POVERTY AND THE TRANSITION TO ADULTHOOD: RISKY SITUATIONS AND RISKY EVENTS

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ABSTRACT

This paper analyses the factors associated with poverty among young people across 13 countries of the pre-enlargement European Union, and examines how these factors differ between countries. Previous research has shown that young people in most European countries face a higher-than-average risk of poverty; this is to be expected, since young adulthood is a time when people undergo rapid transitions in multiple spheres (education; the labour market; the family), many of which may pre-dispose the young person to poverty. Here, we use data from the European Community Household Panel (ECHP), making use of random effects models and discrete time hazard regressions to examine the role of several factors on a young person's probability of being poor; and on his or her probability of entering and exiting poverty. We also carry out parallel analysis using measures of non-monetary deprivation. Our results show that while many factors are correlated with young people's risks of poverty or deprivation, the largest risk factor by far is moving out of the parental home.

NON-TECHNICAL SUMMARY

This paper analyses the factors associated with poverty among young people across 13 countries of the pre-enlargement European Union, and examines how these factors differ between countries.

Previous research has shown that young people in most European countries face a higher-than-average risk of poverty; this is to be expected, since young adulthood is a time when people undergo rapid transitions in multiple spheres. They finish education; they start out in the labour market (possibly via a short or long period of unemployment); most move out of their parents' home, either spending time living alone, or moving in with a partner or spouse; and many become parents. Many of these carry a risk of poverty: for example, young people at the start of their careers are disproportionately likely to be unemployed, or insecurely employed, or low-paid; and moving out of the parental home and having children are likely to give rise to economic stress.

In this paper, we build on these previous descriptive findings and analyse the extent to which key life events are associated with economic disadvantage among young people.

We use data from the European Community Household Panel (ECHP), a large-scale survey which covers the 15 countries of the pre-enlargement European Union. This survey covers the years 1994 to 2001, although some countries (Austria, Finland and Sweden) joined late: in 1995, 1996 and 1997 respectively. In this survey, the same individuals are interviewed each year, meaning that we may study not only the incidence of poverty among young people, but also the way in which poverty trajectories evolve: who *is* poor, who *becomes* poor, and who *stops being* poor. We study each of these questions separately.

As well as poverty, we also examine non-monetary indices of deprivation. We use these alternative measures (1) in order to assess whether our estimates are robust to different measures of hardship; (2) in response to the ongoing debate about whether deprivation is best measured using income-based indices; and (3) because young people's money incomes may be particularly poorly related to their levels of well-being, as they may receive support from parents in cash or kind which goes unreported in surveys such as the ECHP. In fact, our results are remarkably similar regardless of the measure of deprivation we use.

Our results show that, though there are significant differences across countries, living arrangements (in particular living in a single person household) and unemployment, are important predictors of youth poverty and deprivation. Living in the parental home, or living with a partner, provide important protection from poverty. Compared to other life events, the presence of young children lowers young people's economic wellbeing only slightly.

These effects vary over time. Some events, such as having children and leaving home, have an immediate effect on the risk of poverty. Other events take time for their effect to be manifested. Cohabitation and marriage both increase the likelihood of escaping poverty, but their immediate effects are relatively weak. A similar pattern is found for employment: being employed reduces the risk of entering poverty and increases the likelihood of escaping poverty, but the effect of gaining one's first employment recently has a much more modest effect, implying that it is not just getting a job, but keeping a job, which is important for raising young people out of poverty.

The above effects are common across most countries, but there are differences too. Students face very different levels of well-being between countries, faring better than other young people in Southern Europe and worse in the North. Children increase the risk of poverty in most countries, but in the Scandinavian countries, with their comprehensive childcare provision and generous family support systems, the opposite is true. Leaving home is always related to a higher risk of poverty and deprivation, but the impact is far stronger in Finland, Denmark and the Netherlands (where young people leave home early, and to live alone) than in Southern countries (where they tend to leave late, and live with a spouse on leaving home).

1. INTRODUCTION

Young adults face an array of crucial life decisions, many of which make them potentially vulnerable to adverse economic outcomes (Iacovou and Berthoud, 2001, Iacovou et al. 2005). During the early adult years, young people enter the labour market, often facing unemployment, temporary or insecure jobs, and low wages. They also embark on the costly venture of forming their own family and household, which involves finding a partner, starting a childbearing career, and crucially for their economic wellbeing, leaving the parental home. These are likely to be important determinants of youth poverty.

Youth poverty follows a highly heterogeneous pattern across Europe, and, as Iacovou et al. (2005) show in a simple descriptive framework, there is a clear relationship between youth poverty and these other aspects of young people's lives. The purpose of this paper is to examine this relationship in more detail, and to analyse the extent to which key life events are associated with the risk of poverty.

Three sets of regressions are estimated. The first considers poverty as a static concept, asking the question "who is poor?" For this analysis, we use random effects models, including as regressors a range of variables describing young people's characteristics and current situation.

The second set of regressions examines transitions into poverty by those not currently poor, ("who *becomes* poor?") and the third considers transitions out of poverty by those who are currently poor ("who *stops being* poor?") These dynamic analyses are conducted using discrete time hazard regressions, and in addition to regressors describing young people's current situation, we include variables indicating *changes* in young people's situation: *leaving* school, *leaving* home, *getting* married, and so on. In this way, we are able to estimate not only the effect of (for example) *having a job* on the probability of escaping poverty, but also the additional effect of *keeping a job*.

The above analysis is based on a standard income-based poverty measure (60% of median equivalised household income); additionally, we consider alternative and complementary measure of disadvantage, namely a multi-dimensional non-monetary index of deprivation. We do this partly to check the robustness of our findings, but also because a multi-dimensional deprivation index avoids some of the problems which beset conventional poverty measures.

We use data from the European Community Household Panel (ECHP), a longitudinal household survey which ran from 1994 to 2001, covering all 15 countries of the pre-enlargement EU. Due to data problems, Sweden and Luxembourg are omitted from this study.

We find that living arrangements (in particular, living in a single-person household) and unemployment are important predictors of youth poverty and deprivation. Living in the parental home, and living with a partner, provide significant protection from poverty. The presence of children increases the risk of poverty, but compared to the other life events considered, the effect is relatively small.

Some events have an immediate effect on poverty: the effects of becoming a parent, or leaving the parental home, are immediate. However, other events take a while to be manifested. Cohabitation and marriage increase the likelihood of escaping poverty, but their immediate effects are relatively weak. A similar pattern is found for employment: being employed reduces the risk of entering poverty and increases the likelihood of escaping poverty, but the immediate impact of becoming employed is small, with the major effect of employment coming from keeping a job: stability in employment is key.

The paper is structured as follows: after a discussion of the literature (Section 2), we describe our data, and the definitions of poverty and the statistical methods which we employ (Section 3). We then discuss our results in Section 4, and summarize our main findings in Section 5.

2. BACKGROUND

There is a large and active literature in the field of youth studies, but much less research has been done on poverty among young people. What literature does exist confirms that young people face higher risks of poverty than the population in general. The European commission report on poverty (Eurostat 2002), which tabulates household living standards by age, shows that across Europe, young people below age 24 have incomes below national averages, and higher-than-average poverty risks. When non-monetary indicators of well-being are considered, young people are found to be at higher risk of deprivation, although the differentials in risks are less marked. This may be related to the fact that many young people continue to receive support from parents through transfers-in-kind.

Descriptive analysis conducted by Iacovou et al. (2005) reveals a diverse pattern of youth poverty across Europe. The Scandinavian countries have the lowest overall poverty rates, but in these countries, poverty rates among people in their early twenties are very high. Poverty rates in France also tend to peak at the young adult years. Countries like Germany, Austria and Belgium have intermediate levels of poverty among the general population, and these levels of poverty remain fairly stable over the life course, with young people facing little increased risk of poverty. In Southern European countries, general poverty rates are high, but young people are not a great deal worse off than other age groups in these countries.

This descriptive literature reveals that youth poverty is an area worthy of investigation, but in contrast to the extensive literature on other groups at elevated risk of poverty, particularly children and the elderly (Bradbury and Jantti 1999, Cantillon and Van den Bosch 2002, and many others), very little systematic multivariate research has been conducted into the determinants of youth poverty. This paper attempts to fill this gap. We focus on two sets of determinants: the first relating to family structure, and the second to do with the education/labour market nexus.

Family structure and living arrangements

Iacovou and Berthoud (2001) note that a young person's living arrangements are strongly associated with the risk of poverty he or she faces: young people who live neither with their parents, nor with a partner, are at elevated risk. This is confirmed in (OECD 2001), which reports that the risk of poverty is higher for households in which the head is female, young, a single parent or has not finished upper secondary schooling, as well as for households in which no adult is employed for a significant part of the year.

The mean age of leaving the parental home varies hugely between countries (Billari et al 2002): whereas young individuals in Scandinavian countries tend to leave home in their early twenties, young individuals in Mediterranean countries do so in their late twenties or early thirties. Iacovou et al. (2005) suggest that it is these variations in part which drive cross-national differences in youth poverty rates.

Magadi et al (2005) examine the effects on household poverty and deprivation of the timing and sequencing of transitions to parenthood and partnership formation among young females aged 16-35 years. Their results show a very strong association between timing of first birth and the risk of household poverty, with low age at first birth being consistently associated with high risk of both income poverty and deprivation. In a similar vein, using a sample of women drawn from the ECHP, Aassve et al (2005) investigate the impact of childbearing on wellbeing using a welfare regime classification. Using deprivation indices, avoiding the poor/non-poor dichotomy, they find that in all welfare regimes, independent of how wellbeing is defined, childbearing events never have a positive impact on individuals' economic status. Their estimates are largely consistent with welfare regime theory: women in the Social Democratic welfare states suffer the least as a result of childbearing, where as women in Conservative and Mediterranean states suffer significantly more. For the Liberal welfare regime the results are more mixed, and depends on the definition of wellbeing.

