Intergenerational joblessness across Europe: the role of labour markets, education and welfare generosity

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Recent studies of intergenerational income mobility have used cross-area and cross-national variation in intergenerational elasticities to explore possible drivers of persistence in incomes across generations. We contribute to this literature, utilising a simple conceptual framework to explore the role of supply side factors (education and welfare generosity) and demand side factors (local labour markets) in accounting for intergenerational joblessness across Europe. We show that simple explanations, such as high unemployment and low education alone do not account for individual-level variation in intergenerational joblessness. Instead, a combination of experiencing a jobless household in childhood, low education and bad labour markets contributes to adult joblessness. Country-level differences suggest that lower expenditure on education and less generous welfare systems are also associated with more persistence in jobless spells across countries. Taken together, the individual- and country- level analysis point to multiple disadvantages creating persistence across generations, suggesting that a combined policy approach is required to reduce such associations.