

Youth choices, opportunities and family formation in Europe

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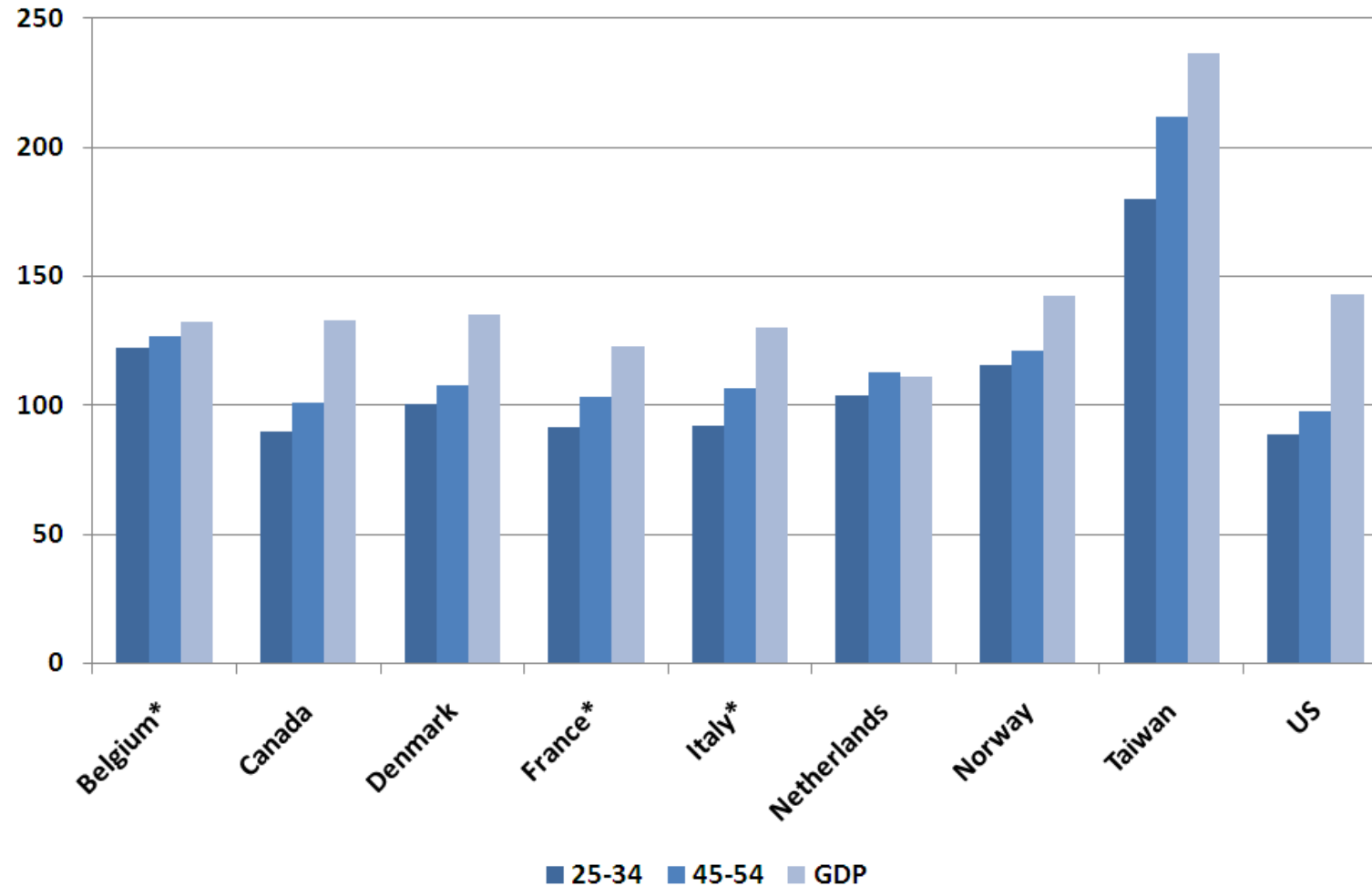
CHANGING PATHWAYS TO FAMILY FORMATION

Long-term shifts prior to the recession:

- Expanded education
- Longer partner search, less conventional living arrangements (+ reliable contraception)
- Higher tolerance of voluntary “childfree” lifestyle
- Rising labour market uncertainty, high youth unemployment, unstable jobs (especially for lower-educated & in Southern Europe)
- Mills & Blossfeld (2004): young adults ‘losers’ of globalisation process
- Vanhuyse (2013) *and others*: social spending unequally distributed, “pro-elderly bias”; rise of “gerontocracy” (Berry 2012)

→ *Delayed family formation, in some countries (very) extended stay in parental home (Southern Europe, CEE)*

Change in real wages and GDP per worker in 1980s – early 2000s [rescaled to 100 – in 1980s]



Source: Skirbekk-Stonawski-Sanderson (2010): *No country for young men*. Computations based on Luxembourg Income Study

COMMON PRECONDITIONS FOR FAMILY FORMATION in contemporary Europe

- Completing education
- Achieving relatively stable employment (also important for childcare & family support)
- Accumulating resources (income, wealth, sufficient housing)
- Having a stable partner (marriage no longer necessary)
- Feeling ready for parenthood

- Not only support for families, but also living conditions and choices of young adults in pre-family stage matter
- >2008: Economic position of young adults deteriorating rapidly in most countries; potentially negative effects on family formation and fertility
- Government spending in times of austerity: *intergenerational (in)justice?*

EMPLOYMENT INSTABILITY AND FERTILITY

Multiple effects of instability: part-time jobs, unemployment, time-limited contracts, job changes, downward mobility, income loss...

