

# Changes in economic self-sufficiency, family income and living arrangements among youth in Spain, 1980-2000

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## 1. Introduction

During the 80s and 90s, Spain has been characterized by being a relatively young country. In 1991, one out of four Spanish had between 15 and 29 years of age, according to the Census. And, even when this proportion, as elsewhere, decreased, in 2000, Spain still had one of the highest youth index in the European Union-15, greater than in any other country except for Portugal and Ireland, according to Eurostat.<sup>2</sup>

The individuals born during the 60s and 70s make up the so-called ‘baby-boom generations’, characterized by being much more numerous than precedent and posterior cohorts. These generations have grown up in social, political and economic conditions completely different from those that characterized the youth of their parents. And, as well as it is true that the situation of the baby-boomers improved in many senses, one should not ignore the deterioration of the position of young people in the labour market, the increased demand for education or the difficulties to housing access that young people have had to face during the last two decades. It all has been related to the increase of the emancipation age, the delay in the formation of an own household and the decline of the fertility rate. The literature on many of these transformations has been rich; however, far less attention has been given to the analysis of all these changes on the economic welfare of young people and their families which is one of the purposes of this work.

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<sup>2</sup> See *Population and Social Conditions* (europa.eu.int/comm/eurostat). The youth index refers to the percentage of the population in the age group 15 to 24.

Further, this paper argues, and as it has been done before by Atkinson (1989, 1995) and Jones (2002), among others, that the right to a minimum level of resources is a necessary condition to guarantee social participation, therefore it is not enough to study family economic welfare but an analysis of the economic circumstances of young people at the individual level is also needed. To reach economic self-sufficiency is for many authors a key indicator in the transition to adulthood and a way to assure the social (citizenship) rights that youth should acquire together with the civil and political rights. Following Smeeding and Ross Phillips (2002), we will consider that a young person is economically dependent or not self-sufficient if his/her individual income is below the poverty threshold of a household with one adult.

In this paper we propose to complement the analysis of youth poverty (in the framework of family poverty) during the 80s and 90s in Spain with a parallel assessment of the evolution of the economic dependency of young people (considering only the economic resources at the individual level, independently of the household where youth lives). On the other hand, this paper wants to describe and understand the socio-demographic changes occurred in relationship to both phenomena.

The paper is structured as follows. Section 2 revises briefly the literature on youth poverty. Section 3 accounts for the socio-demographic framework. Section 4 presents the methodological choices and the datasets used. In Section 5, the trends of youth poverty and economic self-sufficiency are analysed and Section 6 presents the multivariate analysis, first describing the model to be used and later presenting the results. The last section concludes.

## **2. Youth poverty: a brief review**

To study poverty is never easy but it is not especially so when the group object of the analysis is such a heterogeneous group as young people are -individuals that even if they belong to the same age group they may be in very different stages of their transition to adulthood. This

particularity makes the analysis more complicated and demands a deeper analysis of the methodological choices.

May be because of this reason, the literature on youth poverty is relatively scarce if we compare it to the one devoted to other aspects of youth. From different disciplines of Social Sciences, important aspects of the life of a young person have been studied such as emancipation, transition from school to work or the prolongation of education; however, less attention has been dedicated to the analysis of youth poverty as such. As Dean (2003) argues, *“It is striking that none of the major social policy texts on poverty feature youth poverty as an issue. Other dimensions of disadvantage are systematically discussed –gender, ethnicity, disability and old age- but youth is not. [...] The poverty of ‘grown up’ children living in the parental home and young women who become lone parents is recognised usually in the context of ‘family’ poverty. The poverty of young ‘adults’ in work is recognised usually in the context of low-pay issues. As a social policy issue in its own right, ‘youth’ is perhaps only visible when it is not at home and not at work”* (Dean, 2003: 61).

Indeed, most of the studies we know analyse youth poverty in the framework of family poverty, therefore, the economic circumstances of the household where the young person live are studied but not the individual ones. The usual assumptions imply that all the members of the household pool their resources, share household income in an equal way and enjoy (or suffer) the same level of welfare, without distinctions by gender or age.<sup>3</sup>

One of the main conclusions that emerge in youth poverty studies is that the risk of poverty among young people is very different between and within countries, depending on the age group considered and the living arrangements taken into account -among other characteristics. Aassve *et al.* (2006) find that being outside the parental home, out of the labour market and having children are three of the main associations to high poverty risks in Europe; however, their importance is different in different countries.

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<sup>3</sup> Haddad and Kanbur (1990), Browning *et al.* (1994), Browning and Lechene (2001), among others, have questioned the intrahousehold equity hypothesis, however, no one, as far as we know, has analysed it in the case of young people.

On the other hand, youth poverty in some countries appears to be below the rest of age groups in the society, especially compared to children and elderly people.<sup>4</sup> Middleton (2002), with income from the European Community Household Panel (ECHP) finds a poverty risk for youth between 16 and 29 below the rest of adults in Austria, Great Britain, Portugal and Greece and only over in Germany. Only in the cases when one considers a narrower age group –for instance, between 16 and 24 years of age- higher risks are found (see D’Ambrosio and Gradín, 2003; Iacovou and Berthoud, 2003).

In the context of the Mediterranean countries, and especially so, in Spain, some authors have suggested that the analysis of youth poverty in the framework of family poverty *hides* the economic difficulties that many young people have because of the protector role played by the family and that explains why youth poverty risk is lower than expected. Cantó and Mercader (2001a, 2001b), for instance, argue that the risk of poverty among Spanish youth does not reflect a reality of high unemployment and labour precariousness. Similarly, Iacovou and Berthoud (2003) with data from the first wave of the ECHP find that the family is in 89% of the cases what protects Spanish youth between 17 and 25 against poverty.