Another risk factor for poverty is lone parenthood. Smeeding et al (1999) and Berthoud and Robson (2003) show how single parents are at a particularly strong risk of poverty in the Anglo-Saxon countries; even in continental Europe, where teenage motherhood is much less common, former teen mothers fare much less well on average in later life.

Education and the labour market

Both current educational participation and past educational attainment are likely to be related to an individual's risk of poverty. There are large cross-national differences in these variables (Billari et al 2002): In the UK, most students complete their degree by the age of 21, whereas in most other countries students remain at colleges or universities until mid twenties, - sometimes longer. These translate into large differences in the mean age when young individuals embark on their labour market career.

Cantó-Sánchez and Mercader-Prats (1999) study entry-level jobs held by new school leavers (aged 16 to 29) one year after leaving education in different selected European countries. They highlight the problematic effects of a youth labour market dominated by temporary employment, showing that the prevalence of temporary contracts in Spain makes it increasingly difficult for Spanish youths to attain economic independence. In a later approach, the same authors (Cantó-Sánchez and Mercader-Prats 2001) relate youth poverty in Spain to living arrangements and precarious jobs: poverty rates are found to be higher in households headed by a young person. However, they also observe that some youths may help their parental households to escape poverty, particularly when the head of the household does not work.

Pavis, Platt and Hubbard (2000) also highlight the importance of education in avoiding poverty: poorly-educated youths are often trapped in poorly paid employment, so that in their case being employed is not a guarantee against social exclusion.

3. EMPIRICAL APPROACH

Data

In our analysis we use data from the European Community Household Panel (ECHP), a set of comparable large-scale longitudinal studies set up and funded by the European Union. The first wave of the ECHP was collected in 1994 for the original countries in the survey: Germany, Denmark, the Netherlands, Belgium, Luxembourg, France, the UK, Ireland, Italy, Greece, Spain and Portugal. Three countries were late joiners to the project: Austria in 1995, Finland in 1996 and Sweden in 1997. All countries except Luxembourg and Sweden are included in the analysis; Luxembourg is omitted because of an extremely small sample, Sweden because the data do not form a panel[1]. Eight waves of the ECHP were collected in total, with the last wave collected in 2001. A great advantage of the ECHP is the scope for comparability among countries in the European Union. A drawback of the panel is the

[1] For the purposes of cross-sectional analysis this is not a problem – but because household income is measured retrospectively, it makes it impossible to analyse the links between living arrangements and incomes.

lack of retrospective information. For instance, parental information cannot be recovered if the respondent has left the parental home in the first wave. Furthermore, retrospective information in terms of demographics and labour market experiences are limited (see Peracchi (2002), and Nicoletti and Peracchi (2005) for a general review of the quality of the ECHP).

However, all collected information is retrospective in the sense that it refers to the calendar year prior to the survey interview. For example, Wave 1 interviews in 1994 contain information about individuals' income in 1993, Wave 2 interviews in 1995 contain information about individuals' income in 1994, and so on. This presents a problem when computing household equivalent income, since adding together the incomes of all individuals present in a household in Wave 2 (for example) gives the sum of all the 1994 incomes for those present in the household in 1995 – but because household composition changes year-on-year, this total may include some individuals who were not living in the household in 1994, and may omit some individuals who were present in that year. For population groups for whom household structure is relatively stable, the problems arising from this inaccuracy may not be serious. However, for young people, for whom household structure is likely to be fluid, and highly dependent upon the sufficiency of current incomes, the problems are potentially serious. In order to overcome this problem, we compute household equivalent income in year t using income data pertaining to year t collected at year t + 1, summing this over all the individuals present in the household at year t and using an equivalence scale based on the numbers and ages of individuals present at year t (Heuberger, 2003). Note that this procedure was not possible using Finnish data, and thus for Finland, all data relates to incomes for year t – 1.

Definitions of poverty

As outlined in the introduction, we use two dependent variables. The first is a conventional dichotomous measure of poverty, and is defined as living in a household where the per capita income is below 60% of the median in the country. In the static analysis, interest lies in the determinants of poverty incidence; in the dynamic analysis the interest lies in estimating the effects of certain life events on the likelihood of crossing the poverty threshold between two waves, either in terms of entering poverty or escaping it.

The second measure is a non-monetary multi-dimensional deprivation index. It is based on a "fuzzy set" approach to multidimensional poverty measurement (Cerioli and Zani 1990, Cheli and Lemmi 1995 and Betti and Verma 1999). Approaches of this kind applied to poverty analysis of European countries are becoming more common (Eurostat 2002), and have several advantages, which are explained in Verma and Betti (2005). In the context of this paper, they are useful as a check on the robustness of our findings, particularly because young people's money incomes may reflect their levels

of well-being rather poorly, given that they may receive unreported cash or in-kind support from their parents.

The approach involves constructing an index based on several items relating to non-monetary deprivation. The items used here fall into three broad groups: whether the household can afford certain expenditures relating to a rather basic lifestyle; characteristics of the dwelling and its surroundings; and whether the household owns certain durable goods).

The main characteristics of the samples used in our multivariate analysis are displayed in Appendices 1A to 1C. They show that the risk of poverty is highest in Greece, France and Spain, followed by the UK. The highest levels of deprivation appear in Germany, Greece and France, with Finland and the UK[2] being not far behind. The more vulnerable youths (i.e., those more prone to enter poverty) are the Finnish, Danish and British whereas those more prone to leave poverty are the Austrian (who also face the lowest risk of entering poverty), followed by the Danish, British and French.

Statistical approach

The longitudinal nature of the ECHP implies that households and individuals are observed repeatedly over time. Thus, observations from one year to another are clearly not independent. Accordingly, for the static analysis, we implement a set of random effects regression models. These models are commonplace and details can be found in advanced econometric textbooks (Greene 2003, Wooldridge 2004); their essential feature is that they are designed to control for repeated observations on the same individuals. When using poverty status as the dependent variable, we estimate random effects probit models; when we consider the deprivation index (which is a continuous measure) we estimate linear random effects models[3].

For the dynamic analysis, we use discrete-time event-history models based on the *logit* specification. For estimation of the determinants of poverty entry, the sample consists of all individuals defined as non-poor in a certain time period. The dependent variable takes the value 0 as long as the individual remains non-poor, but (if he or she enters poverty) it takes the value 1 in that period. The sample and dependent variable for poverty exit regressions are analogously defined.

The covariates used include personal characteristics (age, gender, educational attainment, employment and living arrangements) plus important life events: recent changes in marital status, the birth of children, and recent changes in employment status.

[2] Note that both deprivation and poverty are relative measures so that a poor (deprived) youth in the UK may actually be less poor/deprived than a, for instance, Danish counterpart given the same level of income/house equipment.
[3] An alternative is to use fixed effects models. We have repeated all our analysis using fixed effects models, and find that the results are of the random and fixed effects models are very similar.

Though this multivariate approach provides a much more detailed picture of the determinants of poverty, it is important to be aware of its potential shortcomings. First, the various life events expressed through our explanatory variables are themselves choice variables and they are not independent of each other. For instance, labour market choices are not made independently of choices concerning childbearing. Crucially, both variables are important for income and expenditure levels of the household, and are therefore important for poverty status and deprivation. In statistical terms this implies that these choice variables are endogenous with respect to poverty, and it is important to be aware that we do not make any correction for this in our analysis. Thus, our parameter estimates reflect correlations rather than causal effects. One advantage of our analysis is the use of deprivation indices, which are more robust to the potential endogeneity of the covariates than income and poverty status.

An equally important caveat is that we have not controlled for selection into poverty in the initial time period. It is unlikely that individuals' observed poverty status in the first time period is random, and Failing to control for such selection effects may have an impact on the parameter estimates. Again this calls for caution in the interpretation of the parameter estimates; they reflect associations, and not causal effects[4].

4. RESULTS

For clarity, all our results in this section are presented graphically, and focus on a selection of the most important and significant coefficients. However, we present full parameter estimates, including significance levels, in table form in the Appendices at the end of the paper. For comparability between different sets of estimates, all estimates reported are in terms of their marginal effects.

[4] The issue of initial conditions in discrete choice discrete time models was first emphasised by Heckman (1981). Wooldridge (2005) provides a clear exposition of the issues and also suggest solutions to the problem.

Figures 1A – 1D: Results from regressions estimating poverty and deprivation: marginal effects

Figure 1A: Poverty incidence:
marginal effects of employment, education, parental home

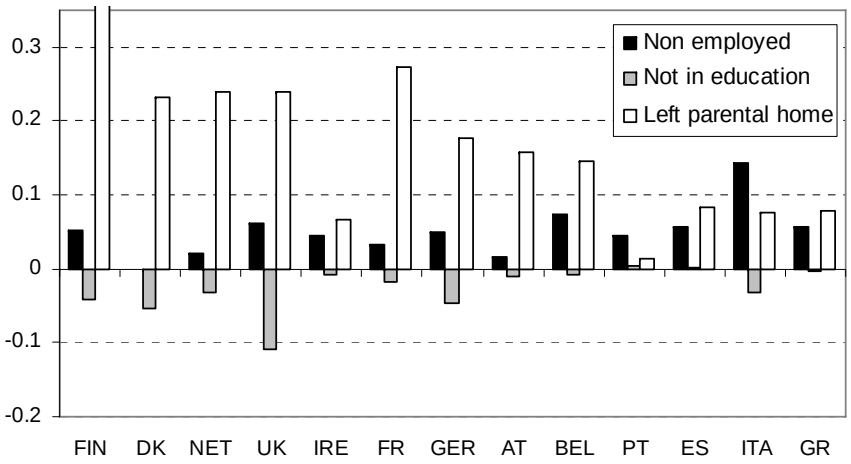


Figure 1B: Poverty incidence:
marginal effects of being married, cohabiting, having children

