A stress test at the Northern and Southern borders

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3 lessons from the Great Recession

1. *Contractual dualism* concentrate risk on young generations.

2. *Safety nets* played a crucial role in preventing mass unemployment to translate into mass poverty during the GR, but problems of co-ordination.

3. Not a good idea increasing retirement age in the middle of a major recession.
GR ➔ youth unemployment
age effects across countries

Anglo-Saxon countries (USA, UK, AUS, CAN)

Continental Europe (DEU, FRA, BEL, NLD)

Southern Europe (POR, ITA, ESP, GRE)

Scandinavian countries (SWE, DNK, NOR, FIN)

Notes: data from harmonized OECD-LFS, methodology as in Hoynes et al. (2012)
By how much should unemployment rise for poverty to increase?

Countries:
ES IT PT GR DK FI IS NO NL AT
LU DE BE UK EE HU LV LT PL

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Coverage of UB and SA

Unemployed persons (2007=100)  Unemployed persons receiving UB or Social Transfers

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Old in young out over the cycle

Italy

2008

2013
3 lessons from the Great Recession

1. *Contractual dualism* concentrate risk on young generations. **Graded-security contract as a way out?**

2. Safety nets played a crucial role in preventing mass unemployment to translate into mass poverty during the GR, but problems of co-ordination. **Should we have a welfare union rather than a welfare state?**

3. Not a good idea increasing retirement age in the middle of a major recession. **Use instead the flexibility of NDC pension systems?**