Most of the studies, thereafter, only show one side of the economic circumstances that matter to young people. From the citizenship rights perspective, it seems appropriate to consider also the individual economic circumstances. Atkinson (1989, 1995) has defended the right to a minimum level of resources in order to guarantee full social participation. Dean (2003) argues that the difficulties to acquire economic self-sufficiency erode the social rights, of citizenship of young people. Baizán (2003) adds “... *the autonomy and security necessary to integrate young people as adult citizens with full rights is only possible based on certain economic and social resources. This also implies that the political ‘signs’ of citizenship such as the right to vote and the legal age for adulthood are insufficient as a base for citizenship given that full participation in society requires a minimum level of resources*” (Baizán, 2003: 7).<sup>5</sup>

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<sup>4</sup> It is possible that because of this reason, most of the research on poverty by age group has been devoted to the analysis of child poverty and far less to youth poverty. The consequences of growing up in a poor household have been studied but less attention has been given to the consequences for teenagers and youth, despite being in a key moment of their life cycle when most life chances are defined. See Hobcraft (2003) for a similar argument.

<sup>5</sup> The translation is from the authors of this paper.

However, what is that ‘minimum level of resources’ needed to guarantee full social participation among young people? According to Wallace (1988), *‘A financially dependent person is one whose own resources (from labour market and/or State) cannot assure the personal reproduction process, while a financially independent person can assure her reproduction and probably even that of a partner and of children’* (in Jurado, 2001:7). Smeeding and Ross Phillips (2002) that we will follow in this work, propose we should consider that a young person is economically dependent if his/her individual income is below the poverty threshold of a household with one adult member.<sup>6</sup> When individual income is over this threshold we will talk about an economically self-sufficient person. This concept should be useful as an indicator of transition to adulthood, should allow us to learn about the economic vulnerability of young people.

## **2. Framework**

In this Section, we like to introduce succinctly few of the changes that have characterised the socio-economic reality in Spain during the 80s and 90s that will help to understand the economic circumstances affecting young people and their families.

Changes occurred in the labour market are key to this study. In the first place, it is worth notice an increase in the number of young people working –about 7% between 1980 and 2000.<sup>7</sup> However, temporary contracts and high employment rotation have characterised youth labour markets since mid-80s.<sup>8</sup> According to the labour-force survey data, in 1999, 86% of the employed in the age group between 16 and 19 had a temporary contract, 70% of those between 20 to 24 and 50% for those between 25 and 29 years of age. In the second place, it is important to highlight the rise by 10% of the employment rate for the age group 25 to 55 and by more than

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<sup>6</sup> In Spain, as far as we know, this type of analysis has not been done. Carabaña and Salido (1999) in a working paper called ‘Personal poverty and domestic poverty’ study with the first wave of the ECHP, the relationship between individual and family poverty but for the whole population and accounting only for labour market characteristics.

<sup>7</sup> There has been an increased in the mean age of youth in Spain which probably helps to explain the increase in the number of young workers.

<sup>8</sup> Temporary contracts have their duration fixed in advance and in many cases workers are not eligible for redundancy payments at the end of the contract.

22% in the case of female workers in this age group. That means, across the analysed period, an increasing number of young Spaniards have a mother at work.

Another important change is related with the extension of the educational stage. Only during the 90s the percentage of young people at school increased 13%, 16% and 7% for the age groups 16-19, 20-24 and 25-29, respectively. Baizán (2003) argues that labour market deteriorating position pushes youth to continue the studies at the same time higher education is becoming an essential requirement to enter and find opportunities in the labour market.

Further, the increasing difficulty of access to housing has had an effect on the whole society but especially so among young people. Just as an example, from the beginning of the 80s to 2000, rents would have increased around 310%, the price of the square meter by 380% and the availability of renting houses would have halved.<sup>9</sup>

All together, it may help to understand the increase in the number of young people living in the parental home, as shown by Figure 1, especially for those older than 20. The emancipation rate would have fall 8 points for the age group 20 to 24 and 21 points for those older than 25. Yet, at the end of the 90s, for 6 out of 10 youth living with the parents, emancipation was their most desired way of living (see CIS, 1999).

[FIGURE 1 AROUND HERE]

Unsurprisingly, the fertility rate of young girls decreased more than 78% for the age group 20-24 and 53% for those 25-29, at the same time, mean age at the first child increased by more than 2 years in between 1980 and 1999. According to several authors, the change in values –especially among girls- may also play a role in explaining emancipation and fertility. Flaquer (1995) argues that highly educated girls refuse to leave the parental home before finding a job that guarantees them they can keep their economic independence. Castles (2003) suggests also the need to take into account a change in the preferences of women when comes to combining family and work.

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<sup>9</sup> See Consejo Económico y Social (2002).

In what follows, we will try to assess what have been the consequences of some of these changes in the economic welfare of young people and their families. We intend to see how Spanish families have coped with the emancipation delay of young people and also what are the economic circumstances of those outside the parental home. Further, we like to consider the effects of the increased number of young workers together with the increased number of young people with a mother at work.

#### **4. Methodology and data**

##### *Definition of 'youth'*

In the literature on young people, there is not a consensus about the age limit to consider when we talk about youth. Different countries and administrations use any range between 15 and 35. In general, however, it is also commonly agreed the need to take into account that youth has protracted given the increase of the educational years, the delay in emancipation and fertility postponement.

