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Part I

Introduction

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1 Conceptualizing Youth Transitions in Times of Economic Upheaval and Uncertainty

A Life Course Perspective

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Introduction

The lives of young people are shaped by the economic circumstances and social contexts in which they live. In 2008 the world banking collapse, brought on by an overheated housing market in the USA and the deluge of "subprime" mortgages, produced a tidal wave of economic consequences for employment and standards of living that have rightly come to be described as the "Great Recession" (Bell and Blanchflower 2011). Although there was much variation between countries and between regions in the way these effects were experienced, a common feature was that the damage was felt especially by young people trying to find their way from education into the labor market and adult employment. The consequences were variable depending on where, when, in what circumstances, and at what age the transition was attempted. But for some young people it would signal an enhanced likelihood of a life course marred by social and occupational exclusion.

While the overall effect of the Great Recession on employment outcomes is well documented (Bell and Blanchflower 2011; Danzinger 2013; Jenkins et al. 2013), there is less attention to variation within and between countries, the diverse pathways taken by young people in navigating a changing economic context, and the ways in which they adjusted to changing circumstances and opportunities. The unique contribution of this book is to bring together evidence from different countries, drawing on comparable and mainly longitudinal data sources to investigate the impact of the Great Recession on the lives of young people and their families and to identify possible leverage for improving the situation of young people today.

The book advances the study of changing youth transitions, by examining both material and psychosocial aspects relevant to a better understanding of the consequences brought on by a sudden economic downturn and rising uncertainty among parents and their offspring on the threshold of adulthood. Key questions to be addressed include: What was the impact of the Great Recession on the education, employment, and family transitions of young people? Who are the winners and the losers emerging from the economic downturn? What was the effect on psychosocial capabilities, health, and well-being? Did these effects differ in different cultural contexts, for different subgroups in the population, and for different age groups? What policy interventions can potentially counteract deleterious effects? Although each chapter alone does not address all of these questions, as a set they contribute toward a better understanding of the multiple influences on young people's lives and provide a comprehensive overview.

The idea for this book grew out of an initiative by Walter Heinz in 2010 for a comparative project inspired by Glen Elder's seminal work, *Children of the Great Depression* (Elder 1974/1999). The global financial crisis and the subsequent economic recession have created conditions of continuing hardship for families and long-term consequences for later careers and adjustment that are comparable to, though not the same as, the impact of the Great Depression. With a view to learning from the obvious parallels with the economic catastrophe spanning the 1930s, this initiative brought together teams of researchers from Britain, the USA, and Germany. The choice of countries was motivated by their shared status as developed economies with distinctive features of their labor markets – contrasting the neoliberal deregulatory framework of the USA and the UK with the corporatist and socially protective framework of Germany. This differentiation is reflected further in the quite different cultural assumptions and institutional structures for managing youth transitions, ranging from a focus on high school graduation in the USA, multiple pathways in the UK, to the occupation- and employment-focused apprenticeship system of Germany. Another important factor was the existence of comparable national household panels and other longitudinal datasets supplying the evidence base on which to found enquiry.

In a series of workshops, the authors developed their research ideas, and guided by a life course approach, examined the evidence through the analysis of nationally representative and longitudinal data sets. Focusing on issues related to the transition to independent adulthood, the significant role of societal institutions in different national settings became apparent in moderating the effects of socioeconomic change for individual lives and intergenerational relations. For instance, the different routes taken through education to the adult labor market are shaped at the macro level according to each country's institutional arrangements for managing the transition from school to work.

Countries have responded differently to the challenges posed by the Great Recession, to a more or less beneficial effect (see Ashton; Green and Pensiero; Mont'Alvao, Mortimer and Kirkpatrick Johnson, this volume). At the micro level, the young person's transitions are shaped not only by available economic and structural opportunities but also through individual orientations and aspirations, prior educational performance, motivation, and values; and in some instances young people were able to thrive despite exposure to adversity. Taking into account the role of individual agency processes, the authors address the impact of the Great Recession on achievement orientations and aspirations for the future as well as health and well-being. The findings illustrate the interactions between structure and agency, how macroeconomic changes filter down into individual lives, and how individuals become producers of their own development through individual agency and as instigators of collective agency, i.e., people's shared belief in their combined power to achieve desired results.