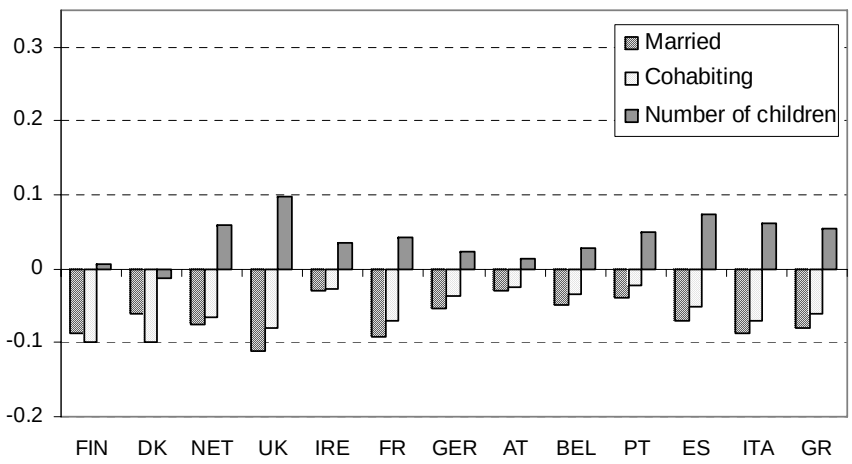


Figure 1C: Deprivation index:
marginal effects of employment, education, parental home

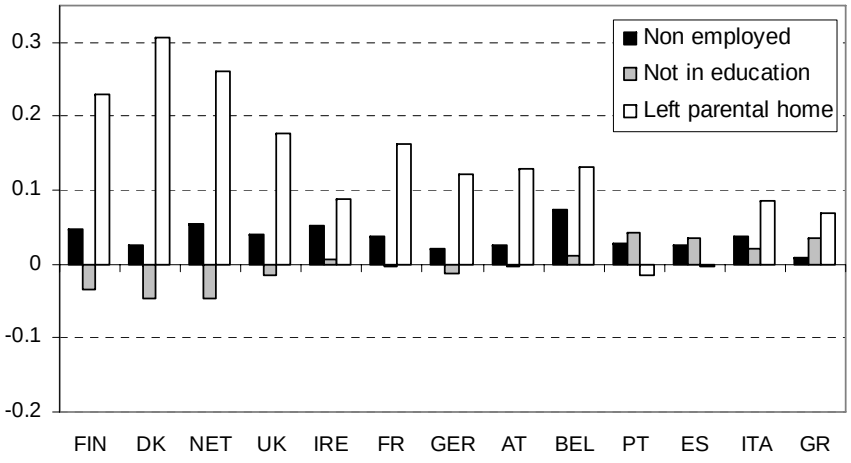
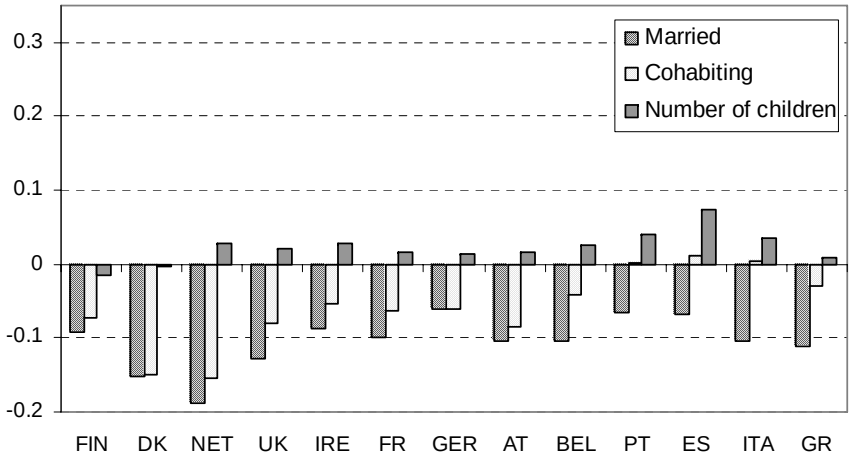


Figure 1D: Deprivation index:
marginal effects of being married, cohabiting, having children



A static perspective: who is poor, who is deprived?

Figures 1A to 1D present the results of regressions estimating the incidence of poverty and the extent of deprivation among young people. Figures 1A and 1C show the effects on poverty and deprivation respectively, of not being employed, not being in education, and having left the parental home; Figures 1B and 1D show the effects of being married, cohabiting, and having children.

It is clear that in many countries, other risk factors are dwarfed by the risk of poverty and deprivation associated with having left the parental home. It is not surprising that living away from one's parents increases one's chance of being poor, since the parental income (which is likely to be higher than the young person's income) is no longer available to the young person. However, the extremely large size of the effect of living away from the parental home is, perhaps, surprising - especially its size in relation to other factors, such as not being employed. An interesting feature of this finding is that the risk associated with living away from home is highest in Scandinavian countries, closely followed by the UK and France – the very countries where home-leaving takes place earliest - whereas the impact of having left home in Ireland and Mediterranean countries (where home-leaving is much later) is considerably lower. This is the case in relation to both poverty and deprivation.

A smaller but generally significant relationship is found between non-employment and higher poverty and deprivation. The exceptions are Denmark (poverty) and Greece (deprivation), where this relationship is not significant. In addition, we find that those having left education are less likely to be poor in Scandinavian countries, the UK and Germany, while non-students in most Mediterranean countries have the same risk of poverty and face a higher risk of deprivation than students. The most likely explanation behind this is that, in these countries, it is much more common for student to live at home whilst attending university, which naturally will protect them from poverty and will provide them with better material conditions. Being a student in Scandinavian countries is associated with both higher poverty and deprivation, though the magnitude is not large. In the rest of the countries, namely Ireland, France, Austria and Belgium, there is little difference between students and other young people.

Figures 1B and 1D show the effects of childbearing and union formation. Both marriage and cohabitation appear to protect young individuals from poverty and deprivation, though marriage generally has a stronger effect than cohabitation (indeed, cohabitation does not appear to protect against deprivation in Portugal, Spain and Italy). The effects of having children are smaller than the effects of marriage and cohabitation, and in the opposite direction: having children is associated with a generall higher risk of poverty and deprivation. The exceptions are, interestingly, Finland and Denmark, where children do not have any influence on the likelihood of poverty. This may be attributable to generous family support systems in these countries.

A dynamic perspective: who enters poverty and who leaves poverty?

The above analysis focused on the determinants of being poor or deprived at a given moment in time. Crucially, it did not tell us what factors drive young people into poverty, and what helps them to escape poverty. We now address these questions using discrete time hazard regressions. These models allows for a richer set of covariates than the previous model: for every relevant characteristic, a triggering event, namely, the fact that this characteristic has recently occurred or started, is added. For example, in addition to estimating the effect of non-employment, we also estimate effect of having lost employment the last year. By doing this we are able to estimate the additional effect of a given status on poverty only if this status has taken place recently. We present estimates first for poverty, and then for poverty exit[5].

Entering poverty

Figures 2A to 2C display the marginal effects of the main variables of interest in the poverty entry equations. For each variable, two bars are shown, the first depicting the effect of a young person being in that situation, and the second showing the impact of a recent change in that area.

Once again (Figure 2B) the largest effect comes from young people living away from the parental home. In all countries except for Ireland and the Southern European countries, the marginal effect is over 0.1 – and in many countries, it is much higher (once again, Finland is off the scale, with a marginal effect of 0.37. But there are *additional* sizeable effects on the risk of poverty entry from *just having* left home (ie, from having left in the previous year) – in other words, young people who have left home in the past year are at a particularly high risk of becoming poor.

The effects of having children are smaller, and we observe from Figure 2B that it is new born children (the "triggering event"), rather than the existence of older children, which is likely to push young families. Note that these effects are significant only in the Netherlands, the UK, Ireland, Austria, and all the Southern European countries.

[5] We repeated this exercise looking at changes in deprivation across time. Results are available from the authors upon request.

Figures 2A – 2C: Results from regressions estimating poverty entry: marginal effects

