

Carlo F. Dondena Centre for Research on Social Dynamics

DONDENA WORKING PAPERS

Arnstein Aassve, Elena Cottini, Agnese Vitali

Working Paper No. 57
URL: www.dondena.unibocconi.it/wp
March 2013

Carlo F. Dondena Centre for Research on Social Dynamics
Università Bocconi, via Guglielmo Röntgen 1, 20136 Milan, Italy
<http://www.dondena.unibocconi.it>

The opinions expressed in this working paper are those of the author and not those of the Dondena Centre which does not take an institutional policy position.
© Copyright is retained by the author.

ISSN-2235-2234

Youth Vulnerability in Europe during the Great Recession

Arnstein Aassve

Carlo F. Dondeña Centre for Research on Social Dynamics and Department of Policy Analysis and Public Management
Università Bocconi
Via Guglielmo Röntgen 1
20136 Milan
Italy
arnstein.aassve@unibocconi.it

Elena Cottini

Carlo F. Dondeña Centre for Research on Social Dynamics
Università Bocconi
Via Guglielmo Röntgen 1
20136 Milan
Italy
elena.cottini@unibocconi.it

Agnese Vitali

Carlo F. Dondeña Centre for Research on Social Dynamics
Università Bocconi
Via Guglielmo Röntgen 1
20136 Milan
Italy
agnese.vitali@unibocconi.it

Abstract

The paper gives an update to earlier analysis considering youth poverty and transition to adulthood, which is timely given the economic crisis engulfing many countries in Europe. Whereas, the crisis is affecting young people in particular, there is also huge variation across Europe. We document the short-term consequences of the current recession on the transition to adulthood of young Europeans, focusing on two main cornerstones in the transition to adulthood: economic independence and residential autonomy. We show an almost universal increase in financial hardship experienced by young adults during the recession, which is starting to translate into higher rates of co-residence with parents, hence delaying the process of leaving home and gaining economic independence. The economic recession will have a huge impact on young people and their the transition to adulthood. Economic deprivation and uncertainty will most likely delay the key markers of transition to adulthood.

Keywords: transition to adulthood, poverty, deprivation, crisis.

Introduction

The current economic crisis is having a major adverse impact on the economic performance of North America and Europe causing many countries to enter into recession. Besides a considerable fall in asset prices, there have been substantial increases in unemployment and financial hardship, and this is more evident for vulnerable groups in the population (Scarpetta et al. 2010). In particular, the crisis has hit the young population very hard. During the recession, youth unemployment has increased disproportionately with respect to the overall unemployment level (Bell et al. 2011; Cho et al. 2012). Declining real earnings and poor employment prospects result in a “failure to launch” into economic independence (Bell et al. 2007; von Wachter et al. 2013), which in turn increases the rate of co-residence with parents and hence lengthens the transition to adulthood (Bell et al. 2007; Morgan et al. 2011; Mykyta 2012; Painter 2010). Importantly, research focussing on past financial crises has consistently shown that the adverse effects brought about recessions persist over the life-course in several domains (Choudhry et al., 2012), which include psychological wellbeing, satisfaction and more generally individuals' health status (Sutin et al. 2013; Bell et al. 2011; Giuliano et al. 2009). On this backdrop, it is clear that the current recession will have major long-lasting and multifaceted consequences on the transition to adulthood of an entire generation of young people.

This work extends the analysis by Aassve et al. (2006), which described the economic situation of European youth during the 90s, using data from the European Household Panel Survey (ECHP), thereby providing a detailed description of youth poverty in Europe. Our contribution serves as an update of that analysis by using data from the European Union Statistics on Income and Living Conditions (EU-SILC), an update that is particularly timely as many countries are facing severe economic recession. However, not all countries are hit by the economic crisis, thus young adults of Europe face very different destinies depending on where they reside. An important extension of this analysis, is that we incorporate countries of Central and Eastern Europe, for which limited evidence is available so far. We investigate the patterns of youth unemployment, poverty and financial deprivation which is then held up against measures of parental co-residence for the period 2007 to 2010. One drawback is of course that in many countries the economic crisis worsened considerably in 2011 and 2012. Consequently, we start by providing youth unemployment rates from the last quarter of 2012 (OECD 2012), both as a means to set the stage but also to give a perspective for the longer term consequences of the changes that we observe in the EU-SILC data.

The wave of youth unemployment

According to official statistics, the overall unemployment rate increased by 3.3% from 7.2 % in 2007 to 10.5% in 2012 on average in Europe (Source: OECD Employment Statistics). However, when the overall unemployment rate is decomposed by age group, it becomes evident that youth unemployment increased disproportionately with respect to the overall unemployment level. Youth unemployment rate calculated on young people aged 15 to 24 increased by 8.2% from 13.1% 2007 to 21.2% in 2012 on average in Europe (see Table A1 in Appendix). In other words, youth unemployment is more than double the overall unemployment rate affecting the general population across the OECD. Figure 1 indicates however, that the economic recession is having very different impact on young people across countries. Whereas almost all countries experienced an increase in youth unemployment one exception stands out, namely Germany, where youth unemployment rate fell by 3.5 percentage points between 2007 and 2012. The Southern European countries stand out at the other extreme. The worst hit are Spain and Greece where the youth unemployment rate increased leading to an all time high of 51.1% and 51.2% of young people being unemployed (+31.4 and +29.6 respectively from 2007 to 2012). Also Portugal and Italy faced substantial increases in unemployment rates for young people (+16.4 and +14.6%, respectively), with one out of three young adults being unemployed. Among Central and Eastern European countries, the pattern is more mixed. Particularly hardly hit are Slovakia, Hungary, Poland and Estonia (youth unemployment rate equal to 33.9%, 28.4%, 26.7% and 24.9%, respectively), with the highest increases found in Estonia (+17.6%) and Slovakia (+14.5%). The youth unemployment rate increased substantially also in Iceland (+10.5% from 6.6% to 17.2%), the UK (+8.3% from 13.6% to 21.9%) and Denmark (+8%, from 7.1% to 15.1%), whereas the increase is negligible in the remaining countries (less than +2% in Norway and Austria, less than +4% in Netherlands, Luxembourg, Finland, France, and Sweden). Despite the “true level” of youth unemployment in a given country, the poor job opportunities for youth in many countries are a serious concern, because of the negative impact on lifetime earnings and career paths that an early spell of unemployment might inflict on affected young people (the so-called “scarring effect” in economic jargon).

