Young, (feeling) poor, but aspiring

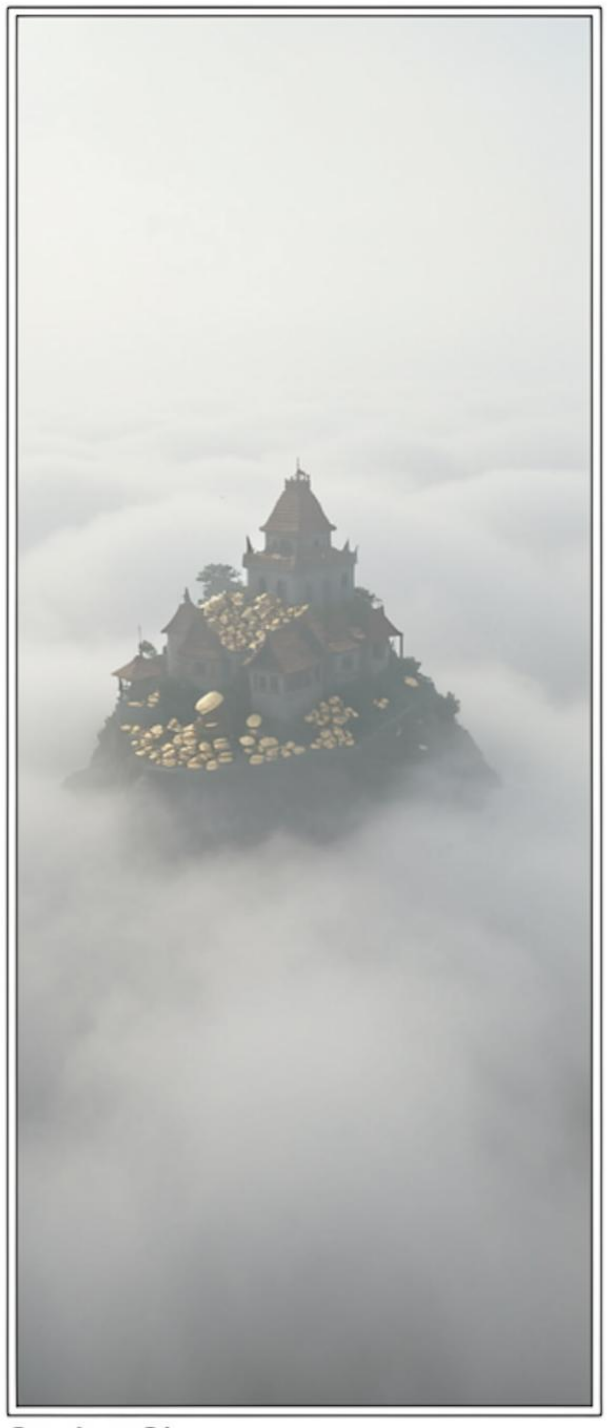
Sotiris Georganas (City U London & IOG)

With Aggelos Kiayias (Edinburgh & IOG)
Paolo Penna (IOG)
Alina Velias (LSE & AUEB)
Charoula Pariarou (AUEB)

& Spyros Galanis (Durham)