Figure 2A:
non-employment & not being in education

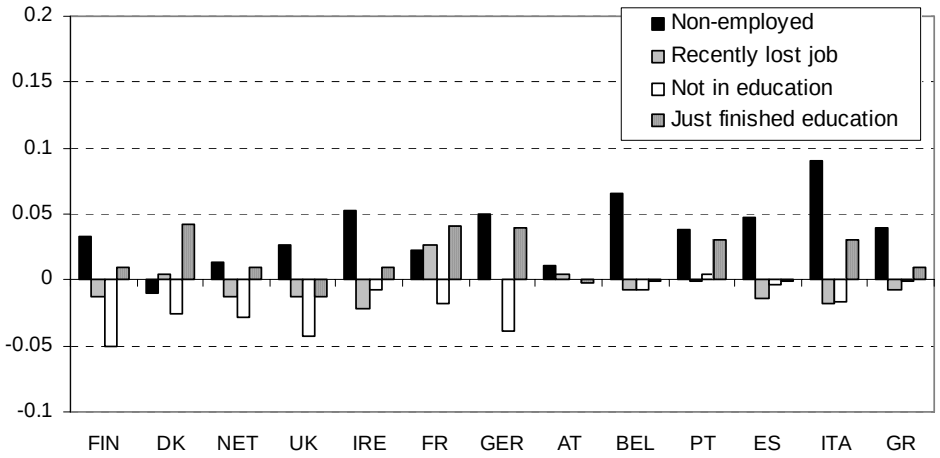


Figure 2B:
leaving parental home and having children

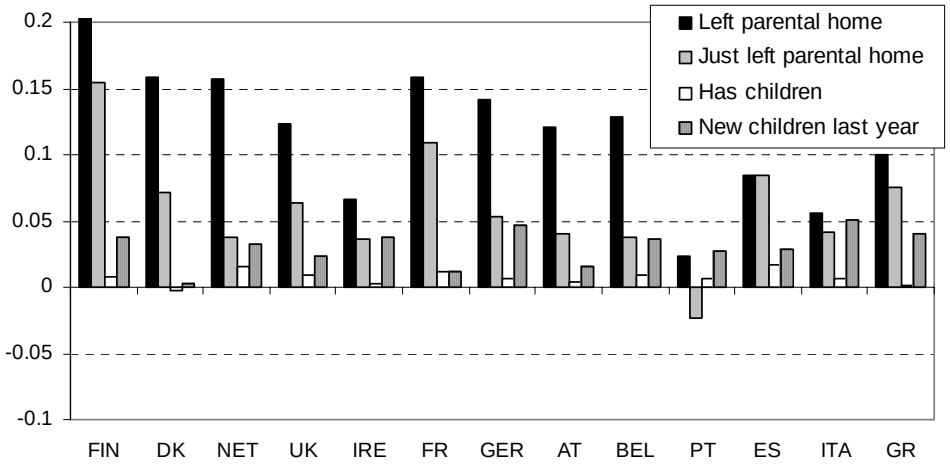


Figure 2C:
marriage and cohabitation

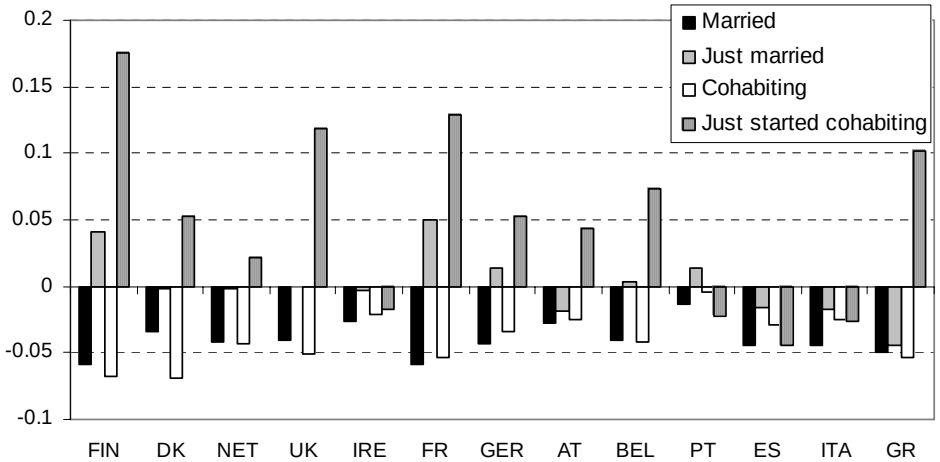


Figure 2A deals with employment and being in education, and shows that young people without jobs are particularly susceptible to becoming poor in almost all countries. Non-employment is particularly serious for Italian youths, followed by Belgians, Irish, Germans, Spanish and Greeks. The only countries where this variable is not significant are Denmark, Netherlands and Austria. Whereas non-employment is important in general, there is no additional effect of having experienced a recent job loss. In fact, in the Netherlands, Ireland and Italy, recent job loss has a small negative effect on the risk of entering poverty.

Figure 2.A. also shows that the role of education is similar to that we found in the static analysis: in those countries where students are more likely to be in poverty they are also more likely to enter poverty: having finished one's education has a clear negative effect on poverty entry in Finland, Denmark, the Netherlands, the UK and Germany (and, to a lesser extent, Italy). However, there is no effect in any country of having left education in the last year.

Figure 2C shows the protective role of marriage and cohabitation against the risk of poverty entry. Marriage protects against entering poverty in all countries, and cohabitation nearly always, with Italy and Portugal being the only exceptions. We have already mentioned that cohabitation is still quite unusual in the Mediterranean countries, and may be particularly linked to unusual couples who may not be wealthy enough to afford the investment marriage requires. Only in France is there an additional effect of having married in the previous year (this effect is positive, and approximately equal in magnitude to the coefficient on marriage, meaning that young people in France are at approximately the same risk of poverty entry during their first year of marriage as those who are not married). However, there are large and significant positive effects associated with newly-formed cohabitations in Finland, Denmark, the UK, France and Germany – these effects are larger than the negative effects associated with cohabitation in general, showing that young people in the first year of cohabitation are at higher risk of poverty than those not living in a partnership. This interesting difference may indicate that young people tend to delay marriage until their economic situation is sufficiently robust to withstand entry into poverty, while cohabitations are formed despite the lack of economic resources, as a first type of living arrangement after the leaving parental home.

Leaving poverty

Here, we follow the same empirical strategy as in the previous section, but the sample is now composed of young people living in poor households in year *t,* who are observed again in year *t+1*. We follow them until such time as they leave poverty (if that happens during the observation period), estimating the determinants behind this event. Naturally the samples are now smaller (samples are described in Appendix 1C). Appendix 5 shows the marginal effects for all covariates; the most interesting are displayed in Figures 3A to 3C.

Figures 3A – 3C: Results from regressions estimating poverty exit: marginal effects

Figure 3A: employment & education

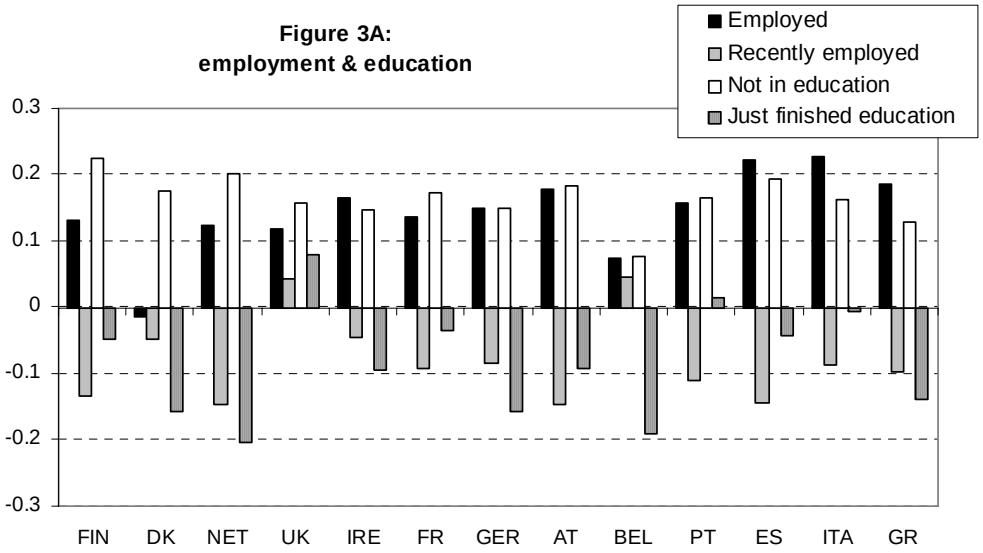


Figure 3B: leaving parental home and having children

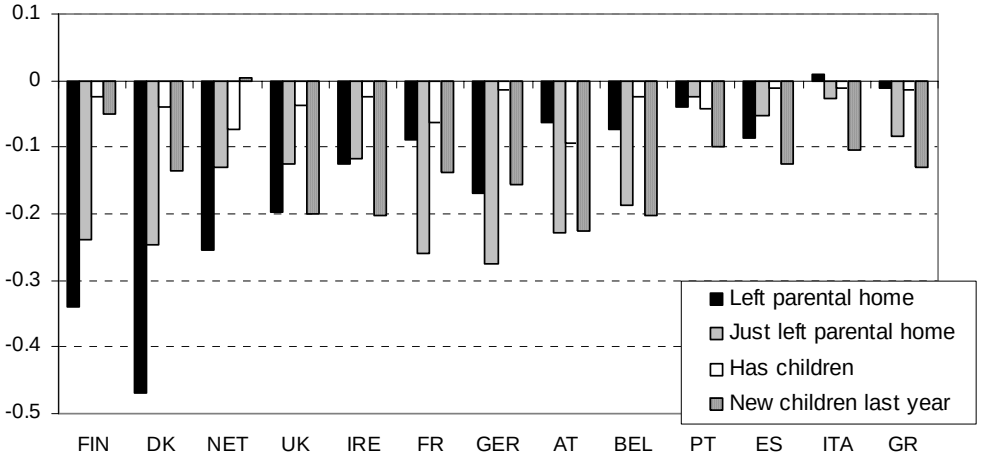
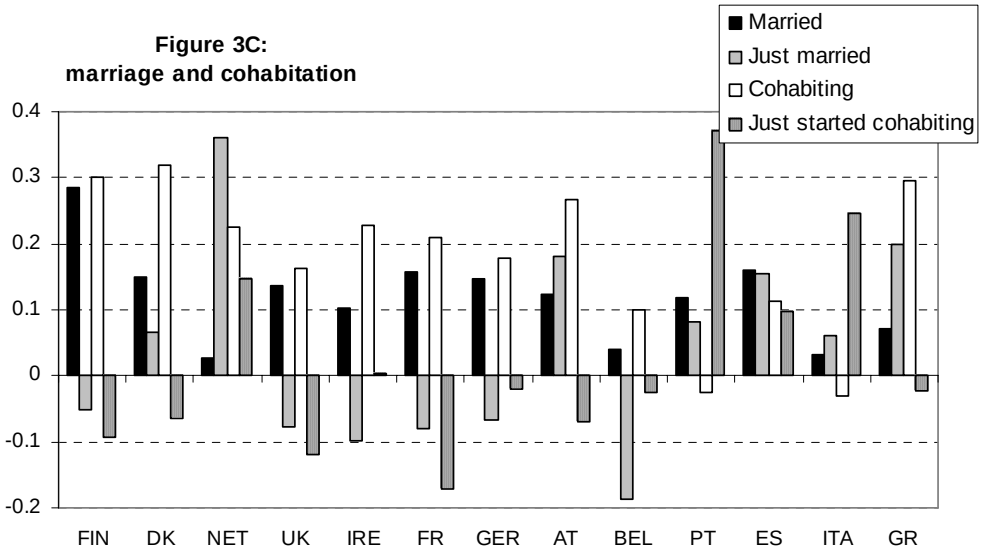


Figure 3C: marriage and cohabitation



Consistent with previous findings, leaving home (Figure 3B) reduces the chances of exiting poverty. In other words, among young individuals who are poor, living away from the parental home reduces the chances of escaping poverty. And this effect is particularly relevant in the first year after leaving parental home: there is a large additional effect in most countries from having just left home, and indeed, in many countries this additional effect is the same size or bigger than the effect of living away from home. As before, the association between leaving home and being poor (here, exiting poverty) is less marked in Ireland and the Southern European countries: again, the fact that youths in these countries tend to leave home to become married may explain this lower persistence in poverty amongst recent home-leavers.

