

**ECONOMIC
UNCERTAINTIES
AND
ATTITUDES
TOWARDS THE
EU**

**THE LIMITS OF YOUTH
OPTIMISM**

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INTRODUCTION

Berlin, May 2017. Europe continues to build toward an economic recovery since the global financial crisis of 2007 - 2008, with European Union-wide unemployment rates finally falling steadily after peaking in 2013 and nearly every EU country reporting modest to strong GDP growth. But the experiences of citizens on the ground don't always reflect the figures on paper. Given that an individual's economic situation is often a major influence on his or her political leanings, it is useful for governments and legislators to better understand how citizens are feeling about their current financial situation and with this knowledge shape policies that address these concerns. This is particularly relevant for the EU today, as it experiences a fresh wave of Euroscepticism and works to assure Europeans that it is indeed fighting for their interests.

In conversations of Europe-wide assessments of individuals' financial security, European youths represent a particularly interesting group. They have suffered exceptionally high unemployment rates in the last seven years (particularly in southern European countries), and yet, they are often perceived as being the core of the EU's support. But can this support be counted on in the future if their current economic outlook does not improve?

This report sets out to answer three guiding questions:

- ◆ Do European youth report higher levels of economic insecurity than the general population or the older population?
- ◆ How optimistic do European youth feel about their economic futures?
- ◆ How does support for the EU change as an individual's level of financial security changes, and how does this vary by age?

We find that young Europeans seem to be more pessimistic about their household financial situation, while both old and young Europeans seem to be equally concerned about their job security. However, European youth display higher levels of support for the EU across all levels of financial security, while financially insecure older Europeans tend to hold particularly negative opinions of the EU. If the pessimistic economic predictions among youth are realised, this could mean that today's economically insecure youth are on track to become tomorrow's disillusioned and eurosceptic over-30s.

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THE DATA

To explore these questions, the report uses data from “EuroPulse”, a quarterly survey by Dalia Research conducted across 28 EU countries and in 21 languages. The survey was conducted between August 2, 2016 and August 19, 2016. The sample of n=11.754 was drawn across all 28 EU Member States, taking into account current population distributions with regard to age (14-65 years), gender and region/country.

An estimation of the overall design effect based on the distribution of weights was calculated at 1.59 at the global level. Calculated for a sample of this size and considering the design-effect, the margin of error would be +/-1.1 % at a confidence level of 95%.

There are three different questions within the EuroPulse data that offer specific insight into how economic security and EU opinion interact:

- ◆ Compared to 12 months ago, your current household financial situation is... [*A lot worse / A little worse / The same / A little better / A lot worse*]
- ◆ How do you expect the financial position of your household to change over the next 12 months? It will be... [*A lot worse / A little worse / The same / A little better / A lot worse*]
- ◆ How secure do you feel in your current job? [*Not at all / Not very / Somewhat / Very*]

ECONOMIC SECURITY INDICATORS BY AGE

KEY TAKEAWAYS

- ▶ Most Europeans feel that their financial situation has improved or remained stable over the last year, but this proportion is lower for youth
- ▶ Europeans are generally optimistic about their future finances, but youth are less optimistic than those over 30
- ▶ Two-thirds of employed Europeans feel that they have at least moderate job security

Current household financial situation

Overall, as shown in the figure below, *most Europeans feel that their financial situation has either remained stable or improved over the last year*: approximately 63 percent of respondents indicated that their financial situation was either the same or doing better compared to their situation 12 month ago. However, this still means that for more than a third of respondents, their financial situation in the past 12 months had clearly worsened.

