Descriptive Finding

Youth prospects in a time of economic recession

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Youth prospects in a time of economic recession

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Abstract

BACKGROUND
The paper gives an update to earlier analysis considering youth poverty and transition to adulthood, which is timely given the economic crisis engulfing many countries in Europe. Whereas the crisis is affecting young people in particular, there is also a certain degree of variation across Europe.

OBJECTIVE
We document the short-term consequences of the current recession on the transition to adulthood of young Europeans, focusing on two main cornerstones in the transition to adulthood: economic independence and residential autonomy.

METHODS
We use a combination of OECD Employment Statistics for 2012 and micro-level data from the European Union Statistics on Income and Living Conditions (EU-SILC) for the period 2005-2011 for 24 countries.

RESULTS
We document an increase in economic hardship experienced by young adults in several European countries during the recession, which is starting to translate into higher rates of co-residence with parents, hence delaying the process of leaving home and gaining economic independence.

CONCLUSIONS
The way countries are reacting to the recession is not yet clear-cut, but economic uncertainty and deprivation is on the rise in those countries hardest hit, which is likely to delay the key markers of transition to adulthood.

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1. Introduction

The current economic crisis is having an adverse impact on the economic performance of Europe, causing many countries to enter into recession. Besides a considerable fall in asset prices there have been increases in unemployment and financial hardship (Scarpetta et al. 2010). In particular, the crisis has hit the young population very hard. During the recession youth unemployment has increased disproportionately with respect to the overall unemployment level (Bell et al. 2011; Cho and Newhouse 2013). According to official statistics, if the overall unemployment rate increased by 3.3% from 2007 to 2012 on average in Europe, the youth unemployment rate increased by 4.6% for the 30–34 age group, by 5.1% for those aged 25–29, and by 7.3% for the 20–24 age group (OECD 2013).

Declining real earnings and poor employment prospects for young people result in a “failure to launch” (Bell et al. 2007) into economic independence. Stable employment and economic self-sufficiency are shown to be important prerequisites for leaving the parental home and starting a family (Whittington et al. 1996; Aassve et al. 2002; Iacovou 2010). Therefore, as the economy struggles and young people are faced with higher unemployment rates, increased risk of poverty, and increased financial difficulties, it also becomes more difficult to gain or maintain their residential independence from the parental home (Mykyta and Macartney 2011; Mykyta 2012; Lee and Painter 2013; von Wachter et al. 2013). Consequently, a late transition out of the parental home contributes to the postponement of other transitions, such as forming a stable cohabiting partnership and having children, hence making the whole transition towards adult status more protracted (Furstenberg et al. 2004; Furstenberg 2010).

We investigate the patterns of youth unemployment, poverty, and subjective deprivation together with measures of parental co-residence for the period 2005 to 2011. This work extends the analysis by Aassve et al. (2006), which described the economic situation of European youth during the 1990s using data from the European Household Panel Survey (ECHP), thereby providing a detailed description of youth poverty in Europe. Our contribution serves as an update of that analysis by using data from the European Union Statistics on Income and Living Conditions (EU-SILC). Such an update is particularly timely, as many countries are facing a severe economic recession. However, not all countries are hit by the economic crisis; thus young adults of Europe are exposed to different destinies depending on where they reside. An important extension of this analysis is that we incorporate countries of Central and Eastern Europe, for which so far there has been limited available evidence.
2. Data and methods

Starting with reporting levels as of 2005, we show the pattern of change in youth unemployment rates from 2005 to 2007 and from 2007 and 2012 for different European countries using official statistics from the OECD (2013). With a comparative perspective in mind, EU-SILC is the most appropriate data source to study the economic situation of young individuals. Using this data source we show patterns of change in youth poverty, subjective deprivation, and co-residence with parents from 2005 to 2007 and from 2007 and 2011. Consistent with Aassve et al (2006), and the idea that the transition to adulthood in many societies stretches into the mid-thirties (Billari 2004; Furstenberg et al. 2004), we define youth as aged between 18 and 35 years. We distinguish three age groups within this range: 18–24, 25–29, and 30–35. In order to simplify the presentation of our results we group countries into five clusters. We distinguish between Continental countries (Austria, Belgium, Germany, the Netherlands, Luxembourg, and France), Southern European countries (Spain, Greece, Portugal, and Italy), Social-Democratic countries (Denmark, Finland, Sweden, Iceland, and Norway) and Central and Eastern European countries (Czech Republic, Estonia, Hungary, Lithuania, Latvia, Slovenia, Slovakia, and Poland). The UK is considered alone as representative of the Liberal countries. Such a clustering is consistent with Esping-Andersen (1990) and the extension suggested by Ferrera (1996), whereas grouping the former communist countries together is done for presentational convenience, rather than suggesting that they are similar.

