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# YOUNG SPANIARDS AND THE ETERNAL GREAT DEPRESSION: AN X- RAY OF THEIR SOCIOECONOMIC SITUATION 12 YEARS LATER

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**Abstract:** Inequality is a rising concern among western societies. However, very little has been explored about how this affects the youth, despite its importance on their future, and, therefore, on the future of their countries. We approach this problem from the perspective of intergenerational inequality, which allows a socioeconomic comparative analysis on the situation of the youth from different generations. We focus on the contrast between the pre-crisis stage (2006) and most recent data outside the pandemic period (2018). Our research design is centered on labor markets, income, living conditions and perceptions using 2006 and 2018 microdata from Living Conditions Surveys, Active Population Surveys, Wage Structure Surveys and Barometers of the Sociological Research Center. Results show that the living conditions of the youth have worsen in terms of employment rates and conditions, median income, income inequality, poverty, independence rate, homeownership, and expectations of future economic improvement.

**Keywords:** Intergenerational inequality | Income inequality | Inequality | youth | Living conditions | Well-being.

**Abstract:** Inequality is a growing concern in Western societies. However, not much research has been done on how this affects youth, despite the importance in their future, and, therefore, in that of their countries. We study this problem from the perspective of intergenerational inequality, which allows for comparative socioeconomic analysis of the situation of youth of different generations. To do so, we focus on the contrast between the pre-crisis stage - 2006 -, and the most recent available data not affected by the pandemic period - 2018 -. The analysis focuses on the labor market, income, living conditions and perceptions, using microdata from 2006 and 2018 from the Living Conditions Survey, the Labor Force Survey, the Wage Structure Survey, and the Barometers of the Sociological Research Center. The results show worsening conditions in terms of employment rate and conditions, median income, income inequality, poverty, emancipation and housing tenure rates, and expectations of economic improvement in the future.

**Key words:** Intergenerational inequality | Income inequality | Inequality | Youth | Living conditions | Well-being.



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## 1. Introduction

Today, at 29 years old, I live without possibilities. Don't get me wrong: I have studies, work experience, I currently work (although I can't afford to live alone or rent a room), but my chances of living are nil. (...) All of us (young adults) are seeing how life is slipping away from us and nobody seems to care that we are forced to work 13 hours a day for a salary that doesn't go up from the 15,000 euros a year no matter how much we ask for it, that we have no possibility of emancipation, of being mothers and fathers, of living. It is a disease that distresses society and everyone turns a deaf ear and looks away (Fernández Belmonte, 2022).

The double crisis, first financial and then debt, as well as the difficulties that have been experienced or are still being experienced for its recovery, have highlighted the differences in living conditions between one generation and another. Thus, the millennials or Generation Y, who are those who joined the labor market during this period of economic recession, have ended up being characterized as the generation of the two crises (Aumaitre & Galindo, 2020).

Consequently, a relatively recent interest in the living conditions of Generation Y has emerged, both from the media and in academia, and its comparison with previous generations. Most focus on income and wealth, such as Cantó et al. (2021) and Costa (2016). Others, such as Lee (2021) or Aumaitre & Galindo (2020), are also concerned with marriage and childbearing as proxies of socioeconomic status, the latter adding to the analysis the labor market, of particular relevance in Spain, and perceptions of inequality and political detachment. Bialik and Fry (2019), on the other hand, obviate income and wealth and focus on these socioeconomic variables, such as emancipation, marriage, or education, although also analyzing the labor market. Some are more specific, such as Copeland (2021) with wealth, with special emphasis on housing and debt, and Cantó (2019) with income. Finally, the report on inequality

intergenerational of the International Commission of the Resolution Foundation (2018) deals with usual topics, such as income, wealth, or housing, but also stops to discuss pension systems, consumption, or state benefits.

That said, and because the term and its study is relatively new, the expression intergenerational inequality is often confused and used to refer to social mobility or, more specifically, to the intergenerational transmission of wealth or income. However, this is not in line with how the term intergenerational inequality is used in this paper, nor in the papers cited above. In this case, we strictly study the differences between the living conditions experienced by different generations in similar life stages.

The two are related, instead, because parental income is increasingly important in predicting children's income and, therefore, the relevance of parental effort or skills declines (OECD, 2018). In fact, this same OECD report treats both concepts issues together.

Returning to the intergenerational inequality to which this paper refers, the growth of this gap has led to the media expression "generation war", which refers to the conflict of interests between the different generational cohorts.

The term generational war is often used to give voice to the problems faced by young people, contrasting them with the allegedly more privileged situation of older people. There is talk of overflowing youth unemployment, the absence of expectations of improvement, the inability to become independent or acquire a home, or the malfunctioning of an unsustainable pension system that, on the one hand, must be maintained while, on the other, they have no expectations of enjoying given its unsustainability in the long term.

This last point, that of pensions, is one of the most important when talking about the war of generations, since it contrasts the favored situation of retirees with that of young people. In recent days, for example, a news item has been circulating on the social networks explaining that retirees and annuitants were the only ones

groups that in 2021 had surpassed their pre-pandemic consumption, this being, in the case of retirees, 16% higher than that of those who are still active (Jorrín, 2022). This was possible because retirees, unlike the employed, had experienced an increase in their income during this year due to indexation to the CPI.

In addition, Spanish fiscal policy is not very redistributive - compared to other European countries - and favors the elderly while forgetting the young (Vtyurina, 2020). Continuing with the European comparison, the data on youth employment are also particularly worrying in the Spanish case. In 2006 Spain possessed a youth unemployment rate of 17.9%, close to and even slightly lower than that of the European Union, which was 18.3%. By 2018 the EU figure had fallen to 16%, and the national figure had grown to 34.3%. This is usually contradicted by indicating that youth unemployment is normally around twice as high as the general one, so the explanation is given by a worsening of employment data at the national level for all ages and not for young people in particular. However, Spain possessed in 2006 a youth unemployment 2.11 times higher than the general one, a figure that in 2018 had risen to 2.24, while the European Union, which maintained a worse ratio than Spain at first, 2.13, now had it better, not exceeding 2.22.

On the other hand, there are also not few detractors, either in the media or in academia, of the supposed war (Bartomeus, 2021; Christophers, 2018; Fernández Cordon & González González, 2022). These appeal to the fact that the problem of the labor market and economic stagnation transcends generations, as well as that this approach only gives rise to confusions that do not allow attacking the real root problem: the general malfunctioning of the economic system. Others, without necessarily taking a position on this media issue, simply refute some of the unfounded accusations of this war on social networks. For example, recovering the informative text of the economist Juan de Mercado (2012) when the media or politicians fall into the fallacy of the fixed amount of work to argue that increasing the retirement age acts to the detriment of job opportunities for young people (Errejón, 2021).

In any case, intergenerational inequality is limited to the comparative study of living conditions in similar stages of life, disaggregated by generation. The idea is not, therefore, to compare the situation of different age groups at a given time, such as analyzing whether the elderly have more wealth than the young. Rather, it would be, for example, to study the situation of each generation of young people in their respective years with respect to specific issues such as employment status, income, wealth, or access to housing, as is done in this thesis.

It is convenient to know, as has been mentioned, that it arises from the growing concern for a generation that has encountered and is encountering many difficulties in joining the labor market, becoming emancipated, acquiring a home or affording to have children. Moreover, it is a situation that has not improved given the international situation since 2020. On the one hand, the pandemic, which has affected to a greater extent those who were in a weaker economic situation, including young people (Aumaitre & Galindo, 2020). On the other hand, rising inflation, a phenomenon whose extent or effects we do not yet know.

Starting from this historical context, this work intends to offer an X-ray of the situation of young people 12 years after the end of the expansionary period experienced by both the Spanish and the world economy.

The main hypothesis of this study is that the situation of young people has not only worsened in terms of quality of life, but has done so to a greater extent than for other age groups.

The results confirm the hypothesis with respect to unemployment levels, the quality of unemployment, wage income, inequality, poverty, the emancipation rate, housing tenure in emancipated households, and expectations of the future personal economic situation. It is refuted, on the other hand, by spending on housing, whether rent or mortgage, or expectations of Spain's future economic situation.

## 2. Methodology

Intergenerational inequality is based on the comparative study of the living conditions of different generations. In many cases, it is confused with social mobility insofar as the latter analyzes the intergenerational transmission of inequality. It can also be confused with the comparison between age groups in a given period. However, these are by no means the objectives of this paper.

On the contrary, a comparative analysis of the socioeconomic situation of young people in the period before the financial crisis and today is provided. For this purpose, the years 2006 and 2018 have been chosen as a reference, with a difference of 12 years. The pandemic and the years in which the Wage Structure Survey is carried out, one of those chosen for the analysis, have not allowed choosing a second year closer to the current date. Moreover, the aim of the work is to offer a picture of the structural situation of Spanish youth, and choosing a pandemic year would have limited this aim to offer a purely conjunctural view, due to the exceptionality of the pandemic.

That said, the study consists of several blocks, for which microdata from different national surveys have been analyzed, the main one being the Living Conditions Survey (LCS). The first block, on the labor market, uses mainly the Economically Active Population Survey (EPA), although it is complemented with the Living Conditions Survey when appropriate.

The second block, on income, uses the Wage Structure Survey (EES) and, again, the Living Conditions Survey. This is mainly justified because, although the Living Conditions Survey asks questions on income, a change in methodology in 2013 prevents the comparison of wage income in both years. On the other hand, it should be noted that all income data have been updated to current prices according to the parameters of the National Institute of Statistics. It shows the evolution of wage income disaggregated by educational level and gender, of capital income and, in addition, a subsection on inequality and incidence of poverty has been included.

The third block, on living conditions, makes use of the LCS, and also includes a subsection on housing, in which the rents, housing expenses and tenancy regimes of young Spaniards in both periods are studied.

The fourth and final section deals with perceptions, that is, the levels of satisfaction of young people, their expectations for the future and their opinions on Spain's main problems. The Barometers of the Centro de Investigaciones Sociológicas (CIS) have been the main source of data for this section.

These categories have been chosen because of their relevance and repetition in the studies of intergenerational inequality mentioned above, as well as their availability in the selected data sources. The labor market is important because wage income is the main source of income for Spanish households. The income block because it is essential for a study of inequality of any kind. The chapter on living conditions is intended to complement the previous two and to show the tangible consequences of their results on the lives of the people studied. Finally, perceptions act in a similar way to living conditions, complementing and explaining what implications the deteriorations of the first two blocks have on the standard of living, mood and perceptions of youth problems.

On the other hand, and in accordance with other studies on intergenerational inequality in young people or that have addressed this issue (Aumaitre & Galindo, 2020; Costa, 2016; OECD, 2015), the object of study has been adults between 23 and 34 years of age, as this period is the first decade of incorporation into the labor market once higher education has been completed.

However, some of the surveys have not allowed the use of this division by age group. The Wage Structure Survey only offers the age ranges corresponding to the decades, so, in order to be able to compare the income of young people, those between 19 and 29 years of age have been taken into account as such. Likewise, the Labor Force Survey collects the age by five-year age groups, so the age range of young people has been considered to be between 25 and 34 years old, a smaller change than that of the EES.

In total, 4 databases were used, each with different sample sizes, as shown in Table 1. In order to be able to make rigorous inferences about the population, we have used the raising factors in those surveys that had them - LFS and LCS -.

*Table 1. Sample size by survey and year*

Survey	2006	2018
Living Conditions Survey	34.694	33.734
Wage Structure Survey	235.272	216.726
Barometer of Center of Sociological Research	2481	2.984
Labor Force Survey	161.043	163.019

*Prepared by the authors based on data from the LCS, EPA, CIS, EES.*

Data has often been disaggregated by gender, educational level, or Autonomous Community, as deemed relevant. Similarly, data from other age ranges are also shown and mentioned throughout the study. This has been done in order to appreciate the situation of young people in society. It would be of little use, for example, to label an increase in youth unemployment as a decline if it has kept pace with other age groups, since the position of young people in society would not have changed. In this sense, the other age groups act in some way as control variables.

This connects with the hypotheses of the study, which are supported by the studies of Costa (2016) and Aumaitre & Galindo (2020):

- The living conditions of young people have not only not improved over this 12-year period, but have actually worsened, and this is reflected in the labor market, income, housing and expectations.
- Moreover, this deterioration has been greater than in other age groups.

Finally, it should be noted that another difference with other studies on intergenerational inequality is that this one, paradoxically, does not necessarily focus its study on generations. The aim is not to oppose Generation Y with Generation X.

or with those born in the *Baby Boom*, since the sociological differences or the historical moment in which the different generations were born are not particularly relevant. The aim of this paper is, therefore, to provide information on the current situation of young people by comparing it with that of young people in 2006, and thus to show the evolution over this 12-year period. That said, it is true that, in the case of wanting to associate the results to a generation, those who were in 2006 between 23 and 34 years old were born between 1972 and 1983 and belonged, essentially, to Generation X; and those of their corresponding age in 2018 were those born between 1984 and 1995, that is, mostly millennials or Generation Y.