An agenda

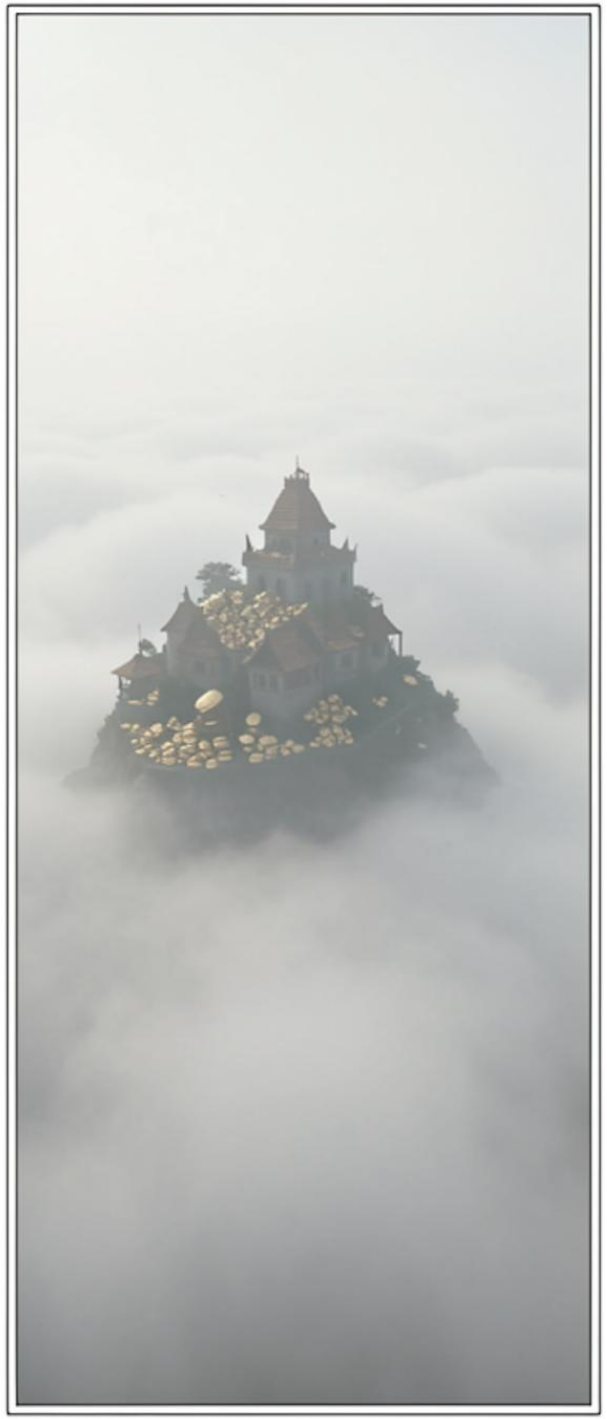
This started as an investigation of cryptoinvesting, to find out who crypto holders are