3. The wave of youth unemployment

At the beginning of 2012 youth unemployment was more than double the overall unemployment level in the OECD area. However, the observed changes in youth unemployment during the recession differ across countries, as shown in Table 1. Whereas almost all countries experienced an increase in youth unemployment, one exception stands out, namely Germany, where the youth unemployment rate for age 20–34 fell by 3.3% between 2007 and 2012 (from 9.8% to 6.5%). The Southern European countries stand out at the other extreme. The worst hit are Spain and Greece where the youth unemployment rate reached 36.3% and 40.2% in 2012, respectively, and the youngest-youth (age 20–24) unemployment rate reached 49.1% and 55.1% (increasing by 34% and 31.2% between 2007 and 2012). Also Portugal and Italy faced substantial increases in unemployment rates for young people (9.3% and 12%, respectively), with about one out of four young adults aged 18–35 being unemployed. Among Central and Eastern European countries Slovakia, Estonia, Slovenia, and
Hungary are particularly badly hit. The youth unemployment rate also increased substantially in Iceland, the UK, and, interestingly, Denmark. The increase is negligible in the remaining countries.

**Table 1: Unemployment rates by age and welfare regime**

|                      | 2005  | 2005-2007(%) | 2007-2012(%) |
|----------------------|-------|--------------|--------------|
|                      | 20-34 | 20-24 | 25-29 | 30-34 | 20-34 | 20-24 | 25-29 | 30-34 | 20-34 | 20-24 | 25-29 | 30-34 |
| **Continental Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| Austria              | 6.55  | 8.68  | 5.89  | 5.08  | −0.98 | −0.51 | −1.46 | −0.98 | 0.45  | 0.85  | 0.38  | 0.12  |
| Belgium              | 13.10 | 20.01 | 10.40 | 8.89  | −1.53 | −0.40 | −2.95 | −1.26 | 1.02  | 1.33  | 1.06  | 0.67  |
| Germany              | 12.85 | 15.38 | 12.53 | 10.63 | −3.02 | −2.60 | −4.20 | −2.27 | −3.32 | −3.40 | −3.41 | −3.14 |
| Luxembourg           | 7.21  | 12.66 | 4.74  | 4.24  | 0.57  | 0.76  | 0.28  | 0.68  | 2.38  | 5.09  | 1.17  | 0.87  |
| Netherlands          | 5.66  | 7.49  | 4.97  | 4.54  | −2.30 | −2.11 | −2.73 | −2.06 | 2.43  | 2.35  | 2.63  | 2.30  |
| France               | 12.90 | 19.15 | 10.91 | 8.65  | −1.07 | −0.47 | −1.91 | −0.83 | 3.11  | 4.52  | 2.49  | 2.30  |
| **Southern European Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| Spain                | 12.11 | 17.04 | 11.18 | 8.11  | −1.51 | −2.03 | −1.91 | −0.58 | 25.67 | 34.00 | 23.03 | 19.97 |
| Greece               | 16.74 | 24.74 | 15.08 | 10.41 | −1.47 | −0.82 | −2.41 | −1.19 | 24.94 | 31.22 | 23.23 | 20.38 |
| Italy                | 14.11 | 21.15 | 13.08 | 8.10  | −2.40 | −2.68 | −3.20 | −1.32 | 9.29  | 13.79 | 7.54  | 6.56  |
| Portugal             | 10.87 | 14.85 | 10.88 | 8.87  | 0.66  | 0.79  | −0.03 | 1.21  | 12.00 | 19.19 | 8.43  | 8.38  |
| **Liberal Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| United Kingdom       | 6.01  | 9.43  | 4.92  | 3.69  | 0.58  | 0.06  | 1.22  | 0.47  | 4.47  | 6.58  | 3.64  | 3.19  |
| **Social Democratic Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| Denmark              | 6.01  | 7.64  | 5.52  | 4.86  | −1.14 | −0.92 | −1.51 | −0.98 | 5.97  | 6.14  | 6.44  | 5.34  |
| Finland              | 10.23 | 15.32 | 8.60  | 6.77  | −2.18 | −1.79 | −3.38 | −1.37 | 1.79  | 1.87  | 2.06  | 1.45  |
| Sweden               | 11.73 | 17.43 | 10.58 | 7.16  | −3.25 | −3.55 | −3.84 | −2.35 | 3.26  | 5.25  | 2.43  | 2.11  |
| Iceland              | 3.54  | 6.10  | 2.32  | 2.20  | −1.01 | −0.61 | −1.63 | −0.79 | 6.00  | 7.23  | 5.70  | 5.08  |
| Norway               | 6.71  | 9.10  | 6.00  | 5.02  | −3.25 | −2.99 | −3.89 | −2.86 | 1.54  | 2.09  | 1.48  | 1.04  |
| **Central and Eastern European Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| Czech Republic       | 10.42 | 15.76 | 8.49  | 7.00  | −4.01 | −3.28 | −6.97 | −1.77 | 4.66  | 7.94  | 3.71  | 2.35  |
| Estonia              | 8.88  | 12.91 | 7.91  | 5.83  | −3.63 | −3.39 | −5.36 | −2.14 | 7.81  | 10.42 | 6.23  | 6.76  |
| Hungary              | 10.80 | 17.50 | 8.20  | 6.70  | −0.13 | 0.22  | −1.11 | 0.51  | 6.57  | 10.04 | 5.61  | 4.07  |
| Slovenia             | 9.92  | 15.81 | 9.32  | 4.64  | −2.33 | −1.18 | −5.62 | −0.20 | 7.66  | 10.59 | 6.86  | 5.52  |
| Slovakia             | 18.95 | 25.91 | 16.28 | 14.65 | −6.18 | −5.10 | −9.06 | −4.40 | 8.49  | 13.99 | 6.69  | 4.80  |
| Poland               | 24.99 | 38.49 | 21.19 | 15.29 | −11.54 | −10.62 | −16.90 | −7.10 | 2.52  | 3.67  | 2.55  | 1.35  |