>>FIGURE 1 ABOUT HERE<<

Data and Methods

With a comparative perspective in mind, EU-SILC is the only appropriate data source to study patterns and change of youth poverty and financial deprivation, and hold this up against parental co-residence, despite the fact that at the time of the analysis, 2010 is the most recent time period. In the remaining of the paper, we focus on the period 2007 to 2010. We group countries into four clusters on the basis of their welfare regime (Esping-Andersen 1990), distinguishing between Continental countries, Southern European countries, Social-Demographic countries and Central and Eastern European countries. The UK is grouped together with Social-Democratic countries. We go beyond the definition of youth given by the OECD that considers individuals aged 18 to 24 to e.g. compute the youth unemployment rate, by considering young people aged 18 to 35 years old. As the transition towards the adult status is becoming more protracted (Furstenberg et al. 2004; Furstenberg 2010), it is important to consider individuals in their early 30s when studying young adulthood, and particularly so for Southern European countries characterized by a “latest-late” transition to adulthood (Billari 2004). While preserving age-group specificities by distinguish three age groups 18-24, 25-29 and 30-35, we show that older youth is not exempt by economic difficulties during the crisis.

Results

Co-residence with Parents

During the late 2000s, in Social-Democratic countries, less than 20% of young adults aged 18 to 35 still live with their parents (Table 1). Also, the vast majority of young adults in Scandinavian countries have left the parental home by age 24, and very few (less than 5%) live with parents during their early 30s. The complete opposite pattern emerges when looking at young adults in Southern Europe. Here more than 75% are still living with their parents by age 24, more than 50% by age 29, and more than 20% by age 35. Central and Eastern European countries are similar to Southern Europe with respect to co-residence rates with parents, while the UK and Continental countries are in between the two extremes. A vast demographic literature explains these observed differences in terms of structural factors like different labour, housing and credit markets, but also in terms of cultural factors (e.g. Settersten and Ray 2010; Billari 2004). Of course the gain of economic independence from parents is considered an important pre-requisite for leaving the parental home. Some studies identified a

relationship between own employment status and co-residence with parents (Mykyta 2012; Elliott 2011; Mykyta and Macartney 2011; Painter 2010; Wiemers 2010). Therefore, as the economy struggles and young people are faced with higher unemployment rates, increased risk of poverty and increased financial difficulties, it also becomes more difficult to gain or maintain their residential independence from the parental home. But the impact of the economic crisis on youth poverty is not at all clear, given that staying with parents is a natural coping strategy against economic deprivation and since poverty is defined over the household, youth poverty may not increase in times of economic recession in so far they choose to stay longer in the parental home.

>>TABLE 1 ABOUT HERE<<

Table 1 shows that co-residence with parents increased in many countries between 2007 and 2010. To exemplify, in Hungary it increased by 8.1 percentage point, in France by 5 percentage points, whereas it increased by 3.6 and 2.4 percentage points in Sweden and the UK respectively. When splitting the young into different age groups, we see that co-residence increased much more for those aged 18 to 24. The increase for the younger youth was 11.2 percentage points in France, 5.2 percentage points for Sweden and 4.2 percent for Denmark. These increases are of interest particularly because these are the countries where we know young people tend to leave home at an early age. The economic recession appears to have an impact also for these countries. The change in co-residence in Southern Europe is not higher than what we see in many of the Nordic countries, but the explanation is that rates were already very high already in 2007, hence the effect of the recession appears less strong – at least for the figures available from 2010. Spain represents a particular case here, as a law aimed at subsidizing young people to leave the parental home was introduced in 2007 and implemented in January 2008. Recent evidence documents the effective impact of this policy measuring a significant increase in home leaving among young Spaniards (Aparicio and Oppedisano 2012). Consistency with what has been documented for the United States (Qian 2012), our findings show that co-residence with parents increased in many European countries the during the recession, especially for young people in their early 20s.

Youth poverty – An update

The impact of the recession on poverty is at the outset not clear cut. Since poverty is defined over the household (but assigned to each of the individual members in the household), the poverty status very much depends on the household composition. For young people it depends on whether they still live with their parents, whether they have left home but live with a partner or live alone (Aassve et al 2006). As we have seen in the previous section, co-residence has increased in many countries, indicating that delaying the departure from the parental home (or returning home), is an important coping strategy in a time of increasing unemployment and uncertainty (Qian 2012; Bell et al 2007). In this section we follow up on the analysis by Aassve et al (2006) and provide age-poverty profiles for selected countries and for the years 2007 and 2010.

>>FIGURE 2 ABOUT HERE<<

Our calculations confirm to a large extent the findings in Aassve et al 2006 (Figure 2). That is, the age-poverty profiles for the conservative countries are rather flat, although there poverty is slightly higher among young individuals than it is among other ages. Interestingly, poverty is in some cases (e.g. France) lower for the older age, but is an artefact of the way poverty is computed. The poverty threshold is defined as 60 percent of the net equivalized household income, and as unemployment increases the average income declines, so does the poverty threshold. However, since the increase in unemployment is stronger among young adults, the effect is that a larger proportion of the middle aged population find themselves above the poverty threshold. When looking towards the Social-Democratic countries, we find again the very characteristic peak in poverty among young adults. That is, across all ages, poverty is the lowest among all European countries, apart from the age that encapsulates young individuals. As documented in Aassve et al 2006, this is in large part driven by the very young age in which individuals leave home. However, the increase in poverty among this age group is substantial, especially in Denmark. Obviously we cannot infer if this has any long term consequences since the age profiles are based on cross sectional data. Also the Mediterranean countries are similar to previous findings. Here child poverty is relatively high, and increases as children grow older into teenage years for then to decline. In other words, youth poverty is relatively low and this is largely explained by the high rate of co-residence with parents. The poverty profiles of the former countries of the Soviet-Union are rather different. For example, Slovenia, Hungary and Poland differ both in the shape and level of the poverty profile. Table 2 also shows that the rate of co-residence has gone down during the

crisis. Hungary is one of the countries where youth unemployment has increased the most, but where there has also been a very sharp increase in co-residence. The poverty rates, in contrast, remains very similar when comparing 2007 and 2010. Also for Poland there is not much difference in the age-poverty profiles over observed time period, though differently from Hungary, the rate of co-residence increased only slightly and by 2010 the youth unemployment rate did not change by much (in contrast to 2012).

>>TABLE 2 ABOUT HERE<<

Youth poverty and living arrangements

Youth poverty is strongly related to the living arrangements. Hence, young adults living independently from their parents are more exposed to the risk of poverty and financial deprivation compared to peers living in the parental home or in a partnership. Our data from the late 2000s confirm results found in Aassve et al. (2006) for the 90s, i.e. that young adults who live on their own are by far and large poorer than peers who are still in the parental home (Figure 3). These differences are particularly striking in Social-Democratic countries, the UK, Continental Europe, Italy and Greece, while they are much smaller in Central and Eastern Europe and non-existent in Spain and Portugal.

