

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

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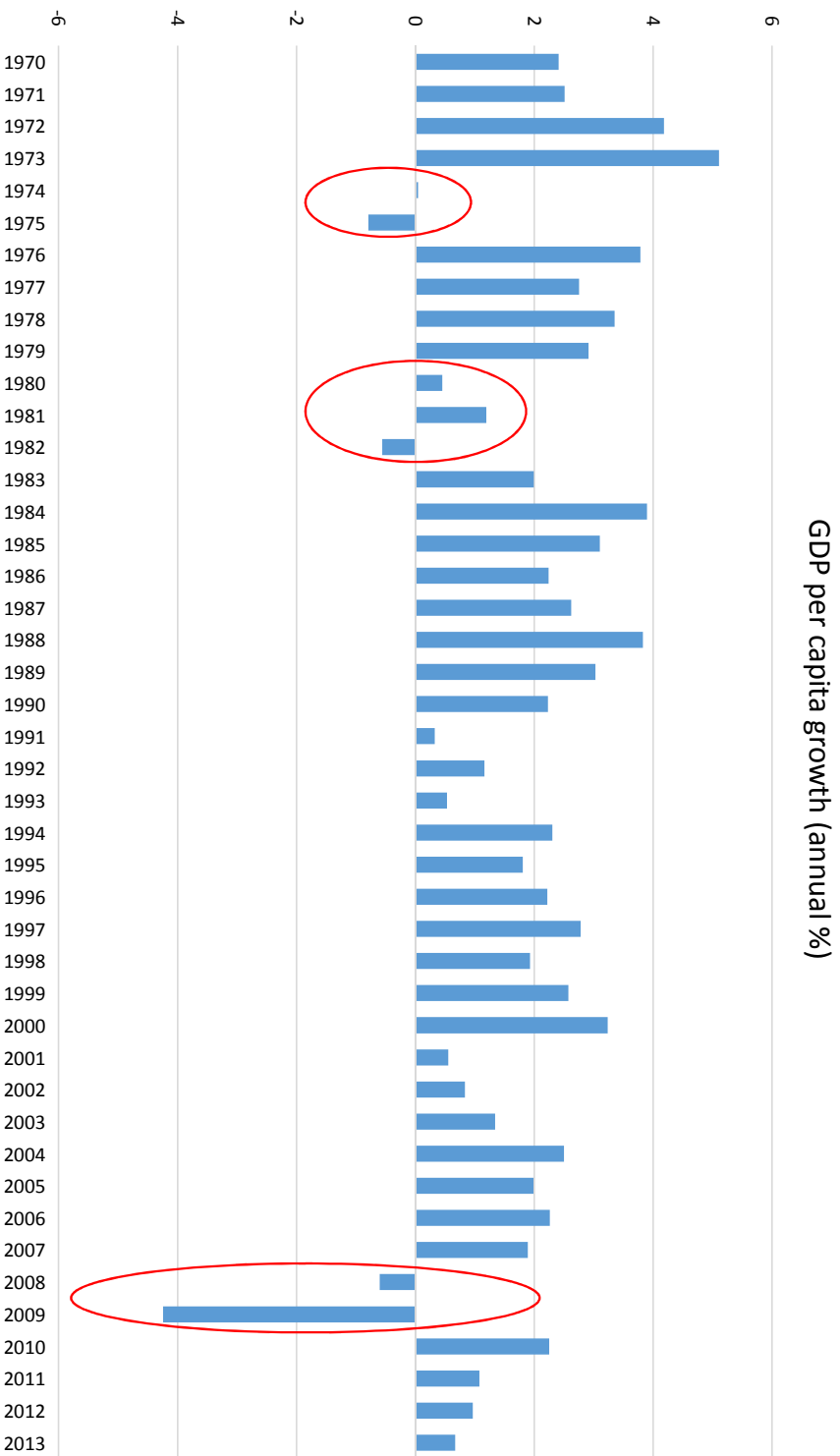
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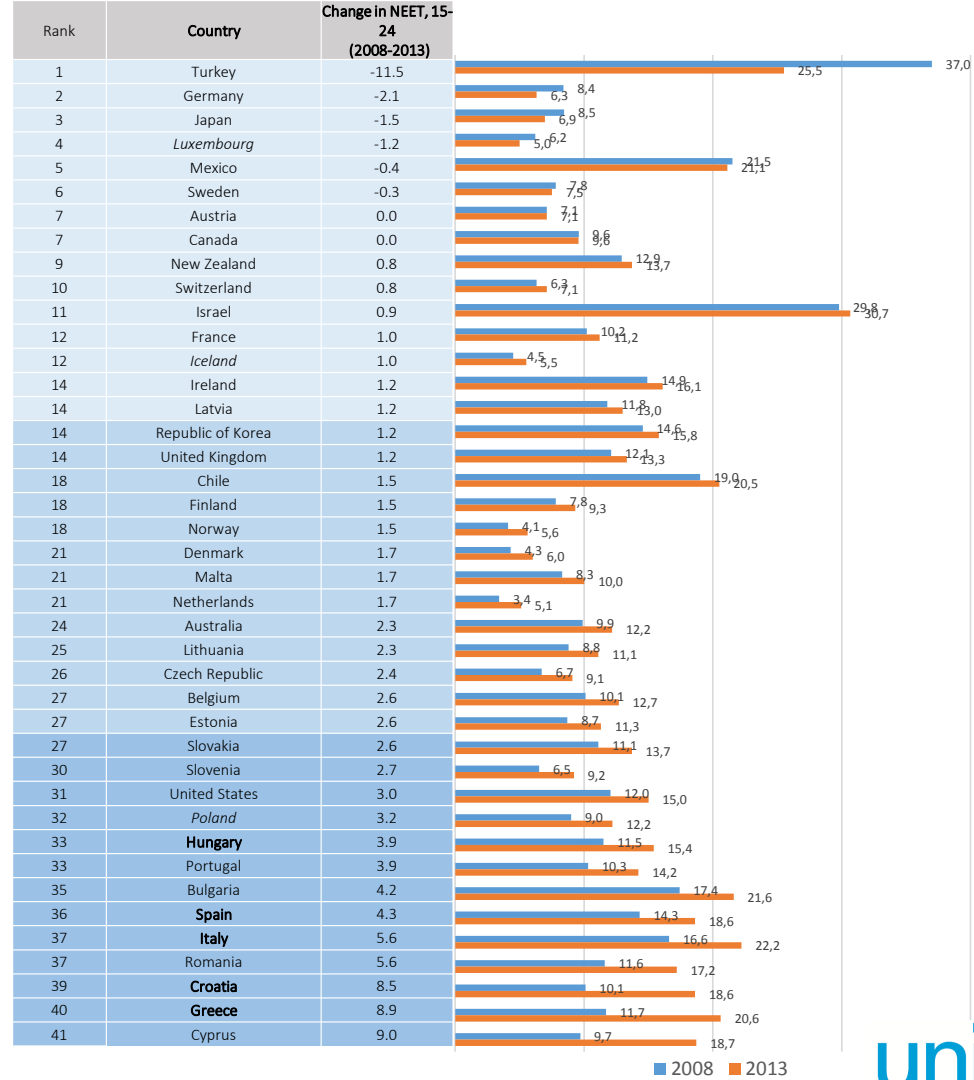
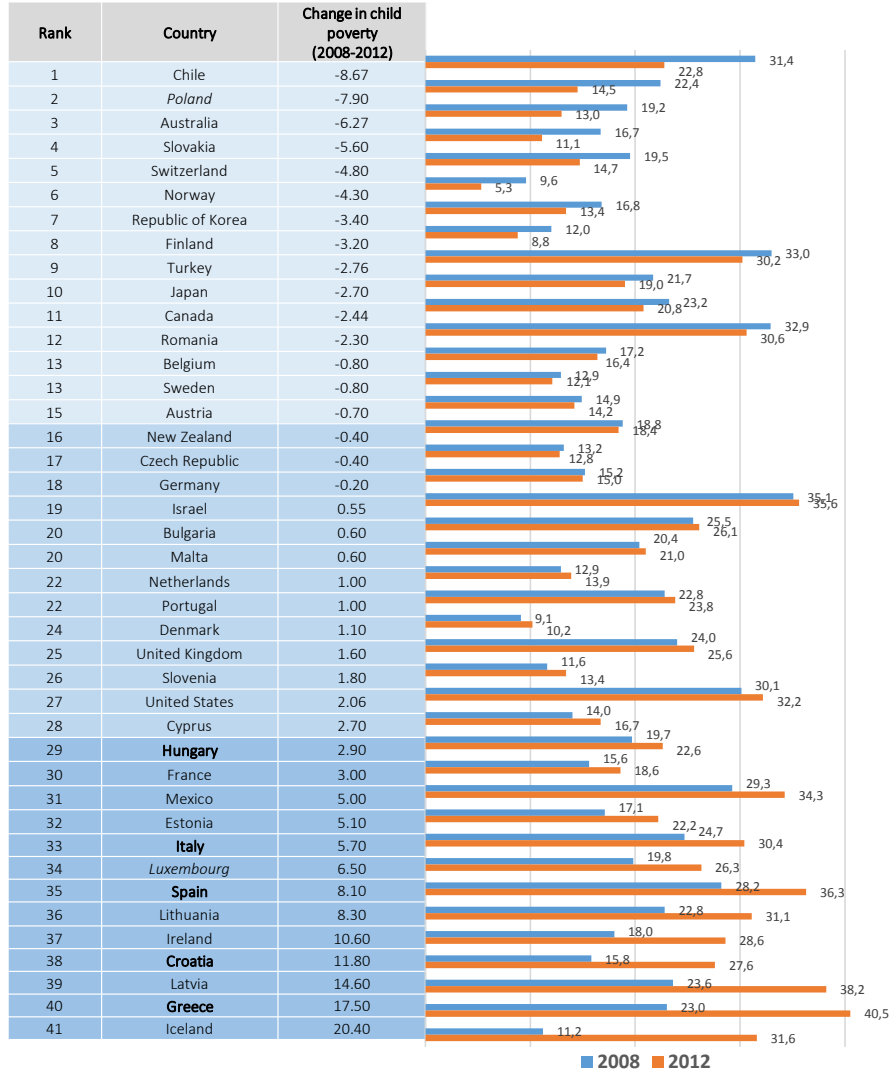
4th European User Conference for EU-Microdata