Parenthood is also negatively related to a young person's chances of exiting poverty – though, in all countries except for Southern Europe, to a much smaller extent than living away from the parental home. Indeed, in most countries there is no significant association between being a parent and the probability of exiting poverty: rather, it is the birth of a new baby which reduces the chances, and the effect of children tends to fade away with time. New born children tend to hinder escape from poverty in all countries except the Netherlands and Greece.

Employment (Figure 3A) helps young people to escape poverty in all countries except Belgium and Denmark. Interestingly, there is no additional effect from having gained employment in the last year – on the contrary, having just found a job has a *negative* impact on exiting poverty. Moreover, in most countries this negative effect is of a similar order of magnitude to the positive effect of having employment, meaning that overall in these countries, a young person who has just found a job has no higher chance of exiting poverty than a young person with no job at all. Put another way, the positive effect of employment is really restricted to those people who have held a job for at least a year. We were not able to discern, in this analysis, whether this is related to temporary jobs, but the political message is clear: it is not just employment, but stable and long term employment, which is effective in lifting young people out of poverty.

A rather similar pattern emerges in relation to students: in almost all countries, those not in education are more likely to escape poverty (which is intuitively obvious, since the end of education implies in most cases a transition to employment, which naturally increases earnings, and therefore reduces poverty). But, in the majority of countries, just having left education has no significant impact on escaping poverty – and in Denmark, the Netherlands, Germany and Belgium, leaving school in the last year has a negative effect on escaping poverty. This means that completion of education in these countries has a progressive effect on reducing poverty, which increases over time. Persistence in poverty diminishes in these countries with time out of education and in the labour market.

Figure 3C deals with living arrangements. As well as protecting young people from the risk of poverty as we saw in the previous section, both marriage and cohabitation make a positive contribution to the probability of leaving poverty. Marriage contributes significantly to escaping poverty in Finland, the UK, Germany, Portugal and Spain; cohabitation contributes significantly in all countries except Belgium and Southern European countries[6], where cohabitation is quite unusual and related to lack of resources. In some cases (Finland, the UK, France and Belgium) the positive effect of marriage or cohabitation is not felt until more than a year into the relationship.

It is worth pointing out that while this section has identified a number of factors associated with a higher chance of escaping poverty, the only events which are likely to have a positive effect immediately are marriage and cohabitation – and even here, these immediate effects are not observable in all countries. Other routes towards financial independence, such as finishing one's education and getting a job, take time to manifest their effects.

5. CONCLUSIONS

In this paper we have examined youth poverty across Europe in a static and dynamic framework, analysing the effects of several life course events. In many respects, our results are in line with previous literature: living away from the parental home, non-employment and having children are associated with a higher risk of poverty and deprivation, whereas living with parents and living with a partner are associated with lower risks.

We find that both living arrangements and education/labour market variables have an effect; however, living arrangements have much the larger effect. In particular, living with one's parents is by far the most powerful predictor of being poor or deprived; and also plays the greatest role in explaining young people's chances of entering or exiting poverty. This result runs through all the analysis we performed. Marriage and cohabitation also protect against poverty and deprivation, while the presence of children has little effect, except in the year after they are born.

Labour market factors are also significant, though their effects are stronger on poverty than on deprivation. We find that it is crucial to consider these factors in a dynamic context: in most countries, having a job does *not* improve a young person's chances of exiting poverty until he or she has held the job for a year or more.

The fact that we have produced country-specific econometric specifications has allowed us to observe both commonalities and differences across countries. We have observed a North-South divide in three respects. First, being a student is associated with an increased risk of poverty in North, but not

[6] The odd positive effect of recent cohabitation on leaving poverty in Portugal is probably related to the small sample size in that particular cell.

in the South (to a degree at least because students are sheltered in their parental homes). Second, leaving home has dramatic effects on one's risk of poverty in the Scandinavian countries, a smaller effect in the continental European countries, and virtually no effect in Mediterranean countries and Ireland. Third, having children and, particularly, having had a child recently, exacerbates the risk of poverty in the South, but has no effect is worth noting in the Scandinavian countries.

The Scandinavian countries on the one hand, and the Southern European countries plus Ireland on the other, form the two extremes of a continuum; other countries (Germany, Belgium, Austria, France) fall somewhere in between these two extremes, with the Netherlands, and to a lesser extent the UK and France towards the Scandinavian end, and Austria and Belgium towards the "Southern" end.

Returning to the start of the paper, where we conceptualised youth as a series of transitions taking place in the spheres of the family and the labour market, this paper confirms what perhaps is intuitively obvious: many of these transitions come with very real risks. The labour market transitions of finishing one's education and finding a job tend, in most countries, to improve young people's economic situation. However, their effects for the age group we studied are not large; they often take time to manifest themselves; and of course the positive effect of finding a job is only present for young people who actually *do* find a job. Meanwhile, the transitions young people make in the family sphere are likely to have a negative effect: leaving home is a time of great economic risk for many young people, particularly those in the Northern European countries; and becoming a parent also carries risks (though fortunately, these are relatively short-lived). Cohabitation and (particularly) marriage tend to shelter young people from the risk of poverty, but their protective effect is smaller than the negative effect of leaving home, and in any case, many young people wait for some time after leaving home before moving in with a partner.

In this paper, we have gone some way towards filling the considerable gaps in research relating to young people's experience of poverty and deprivation. However, many questions remain unanswered: in particular, there are important issues of causality to be addressed. None of the life decisions which we have examined is unrelated to a young person's previous experience of, or future expectation of, poverty, and it is likely that the relationships uncovered in this paper are more complex than "*x* causes *y*". We feel that this paper raises as many questions as it answers, and hope that in time many of these questions will be answered.

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Appendix 1A: Descriptive Statistics, overall sample

	FIN	DK	NET	UK	IRE	FR	GER	AT	BEL	PT	ES	ITA	GR
Poor	0.174	0.164	0.136	0.200	0.137	0.237	0.190	0.190	0.154	0.104	0.218	0.134	0.222
Deprivation	0.195	0.149	0.169	0.189	0.150	0.207	0.229	0.184	0.187	0.127	0.144	0.126	0.207
entry into poverty	0.074	0.055	0.045	0.065	0.043	0.070	0.072	0.067	0.048	0.036	0.095	0.051	0.063
exit from poverty	0.267	0.258	0.261	0.252	0.271	0.226	0.278	0.278	0.263	0.273	0.236	0.261	0.246
Age	23.432	23.208	23.055	23.190	22.341	23.296	22.934	22.854	22.774	22.392	22.325	23.422	23.239
years education after compulsory	3.108	0.976	1.474	2.336	1.923	2.697	2.730	2.191	1.960	2.520	2.893	1.170	2.142
Female	0.516	0.535	0.526	0.505	0.485	0.496	0.509	0.491	0.479	0.482	0.499	0.514	0.523
Employed	0.887	0.900	0.880	0.775	0.833	0.697	0.628	0.740	0.829	0.893	0.834	0.825	0.784
Non employed	0.113	0.100	0.120	0.225	0.167	0.303	0.372	0.260	0.171	0.107	0.166	0.175	0.216
Recently non employed	0.081	0.035	0.040	0.015	0.040	0.029	0.030	0.044	0.023	0.017	0.160	0.062	0.041
Recently employed	0.193	0.107	0.069	0.119	0.197	0.075	0.119	0.147	0.130	0.145	0.137	0.059	0.214
Employed for 2 years or more	0.225	0.300	0.251	0.223	0.251	0.187	0.193	0.154	0.332	0.370	0.161	0.266	0.201
Not in education	0.684	0.651	0.573	0.673	0.721	0.660	0.734	0.649	0.736	0.750	0.564	0.663	0.878
just left education	0.031	0.004	0.009	0.016	0.033	0.017	0.026	0.022	0.012	0.035	0.049	0.015	0.022
left parental home	0.702	0.553	0.392	0.483	0.207	0.183	0.263	0.207	0.261	0.307	0.553	0.489	0.600
just left parental home	0.009	0.009	0.009	0.009	0.008	0.006	0.006	0.006	0.006	0.006	0.016	0.007	0.011
Married	0.121	0.177	0.207	0.163	0.106	0.153	0.216	0.172	0.265	0.154	0.136	0.236	0.195
just married	0.020	0.017	0.013	0.031	0.017	0.022	0.032	0.034	0.043	0.026	0.022	0.006	0.025
Cohabiting	0.350	0.215	0.133	0.201	0.032	0.011	0.009	0.022	0.017	0.090	0.239	0.141	0.214
just starting cohabitation	0.059	0.032	0.025	0.037	0.008	0.003	0.003	0.006	0.005	0.023	0.056	0.027	0.049
no married any more, single	0.008	0.004	0.007	0.005	0.002	0.002	0.007	0.005	0.009	0.009	0.006	0.014	0.014
Children under 1 year old	0.043	0.018	0.032	0.052	0.026	0.021	0.038	0.024	0.040	0.042	0.035	0.012	0.050
Children 1 years old or +	0.333	0.214	0.285	0.312	0.215	0.163	0.290	0.173	0.361	0.315	0.323	0.383	0.409
N	5775	4853	8632	8720	9302	13698	14152	6682	5558	15471	20462	21288	12930

Source: ECHP, waves 1-8

Appendix 1B: Descriptive Statistics, sample of those who are not poor and may enter into poverty