An agenda

This started as an investigation of cryptoinvesting

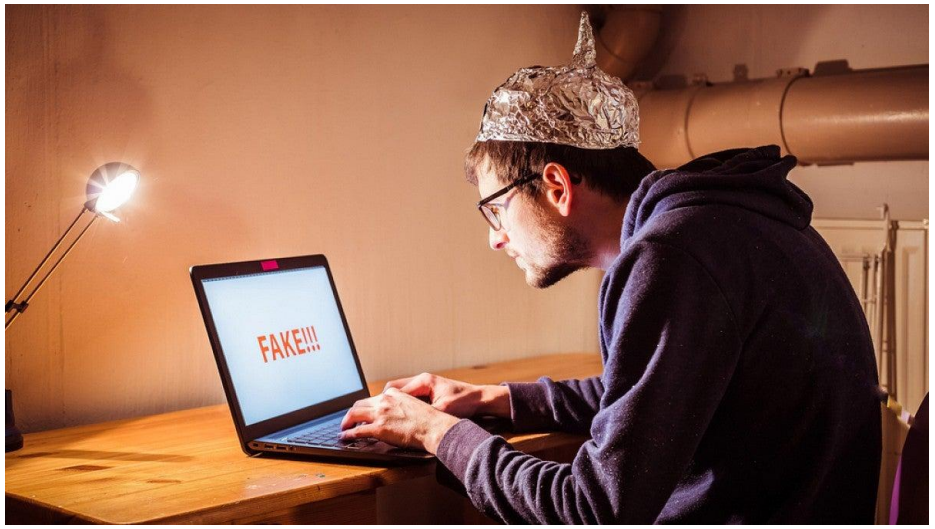
But a larger image starts emerging



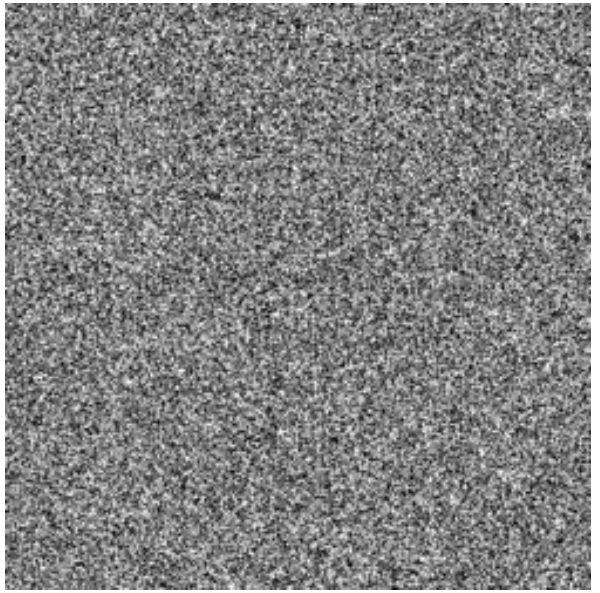
Caricatures?

- Who are these crypto-investors?

- How do they behave?



What do they think?



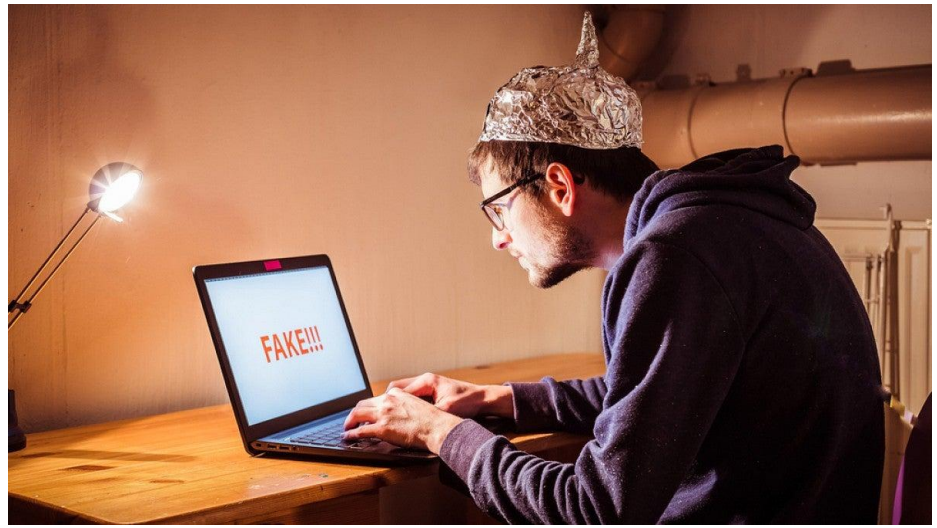
Fair comparison?

- Who are these ***stock***-investors?

- What do they think?

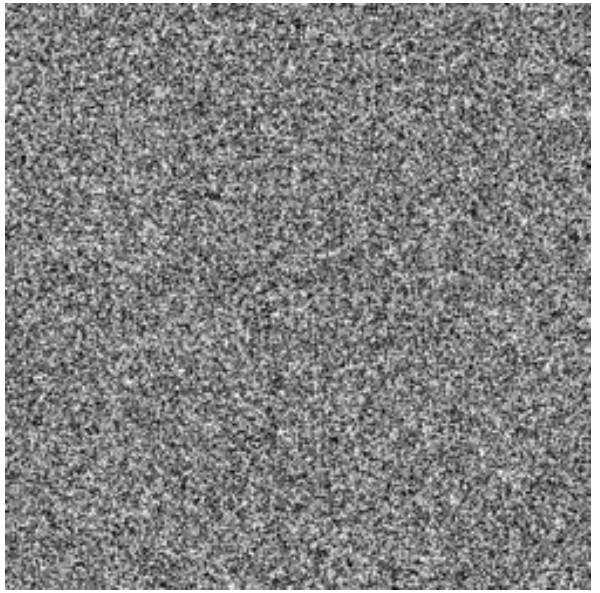
- How do they behave?

