Limited Income:
Toward a Typology of Spending

Dear Participant,

Thank you for taking the time to read the following few pages.

By putting a check-mark beside, or circling the strategies you have employed, you will assist me with my research. I am looking for all sorts of ways to save money within a household budget.

If you know of any other ways besides the ones printed, please do not hesitate to share them with me by writing them down in the relevant section(s).

I only want to know a few personal information about you:

1. Are you living alone, or with at least another person?

alone ___ at least with another ___

2. Are you living in a household in which you or your partner is aged 65 or older?

yes ___ no ___

3. If you are living alone are you

female ___ male ___

4. Do you receive Guaranteed Income Supplement or other social assistance?

yes ___ no ___

Thank you for your patience.

Sincerely,
Elizabeth Szekely,
Concordia University
Dept. of Sociology and Anthropology

EXPENDITURE ITEM

CUT-BACKS

INCOME SUBSTITUTION

FOOD

-buy specials and plan around them

-use coupons and mail-ins and plan around them

-buy store brands

-do the above 3 in conjunction

-plan ahead and buy specials, or use coupons, or do both in conjunction

-buy large quantities at retailers or at wholesalers or at farmers, or do all 3, and store or freeze or preserve, or do all 3

-pick vegetables at farms, may store or freeze or preserve, or do all 3

-only buy what is needed, with or without limiting variety and /or portions

-limit variety and portions

-cooking/baking from scratch

-use ingredients of the season

-not eat in restaurants

-if eating in restaurants chose the cheaper one, use coupons, specials

-shared cooking.

-grow own vegetables and fruits

-exchange food for some other service rendered to child(ren) or to others

-child(ren) or others subsidize food-budget

-live with child(ren) or others who pay for all food items

-food bank.

SHELTER

-residence in preferred neighbourhood, but compromise on size to stay within budget

-residence where cheapest, with or without compromising size

-sharing accommodations with other independent elders.

-renting out part of the residence

-subsidised housing (formal)

-child(ren) or others subsidize accommodation

-live with child(ren) or others (share or not in the expenses)

-reverse mortgage.

UTILITIES

-heat with wood

-switch to dual energy or gas furnace

-set thermostat low

-set thermostat low and use ceiling fan

-have one phone, the cheapest, and basic service

-only discounted long-distance calls

-long-distance plans

-switch off lights when not in room

-use energy efficient appliances

-insulate walls.

-buy wood, but chop it yourself

-have own forest, chop own wood

CLEANING SUPPLIES & SERVICES

-same as with food

-eliminate redundancy.

-do own cleaning, rug/upholstery shampooing.

PAPER/PLASTIC/FOIL

-do as with food

-limit use

-do not use, but use containers.

-recycle.

**HORTICULTURAL GOODS
& SERVICES**

-buy large quantities of seed, earth, and fertilizers

-do own gardening

-recycle.

-exchange of seedlings and seeds

-buy/have second hand tools

-shared gardening (community gardens).

**HOME-REPAIRS &
RENOVATIONS**

-buy supplies and have someone do the work for a fee

-use government subsidies to pay for part of the job

-do without.

-buy supplies and do it yourself/friend, neighbour, family

-child(ren) or others buy supplies and do the job.

**HOUSEHOLD FURNISHING
& EQUIPMENT**

-buy specials

-sew window coverings, slips

-buy secondhand at estate sales, garage sales, bazaars, private sales, at Salvation Army

-repair, mend, paint by self/friend, neighbour, family

-buy at bankruptcies, warehouse sales

-inherit/hand-me-downs

-buy wholesale, at auctions.

-exchange

-not buy, keep what you have and take care of.

-make own.

CLOTHING & SERVICES

-as with household furnishing & equipment.

-clothes distribution centres.

HEALTH CARE

- no supplementary insurance
- use alternate treatment options
- limit items
- buy specials
- buy non-prescriptions glasses
- buy ingredients of home remedies

- exchange items
- inherit/hand-me-downs
- have partner take care of you
- pick herbs and make own medicine.

do without.

PERSONAL CARE

- do as with food
- do without.

- exchange
- do by self.