	FIN	DK	NET	UK	IRE	FR	GER	AT	BEL	PT	ES	ITA	GR
Transition into poverty	0.128	0.099	0.069	0.080	0.056	0.078	0.062	0.042	0.057	0.058	0.081	0.085	0.088
Age	22.28	23.39	23.15	23.69	22.39	23.41	23.27	22.44	23.02	22.87	22.94	23.40	22.92
Years of education after compulsory	2.854	3.065	0.791	1.610	2.004	2.303	1.110	2.361	1.474	2.050	2.318	2.827	2.744
Female	0.491	0.515	0.529	0.508	0.471	0.509	0.510	0.472	0.521	0.471	0.483	0.492	0.502
Not in employment	0.158	0.103	0.087	0.177	0.131	0.193	0.153	0.101	0.094	0.140	0.219	0.252	0.343
Recently left employment	0.132	0.077	0.032	0.042	0.036	0.013	0.058	0.016	0.046	0.022	0.042	0.029	0.030
In employment for 2 years or more	0.168	0.244	0.310	0.237	0.259	0.250	0.288	0.374	0.251	0.336	0.155	0.206	0.193
Not in education	0.578	0.699	0.664	0.910	0.721	0.664	0.628	0.751	0.549	0.728	0.631	0.642	0.718
Just left education	0.057	0.030	0.004	0.024	0.030	0.009	0.007	0.016	0.006	0.011	0.020	0.016	0.023
Left parental home	0.509	0.670	0.508	0.564	0.178	0.459	0.434	0.275	0.353	0.241	0.185	0.165	0.230
Just left parental home	0.022	0.012	0.011	0.013	0.009	0.011	0.009	0.008	0.011	0.007	0.008	0.007	0.008
Married	0.150	0.127	0.177	0.225	0.092	0.173	0.217	0.147	0.190	0.248	0.155	0.137	0.194
Just married	0.025	0.020	0.017	0.028	0.012	0.030	0.004	0.021	0.009	0.029	0.024	0.016	0.021
Cohabiting	0.201	0.339	0.212	0.207	0.028	0.179	0.123	0.076	0.116	0.015	0.017	0.009	0.007
Just started cohabiting	0.054	0.057	0.036	0.050	0.008	0.037	0.028	0.023	0.025	0.005	0.006	0.004	0.003
Not married any more and single	0.007	0.010	0.003	0.012	0.001	0.004	0.011	0.010	0.006	0.009	0.004	0.002	0.006
Children born last year	0.044	0.048	0.019	0.049	0.024	0.052	0.011	0.039	0.032	0.037	0.020	0.018	0.037
previous children	0.378	0.385	0.197	0.428	0.191	0.330	0.364	0.332	0.272	0.344	0.154	0.158	0.278
Number of observations	4846	4206	7511	7354	8195	11671	12715	6183	4992	13438	17188	16991	10950

Source: ECHP, waves 1-8

Appendix 1C: Descriptive Statistics, sample of those who are poor and may exit poverty

	FIN	DK	NET	UK	IRE	FR	GER	AT	BEL	PT	ES	ITA	GR
Transition out of poverty	0.273	0.323	0.305	0.321	0.322	0.321	0.308	0.340	0.311	0.295	0.320	0.261	0.316
Age	21.92	23.17	22.62	22.52	20.98	22.82	22.97	21.82	22.39	21.83	21.94	22.91	22.21
Years of education after compulsory	2.989	3.230	0.798	1.311	1.237	1.995	1.082	2.078	0.972	1.273	1.602	2.087	1.963
Female	0.539	0.528	0.555	0.569	0.529	0.531	0.564	0.552	0.558	0.473	0.515	0.513	0.502
In employment	0.834	0.899	0.877	0.638	0.708	0.722	0.725	0.858	0.740	0.705	0.645	0.515	0.520
Recently entered employment	0.197	0.219	0.142	0.183	0.186	0.128	0.073	0.188	0.076	0.151	0.157	0.068	0.133
In employment for 2 years or more	0.051	0.091	0.093	0.073	0.068	0.099	0.128	0.187	0.103	0.202	0.055	0.068	0.095
Not in education	0.505	0.546	0.516	0.807	0.628	0.626	0.587	0.659	0.565	0.748	0.644	0.690	0.732
Has just left education	0.059	0.044	0.004	0.021	0.033	0.016	0.011	0.017	0.011	0.012	0.021	0.015	0.020
Left parental home	0.825	0.897	0.673	0.700	0.209	0.589	0.624	0.415	0.440	0.235	0.178	0.149	0.238
Has just left parental home	0.052	0.030	0.021	0.019	0.013	0.023	0.016	0.015	0.020	0.005	0.007	0.006	0.009
Married	0.082	0.062	0.083	0.174	0.089	0.099	0.214	0.135	0.177	0.236	0.139	0.123	0.187
Just married	0.023	0.014	0.010	0.018	0.003	0.024	0.005	0.010	0.013	0.029	0.016	0.013	0.016
Cohabiting	0.271	0.270	0.154	0.210	0.028	0.216	0.135	0.066	0.138	0.018	0.019	0.010	0.006
Just initiating a cohabitation	0.115	0.100	0.049	0.067	0.008	0.062	0.044	0.031	0.038	0.004	0.005	0.002	0.004
Not married any more and single	0.009	0.007	0.008	0.023	0.004	0.008	0.033	0.016	0.012	0.008	0.007	0.003	0.008
New children (born last year)	0.036	0.028	0.016	0.071	0.036	0.037	0.015	0.031	0.035	0.042	0.023	0.020	0.034
Previous children	0.269	0.183	0.245	0.832	0.378	0.338	0.591	0.369	0.482	0.513	0.269	0.209	0.354
Number of observations	1754	1203	1884	2327	1772	3429	2482	895	964	3185	5193	6306	3296

Source: ECHP, waves 1-8

Appendix 2: Random effects probit regression, dependent variable is poverty status based on 60% of median net equivalised housheold income

	FIN	DK	NET	UK	IRE	FR	GER	AT	BEL	PT	ES	ITA	GR
Age	-0.004	0.000	0.035***	0.008	-0.033***	0.042***	0.008	-0.011**	0.002	-0.022***	-0.01	0.002	0.011
	(-0.253)	(-0.038)	-5.237	(0.739)	(-6.509)	(5.168)	(1.954)	(-3.258)	(0.316)	(-4.556)	(-1.768)	(0.274)	(1.416)
Age squared	-0.001	0.000	-0.001***	-0.001**	0.001***	-0.001***	-0.000***	0.000*	0.000	0.000***	0.000	0.000	-0.000*
	(-1.811)	(-1.449)	(-6.911)	(-3.220)	(5.211)	(-6.945)	(-3.464)	(2.199)	(-1.249)	(3.671)	(0.234)	(-0.569)	(-2.123)
Years in education	0.001	0.005***	0.000	0.002	-0.002**	-0.003***	0.003***	0.000	-0.001	-0.005***	-0.005***	-0.010***	-0.010***
	(0.552)	(4.032)	(-0.128)	(1.708)	(-2.642)	(-3.448)	(3.539)	(-0.003)	(-1.155)	(-7.116)	(-6.472)	(-9.903)	(-8.413)
Female	-0.034***	-0.011	-0.006	-0.028***	-0.002	-0.018***	-0.008**	0.002	-0.004	-0.011**	-0.003	-0.006	-0.012*
	(-4.491)	(-1.717)	(-1.314)	(-3.905)	(-0.646)	(-3.318)	(-2.777)	(0.754)	(-0.769)	(-2.848)	(-0.676)	(-0.957)	(-1.986)
Not employed	0.052***	0.000	0.022**	0.062***	0.044***	0.033***	0.049***	0.015**	0.075***	0.044***	0.057***	0.144***	0.056***
	(4.038)	(-0.037)	(2.669)	(6.539)	(6.533)	(5.088)	(8.227)	(2.867)	(5.202)	(7.376)	(9.839)	(15.471)	(8.254)
In the same job 2 years or more	-0.080***	-0.062***	-0.059***	-0.060***	-0.038***	-0.088***	-0.032***	-0.022***	-0.042***	-0.036***	-0.066***	-0.088***	-0.050***
	(-12.697)	(-10.566)	(-13.082)	(-9.472)	(-11.896)	(-19.357)	(-12.887)	(-7.455)	(-9.247)	(-10.822)	(-17.952)	(-18.265)	(-9.719)
Not in education	-0.042***	-0.054***	-0.033***	-0.109***	-0.008*	-0.018**	-0.046***	-0.010**	-0.007	0.005	0.001	-0.031***	-0.002
	(-4.873)	(-6.173)	(-5.830)	(-7.298)	(-2.246)	(-2.721)	(-9.337)	(-2.676)	(-1.160)	(1.141)	(0.198)	(-4.161)	(-0.239)
Left parental home	0.537***	0.232***	0.240***	0.239***	0.066***	0.272***	0.178***	0.159***	0.145***	0.013	0.084***	0.076***	0.079***
	(29.209)	(18.492)	(17.929)	(24.104)	(6.078)	(22.364)	(17.928)	(9.030)	(7.429)	(1.818)	(6.074)	(4.436)	(6.151)
Married	-0.088***	-0.060***	-0.076***	-0.111***	-0.030***	-0.093***	-0.053***	-0.030***	-0.048***	-0.038***	-0.071***	-0.087***	-0.080***
	(-13.720)	(-10.746)	(-15.857)	(-16.889)	(-8.383)	(-19.471)	(-15.913)	(-10.431)	(-8.912)	(-7.448)	(-12.954)	(-12.073)	(-11.079)
Cohabiting	-0.099***	-0.099***	-0.065***	-0.081***	-0.026***	-0.071***	-0.036***	-0.024***	-0.035***	-0.023***	-0.052***	-0.070***	-0.061***
	(-14.382)	(-13.390)	(-15.117)	(-14.003)	(-8.263)	(-15.856)	(-15.477)	(-10.585)	(-8.379)	(-3.645)	(-9.099)	(-8.029)	(-7.464)
Not married any more and single	-0.032	-0.017	0.003	0.069	0.113	0.036	0.039*	-0.004	-0.011	-0.003	0.014	0.08	0.056
	(-1.499)	(-0.749)	(0.113)	(1.942)	(1.241)	(0.980)	(2.309)	(-0.453)	(-0.739)	(-0.231)	(0.530)	(1.053)	(1.367)
Number of children	0.007	-0.013	0.059***	0.097***	0.036***	0.043***	0.023***	0.014***	0.029***	0.050***	0.074***	0.062***	0.055***
	(0.902)	(-1.888)	(11.620)	(16.251)	(9.913)	(8.727)	(9.463)	(4.856)	(6.307)	(12.468)	(13.766)	(8.751)	(8.857)
Number of observation	9861	7996	13823	14779	15160	21519	21396	10818	8614	22467	30741	31397	19246

Source: ECHP, waves 1-8

Reference : Employed men for less than two years, still in education, in parental home, single and never married.

