No safe ports for all: schooling responses to macroeconomic turbulences in Europe

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Abstract

The recent decade has been marked by the Great Recession. In an Aging Europe young people have borned the brunt of the crisis; especially due to the enlargement of the –already large– ranks of unemployed. But while fears of a new ‘lost generation’ naturally emerged, empirical economic studies for some high-income countries suggest that young people tend to stay longer in formal education in recessions, and therefore that universities may act as 'safe ports' during these ‘storms’ (using the metaphor of Betts and McFaraland, 1995). Hence, if education matters for one or more reasons, some questions immediately arise: is Europe experiencing this sort of positive side effect of the crisis despite such pessimist prospects and titles? Will this be a highly educated ‘lost generation’? Do European countries show similar patterns or will this period lead to opportunities for convergence or even larger divergences? Should governments think about education as a counter-cyclical policy or as an opportunity to narrow some gaps? With a cross-country panel including 30 European countries for the last three decades this paper tries to identify the key aggregate drivers of schooling participation in Europe, taken into account different schooling indicators as well as heterogeneities by gender and regions, as well as asymmetries along the economic cycle. Schooling participation levels show some counter-cyclical movements, although mainly for boys and not for girls. Government spending on education and migration flows seem to play a key role in addition to the traditional income (strong in East Europe) and substitution channels (present in all regions). Despite some convergences (south-north, girls-boys) it seems that ‘to work or to study’ is the question for many but not for all.

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