Strong effect identified for first births and partnership formation (also indirect effect on first births); especially for M

- Adsera 2005, 2009, 2011; Pailhe 2009: Negative effect of unemployment, unstable work and time-limited contracts on 1st & 2nd births and intentions
- Neels et al 2012: Adverse economic conditions & unemployment depress birth rates among M+F < age 30
- Oppenheimer 1994: loss of men's income key factor in couples' reprod. decisions (*male breadwinner model still at work!*); also Schmitt (2012)
- Sobotka et al. (2011): Negative link between economic downturn and aggregate fertility

Policies may eliminate some of the effects, especially those related to income loss (Andersson 2000, d'Addio & d'Ercole 2005)

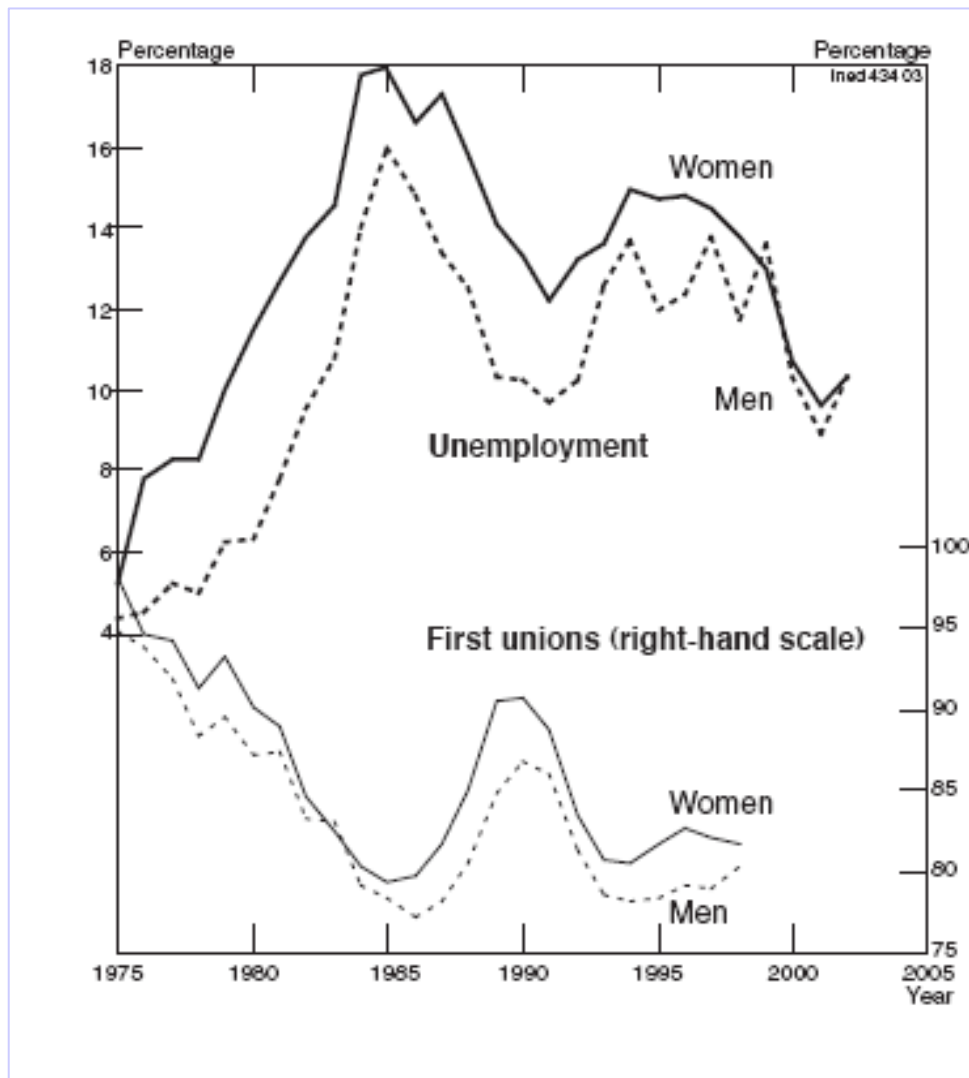
Youth unemployment (% aged 20-24) and partnership formation in France

Source:

F Prioux (2003)

Age at first union in France: a two-stage process of change.

Population-E 58(4): 559-578.