As shown in the previous section, poverty rates increased in many European countries during the recession for all age groups, and in particular for young adults. In this section we show that the increase in poverty rate among young adults between 2007 and 2010 is almost entirely driven by those living outside the parental home, irrespectively of the welfare regime. In most European countries young people still living in the parental home are protected from poverty with respect to peers living on their own. For them, poverty increased between 2007 and 2010 only in Social-Democratic countries, Central and Eastern European countries, and Spain, while in other countries poverty remained fairly stable, or even declined as in the case of Germany and others Continental countries.

The proportion of poor among young adults living independently from their parents, instead, increased substantially in Southern Europe (e.g. +3.6% and +4.0% in Spain and Greece, respectively between 2007 and 2010), in Central and Eastern Europe (e.g. +10.1% and 5.9% in Lithuania and Latvia), as well as in Social-Democratic countries (e.g. +4.4 and +3.9 in Iceland and Denmark), and even in Continental countries (e.g. +4.0% and +2.9 in France and Netherlands). There are only few countries

where poverty among youth living independently does not show any increase between 2007 and 2010 (Norway, UK, Portugal, Hungary, Czech Republic and Poland).

>>FIGURE 3 ABOUT HERE<<

Subjective deprivation

Are young individuals feeling the pinch during the economic crisis? Judging the poverty rates, the picture is very mixed and it is hard to draw clear conclusions. To get a better grasp of how young individuals fare financially during the years 2007 to 2010, we consider an indicator of economic difficulties, measured by the proportion of young adults having “great difficulty in making ends meet”. We refer to this measure as “financial deprivation”. A subjective measure of this kind overcomes to a large extent the problems from using poverty rates. The latter depends on a set poverty threshold and is defined over the household with an assumed equivalence scale. The measure of financial deprivation is more direct with no adjustment of household composition.

Based on this measure, we find a dramatic increase in youth vulnerability between 2007 and 2010 in 21 out of the 24 countries (Table 3). The only exceptions are Poland, Finland and to some extent Sweden. The increase is particularly dramatic in Central and Eastern European countries, in particular in Hungary (+10.9% from 13.4% in 2007 to 24.3% in 2010), Latvia (+8%, from 15.2% to 23.2%), Lithuania (+7.5%, from 5.5% to 12.9%), Slovenia (+4.3%, from 5.5% to 9.8%) and Estonia (+4.2%, from 3.8% to 7.9%). In Southern Europe, where young people faced the harshest financial deprivation in Europe already in 2007 (with 10% to 20% of young people stating they face great difficulties to make ends meet), the increase in financial deprivation is around +4% for all countries apart Italy, where the subjective perception of economic situation among young people is stable between 2007 and 2010 (+0.8%). Interestingly, Social-Democratic countries do not show any particular change in financial deprivation, the only exception being Iceland which, having experienced the recession earlier compared to other countries, registered a sharp increase in financial deprivation (+7.7%). Although worsened financial difficulties are registered also in countries belonging to the Conservative welfare regime, the increase in the proportion of households with difficulties in making ends meet is negligible (around +1% between 2007 and 2010, the only exceptions being Austria, +2.9% and Belgium, +2.1%) compared to that observed in other countries. Among young people, the two youngest age groups (age

18-24 and 25-29) are the most exposed to the risk of experiencing financial deprivation, with few exceptions (Germany, The Netherlands, and Lithuania).

Results should be interpreted with caution since we are relying on a self reported measure of deprivation that might be biased by measured and unmeasured individual characteristics (such as culture).

>>TABLE 3 ABOUT HERE<<

Discussion and Conclusion

This paper has provided an overview of the economic situation of young people in Europe at the end of the 2000s. According to EU-SILC data, youth vulnerability has increased during the recession all over Europe. Young adults are more likely to be unemployed, poor, and with increased difficulties to make ends meet with respect to the pre-crisis period. The “younger youth” are the most affected by the recession.

When we concentrate on the most recent statistics in 2012 for unemployment the situation of young adults in Europe seems to get worse. The new data from OECD show the radical shift in youth unemployment from before the crisis until now, comparing the trough to peak changes across countries. There is growing concern that a significant and increasing proportion of youth, even among those who would have found jobs in good times, is at high risk of prolonged unemployment or inactivity, this is linked to higher poverty and financial deprivation registered in many European countries in 2010. As a consequence, this is likely to influence their entire careers and livelihoods.

Such a high number of young adults living on the margins of society undermines social cohesion and limits Europeans’ potential and it turns out to be particularly damaging in a period when member states are working to ensure recovery from the economic and financial crisis.

Of course the gain of economic independence from parents is considered an important pre-requisite for leaving the parental home. Therefore, as the economy struggles and young people are faced with higher unemployment rates, increased risk of poverty and increased financial difficulties, it also becomes more difficult to gain or maintain their residential independence from the parental home. We show that co-residence with parents increased between 2007 and 2010 in many European countries. Moreover our analyses show that the recession has hit particularly hard on young people who live independently from their parents.

Interestingly, countries grouped into the same welfare regime show similar evolution in our variables of interest. Only European countries in the East presents high within-group variability. Continental countries registered negligible changes with respect to other welfare regimes in terms of youth unemployment, poverty and financial deprivation. Not only the “Usual Suspects” –Southern Europeans and Central and Eastern European countries– are suffering from the recession, but a worsening in youth conditions (such as poverty and/or deprivation) are found also in Social Democratic countries. Also countries such as Denmark, whose flexicurity model was praised to be an example on how to reach an outstanding labour market performance, suffered from the Great Recession. However we might take into consideration that migration plays a role with respect to statistics on unemployment since it tends to be concentrated among the young. For example, some countries might have experienced reductions in participation much lower than predicted because this might have been attenuated by emigration. This is especially likely to be true for high skilled young adults who decide to emigrate in search of relatively better labour market conditions.

The paper’s analysis refers to the period during and immediately after the Great Recession, and the distributional picture is likely to look different in the medium- and longer-terms. The longer-term distributional consequences will depend on the mix of policies that governments are adopting and from growth rates. As of 2010, the adverse impact of the crisis is not entirely revealed. Official statistics point in this direction as they show that unemployment rate has been rising from 2010 to 2012. For example, according to official statistics, Italy and Portugal registered a dramatic increase in youth unemployment rate in 2012. Hence, the consequences of the recession on the transition to adulthood are expected to be more severe than the figures reported in this paper suggest. For example, we expect co-residence rates with parents, youth poverty and financial deprivation to have increased further between 2010 and 2012, following the same path of youth unemployment rate. A follow-up analysis of the next rounds of the EU-SILC will be critical to understand the destinies of European youth. This paper has shown that as the economy struggles, it becomes more difficult for young people to live independently from their parents.

