

How well they cope? Effects of Education and Labor Market Status on Subjective Well-Being of the Youth across European Welfare Regimes

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There is growing international evidence that **being unemployed at an early age has lasting negative effects** on future employment prospects and wages, as well as on subjective well-being and health. With many young people trapped in temporary and part-time work, the **costs to society** include not only the loss of growth and revenue potential, but also the lowered inter-generational trust, lack of confidence in traditional socio-economic and political institutions etc - especially after crisis. Despite the obvious urgency of the policy issue and several reports highlighting its importance there are relatively few studies directly focused on young people in the well-being literature.

This research investigates what determines age differences in **subjective well-being across different European welfare regimes** (expanded Esping-Andersen typology of Nordic Social Democratic, Continental –Conservative, Southern, Liberal and Post-communist EU countries), focusing on the special problems and groups of the **youth**. Besides estimating individual-specific socio-demographic effects, especially that of labor market status it emphasizes the **institutional context** of different welfare regimes, effects of the **generosity** of unemployment and social assistance on individual life satisfaction. Using micro-data on individual happiness from EU SILC 2013 special module adding context variables from various sources (e.g. Scruggs CWED2 welfare generosity scores, OECD Social spending etc.) it applies a cross-section analysis with relevant multivariate methods (both OLS and ordered logit/probit)..

Previous literature results get reinforced in preliminary results – being unemployed is always significant and strongly negative, while education is ambiguous. Youth have higher life satisfaction than others, although lowest in Southern EU and liberal welfare regimes, spending longer time in unemployment matters most for them. Among institutional and macro variables GDP per capita and social expenditures percentages in GDP have positive effects, so does the overall generosity of the welfare states, as well as being in a Scandinavian type welfare state, while Southern European and post-socialist welfare regimes have negative effects. I.e. unemployed in general and unemployed youth in particular are least happy in Post-socialist and Southern European welfare regimes.

Apart from contributing to the literature on subjective wellbeing on one hand with a new thematic focus on the younger generations, the paper also provides novelty in its data-source, as it is among the first studies relying on the EU SILC 2013 special module on Well-being. But its main contribution is adding the institutional dimension of different welfare regimes, benefit generosity and a cross-country analysis and hence policy conclusions to help mitigating work-related tensions, school-to-work transition, ALMP and social policy tools etc. in order to improve social cohesion.

Keywords: subjective well-being, youth, employment, education, social cohesion, Europe, welfare state

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