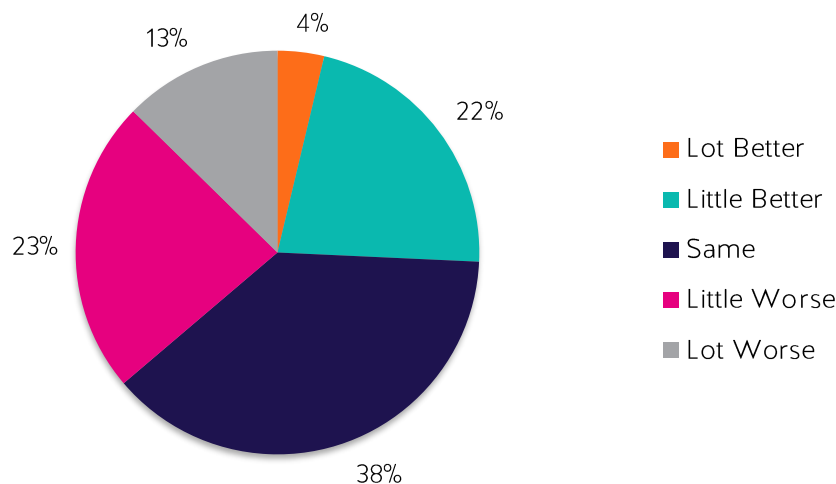


Chart 1: Europeans' perceptions of their current household financial situation compared to 12 months ago (all respondents)

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However, the responses present a much different picture when comparing the responses of the under 30 population to those of the over 30 population:

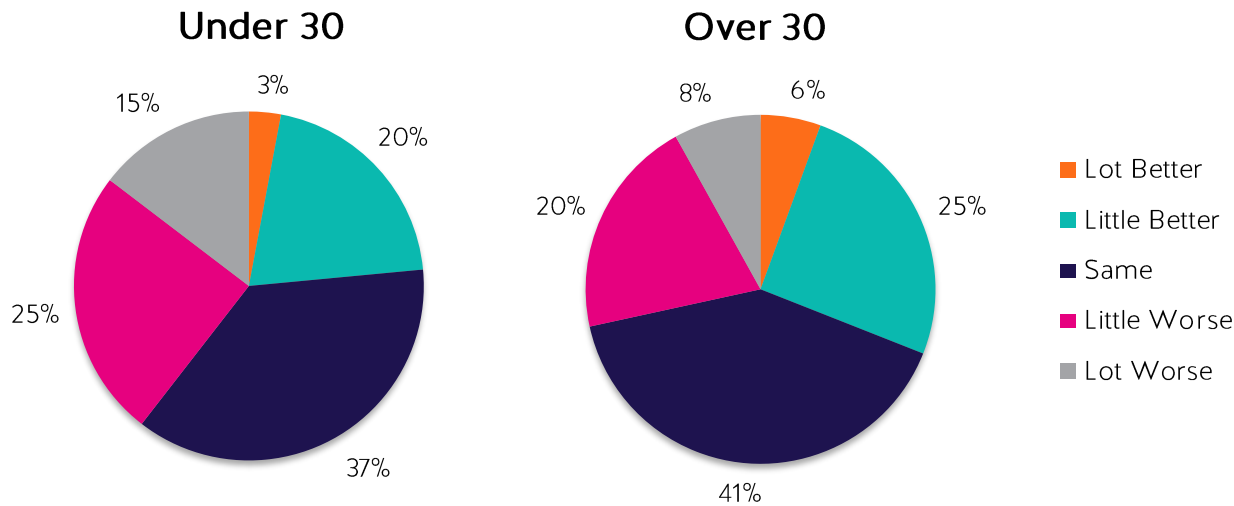


Chart 2: Europeans’ perceptions of their current household financial situation compared to 12 months ago (by age)

Youth report a much more negative financial experience over the past 12 months than their older peers. Nearly 40% of under-30s report that their financial situation actively worsened over the last year, compared to just 29% of people over 30. Similarly, while more than 30% of people over 30 indicated that their financial situation had improved over the last year, only 23% of people under 30 were able to say the same.

Expected future household financial situation

In general, as the figure below shows, *Europeans are optimistic about their finances*: the vast majority of respondents (approximately 75 percent) say they think their household financial situation will either stay the same or improve in the next 12 months.