Mannheim, March 6 2015

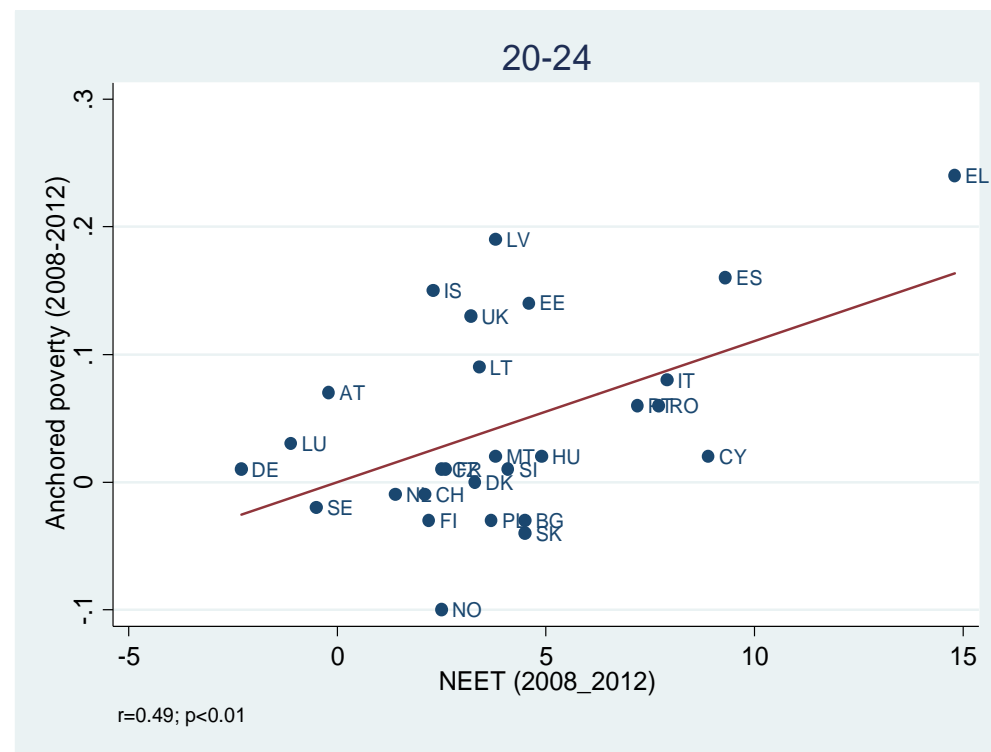
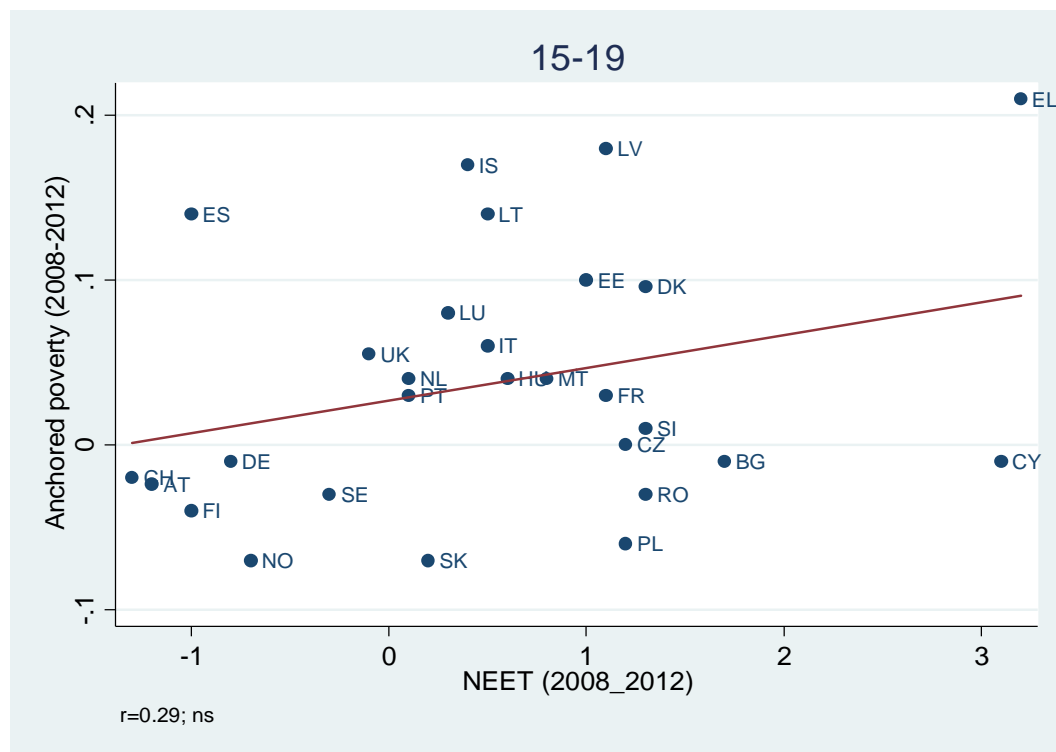
OECD countries were affected by the most severe recession since WWII