Acknowledgments

This research has received support from the project “Consequences of Demographic Change” (CODEC), funded by the European Research Council under the European Union’s Seventh Framework Programme (FP7/2007–2013) ERC Grant agreement No. 201194.

References

- Aassve, A., Billari, F.C., Mazzuco, S. and Ongaro, F. (2002). Leaving home: A comparative analysis of ECHP data. *Journal of European Social Policy* 12(4): 289–305.
- Aassve, A., Iacovou, M. and Mencarini, L. (2006). Youth poverty and transition to adulthood in Europe. *Demographic Research* 15(2): 21–50.
- Bell, L., Burtless, G., Gornick, J. and Smeeding, T. (2007). Failure to Launch: comparative Trends in the Transition to Economic Independence. In Danziger, S. and Rouse, C.E. (eds.). *The Price of independence: The Economics of Early Adulthood*. New York: Russel Sage: 27–55.
- Bell, D.N. and Blanchflower, D.G. (2011). Young People and the Great Recession. *Oxford Review of Economic Policy* 27(2): 241–267.
- Billari, F.C. (2004). Becoming an adult in Europe: A macro (/micro)-demographic perspective. *Demographic research* 3(2): 15–44.
- Billari, F.C. and Kohler, H-P. (2004). Patterns of low and lowest fertility in Europe. *Population Studies* 58(2): 161–176.
- Cho, Y. and Newhouse, D. (2012). How Did the Great Recession Affect Different Types of Workers? Evidence from 17 Middle-Income Countries. *World Development* 41: 31–50.
- Choudhry, M., Marelli, E. and Signorelli, M. (2012). Youth unemployment and the impact of financial crises. *International Journal of Manpower* 33(1): 76–95.
- Danziger, S.H., and Ratner, D. (2010). The labor market and the transition to adulthood. *Future of Children* 20(1): 133–158.
- Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*. Cambridge: Polity Press.

-
- Furstenberg Jr, F.F. (2010). On a new schedule: Transitions to adulthood and family change. *The future of children* 20(1): 67–87.
- Furstenberg Jr, F.F., Kennedy, S., McLoyd, V.C., Rumbaut, R.G. and Settersten Jr, R.A. (2004). Growing up is harder to do. *Contexts* 3(3): 33–41.
- Hill, C.J. and Holzer, H. (2007). Labor Market Experiences and Transitions to Adulthood. In Danziger, S.H. and Rouse, C.E. (eds.). *The Price of Independence: The Economics of Early Adulthood*. New York: Russell Sage: 141–169.
- Holdsworth, C. and Morgan, D. (2005). *Transitions in Context: Leaving Home, Independence and Adulthood*. McGraw-Hill International (UK) Limited.
- Giuliano, P. and Spilimbergo, A. (2009). Growing Up in a Recession: Beliefs and the Macroeconomy. National Bureau of Economic Research (NBER Working Paper 15321).
- Goldstein, J.R., Sobotka, T. and Jasilioneiene, A. (2009). The end of “lowest-low” fertility? *Population and Development Review* 35(4): 663–700.
- Kiernan, K. (1986). Leaving home: Living arrangements of young people in six Western European countries. *European Journal of Population* 2(2): 177–184.
- Liker, J.K. and Elder, G.H. (1983). Economic hardship and marital relations in the 1930s. *American Sociological Review* 48: 343–359.
- Aparicio, A. and Oppedisano, V. (2012). Fostering the Emancipation of Young People: Evidence from a Spanish Rental Subsidy. IZA DP No. 6651.
- Mykyta, L. (2012). Economic Downturns and the Failure to Launch: The Living Arrangements of Young Adults in the US 1995-2011. US Census Bureau Social, Economic, and Housing Statistics Division (SEHSD) Working Paper, 24.

Mykyta, L. and Macartney, S. (2011). The Effects of Recession on Household Composition: “Doubling Up” and Economic Well-Being. US Census Bureau, SEHSD Working Paper (2011-4).

Morgan, S.P., Erin Cumberworth, and C. Wimer (2011). The Great Recession’s Influence on Fertility, Marriage, Divorce and Cohabitation. In Grusky, D.B., Western, B. and Wimer, C. (eds.) *The Great Recession*. New York: Russell Sage: 220–245.

Qian, Z. (2012). During the Great Recession, More Young Adults Lived with Parents. Census Brief prepared for Project US2010.

Scarpetta, S., Sonnet A. and Manfredi, T. (2010). Rising Youth Unemployment During The Crisis: How to Prevent Negative Long-term Consequences on a generation? OECD Social, Employment and Migration Working Papers (No. 106).

Schneider, D. (2011). Marriage and the Global Economic Crisis. Paper presented at Population Association of America (PAA), Annual Meeting, April 2011.

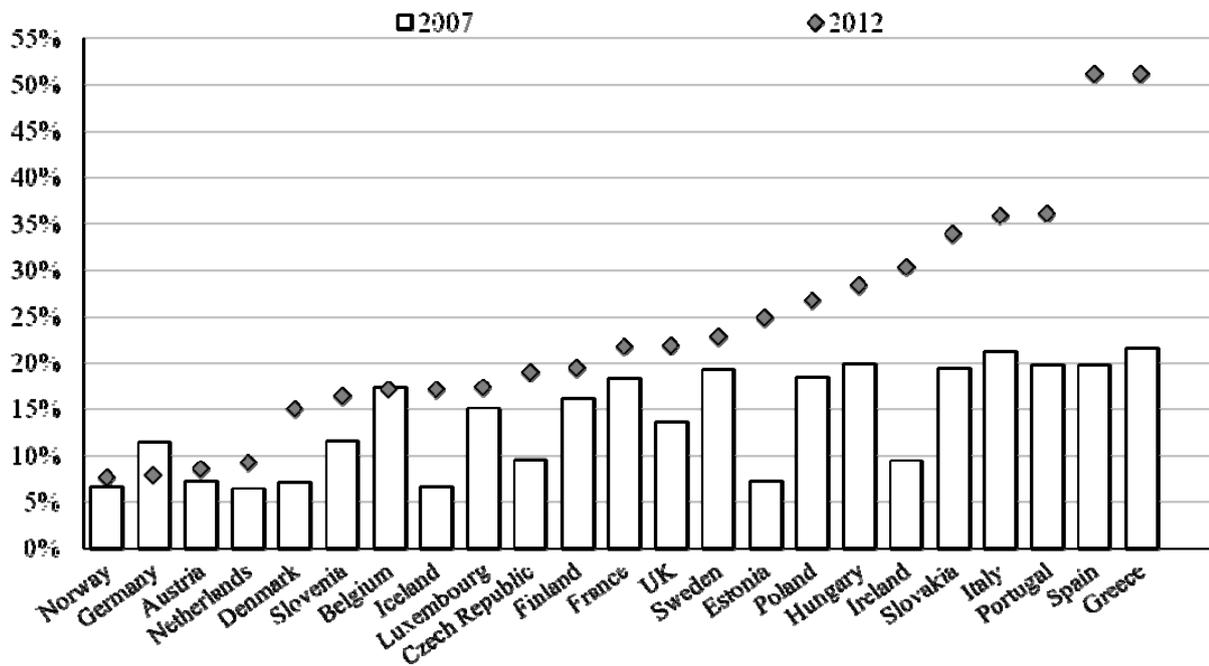
Settersten Jr, R.A. and Ray, B. (2010). What's going on with young people today? The long and twisting path to adulthood. *The future of children* 20(1): 19–41.