*Source:* Own calculations based on Labour Force Survey Statistics (OECD, 2013).

*Note:* The most recent statistics on unemployment for Latvia and Lithuania are not available.
4. Results

4.1 Co-residence with parents

European countries differ widely in the rate of co-residence. Table 2 shows that before the recession set in, less than 20% of young adults in Social Democratic countries (but Iceland) still lived with their parents. The majority of young adults have left the parental home by age 24 (by age 29 in Iceland), and very few (less than 5%) live with parents during their early 30s. The opposite pattern emerges for young adults in Southern Europe. Here more than 79% are still living with their parents at age 20-24, 50% or more at age 25-29, and more than 20% at age 30-35. Central and Eastern European countries are similar to Southern Europe, while the UK and Continental countries are in between the two extremes.

When looking at the change in the rate of co-residence it is clear that for many countries there is little movement as the recession takes hold. That is, changes between 2007 and 2011 are in many cases not very different from changes observed between 2005 and 2007 in the pre-recession period. But for some countries there appears to be a change in trend. Between 2007 and 2011 co-residence increased by 9.6% in Hungary, 4.4% in France, and 5.8 and 2.5% in Sweden and Denmark, respectively. When splitting the young into different age groups we see that, compared to the other age groups, co-residence increased much more for those aged 18–24 (9% in France between 2007 and 2011, 8.5% in Sweden, and 7.1% in Hungary), though for those aged between 25-29 there is a noticeable increase for Hungary (13.9%), Poland (6%), and Slovakia (5.9%). These increases are of interest because in some of these countries (e.g., Sweden and France) young people tend to leave home at a relatively early age. The change in co-residence in Southern Europe, however, is negligible. This might be counterintuitive, given the increase in youth unemployment observed in these countries. An explanation is that the vast majority of young people in these countries already live with their parents. Another possibility is that, for some, economic hardship becomes a push factor to leave home as they find employment. This might play an important role in countries such as Lithuania, Latvia, and Slovenia, where we see a decline in co-residence during the recession period. Note that for the period 2005 to 2007 co-residence, if anything, increased in Lithuania and Latvia. The UK is also different in that there is little change during the period of recession, whereas co-residence increased quite substantially between 2005 and 2007.
Table 2:  Co-residence with parents by age and welfare regime