## **2.1. Limitations**

The study has certain limitations that limit the scope and depth of its results. Some of them have already been mentioned or hinted at in the first part of the methodological section.

First, the study compares two specific years, instead of making a historical follow-up of the variables studied in the period within this selection of years. This presents a twofold limitation. On the one hand, because information on what has happened over the period is lost. This limitation is rooted in the use of microdata, since for the scope of a final degree project, it would have been difficult to manipulate 13 different microdata files for each of the surveys - that is, a total of 52 - and it was considered appropriate not to sacrifice the versatility of this analysis.

The other limitation stems from the fact that it is possible that these two years have biases that historical evolution could have nuanced. In this sense, 2006 is one of the final years of an expansionary period. However, the selection is aware of the possible bias, since the intention of the paper is to measure the extent to which the socioeconomic situation of young people has changed since the crisis arrived, what opportunities and conditions young people were able to enjoy prior to the Great Recession, and whether, after 12 years, that situation has recovered.

Finally, as far as biases are concerned, it should be mentioned that the author of the paper himself, even if in good faith he strives to be impartial, is part



of the age range being studied. This should not be a problem, in principle, since it is an inevitable bias in the social sciences: labor market researchers are also workers, those researching the wage gap are mostly women, etc. However, it is worth mentioning.

Secondly, the final year, 2018, is not the best indication of the current situation, as there are 4 years left from the year this paper is published: 2022. There are several reasons why 2018 was the year chosen. The first and most compelling is that there was no other viable option. The Living Conditions Survey changed the methodology of the income series in 2013, and calculated retrospectively with the new methodology up to 2008 only, which makes it impossible to compare income between post-crisis and pre-crisis years using this survey.

The alternative for studying wage income is the Wage Structure Survey, which is not particularly convenient for work like this because it does not ask age or date of birth directly, but rather measures age by decades completed. However, the major handicap of this survey is that it is only conducted every four years, which leaves very little leeway for anyone who wants to analyze its data. Consequently, the only alternative to 2018 was 2014, since 2022 has not yet been published. In addition, this fact has made it impossible to study intergenerational wealth inequality, since the Financial Survey of Families, carried out by the Bank of Spain, is also conducted every four years, although these do not coincide with those of the Wage Structure Survey.

That said, and not counting the absence of data on wealth, it can be considered that the impediment of the second year chosen, in this case, is not of such magnitude, since the last year before the pandemic was 2019, and analyzing pandemic years in a work with structural and not circumstantial aspirations would not have made sense.

Third, the fact that 4 different surveys were needed to make a complete and functional X-ray raises some of the problems already mentioned, such as the disparate categorization of ages. The Living Conditions Survey and the CIS do collect the age of the respondent, allowing the researcher to manipulate the age groups as he/she sees fit. However, the

The Labor Force Survey is limited to asking by five-year age groups, and the Wage Structure Survey, as mentioned above, by decades.

Other limitations return to the particularities of some of the surveys. An example of these are some questions that disappear from the Barometer of the Centro de Investigaciones Sociológicas, breaking the historical series and not allowing its study despite its relevance, such as the degree of satisfaction with the standard of living. Continuing with the barometers, and going to the specifics, in the section on perceptions, it is to be expected that a large percentage of those surveyed will respond that the economic situation in Spain or themselves will be the same the following year, since perhaps one year is not a sufficiently long horizon for them to foresee a difference. This, again, complicates the analysis and limits the results obtained.

In general, the limitations of the work are, on the one hand, those of the researcher and his or her capabilities, and, on the other, those of the state of the administration's data. Thus, in recent years many economists from some of the most important research centers in the country - FEDEA, Airef, EsadeEcpol or ISEAK - have gone to the media to denounce this problem, which they consider particularly pronounced in Spain (Airef, 2020; Almunia & Rey-Biel, 2020; Bentolila, 2018; de la Rica, 2020).

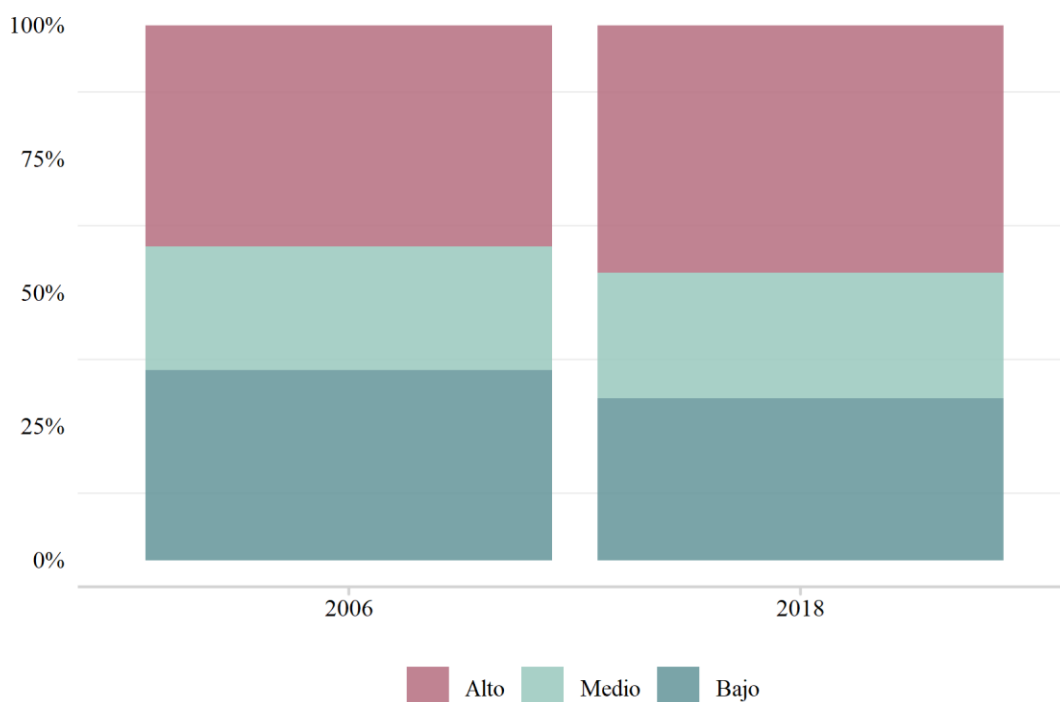
### 3. Content

#### 3.1. Labor Market

##### 3.1.1. Education

The percentage of young Spaniards with an intermediate level of education - upper secondary education and vocational training - has remained constant since 2006, with the variation being found in the high and low levels. Thus, in 2018 there were 5% fewer young people with levels below the second stage of secondary education, while 5% more with higher education - university degrees and higher degrees -. However, as shown below, this is not reflected in better labor market or income prospects.

*Figure 1. Composition of the population by educational level*

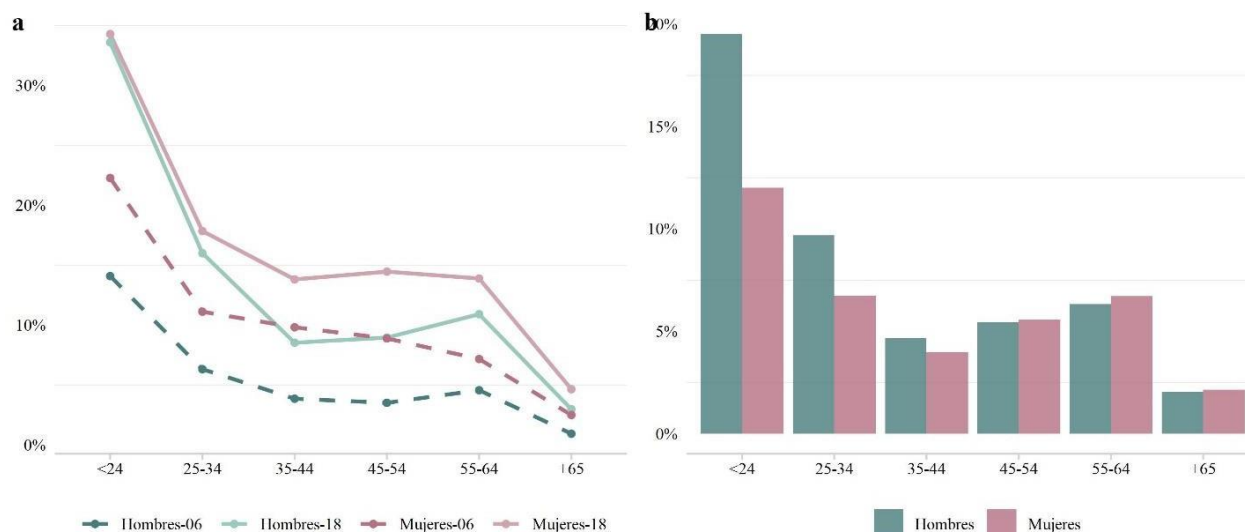


*Prepared by the authors based on EPA data.*

### 3.1.2. Unemployment rate

The unemployment rate by age level is decreasing - graph 2. Young people bear the highest unemployment rates, especially those under the age of 24. That said, the variations in 2018 compared to 2006 have not been consistent across gender. In 2006, young men bore a much lower rate than women. However, upward equalization has resulted in them being on par in 2018, as men have worsened their position to a greater extent than women.

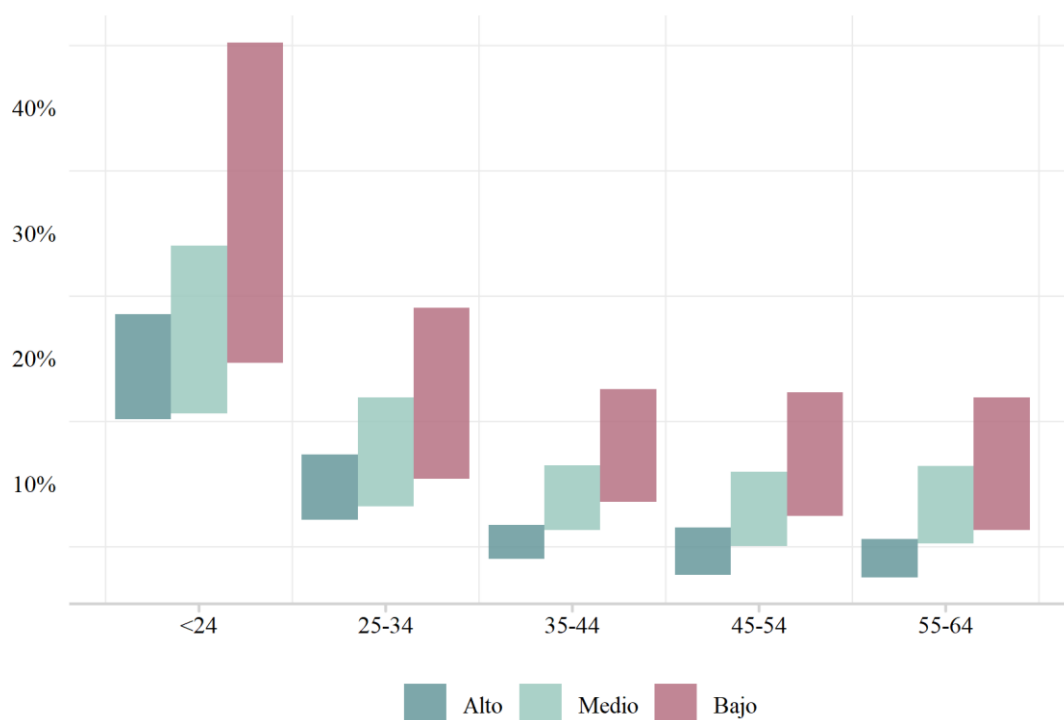
*Graph 2. A. Unemployment rate by age group and gender. Variation in unemployment rate by age group and gender*



*Prepared by the authors based on EPA data.*

On the other hand, Graph 2.B shows this upward equalization trend in terms of the unemployment rate, especially for young people, but even for the group between 35 and 44 years of age. Therefore, if in 2006 young people of both genders already had the highest unemployment rates, they have also been the ones whose situation has worsened the most over time, increasing the gap between those under and over 35 years of age.

*Unemployment rate and variation by educational level (lower limit):  
2006, upper limit: 2018)*



*Prepared by the authors based on EPA data.*

Variations in unemployment rates by educational level have been very uneven. In 2006 the differences between middle and higher education were small - 0.5% for those under 24 and 2% for those between the ages of 25 and 34 -. In 2018 these differences amounted to 5.44% and 7.1%.