Innocenti Report Card 12: Children of the Recession (2014)



Change in youth poverty vs. change in NEET (2008-2012), pps.



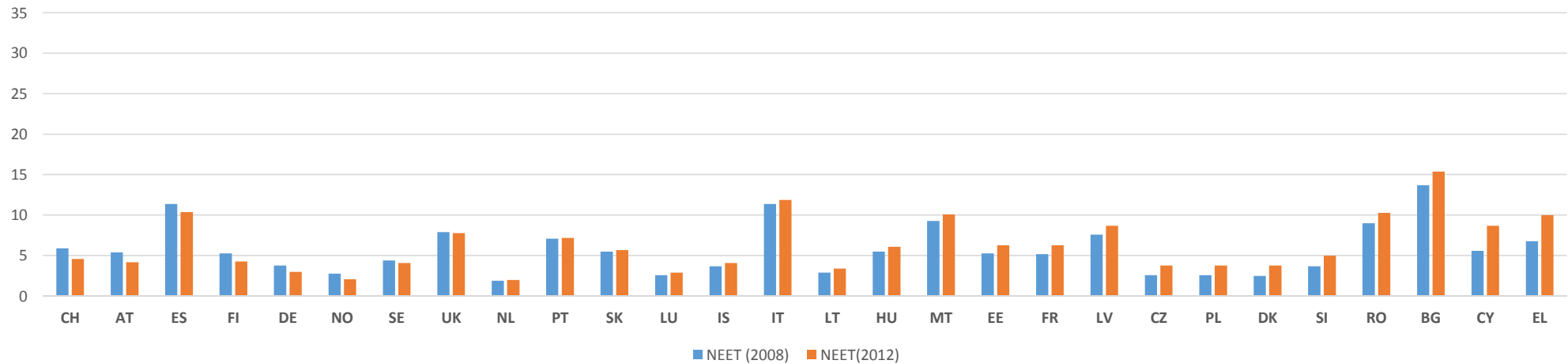
Source: EU-SILC UDB (poverty); EU-LFS (NEET).

Research questions

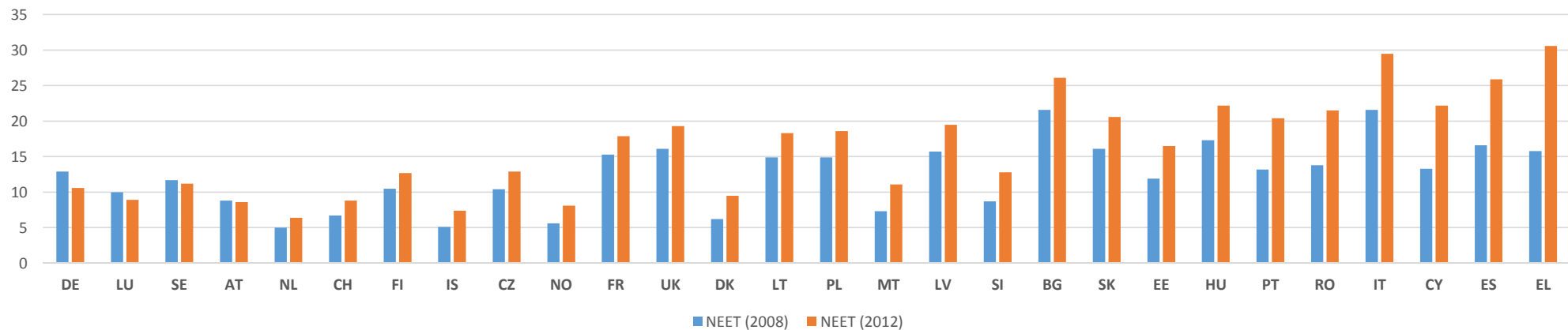
- Why is there such a weak association between changes in NEET rates and changes in youth poverty across EU countries?
- What drove changes in youth poverty during the Great Recession?

Change in NEET rates (2008-2012), pps.

15-19



20-24



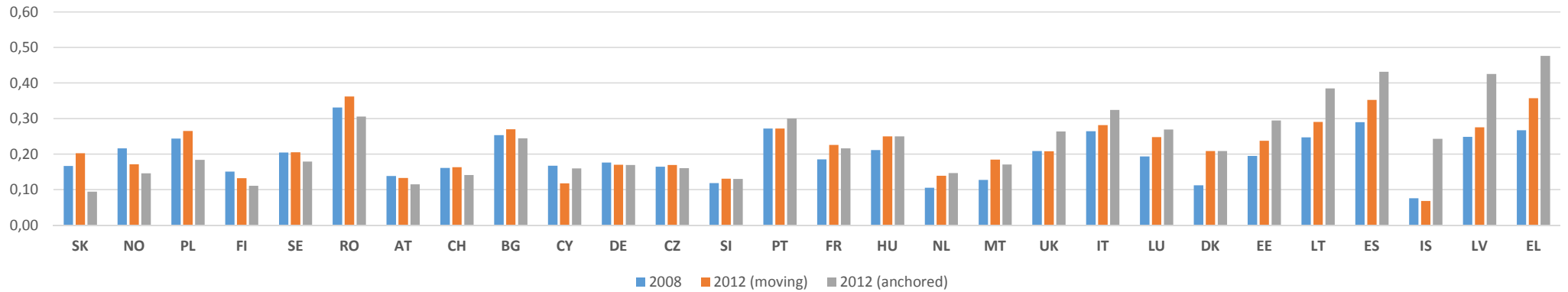
Source: EU-LFS (Eurostat).

