

Unemployment and poverty among young people in the European Union during the Great Recession

Yekaterina Chzhen (yhzhen@unicef.org)

Abstract

The global financial crisis of 2007/2008 spilled over into the real economy reducing demand for labour and increasing unemployment across the European Union. It has been well documented that young people were hit particularly hard, with record numbers of 15-24-year-olds out of work and many of them neither in education or training. More than five years since the outbreak of the crisis, economic recovery is uneven and young people are struggling to find quality employment. Many are on temporary contracts and/or are working fewer hours than they would prefer. There is evidence that in many European countries young people are increasingly returning to their parental homes, unable to afford to live independently.

In light of these trends, the aims of this paper are two-fold. First, it seeks to analyse differences in the probability of being NEET (i.e. not in employment, education or training) and of being unemployed among 15-24-year-olds by individual and household characteristics across 31 European countries, using micro data from successive waves the EU Labour Force Survey (EU-LFS) 2008-2012. In particular, it is of interest whether higher levels of educational attainment have protected young people from the risks of unemployment or inactivity, everything else being equal, and how this effect varies across countries and the level of employment protection legislation. Second, the paper aims to investigate the relationship between the labour market situation of 15-24-year-olds and the risk of income poverty across 31 European countries, using data from the EU Statistics on Income and Living Conditions (EU-SILC) 2008-2012. At a time when several countries are moving to restrict access to social protection benefits to those under 25 in order to nudge them into employment or training, it is important to assess the extent to which this may lead to a higher incidence of income poverty among young people.