Economic insecurity and poverty among young European adults

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The worsening economic condition of young adults has received considerable attention in the literature and policy agenda (Aassve et al., 2013; Bell and Blanchflower, 2011). In recent decades, changes in labour, housing and credit markets, as well as the progressive redisualisation of public welfare systems and the emergence of new social risks, have contributed to increasing social exclusion and the accumulation of social (dis)advantages. This has made the transition to adulthood more complex and uncertain (Billari and Liefbroer, 2010) and has had a disproportionate impact on their socio-economic well-being both in objective and subjective terms (Filandri et al., 2022; Sironi, 2018; Vandecasteele, 2010).

Economic well-being can be assessed in terms of income poverty or material deprivation, which measure the static state of resource deficit that affects the achievement of an acceptable standard of living. However, economic insecurity is another dynamic dimension relevant for the economic well-being as well as consumption behaviour and housing investment. Although there is no consensus on its definition and measurement due to the complexity of this phenomenon (Ranci and Parma, 2020), economic insecurity reflects the financial vulnerability of individuals and households, including the lack of stable economic resources maintaining the living standards, along with the associated anxiety and uncertainty about future outcomes (Richiardi et al., 2020). In this regard, previous research suggests that this phenomenon has become increasingly widespread in European countries and among the middle classes (Ranci et al., 2021; Cantò et al., 2020) especially in light of the global financial crisis (Romaguera-de-la-Cruz, 2020).

Despite the spread of economic insecurity and poverty in Europe, there are few recent studies on the distribution of these phenomena among young independent adults (Li et al., 2023). These studies suggest that, due to their vulnerability to risks that can worsen their living conditions, such as their precarious position in the labour and housing market, young independent adults may be particularly affected (Unt et al., 2021; Hick et al., 2022). Focus is put on these two elements as labour market position can be associated with adverse events such as job loss or income volatility due to an insecure job, while the housing tenure can complement economic conditions and mediate the effects of insecure work careers

My contribution aims to investigate the socio-economic well-being of young independent adults in terms of poverty and economic insecurity by considering how employment insecurity and housing contribute to different patterns of (dis)advantages. I expect to find differences across European countries related to welfare regimes that define different levels of social protection through the combination of responsibilities assumed by the state, the market and the family (Mau et al., 2012). This work can provide practical implications for policymaking to mitigate insecurity levels and reduce social inequalities.

My analyses were based on the Eu-Silc longitudinal data collected between 2007 and 2018 and were conducted on 18 European countries divided in 5 welfare families. The analytical sample includes young adults aged 18-34 (excluding students) who are present in two consecutive survey years (t-1 and t time points), do not live with their parents and are employed in t-1 (N=163,523). Furthermore, I constructed three dependent dummy variables measured at time t: (a) objective income poverty in relative terms; and (b) and (c) that capture two dimensions of financial strain related to consumption compression and stress in maintaining an adequate standard of living. The former refers to the household's ability to make ends meet, while the latter refers to the financial burden of housing costs.

The main independent variables are measured at time t. The first one relates to the current (t) individual (in)secure labour market status taking into account its change from previous year (t-1) and identifies 4 categories of labour market transitions (secure employment in both t-1 and t; secure employment in t-1 and insecure employment in t; insecure employment in t-1 and secure employment in t; insecure employment in both t-1 and t). The second dummy variable regards housing tenure and equals 1 if young adults are homeowners and 0 if they aren't. I control for a number of socio-demographic control variables as well as period and country dummies. I estimate binomial logistic regression models separately for welfare families and housing tenure status.

My findings indicate that there is a heterogeneous and diffuse pattern of socio-economic well-being among young adults differentiated across welfare families. The Southern Europe and New Member States have a higher likelihood of experiencing poverty and economic insecurity. For the factors concerning the level of risk, empirical evidence shows that those most affected by poverty and financial strain are those who leave secure employment or are in persistently insecure employment. Additionally, non-homeowners appear to be more disadvantaged across welfare families implying that housing plays a crucial role in mediating the effect of insecure labor market positions.