Background

Contrasting Labor Markets

The Great Recession hit the USA particularly hard (Grusky, Western, and Wimer 2012). It started there with the 2008 filing for bankruptcy of Lehman Brothers, followed by the collapse of the housing market, then much of the rest of the investment banking system. It was characterized by large market losses and drops in employment and wealth. Although the USA faced only a moderate decrease in Gross Domestic Product (GDP), unemployment rates rocketed, reaching an exceptionally high level, especially among young people. However, mainly through the injection of large quantities of public funding and "quantitative easing" a recovery was achieved and has been maintained since.

In contrast, Germany was slower to enter into and quicker to emerge from the Great Recession, reflecting its stable banking and housing sectors. At the time of the 2008 downturn Germany saw a strong but short decline in GDP, with unemployment rates falling even below pre-recession levels after a quick economic recovery. However, during the past twenty years Germany has experienced the largest increase in economic inequality and poverty among the Organisation for Economic Co-operation and Development countries (OECD 2008) - chiefly because of the sharp increase in low-wage and precarious employment since the mid-to late 1990s, especially among young people (e.g., Carlin and Soskice 2009), and through labor market deregulation and introduction of welfare reforms during 2004 and 2005 (see also Blossfeld; Groh-Samberg and Wise, this volume).

The United Kingdom stands in between, with a strong recession-produced decline in GDP and slower recovery than in Germany. Because of its relatively weak employment regulations, the labor market in Britain reacted rapidly to the economic crisis: the unemployment rate rose sharply within a few months and there was an even steeper increase in the "underemployment" rate, where a person wants to work more hours than is stated under his or her current employment contract (Walling and Clancy 2010), or where a person is working in low-paying or low-skill jobs not matching his or her qualifications. Countering this trend, since 2013 the economy has been recovering – but because of the reliance on such areas as housing, the recovery's sustainability has been questioned (Ashton,Chapter 2). Moreover, in Germany there has been an increase in self-employment, which accounts for nearly three quarters of the overall growth in employment since 2008 (D'Arcy and Gardiner 2014), insecure jobs including "zero-hours contracts," and growth of precarious employment (Standing 2011). There has been a rapid growth of "gig working," i.e. small-scale "entrepreneurship" involving temporary and short-term contracts (Beech 2016). The use of the internet and online platforms is considered as a driver of this new trend of how people search for jobs, mostly involving short-term projects or shift work that does not offer benefits, stability, or the ability to plan for the future. Rather than being led by workers' preferences for flexible employment, it is argued that this trend toward a "gig economy" is based on employers' attempts to drive down costs and avoid permanent hires.

Impact on Youth Transitions

Young people on the cusp of independent adulthood are generally entering a make-or-break period in their lives in which external shocks have the potential to create diverging destinies (Evans, Schoon, and Weale 2012; Grusky, Western, and Wimer 2012). As the economy contracts, anticipated pathways into the labor market give way to uncertainty and risk, as the costs of staying on in education continue to increase and jobs fail to materialize or are often short-term and insecure. Due to the principle of "last in, first out," young people are particularly vulnerable to such economic fluctuations, especially when making the transition to work (see Blossfeld; Crosnoe and Smith; Groh-Samberg and Wise; Iacovou, this volume). The critical period of skills acquisition through education and work may then, instead of leading to a secure job and the foundations of independent adulthood, give way to dropout, labor market drift, and the problematic status of "Not in Education, Employment, or Training (NEET)."

The experience of NEET, in turn, may carry with it long-term "scarring" effects on future job prospects and progression (Arulampalam, Gregg, and Gregory 2001; Clark, Georgellis, and Sanfey 2001; Dieckhoff 2011) as employers see such inactive young people as lacking the key attributes of employability. Alienation, disengagement, and mental health problems may follow as exclusion from the mainstream track toward adult life persists (see Cavanagh; Janmaat; Pförtner et al.; Leccardi; Mortimer, Kirkpatrick Johnson and Mont'Alvao, this volume). Even those young people on the relatively protected and advantaged pathways through higher education to the professions may confront increasing transition difficulties as career opportunities close down or are replaced by unpaid internships. The impact may then extend beyond the labor market, as partnership and parenthood, as well as independent living, are increasingly, and possibly perpetually postponed (Crosnoe and Smith; Lyons-Amos and Schoon; Wightman et al., this volume).

To gain a comprehensive understanding of youth transitions the chapters thus address not only experiences in the school-to-work transition, but also cover a range of five objective marker statuses, the "Big Five" transition states (Shanahan 2000), comprising the completion of full-time education, entry into paid employment, move to independent living arrangements, partnership formation, and making the step into parenthood. In addition, the chapters also address the wider impact of the Great Recession on young people's achievement motivation and aspirations, their political values and engagement, and their health and well-being.