In this paper, we have considered the age group between 16 and 29 (both included). The lower bound of the age group was due to a practical decision, since for 1999, we have information only for individuals that were 16 or older. The upper bound considered is much higher than the one recommended in the Laeken indicators proposed by the European Commission for the analysis of poverty and social exclusion, however, we considered that in Spain, at 24, most of the transitions to adulthood have not taken place.<sup>10</sup> In Spain, this is also the upper bound used by INJUVE, the Youth Institute of the Work and Social Affairs Ministry. @

##### *Monetary poverty and economic dependency*

The approach used in the paper is that of the relative poverty that establishes a young person is considered poor if the equivalised household income is below the poverty line defined

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<sup>10</sup> You can check the Laeken indicators proposed by the European Commission at: [http://europa.eu.int/comm/employment\\_social/social\\_protection\\_committee/spc\\_indic\\_en.htm](http://europa.eu.int/comm/employment_social/social_protection_committee/spc_indic_en.htm)

as 60% of the median of that distribution. The threshold is relative to time so there is a poverty line for each of the three years analysed. The income variable used is that of total household income adjusted by the size and needs of the household using the modified OCDE equivalence scale –that gives a weight of 1 to the first adult, 0.5 to the rest of adult members in the household and 0.3 to children under 14 years of age. In this first analysis, housing costs have not been taken into account though we are aware of the increasing importance of them in the last years.

The poverty measures we use are the Foster-Greer-Thorbecke (1984) family of indicators that can be computed as follows:

$$FGT_a = \left[ \frac{1}{n} \cdot \sum_i \frac{(z - x_i)^a}{z} \right] \cdot 100$$

where  $z$  is the poverty threshold,  $x_i$  the household income,  $n$  the household population, and  $q$  the population below the threshold. The greater the value of *alfa*, the larger is the aversion towards inequality amongst the poor. If *alfa* is 0 we obtain the poverty risk, if *alfa* is 1 we obtain the intensity @ and, finally, with *alfa* equal to 2, the severity @. The analysis of the poverty indicators are presented together with an inference analysis in order to asses if differences are significantly different. As in other poverty studies, we accept that all the income in the household is pooled together and shared equally and that all the household members enjoy the same level of economic welfare.

Following Smeeding and Ross Phillips (2002), we will consider that a young person is economically dependent or not self-sufficient if his/her individual income is below the poverty threshold of a household with one adult. Given we are using cross-sectional data, a limitation of this type of measure is that we cannot observe changes in the behaviour of young people at the same time certain transitions take place –as we could with panel data. However, we believe this measure it is still valid as an indicator of transition to adulthood.

## *Data*

For the analysis we use three datasets that are representative of the Spanish population: the Family Budget Surveys (*Encuesta de Presupuestos Familiares, EPF*) for 1980-81, for 1990-91 and the extended sample of the seventh wave of the European Community Household Panel (ECHP) for 2000, with incomes referred to 1999. All the data has been collected by the Spanish Statistics Institute (INE). Table 1 shows the sample sizes of each dataset.

[TABLE 1 AROUND HERE]

The limitations of the data are the usual ones in this kind of analysis. First, some households refuse to answer questions related to income and some members of the households decline to answer the questionnaires. Even though, we believe that the bias this lack of response may introduce in the results is minor. Further, the sort of survey we use for the analysis is targeted only to private households, leaving aside people in student residencies, orphanages or prisons, and, of course, young homeless –probably, the most vulnerable youth in the society.

Finally, the reliability of the data has been assessed using external sources as the Census or the Labour-Force Survey data as shown in Table A.1. (Appendix 1). There is a small problem of underestimation of the percentage of youth between 25 and 29 in the EPFs and an overestimation of the inactive youth in every year; however, we do not believe these biases are important for the results obtained.

## **5. Poverty and economic dependency in Spain, 1980-1999**

Once seen the methodological options adopted, we first focus on the analysis of monetary poverty in the context of family poverty. Table 2 shows the results for the Foster-Greer-Thorbecke family of indices, for the whole population and for young people. The last three columns of the table show whether differences are statistically significant across time and the columns in between years if differences exist between the whole population and young people in each year.

[TABLE 2 AROUND HERE]

If we look at the results horizontally, we first observe a statistically significant decrease in the risk of poverty during the 80s, both for the whole population and among young people.<sup>11</sup> This positive trend breaks out during the 90s with an increase of around 2% for both groups. Similar results are obtained by using FGT1 and FGT2: an improvement during the 80s that vanishes during the 90s. Further, in the case of young people, we observe an overall increase between 1980 and 1999 of 20% for the FGT1 and 40% for the FGT2 meaning that poor young became even poorer during the 90s with family incomes furtherer from the poverty threshold.

When looking at the results vertically, one can observe that at the beginning of the analysis, young people had levels significantly below the population as a whole for all the indices used. Still in 1990, young people had a lower risk of poverty than the rest of the population, however, differences for the FGT1 and FGT2 stop being significant. Moreover, in 1999, the situation for young people worsened even more, equalizing the risk of poverty of the whole population and even having higher FGT1 and FGT2 (at a 90 and 95% significance level).

In other words, across time in Spain young people seem to loose their *relatively privileged* position what comes to economic welfare that had at the beginning of the analysed period, being the situation of the poorest youth among the poor the one that worsened most.