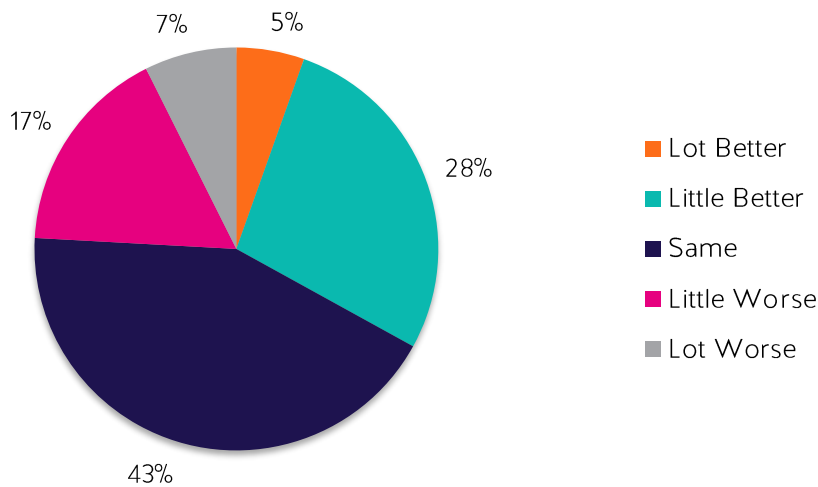


Chart 3: Europeans’ perceptions of their future household financial situation 12 months from now (all respondents)

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However, these numbers present a much less optimistic picture when comparing the under 30 population with the over 30 population:

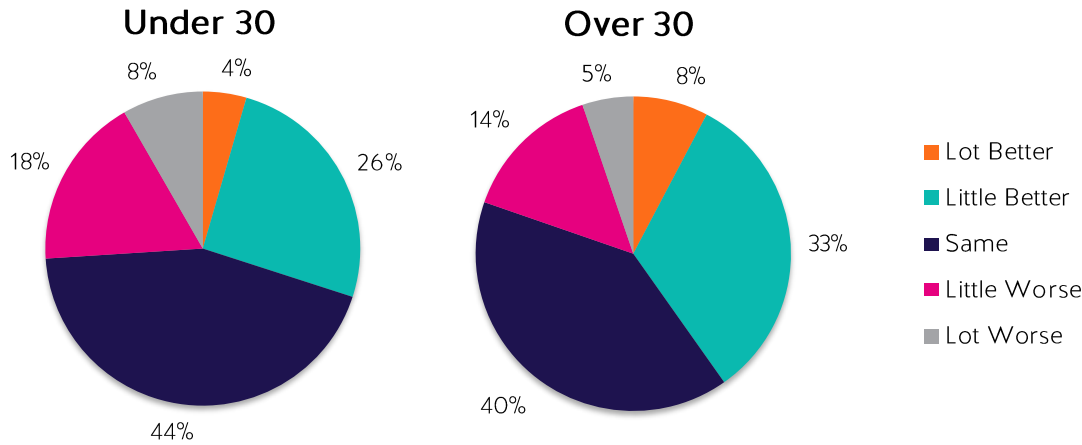


Chart 4: Europeans’ perceptions of their future household financial situation 12 months from now (by age)

Contrary to stereotype of youthful optimism, the under 30 population is more negative about their future finances than the over 30s. More than one quarter of youth believe that their financial situation will worsen over the next year, compared to less than one fifth of people over 30. More striking from the figure above, however, is that compared to the over 30 population, youth clearly think their future financial situation will be *less better*. While about 40% of over-30s think they will do better financially in the next year, this view is shared by only about 30% of youth respondents.

Level of job security

As the figure below shows, *the majority of employed EU residents have at least a moderate level of job security*, with approximately 63 percent reporting their current employment is either somewhat secure or very secure. Conversely, more than one third report that their job is not very secure or not at all secure. The subsequent figure shows job security broken down by age group.