FAMILY CHANGES DURING THE RECENT RECESSION

ISSUES

Main pathways how current recession affects partnership formation and fertility

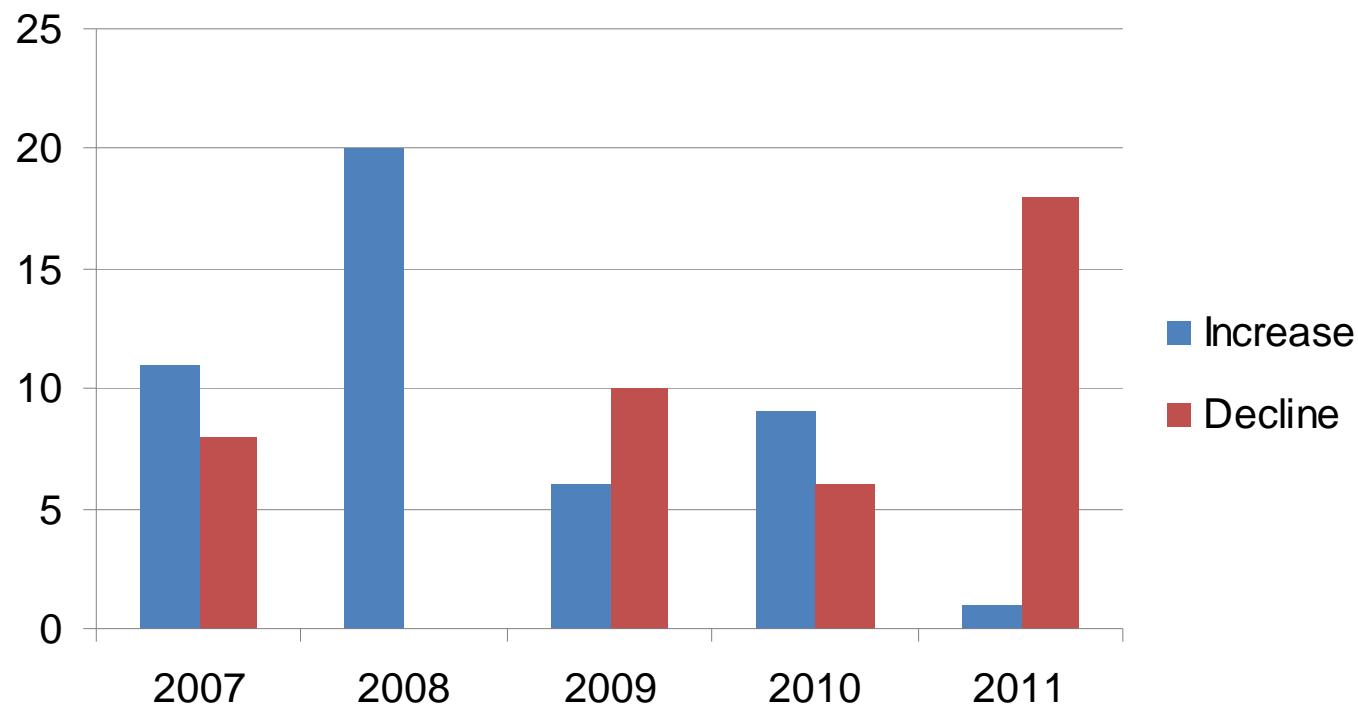
- Unemployment, employment instability: loss of resources, inability to accumulate resources, uncertainty about future, inability to make binding long-term decisions (“*wasted generation*”)
- “Frozen” housing market, construction & mortgage lending
- Government cuts often affect especially the young

The working-age poor are being pinched by a cap on welfare payments. Wealthy parents have been stripped of child benefit. University tuition fees have rocketed. Everyone is paying more VAT. But austerity seems much less austere if you are old. Pensioners, who fared notably well in the boom years, have been coddled in the bust.

Economist on elderly Britons, 16 February 2013

Fertility increase prior to 2008 has reversed

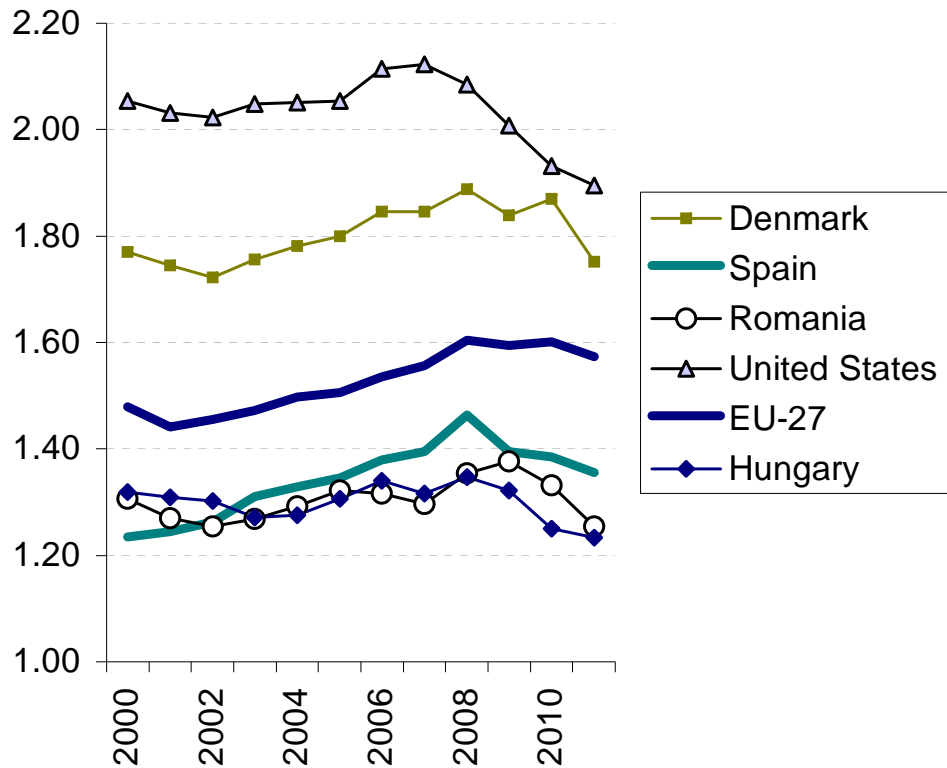
Number of countries experiencing an increase (>0.01) or decline (<-0.01) in period fertility rates, EU, 22 countries without time series break in 2011