From the analysis of youth poverty, we move to look at the changes in economic dependency among young Spaniards. Table 3 shows that around 63,5% of young individuals in 1980 in Spain were economically dependent, percentage that slightly decreased during the 80s to increase again during the 90s with a percentage of 66,3 of young dependants in 1999 -a trend that is quite similar to the one observed for poverty. So, to our surprise, the overall ratio of economic dependency has not changed much during the two decades, despite the many changes

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<sup>11</sup> This trend has been shown before by Cantó and Mercader (2002) and Cantó et al.(2003), though results are not directly comparable because of the use of different methodology.

commented in Section 3 of this paper (an increase of the education years or the worsening position of young people in the labour market, etc).

A deeper analysis of the results, however, shows that there has been an important change in the profile of young people that helps to explain why the overall ratio has not increased that much. In Table 3, when we break out the results by age group, we see that actually the dependency ratio has increased for all the age groups especially for the youngest youth. However, it is important to notice that the group that became more dependent represents each analysed year a smaller percentage of the population. At the same time, the least dependents, youth between 25 and 29 years of age, have increased more than 12 percentage points their weight in the population between 1980 and 1999. This *cohort effect* helps to explain why the overall dependency ratio kept quite stable during the two decades. Actually, if the percentage of the different age groups would have kept constant along time we would be talking of a dependency ratio close to 73%, 10 percentage points higher than at the beginning of the period. Similarly, the risk of poverty as shown in the last columns of the table, would have increased for all the age groups, but especially so for the younger youth.

[TABLE 3 AROUND HERE]

In other words, the proportion of young people that could support themselves did not improve during the analysed period despite mean age increase: the chances to be economically self-sufficient at the beginning and at the end of the analysed period for a person at the same age worsened. This result helps us to explain the increase in the amount of young people living with their parents shown in Section 3 of this paper.

We reach similar conclusions if we break down the results by activity status. Across time, traditionally highly dependent groups (mainly housewives) have decreased their weight in the population more than the increase of other inactive groups (mostly students) with also high dependency ratio. This change helps to compensate the effect of the increase in the dependency ratio of young workers that has nearly doubled. However, notice that the increased dependency

of young workers did not come parallel to an increase in the risk of poverty –young workers must have had to count on other household members’ income to be able to maintain their economic welfare. “Adapting to circumstances” of these youth –as delaying their emancipation- has been key in preventing a fall in their economic status. Further, it is important to notice that the increase in the amount of workers during the analysed period –about 7%- is merely an increase of dependent workers (not shown in the Table).

Finally, results by living arrangement show an increase in the percentage of people living with their parents that accounts for nearly 15 points –notice also that the amount of people living with only one of their parents have doubled during the period. On the contrary, if in 1980, 2 out of 10 young Spaniards lived with a couple and had at least one child, this percentage in 2000 represented less than 6% of youth.

For young living with their parents, the dependency ratio kept the same in 1980 than in 1999 while in terms of poverty we observe a statistically significant decrease in the risk of poverty for those living with both parents (7 out of 10 in 1999). Actually, this is not a surprise if we take into account that the amount of young people living with both parents at work would have doubled, as shown in Figure 2.

[FIGURE 2 AROUND HERE]

The situation for those out of the parental home, instead, has suffered important changes. The dependency ratio of emancipated youth would have statistically decreased 7 points, while the poverty risk would have increased 5 points. Economic circumstances, though, are very different depending on the presence of children in the household. The poverty risk for young parents would have more than doubled during the period despite not important changes in the dependency ratio. At the same time, couples without children show the lowest dependency ratio and poverty risk among all groups. In other words, emancipated youth improved their capacity to support themselves but have difficulties to economically support their offspring.

### *Poverty and/or economic dependency*

Poverty and economic dependency, we have just seen it, are different phenomena yet they influence each other. On one hand, economic dependency of young members *may* bring poverty to a household since dependants *may* represent an economic burden. Still, the dependency of young members may be just a desired situation –young members continuing their studies, for instance- without necessarily driving the household into poverty. Certain type of households can afford the dependency of their members and therefore dependency does not necessarily bring poverty.<sup>12</sup> On the other hand, the literature on intergenerational transmission of poverty has shown that experiencing hardship during childhood or early youth has a strong influence in the probability of experiencing poverty (and probably also economic dependency) later on in life.<sup>13</sup> However, it is also possible that families with greater economic needs push their younger members to the labour market which would explain a negative correlation between poverty and dependency.

Table 4 shows how poverty and economic dependency relate for the three analysed years. As predicted, most of the young Spaniards are dependent but not poor so they can count on the economic resources of other members of their family. One third of the youth are neither dependent nor poor and around 15% are both poor and dependent. Practically, all the young people that are poor are also dependent and only few exceptions (less than 2%) are poor but not dependent.<sup>14</sup> Across time, there is not any big change: a slight increase of those ‘poor and dependent’ and a similar decrease of those ‘neither poor not dependent’. With the use of multivariate analysis, in what follows, we intend to assess the change in the socio-economic characteristics of young people and their families that define these different characteristics.

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<sup>12</sup> Further, notice that a non-emancipated young person with individual income between 30 and 60% of the median would be classified as economically dependent but would not increase the probability of poverty of his (her) household. Recall that the equivalence scale used in this analysis is the modified OECD scale that gives a weight of 0.5 to all the adult members except the first one. This means that if a young member contributes to the household income with an amount superior to 30% of the median, it contributes enough to the household needs and does not make the household poorer rather, it may help the household out of poverty.

<sup>13</sup> See for instance, Hobscraft and Kiernan (2001).

<sup>14</sup> Aassve et al. (2005a) found that in Southern countries women over 30 would face a lower risk of poverty if they would leave the parental home which is also the case for those we call ‘poor, not dependant’: their economic welfare would improve by moving out.