Appendix 3: Random effects linear regression of total deprivation index

	FIN	DK	NET	UK	IRE	FR	GER	AT	BEL	PT	ES	ITA	GR
Age	0.009	0.031*	0.062***	0.019*	-0.008	0.024***	0.030***	0.007	-0.005	-0.003	0.004	0.009	0.01
	(0.913)	(2.489)	(8.629)	(2.263)	(-1.172)	(3.672)	(4.788)	(1.121)	(-0.583)	(-0.488)	(0.738)	(1.746)	(1.321)
Age squared	0.000	-0.001**	-0.002***	-0.001**	0.000	-0.001***	-0.001***	0.000	0.000	0.000	0.000	0.000	0.000
	(-1.340)	(-3.072)	(-9.856)	(-3.258)	-1.302	(-4.725)	(-5.821)	(-1.499)	-0.244	(-0.473)	(-1.461)	(-1.652)	(-1.474)
Years in education	-0.002	-0.003*	-0.002	-0.002**	-0.006***	-0.004***	0.002	-0.005***	-0.005**	-0.006***	-0.003***	-0.007***	-0.007***
	(-1.539)	(-2.105)	(-1.443)	(-2.593)	(-6.028)	(-5.736)	(1.673)	(-3.558)	(-2.880)	(-7.490)	(-4.719)	(-10.854)	(-6.457)
Female	-0.008	-0.001	-0.008	0.001	0.003	-0.013*	-0.005	0.018*	-0.01	-0.009	-0.005	0.000	-0.005
	(-1.221)	(-0.065)	(-1.244)	-0.214	-0.431	(-2.174)	(-1.041)	-2.295	(-1.069)	(-1.332)	(-0.974)	(-0.004)	(-0.749)
Non employed	0.047***	0.026*	0.055***	0.041***	0.051***	0.037***	0.020***	0.026***	0.075***	0.028***	0.025***	0.037***	0.008
	(6.469)	(2.573)	(7.015)	(6.368)	(9.329)	(8.080)	(4.064)	(3.851)	(8.120)	(6.280)	(6.690)	(8.894)	(1.574)
In the same job for 2 uears+	-0.041***	-0.038***	-0.028***	-0.027***	-0.013**	-0.023***	-0.006	-0.010*	-0.018*	0.000	-0.010*	-0.034***	-0.01
	(-5.177)	(-4.742)	(-5.110)	(-4.556)	(-2.798)	(-4.650)	(-1.533)	(-1.964)	(-2.393)	(0.054)	(-2.220)	(-7.273)	(-1.727)
Not in education	-0.035***	-0.047***	-0.047***	-0.015	0.007	-0.003	-0.013**	-0.003	0.011	0.042***	0.035***	0.020***	0.035***
	(-5.428)	(-6.142)	(-8.290)	(-1.885)	1.36	(-0.507)	(-2.592)	(-0.429)	1.279	8.582	7.956	4.17	4.952
Left parental home	0.229***	0.306***	0.262***	0.178***	0.089***	0.163***	0.122***	0.130***	0.132***	-0.014	-0.002	0.085***	0.070***
	(29.489)	(28.274)	(34.737)	(25.172)	(11.406)	(26.971)	(19.032)	(15.030)	(11.083)	(-1.863)	(-0.199)	(9.888)	(7.499)
Married	-0.093***	-0.152***	-0.187***	-0.128***	-0.088***	-0.099***	-0.061***	-0.103***	-0.105***	-0.065***	-0.067***	-0.104***	-0.110***
	(-8.594)	(-11.105)	(-19.745)	(-13.734)	(-8.016)	(-12.305)	(-8.123)	(-9.310)	(-7.627)	(-8.225)	(-7.349)	(-10.771)	(-9.695)
Cohabiting	-0.073***	-0.149***	-0.154***	-0.079***	-0.054***	-0.064***	-0.060***	-0.085***	-0.042***	0.001	0.012	0.003	-0.029
	(-9.388)	(-17.079)	(-20.873)	(-10.446)	(-4.169)	(-9.863)	(-8.461)	(-8.324)	(-3.318)	(0.043)	(0.932)	(0.155)	(-1.328)
Nor married any more and single	0.076*	0.013	0.103**	0.02	-0.036	0.084***	-0.004	-0.023	0.038	0.008	0.001	0.028	0.052
	(2.543)	(0.361)	(3.032)	(0.965)	(-0.830)	(3.336)	(-0.245)	(-1.021)	(1.056)	(0.476)	(0.058)	(0.823)	(1.829)
Number of children	-0.014*	-0.003	0.029***	0.020***	0.028***	0.017***	0.013***	0.017**	0.025***	0.039***	0.073***	0.035***	0.008
	(-2.564)	(-0.385)	(5.078)	(4.113)	(5.454)	(3.843)	(3.353)	(2.936)	(3.704)	(9.055)	(15.125)	(6.796)	(1.340)
Number of observations	9852	7983	13821	14557	15056	21492	21341	10787	8549	22453	30687	31285	19206

Source: ECHP, waves 1-8

Reference : Employed men for less than two years, still in education, in parental home, single and never married.

Appendix 4: Logit regression (discrete-time duration model), dependent variable: entering into poverty in the following year

	FIN	DK	NET	UK	IRE	FR	GER	AT	BEL	PT	ES	ITA	GR
Age	-0.028*	0.005	0.019*	-0.004	-0.014	0.012	0.012*	-0.011*	0.000	0.006	-0.007	0.000	0.017
	(-2.066)	(0.367)	(2.546)	(-0.464)	(-1.737)	(1.545)	(2.024)	(-2.148)	(0.019)	(0.872)	(-1.137)	(-0.044)	(1.705)
Age squared	0.000	0.000	-0.001***	0.000	0.000	-0.000*	-0.000**	0.000	0.000	0.000	0.000	0.000	0.000
	(0.87	(-1.340)	(-3.501)	(0.642)	(1.313	(-2.265)	(-2.751)	(1.610)	(-0.441)	(-1.000)	(0.550)	(0.152)	(-1.849)
Years of edu after comp	0.002	0.002	0.002	0.000	-0.001	-0.002*	0.000	0.001	0.000	-0.006***	-0.003***	-0.007***	-0.010***
	(1.057)	(1.470)	(1.556)	(-0.419)	(-1.170)	(-2.393)	(0.361)	(0.565)	(0.036)	(-6.002)	(-3.767)	(-8.055)	(-8.091)
Female	-0.011	-0.006	-0.009*	-0.003	0.003	-0.011**	-0.011***	0.002	0.005	-0.009*	-0.006	-0.003	-0.009
	(-1.942)	(-1.200)	(-2.103)	(-0.655)	(0.699)	(-2.888)	(-3.320)	(0.536)	(0.904)	(-2.294)	(-1.607)	(-0.659)	(-1.621)
Not employed	0.033*	-0.01	0.014	0.027***	0.052***	0.023***	0.050***	0.011	0.066***	0.038***	0.048***	0.091***	0.039***
	(2.487	(-1.383)	(1.515)	(3.761)	(4.984)	(3.523)	(6.004)	(1.506)	(3.697)	(4.972)	(6.781)	(10.187)	(5.070)
Recently non employed	-0.013	0.005	-0.013*	-0.012	-0.022***	0.026	0.000	0.004	-0.008	-0.001	-0.014	-0.018*	-0.008
	(-1.880)	(0.522	(-1.989)	(-1.894)	(-3.565)	(1.431)	(-0.037)	(0.355	(-0.885)	(-0.127)	(-1.853)	(-2.349)	(-0.632)
Employed 2 yrs or more	-0.039***	-0.037***	-0.035***	-0.028***	-0.038***	-0.047***	-0.032***	-0.028***	-0.036***	-0.026***	-0.048***	-0.045***	-0.034***
	(-6.107)	(-6.726)	(-7.490)	(-5.726)	(-7.574)	(-11.315)	(-9.296)	(-6.728)	(-5.975)	(-5.983)	(-9.892)	(-8.594)	(-5.241)
Not in education	-0.050***	-0.025**	-0.028***	-0.042***	-0.008	-0.018**	-0.039***	0.000	-0.007	0.004	-0.003	-0.017**	-0.001
	(-5.208)	(-3.155)	(-4.149)	(-3.791)	(-1.342)	(-2.806)	(-6.533)	(-0.099)	(-0.824)	(0.723)	(-0.548)	(-2.576)	(-0.075)
Just finished education	0.01	0.042	0.009	-0.012	0.009	0.041	0.04	-0.002	-0.001	0.03	-0.001	0.03	0.01
	(0.651)	(1.681)	(0.240)	(-1.082)	(0.677)	(1.531)	(1.449)	(-0.185)	(-0.023)	(1.146)	(-0.072)	(1.626)	(0.474)
Left parental home	0.371***	0.158***	0.157***	0.123***	0.066***	0.159***	0.141***	0.121***	0.129***	0.023*	0.085***	0.056***	0.100***
	(17.176)	(12.650)	(13.617)	(15.191)	(4.509)	(17.694)	(15.767)	(7.400)	(6.271)	(2.277)	(5.397)	(3.483)	(6.364)
Just left parental home	0.154**	0.071	0.038	0.064*	0.037	0.109***	0.053**	0.04	0.038	-0.023	0.084*	0.042	0.075
	(3.113)	(1.947)	(1.886)	(2.539)	(1.234)	(3.956)	(2.590)	(1.640)	(1.390)	(-1.519)	(2.305)	(1.384)	(1.881)
Married	-0.058***	-0.034***	-0.042***	-0.040***	-0.026***	-0.058***	-0.043***	-0.027***	-0.040***	-0.013	-0.044***	-0.045***	-0.050***
	(-10.172)	(-5.636)	(-9.712)	(-9.095)	(-4.276)	(-15.270)	(-13.477)	(-7.956)	(-7.048)	(-1.657)	(-6.543)	(-6.295)	(-5.775)
Just married	0.041	-0.002	-0.002	-0.001	-0.003	0.050*	0.014	-0.018*	0.003	0.014	-0.016	-0.017	-0.044***
	(1.455)	(-0.080)	(-0.120)	(-0.061)	(-0.124)	(2.332)	(0.497)	(-2.551)	(0.112)	(1.037)	(-1.277)	(-1.128)	(-3.690)
Cohabiting	-0.068***	-0.069***	-0.043***	-0.051***	-0.021*	-0.053***	-0.034***	-0.025***	-0.042***	-0.004	-0.029*	-0.025	-0.054**
	(-11.822)	(-10.149)	(-10.735)	(-12.243)	(-2.430)	(-15.344)	(-11.783)	(-8.038)	(-9.385)	(-0.254)	(-2.556)	(-1.595)	(-3.242)
Just started cohabiting	0.175***	0.052**	0.022	0.119***	-0.017	0.129***	0.052**	0.044	0.073	-0.022	-0.045**	-0.026	0.102
	(4.565)	(2.577)	(1.459)	(4.289)	(-0.979)	(5.338)	(2.938)	(1.489)	(1.873)	(-1.125)	(-3.104)	(-0.992)	(0.756)
Ex-married and single	0.038	0.032	0.051	0.036	0.091	0.015	0.037*	-0.001	-0.011	0.026	0.053	0.038	0.064
	(1.030)	(0.926)	(1.132)	(1.671)	(0.964)	(0.548)	(2.021)	(-0.065)	(-0.697)	(1.125)	(1.490)	(0.781)	(1.390)
New children	0.038	0.002	0.032*	0.024**	0.038***	0.012	0.047*	0.016*	0.036	0.027***	0.028*	0.051***	0.040***
	(1.736)	(0.090)	(2.540)	(3.061)	(3.497)	(1.388)	(2.207)	(2.012)	(1.698)	(3.315)	(2.418)	(4.492)	(3.427)
Previous children	0.008**	-0.003	0.015***	0.009***	0.003	0.012***	0.007***	0.004*	0.009**	0.007***	0.017***	0.007*	0.001
	(2.622)	(-0.753)	(5.936)	(5.169)	(1.143)	(5.658)	(4.688)	(2.266)	(3.090)	(3.352)	(6.631)	(2.302)	(0.227)
Number of cases	4846	4206	7511	7354	8195	11671	12715	6183	4992	13438	17188	16991	10950