|                          | 2005   | 2005-2007(%) | 2007-2011(%) |
|--------------------------|--------|--------------|--------------|
|                           | 18-35  | 18-24        | 25-29        | 30-35 | 18-35 | 18-24 | 25-29 | 30-35 | 18-35 | 18-24 | 25-29 | 30-35 |
| **Continental Countries**|        |              |              |       |       |       |       |       |       |       |       |       |
| Austria                   | 0.381  | 0.718        | 0.294        | 0.110 | 4.04  | 2.49  | 2.89  | 1.27  | 0.94  | -0.72 | 0.47  | -1.51 |
| Belgium                   | 0.326  | 0.709        | 0.188        | 0.065 | 3.83  | 3.70  | 4.49  | 1.28  | 0.38  | 1.25  | -2.34 | -1.40 |
| Germany                   | 0.438  | 0.876        | 0.371        | 0.076 | -5.36 | -9.00 | -12.55 | -1.02 | -1.15 | 1.39  | -2.89 | -0.19 |
| Luxembourg                | 0.409  | 0.819        | 0.317        | 0.076 | 0.38  | 2.86  | -0.72 | 0.77  | 2.08  | 1.01  | 4.86  | 2.45  |
| Netherlands               | 0.265  | 0.630        | 0.113        | 0.035 | 1.32  | 1.15  | 0.26  | -0.85 | 1.89  | -0.14 | 2.04  | -0.61 |
| France                    | 0.280  | 0.602        | 0.120        | 0.054 | -2.89 | -9.00 | -1.84 | -1.24 | 4.37  | 9.03  | 4.90  | 1.54  |
| **Southern European Countries**|        |              |              |       |       |       |       |       |       |       |       |       |
| Spain                     | 0.537  | 0.891        | 0.560        | 0.216 | -2.25 | -1.48 | -2.37 | 0.33  | -1.36 | -0.52 | 0.11  | -0.41 |
| Greece                    | 0.542  | 0.792        | 0.567        | 0.287 | 0.74  | -2.45 | 3.70  | 3.50  | 0.91  | 0.40  | 2.09  | -0.08 |
| Italy                     | 0.544  | 0.876        | 0.567        | 0.267 | -0.22 | -0.58 | -0.30 | 0.14  | 0.29  | 2.74  | -2.16 | -2.28 |
| Portugal                  | 0.522  | 0.853        | 0.495        | 0.219 | 2.15  | 1.82  | 5.29  | 2.08  | 1.29  | -0.72 | 2.39  | 5.64  |
| **Liberal Countries**     |        |              |              |       |       |       |       |       |       |       |       |       |
| United Kingdom            | 0.296  | 0.573        | 0.195        | 0.082 | 8.24  | 15.60 | 4.27  | 0.45  | 1.66  | 1.12  | 1.70  | -0.24 |
| **Social Democratic Countries**|        |              |              |       |       |       |       |       |       |       |       |       |
| Denmark                   | 0.136  | 0.360        | 0.036        | 0.015 | -0.38 | -2.13 | 0.30  | 0.15  | 2.50  | 4.13  | -1.98 | -0.56 |
| Finland                   | 0.204  | 0.430        | 0.072        | 0.048 | -1.32 | -2.31 | -0.09 | -0.60 | -1.26 | 0.81  | -2.25 | -1.11 |
| Sweden                    | 0.154  | 0.391        | 0.037        | 0.016 | -0.19 | -1.05 | 0.50  | 0.39  | 5.80  | 8.46  | 1.72  | -0.61 |
| Iceland                   | 0.278  | 0.572        | 0.140        | 0.049 | 1.39  | 1.65  | 2.98  | 0.12  | 2.49  | 3.41  | -0.36 | 0.57  |
| Norway                    | 0.164  | 0.401        | 0.054        | 0.023 | 0.88  | 0.27  | 0.96  | 0.11  | -0.29 | 0.51  | -0.84 | -0.71 |
| **Central and Eastern European Countries**|        |              |              |       |       |       |       |       |       |       |       |       |
| Czech Republic            | 0.436  | 0.805        | 0.366        | 0.121 | 4.05  | 7.20  | 4.38  | 5.73  | 0.97  | -2.05 | 5.37  | 0.78  |
| Estonia                   | 0.451  | 0.746        | 0.323        | 0.192 | -2.57 | -2.56 | -3.29 | -3.91 | -2.76 | 0.74  | -4.47 | -2.83 |
| Hungary                   | 0.458  | 0.769        | 0.379        | 0.207 | 2.45  | 2.66  | 4.10  | 1.69  | 9.61  | 7.06  | 13.89 | 3.53  |
| Lithuania                 | 0.451  | 0.741        | 0.310        | 0.216 | 5.77  | 6.77  | 7.73  | -1.29 | -1.71 | -0.22 | -3.67 | -2.39 |
| Latvia                    | 0.497  | 0.764        | 0.409        | 0.247 | 3.85  | 4.64  | 2.48  | 4.91  | -1.78 | -2.94 | -0.20 | -2.41 |
| Slovenia                  | 0.644  | 0.931        | 0.637        | 0.308 | 0.33  | 1.31  | 4.37  | -1.18 | -6.10 | -3.60 | -6.03 | -4.58 |
| Slovakia                  | 0.631  | 0.904        | 0.543        | 0.270 | 5.67  | 2.70  | 11.35 | 3.82  | 1.81  | 2.69  | 5.92  | 4.27  |
| Poland                    | 0.534  | 0.821        | 0.441        | 0.228 | 2.16  | 4.02  | 2.31  | 1.95  | 1.40  | 0.37  | 5.99  | 5.70  |
4.2 Youth poverty – An update