Youth inactivity/unemployment during the Great Recession: stylized facts

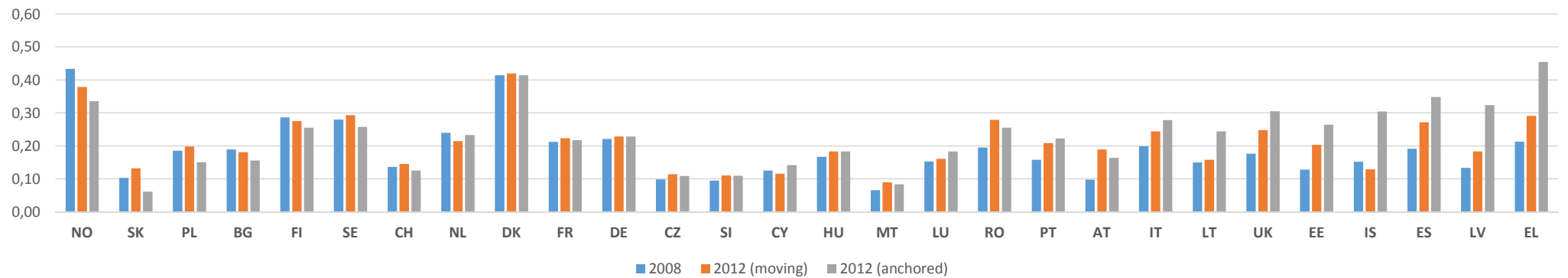
- Youth inactivity and unemployment increased to a greater extent in countries that were more exposed to the crisis (GDP/capita).
- Changes in the NEET rate were driven by changes in unemployment rather than inactivity.
- Share of youth in education increased in most EU countries, but not enough to compensate for declines in youth employment.
- Increases in youth unemployment were closely associated with increases in working-age unemployment.

Change in youth poverty (2008-2012), pps.

15-19



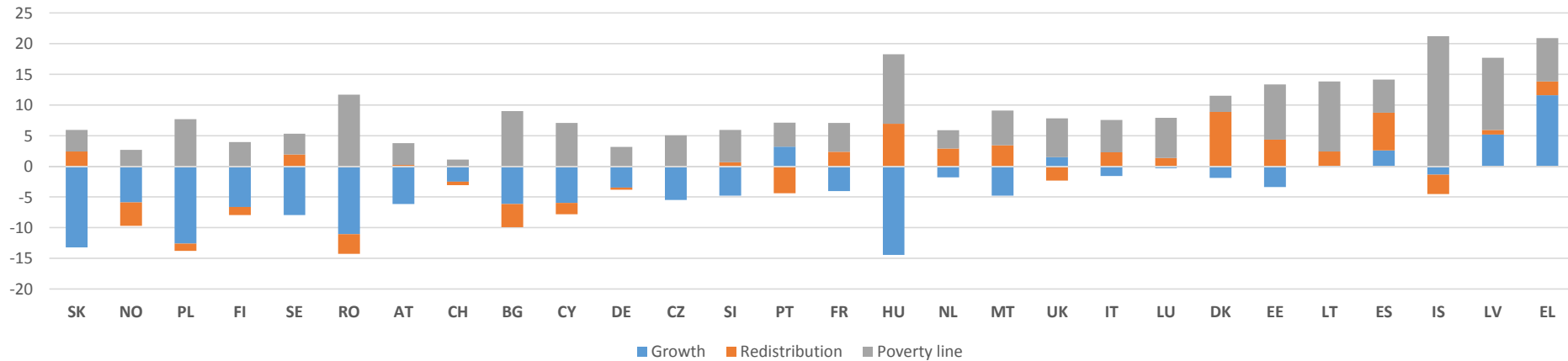
20-24



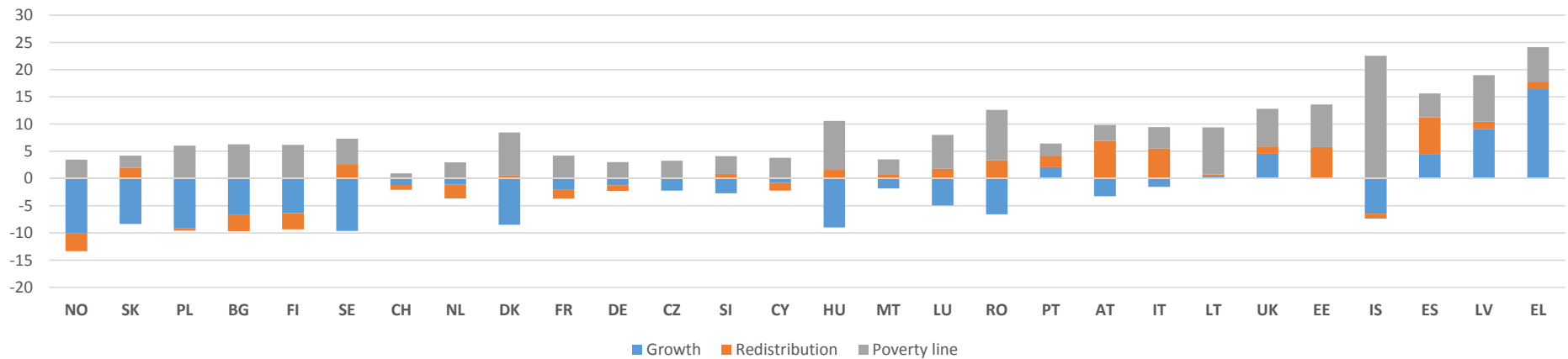
Source: EU-SILC UDB.