- Who are these stock-investors?



What do they think?

- How do they behave?



(some) Young people do weird things

- Buy
  - Crypto
  - High-volatility shares
- Not so much
  - Cars
  - Houses (?)

- They like
  - Startups (high risk of unemployment)
  - Freelance, uncertain, remote work
  - Serial dating
- Don’t like
  - Stable 9-5 jobs
  - Stable relationships (?)

Evidence

- As part of a larger agenda
- 4 countries (USA, UK, Germany, Greece)
- 2 waves
- N>13,000

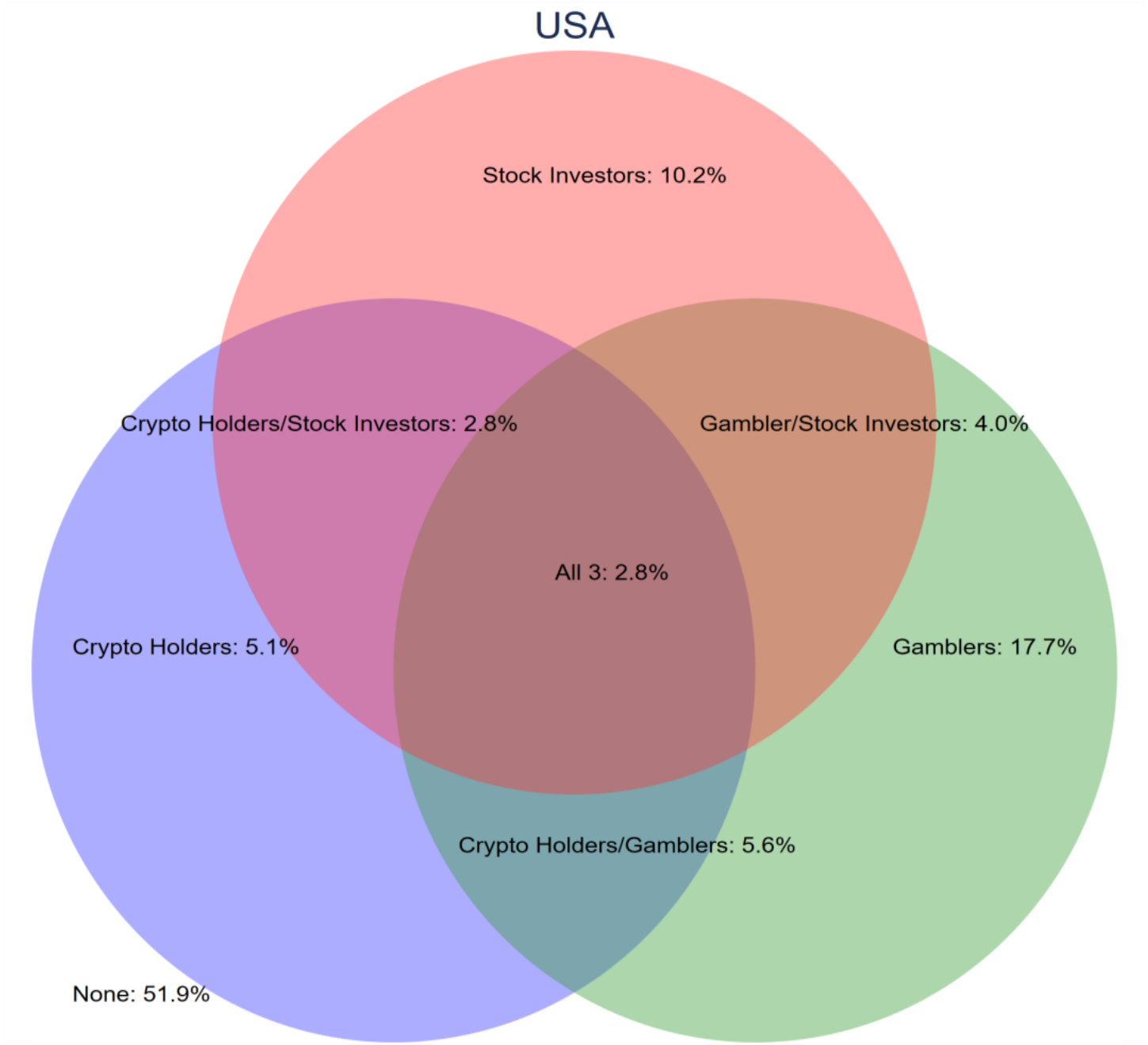
- Investigate
  1. Crypto and stock investing behavior
  2. Employment attitudes – wage/unemployment trade off
  3. Durable goods – house buying
  4. Dating attitudes