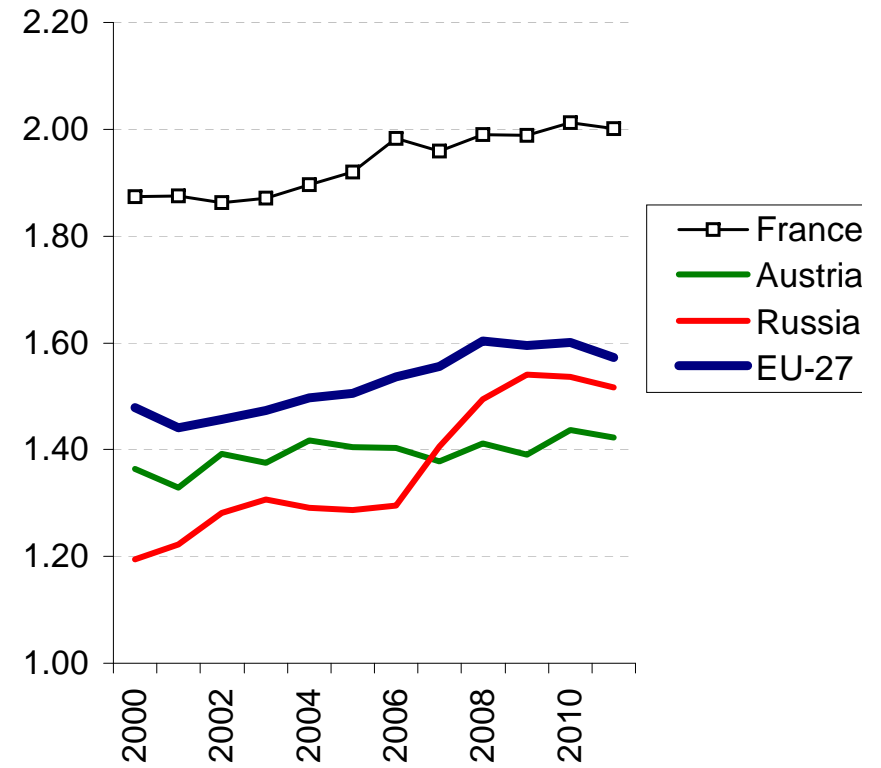
Countries excluded: Latvia, Bulgaria, Lithuania, UK, Slovakia

Fertility increase prior to 2008 has reversed (*but not everywhere*)

