

OVERVIEW

- The Great Recession (and foreseeably the current COVID-19 crisis) have made Southern European youth face extremely adverse economic conditions. Previous research for these countries has shown that recessions tend to push youngsters to turn to their families in search of financial protection. These strong family ties should have been reinforced and emancipation delayed more than ever before.
- In addition to the impact recessions on youth labour market opportunities, we find that precariousness, joblessness, and severe poverty at the household level is also relevant in determining youth economic outcomes and living arrangements.
- The analysis shows that along three different business cycle periods: a boom, a subsequent deep recession and a recovery period, differences in youth living arrangements are not only related to youth labour market status but also to the level of employment deprivation of other cohabiting household members.
- Policies to improve youth emancipation patterns should not only focus in improving youth labour market opportunities but should also consider benefit transfer policies for employment-deprived households where individuals below 35 years of age cohabit.

Research findings

Economic crises make youth face extremely adverse economic conditions. Previous research has shown that it is most likely that in recession periods young individuals turn to their families in search of financial protection. During the Great Recession strong family ties between the young and their families in Southern EU countries should have been reinforced and, therefore, emancipation should have been delayed more than ever before.

Using detailed information from the Spanish Labour Force Survey (SLFS), we confirm this hypothesis and we study the role of precariousness, joblessness and severe poverty at the household level on youth economic outcomes and living arrangements in a large period of time including three different business cycle periods: a boom, a subsequent deep recession and a recovery period.

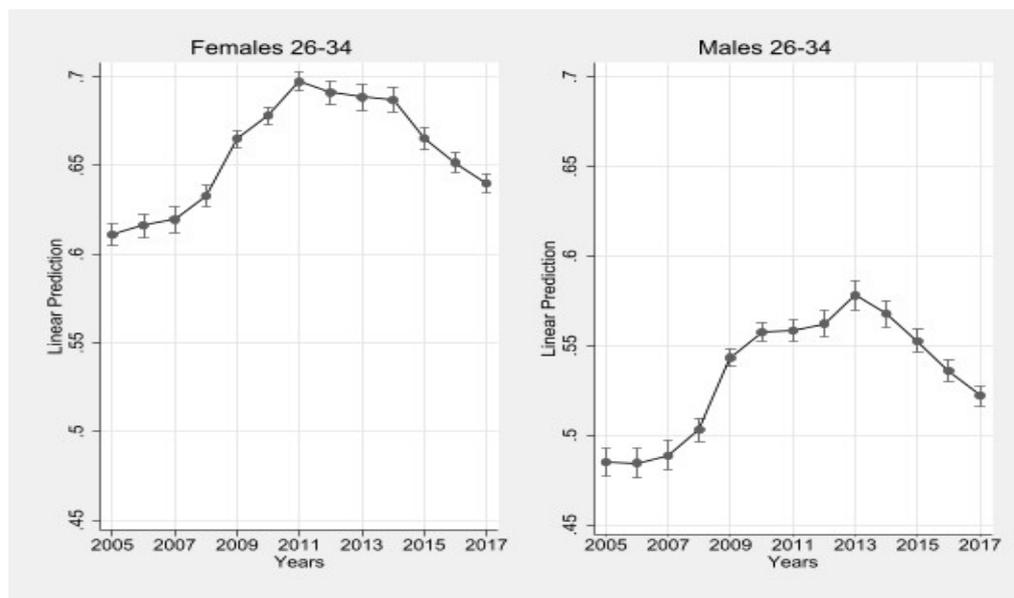
Our results confirm that youth living arrangements patterns in the in the Great Recession were very similar to those of other previous crises and young people increased their probability of parental co-habitation. Even if the cohabitation rate during the bust was slightly higher than during the boom, including the recovery period increases cohabitation rates strongly. Thus, emancipation decisions seem to

take place with some delay in relation to the business cycle: emancipated individuals demographic weight falls four percentage points in the recovery period compared to the bust, and three percentage points compared to the boom.

Using a particularly flexible household employment deprivation indicator we identify the relevant role of other household members' employment deprivation (or severe poverty) on youth economic outcomes and living arrangements. This confirms that differences in youth living arrangements are not only related to individual labour market status but are also strongly related to the employment situation of other household members.

Interestingly, other members' employment deprivation has a non-linear effect on youth living arrangements. If the number of hours that other household members work is between 20 and 80 percent of their total potential working hours (only active individuals), the probability that a young person cohabits is significantly larger. This allows us to identify households where employed youth do not emancipate, because their income is a key contribution to the households' wellbeing, given that other active members suffer from employment deprivation.

Predicted probability of youth between 26 to 34 living out of the parental home by gender and year (Spain, 2005-2017) with 95% confidence intervals



Policy Implications

In Southern EU countries, young individuals are facing extremely adverse economic conditions during recessions and after the Great Recession cohabitation has increased more than ever before. In this setting, it is not only policies related to youth labour market opportunities that are important. Precariousness, joblessness, and severe poverty at the household level is also a key determinant of youth economic outcomes and living arrangements.

The fact that other members' employment deprivation has a non-linear effect on youth living

arrangements means that the situation of young individuals living in households where active members work between 20 percent and 80 percent of their total potential working hours should be a key concern for social policy design.

Therefore, policies to improve youth emancipation patterns should not only focus on improving youth labour market opportunities but should also consider benefit transfer policies for employment-deprived households where individuals below 35 years of age cohabit.

Policy Recommendations

The impact of the Great Recession and foreseeably the current COVID-19 crisis on the economic conditions of young individuals in Southern European countries calls for policy action. Considering that youth emancipation is increasingly delayed in Southern European countries, policies that aim to improve this situation should not only focus on improving youth employment opportunities but also consider that

youth emancipation patterns are related to other household members' employment deprivation levels. Thus, improving benefit transfer policies for employment-deprived households where individuals below 35 years of age cohabit is also a key policy area to change youth living arrangements and improve their social and economic outcomes.

Further reading

"Youth living arrangements and household employment deprivation: evidence from Spain", by Olga Cantó, Inmaculada Cebrián and Gloria Moreno, CIRCLE Working Paper n. 7, January 2021.