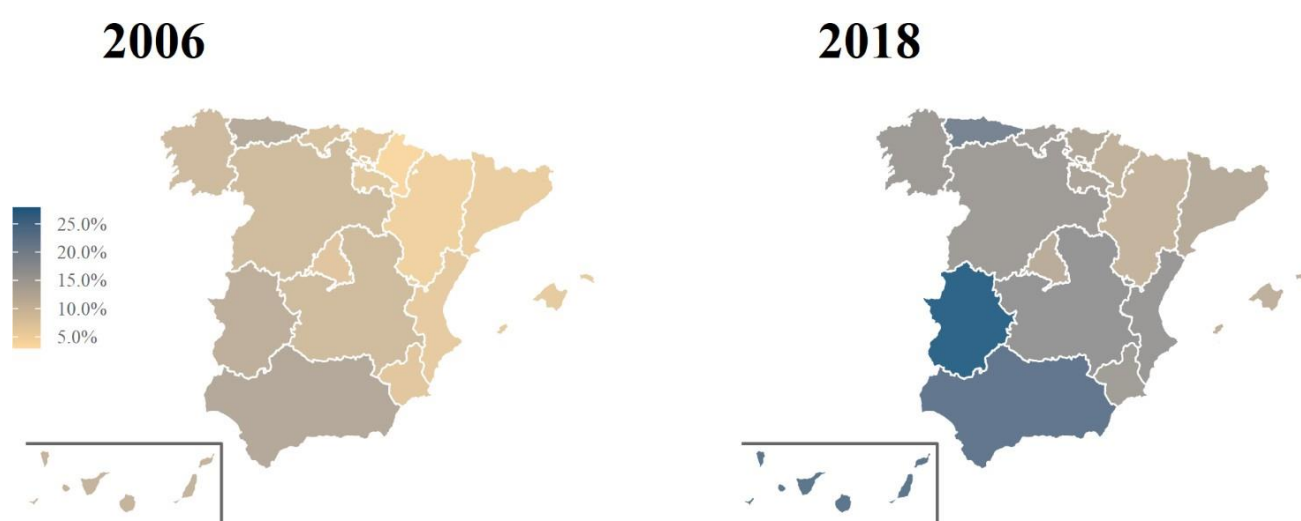
On the other hand, the situation of those with lower levels of education has worsened the most. The unemployment rate for this group was at 19.7% for those under 24 and 10.4% for those under 35, while in 2018 it had risen to 45.3% and 24.1% respectively. This means that almost half of those under 24 who are actively looking for a job fail to find one and almost a quarter of those under 35 and over 24.

That said, the graph also allows us to observe the cross differences of years and educational level. Thus, it can be seen that only in young people is it the case that the unemployment rates of those with a high educational level in 2018 were higher than those with a low educational level in 2006. In other words, the rate of

unemployment in 2006 was lower for those who had not attained upper secondary education than in 2018 for those with higher education.

It is also important to highlight the consistency of higher unemployment rates and greater variations in unemployment rates for young people regardless of their educational level. This leads us to think that the variations in the unemployment rate are explained more by age than by the educational level itself.

*Unemployment rate of young people between 24 and 35 years of age by Autonomous Community. AA*



*Own elaboration based on LCS data.*

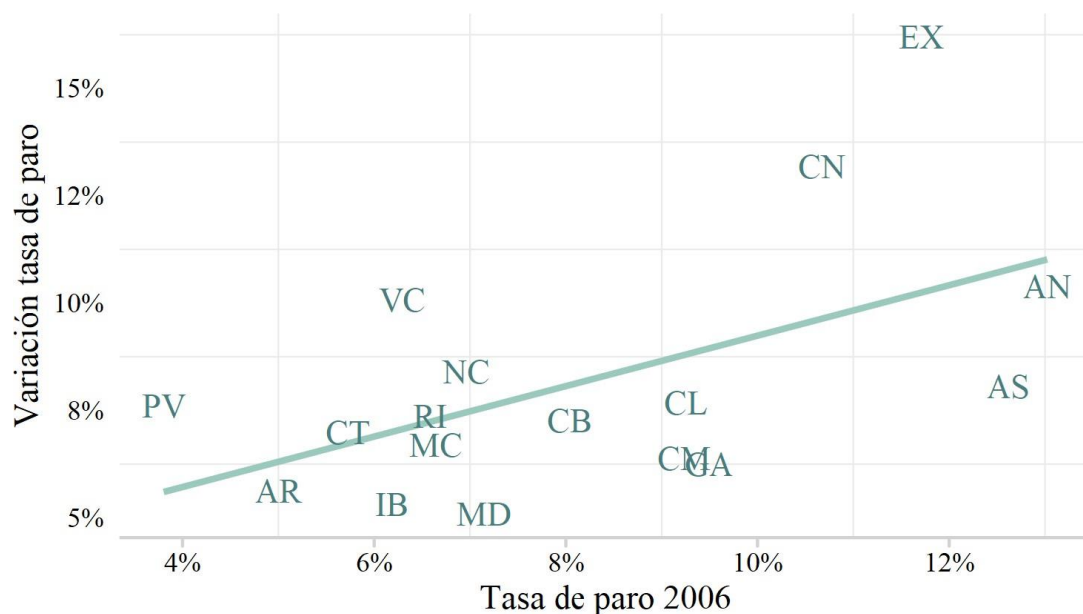
On the other hand, the distribution of youth unemployment is not homogeneous, as can be seen in the maps. Aragon, Catalonia, the Balearic Islands and Navarre are the regions where there has been the least unemployment for this age group at both times. Madrid has managed to climb many places to move from 9th to 4th position, increasing unemployment by only 5%.

In contrast, Andalusia, Extremadura, the Canary Islands and Asturias have the highest unemployment rates in the two selected years. The range of unemployment among the Spanish Autonomous Communities shows the great inequality that exists between them: at one extreme, Aragon's unemployment rate does not exceed 10%, while at the other, in Extremadura 28% of active young people cannot find work. This means that young people in one region can have up

to 2.8 times more difficulty finding a job than in another.

Moreover, the regions where unemployment was highest in 2006 are the ones where it has worsened the most, so this 12-year time span has not helped homogenization. In some Autonomous Communities, such as the Community of Madrid, the Balearic Islands and Aragon, unemployment has grown by around 5%, while in others, such as Extremadura, which was already one of the regions with the lowest employment rate, unemployment has risen by 16%. As Figure 5 shows, there is a certain positive correlation between the unemployment rate in 2006 and its increase over this 12-year period.

*Unemployment rate in 2006 and variation 2018-2006.*



*Own elaboration based on LCS data.*

### 3.1.3. Job Quality

The study of the labor market is incomplete if only the unemployment rate is analyzed, since the analysis must go further and delve into the quality of work. In fact, and as shown in the perceptions block, the "quality of employment" is a concern mainly held by young Spaniards.



Table 2. Labor market. Probability of...

	2006	2018	DIFERENCIA
... no estar estudiando a la vez que trabajando	84.11%	83.15%	-0.96%
...estar satisfecho con las horas que trabajas	6.57%	1.94%	-4.63%
...no haber hecho horas extras no pagadas la semana anterior	97.18%	98.37%	1.19%
...tener un contrato indefinido	59.49%	60.62%	1.13%
...tener un contrato a jornada completa	89.04%	82.91%	-6.12%
...tener un contrato indefinido a jornada completa	54.09%	52.20%	-1.89%

*Prepared by the authors based on EPA data.*

Thus, Table 2 shows different probabilities with respect to the labor market and their comparison between the two selected years. Most have experienced a slight deterioration. There are, for example, 1% more young workers who also study while maintaining employment.

However, it is important to emphasize that the data are calculated on the total number of employees. It could be argued that, as the unemployment rate rises, the main people affected are those who were already starting from more disadvantaged situations and therefore in worse working conditions - the behavior of employment by indicative level favors this hypothesis - . As a consequence, it is possible that the data are biased upwards. For example, the percentage of young people employed on permanent contracts has increased by 1.13%, which represents an improvement among the employed. But it should not be forgotten that fewer young people are now employed, and that if we were to calculate this data on the total population that has or aspires to have a job - the working population - the situation would not be one of improvement but of deterioration, especially since the proportion of the working population has remained constant.

On the other hand, the level of satisfaction with the number of hours worked, calculated as the percentage of young people who present difference between the number of hours they would like to work and the number of hours agreed in their contract, has decreased. While 6.57% were satisfied in 2006, in 2018 it was only 1.94%.

In fact, the average difference between the hours desired and hours stipulated in the contract shows that, in 2006, young people wanted to work 7 hours more than they worked, and in 2018 this difference increased to 12h.

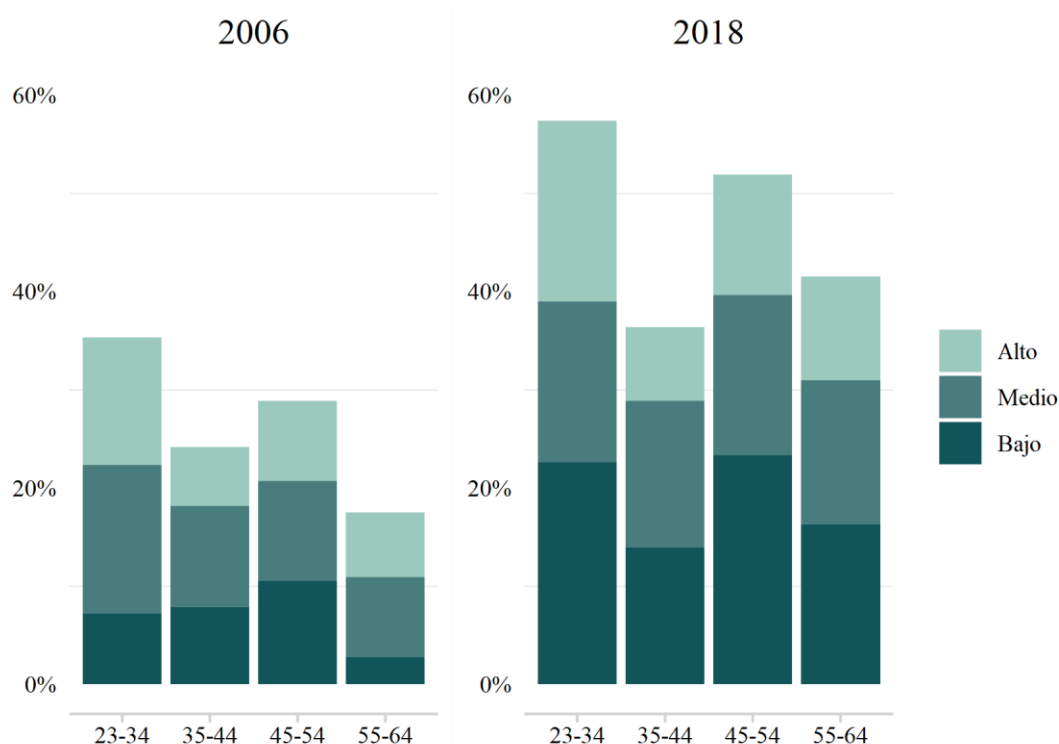
Although it is true that the agreed hours have decreased by 1.7 hours for this group, this does not explain the total increase in the hours desired, so it can be understood that young people would like to work more hours now than in the past. If we were to focus on those under 24 years of age, the decrease in hours stipulated in the contract would amount to 13.9%, while, looking at those over 35 years of age, the variation does not reach 2%. Finally, the percentage of young people who wanted to work more hours than agreed rose from 11.2% to 14.2%.

The probability of not having worked unpaid overtime in the week prior to the survey week has improved, albeit slightly, from 97.18% to 98.37%. In any case, the percentage is so high at both times that the number of young people doing unpaid overtime seems, in principle, residual.

The probability of having a permanent contract among employed youth is 60.63%, an improvement of 1.19%. On the other hand, and as might be expected given the decrease in hours worked, there is a lower percentage - 6.12% - of young people with a full-time contract. Finally, combining the two previous variables, it can be seen that the probability of having a full-time permanent contract has decreased to 52.20%, which means that only slightly more than half of young workers have this type of contract. In the case of those under 24 years of age, it is 22%.

The problem increases if we think about future expectations. Galindo and Ramos (2014) provide evidence on the prolongation of labor precariousness over time. Thus, starting with a temporary job and low occupational status increases the probability of having a job of this nature in the future.

*Percentage of people who would like to find a job of more than 30 hours, but cannot find one, by educational level*



*Own elaboration based on LCS data.*

As has already been pointed out, one of the problems of the Spanish labor market, apart from the high unemployment rate, is the low number of hours worked by those who are employed. There are a multitude of reasons why some people work fewer hours than stipulated in a full working day, ranging from personal preferences to, for example, having to take care of household chores. However, what concerns this analysis is the percentage of people who would like to work more hours but are unable to find jobs that allow them to do so.