Since poverty is defined across the household (but assigned to each member of the household), the poverty status depends on the household composition. For young people it depends on whether they live with parents, with a partner, or alone. In this section we follow up on the analysis by Aassve et al. (2006), who documented country differences in age-poverty profiles. Their findings show that in 2001 Social Democratic countries had the lowest poverty across all ages in Europe, with the exception of young adults for whom a peak in poverty was found. Southern Europe was characterized by relatively high child poverty, increasing as children grew into teenage years and then declining, while Continental countries showed a flatter poverty profile across ages. According to EU-SILC data from 2011, the shape of age-poverty profiles has not changed with respect to the previous decade (results not shown, available upon request).

Table 3 shows changes in poverty rates between 2005–2007 and 2007–2011. The proportion of poor is defined by a threshold conventionally fixed at 60% of the net equivalized household income. Given the way it is computed it should be noted that as unemployment increases the average income declines, and so does the poverty threshold.

The highest increase in the poverty rate is found among young people aged 25–29 in Social Democratic countries (16.9% in Denmark and 7.9% in Sweden) and in the UK (9.9%). For Southern European countries youth poverty is relatively low and this is largely explained by the fact that in these countries young people live with their parents longer and hence are more protected against the risk of poverty. Nonetheless, poverty increased by 8.6% in Spain and 4.6% in Portugal for young adults aged 18–24. When we look at young adults living in Eastern European Countries the pattern that emerges is heterogeneous. In Lithuania, Latvia, and Estonia poverty rates increased between 2007 and 2011 by 9%, 5.5%, and 4.8%, respectively, for young people aged 18–35, while for the other countries in this cluster changes are negligible (below 3%). Poverty rates calculated for Continental countries do not show any particular increase, with a few exceptions.
### Table 3: Poverty rates by age and welfare regime