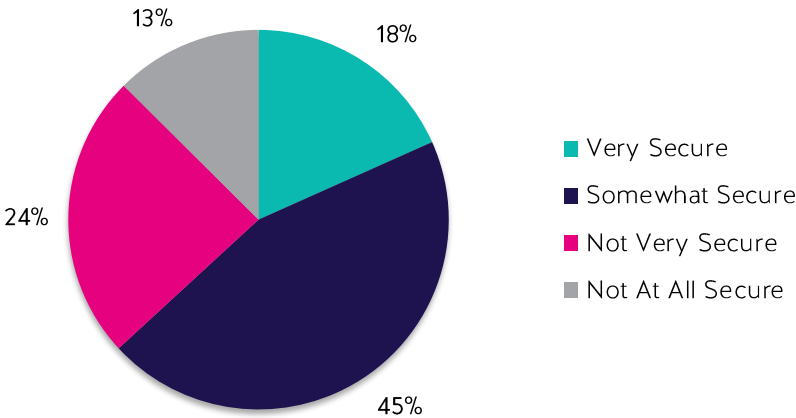


Chart 5: Europeans’ perceptions of their current level of job security (all respondents)

UNDERSTANDING THE EUROPEAN POLITICAL AUDIENCE: POLITICAL ENGAGEMENT AND SOCIAL MEDIA

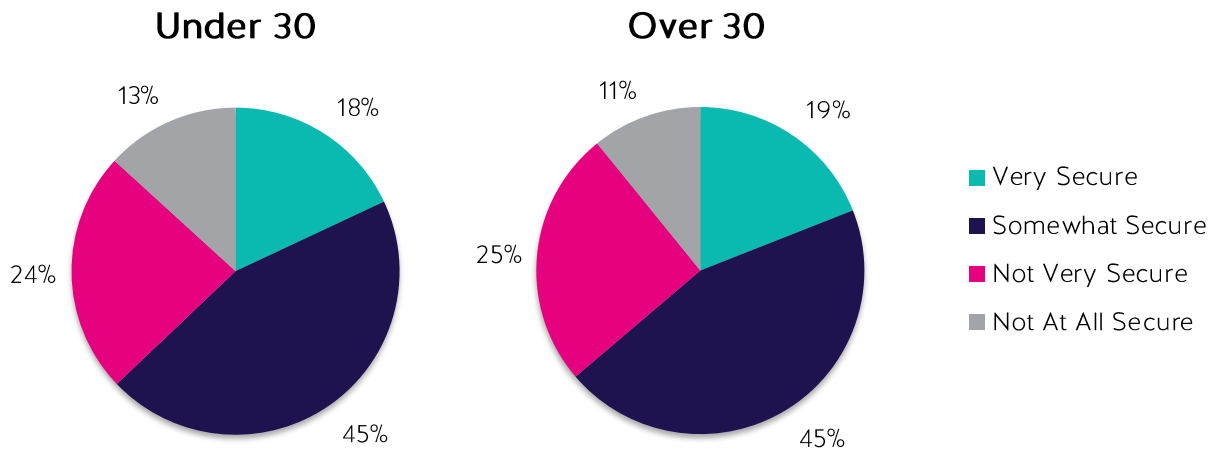


Chart 6: Europeans' perceptions of their current level of job security (by age)

Interestingly, despite the widespread perception that youth are taking more temporary and unstable positions, youth are only slightly more likely than their elders to report that their job position is insecure (37% compared to 36% among over 30s).

This narrow gap does not widen significantly when 40 is used as the age threshold instead of 30, suggesting that *job security is a concern that appears to transcend generations.*

ECONOMIC SECURITY AND SUPPORT FOR THE EUROPEAN UNION

KEY TAKEAWAYS

- ▶ People with a better current financial situation have more positive feelings about the EU
- ▶ Youth show higher support for the EU than their elders at every level of financial and job security
- ▶ The correlation between financial security and opinion of the EU is weaker for youth than it is for those over 30

The question remains: is there a relationship between an EU resident's financial security and

their support for the EU? The data suggests that there is indeed a relationship - but the magnitude of it varies across age groups.

Consider the following chart, which looks at the average EU opinion score for individuals reporting a given level of current household financial situation relative to twelve months ago. Among the household financial situation score, -2 means that a person's financial situation has gotten "a lot worse" since 12 months ago, whereas a score of 2 means a person's financial situation has gotten "a lot better." Support for the EU is also measured on a -2 to 2 scale, ranging from "very negative" (-2) to "very positive" (2).