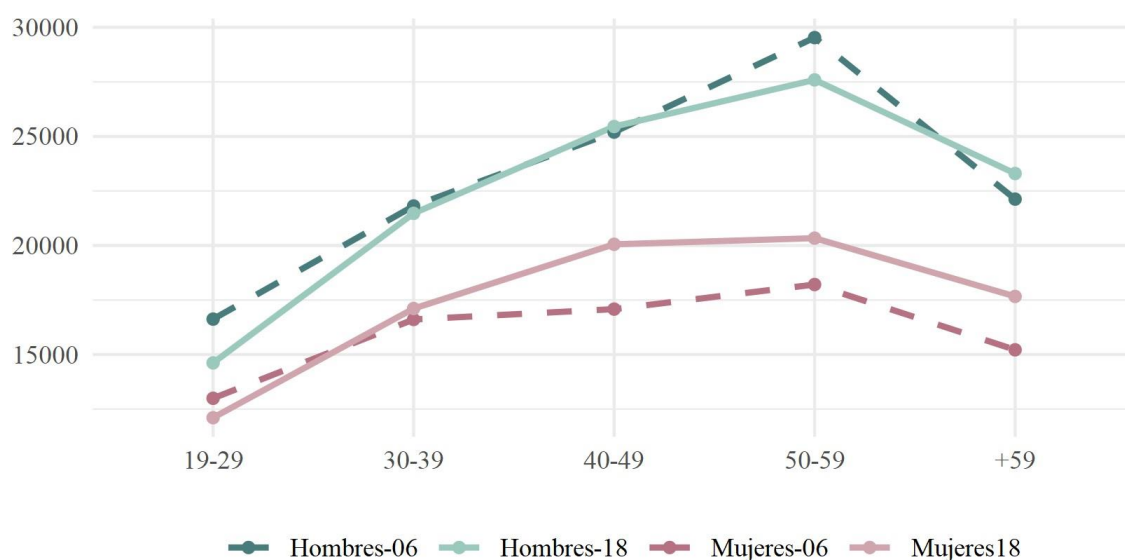
This percentage has risen sharply since 2006 for all ages. In the case of 23-34 year olds, it has risen from 35.3% to 57.4%, which means that they are, together with adults aged 45-54, the only ones above 50%. Again, it has not affected the different educational levels equally. In 2006, 44% of young people with a low level of education who did not have a job lasting more than 30 hours blamed it on not finding one, despite their desire to do so. This figure rose to 68.9% in 2018. In the case of medium education level, it rose from 21.1% to 50%; and for higher education from 37.8% to 56.28%. In other words.

the figure has exceeded 50% for all educational levels, and again people with a high educational level in 2018 are worse off than those with a low educational level in 2006. Finally, in both years the least affected in this respect are adults aged 35-44 with higher education.

### 3.2. Rentals

The breakdown by gender of average wage income levels offers results relatively similar to those of the labor market - Graph 7 -. In this sense, a downward equalization can be perceived, due to the fact that the situation has worsened for young people of both genders, but more so in the case of men, although it is true that women started from a worse position and continue to be in it.

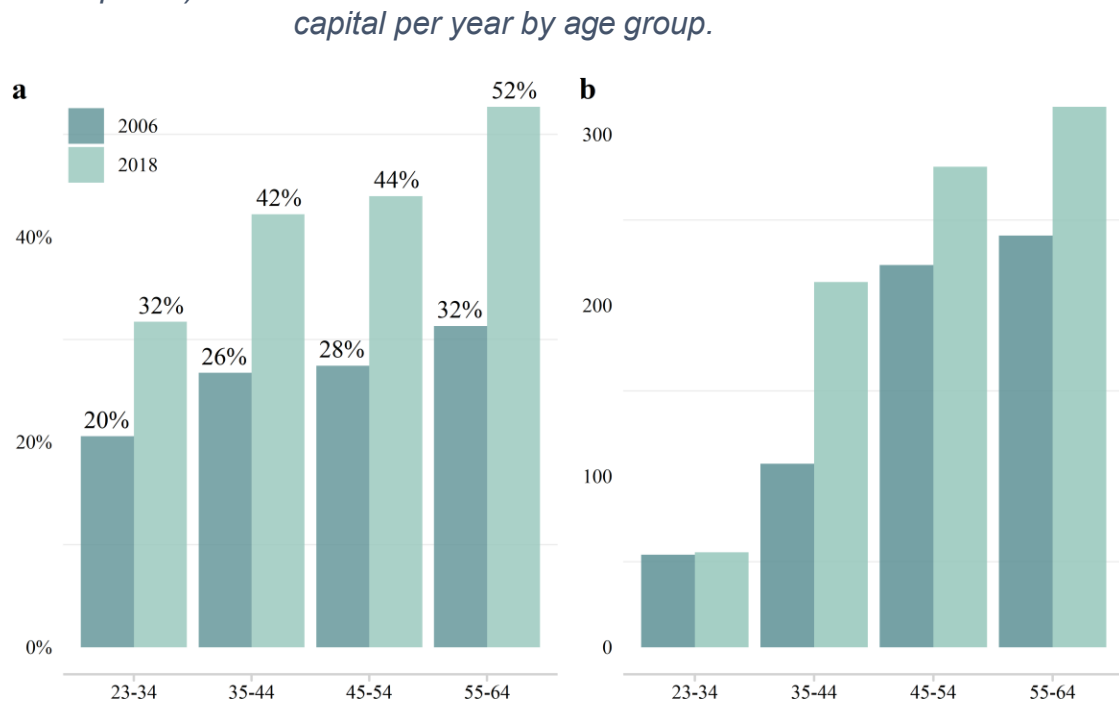
*Wage income by gender and age group. Constant prices*



*Prepared by the authors based on data from the EES.*

The 19-29 age group is the only one that has seen a deterioration in wage incomes in both genders. This is especially worrisome in the case of women, since in this gender young women in this age group are the only ones in a worse situation 12 years later. Men between 50 and 59 years of age, on the other hand, are also worse off than in 2006, and the rest of the age groups are in a similar situation.

Figure 8. Capital income. A: Percentage of people who received capital income by age group (constant prices). B: Median capital income by age group (constant prices).



*Own elaboration based on LCS data.*

On the other hand, capital income has followed a different evolution from wage income. In this case, the Living Conditions Survey only asks this question at the household level, so, in order not to impute income that is not theirs to young people, the data of emancipated young people have been used. This might be expected to overstate the actual figures, as emancipated young people are possibly those who are in the best position to acquire capital income. In addition, due to the large number of *outliers*, the median has been used instead of the mean.








That said, capital income is calculated as the sum of income from real estate plus income from capital investments in businesses. Graph A shows the percentage of people by age group who obtained capital income in each of the years, while Graph B presents the median capital income acquired per year by age group - counting only those who had obtained income greater than 0 -.

On the one hand, the percentage of people who have obtained income from capital has increased considerably in all age groups, although slightly less so for young people. On the other hand, the growth of the median income obtained

income from capital has not kept pace with the other age groups either. While, for example, people between 35 and 44 years of age have doubled their income from capital from 107 to 214 euros, those under 35 and over 23 have gone from 54 to 56 euros from these means.

Finally, capital income is made up as the sum of "Interest, dividends and net gains from equity investments in unincorporated businesses" and "Net income from rental of property or land". That said, the composition of capital income has not been altered, as the item interest, dividends and gains in enterprises make up 92% of earnings in both years.

*Table 3. Table of average annual income received by young people (19-29 years)*

	2006	2018	PROPORCIÓN	-
Renta salarial	14 970	12 897		86.15%
Rentas del capital*	56	98		176.05%
Hombres	16 254	13 936		85.74%
Mujeres	13 413	11 748		87.59%
Estudios Secundarios	13 418	11 013		82.08%
Formación Profesional	15 495	13 347		86.14%
Estudios Universitarios	19 255	17 230		89.48%

\* Sobre el total de emancipados

*Prepared by the authors based on LCS and EES data.*

On the other hand, Table 3 represents data on the average income obtained by 19-29 year-olds according to different breakdowns and at constant prices. In this case, this age range has been used because it is the one offered by the Wage Structure Survey. Hence the disparity in the results obtained for capital income with respect to Graph 8.

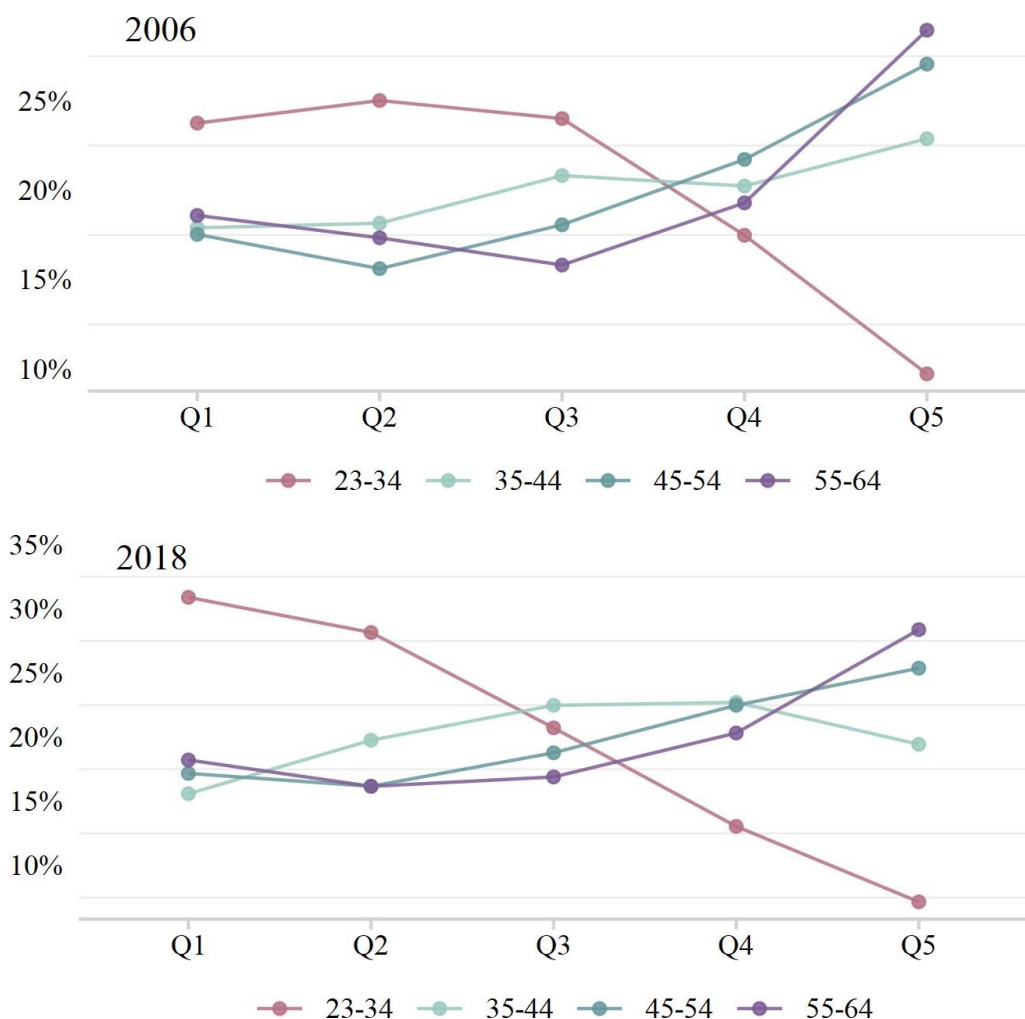
First, there is a clear deterioration in wage incomes, which in 2018 were 14% lower than in 2006. This deterioration has been particularly marked among young people, since, while in 2006 they obtained average wage incomes to the value of 65% of the average for the rest of the ages, in 2018 this portion fell to 59%.

Capital income, on the other hand, has increased a lot in average terms for this age group. This disparity with respect to Figure 8 can be explained either because the age ranges are not exactly equal, or because the mean and not the median has been used for the table, the former being more sensitive to very high or low values. Pearson's coefficient of variation has increased from 8.65 to 10.96 between 2006 and 2018, which inclines to think that it is the second explanation. This could further imply that capital income inequality among young people themselves has increased, as later explained with respect to wage income. It is also important to note that when values are so low in euros, volatility is magnified in percentage terms.

In terms of gender breakdown, men have fared the worst, resulting in a downward equalization. However, women were already starting from a more disadvantaged position and a gender pay gap remains.

As far as educational levels are concerned, the Wage Structure Survey offers a probably more interesting disaggregation, which makes it possible to separate secondary and higher education from the different types of vocational training, more oriented to the labor market. Those who come out worst in the 2006-2018 comparison are those with only secondary education, who also started from a worse situation. However, those with Vocational Training studies have also seen their wage incomes decrease, even reaching a lower level in 2018 than those with secondary studies in 2006. Finally, young people with Higher Studies have also experienced a drop in their income, although less than those with other educational levels, and also starting from a better starting point.