|                        | 18-35 | 18-24 | 25-29 | 30-35 | 18-35 | 18-24 | 25-29 | 30-35 | 18-35 | 18-24 | 25-29 | 30-35 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| **Continental Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| Austria                | 0.132 | 0.130 | 0.124 | 0.111 | 0.23  | −0.56 | 0.18  | 0.81  | 0.79  | −0.57 | 1.27  | 1.54  |
| Belgium                | 0.153 | 0.167 | 0.123 | 0.118 | 1.18  | 0.23  | −0.81 | −0.54 | 2.54  | −0.81 | 5.68  | 3.31  |
| Germany                | 0.143 | 0.108 | 0.131 | 0.105 | 3.85  | 7.01  | 8.07  | 2.45  | 1.87  | 2.43  | 3.15  | −5.04 |
| Luxembourg             | 0.103 | 0.161 | 0.121 | 0.124 | 0.06  | −0.02 | 2.11  | 0.96  | −0.17 | −1.65 | −2.34 | −4.31 |
| Netherlands            | 0.198 | 0.169 | 0.112 | 0.092 | −0.09 | 0.96  | −5.18 | −0.62 | 5.41  | 8.50  | −0.96 | −4.81 |
| France                 | 0.137 | 0.183 | 0.100 | 0.113 | −0.67 | 2.50  | −1.22 | −1.72 | 3.04  | 1.40  | 5.05  | 5.09  |
| **Southern European Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| Spain                  | 0.193 | 0.167 | 0.127 | 0.132 | 0.23  | 0.34  | 1.16  | −0.02 | 6.28  | 8.64  | 6.48  | 3.55  |
| Greece                 | 0.201 | 0.216 | 0.144 | 0.142 | 0.19  | 2.93  | 1.28  | 2.74  | 3.02  | 2.30  | 2.73  | 2.99  |
| Italy                  | 0.196 | 0.221 | 0.160 | 0.151 | 0.65  | 2.03  | 2.10  | 1.10  | 1.56  | 0.09  | 3.14  | −0.47 |
| Portugal               | 0.198 | 0.161 | 0.126 | 0.141 | −1.45 | 0.10  | −1.20 | −2.14 | 1.79  | 4.62  | −0.36 | 1.35  |
| **Liberal Countries**  |       |       |       |       |       |       |       |       |       |       |       |       |
| United Kingdom         | 0.127 | 0.241 | 0.144 | 0.132 | 0.29  | −4.95 | 1.92  | −0.49 | 0.13  | 2.64  | 9.97  | 5.45  |
| **Social Democratic Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| Denmark                | 0.280 | 0.339 | 0.207 | 0.088 | −0.19 | 0.48  | −3.11 | 2.08  | 10.68 | 11.42 | 16.87 | 9.92  |
| Finland                | 0.153 | 0.241 | 0.105 | 0.074 | 1.36  | −0.33 | 2.99  | 0.22  | 3.02  | 4.21  | 3.03  | 1.84  |
| Sweden                 | 0.116 | 0.250 | 0.130 | 0.063 | 0.96  | 3.26  | 2.01  | 3.49  | 3.92  | −1.51 | 7.87  | 3.78  |
| Iceland                | 0.120 | 0.169 | 0.128 | 0.096 | −0.10 | −5.10 | −0.06 | 0.10  | 4.06  | 2.79  | 7.54  | 2.95  |
| Norway                 | 0.155 | 0.319 | 0.151 | 0.069 | 1.03  | 6.89  | 4.41  | 0.16  | 3.14  | 1.02  | 0.34  | 5.52  |
| **Central and Eastern European Countries** |       |       |       |       |       |       |       |       |       |       |       |       |
| Czech Republic         | 0.105 | 0.107 | 0.088 | 0.137 | −1.22 | 1.45  | −2.63 | −4.36 | 1.07  | 1.86  | 1.36  | 2.93  |
| Estonia                | 0.200 | 0.177 | 0.115 | 0.144 | 3.68  | −0.30 | −2.36 | −4.30 | 4.77  | 4.82  | 4.21  | 6.07  |
| Hungary                | 0.134 | 0.154 | 0.098 | 0.140 | −1.23 | 1.36  | −1.09 | −1.13 | 1.66  | 0.62  | 5.59  | 3.13  |
| Lithuania              | 0.210 | 0.210 | 0.163 | 0.186 | 0.93  | −5.47 | −3.08 | −6.92 | 9.13  | 11.38 | 2.48  | 9.62  |
| Latvia                 | 0.210 | 0.170 | 0.137 | 0.126 | 4.12  | −0.25 | −4.14 | 2.36  | 5.44  | 5.30  | 6.13  | 10.35 |
| Slovenia               | 0.152 | 0.100 | 0.082 | 0.078 | −0.87 | −0.83 | −0.53 | 1.50  | 2.77  | 1.96  | 5.62  | 3.06  |
| Slovakia               | 0.129 | 0.157 | 0.108 | 0.123 | −2.65 | −3.92 | −3.40 | −2.87 | 2.92  | 3.31  | 1.61  | 5.34  |
| Poland                 | 0.189 | 0.252 | 0.196 | 0.195 | −2.80 | −4.57 | −4.60 | −4.03 | −1.25 | 0.01  | −0.90 | −1.79 |
4.3 Subjective deprivation

Are young adults feeling the pinch during the economic crisis? From unemployment rates it is clear that young people are finding it hard to make their way into employment. Judging by the poverty rates instead, the picture is mixed and it is hard to draw clear conclusions. To get a better grasp of how young individuals fare financially during the recession we consider a subjective indicator of deprivation, measured by the proportion of young adults experiencing great difficulty in making ends meet. Such a subjective measure is important since it captures how individuals perceive their own financial situations, and serves as a proxy for consumer confidence. Consequently, it is likely to matter for the timing of the key life transitions. When considering this measure we find that half the countries in our sample show an increase in deprivation between 2007 and 2011 of more than 3% (Table 4).