**PRIVATE
TRANSPORTATION**

- small/cheap model car
- second-hand car
- buy parts new or second-hand and take to garage to repair or repair by self
- cheapest gas
- use motorcycle or bicycle
- limit insurance and/or increase deductible
- share
- car pool.

- walk
- repair/wash by self
- child(ren) or others subsidize
- child(ren) or others pay for it.

**PUBLIC
TRANSPORTATION**

- bus pass/senior discount
- share above
- for long distance travel take the bus rather than the train, take the train rather than the plane - all on discount days at discount fares
- do without.

**PERSONAL TAXES &
SERVICES**

-use as many
loopholes as
possible.

-do own tax returns
or have others do
it.

SECURITY

-small or no life
insurance

-small or no home
insurance

-small or no RRSP
contribution

-small or no
savings.

**GIFTS &
CONTRIBUTIONS**

-do as with food

-make own gifts

-no gifts given
especially \$

-participate in
charitable/volunteer
activities.

-no gifts given but
invite for
tea/coffee/meal

-no minimal
charitable
contributions.

**RECREATION
- EXERCISE**

-use equipment but
buy it on sale, etc.

-walk and exercise
without equipment

-share

-child(ren) or
others subsidize

-join clubs on
senior discounts.

-child(ren)'s or
others' gift.

- ENTERTAINMENT

-keep old
entertainment
equipment

-buy equipment as in
furnishing etc.

-do without some
items

-go to theatre,
concert, cinema,
museum, zoo, etc. on
discount days/senior
discounts/rush
tickets

-use home equipment
rather than go to
live performances

-cut cable, use
alternate antenna

-play board games,
card, etc.

- READING MATERIAL

-use library

-buy like at food

-do without.

TOBACCO & ALCOHOL

-cut down/cut out

-only at home not in
public places

-buy essence and
flavour.

-join choir or no-
fee clubs

-play with
grandchild(ren)

-child(ren) or
others subsidize

-child(ren)'s or
others' gift

-exchange/borrow.

-exchange/circulate

-child(ren) or
others subsidize

-child(ren)'s or
others' gift.

-buy ingredients and
make own wine

-grow own grape and
make own wine

-buy tobacco and
roll own cigarettes

-grow own tobacco
and roll or chew,
etc.

-child(ren) or other
subsidize

-child(ren)'s or
others' gift.

TRAVEL & VACATION

-package deals
-discount days
-shared accommodations
-off season accommodations
-do without.

-use 'air miles'
-vacation at family/friends
-child(ren) or others subsidize
-child(ren)'s or others' gift.

CREDIT CARD & SERVICES

-use senior's discounts on all services.

-use seniors' exceptions
-pay all credit card bills on time
-use volunteer agencies for services.

GAMBLING

-play lotto(s)
-bet on the horse-races
-go to the casino(s)
-play cards/other games for money or other stakes
-bet on anything else.