Source: ECHP, waves 1-8

Reference : Employed men for less than two years, still in education, in parental home, single and never married

Appendix 5: Logit regression (discrete-time duration model), dependent variable: exiting poverty in the following year

	FIN	DK	NET	UK	IRE	FR	GER	AT	BEL	PT	ES	ITA	GR
Age	0.143**	0.138	-0.071	0.184***	0.126**	0.037	0.037	0.02	0.007	-0.007	0.037	-0.02	0.018
	(2.783	(1.873	(-1.613)	(4.447	(2.617)	(0.991)	(0.965)	(0.376)	(0.116)	(-0.212)	(1.576)	(-0.887)	(0.530)
Age squared	-0.003*	-0.002	0.002*	-0.004***	-0.003*	-0.001	-0.001	0.000	0.000	0.000	-0.001	0.000	0.000
	(-2.428)	(-1.344)	(2.123)	(-4.051)	(-2.531)	(-0.687)	(-0.822)	(-0.286)	(0.012)	(0.129)	(-1.593)	(0.756)	(-0.530)
Years of edu after comp	0.009	0.001	0.006	0.007	0.003	0.006*	0.006	-0.002	0.006	0.015***	0.013***	0.009***	0.004
	(1.568)	(0.166)	(0.875)	(1.434)	(0.392)	(2.033)	(0.947)	(-0.176)	(0.649)	(3.651)	(3.948)	(3.589)	(1.035)
Female	0.068**	0.036	0.051*	0.042*	0.001	0.029	0.026	0.006	0.012	0.025	-0.023	0.013	0.015
	(3.222)	(1.275)	(2.271)	(2.062)	(0.051)	(1.761)	(1.341)	(0.178)	(0.386)	(1.412)	(-1.683)	(1.117)	(0.85)
Employed	0.131***	-0.013	0.124***	0.118***	0.165***	0.137***	0.149***	0.179***	0.073	0.156***	0.222***	0.226***	0.186***
	(5.105)	(-0.231)	(3.980)	(4.539)	(5.063)	(5.890)	(6.527)	(4.157)	(1.577)	(7.525)	(11.274)	(12.785)	(7.663)
Recently employed	-0.134***	-0.047	-0.146***	0.042	-0.046	-0.092***	-0.084**	-0.146***	0.046	-0.111***	-0.145***	-0.088***	-0.098***
	(-5.314)	(-1.154)	(-5.413)	(1.336)	(-1.294)	(-3.526)	(-2.618)	(-3.380)	(0.696)	(-4.875)	(-7.219)	(-4.575)	(-3.783)
Employed 2 yrs or more	-0.01	0.099	0.058	0.102*	0.058	0.119**	0.059	-0.001	0.280***	-0.01	0.038	0.043	0.010
	(-0.219)	(1.608)	(1.283)	(2.271)	(1.059)	(3.181)	(1.927)	(-0.014)	(4.158)	(-0.418)	(1.101)	(1.619)	(-0.337)
Not in education	0.225***	0.175***	0.202***	0.156***	0.146***	0.172***	0.150***	0.183***	0.077	0.166***	0.193***	0.163***	0.129***
	(6.998)	(4.732)	(6.681)	(5.779)	(4.383)	(6.832)	(6.054)	(4.534)	(1.535)	(7.666)	(8.859)	(9.853)	(4.735)
Just finished education	-0.049	-0.158**	-0.203*	0.078	-0.095	-0.035	-0.158*	-0.091	-0.191*	0.013	-0.043	-0.006	-0.139**
	(-1.182)	(-3.234)	(-2.528)	(0.973	(-1.686)	(-0.575)	(-2.392)	(-0.732)	(-2.238)	(0.167)	(-0.971)	(-0.124)	(-2.809)
Left parental home	-0.340***	-0.469***	-0.254***	-0.198***	-0.125**	-0.090***	-0.168***	-0.064	-0.073	-0.04	-0.085**	0.01	-0.011
	(-7.403)	(-8.270)	(-7.036)	(-6.641)	(-3.223)	(-3.985)	(-5.760)	(-1.379)	(-1.306)	(-1.164)	(-2.832)	(0.283)	(-0.355)
Just left parental home	-0.239***	-0.246***	-0.129*	-0.126*	-0.117	-0.260***	-0.275***	-0.229*	-0.186**	-0.024	-0.053	-0.028	-0.083
	(-14.300)	(-4.723)	(-2.031)	(-1.995)	(-1.195)	(-9.299)	(-9.903)	(-2.368)	(-2.594)	(-0.217)	(-0.699)	(-0.427)	(-1.095)
Married	0.284***	0.149	0.027	0.137***	0.102	0.158***	0.148***	0.123	0.04	0.119**	0.159***	0.032	0.072
	(4.300)	(1.806)	(0.424)	(3.357)	(1.357)	(3.601)	(4.228)	(1.480)	(0.586)	(2.697)	(3.473)	(0.770)	(1.468)
Just married	-0.052	0.065	0.360**	-0.078	-0.098	-0.079	-0.067	0.182	-0.188*	0.082	0.155*	0.062	0.200*
	(-0.889)	(0.474)	(2.738)	(-1.222)	(-0.616)	(-1.580)	(-0.609)	(0.947)	(-2.193)	(1.424)	(2.391)	(1.135)	(2.489)
Cohabiting	0.300***	0.319***	0.225***	0.162***	0.228*	0.210***	0.178***	0.268**	0.1	-0.025	0.112	-0.031	0.296
	(8.395)	(7.882)	(5.149)	(4.356)	(2.188)	(6.944)	(4.259)	(2.618)	(1.394)	(-0.306)	(1.553)	(-0.440)	(1.391)
Just started cohabiting	-0.092**	-0.064	0.148*	-0.119***	0.004	-0.172***	-0.02	-0.07	-0.025	0.372*	0.097	0.247	-0.022
	(-3.260)	(-1.458)	(2.212)	(-3.355)	(0.028	(-6.822)	(-0.404)	(-0.668)	(-0.283)	(2.328)	(0.825)	(1.474)	(-0.102)
Ex- married and single	0.053	-0.114	0.068	-0.112	-0.061	0.049	-0.103*	0.245	0.124	-0.156*	0.058	-0.162*	-0.034
	(0.422)	(-0.866)	(0.498)	(-1.946)	(-0.294)	(0.501)	(-2.007)	(1.585)	(0.761)	(-2.156)	(0.670)	(-2.535)	(-0.358)
New children	-0.050	-0.135*	0.005	-0.201***	-0.203***	-0.138***	-0.155**	-0.227***	-0.203***	-0.100*	-0.125***	-0.104*	-0.131*
	(-0.957)	(-2.301)	(0.055)	(-7.382)	(-4.296)	(-4.127)	(-2.795)	(-4.190)	(-3.851)	(-2.150)	(-3.341)	(-2.259)	(-2.412)
Previous children	-0.025*	-0.039	-0.072***	-0.036***	-0.025	-0.063***	-0.014	-0.095**	-0.023	-0.041***	-0.010	-0.012	-0.014
	(-2.143)	(-1.890)	(-3.727)	(-4.058)	(-1.390)	(-5.721)	(-1.486)	(-3.261)	(-1.224)	(-4.202)	(-0.955)	(-1.203)	(-1.083)
Number of cases	1754	1203	1884	2327	1772	3429	2482	895	964	3185	5193	6306	3296

Source: ECHP, waves 1-8

Reference : Employed men for less than two years, still in education, in parental home, single and never married.