Decomposition of absolute change in anchored poverty

15-19



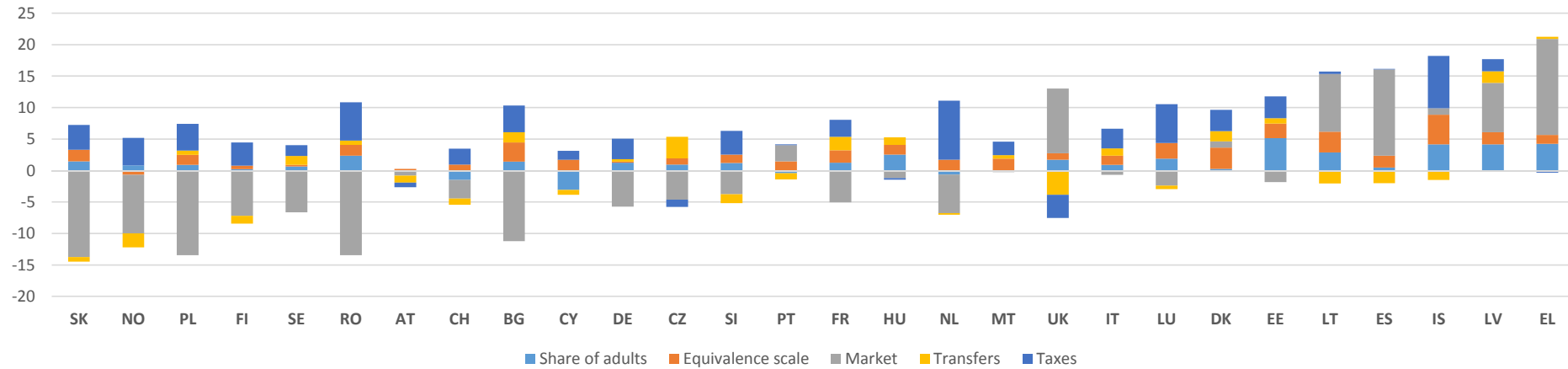
20-24



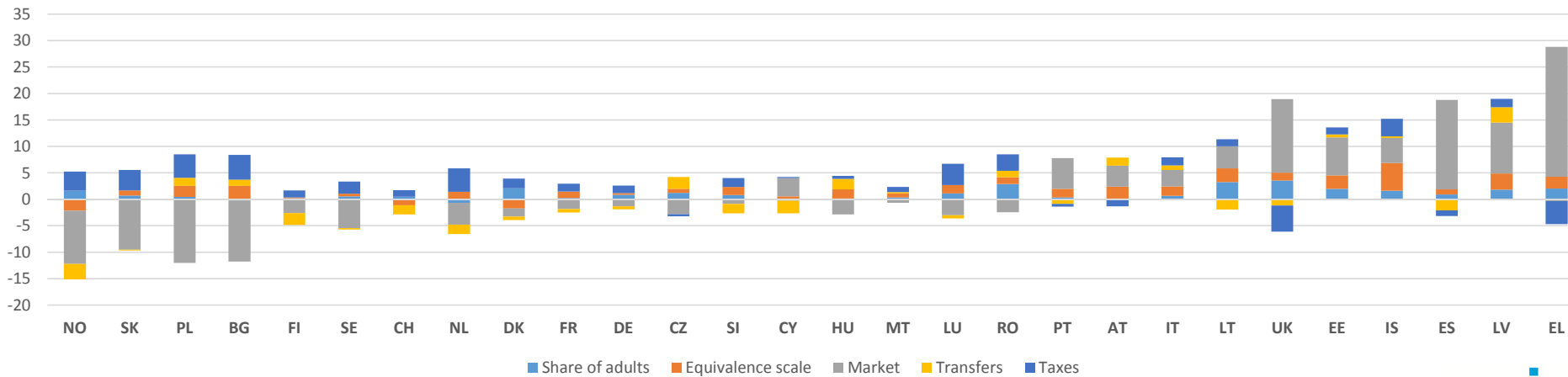
Source: EU-SILC UDB.
Decomposition following Kolenikov and Shorrocks (2003).

Contribution to absolute change in anchored poverty

15-19



20-24

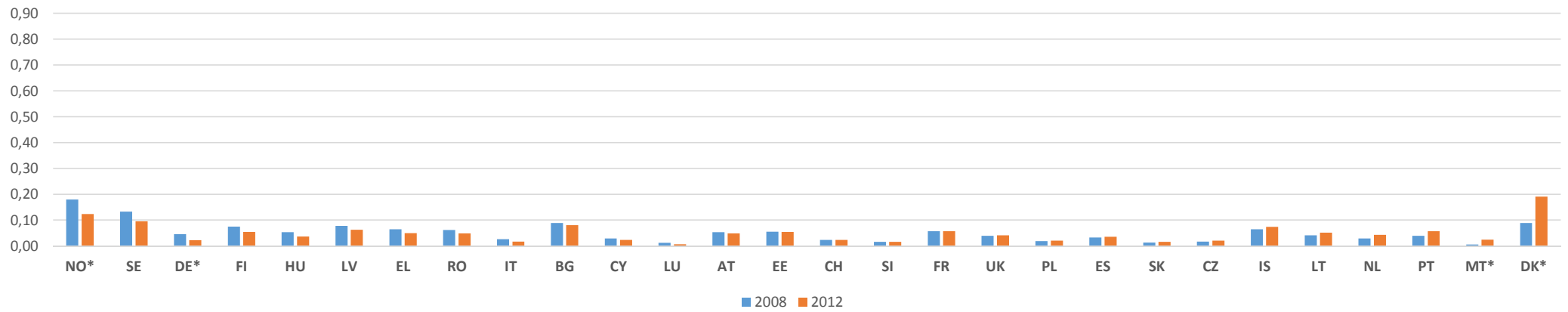


Source: EU-SILC UDB.

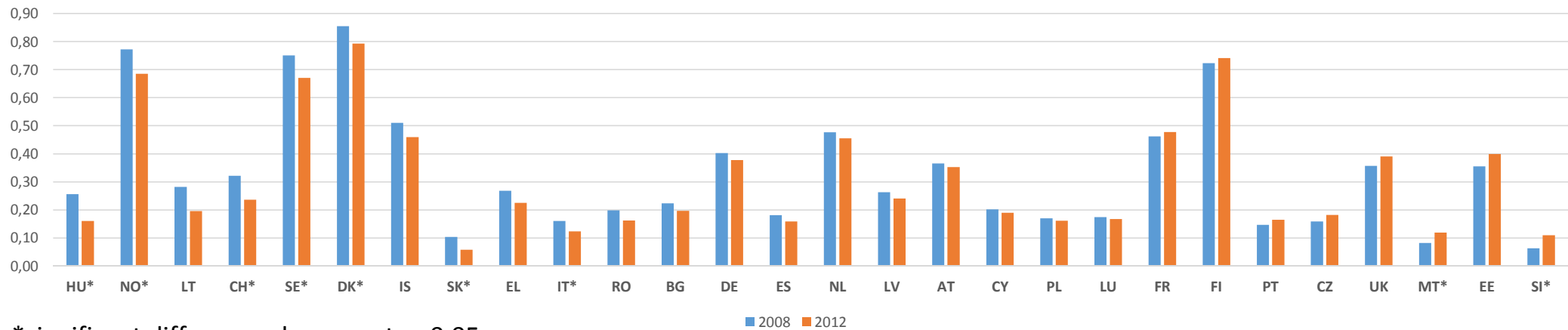
Decomposition following Azevedo, Sanfelicce and Minh (2012).