Sutin, A.R., Terracciano, A., Milaneschi, Y., An, Y., Ferrucci, L., Zonderman, A.B. (2013). The Effect of Birth Cohort on Well-Being: The Legacy of Economic Hard Times. *Psychological Science* forthcoming.

Von Wachter, T., Oreopoulos, P., and Heisz, A. (2013). Short- and Long-Term Career Effects of Graduating in a Recession. *American Economic Journal: Applied Economics*, forthcoming.

Tables and Figures

Figure 1: Youth unemployment rates in Europe, 2007 to 2012. Percentage of total youth labour force (15-24)



Source: OECD calculations based on indicators from Eurostat and national sources.

Note: Countries are shown in ascending order by the youth unemployment rate in March 2012. Data are seasonally adjusted.

Table 1: Co-residence with parents by welfare regime, 2010-2007

Country	2007	2010	2010-2007	2007			2010			2010-2007		
	18-35			18-24	25-29	30-35	18-24	25-29	30-35	18-24	25-29	30-35
<i>Continental Europe</i>												
Austria	0.42	0.43	1.11%	0.74	0.32	0.12	0.74	0.32	0.12	-0.31%	-0.63%	0.12%
Belgium	0.36	0.36	-0.40%	0.75	0.23	0.08	0.77	0.20	0.06	2.06%	-3.34%	-2.27%
Germany	0.38	0.37	-1.10%	0.79	0.24	0.07	0.78	0.21	0.05	-0.56%	-3.76%	-1.33%
Luxemburg	0.41	0.43	1.72%	0.85	0.31	0.08	0.85	0.36	0.11	0.78%	5.37%	2.98%
Netherlands	0.28	0.29	1.36%	0.64	0.11	0.03	0.64	0.12	0.02	-0.16%	0.78%	-0.52%
France	0.25	0.30	4.99%	0.51	0.10	0.04	0.62	0.16	0.05	11.20%	5.70%	0.90%
<i>Southern Europe</i>												
Spain	0.51	0.49	-2.82%	0.88	0.54	0.22	0.86	0.50	0.21	-1.67%	-3.46%	-0.56%
Greece	0.55	0.55	0.45%	0.77	0.60	0.32	0.74	0.65	0.32	-2.64%	4.70%	0.07%
Italy	0.54	0.55	1.09%	0.87	0.56	0.27	0.88	0.56	0.27	1.45%	-0.18%	0.02%
Portugal	0.54	0.56	1.72%	0.87	0.55	0.24	0.86	0.59	0.27	1.57%	4.02%	2.74%
<i>UK and Social-Democratic Countries</i>												
Denmark	0.13	0.14	1.21%	0.34	0.04	0.02	0.38	0.02	0.01	4.19%	-2.08%	-0.89%
Finland	0.19	0.17	-1.59%	0.41	0.07	0.04	0.41	0.04	0.03	0.02%	-2.65%	-0.82%
Sweden	0.15	0.19	3.64%	0.38	0.04	0.02	0.43	0.05	0.01	5.18%	0.49%	-0.54%
Iceland	0.29	0.30	0.96%	0.59	0.17	0.05	0.61	0.16	0.05	1.99%	-0.98%	0.27%
Norway	0.17	0.17	-0.44%	0.40	0.06	0.02	0.39	0.05	0.02	-1.21%	-1.35%	-0.13%
United Kingdom	0.38	0.40	2.38%	0.73	0.24	0.09	0.74	0.25	0.12	1.42%	0.86%	1.97%
<i>Central and Eastern Europe</i>												
Czech Republic	0.47	0.48	0.70%	0.88	0.41	0.18	0.86	0.46	0.19	-1.96%	4.62%	1.16%
Estonia	0.43	0.40	-2.25%	0.72	0.29	0.15	0.71	0.25	0.15	-0.63%	-4.26%	-0.58%
Hungary	0.48	0.56	8.13%	0.79	0.42	0.22	0.87	0.53	0.24	7.69%	10.85%	1.86%
Lithuania	0.51	0.52	0.85%	0.81	0.39	0.20	0.83	0.32	0.22	2.51%	-6.84%	1.86%
Latvia	0.54	0.52	-1.19%	0.81	0.43	0.37	0.77	0.42	0.28	-2.43%	-1.46%	-1.81%
Slovenia	0.68	0.59	-5.80%	0.94	0.68	0.3	0.93	0.6	0.24	-1.82%	-8.31%	-5.94%
Slovakia	0.69	0.68	-0.67%	0.93	0.66	0.31	0.95	0.66	0.32	1.73%	0.20%	1.61%
Poland	0.56	0.54	-1.27%	0.86	0.46	0.25	0.85	0.5	0.26	-0.76%	3.18%	0.89%

Note: own elaborations on EUSILC 2007-2010.

