Families’ economic uncertainties during the Great Recession

Educational inequalities across European countries and in the United States, 2000-2010

Caroline Berghammer\textsuperscript{1,2} and Alícia Adserà\textsuperscript{3}

\textsuperscript{1} Department of Sociology, University of Vienna

\textsuperscript{2} Wittgenstein Centre (IIASA, VID/ÖAW, WU), Vienna Institute of Demography/Austrian Academy of Sciences

\textsuperscript{3} Office of Population Research, Princeton University
Acknowledgement

This research has received funding from the Fulbright-Schuman Program 2014-15
Introduction and research question
How has the Great Recession affected inequalities between families?

- We study education-based inequality in economic uncertainty (i.e. unemployment and temporary work)
- We include 10 European countries and the United States in the period 2000-2010 (to be extended until 2013)
Measures of economic uncertainty:

– **Unemployment**: “ultimate form of work precarity“ (Kalleberg 2009: 6); complements research on wage and income inequality

– **Temporary employment**: precarity among working population – high job insecurity, lower pay, less access to fringe benefits
Family level:

- **Profile of study group**: in middle age, obtained status, investments (loan), (care) responsibilities, low flexibility and mobility, experience downward mobility

- **Social consequences**: cross-over effects to spouses, children’s socialization conditions, intergenerational transmission, decision-making (financial investments, family and fertility behaviour)
Introduction and research question (4)

Education:

– Represents **human capital and skills**

– **Educational homogamy**: concentration of risk at bottom, muted risk at top

– **Consequences** of employment uncertainty differ by educational level
Introduction and research question (5)

Previous empirical research:
Recessions mainly affect lower-skilled persons – and the Great Recession was no exception: job loss concentrated among the low-educated (OECD 2010; Hout et al. 2011)

Research gaps:
– Temporary work
– Long period: before recession to aftermath
– Comparison between Europe and the United States
Inequality during recessions
Why are low-educated disproportionally affected by unemployment during recessions?

- Work in sectors most volatile to business cycle (manufacturing, construction)
- Low-skilled workers dismissed first: less on-the-job training, less specific skills, on (short-term) temporary contracts
- Lower re-employment chances: effectiveness of job search strategies, job competition with high-educated
Inequality during recessions (2)

How will temporary work develop among education groups during recessions?

- **Initial drop** in temporary contracts among low-educated: more often on short-term temp contracts and at higher risk of dismissal

- **Predictions unclear** in medium term: drop among high-educated who transition to stable employment, increase/drop among high-educated who take on temp. work more/less than low-educated
Data and methods
Data and methods (1)

Data sets:

- Europe: EU Labour Force Surveys 2000-2010
  (information on temporary work for 2001 and 2005 only)

11 countries included: Austria, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Spain, UK, US

Sample selection: heterosexual couples with(out) children and single parents, woman aged 20-54, men aged 20-59
Data and methods (2)

ILO definition of employed, unemployed, inactive

How to bring this to the couple level?

- **Unemployment**: at least one adult is unemployed as opposed to none (i.e. inactive population is included with the employed)

- **Temporary work**: at least one adult has a temporary contract as opposed to at least one having a permanent contract
Data and methods (3)

Figure 1: Example of Germany, 2002-2010 (couples only)
Data and methods (4)

Education: low (ISCED 0-2), medium (3-4), high (5-6)
- Low: both low, low/medium
- Medium: both medium, low/high
- High: both high, medium/high

Logistic regression models:
- Country-by-country
- Unemployed couple (yes/no)
- Temporary employed couple (yes/no)
- Independent variables: couples’ education * time (interaction), women’s/men’s age, marital status, number of children in hh, population density, country of birth
Results
Figure 2: Unemployment in families by education
Figure 3: Difference in unemployment in families by education, 2000*, 2007, 2010

Bars represent absolute difference between low and high educated (bars start at medium minus high)
Green=decrease from prev. year
Red=increase from prev. year
Blue=no change from prev. year

Predicted probabilities from a logit model, represented type: 40-49 years old, married, two kids, medium/low pop. density, both native
* GE, HU, PL start in 2001 & 2002
Figure 4: Temporary employment in families by education

- Germany
- Hungary
- Spain
- United States

Graphs showing the percentage of temporary employment in families by education level (Low education, Medium education, High education) for Germany, Hungary, Spain, and the United States from 2000 to 2010.
Figure 5: Difference in temp. employment in families by education, 2000*, 2007, 2010

Bars represent absolute difference between low and high educated (bars start at medium minus high)
Green=decrease from prev. year
Red=increase from prev. year
Blue=no change from prev. year

Predicted probabilities from a logit model, represented type: 40-49 years old, married, two kids, medium/low pop. density, both native
* GE, HU, PL start in 2001/02; US 2001 & 2005
Conclusions

– Increase in inequality with regard to unemployment between 2007 and 2010 in almost all countries (9 of 11)
– Largest increase in Spain, Greece, Hungary and the US
– Results for temporary employment mixed
– Largest increase in Hungary, largest decrease in Spain

Next steps:
– Include data from 2011-2013 (latest release)
– Address magnitude of changes
Comments?
Questions?

✉️ caroline.berghammer@univie.ac.at
✉️ adsera@princeton.edu