Changes in living outside the parental home (2008-2012)

15-19



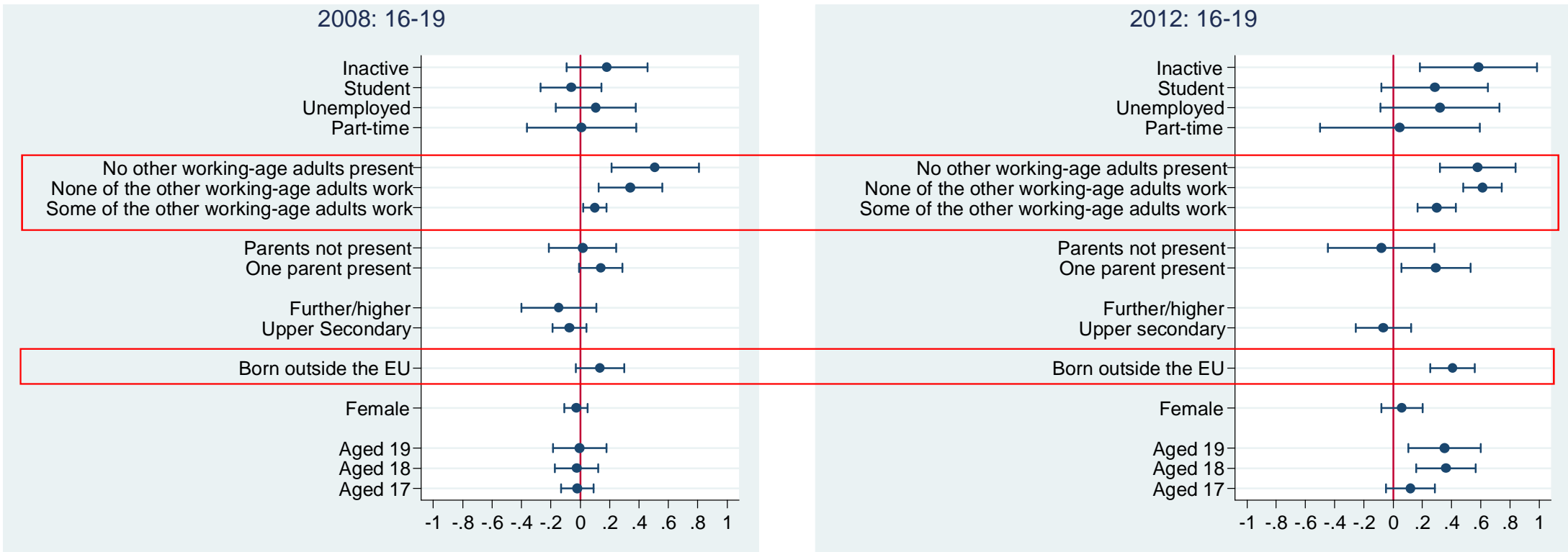
20-24



*significant differences by year at $p < 0.05$.

Source: EU-SILC UDB.

Greece: conditional marginal effects on the probability of being poor



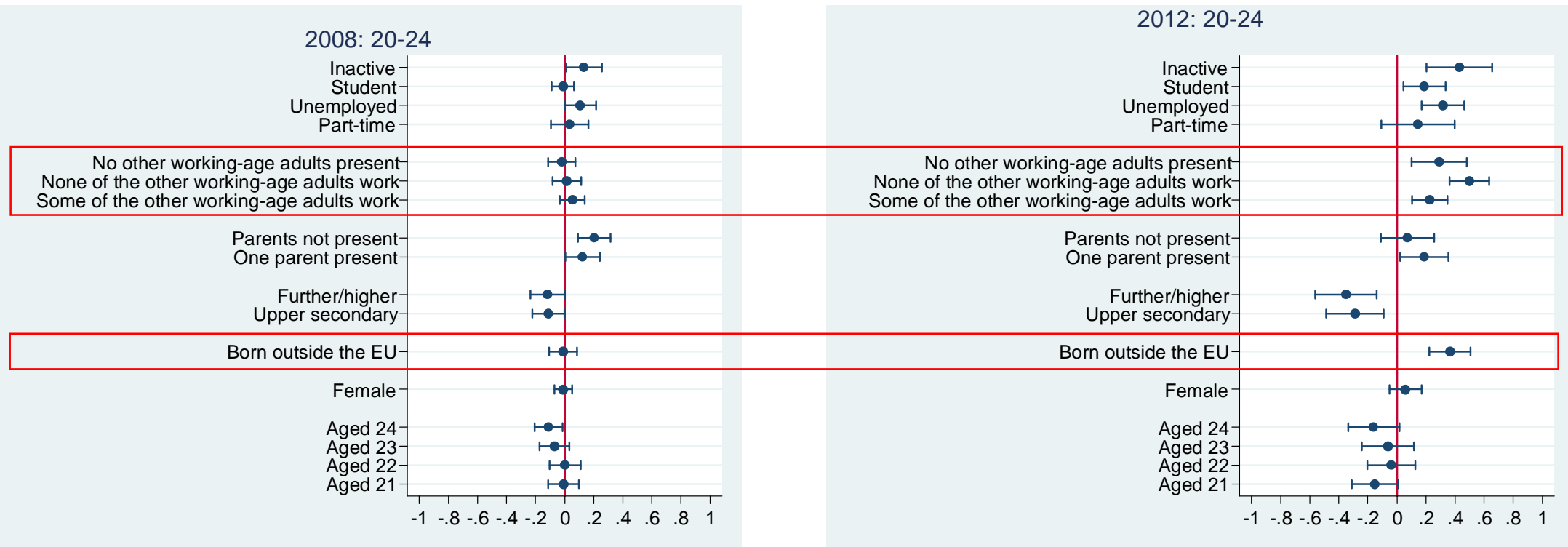
Between 2008 and 2012 anchored poverty increased by 21pps among 15-19-year-olds.

More young people are unemployed, inactive or in education.

More young people live in households where no co-resident working-age adults work.

Source: EU-SILC UDB.