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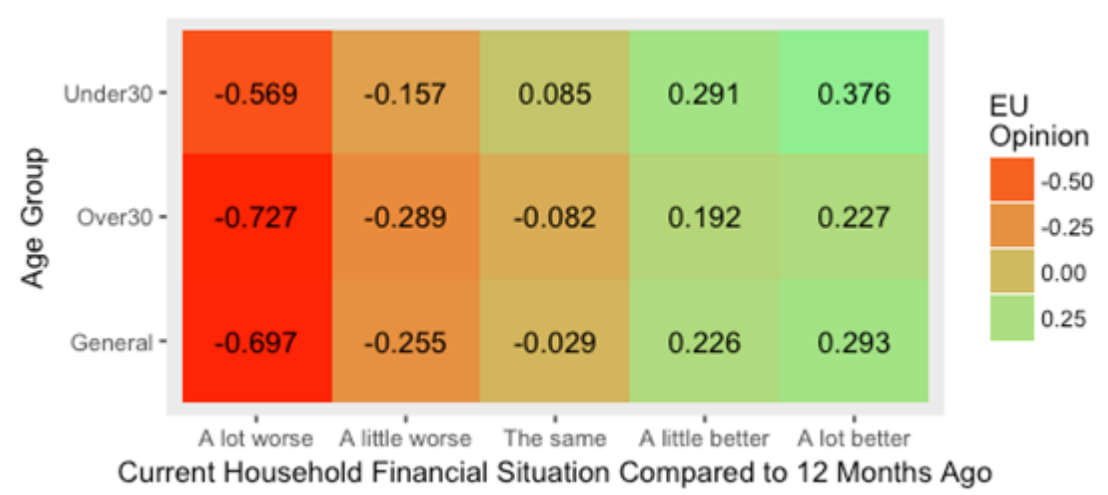


Chart 7: Europeans' average opinions of the EU based on how their current financial situation compares to 12 months ago

The above chart shows that EU support follows a predictable pattern: those with a better present-day financial situation are more likely to view the EU positively, regardless of age. But, at every level of household financial security, youths show more positivity toward the EU than the general population or the over 30 population.

This trend holds true for the other two survey questions concerning expected future household financial situation and individuals' self-assessed level of job security. For job security, the difference between the under-30 group and the over-30 group is particularly striking:



Chart 8: Europeans' average opinions of the EU based on their perceived level of job security

These charts also show us that European youths' opinions of the EU seem to be much less closely tied to their financial situation than older Europeans' opinions. In the previous two charts, we see that the average opinion of the EU varies much less sharply for youths than for older Europeans.

For example, the difference in average EU opinion between someone reporting their job security as "not at all secure" to reporting their job security as

"very secure" represents a change of .724 points for the over 30 grouping, but only .587 points for someone under 30. This suggests that the EU opinions of older Europeans are more influenced by their economic situation; on the contrary, youth seem somewhat more likely to hold a positive opinion of the EU *regardless* of their financial situation.

DISCUSSION

KEY TAKEAWAYS

- ▶ Youth perceive their current financial situation more negatively than those over 30, and are less optimistic that their situation will improve
- ▶ Our results are in line with research suggesting that today's youth may be the first generation to have a lower standard of living than their parents
- ▶ Given the correlation observed between financial situation and support for the EU for those over 30, this trend may prove worrying if today's youth age into economically-insecure older

The data confirm the widely-held perception that youth tend to be more strongly pro-EU than over-30s and the population as a whole. Despite this general positivity toward the EU, however, the analysis of financial security data suggests a potentially worrying trend.

In our survey, youth were more likely than over-30s to report that their current financial situation had either stayed the same or worsened over the past 12 months. Youth were also far less likely (about 10 percentage points) than the older population to report that they expected their

financial situation to improve at all over the next year. This is a particularly worrying statistic, given that most life-cycle wage models presume a steep incline of wages through one's mid- to late-20s, once formal education has been completed ([Casanova 2013](#)). However, it is in line with other contemporary research which has suggested that today's youth may be the first ever generation to experience lower earnings and a lower standard of living than their parents ([Intergenerational Commission 2016](#)), and that today's youth are at a particularly high risk of social and economic exclusion ([Eurofound 2015](#)).