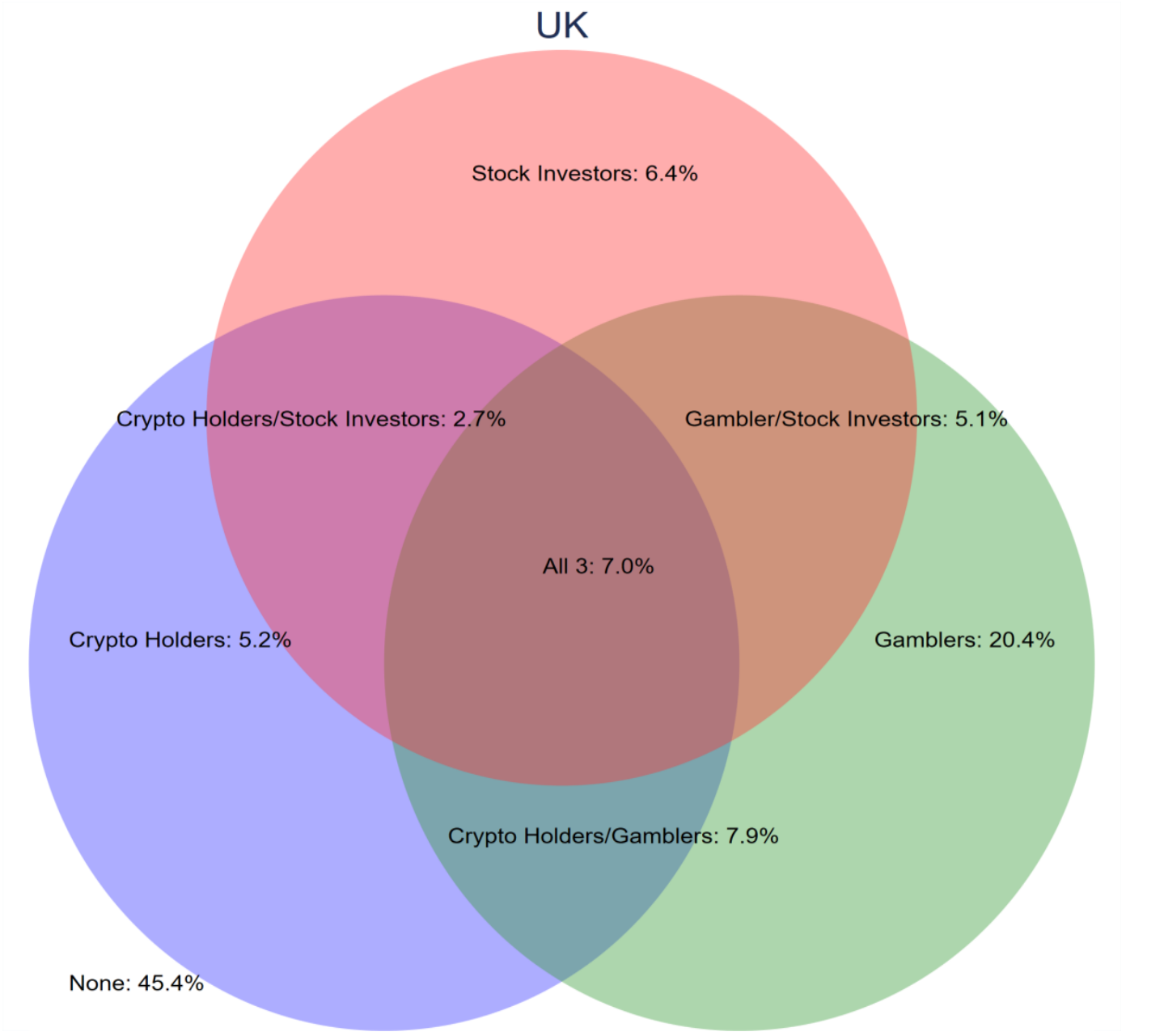
Just the young being young, or something more?