APPENDIX II

ROTATED FACTOR MATRIX
WITH
EIGENVALUES
AND WITH
% EXPLAINED VARIANCE AMONG THE VARIABLES

	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5
	<u>2.63835</u>	<u>2.34632</u>	<u>1.81948</u>	<u>1.62116</u>	<u>1.40990</u>
	<u>6.81</u>	<u>6.8</u>	<u>4.78</u>	<u>4.21</u>	<u>3.61</u>
PRENOECT	-.12352	.11305	.36230	.02859	-.08481
PFOODST	.39618	.06739	.17844	-.06718	.09061
PFOODRST	.00732	.03753	-.32686	.10732	.06540
PRENTAL	.06319	-.41000	.41968	-.13509	.05766
PLABOU	-.06605	.21924	.08508	.02338	-.08484
PMATERI	.16114	.09486	.22915	-.03626	.05773
PWATER2	.10869	.73981	.14841	-.02512	.03728
PFUELLQ	.17386	-.13281	.58603	-.05990	-.08908
PGAS	.03026	.83132	-.12105	.04972	.02858
POTHFUEL	.00310	-.06607	.11462	-.04339	-.09195
PELCTRIC	.17853	.13410	.35642	-.04979	.03107
PPHLGDI	.16044	-.01563	.05930	.05636	.03164
PHHCLNSP	.73283	.13544	.07626	.02201	.07011
PHHWRPSP	.71957	.03415	-.01335	.03517	-.01659
PHHHORTI	.16603	.15940	.09557	-.00227	.02911
PHHFURN	.04047	-.07589	-.11719	.00626	.03981
PEQUIP	.00931	-.00051	-.01734	.09110	-.06865
PSRVFUEQ	-.00503	-.08759	-.08285	-.00168	.04845
PCLTHMAD	.20443	-.06566	-.55937	.01849	-.07610
PPRIVTRN	-.17913	-.03549	.03023	.09704	-.15697
PPUBLTRN	.00251	.00037	-.07840	.03599	.01040
PTLHEALT	.01017	.18810	-.16926	.12983	-.08792
PPERSUPP	.65121	-.02943	-.11688	.01781	.04551
PPERSERV	.37576	-.03787	-.22397	-.20022	.23177
PRECREQU	-.03159	-.06623	-.02374	.41340	.05031
PTLRECVI	.00950	.03043	-.03624	-.02827	.01559
PBLATAPE	.04056	-.04027	-.06415	.75452	-.05091
PBLVTAPE	.01419	.10562	.02515	.77507	.07794
PTLRECSR	-.12155	-.00020	-.00975	-.00071	.75490
PSPECTEN	.10198	.04969	.01287	.04509	.76050
PREADING	.10203	.01401	-.05622	.19313	.18261
PTOBPROD	.02937	-.00973	.05015	-.04835	-.08399
PALCOUT	-.06892	.02261	-.09924	.03730	-.08541
PALCIN	.01620	-.03319	.11911	-.07417	.08784
PGOVLOTT	.04493	.00483	-.15255	.12618	.14536
PLIFEINS	.08555	-.11217	.15797	.09409	-.03698
PCHARITY	-.10683	.04519	.05196	-.04340	-.10327
PNFOOD	-.04086	.07401	-.16629	-.01896	.03858
PNGIFT	.28973	-.11677	.12383	.10836	-.17381

	FACTOR 6	FACTOR 7	FACTOR 8	FACTOR 9	FACTOR 10
	<u>1.28992</u>	<u>1.25542</u>	<u>1.17736</u>	<u>1.14596</u>	<u>1.11182</u>
	<u>3.31</u>	<u>3.21</u>	<u>31</u>	<u>2.91</u>	<u>2.91</u>
PRENOECT	-.05437	-.08934	-.03587	-.00772	-.00772
PFOODST	.15047	-.13229	-.41166	-.07160	.10981
PFOODRST	-.07414	.28100	.23035	-.10791	-.09882
PRENTAL	.26430	-.16406	-.19963	-.25942	-.19429
PLABOU	-.00677	-.03652	.02463	.58816	-.04368
PMATERI	-.17690	.16747	-.02089	-.05905	.25858
PWATER2	-.00656	-.01451	.07778	.08781	.03459
PFUELLQ	-.02919	.10054	.19412	.16126	-.08002
PGAS	.05261	-.02091	-.02833	.04691	.03827
POTHFUEL	-.11545	.09594	-.08162	.04338	.20052
PELECTRIC	-.04867	-.11158	-.07100	.15941	.39831
PPHLGDI	.33806	-.02813	.11242	.08369	.55175
PHHCLNSP	.04733	.00042	-.08840	.00431	.13507
PHHWRPSP	.09380	-.07053	.03259	-.03197	.08199
PHHHORTI	-.09225	.08283	.40462	.42574	.03865
PHHFURN	.07005	.01991	.06910	.06158	-.06197
PEQUIP	.05184	-.06797	-.08166	.01981	.19070
PSRVFUEQ	.04682	-.06613	-.09623	.73760	.03702
PCLTHMAD	.10688	-.00733	.06062	.12578	.01092
PPRIVTRN	-.67220	-.00410	.07710	-.04045	.10259
PPUBLTRN	.67427	.06922	.05894	-.02734	.02360
PTLHEALT	.18625	-.24725	.02230	-.00543	.04069
PPERSUPP	-.00311	.05197	-.04010	.02564	-.07835
PPERSERV	-.04355	-.09579	.15647	-.04787	.23505
PRECREQU	.03224	.02024	.17788	.06817	.07971
PTLRECVI	-.04277	-.01270	-.00895	-.03856	-.09737
PBLATAPE	-.04625	-.01977	-.02174	.04446	-.01674
PBLVTAPE	.00143	-.01265	-.03865	-.05693	-.01399
PTLRECSR	.02907	.03320	.05290	-.00691	.01441
PSPECTEN	.07709	-.03885	-.06528	-.01492	.00130
PREADING	.10464	.01548	.22832	-.03995	-.26994
PTOBPROD	.13139	.37310	-.44784	-.05998	-.01865
PALCOUT	.03306	.69235	.02198	-.05558	.01580
PALCIN	.01827	.61632	-.13268	.01500	-.02460
PGOVLOTT	-.05394	.19429	.23918	.10584	.06361
PLIFEINS	.09098	-.02776	-.00144	-.02895	.02595
PCHARITY	.20916	-.10911	.63367	-.12960	.11878
PNFOOD	-.21333	-.00481	.06133	-.09672	.59650
PNGIFT	.09776	.08209	.02763	.11577	.15318