*Percentage of people in each income quintile by age group.*



*Own elaboration based on LCS data.*

The percentage of people in each age group in the income quintiles offers a clear and interesting view of their place in society in economic terms - graph 9 -. Analyzing 2006, it can be observed that young people previously maintained a more or less stable probability of belonging to the first 3 quintiles at around 25%, and then decreased their presence in the last two quintiles. In 2018, however, the percentage of young people in the first quintile exceeded 30%, and followed a very marked downward trajectory.

Consequently, young people are now much more concentrated in the first income quintiles. Thus, the presence in the first quintile increased by 7.1%, in the second by 3.1%, and in the following 3 quintiles it decreased by 3.3%, 4.4% and 4.4%, respectively. 2.6% respectively.

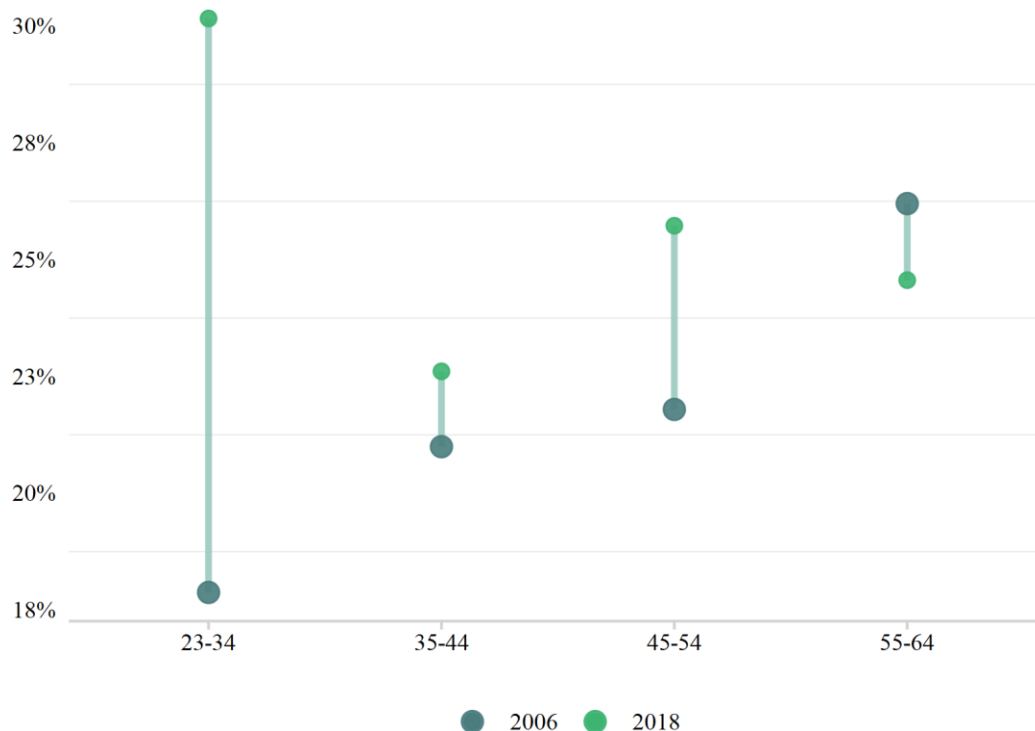


### 3.2.1. Poverty and inequality

To measure poverty, the AROPE (*At risk of Poverty and Exclusion*) rate is used, which is an indicator integrated by the European Union in order to measure the incidence of poverty and social exclusion homogeneously in all member countries. It is calculated as the percentage of the population in at least one of the following 3 situations:

- Below the poverty line, which is stipulated at 60% of the national median income after transfers.
- In severe material deprivation. That is, in a household that lacks 4 of the 9 items on the list, including not being able to pay the rent, keep the house at an adequate temperature, afford one week of vacation per year, eat meat or fish or equivalent at least once every two days....
- People living in households with very low work intensity. This means that the adults in the household work below 20% of their theoretical potential during the year.

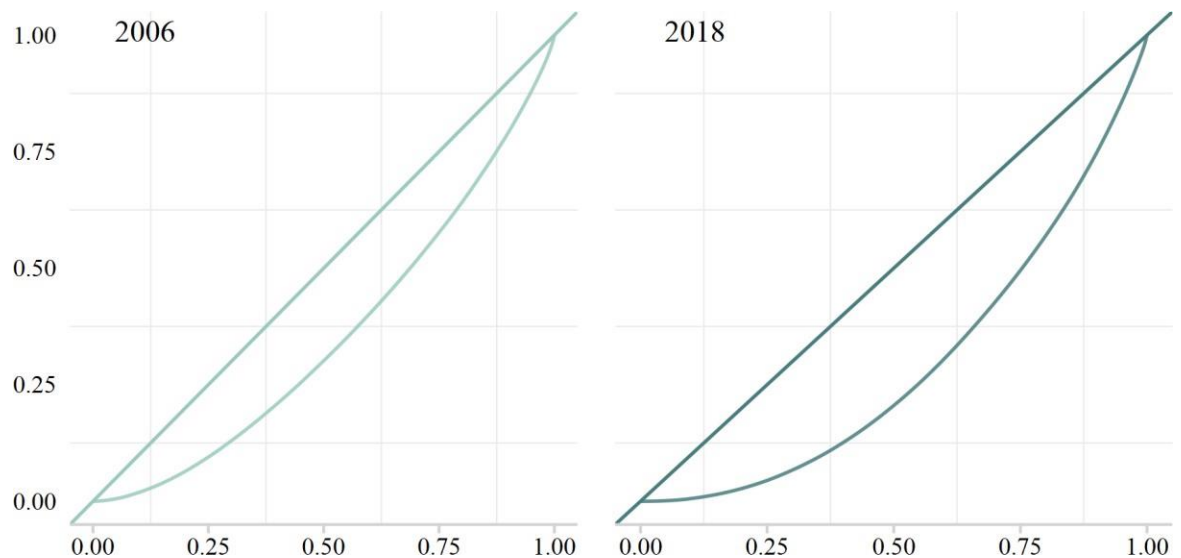
*Figure 10. Change in AROPE rate from 2006 to 2018 by age group.*



*Own elaboration based on LCS data.*

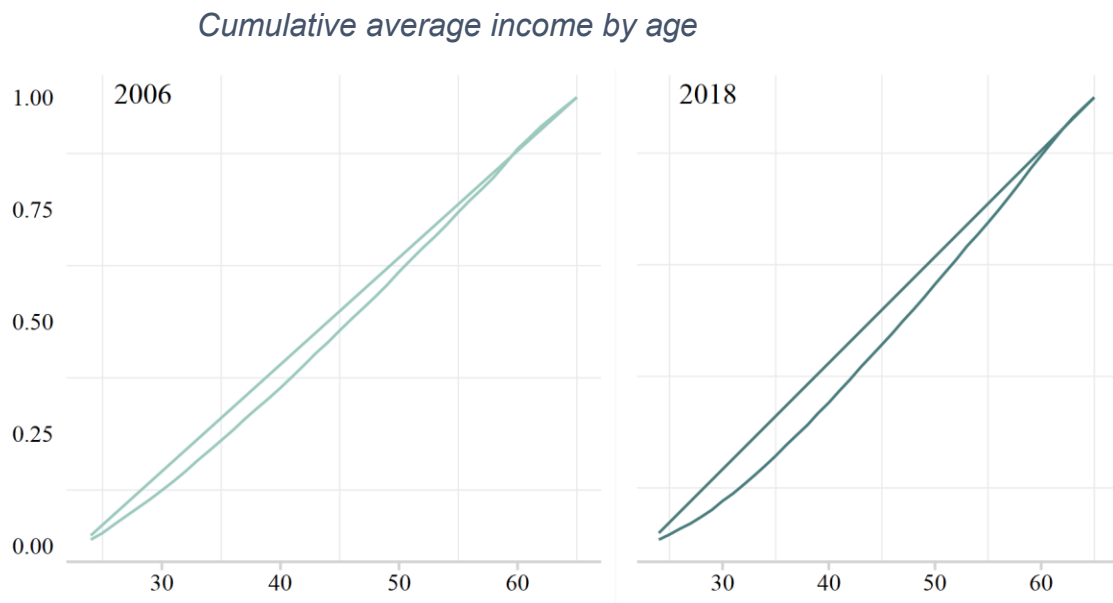
Given the nature of the AROPE rate, calculations have been made on emancipated households. The graph shows that emancipated youth households were the least at risk of poverty or exclusion in 2006. That situation has changed radically, as in 2018 they were the most, reaching 30%. Meanwhile, the change in the other age groups has been much smaller, and even in the last bracket, that of households of people aged 55-64, the AROPE rate has decreased.

*Lorenz curve of people between 23 and 34 years old*



*Own elaboration based on LCS data.*

As far as income distribution is concerned, the Lorenz curve calculated only with the income of young people shows us that income distribution in this age group is now more unequal. In fact, the Gini would be 0.29 in 2006 and 0.41 in 2018. Both figures are higher than the usual Gini of their respective years, which was 0.335 in 2006 and 0.347 in 2018. This means, on the one hand, that inequality in the population under 35 years of age is higher than that of the population above that age, and that inequality among this age range under study has increased 9 times more than the overall Gini in this 12-year period.



*Own elaboration based on LCS data.*

On the other hand, it is also illustrative to know what percentage of income the youngest accumulate. In this sense, a modification of the Lorenz curve has been calculated with the average wage income received by age. Again, the distance between this alteration of the Lorenz curve with respect to the line of absolute equality - and its downward slope in the left part of the quadrant - suggests greater inequality in terms of age. That is, young people comprised a smaller share of wage income in 2018 than in 2006. In this case, the Gini index by age was 0.085 in 2006 and 0.128 in 2018.

### **3.3. Living Conditions**

Some of the measures of living conditions taken for this study are listed in Table 4, with a special interest in emancipation, housing, and the ability to pay bills of emancipated households.

In this sense, the emancipation rate has decreased slightly among the young population since 2006, and the average age remains around 29 years old - Table 4 -.

Table 4. Percentage of young people who...

	2006	2018	DIFERENCIA
...viven con sus padres	46.36%	48.35%	1.98%
...se han retrasado en el pago de hipoteca/alquiler*	5.54%	6.07%	0.53%
...se han retrasado en otras facturas*	4.44%	7.02%	2.58%
...se han retrasado en otros préstamos*	8.23%	8.69%	0.47%
...viven de alquiler*	26.48%	53.17%	26.69%
...no pueden permitirse unas vacaciones*	30.99%	29.16%	-1.83%

\* Sobre el total de emancipados

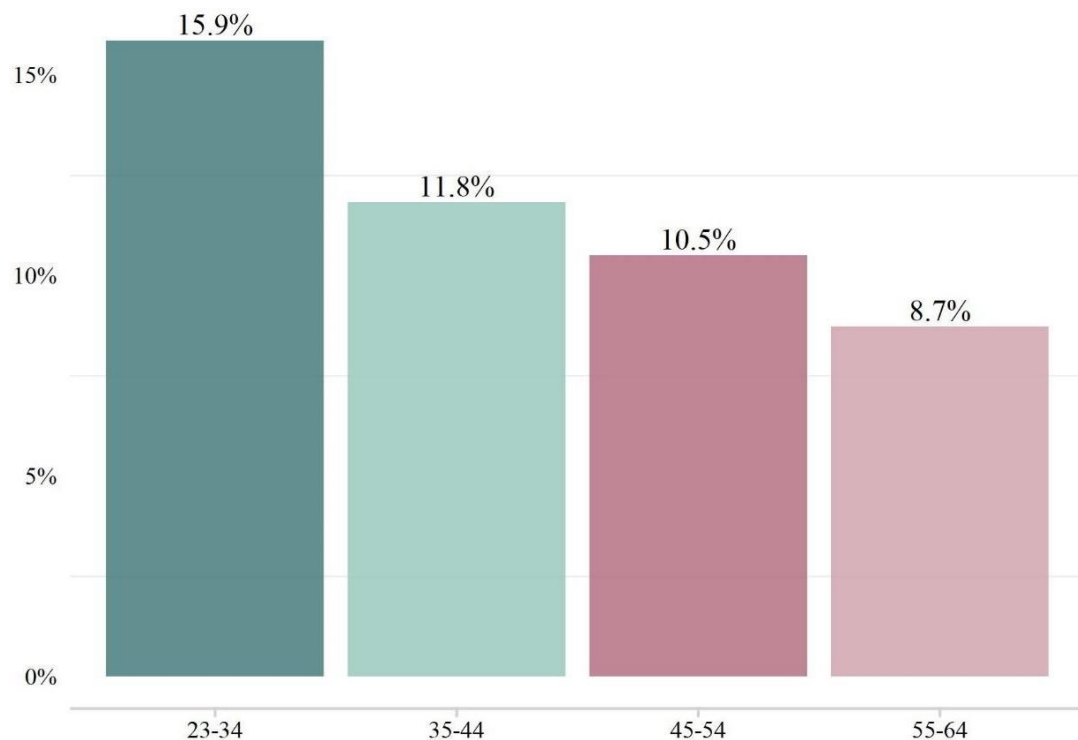
Own elaboration based on LCS data.