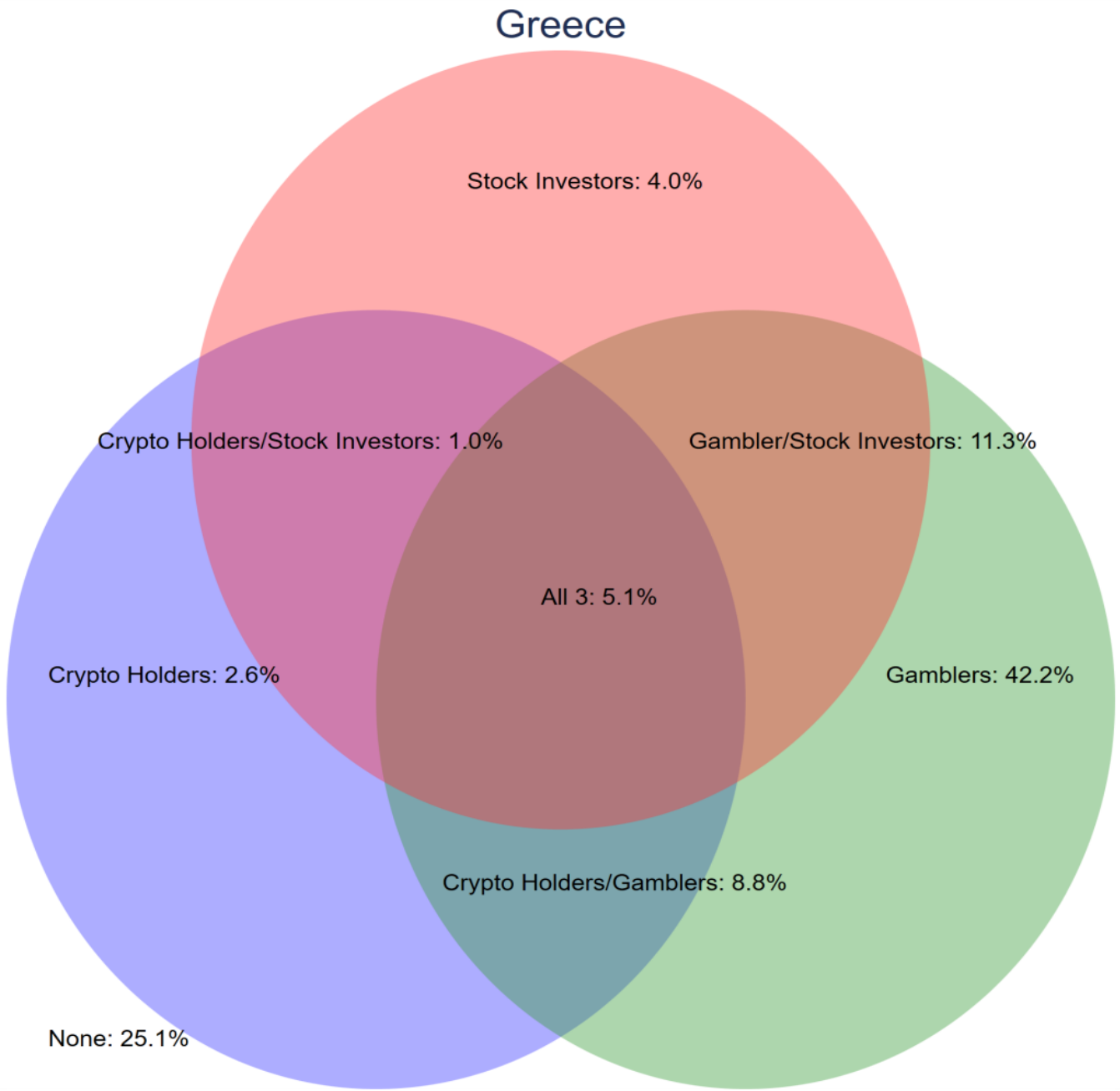
- Just different risk aversion/patience?
- Just overconfidence?
- Just irrational youth?