A Life Course Perspective

An integrative framework for the study of changing youth transitions in times of economic uncertainty is offered within theories of life course development (Elder 1974/1999, 1998; Elder and George 2016; Heinz 2009; Heinz and Marshall 2003; Schoon and Silbereisen 2009). The critical contribution of life course theory is its focus on the role of socio-historical time in shaping individual development, and the conceptualization of the developing person as a dynamic whole, characterized by person–environment transactions over time. Key themes of life course research comprise the role of the wider sociocultural and historical context, the timing of events, the importance of social relationships, and individual agency. Human lives are understood to be shaped by the socio-historical context and geographical locations in which they occur. These are themselves continually reshaped by human agency and through the wider socioeconomic, cultural, and environmental conditions; institutional regulations; and policies.

The Role of Context

Focusing on issues related to the transition to independent adulthood, the role of societal institutions in different national settings becomes particularly significant – including how institutions moderate the implications of radical socioeconomic change for individual lives and intergenerational relations. For example, the pioneering study by Glen Elder, *Children of the Great Depression* (1974/1999), illustrated that events beyond individual control, such as the Great Depression in the post-1929 era, brought severe hardship for family members living in Oakland, California. Regional variation in the "dustbowl" effects of intensive farming, accompanied by the chronic droughts of 1934, 1936, and 1939–1940, compounded environmentally the devastation of life chances and employment opportunities, hitting some states and regions more harshly than others. The financial crisis that followed placed the strain on local industries differentially, as reflected in varying unemployment figures. This was the situation until the advent of Roosevelt's New Deal and wartime mobilization began to override them.

Glen Elder's findings illustrate the role of multiple interlinked and changing contextual factors in shaping youth transitions. For a comprehensive understanding of changing youth transitions this means that it is imperative to not only examine institutional settings but also to set current trends against preexisting, longer-term trends. For the Great Recession this includes the trend toward extended transitions since the 1970s that arose as a result of labor market transformation and longer educational careers coupled with prolonged dependency on family resources (Ashton and Bynner 2011; Banks et al. 1992; Bynner 2001; Jones 2009; Settersten and Ray 2010; see also Wightman et al., Chapter 10). Thus, one of the objectives of the contributions to this book is to separate out the "crisis effects" of the current recession from preexisting trends, and a key question in this context is whether the Great Recession did speed up or slow down present trends toward a general prolongation of youth transitions.

Linked Lives

Life course theory furthermore emphasizes the role of social relations embodied in the notion of "linked lives." The success and misfortune of a family, for example, are shared through its members. Lives are lived interdependently, and individual experiences are connected to the lives of significant others in the family, the community, at school, and in the work place. Social relationships, in particular, family support, including emotional support and financial backing as well as encouragement and advice, are generally significant factors in shaping young people's lives. Yet the importance of parents in young people's lives is affected by socioeconomic change. For example, in Elder's study, children's perception of the relative influence of mothers and fathers was affected by economic hardship. In particular, fathers, who lost heavily in the recession in terms of employment and income, were generally perceived as less powerful in family affairs than mothers. Moreover, boys and girls from deprived families were more oriented toward adults outside their family than the non-deprived, and boys in particular were highly involved in social activities with friends, relying on their companionship. How families are affected by the 2008 Recession is examined in Part IV of this volume.

Time and Timing of Transitions

The idea of "sociohistorical time" and the "timing" of developmental transitions are other important principles of life course theory. Time embodies the three parameters that any life course model needs to embrace – age, period, and cohort (Schaie and Elder 2005). Variations in life course transitions over time are thought to occur because of the simultaneous operation of individual development (age), period influences, and generational (or cohort) effects. The birth year of individuals locates them in a historical time and related social change. A cohort is defined by the point in time when an individual was born, and is sometimes also identified with "generation," hence referring to individuals born at about the same time and therefore living in the same period of history, sharing the experiences of their age peers, which might be different for individuals born at other times. Period is defined as the point in time when observations of the individual are made, e.g., before and after a recession together with the prevailing historical and cultural context in which the recession was experienced. Age signifies the developmental stage in terms of biological aging that the individual has reached. Any two of these factors define the third. For instance, by comparing different birth cohorts at similar ages we can assess manifestations of period effects, that is to say the impact of distinct historical events, such as the Great Recession, on individuals of a given age and cohort.