[TABLE 4 AROUND HERE]

## 6. The econometric model (unfinished)

Once we have identified poor and/or economic dependent youth, we use a multivariate analysis in order to assess the change in the socio-demographic profile of those ‘Neither poor, not dependent’, ‘Not poor but dependent’ and ‘Poor and dependent’). The model we have chosen is a multilevel multinomial logit.

The advantage of using a multinomial logit is that it allows us to estimate the marginal effect of the individual and household characteristics that influence the probability to belong to each of the groups of interest. Unfortunately, the group ‘Poor not dependent’ has had to be dropped from the analysis due to lack of sample. The group ‘Neither poor, not dependent’ has been chosen as the base category group, therefore all the results have to be compared in relation to this reference category. Further, the Small-Hsiao test failed to reject the null hypothesis of Independence of Irrelevant Alternatives confirming the appropriateness of a logit model.

On the other hand, the model for young people still in the parental home is run as a multilevel model, being level 1 the family and level 2 the individuals. We believe one should take into account that in about 50% of the households there are at least two siblings. These *repeated outcomes* allow us to introduce a random intercept that accounts for unobservables at the household level that influence equally the chances of brothers and sisters to pertain to each of our interest groups. Treating young individuals of the same family as independent observations could lead to biased estimates of parameters and/or standard errors.<sup>15</sup> Unobserved heterogeneity at the household level is therefore incorporated in the form of a univariate

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<sup>15</sup> Estimation by Maximum Likelihood results in consistent estimates in large samples despite residuals being correlated among individuals of the same household. However, the estimated standard errors would no longer be valid (Rabe-Hesketh and Skrondal, 2005). One could correct the bias using a *sandwich estimator* for the standard errors, however we preferred to explicitly model the dependence.

normally-distributed residual. Households with just one young person do not contribute to the identification of the unobserved heterogeneity but they do provide information on parameters.

The explanatory variables are both at the household level and at the individual level. Obviously, poverty of young individuals is measured at the family level so household characteristics are important (number of children in the household, the household size or the tenure status, etc.). However, household income -that defines the poverty status- is the result to sum up individual income therefore individual characteristics also matter, for instance, the age of the young individuals or their employment status. On the other hand, economic self-sufficiency is measured strictly at the individual level therefore individual characteristics are what explain it best. However, characteristics measured at the household level need to also be considered. For instance, it is well known that parents with university studies are more likely to have children with a university degree which in turn may define the individual economic status of the young individual.

### *The empirical results*

Table 5 shows the results of the regression for the young individuals still living with their parents. The standard deviation of the random effect is 1,7 for 1980, and 1,2 for 1990 and 1999 and significantly different from zero in every year. In other words, there are unmeasured family-specific characteristics that affect all the young individuals in a household. Failure to account for this unobserved heterogeneity decreases the standard errors of the parameters giving a false impression of precision. The log-likelihood increases with the use of the random intercept providing further evidence that the unobserved heterogeneity component is needed.

[TABLE 5 AROUND HERE]

Results show that the activity status of parents has acquired a key importance in preventing young people into poverty despite their dependency status. The fact that young

individuals live with both parents at work does not seem to influence the probability of being 'dependent, but not poor' but it does reduce significantly the chances to be 'poor and dependent'.

The activity status of the young individual is a very important factor in understanding dependency. Work is negatively related to economic dependency however, this effect seems to have lost importance across time meaning a position in the labour market is each year less of a guarantee for young people to acquire economic self-sufficiency. Nevertheless, the salary of the worker has become a trigger factor in the reduction of the risk of poverty across time as shown by coefficients in the category 'poor and dependent' becoming greater than those for 'dependent not poor'. Similar results can be observed for the few workers working part-time.

## **7. Conclusions**

This paper argues about the need to assess young people welfare not only in the context of family poverty but also considering the economic circumstances of young people individually. The economic dependency status of young people should serve as a key indicator to assess young people's transition to adulthood.

Results show that young Spaniards would have lost their *relatively privileged* economic position compare to other age groups in the society across the analysed period, 1980-1999, when assessed in the framework of family poverty, being the situation of the poorest youth among the poor, the one that worsened most.

In terms of economic dependency, we have seen that between 6 and 7 out of 10 young Spaniards could not support themselves with their individual income, proportion that did not change much across time despite the important increase in the number of young people over 25. A more detailed analysis has shown that it has been the situation of young workers the one that worsened the most while the increase in the number of students (highly dependent) would have been compensated by an even more important decrease in the number of other inactive (such as young housewives).

When breaking down the results by living arrangements, we observed that non-emancipated youth show higher risks of poverty and dependency than those out of the parental home. However, it is the situation of emancipated Spaniards the one that changed the most.

Young people living with both parents would have managed to reduce their risk of poverty at the same time they kept their strong dependency. These families would have managed to assume the emancipation delay of their young members without worsening their economic welfare. From the econometric model, we have learned that the increase in the number of both parents at work –mainly, of mothers at work- has played a crucial role in the reduction of poverty among youth.

Among those emancipated, we have observed an important increase in the risk of poverty, especially among those with children, despite the increase in the number of self-sufficient youth. In other words, in 1999, an increased number of people out of the parental home had incomes over the poverty threshold of a household with one adult, however, for many, this income was insufficient to keep their family out of poverty. Child poverty and youth poverty has become closer phenomena across time in Spain.

Further, from the econometric analysis, we have observed that the salary of young people in the parental home has acquired a greater importance in the reduction of poverty across time, while, on the contrary, income from the labour market is less a guarantee for economic self-sufficiency.