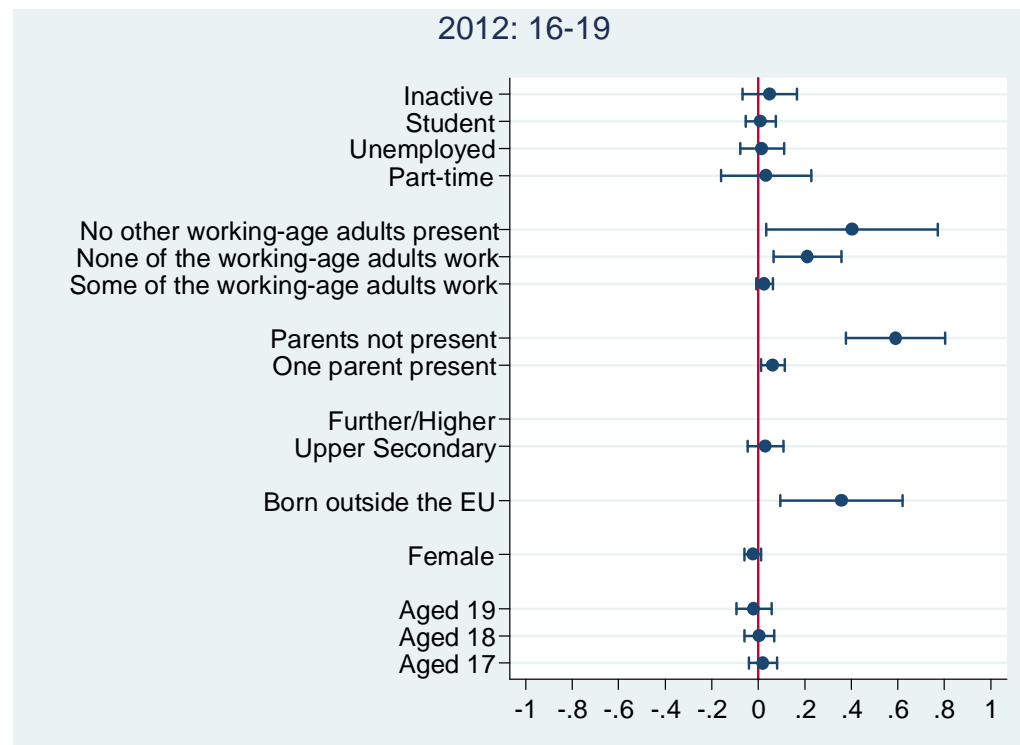
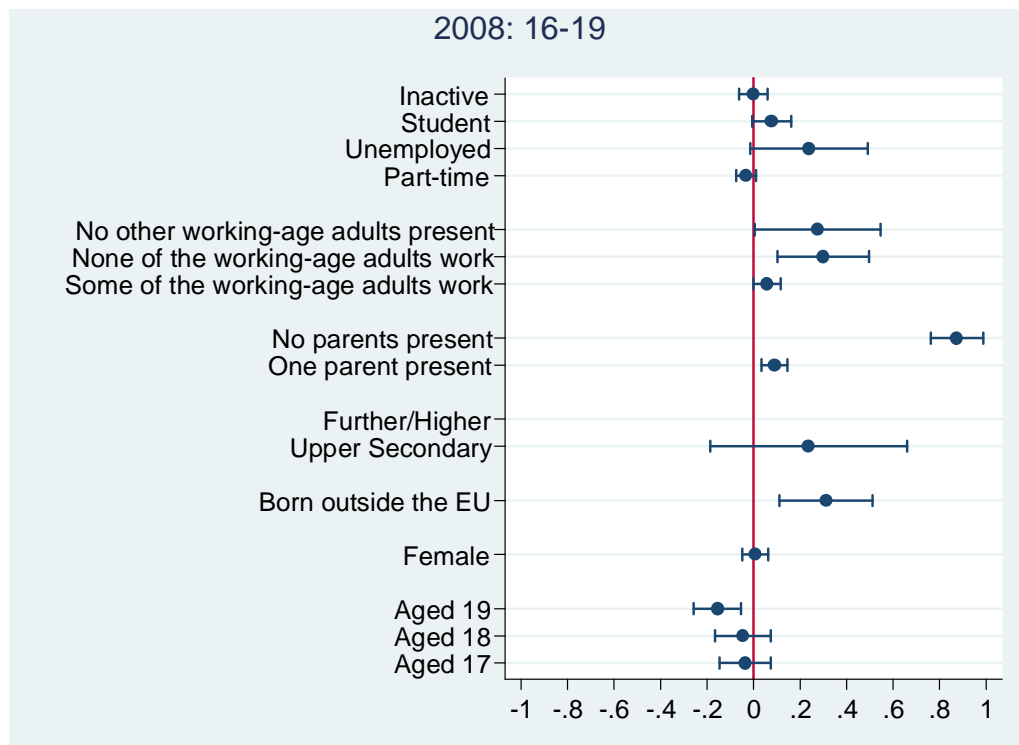
Greece: conditional marginal effects on the probability of being poor



Between 2008 and 2012 anchored poverty increased by 24pps among 20-24-year-olds.
 More young people are unemployed or in education.
 More young people live in households where no co-resident working-age adults work.

Source: EU-SILC UDB.

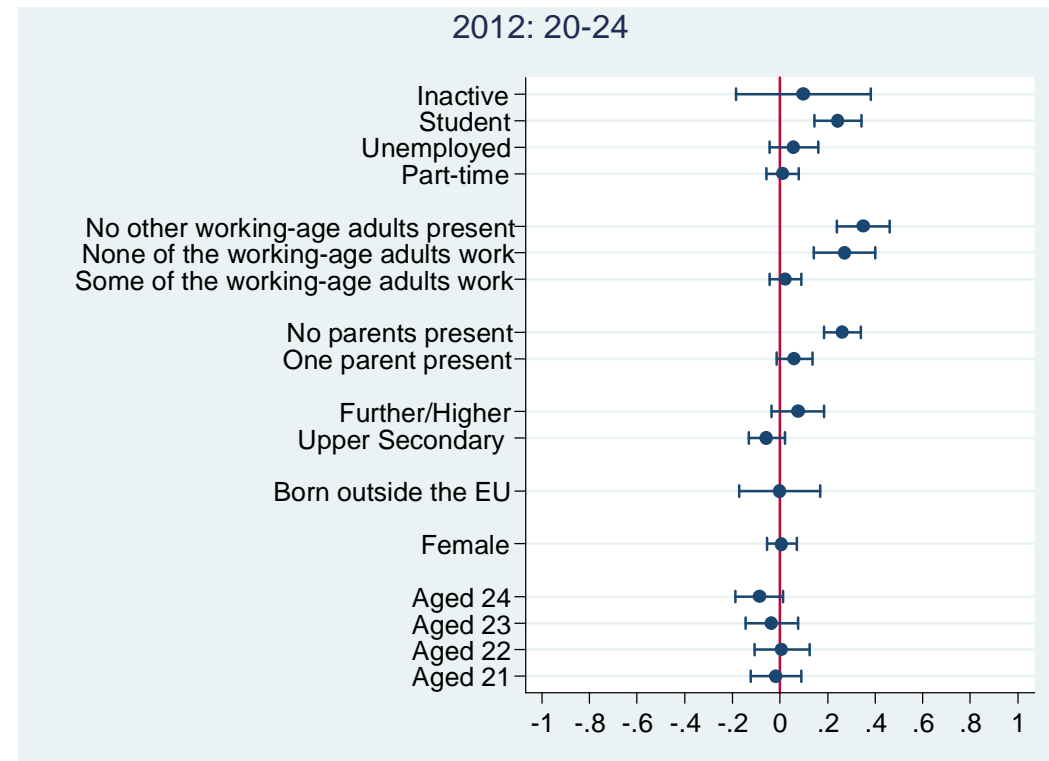
Norway: conditional marginal effects on the probability of being poor



Between 2008 and 2012 anchored poverty decreased by 7pps among 15-19-year-olds (although there was no change in economic activity). More young people co-reside with their parent(s).

Source: EU-SILC UDB.

Norway: conditional marginal effects on the probability of being poor



Between 2008 and 2012 anchored poverty decreased by 10pps among 20-24-year-olds (although there was no change in economic activity). More young people co-reside with their parent(s).

Source: EU-SILC UDB.

