Delivers the Great Recession the Whole Story? Structural Shifts in Youth unemployment pattern in the 2000s from a European Perspective


2008 the financial crisis caused a global recession, indicated by a sharp downturn of GDP growth and the labor markets subsequently. GDP growth dwarfed in late 2008 and turned negative in 2009 (-4.3% in EC). European youth unemployment rate rose sharply from 2007 (15%) to 2009 and continued to increase in 2010 (22%). This goes in line with empirical findings from early 2000s which confirm, youth unemployment figures respond more sensitive to business cycle conditions than adult unemployment rates (OECD 2006). However a closer look to youth unemployment figures in the last decade indicates, the story is more complex and not to be reduced to an effect of the great recession.

Exploiting European Labor Force Survey (LFS) data for 23 European countries from 2001 to 2010 the paper identifies a substantial shift in European youth unemployment patterns in general and with respect to group specific characteristics of young people in detail. According to LFS data some of these shifts started already in the middle of the last decade; however with some severe country specific variation. The great recession amplified these processes country specific and in some countries to a dramatic extent.

Panel estimator and multi level models are applied to analyze the occurrence of youth unemployment both on the individual and the country level

Keywords: Youth unemployment, Europe, great recession; European Labor Force Survey; panel; multilevel