As for delays in bills, the differences are not significant either, although they all worsen a little. Especially that of other bills, which refers to bills for gas, electricity, water and in general all those related to housing that are not directly the payment of the mortgage or rent, and which have gone from 4.44% to 7.02%.

The percentage of housing tenure among emancipated young people has changed. In the pre-crisis period, 1 in 4 emancipated 35-year-olds lived in rented housing. In 2018, it was already more than half.

Finally, the variation of young people from emancipated households who cannot afford a vacation has decreased slightly. In the first year of the period, the percentage was 31%, while in 2019 this proportion had decreased by 1.83%.

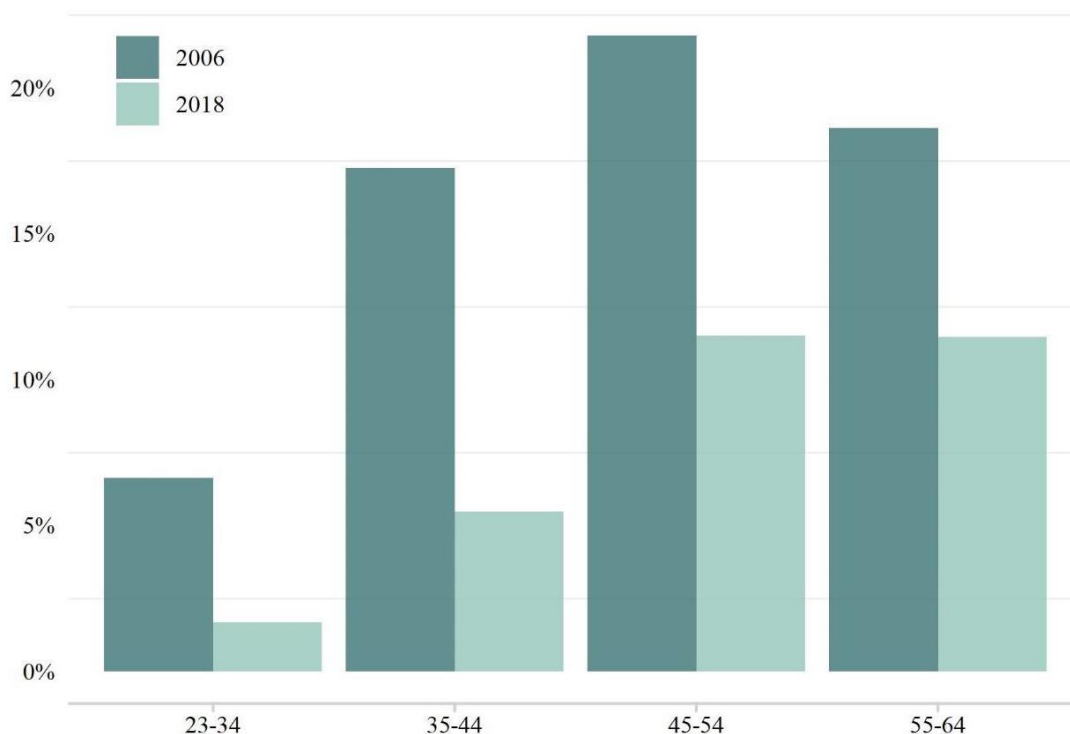
*Percentage of households that had to rely on relatives or friends to provide them with food, clothing or other basic goods (or money to be able to acquire them) in the last 12 months in 2018.*



*Own elaboration based on LCS data.*

On the other hand, emancipated youth make up the age group that has had to ask family or friends for help with food, clothing or other basic goods the most in 2018. Unfortunately, a comparison cannot be made with respect to 2006 as this was a question that was not asked in the Living Conditions Survey then, although the data is still interesting to understand the current situation of youth in society.

*Percentage of people that have contributed to a pension plan private by age group*



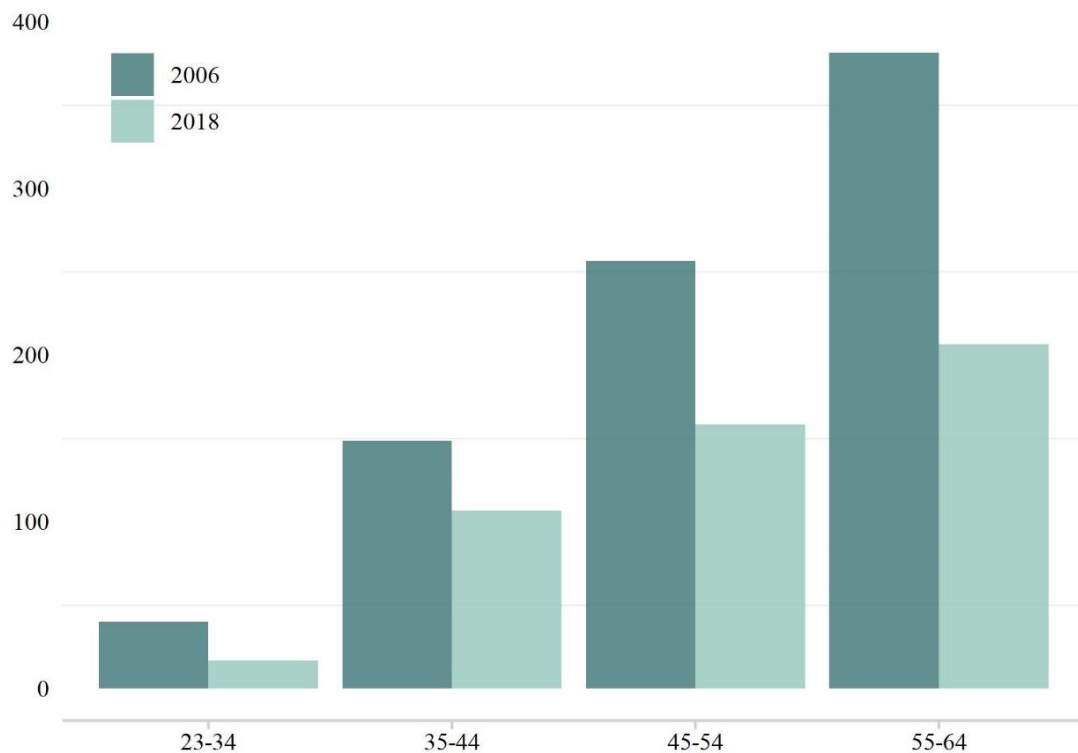
*Own elaboration based on LCS data.*

In another instance, contributions to private pension plans could give us some idea of the savings capacity of young people. Figure 14 shows that the percentage of people contributing to private pension plans has fallen compared to 2006 for all age groups. For young people, in the first year, 6.6% contributed to private pension plans, while in 2018 only 1.7% did so. The biggest drop, however, has been for those between 35 and 44 years old, down from 21.8% to 5.4%.

As a result, the average contribution to pension plans has also fallen, although not as much as the percentage of people contributing - graph 15 - . This is because those who put money into private pension plans do so to a greater extent than in 2006.

In fact, taking only the data of those who contribute to this type of plan, it is observed that in the pre-crisis period, an average contributor between 23 and 34 years of age contributed an average of €600, while this figure increased to €985 in 2018. This coincides with the aforementioned polarization of income or increase in inequality among young people explained in the income block.

*Average contributions to private pension plans, by group of age*



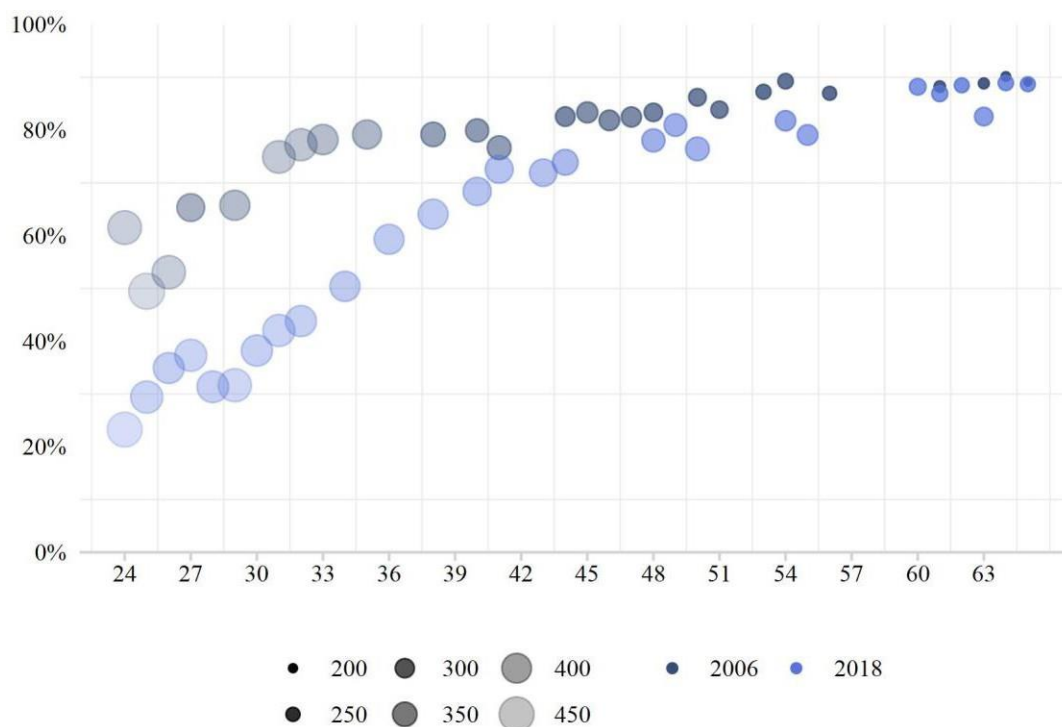
*Own elaboration based on LCS data.*

### **3.3.1. Housing**

Housing was an issue of great concern for young people according to the 2006 CIS barometer, as previously explained in the perceptions block. When analyzing the housing situation of this age group, two things should be taken into account: the expense incurred and the tenure regime.

First, Figure 16 shows that young people are the ones who incur the highest housing expenditures and are also the least likely to own their homes. As age increases, the percentage of ownership increases and housing expenditure decreases. The former is more pronounced in 2018 and is a weakening of the relative position of young people; and the latter less so, which is an improvement.

*Percentage of tenure and average household expenditure (renting or renting) in the household mortgage) by age and year*

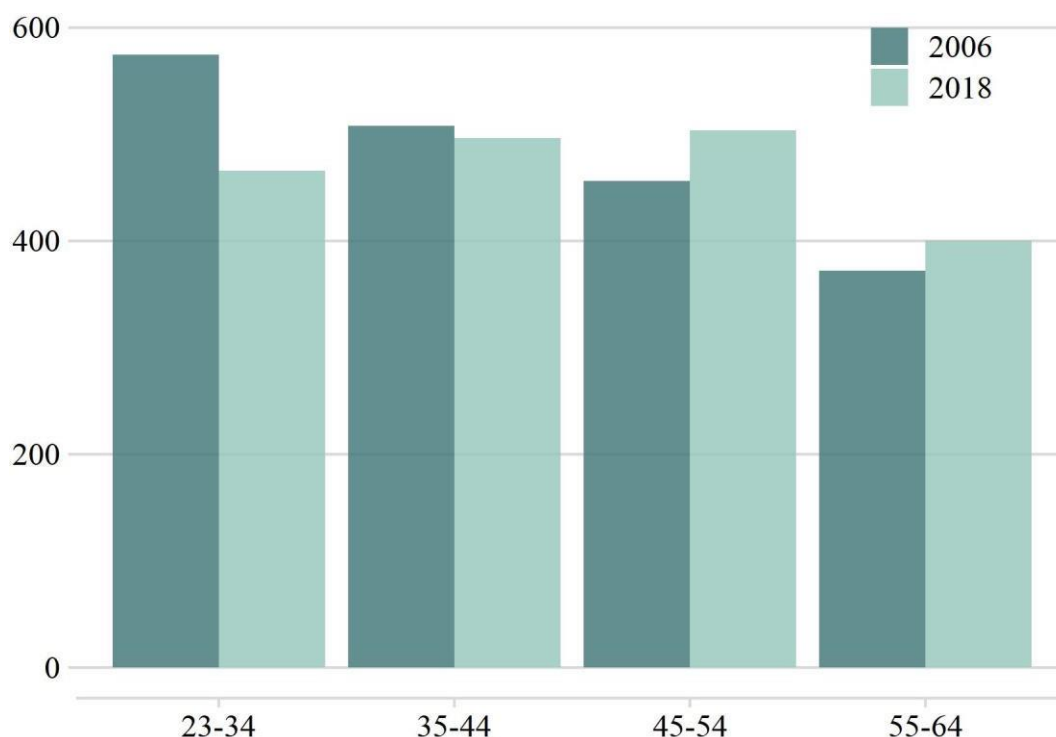


*Own elaboration based on LCS data.*

As for the improvement in housing costs by age group, young people between 24 and 35 years old are the only age group that has experienced a decrease in housing costs. All others have seen their housing costs rise. An example of this is Figure 17, on rental prices, with the difference that these prices have also decreased, albeit very little, for adults over 35 and under 45.