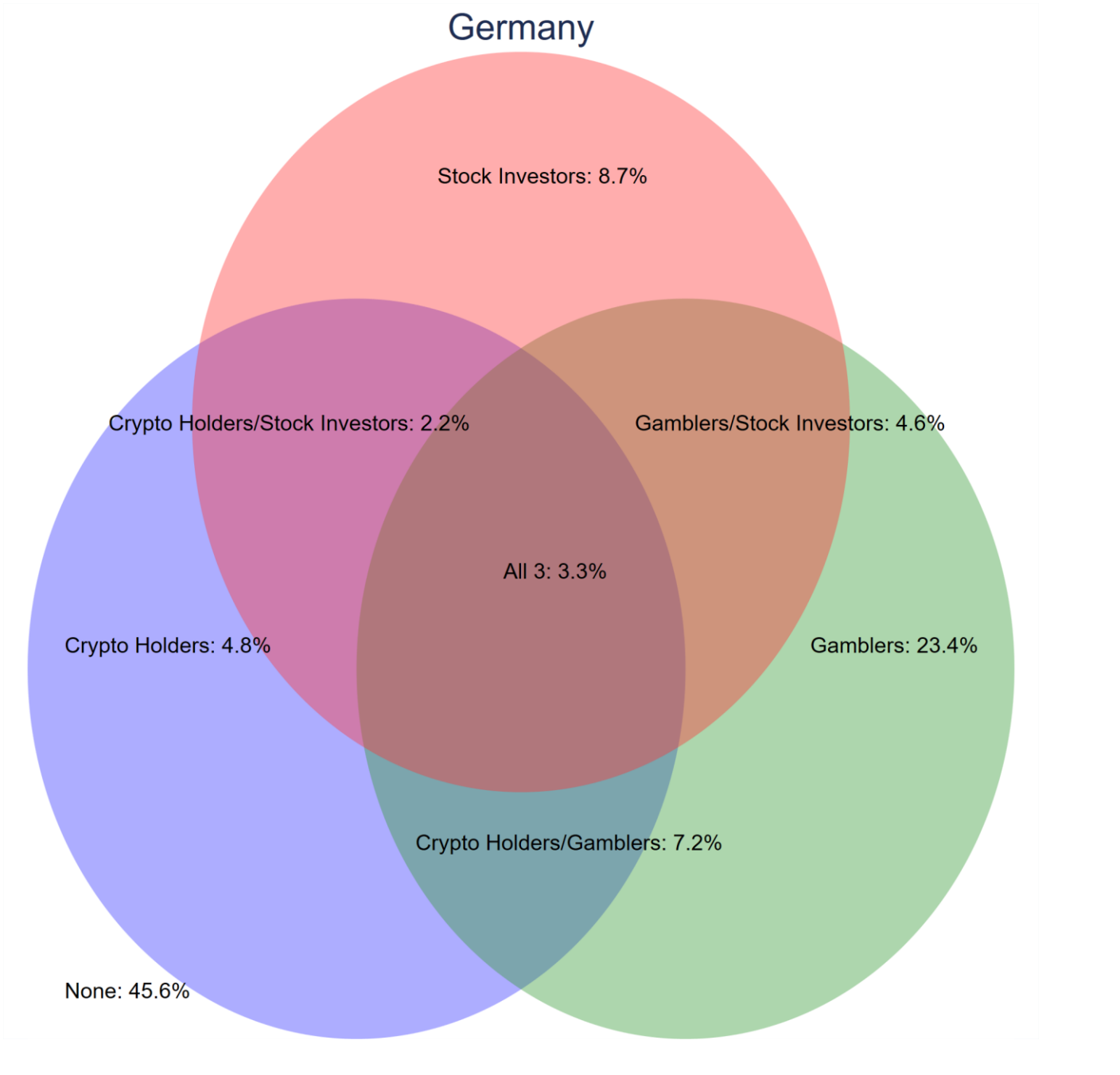
- Or something deeper?
- Broken markets?