	FACTOR11	FACTOR12	FACTOR13	FACTOR14
	<u>1.07771</u>	<u>1.05029</u>	<u>1.02420</u>	<u>1.01089</u>
	<u>2.81</u>	<u>2.71</u>	<u>2.61</u>	<u>2.61</u>
PRENOECT	.45230	-.19704	.06044	-.14195
PFOODST	-.03669	.33869	-.05600	-.12781
PFOODRST	.02766	-.07394	.28005	-.17542
PRENTAL	-.18850	-.02917	-.14939	-.16060
PLABOU	.01353	.05571	-.08730	-.03811
PWATERI	.32714	.01083	.04227	.05540
PWATER2	-.04231	.11644	-.06946	.00738
PFUELLQ	-.07838	.23087	-.14734	-.01285
PGAS	.00427	-.15246	-.01070	.00339
POTHFUEL	.05272	.54935	-.07260	.11613
PELECTRIC	.01532	.22458	.05433	-.11921
PPHLGDI	-.02763	-.04925	.12034	.07911
PHHCLNSP	.00087	.04597	-.02363	.02031
PHHWRPSP	-.04114	.08398	-.03451	.01324
PHHHORTI	.06450	.02905	.02999	-.05581
PHHFURN	.68511	-.03212	-.04338	-.08264
PEQUIP	.61045	.12309	-.03552	.17127
PSRVFUEQ	.02256	-.04849	.03677	.02671
PCLTHMAD	.03775	.08052	-.09250	.03944
PPRIVTRN	-.12923	-.13822	.04153	.11229
PPUBLTRN	-.01160	-.10113	.03255	.07385
PTLHEALT	-.03232	.23900	.16881	-.12211
PPERSUPP	.05879	-.05702	.06021	.00896
PPERSERV	.08608	.01651	.20008	-.19615
PRECREQU	.06370	-.07354	.23761	.24614
PTLRECVI	.01216	.02451	-.00680	.83515
PBLATAPE	.01582	.02313	-.03075	-.09162
PBLVTAPE	.03804	.03575	.05136	-.00547
PTLRECSR	.01967	-.09061	.02533	.10011
PSPECTEN	-.05344	.08471	-.05436	-.07917
PREADING	-.04043	.55721	.01563	-.09413
PTOBPROD	-.03676	.01772	-.03450	.00632
PALCOUT	-.00128	-.00495	-.05335	-.09110
PALCIN	-.01977	.08139	.08969	.00946
PGOVLOTT	-.07698	.21707	.41073	-.05687
PLIFEINS	-.06939	-.19133	.65082	.00315
PCHARITY	-.09200	.08864	-.12585	-.00111
PNFOOD	.09335	.04409	-.11271	-.12159
PNGIFT	-.13439	-.24324	-.46226	-.08810