Figure 17. Variation of rental prices by age group



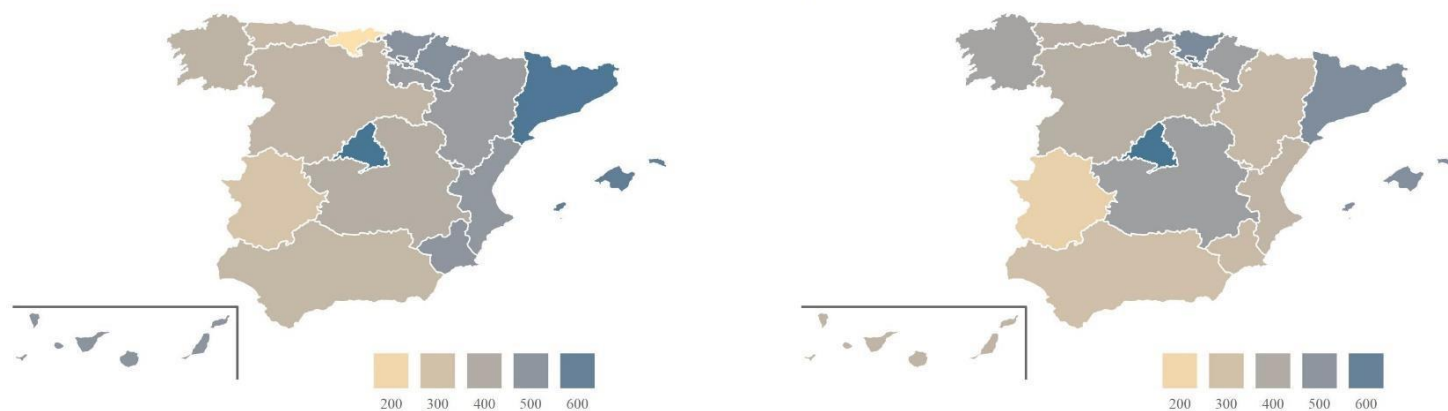
*Own elaboration based on LCS data.*

In the section on income, we have detailed the decrease in salary income with respect to the pre-crisis period. However, this decrease has been less than that of housing expenses, so that, in favor of young people, they now spend a lower percentage of their salary on housing than before, whether in rent or mortgage. Putting it into figures, in 2006 young people aged 23 to 34 needed 53.9% of their wage income to pay their rent or mortgage, while in 2018 this figure had decreased to 47.9%. It should not be forgotten, however, that the percentage of tenancy has increased from 26.48% to 53.17%, so, despite the fact that young people pay less per month, this is not an investment but an expense.

## Comparison of rental prices borne by young people by Autonomous Community

2006

2018

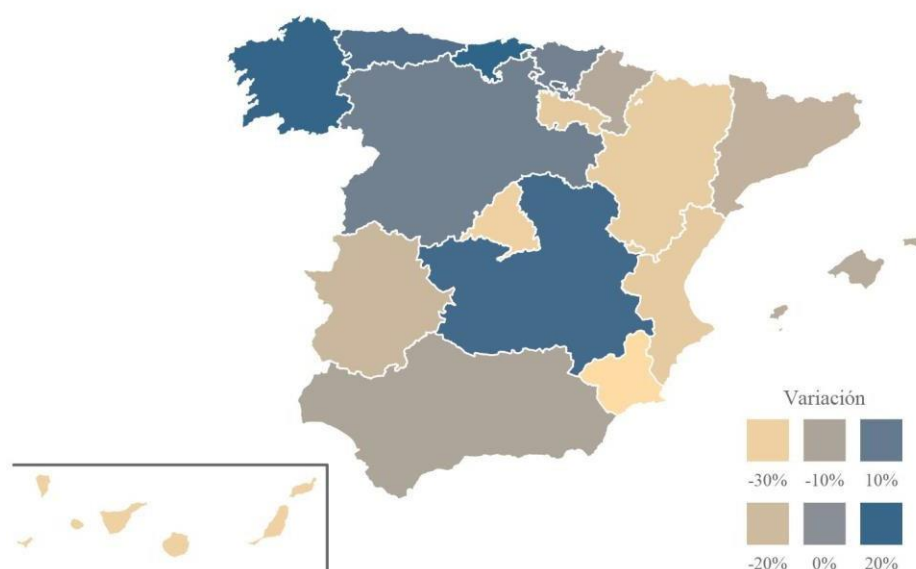


*Own elaboration based on LCS data.*

*Figure 19. Variation in rental prices for young people (24-35 years)*

### Variación del precio del alquiler

Jóvenes 23-34 años, 2006 vs 2018



*Own elaboration based on LCS data.*

That said, rental prices have not behaved homogeneously by region. It has increased in the Castillas and in the northeast of Spain, and decreased in the east and south of Spain, as well as in the islands. Cantabria, which was the region with the lowest prices in 2006, has seen the greatest increase.

in proportional terms, from €164 to €480. Other regions, such as Castilla La Mancha and Galicia, have also experienced growth of more than 20%.

In contrast, young people's rental spending has decreased in the east and northeast of Spain, as well as in the island territories and the south of the peninsula. Madrid, which has been one of the regions where young people's rental spending has decreased the most - along with Murcia and the Canary Islands - has nevertheless been the most expensive in both 2006 and 2018. In regions such as the Valencian Community, Aragon or La Rioja, rent for this sector of the population has also experienced notable decreases. In Andalusia, for example, which in 2006 was the tenth most expensive with an average price of €462, in 2018 it became the 15th, with a 28% reduction that placed it at €331.

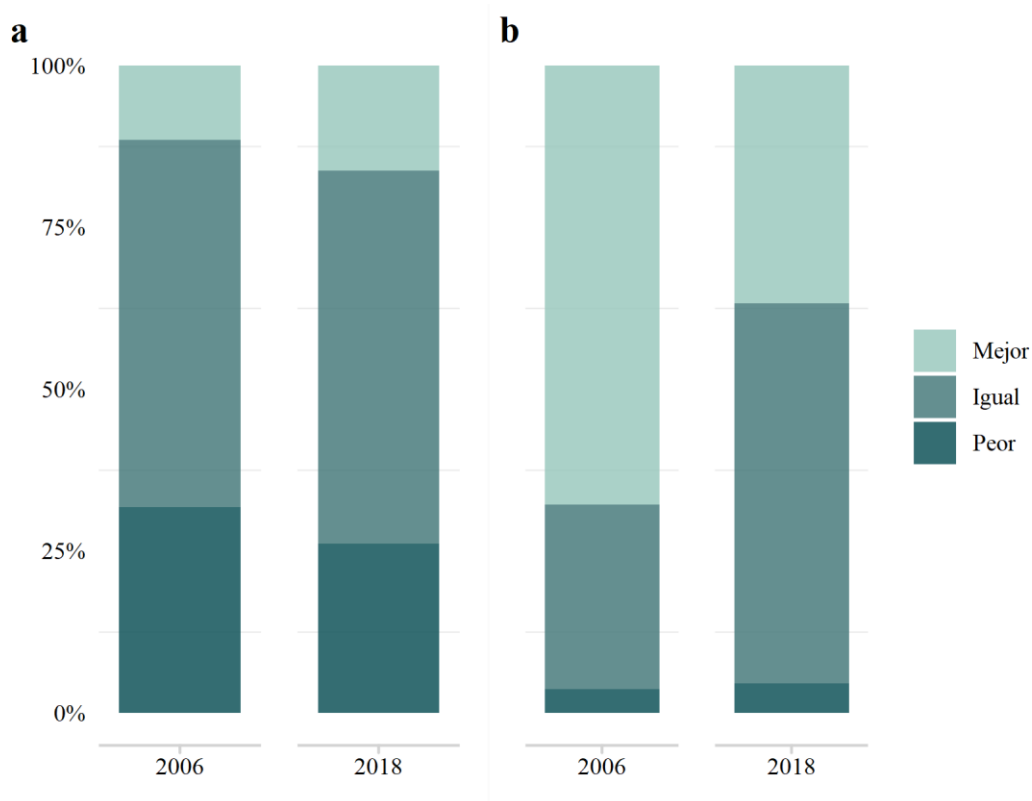
### **3.4. Perceptions**

The Centro de Investigaciones Sociológicas asks several questions related to perceptions of Spain's main problems and expectations of improvement in the personal or national economy that can be quite interesting. In this case, the perceptions of young people aged 23 to 34 years in 2006 and 2018 are compared.

Perceptions about the future of Spain have remained fairly stable. However, there was some optimism in 2018, since, with the percentage of people who thought that Spain would remain the same during the following year remaining more or less constant, a certain transfer of those who considered that the country would get worse in favor of those who thought it would get better can be appreciated. Consequently, optimists went from 11% to 16%, and pessimists from 32% to 26%.

However, with regard to personal situation, the permutations have been very different. The "better" response has decreased by 31 percentage points, from 68% of the total to 37%. This 31% has been distributed in 1% towards worse and 30% towards the same, which can be interpreted as an increase in the feeling of stagnation of the young population.

Figure 20. A. Do you think that in a year's time the economic situation of the country will be better, the same or worse than now? B. Do you think that in a year's time, your  
Will your personal financial situation be better, the same or worse than it is now?

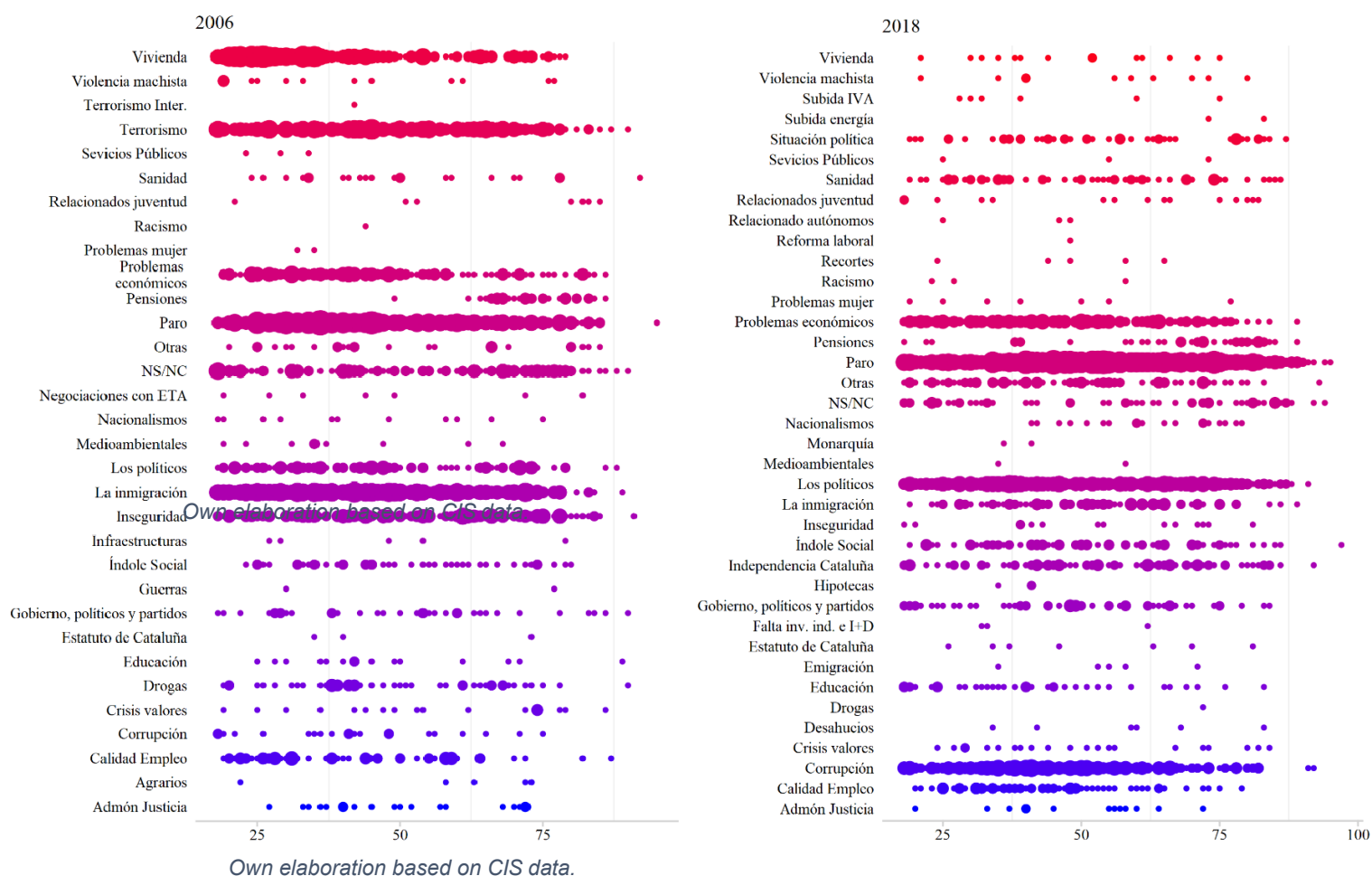


Own elaboration based on CIS data.