Figure 2: Poverty rates by age and welfare regime (selected countries), 2007 and 2010

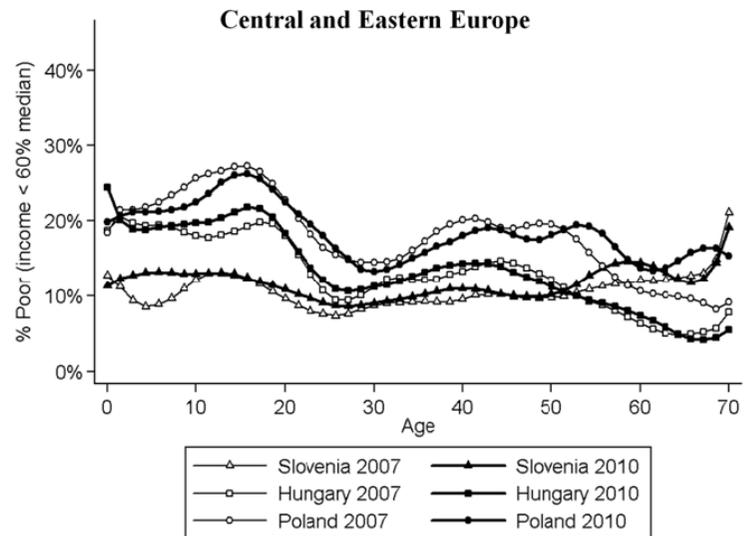
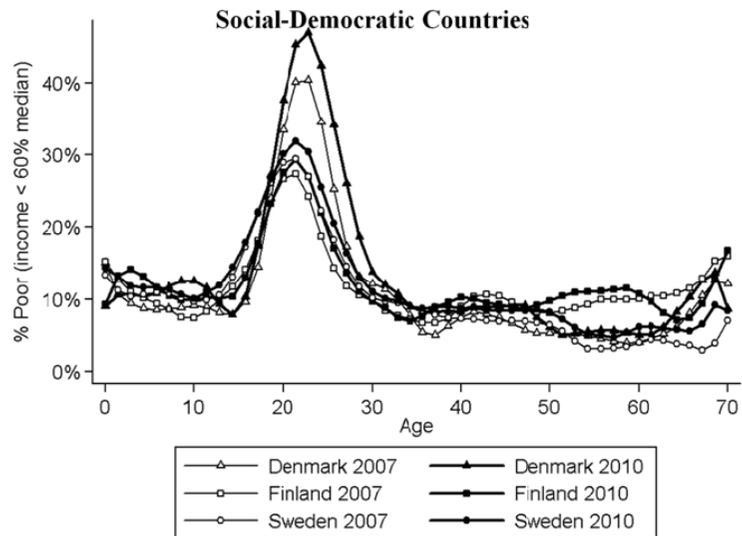
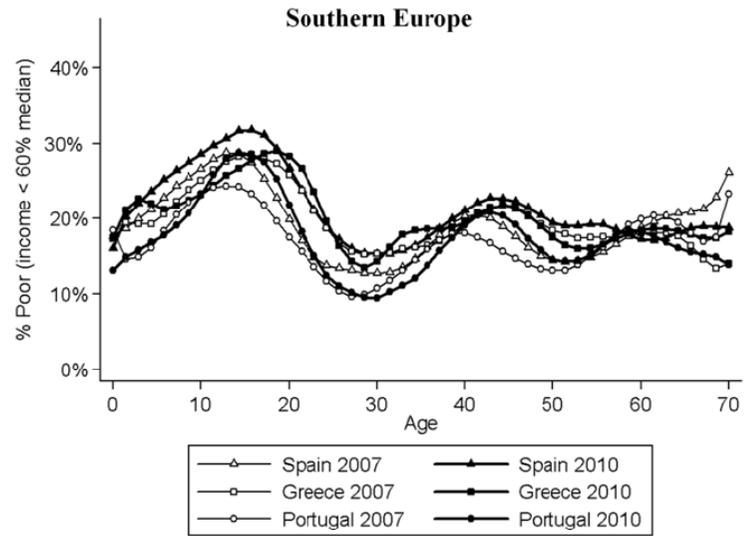
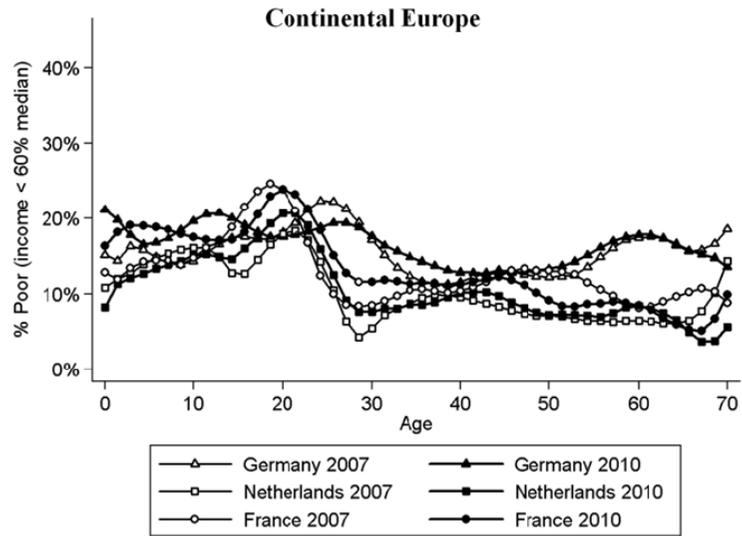


Table 2: Youth poverty rates (% of households with household income below the 60% of the median income) by welfare regime, 2010-2007