Period Total Fertility Rate in Europe & US, 2000-2011



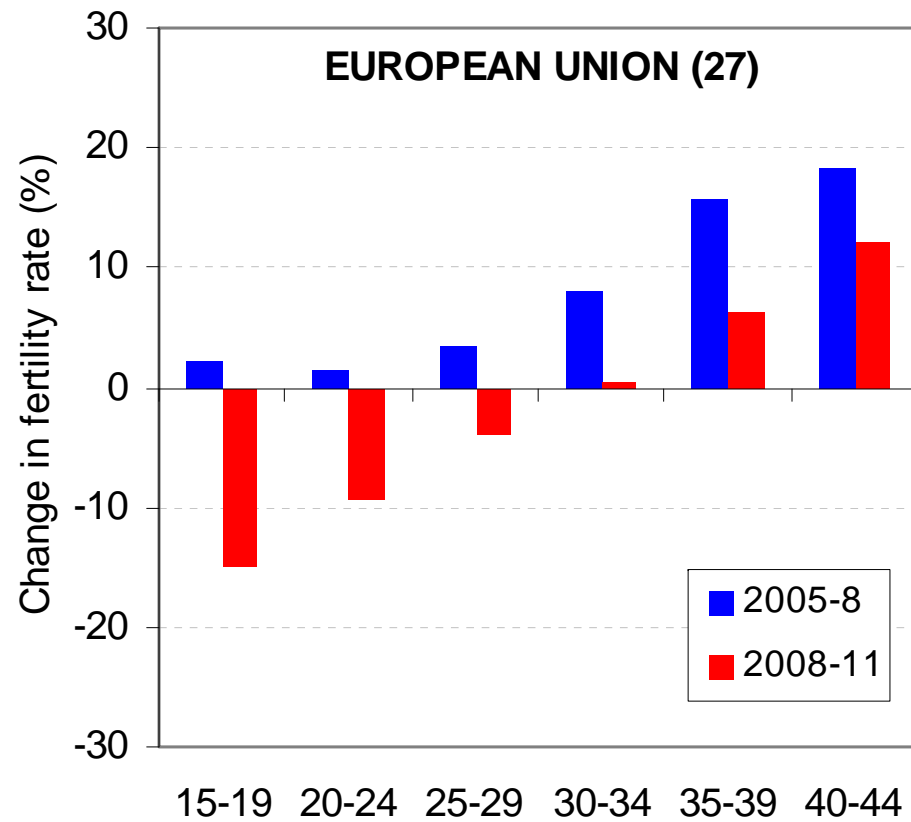
Sharp reversals



Stability, stagnation

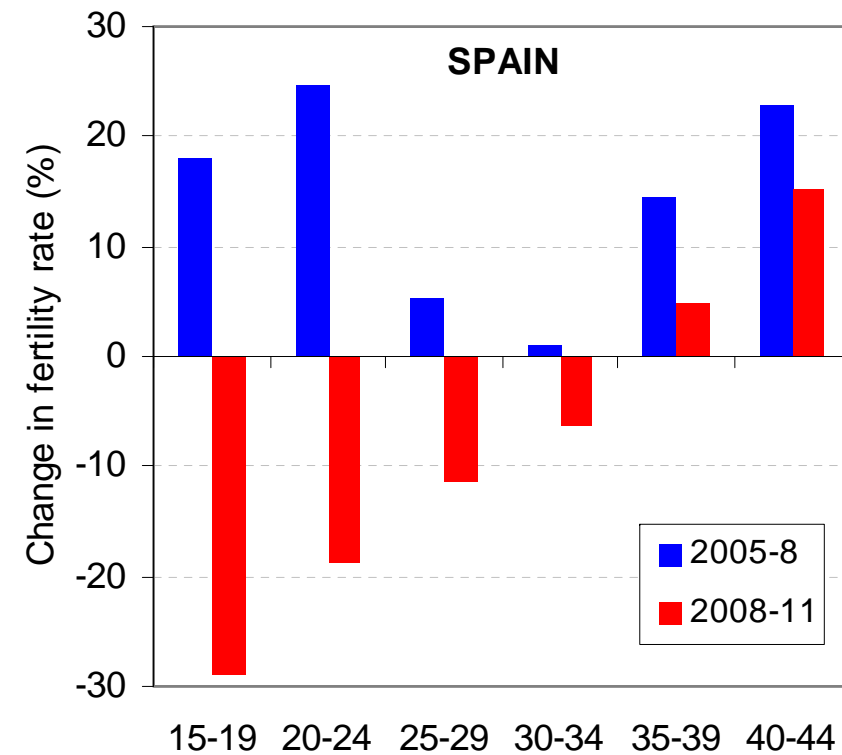
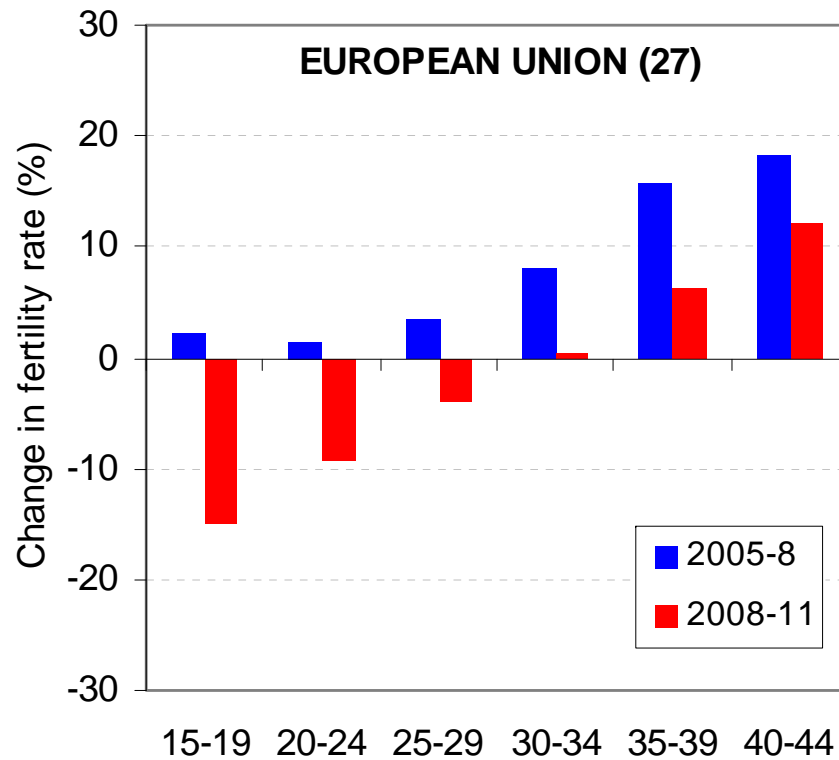
Relative changes in the age schedule of childbearing (in %)