Greece: labour market and poverty dynamics(EU-SILC panel): cohort aged 16-24

Self-defined economic status [time t+1]

	Full-time	Part-time	Unemployed Student	Inactive
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<i>Self-defined economic status [time t]</i>	Full-time	77	4	13	2	3
	Part-time	27	38	15	15	5
	Unemployed	18	6	64	9	4
	Student	3	3	8	81	5
	Inactive	14	4	24	11	48
	Overall	23	5	17	47	8

Anchored poverty [time t+1]

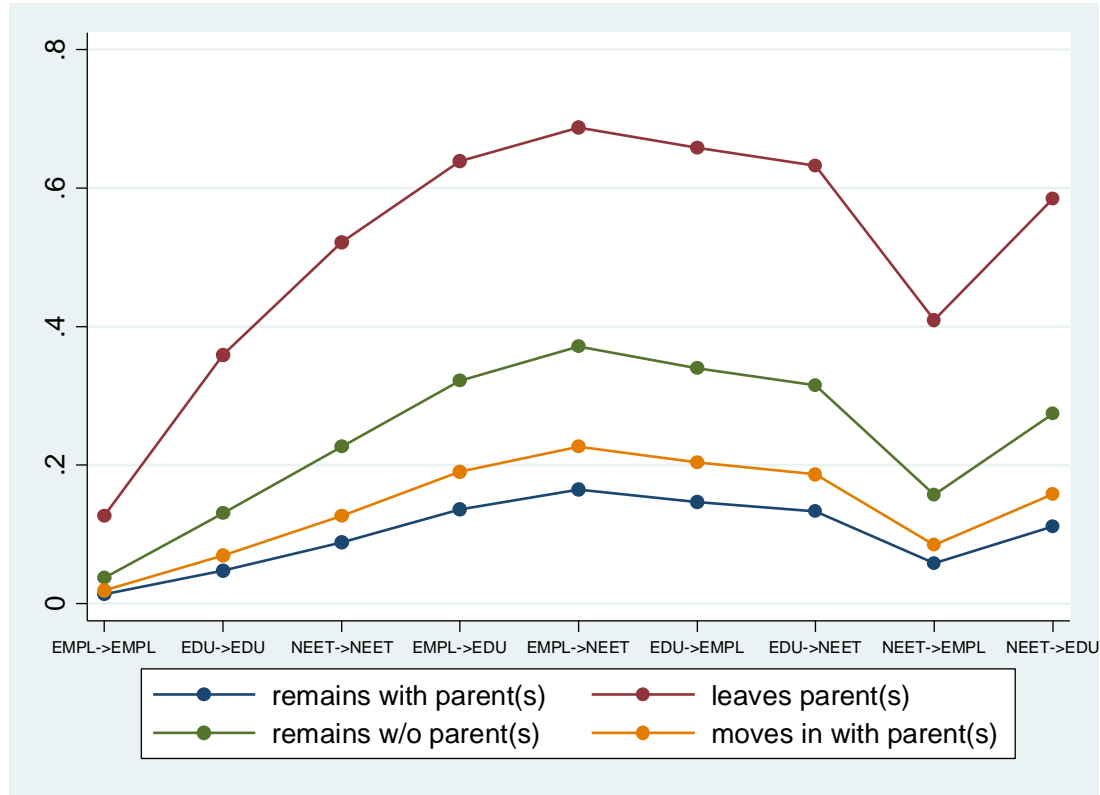
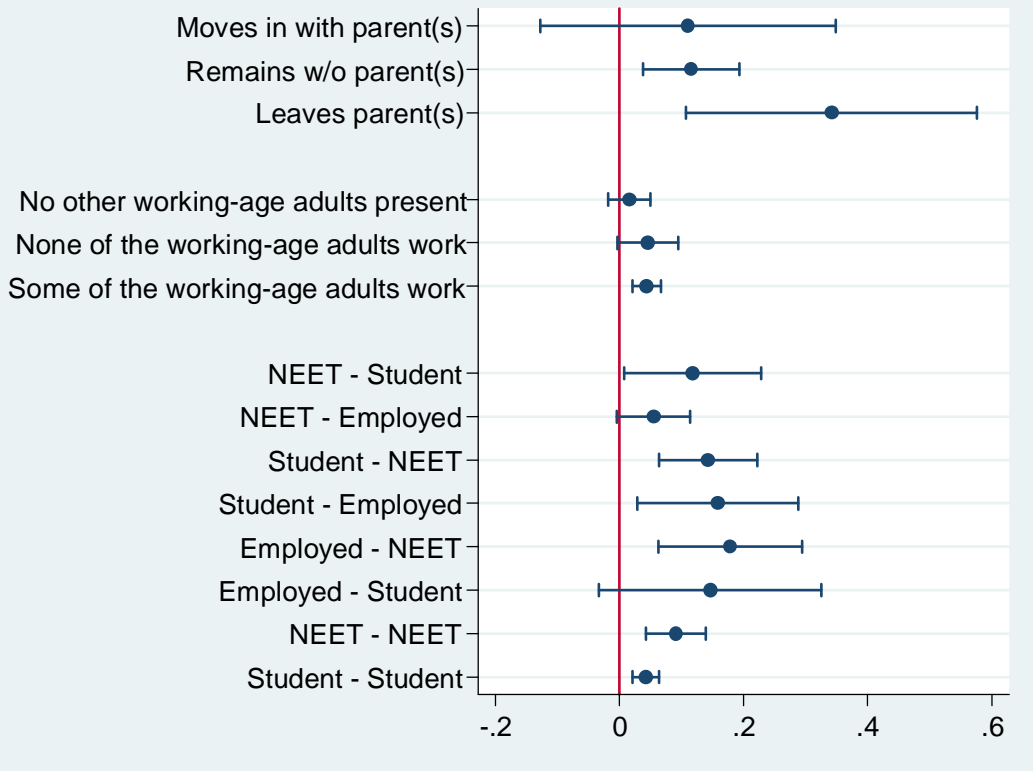
<i>Anchored poverty [time t]</i>	<i>time t</i>	
	Not-poor	Poor
	Not-poor	89
Poor	31	69
Overall:	75	25

time t+1

	No parent(s) in HH	Parent(s) in HH
No parent(s) in HH	98	2
Parent(s) in HH	2	98
Overall:	18	82

Source: EU-SILC UDB.

Greece: conditional probability of being poor at t+1 if not poor at time t



Source: EU-SILC UDB.

Summary

- Aggregate changes in NEET rates do not drive changes in youth poverty rates across the EU between 2008 and 2012.
 - BUT: one's economic activity is still a crucial predictor of one's poverty status.
 - Individual-level risk of moving into poverty increases significantly with switching from employment to unemployment or inactivity.
- In countries where the youth poverty rate has increased, it was mostly due to falling disposable household income (especially *market income*).
 - E.g. youth poverty in Greece increased mainly due to greater unemployment/inactivity among co-resident working-age adults (and greater associated penalties).
- In countries where the youth poverty rate has decreased, it was mostly due to increases in disposable household income and *in spite of* the inflation-driven increase in the anchored poverty threshold.
 - E.g. youth poverty in Norway decreased partly because young people moved in with their parents.