Theme 11: Discussion

Evaluating the Discussion section

**STUDENT B**

Read the discussion section from a journal article about the economic conditions of young people in five countries before and after 2008.

**Discussion**

This article provides new evidence on the employment and economic conditions of young adults since 2000 and adopts a cross-national comparative perspective. Previous research on the effects of the recent economic crisis on labour market outcomes found an overall increase in unemployment rates, especially in youth unemployment rates (ILO [2010](https://link.springer.com/article/10.1007%2Fs10834-017-9554-3#CR34); Marcus and Gavrilovic [2010](https://link.springer.com/article/10.1007%2Fs10834-017-9554-3#CR200); O’Higgins [2014](https://link.springer.com/article/10.1007%2Fs10834-017-9554-3#CR47)). This analysis confirms the previous findings by showing a substantial drop between 2007 and 2010 in the proportion of young men working full-time, a more modest decrease among women, and differences in magnitude across countries. The main contribution of this study is to look at the trends in income from work among young adults over time and across countries. This is important, given the increase in unemployment rate of youth, the increasing proportion of young adults who are NEETs (i.e., Not in Education, Employment, or Training), and the recent economic crisis. Young adults are less and less able to be financially stable, and monitoring the trends of income from work can help identify more vulnerable groups of people, and support policymakers’ decisions on welfare transfers. This work found that among men, the proportion of *low-paid* young adults has increased substantially in the US, the UK, and particularly in Spain. The increase has been smaller in Norway and almost non-existent in Germany. Similar trends were observed for women but with more variation over time and with a smaller increase due to the Great Recession. This could be due to the fact that more women had to start working during the crisis—to compensate for higher unemployment among men—and also to different fields of employment among women (e.g., service sectors) less hit by the crisis. These results are consistent with the predictions that can be derived by different welfare regimes. Where there is a generous welfare state (e.g., Norway) or where there is a strong vocational educational system (e.g., Germany), the increase over time and the impact of the recession on economic conditions of youth have been limited. Where there is a less generous welfare system—because of reliance on the economic market (e.g., US and UK), or on the family as the locus of support (e.g., Spain)—the increase over time and the damages of the crisis for young adults have been more visible. These results are particularly relevant for policy, because they imply that governments can moderate and intervene to reduce the negative impact of the crisis with welfare transfers. For women this trend is less evident, mainly because the female labor force participation rates have increased to a greater extent in the last five decades. But as women’s employment trajectories become more and more similar to those of men, it has to be expected that the role of the welfare regime will become the same across genders.

When looking at the predictors of economic position, there are not large differences across countries or across gender. What is important to notice is that the group that suffered the largest increase in the probability of being *low-paid* over time was the group with high education (i.e., tertiary education completed). This is primarily explained by the fact that young adults are reacting to the more competitive labor markets and to the financial crisis by staying in school longer and trying to protect themselves from economic uncertainty. An increase in the accumulation of human capital has been anticipated in the existing literature and it seems to be an important tool to increase future employment and income (Smeeding et al. [2011](https://link.springer.com/article/10.1007%2Fs10834-017-9554-3#CR60)).

The presence of different welfare regimes in different countries partly explains some of the national differences and variation over time, especially relative to the influence of the crisis on economic position of young adults. However, some differences remain unexplained, and are possibly due to labor market regulations and cultural aspects. For example, in Southern European countries, where the age at leaving home is already higher than in other European and North American countries because of strong family ties, young adults facing a tighter economy may simply decide to live with their parents for longer. This means that they do not need to start working to provide for themselves, and this can partly explain the negative income trend observed over time.

The implications of these findings can also be important for other life domains. The uncertainty in the labor market, which causes higher unemployment rates and the postponement of economic stability among young adults, can contribute to shaping trends in family formation, fertility, and union dissolutions. The high increase in unemployment could directly influence the affordability of having children for some families. Moreover, rising unemployment is associated with a decrease—or postponement—in union formation (Prioux and Mandelbaum [2003](https://link.springer.com/article/10.1007%2Fs10834-017-9554-3#CR201)). Divorce or union dissolution are also affected by the economic uncertainty, even though with less clear implications. Instability can increase both financial and psychological stresses, so it should, assumedly, also increase divorce rates. However, divorce is also expensive, so during times of crisis, couples may decide to stick together because they do not have enough resources to separate (Cherlin et al. [2013](https://link.springer.com/article/10.1007%2Fs10834-017-9554-3#CR22); Fischer and Liefbroer [2006](https://link.springer.com/article/10.1007%2Fs10834-017-9554-3#CR204); Sobotka et al. [2011](https://link.springer.com/article/10.1007%2Fs10834-017-9554-3#CR62)).

The Luxembourg Income Study is a valuable source of information to compare individuals’ income across different countries, and to investigate long-term trends. However, this study suffers from several limitations that future research needs to address. First, it is necessary to look at how the generosity of different welfare regimes can affect the impact of the economic crisis. Social transfers can help mitigate earning disparities and attenuate the negative impacts of a financial crisis. New data should include governments’ transfers at the individual level in order to incorporate these transfers into the analysis of economic conditions of young adults. Moreover, it is also important to address, and formally test, the relevance of labor market regulations, or structure, and of culture for the employment and career trajectories of young adults. Also, when looking at economic conditions of youth, it would be ideal to have a more comprehensive measure of financial independence: This could be based on income from work, but also on many other factors, such as the cost of living (housing, food), public or private transfers, access to credit and future streams of income, and financial obligations. It should also take into account the family structure.

Finally, when more recent data will be available, it is necessary to look at the newest trends in young adults’ income from work to see whether there was recuperation after the Great Recession.

(1,081 words)

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