The highest increases in subjective deprivation are found in those countries where this indicator was already high in 2005, namely Central and Eastern Europe and Southern Europe. The proportion of young people having great difficulties to make ends meet in 2005 was above 25% in Latvia and Poland, and ranged from 10% in Spain to 18% in Greece. The increase in subjective deprivation between 2007 and 2011 is particularly high in Hungary (13.2%), Latvia (8.8%), and Greece (7.9%). Interestingly, Social Democratic countries do not show any particular change in subjective deprivation, except in the case of Iceland which, having experienced the recession earlier than other countries, registered a sharp increase in subjective deprivation (7.7%). The increase in the proportion of young people with difficulties in making ends meet for Continental countries is less evident (less than 3%) than in other countries. Among young people, the two youngest age groups (18-24 and 25-29) are the most prone to report feeling deprived.
Table 4: Proportion experiencing great difficulty in making ends meet, by age and welfare regime

| Country               | 2005  | 2005-2007 (%) | 2007-2011 (%) |
|-----------------------|-------|--------------|--------------|
|                       | 18-35 | 18-24        | 25-29        | 30-35        | 18-35 | 18-24 | 25-29 | 30-35 | 18-35 | 18-24 | 25-29 | 30-35 |
| **Continental Countries** |       |              |              |              |       |       |       |       |       |       |       |       |
| Austria               | 0.029 | 0.030        | 0.033        | 0.014        | 0.70  | 0.96  | 1.03  | 1.10  | 2.85  | 1.05  | 1.56  | 6.21  |
| Belgium               | 0.062 | 0.057        | 0.05         | 0.066        | −0.23 | 1.03  | −0.29 | −1.28 | 3.17  | 2.10  | 4.85  | 3.83  |
| Germany               | 0.034 | 0.033        | 0.034        | 0.036        | −1.05 | −1.03 | −1.39 | −1.06 | 0.79  | 1.26  | 0.13  | 0.79  |
| Luxembourg            | 0.017 | 0.061        | 0.056        | 0.052        | −0.09 | 1.14  | −0.40 | −1.00 | 1.68  | 4.11  | −1.02 | 0.98  |
| Netherlands           | 0.045 | 0.049        | 0.038        | 0.032        | −1.87 | −2.05 | −2.76 | −1.69 | 0.72  | 0.36  | 2.26  | 1.93  |
| France                | 0.031 | 0.048        | 0.048        | 0.040        | −0.10 | −0.69 | −1.59 | 0.86  | 2.52  | 0.97  | 2.37  | 1.17  |
| **Southern European Countries** |       |              |              |              |       |       |       |       |       |       |       |       |
| Spain                 | 0.101 | 0.116        | 0.096        | 0.084        | −0.11 | 0.25  | 0.24  | 0.31  | 1.96  | 1.85  | 1.96  | 2.00  |
| Greece                | 0.176 | 0.177        | 0.155        | 0.152        | 1.55  | 3.58  | −0.53 | 0.82  | 7.86  | 8.26  | 11.91 | 9.23  |
| Italy                 | 0.150 | 0.196        | 0.154        | 0.152        | 0.67  | 0.71  | 1.15  | 0.84  | 3.00  | −0.18 | 1.81  | 1.52  |
| Portugal              | 0.166 | 0.159        | 0.132        | 0.156        | −0.87 | 1.79  | −0.24 | −4.26 | 3.52  | 3.09  | 3.11  | 8.72  |
| **Liberal Countries** |       |              |              |              |       |       |       |       |       |       |       |       |
| United Kingdom        | 0.047 | 0.024        | 0.013        | 0.013        | −0.19 | −1.23 | 1.12  | 0.54  | 4.43  | 4.00  | 1.73  | 3.54  |
| **Social Democratic Countries** |       |              |              |              |       |       |       |       |       |       |       |       |
| Denmark               | 0.030 | 0.050        | 0.040        | 0.033        | 0.34  | −0.57 | −0.20 | 0.03  | 0.85  | 0.24  | 0.76  | 0.11  |
| Finland               | 0.032 | 0.049        | 0.029        | 0.027        | −0.45 | −2.64 | −0.57 | −0.41 | −0.13 | 0.54  | −0.12 | 0.67  |
| Sweden                | 0.034 | 0.052        | 0.035        | 0.037        | 0.07  | −1.87 | 0.02  | −0.45 | 0.42  | 0.97  | 0.58  | −0.11 |
| Iceland               | 0.065 | 0.061        | 0.068        | 0.052        | −1.16 | −1.16 | −1.06 | −0.66 | 7.76  | 6.00  | 7.06  | 11.49 |
| Norway                | 0.037 | 0.041        | 0.039        | 0.047        | −1.24 | −0.64 | −1.06 | −2.10 | 1.42  | −1.08 | 2.08  | 2.23  |
| **Central and Eastern European Countries** |       |              |              |              |       |       |       |       |       |       |       |       |
| Czech Republic        | 0.101 | 0.143        | 0.109        | 0.113        | −2.94 | −3.93 | −5.14 | −5.11 | 1.83  | 1.10  | 1.62  | 1.75  |
| Estonia               | 0.012 | 0.013        | 0.003        | 0.008        | 2.61  | 1.98  | 2.43  | 0.67  | 4.81  | 7.27  | 4.90  | 5.34  |
| Hungary               | 0.129 | 0.140        | 0.093        | 0.134        | 0.47  | 2.73  | 2.24  | −1.38 | 13.18 | 13.78 | 12.26 | 11.81 |
| Lithuania             | 0.102 | 0.085        | 0.051        | 0.082        | −4.70 | −5.94 | −0.99 | −4.43 | 3.99  | 6.73  | 4.04  | 7.05  |
| Latvia                | 0.259 | 0.216        | 0.187        | 0.169        | −10.66| −11.62| −6.81 | −5.84 | 8.79  | 15.78 | 9.03  | 13.24 |
| Slovenia              | 0.069 | 0.075        | 0.054        | 0.045        | −1.40 | −1.32 | −0.92 | −0.76 | 3.73  | 4.12  | 5.71  | 3.96  |
| Slovakia              | 0.123 | 0.131        | 0.110        | 0.101        | −1.23 | −0.55 | −3.37 | −1.90 | −1.27 | −1.49 | 1.74  | 0.42  |
| Poland                | 0.251 | 0.269        | 0.220        | 0.185        | −7.46 | −7.40 | −8.95 | −6.37 | −6.51 | −6.54 | −2.31 | −2.67 |