Regarding the identification of the country's main problems - graph 22 - , there are differences from year to year and also by age group. For example, in 2006 housing was identified as one of the biggest problems, but this was an eminently youthful concern, and in 2018 it has been greatly reduced or replaced by other problems. Meanwhile, terrorism transcended age, and by 2018 it had disappeared.

The main differences from year to year can be found in the reduction of the presence of housing, terrorism, immigration and insecurity. On the other hand, the perception of the main problem in Spain has concentrated heavily on unemployment, although also on corruption and politicians, and the quality of employment and economic problems have maintained their importance.

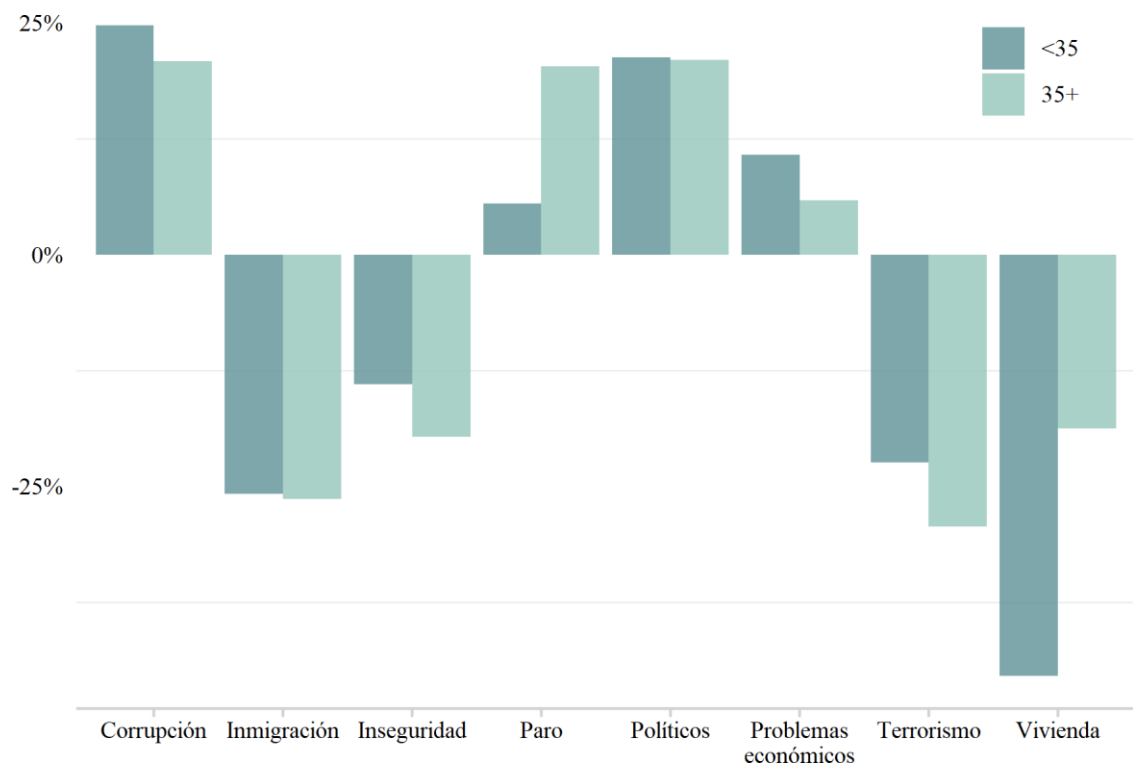
*In your opinion, what is the main problem currently existing in Spain?*



As can be seen in Figure 23, where those under 35 have increased their concern more than those older than 35 is in corruption, politicians and economic problems. However, concern about unemployment has increased more for the elderly. This is one of the 3 main problems in Spain for 49% of those under 35, and for 62% of those older than 35.

The next most important inconvenience according to perception is "politicians", which has increased considerably since 2006, although this is a perception that transcends age differences. Thus, in 2018 it was considered one of the biggest problems in Spain by 30% of those under 35 and 29% of those older. The next most mentioned issues are corruption with 28% and economic problems with 25%.

*Variation in the percentage of people who consider these to be the first, second or third biggest problem in Spain.*



*Own elaboration based on CIS data.*

On the other hand, housing is the problem that has most disappeared from the top three for young people, according to the results obtained in the housing subsection in the chapter on living conditions. If in 2006 47.96% of young people considered it one of the biggest problems in Spain, in 2018 only 2.55% did.

#### **4. Discussion of results and conclusions**

This work has dealt with the labor market, wage and capital income, living conditions and perceptions about their future and the country's main problems.

First, in terms of education and the labor market:

- Young people in 2018 are better educated than in 2006, with a greater presence of completed higher education.
- However, unemployment has increased, especially for young people, who were already starting from a higher unemployment rate.
- Young men and women have become more equal over time in terms of unemployment. This is not due to an improvement in the female unemployment rate, but to a higher growth in the male unemployment rate.
- Unemployment has risen sharply for all educational levels, especially for the lowest. In 2018, young Spaniards with a higher level of education endured higher unemployment rates than those with a low level of education in 2006.
- At the regional level, Aragon, Catalonia, the Balearic Islands and Navarre are the Autonomous Communities with the lowest unemployment, while Andalusia, Asturias, Extremadura and the Canary Islands have the highest. This is true in both historical periods, with a certain positive correlation between the Autonomous Communities that started with a higher unemployment rate in 2006 and those that have experienced the greatest increase in unemployment during the period.

Secondly, with regard to wage and capital income:

- Young people are the only ones who have seen their income decrease in both genders. In fact, among women, only young women have experienced a decrease in income.

- As with the labor market, time has brought the situation of men and women closer together, but, once again, by downward equalization. In other words, men's incomes have fallen more than women's.
- Young people with higher education have suffered the smallest decrease in income - 10.5% - compared to almost 12% of those with vocational training and 16% of those with only secondary education.
- In 2006, young people owned, as a proportion, 65% of the income of those over that age. In 2018, on the other hand, this figure has fallen to 59%.
- As for capital income, there are more young people earning benefits now than before, although this difference is consistent across all age groups. Median capital income, however, remains the same, while its coefficient of variation increases, which could indicate a growth of inequality in these terms.
- Membership in income quintiles by generation points to a concentration of young people in the first two, with a large increase in the presence of young people in the first quintile.
- The AROPE rate shows that, while young households were in 2006 those with the lowest rate of risk of poverty and social exclusion, in 2018 they became by far the highest. Meanwhile, those over 55 were the only ones to experience a decrease in this rate.
- The Lorenz curve taking into account only the income of young people indicates a growth in inequality in this age group. The Gini has risen from 0.29 to 0.41, an increase 9 times higher than the overall Gini.



- The Lorenz curve by age, on the other hand, also indicates a greater concentration of income at higher ages.

Third, with regard to living conditions:

- The percentage of young people in emancipated households who have fallen behind in paying bills has grown, but very slightly.
- The rate of people in this age range who contribute to private pension plans has fallen sharply, which may indicate a decrease in the capacity to save. However, those who contribute to this type of plan do so in larger amounts than before, which could indicate that doing so is only within the reach of those with greater resources, or, in other words, a growth in inequality already noted in the income section.
- The proportion of emancipated youth living in rental housing has doubled, being in 2006 one in 4, and in 2018 one in 2.
- Despite this, young people's housing expenditure has decreased. If they previously required 53.9% of their income to meet housing expenditure, by 2018 this proportion had fallen to 47.9%
- Disaggregating regionally, it can be seen that the rent borne by young people has increased in the northwest and Castillas, and decreased in the south, east and island territories of Spain. Madrid was the most expensive place to live in both years, despite the fact that its rent was one of the lowest in these periods.

In fourth and last place, the perceptions block indicates that:

- The proportion of young people who believed that Spain would get better in the following year grew by 5%.

- In terms of personal life, there were 30% fewer young people who believed that their economic situation would improve in the following year. This 30% was absorbed by those who thought that their situation would be the same one year from now.
- The opinion of the main problems of young people has focused on unemployment, but also on corruption and politicians.
- However, unemployment is not a concern mainly for young people, since, while 49% of them see it as one of the 3 biggest problems in Spain, this figure rises to 62% among those over 35 years of age.
- According to the results obtained in terms of rental or mortgage expenses, the presence of housing as one of the three biggest problems in Spain has decreased the most for young people.

In conclusion, the situation of young people has worsened considerably in recent years in almost all areas except rental prices. And even in this aspect, the behavior has not been homogeneous by Autonomous Communities. Young people continue to spend half of their salary on their rent or mortgage, and the percentage of households with home ownership has fallen from half to a quarter. The presence of an intergenerational inequality gap is, for all these reasons, indisputable.

This worsening of living conditions is even more serious if we take into account that young people have been the most affected in these 12 years. A paradigmatic example is the case of the AROPE rate, where they have gone from being the lowest to by far the highest, while those over 55 have reduced their incidence in this measure of relative poverty. The concentration of young people in the first income quintiles is also paradigmatic.

Another aggravating factor is the lack of any prospect of improvement in the face of one critical economic situation after another, which has been reflected in the stagnation of the

young people's opinion when asked about their future economic situation. A young person who turned 23 in 2008 and wanted to join the labor market with a university degree, has now turned 37 having experienced the earthquake of the global financial crisis, the seismic aftershock of 2012 in terms of debt, the partial and slow recovery since 2014 with its respective brain drain, and now also both the economic crisis generated by the pandemic and the inflation crisis whose magnitude and scope we still do not know. All of this being found in a cohort of the population particularly unprotected by the welfare state.

Taking all this into account, it is necessary that public policies pay special attention to those who are destined to be the future of the country, but who are also the present. As long as labor income continues to be the main source of income for Spanish households, unemployment and its poor quality will be the cornerstone of socioeconomic ruin. Without employment there is no wage income, which makes emancipation, financial security, the acquisition of housing, marriage, the formation of a family, the accumulation of wealth, and, in general, any short and long term life project, impossible.

In this sense, Aumaitre and Galindo (2020), who compare the Spanish situation with that of other countries, attribute this phenomenon to a greater impact of the Great Recession, and to an inefficient welfare state model that does not meet the needs of society. They consequently present four blocks of measures to reduce the generational inequality gap and improve the situation of young people, affecting the welfare state, the labor market, family promotion policies, and a sustainable social protection system.

The first refers to the aforementioned problem of a tax and transfer system that favors the older generations and reduces inequality more efficiently at those ages (Vtyurina, 2020). The second is an inefficient labor market, with high temporality, and whose unemployment benefits, being based on contributions, are detrimental to young people, who have not had time to contribute. Thirdly, the difficulties in reconciling work and family formation in the welfare state models of the southern countries, especially in a generation in which both

The latter, to a pension system that is difficult to sustain and inefficient in terms of spending. The latter, to a pension system of difficult sustainability and inefficient spending that could be improved with greater investment in public policy evaluation (Aumaitre & Galindo, 2020).

Future studies could complete this analysis by collecting a continuous and broader temporal space, and also adding other variables of great importance such as wealth, where there are good indications to believe that there is great intergenerational inequality (Martínez Jorge, 2021). It will also be important to study the impacts on the situation of young people of turbulence and legislative changes at the national and international level, such as the pandemic, inflation or labor reform, although this will be impossible until there is sufficient time lag. Finally, international comparison can provide information on this phenomenon in other countries and find out whether this incidence is greater in Spain, although there is already evidence to suggest this (Aumaitre & Galindo, 2020; OECD, 2015). In addition, it would allow us to elucidate which countries have dealt with this problem better, and thus seek solutions in economic policies that have already been successful.



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