The effect of an economic downturn and associated hardship, for example, is expected to vary depending on the age of individuals and the birth cohort they are members of. Glen Elder's study compared the experiences of different cohorts, combining evidence from the Oakland Growth Study (birth years 1920–1921) and the Berkeley Guidance Study (birth years 1928–1929). He showed that young boys in the later-born Berkeley Study were more negatively affected by family deprivation than those born in the earlier Oakland Study and found substantial evidence of adverse psychological effects in later life, including impaired self-esteem and lack of self-directedness and goals. The better adjustment of the Oakland cohort was partly due to the fact that the older boys from hard-pressed families were already more involved in adult life-tasks within the family economy, which contributed to their feelings of confidence and self-directedness. The findings point to the critical role of the timing of events, which can affect subsequent opportunities and behaviors.

The notion of "timing" describes the interweaving of age-graded trajectories, characterized by the timetabling and sequencing of distinct transitions such as school leaving, entry into work, and family formation, and how they interact with elements of the changing social world. The timetabling of social role transitions is subject to changing sociocultural contexts and associated expectations, or scripts of life (Buchmann 1989). For example, since the 1970s there had been a trend toward prolonged educational participation and a delay in family formation. Moreover, the timing of one transition can have implications for others. For example, the decision to leave school at the minimum age in the mid-to late teens, or to continue along the routes to further and higher education, has profound implications for later career progression. At the same time, older age groups (e.g., those between 25 and 34), while pursuing their employment careers following earlier educational investments made prior to the Great Recession, will also be confronted with decisions regarding forming their own families and buying their own homes. Comparing the experiences of different age groups and cohorts aids our understanding of social change (cohort-effects) and age-specific (developmental) factors in the effects of the Great Recession.

The authors of the chapters in this book thus set out to assess experiences of different birth cohorts, focusing on those born broadly between 1970 and 1990 differentiating between "cohort-," "period-," and "age-effects," i.e., differences regarding transition experiences and outcomes at different ages and at different times. Finally, apart from "inter-cohort" comparison "intra-cohort" variations, i.e., variations between socio-economic, demographic, cultural, and geographically located groups, also need to be drawn into the picture. Attention to such "intra-cohort" effects is important in order to assess to what extent responses to the Great Recession varied for different subgroups in the population characterized for example by variations in gender, social class, or migration background.

Human Agency

When confronted with mounting economic pressures, individuals and their families often work out successful adaptations. They do so through their initiative or "human agency." Through their choices and actions individuals are able to take advantage of opportunities and to tackle the constraints imposed by their sociohistorical circumstances (Elder 1974/1999). Often interactions with others, such as supportive teachers, expose them to "turning points" through which a negative pathway can become a positive trajectory of achievement, driven by their own motivation to succeed. Thus individuals are not passively exposed to experiential factors but can become producers of their own development; they help shape the context that affects them. Yet, life chances and opportunities are not equally distributed. They vary according to social origin, gender, age, and ethnicity. The importance of the life course perspective for this book lies in the scope of its coverage, investigating how individual lives are mutually shaped by the sociohistorical environment, institutional arrangements, personal characteristics, social relationships, and decision making. The life course approach enables us to integrate interlinkages between structure and agency and to link individual time (aging) with historical time (period) for different cohorts born in diverse cultural settings.

The reported analyses cover a wide age range – 16 to 34 years – which is important because early commitments to work and/or continued schooling are highly cumulative (Bell and Blanchflower 2011; Schulenberg and Schoon 2012). The chapters capture not only the conventional school-to-work transition period, but also an earlier period during which crucial attitudes may be formed and decisions made. Coverage also extends to a later period, during which the longer-term consequences of early decisions are manifested. However, the observed age range does not enable us to ascertain later life accomplishments and transitions.

Besides more general international comparisons, the chapters of the book focus particularly on the experiences of young people living in the UK, the USA, and in Germany. The approach enables a deeper understanding of transitions toward independent adulthood in varied forms of neoliberal economies with similar levels of youth unemployment (USA and UK) and the corporatist social protectionist economy in Germany. As mentioned before, the latter experienced a relatively mild recession, relative low levels of youth unemployment, and a strong recovery.

Central to the research enterprise is the use of longitudinal data from a range of cross-national sources to portray and model the short- and long-term processes through which youth transitions are achieved and the individual life course is constructed. The household panel study