

## A lost generation? The wage, employment and demographic effects of graduating during a recession

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We estimate the labour market and demographic effects of graduating in a recession for highly educated graduates in the Netherlands between 1996 and 2012. Exploiting field-specific differences in unemployment rates, we find that graduates on average suffer a 3% lower wage in a typical recession in their first year. The wage loss fades out four years after graduation. Employment probabilities are negatively affected in the first two years. Poor entry conditions are associated with lower quality jobs and a higher probability of mismatch. External mobility is the primary mechanism through which graduates catch up to their luckier counterparts. We find stronger initial wage effects for women than for men. We show evidence that primarily women who graduate during a recession substitute between family and work in the first few years after graduation when employment opportunities are lower.