Young Spaniards have been clearly “adapting to circumstances” in order to prevent a fall in their economic welfare during the two analysed decades as it is made clear by an increase of people in the most protected groups (mainly those living with both parents) and a decrease in the number in higher risk groups (especially, those emancipated with children).

And, if these are the results in terms of economic welfare, many are the consequences at the individual and societal level. Economic dependency restricts Spanish young people decisions related to the life cycle, delays the acquisition of autonomy and limits the development of life chances by living in a semi-dependency status abnormally long in comparison to their European counterparts. As pointed out by Fernández Cerdón (1997), “*In*

*any event, young people's difficulties with integration into adult society have become a major problem because they are endangering the intergenerational agreement that guarantees social cohesion and also the very basis of social continuity, which is the ability of populations to reproduce themselves" (Fernández Cordon, 1997: 606).*

This work leaves many questions unanswered given its descriptive and general nature. Further research should move from the static picture offered in this paper to a dynamic one with the use of longitudinal data, as well as, assess changes in economic welfare considering other perspectives such as material deprivation or subjective poverty or, yet, research on the consequences of the income pooling and intra-household equity hypotheses on the measurement of poverty, among others.

## 8. Bibliography

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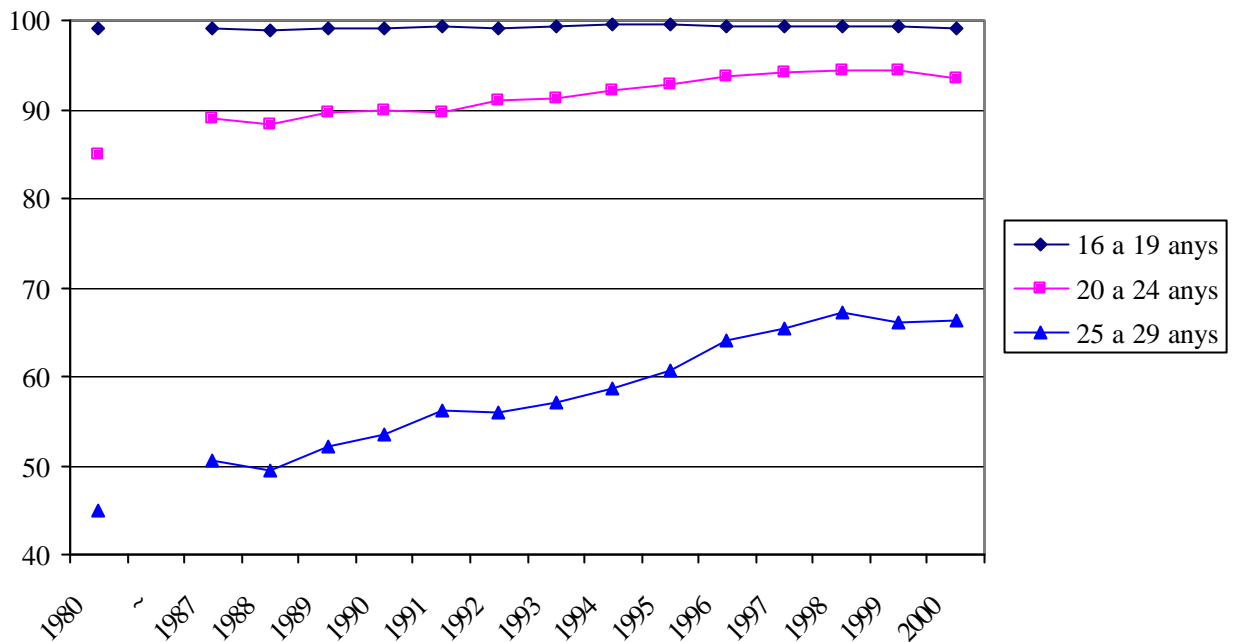
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**Figure 1. Percentage of young people living in the parental home in Spain by age groups, 1980-2000**



Source: Data for 1980 is from 'La emancipación de los jóvenes y la situación de la vivienda en España' (2002), Consejo Económico y Social (CES), Monograph 3/2002, table 1-3, p. 17 and has been obtained by the authors from the labour-force survey data. Data for the trend 1987-2000 are our own calculations from the labour-force survey data (Encuesta de Población Activa, INE).

**Table 1. Sample sizes (1980-1999). Number of households, individuals and young people (16 to 29 years old)**

	EPF 1980-81	EPF 1990-91	ECHP 2000
Households	23.940	21.145	14.957
Individuals	88.476	72.099	43.894
Young people	18.117	16.387	9.340

Source: Own construction using the Family Budget Surveys 1980-81 and 1990-91 and the extended sample of the seventh wave of the ECHP for 1999.

**Taula 2. Relative poverty measures in Spain for the whole population and youth, 1980-1999**

	1980		1990		1999	1980- 1990	1990- 1999	1980- 1999
<b>FGT0</b>								
Population	19,33		16,47		18,30	***	***	***
Youth	16,73	***	15,49	***	17,83	***	***	*
<b>FGT1</b>								
Population	5,45		4,19		5,44	***	***	*
Youth	4,90	***	4,22		5,89	***	***	***
<b>FGT2</b>								
Population	2,45		1,77		2,76	***	***	***
Youth	2,23	***	1,85		3,10	***	***	***

Source: Own calculations using the Family Budget Surveys 1980-81 and 1990-91 and the extended sample of the seventh wave of the ECHP for 1999.