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5. Conclusion

Youth vulnerability is increasing during the economic recession. Young adults are more likely to be unemployed, poor, and experience increasing difficulties in making ends meet. The ‘younger youth’ aged 18-24 are by far the most affected by the recession in terms of reduced employment prospects. Compared to other age groups, they suffered the highest increase in unemployment in most countries. Young people in their late 20s and early 30s show lower increases in unemployment if compared to younger adults, whereas in some countries these age groups are also highly affected in terms of increased poverty and deprivation.

Staying with parents is for many young people a natural strategy for coping with economic uncertainty, whereas economic hardship might push other young people out and away to find work. Co-residence increased only in a few of the 24 countries included in our analyses. In Hungary, France, and Sweden the increase has been notable, but for the majority of the countries it has been contained. However, as of 2011 the adverse impact of the crisis has not been entirely revealed, but looking at official statistics from 2012 we know, for example, that Italy and Portugal witnessed a strong increase in youth unemployment. Hence, the effects of the recession on the transition to adulthood are expected to be more severe than suggested by the figures reported in this paper. For example, in Southern European countries where welfare is typically provided through family relations, we expect co-residence rates with parents to increase alongside increases in poverty and subjective deprivation.

Changes observed during the recession in co-residence with parents and economic circumstances for young people, as measured by unemployment, poverty, and subjective deprivation, differ greatly across and within welfare regimes. This heterogeneity also depends on how countries differently cushioned the effects of the recession. Important changes are found in Social Democratic and Southern European countries, while Central and Eastern European countries represent a heterogeneous cluster. Continental countries registered negligible changes compared to other welfare regimes. A follow-up analysis of the next rounds of the EU-SILC will be critical to understanding the destinies of European youth.

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