These are concerns that need to be taken seriously. Youth may hold positive opinions about the EU today, but our analysis shows that as they grow older, this initial optimism is likely to fade - and particularly so for those who are economically insecure. If today's youth continue to age into a generation of older adults that is disproportionately economically insecure, this may result in a future cohort of policymakers and voters that hold much more negative opinions of the EU. In other words, the current youth optimism regarding the EU is unlikely to be maintained into later adulthood if nothing is done to improve their economic outlook.

CONCLUSIONS

KEY TAKEAWAYS

- ▶ Youth optimism is not a myth, at least with respect to opinions about the European Union. However, it would be unwise to rely on this optimism to continue into the future without policy intervention.

- ◆ *Today's youth are on track to become the first generation to be economically worse off than their parents. This is further supported by the poor financial situations and lack of economic optimism among the under-30 population in our EU-wide sample group.*

- ◆ *As people age, economic insecurity is increasingly associated with holding more negative opinions about the EU. This raises particular concerns if today's generation of economically-insecure youth do not see their situations improve.*
- ◆ *To reduce the chances of today's economically-insecure youth turning into tomorrow's disillusioned, eurosceptic older adults, further economic policy intervention is necessary to improve economic outcomes among youth. Current initiatives like strengthening the Youth Guarantee or providing new opportunities to youth via the European Solidarity Corps represent positive movements in this direction. But youth unemployment remains markedly high in some EU member states, and these cases warrant further attention and action, both by the national governments themselves as well as by the EU.*

DEUTSCHE ZUSAMMENFASSUNG

Die Autorinnen analysieren Umfragedaten von über 11.000 Europäern aus 28 EU-Ländern, um herauszufinden, wie finanzielle Sicherheit und Einstellung gegenüber der EU zusammenhängen. Die Analyse wird weiter nach Altersgruppe untergliedert, um die folgenden drei Leitfragen zu beantworten:

- ◆ Berichten Jugendliche ein höheres Niveau wirtschaftlicher Unsicherheit als die ältere bzw. die allgemeine Bevölkerung?
- ◆ Wie optimistisch zeigen sich die europäischen Jugendlichen hinsichtlich ihrer wirtschaftlichen Zukunft?
- ◆ Wie geht die Haltung zur EU einher mit persönlicher finanzieller Sicherheit, und inwieweit hängt dies vom Alter ab?

Die Autorinnen finden heraus, dass europäische Jugendliche pessimistischer auf ihre eigene finanzielle Lage blicken als die Gesamtbevölkerung, während sich sowohl jüngere als auch ältere Europäer gleichermaßen um die Sicherheit ihres Arbeitsplatzes sorgen. Noch beunruhigender ist, dass sich Jugendliche auch ihre künftige finanzielle Lage weniger optimistisch vorstellen als die Ältere.

Was die EU angeht, bewahren die Jugendlichen auf jeglichem Niveau finanzieller Sicherheit eine positivere Einstellung als jene über 30. Unter den älteren Europäern hingegen besteht eine stärkere Korrelation zwischen finanzieller Sicherheit und der Haltung zur EU. Vor allem sind Europäer, die über 30 Jahre alt sind und sich in einer schwierigen finanziellen Lage befinden, der EU gegenüber besonders misstrauisch.

Die vorliegenden Ergebnisse korrespondieren mit der Einschätzung etlicher Ökonomen, dass die heutige Generation der Jugendlichen zum ersten Mal in der Nachkriegszeit nicht das Wohlstandsniveau ihrer Eltern erreichen wird. Diese Entwicklung mag angesichts des Zusammenhangs zwischen finanzieller Sicherheit und der Haltung gegenüber der EU Anlass zur Besorgnis geben, da die Gefahr besteht, dass die heutigen Jugendlichen über die Zeit hinweg zu finanziell unsicheren und damit euroskeptischen Erwachsenen werden. Wichtig ist, dass rechtzeitig weitere Maßnahmen zur Unterstützung Jugendlicher ergriffen werden, um deren wirtschaftliche Situation zu verbessern und ihren Optimismus wiederherzustellen.

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