Fertility in 2008-11 declined most among young adults



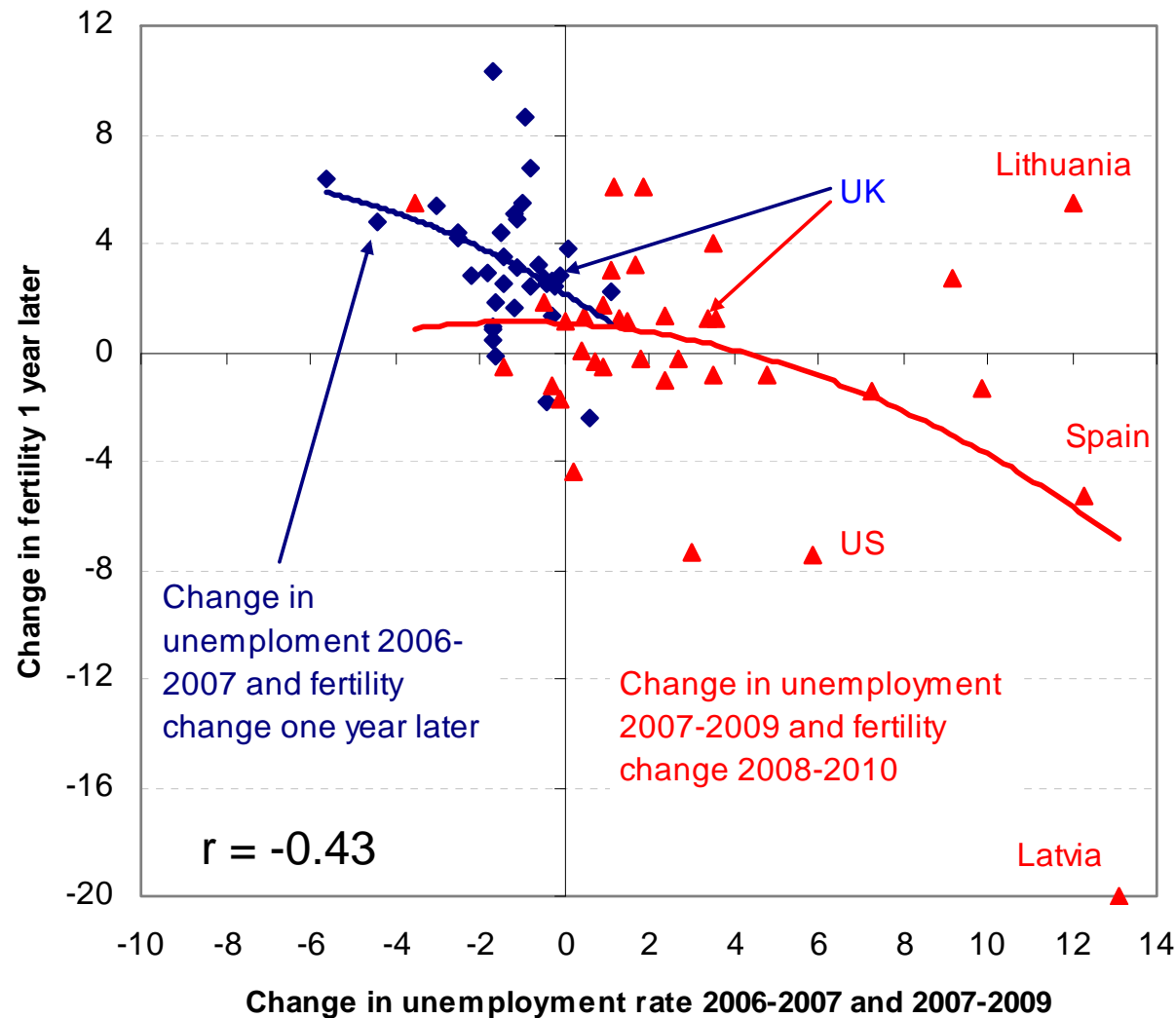
Relative changes in the age schedule of childbearing (in %)

...and the fall was sharpest in some of the hard-hit countries



Data source: Eurostat database, April 2013

EUROPEAN UNION and the US, 2006-10: Unemployment trends and live births



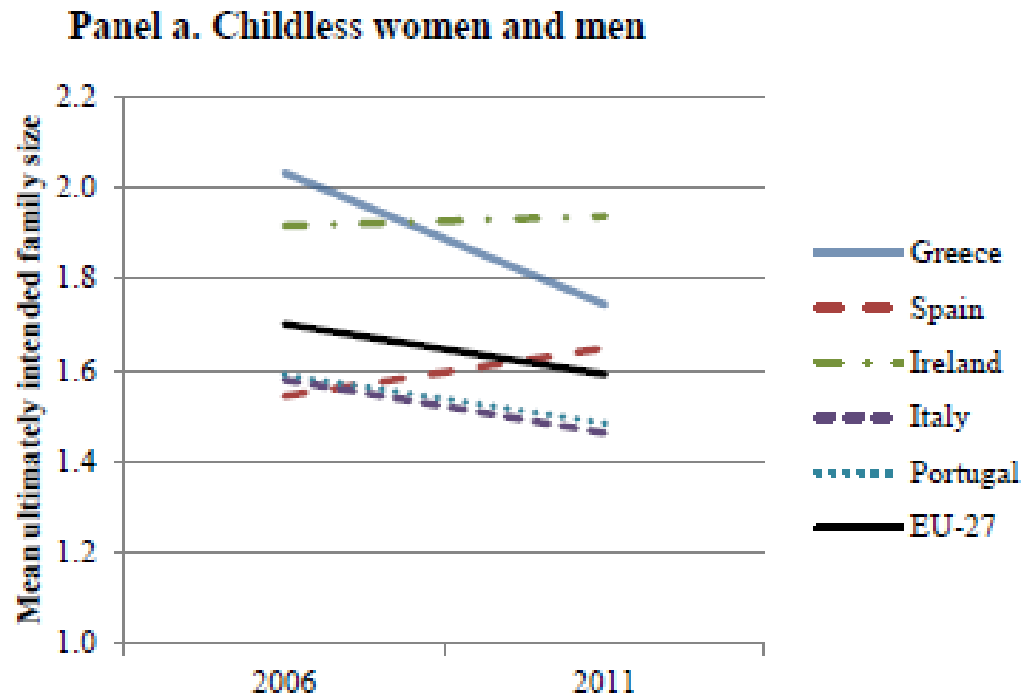
Unemployment data:

Own computations from Eurostat (LFS quarterly statistics), and US data based on *Current Population Survey*; data pertain to age group 15-39, in the US to 25-34

Fertility intentions

Some evidence on declining fertility intention (childless women, PIIG countries)

Figure 5: Mean ultimately intended family size (UIFS). Women and men aged 20 to 45. PIIGS countries and EU-27. Years 2006 and 2011



Source:

MR Testa & S Basten

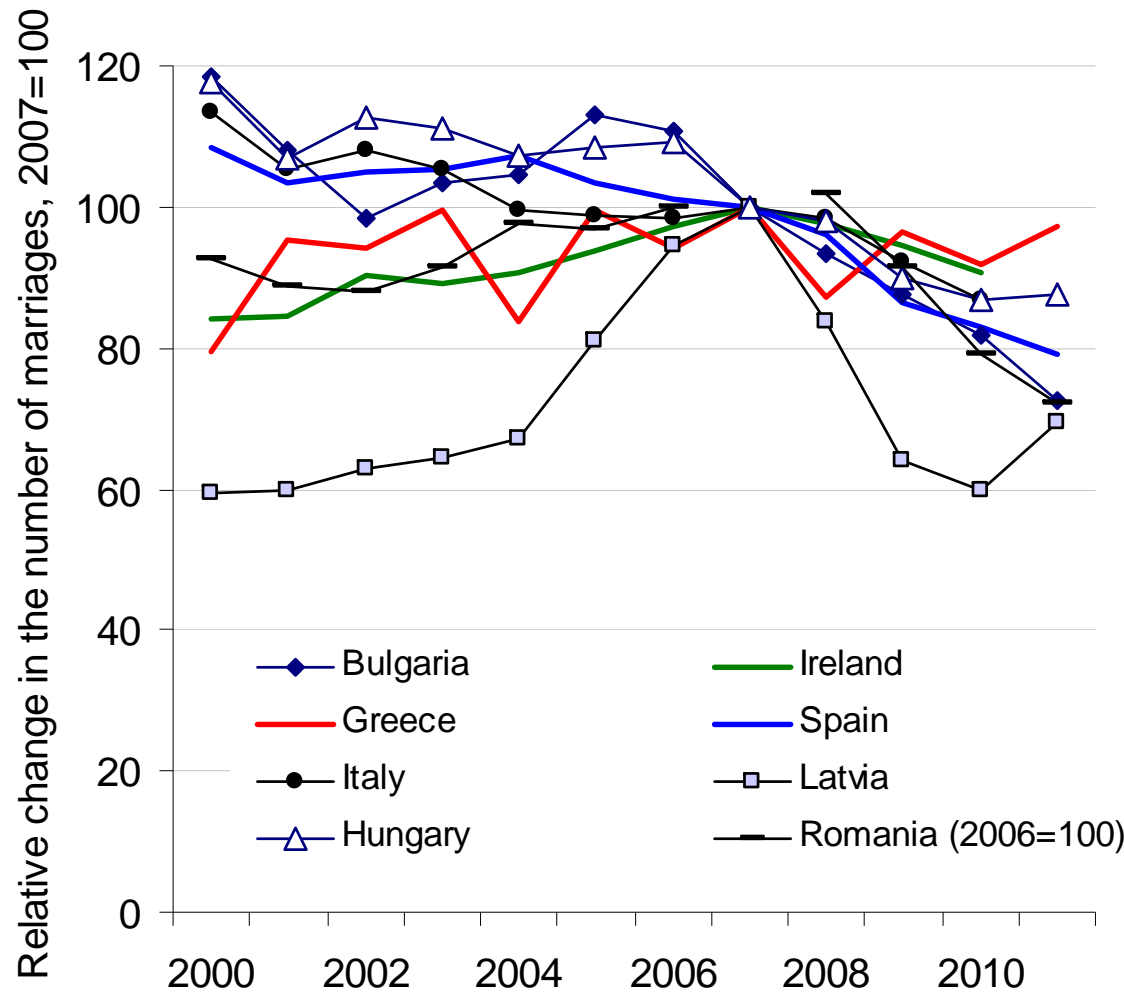
“Fertility intentions and the Great Recession in Europe”

Presented at the 2013 annual PAA meeting, New Orleans, April 2013

US: Pew Research Center Survey 2009 (respondents aged 25-34)

- 21% said they postponed marriage
- 15% said they postponed getting a child

Trends in the number of marriages, 2000-2011



Trend in the relative number of marriages in selected countries, 2007=100

Source: computations based on Eurostat (2012)

US evidence: More young adults living with parents (Morgan et al. 2012)

DISCUSSION, POLICY RESPONSES

The Great Recession has accelerated some of the previous family trends

The “*lost generation*”:

- Sharp fall in fertility & marriage rates, esp. young adults
- Birth *postponement* (sharper decline in first birth rates)
- More uncertainty in intentions among the childless
- Longer stay in parental home (evidenced in the US)

EU-27: 13% young adults NEETs; close to 20% in IT (European Foundation 2011)

Selected possible policy responses & ideas

...not all of them readily acceptable...some cost money...