Country	2007-2010			2007			2010			2010-2007		
	2007	2010	2010-2007	18-24	25-29	30-35	18-24	25-29	30-35	18-24	25-29	30-35
<i>Continental Europe</i>												
Austria	0.13	0.14	0.74%	0.12	0.12	0.12	0.14	0.12	0.12	1.22%	-0.74%	-0.20%
Belgium	0.16	0.15	-1.79%	0.17	0.11	0.11	0.14	0.13	0.12	-2.55%	1.95%	0.32%
Germany	0.18	0.19	0.42%	0.18	0.21	0.13	0.17	0.19	0.16	-0.54%	-3.06%	3.57%
Luxemburg	0.11	0.11	0.36%	0.16	0.14	0.13	0.16	0.13	0.15	0.40%	-0.73%	1.48%
Netherlands	0.13	0.14	0.90%	0.19	0.16	0.13	0.21	0.19	0.14	1.61%	-4.50%	1.21%
France	0.13	0.14	0.49%	0.21	0.09	0.1	0.23	0.13	0.11	2.50%	4.06%	1.96%
<i>Southern Europe</i>												
Spain	0.2	0.20	0.52%	0.17	0.14	0.13	0.24	0.16	0.16	6.51%	2.54%	2.98%
Greece	0.20	0.20	0.21%	0.25	0.16	0.15	0.28	0.12	0.18	3.08%	-3.33%	2.45%
Italy	0.20	0.19	-1.74%	0.24	0.18	0.16	0.23	0.18	0.16	-1.12%	-0.59%	0.35%
Portugal	0.18	0.18	-0.71%	0.16	0.11	0.12	0.18	0.09	0.11	2.31%	-2.46%	-0.75%
<i>UK and Social-Democratic Countries</i>												
Denmark	0.15	0.17	1.89%	0.34	0.18	0.11	0.39	0.25	0.11	4.79%	7.02%	0.61%
Finland	0.17	0.17	0.42%	0.24	0.13	0.08	0.27	0.14	0.08	3.04%	0.78%	0.27%
Sweden	0.13	0.16	3.51%	0.28	0.15	0.1	0.29	0.16	0.10	1.27%	1.28%	0.72%
Iceland	0.12	0.12	-0.54%	0.12	0.13	0.1	0.16	0.16	0.10	4.53%	3.63%	0.42%
Norway	0.17	0.15	-1.76%	0.39	0.19	0.07	0.35	0.18	0.07	-3.39%	-1.84%	-0.16%
United Kingdom	0.2	0.18	-1.59%	0.18	0.06	0.09	0.19	0.1	0.1	1.55%	3.57%	1.00%
<i>Central and Eastern Europe</i>												
Czech Republic	0.09	0.09	-0.15%	0.12	0.06	0.09	0.11	0.06	0.07	-0.86%	-0.56%	-1.86%
Estonia	0.24	0.17	-6.38%	0.17	0.09	0.10	0.19	0.10	0.11	1.38%	1.36%	0.84%
Hungary	0.12	0.12	-0.54%	0.17	0.09	0.13	0.17	0.11	0.12	0.18%	2.64%	-0.90%
Lithuania	0.22	0.22	-0.40%	0.15	0.13	0.12	0.22	0.18	0.24	7.18%	4.65%	12.40%
Latvia	0.25	0.22	-3.25%	0.17	0.09	0.15	0.21	0.15	0.20	4.39%	5.50%	5.19%
Slovenia	0.14	0.16	1.70%	0.09	0.08	0.09	0.10	0.09	0.10	0.85%	1.55%	0.86%
Slovakia	0.10	0.12	1.77%	0.12	0.07	0.09	0.15	0.08	0.11	2.89%	1.39%	1.09%
Poland	0.16	0.18	1.71%	0.21	0.15	0.15	0.21	0.15	0.15	0.83%	0.48%	-0.81%

Note: own elaborations on EUSILC 2007-2010.

Figure 3: Poverty and co-residence by welfare regime, 2007 versus 2010

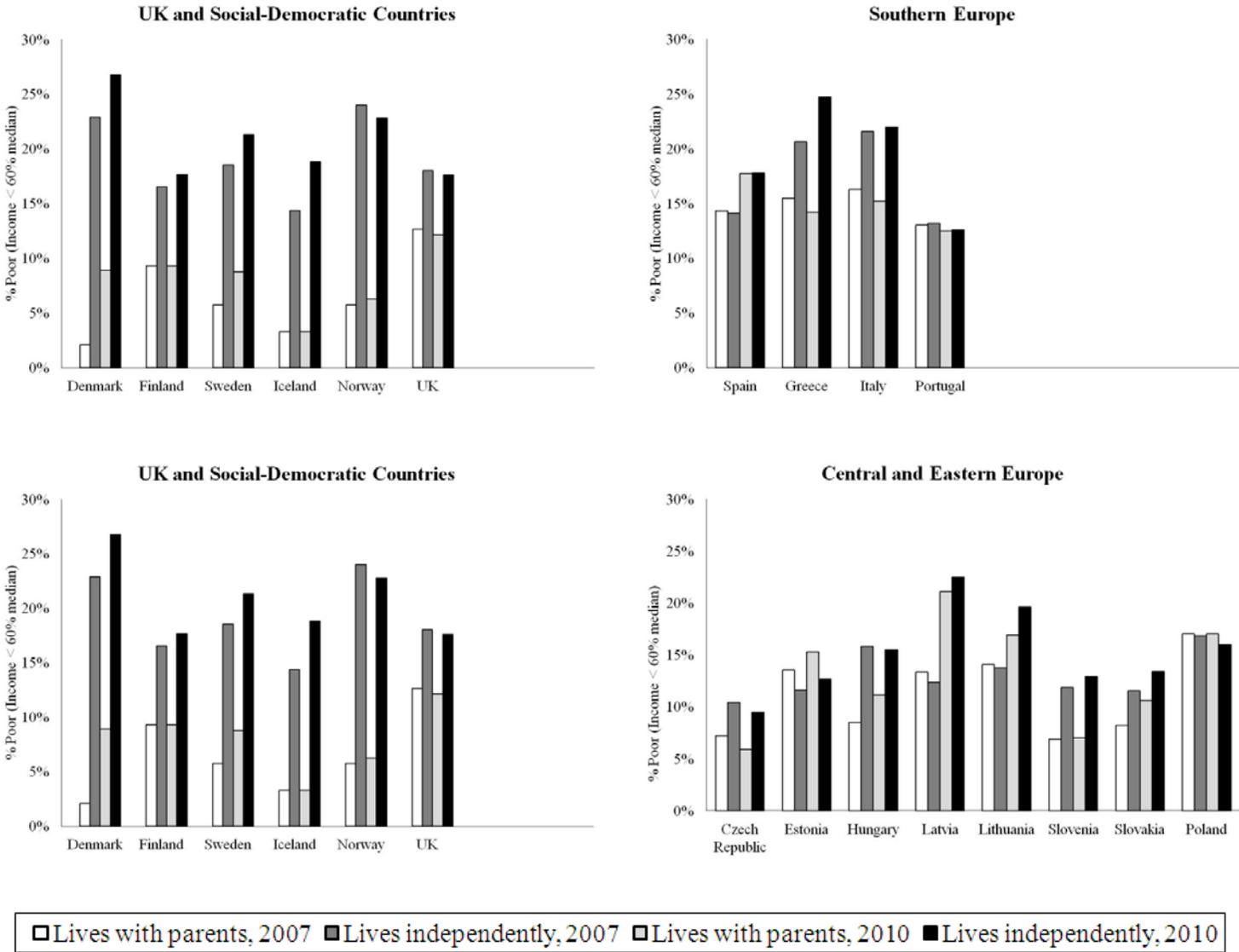


Table 3: Proportion of young people having great difficulty in making ends meet (financial deprivation) by welfare regime, 2010-2007

