

Families' economic uncertainties during the Great Recession: educational inequalities across European countries and in the United States, 2000-2010

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Abstract

This work studies how the Great Recession affected families with different education in terms of economic uncertainty across ten European countries and the United States. It thereby reveals whether the economic crisis had levelled or reinforced the educational divide between families. Specifically, we examine trends in unemployment and temporary employment between families with low, medium and high educational attainment over the period from 2000 to 2010 in Austria, France, Germany, Greece, Hungary, Italy, the Netherlands, Poland, Spain, the United Kingdom and the United States.

Economic inequality has been studied on the basis of a large number of *measures*. We focus on two indicators that reflect economic uncertainties and precariousness in families: unemployment and temporary employment. Unemployment is the “ultimate form of work precarity” (Kalleberg 2009: 6) and related to poverty and adverse mental health outcomes (Paul and Moser 2009). Precarity among the working population is captured by temporary work. Such work contracts tend to be associated with lower pay and in some places with less access to paid holidays, sick leave and other fringe benefits (OECD 2002). Persons who hold such a fixed-term contract are more likely to report higher job insecurity (Erlinghagen 2008) and worse psychological health (Virtanen et al. 2005).

We study *families* as most social costs of employment insecurity are borne on the family level. We define families as couples with and without children according to the common definition of statistical agencies. Most persons are in middle age, they have already entered the labor market and become accustomed to the daily work routine. Generally speaking, when job loss hits among this group, they face a downward mobility compared to what they have been accustomed before. Living in a family context implies, moreover, that adverse economic and psychological effects not only concern the person in an insecure labor position, but that crossover effects to the spouse are likely and children's socialization conditions are affected.

Our main focus is on how families with different *education* have fared under the recession in terms of employment uncertainties. Education is generally understood as human capital and skills and higher education is associated with a number of positive labor market outcomes. We seek to understand whether the education level has become a more important determinant of families' economic stability under the recent recession.

We study changes in the education gap in unemployment and temporary employment, respectively, on the basis of the European Union's labour force surveys and the Current Population Surveys. We selected those countries which had sufficiently large sample sizes enabling robust analyses.¹ This is mostly the case for Europe's largest countries: Austria, France, Germany, Greece, Hungary, Italy, the Netherlands, Poland, Spain and the United Kingdom. We cover the period beginning in the year 2000 as most of the countries had provided detailed information on household composition by this year with the exception of Germany (from 2002) and Poland (from 2001) (Eurostat 2012). Besides their good comparability across countries and over time, another advantage of the EU-LFS is their high response rates resulting in low selection bias. In six of the countries studied, respondents are required by law to participate in the surveys. Moreover, the large sample sizes permit a reliable analysis of population subgroups which is especially pertinent when studying characteristics which are shared by relatively small parts of the populations as are unemployment and temporary employment.

The Current Population Survey (CPS) is a comparable data source for the United States, conducted by the Census Bureau for the Bureau of Labor Statistics and surveying approximately 65,000 households. It is used by the OECD alongside the EU-LFS to compute labor force statistics. We rely on the March files of the yearly CPS for examining unemployment and on the Contingent Worker Supplement (CWS) for studying temporary work as this item is not part of the core questionnaire. Within our observation period, this supplement was administered in 2001 and 2005 but discontinued thereafter (Dey, Houseman and Polivka 2010).

We apply the following sample selection. We included heterosexual couples with and without children as well as single parents living in private households. This definition of families is commonly applied by statistical agencies. We restricted our analyses to women aged 20-54 and men aged 20-59.

On a family level, we first study whether *at least one adult was unemployed* as opposed to none. Second, we investigate whether *at least one adult has temporary employment* as opposed to at least one having permanent employment (and the other not having temporary employment). The main explanatory variable is an interaction between *year and couple's education*. We base our education variable on the International Standard Classification of Education (ISCED) of low (ISCED 0-2 and 3c short programmes), medium (ISCED 3-4) and high education (ISCED 5-6) completed. We define couples (a) as *low* educated if both are low educated or one partner is low and the other is medium educated, (b) as *medium* educated if both are medium educated or one partner is low and the other is high educated and (c) as *high* educated if both are high educated or one partner is high and the other is medium educated. We use logistic regression models for individual countries to estimate correlates of couples' unemployment (yes/no) and temporary employment (yes/no), respectively.

¹ We included countries with at least 100 cases unemployed (or temporary employed) in each of the three education groups per year in our final samples. The Nordic countries (Denmark, Iceland, Norway, Sweden) were disregarded because of missing information on household composition.

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