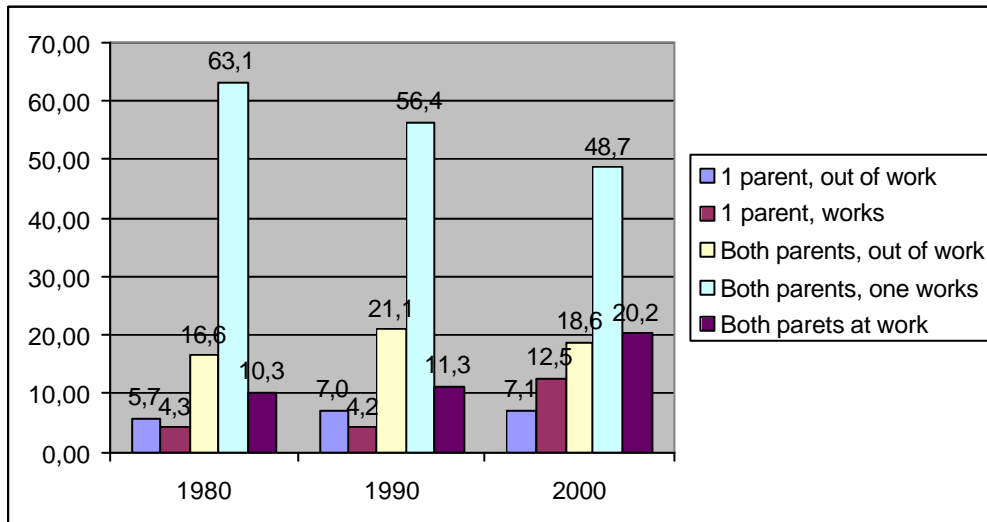
Significance: \*\*\* 99% confidence level, \*\* 95% and \* 90%.

**Table 3. Percentage of youth, risk of poverty and dependency ratio among youth by age, activity status and living arrangements in Spain, 1980-1999**

	% population			% dependent			% poor		
	1980	1990	2000	1980	1990	1999	1980	1990	1999
<b>Youth</b>	<b>20,4</b>	<b>22,9</b>	<b>21,6</b>	<b>63,5</b>	<b>62,0</b>	<b>66,3</b>	<b>16,7</b>	<b>15,5</b>	<b>17,8</b>
<b>Age</b>									
16 – 19	36,4	32,0	23,7	82,5	87,7	94,5	21,2	20,5	26,1
20 – 24	36,4	37,6	36,8	60,2	59,3	71,6	14,9	13,9	17,6
25 – 29	27,2	30,4	39,5	42,8	38,4	43,7	10,0	11,6	12,1
	100,0	100,0	100,0						
<b>Activity status</b>									
Working	37,3	40,5	44,2	15,9	17,9	30,9	8,6	6,7	8,7
Unemployed	14,5	14,4	11,9	76,1	73,0	75,7	25,3	28,4	27,5
Student	24,4	32,0	37,8	97,3	99,0	97,9	14,6	16,0	22,4
Other Inactive	23,8	13,1	6,1	96,1	95,7	89,9	22,6	25,8	29,7
	100,0	100,0	100,0						
<b>Living arrangements</b>									
At parental home	68,2	78,2	83,0	71,6	66,6	71,3	19,2	16,0	18,0
1 parent	6,8	8,5	10,3	67,0	62,1	62,0	21,0	20,1	22,9
2 parents	61,4	69,7	72,8	72,1	67,2	72,6	19,0	15,5	17,3
Emancipated	31,6	21,2	15,8	47,2	45,5	40,5	11,5	13,7	16,2
Alone / Friends <sup>16</sup>	8,3	5,7	3,9	38,9	48,1	41,9	17,9	14,9	25,7
Partner, no child	4,4	4,0	6,5	31,8	26,3	27,7	4,6	3,9	5,2
Partner 1 child	9,7	7,0	3,7	45,8	43,8	47,8	4,8	9,7	14,5
Partner 2 children	9,2	4,5	1,7	63,4	62,0	64,4	16,3	27,2	38,9
Other	0,2*	0,6	1,2	3,0*	46,7	69,0	6,7*	17,8	26,3
Total	100,0	100,0	100,0						

Source: Own calculations using the Family Budget Surveys 1980-81 and 1990-91 and the extended sample of the seventh wave of the ECHP for 1999.

**Figure 2. Percentage of non-emancipated young people by parents' activity status in Spain, 1980-2000**



Source: Own calculations using the Family Budget Surveys 1980-81 and 1990-91 and the extended sample of the seventh wave of the ECHP for 1999.

<sup>16</sup> In this group there is people living alone, with friends or with some relative (for instance, a grandparent or a brother) .

**Table 4. Percentage of youth poor and/or economically dependent in Spain, 1980-1999**

	1980	1990	1999
<b>Neither poor, not dependent</b>	34,8	36,8	32,7
<b>Pobre, no dependent</b>	1,7	1,2	1,1
<b>Dependent, no poor</b>	49,3	47,9	49,8
<b>Poor and dependent</b>	14,2	14,1	16,4
<b>Total</b>	100,0	100,0	100,0
<i>N</i>	17.336	16.143	8.794

Source: Own calculations using the Family Budget Surveys 1980-81 and 1990-91 and the extended sample of the seventh wave of the ECHP for 1999.