Country	2007	2010	2010-2007	2007			2010			2010-2007		
	18-35			18-24	25-29	30-35	18-24	25-29	30-35	18-24	25-29	30-35
<i>Continental Europe</i>												
Austria	0.04	0.07	2.89%	0.04	0.04	0.03	0.07	0.06	0.07	3.00%	1.95%	4.35%
Belgium	0.06	0.08	2.05%	0.07	0.05	0.05	0.09	0.08	0.07	1.74%	3.02%	1.55%
Germany	0.02	0.03	0.90%	0.02	0.02	0.03	0.03	0.02	0.03	0.62%	0.36%	0.10%
Luxemburg	0.03	0.04	0.85%	0.03	0.01	0.02	0.05	0.02	0.02	1.77%	0.94%	0.24%
Netherlands	0.02	0.02	0.41%	0.01	0.02	0.02	0.03	0.02	0.02	2.05%	-0.66%	-0.08%
France	0.03	0.04	0.88%	0.04	0.03	0.05	0.05	0.05	0.06	1.27%	1.44%	1.06%
<i>Southern Europe</i>												
Spain	0.10	0.14	3.53%	0.12	0.10	0.09	0.18	0.14	0.13	5.58%	4.62%	4.63%
Greece	0.19	0.23	4.24%	0.21	0.15	0.16	0.26	0.21	0.22	4.91%	6.07%	5.78%
Italy	0.16	0.16	0.79%	0.20	0.17	0.16	0.20	0.18	0.18	-0.58%	1.81%	1.63%
Portugal	0.16	0.20	3.90%	0.18	0.13	0.11	0.23	0.13	0.18	5.75%	0.31%	6.61%
<i>UK and Social-Democratic Countries</i>												
Denmark	0.03	0.04	0.41%	0.04	0.04	0.03	0.05	0.04	0.04	0.47%	0.41%	1.03%
Finland	0.03	0.03	-0.18%	0.02	0.02	0.02	0.02	0.02	0.01	0.13%	-0.79%	-1.07%
Sweden	0.04	0.03	-0.38%	0.03	0.04	0.03	0.03	0.03	0.02	0.13%	-0.45%	-1.08%
Iceland	0.05	0.13	7.71%	0.05	0.06	0.05	0.09	0.14	0.15	4.32%	8.25%	10.27%
Norway	0.02	0.03	0.03%	0.03	0.03	0.03	0.04	0.02	0.04	0.87%	-1.05%	1.07%
United Kingdom	0.05	0.06	1.51%	0.07	0.05	0.04	0.10	0.05	0.07	2.45%	-0.15%	2.56%
<i>Central and Eastern Europe</i>												
Czech Republic	0.07	0.08	0.75%	0.10	0.06	0.06	0.10	0.07	0.07	-0.09%	1.66%	0.80%
Estonia	0.04	0.08	4.20%	0.03	0.03	0.01	0.09	0.07	0.09	5.28%	3.70%	7.13%
Hungary	0.13	0.24	10.87%	0.17	0.12	0.12	0.32	0.25	0.23	15.23%	13.64%	11.26%
Lithuania	0.06	0.13	7.46%	0.03	0.04	0.04	0.14	0.07	0.11	11.25%	2.95%	7.32%
Latvia	0.15	0.23	7.99%	0.10	0.12	0.11	0.24	0.23	0.23	14.21%	10.98%	11.53%
Slovenia	0.06	0.10	4.28%	0.06	0.05	0.04	0.09	0.09	0.08	2.80%	4.20%	4.17%
Slovakia	0.11	0.12	0.42%	0.13	0.08	0.08	0.13	0.11	0.10	0.67%	2.89%	1.53%
Poland	0.18	0.15	-2.56%	0.20	0.13	0.12	0.15	0.13	0.10	-4.10%	-0.10%	-1.79%

Appendix

Table A1: Unemployment rates for young Europeans (15 to 24), from 2004 to 2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012-2007
Norway	0.12	0.12	0.09	0.07	0.08	0.09	0.09	0.09	0.08	0.9%
Germany	0.13	0.15	0.14	0.11	0.10	0.11	0.10	0.09	0.08	-3.5%
Austria	0.10	0.10	0.09	0.07	0.08	0.10	0.09	0.08	0.09	1.3%
Netherlands	0.09	0.09	0.08	0.06	0.06	0.08	0.09	0.08	0.09	2.9%
Denmark	0.08	0.09	0.08	0.07	0.08	0.12	0.14	0.14	0.15	8.0%
Slovenia	0.16	0.16	0.14	0.12	0.10	0.14	0.15	0.16	0.17	5.0%
Belgium	0.21	0.22	0.21	0.17	0.18	0.22	0.22	0.19	0.17	-0.2%
Iceland	0.08	0.07	0.08	0.07	0.08	0.16	0.16	0.15	0.17	10.5%
Luxembourg	0.17	0.14	0.16	0.15	0.18	0.17	0.14	0.17	0.17	2.3%
Czech Republic	0.20	0.19	0.18	0.10	0.10	0.17	0.18	0.18	0.19	9.4%
Finland	0.20	0.19	0.18	0.16	0.16	0.22	0.20	0.19	0.19	3.2%
France	0.20	0.21	0.22	0.18	0.19	0.23	0.23	0.22	0.22	3.5%
United Kingdom	0.11	0.12	0.14	0.14	0.14	0.19	0.19	0.20	0.22	8.3%
Sweden	0.17	0.22	0.21	0.19	0.19	0.19	0.25	0.25	0.23	3.5%
Estonia	0.21	0.15	0.12	0.07	0.12	0.27	0.32	0.22	0.25	17.6%
Poland	0.41	0.38	0.30	0.19	0.22	0.17	0.21	0.24	0.27	8.2%
Hungary	0.16	0.19	0.19	0.20	0.18	0.20	0.27	0.27	0.28	8.5%
Slovakia	0.33	0.30	0.27	0.19	0.18	0.27	0.34	0.33	0.34	14.5%
Italy	0.24	0.24	0.22	0.21	0.21	0.25	0.28	0.29	0.36	14.6%
Portugal	0.15	0.16	0.16	0.20	0.16	0.20	0.24	0.26	0.36	16.4%
Spain	0.22	0.20	0.18	0.20	0.25	0.38	0.42	0.46	0.51	31.4%
Greece	0.27	0.26	0.25	0.22	0.22	0.26	0.33	0.44	0.51	29.6%
Eu Avg	0.17	0.17	0.15	0.13	0.14	0.17	0.19	0.20	0.21	8.2%

Source: OECD calculations based on indicators from Eurostat and national sources.

Note: Countries are shown in ascending order by the youth unemployment rate in March 2012. Data are seasonally adjusted. Latvia and Lithuania are not included in the statistics from most recent trend in unemployment