1. Increase labour market flexibility, tap unused LM potential of young adults, women, migrants

- *DK: 'flexicurity'*: extensive retraining, lower LM protection, but unemployment protection & short duration of unemployment
- Support flexible work arrangements—work days, work hours—that make it easier for parents to combine job and family
- Remove remaining facets of insider-outsider labour market disparities

2. Reduce poverty and income inequalities among the young

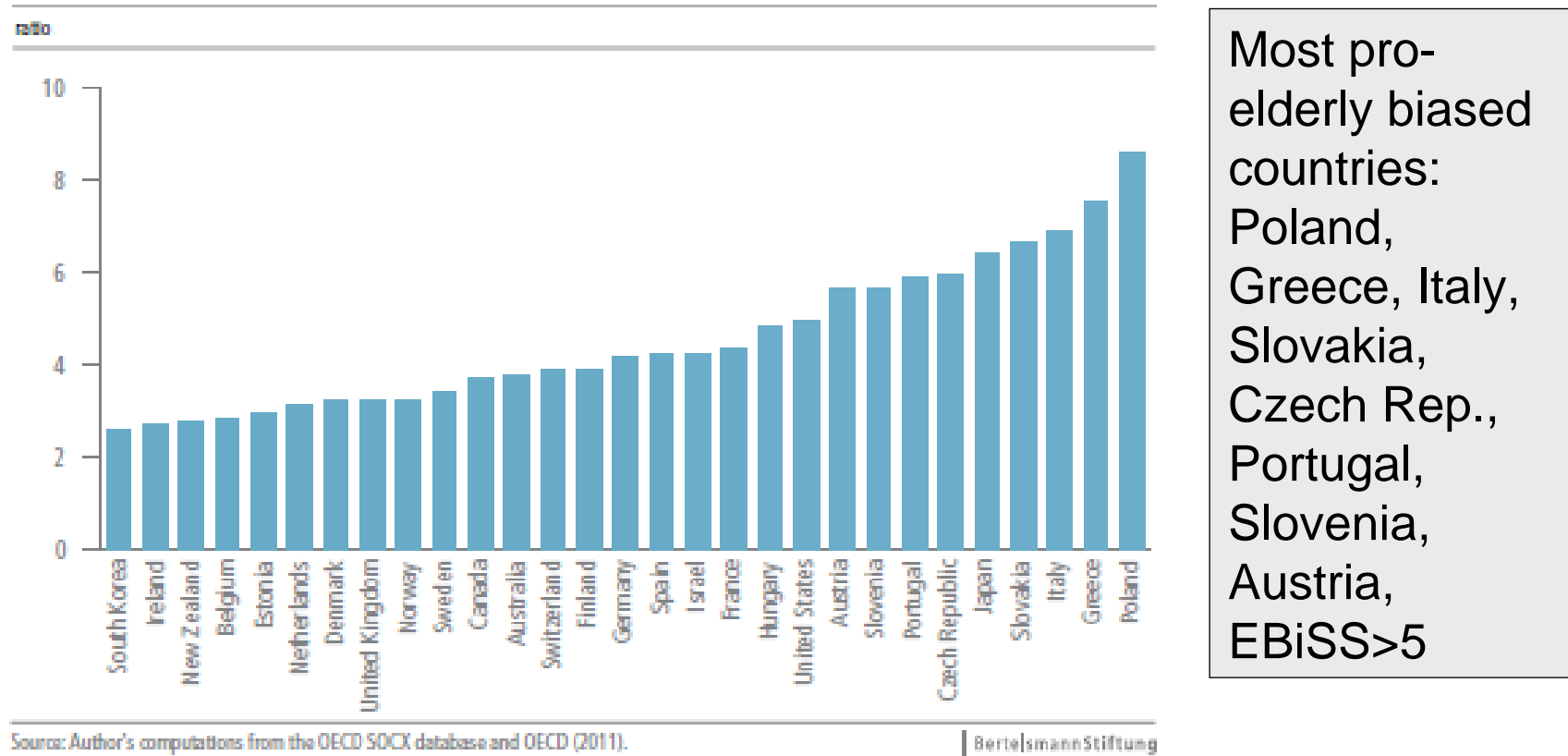
- More young adults live “on the margins”
- Threat to their family formation; “reproduction of poverty”

3. *Reduce elderly bias in social spending*

- Many countries experience declining IG justice
- **EU poverty rates 2008 to 2011**: young adults (18-24): 19.9 → 21.7%; elderly (65+): 19.0 → 15.9% (Eurostat database, 2013, based on *EU-SILK* survey)

The elderly bias in social spending, OECD, 2007-8

Figure 6: The elderly-bias indicator of social spending EBiSS, 2007 – 2008



SOURCE: Vanhuyse, P. 2013. *Intergenerational Justice in Aging Societies. A Cross-national Comparison of 29 OECD Countries*. Gütersloh: BertelsmannStiftung, p. 27.
www.sgi-network.org/pdf/Intergenerational_Justice_OECD.pdf

4. Expand options for family formation and home care for children among those temporary out of employment

- “Productive use” of the time out of labour market
- Reducing the link between labour market involvement and leave benefits during uncertain times
- **Paying parents for the home care:** unintended “strategy” in Finland during the early 1990s recession
- Preferential loans and housing subsidies for young families experiencing unemployment / unstable employment

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