**Table 5. Results for the multilevel multinomial logit among non-emancipated youth in Spain, 1980-1999**

	(1980) poordep	(1990) poordep	(1999) poordep
c2			
1 pare, treballa	0.255	0.505*	0.377
2 pares, 0 treb	-0.0601	-0.107	0.110
2 pares, 1 treb	0.328	0.256	0.325
2 pares, 2 treb	0.747	0.504	0.512
tamahog	-0.0472	0.0412	-0.0857
(sum) num_nens	-0.0549	-0.0519	-0.110
(sum) num_avis	-0.217	-0.287	-0.0867
Hi ha altres perce~s	0.327	0.303*	0.368
NUTS2	-0.214	-0.593***	-0.449*
NUTS3	-0.434	-0.792**	-0.492*
NUTS4	0.00701	-0.331*	-0.366*
NUTS5	-0.873***	-0.846***	-0.853***
NUTS6	0.229	0.0491	-0.0173
Accés a l'habitatge	0.0805	0.00152	-0.0689
Lloguer	-0.0782	0.0977	-0.114
Cessió	0.336	0.241	-0.415
Edat sustentador	0.0749	-0.0509	0.0332
Edat sustentador^2	-0.000571	0.000469	-0.000210
Edu pares max: pri~s	-0.0420	0.0380	-0.208
Edu pares max: sec~s	0.514*	0.325	0.0359
Edu pares max: uni~s	0.706*	0.337	0.618*
Sustentador dona	0.0585	-0.130	-0.412*
El jove és noia	0.548***	0.729***	0.804***
Edat jove	-1.442***	-1.066***	-1.218***
Edat jove^2	0.0274***	0.0192***	0.0210***
El jove treballa	-4.674***	-3.194***	-2.566***
El jove és estudiant	3.648***	3.793***	2.347***
El jove és inactiu	1.627***	1.877***	0.566
El jove treb 1/2 j~n	-2.214***	-1.921***	-0.562*
Constant	17.72***	16.31***	17.43***
c4			
1 pare, treballa	-0.503	-0.616*	-0.790**
2 pares, 0 treb	0.752	0.410	0.0887
2 pares, 1 treb	0.0523	-0.445	-0.397
2 pares, 2 treb	0.185	-1.285***	-1.320***
tamahog	-0.0644	0.123**	-0.145*
(sum) num_nens	0.304***	0.433***	0.468***
(sum) num_avis	0.145	-0.503**	0.0219
Hi ha altres perce~s	-0.356	-0.460**	-0.328
NUTS2	-1.006***	-0.881***	-1.091***
NUTS3	-0.984**	-0.792**	-1.167***
NUTS4	0.312	-0.107	0.0747
NUTS5	-1.624***	-1.240***	-1.124***
NUTS6	0.444*	0.317	0.188
Accés a l'habitatge	-0.391*	-0.407**	-0.460**
Lloguer	-0.233	-0.153	0.134
Cessió	0.496*	0.142	0.110
Edat sustentador	0.0483	0.0531	0.164*

Edat sustentador^2	-0.000241	-0.000605	-0.00162*
Edu pares max: pri~s	-0.863***	-0.364***	-0.656***
Edu pares max: sec~s	-1.012***	-0.992***	-0.750***
Edu pares max: uni~s	-2.010***	-2.204***	-1.487***
Sustentador dona	0.671	0.377	-0.228
El jove és noia	0.585***	0.683***	0.900***
Edat jove	-1.231***	-1.109***	-1.504***
Edat jove^2	0.0218***	0.0197***	0.0266***
El jove treballa	-4.531***	-3.575***	-3.120***
El jove és estudiant	3.274***	3.385***	2.052***
El jove és inactiu	1.678***	1.792***	0.564
El jove treb 1/2 j~n	-1.980***	-1.672***	-1.250***
Constant	15.67***	13.84***	18.65***
idlll			
Constant	1.723***	1.265***	1.190***
-----			
Observations	11827	12559	6777
Pseudo R-squared			
-----			

p<.05, \*\* p<.01, \*\*\* p<.001

## Appendix

**Table A.1. Reliability of the data in comparison with external data (1980-1999)**

	1980-81			1990-91			2000-01		
	EPF 80-81	1981	Dif.	EPF 90-91	Census 1991	Dif.	ECHP 2000	Census 2001 <sup>17</sup>	Dif.
% youth									
16-29	20,4	21,4	-1,00	22,9	23,2	-0,3	21,6	21,4	+0,2
Age groups									
16-19	36,4	32,1	+4,3	31,9	29,6	+2,4	23,7	23,2	+0,5
20-24	36,4	36,3	+0,1	37,6	35,9	+1,7	36,8	36,6	+0,2
25-29	27,2	31,6	-4,4	30,4	34,5	-4,1	39,5	40,2	-0,7
	100,0	100,0		100,0	100,0		100,0	100,0	
Sex									
Male	50,8	50,6	+0,2	51,1	50,9	+0,2	51,4	51,1	+0,3
Female	49,2	49,4	-0,2	48,9	49,1	-0,2	48,6	48,9	-0,3
	100,0	100,0		100,0	100,0		100,0	100,0	
				EPF 90-91	EPA 1990	Dif.	ECHP 2000	EPA 2000	Dif.
Activity status									
Working	-	-	-	41,2	43,9	-2,7	47,5	48,0	-0,5
Unemployed	-	-	-	14,2	16,4	-2,2	11,2	12,5	-1,3
Inactive <sup>18</sup>	-	-	-	44,6	39,7	+4,9	41,3	39,5	+1,8
	-	-	-	100,0	100,0		100,0	100,0	

<sup>17</sup> It includes only individuals in private households because the Census 2001 gathers only this kind of information.

<sup>18</sup> It includes youth in the military service.