Part I
Crypto, shares, gambling


USA
Stock Investors: 10.2%
Crypto Holders/Stock Investors: 2.8%
Gambler/Stock Investors: 4.0%
All 3: 2.8%
Crypto Holders: 5.1%
Gamblers: 17.7%
Crypto Holders/Gamblers: 5.6%
None: 51.9%


UK
Stock Investors: 6.4%
Crypto Holders/Stock Investors: 2.7%
Gambler/Stock Investors: 5.1%
All 3: 7.0%
Crypto Holders: 5.2%
Gamblers: 20.4%
Crypto Holders/Gamblers: 7.9%
None: 45.4%


Greece
Stock Investors: 4.0%
Crypto Holders/Stock Investors: 1.0%
Gambler/Stock Investors: 11.3%
All 3: 5.1%
Crypto Holders: 2.6%
Gamblers: 42.2%
Crypto Holders/Gamblers: 8.8%
None: 25.1%


Germany
Stock Investors: 8.7%
Crypto Holders/Stock Investors: 2.2%
Gamblers/Stock Investors: 4.6%
All 3: 3.3%
Crypto Holders: 4.8%
Gamblers: 23.4%
Crypto Holders/Gamblers: 7.2%
None: 45.6%

Pure types

	None	Crypto	Stock	Gambler
GR	25	3	4	42
USA	52	5	10	18
UK	45	5	6	20
Germany	47	5	9	23

Mixed types

	All	Crypto	Stock	Gambler
GR	3	13	21	67
USA	5	16	20	30
UK	7	23	21	40
Germany	3	18	19	39

Who buys crypto?

Table 1: Crypto Holding

	(1) USA	(2) USA	(3) USA
Work	0.185***	0.149***	0.118**
	(0.050)	(0.048)	(0.046)
Age	-0.051***	-0.053***	-0.039***
	(0.004)	(0.004)	(0.004)
Sex	0.158***	0.144***	0.113***
	(0.014)	(0.014)	(0.014)
Marital Status	-0.026***	-0.017***	-0.010**
	(0.004)	(0.004)	(0.004)
Income	0.010***	0.007***	0.006***
	(0.002)	(0.002)	(0.002)
Education		0.038***	0.031***
		(0.006)	(0.006)
Financial Literacy		0.007	0.036**
		(0.014)	(0.015)
Economic Optimism			0.041***
			(0.011)
Risk Tolerance			0.002***
			(0.001)
Perceived Investment Performance			0.028***
			(0.008)
Sunk Cost Bias			0.010
			(0.008)
Savvy Investor Bias			0.007
			(0.015)
Belief: Strategy in Gambling			0.018*
			(0.010)
Belief: Strategy in Stock Trading			0.004
			(0.011)
Job Security			0.001
			(0.008)
Trapezophobia			-0.018**
			(0.008)
Pseudo R^2	0.147	0.167	0.201
Observations	2601	2601	2601

Standard errors in parentheses

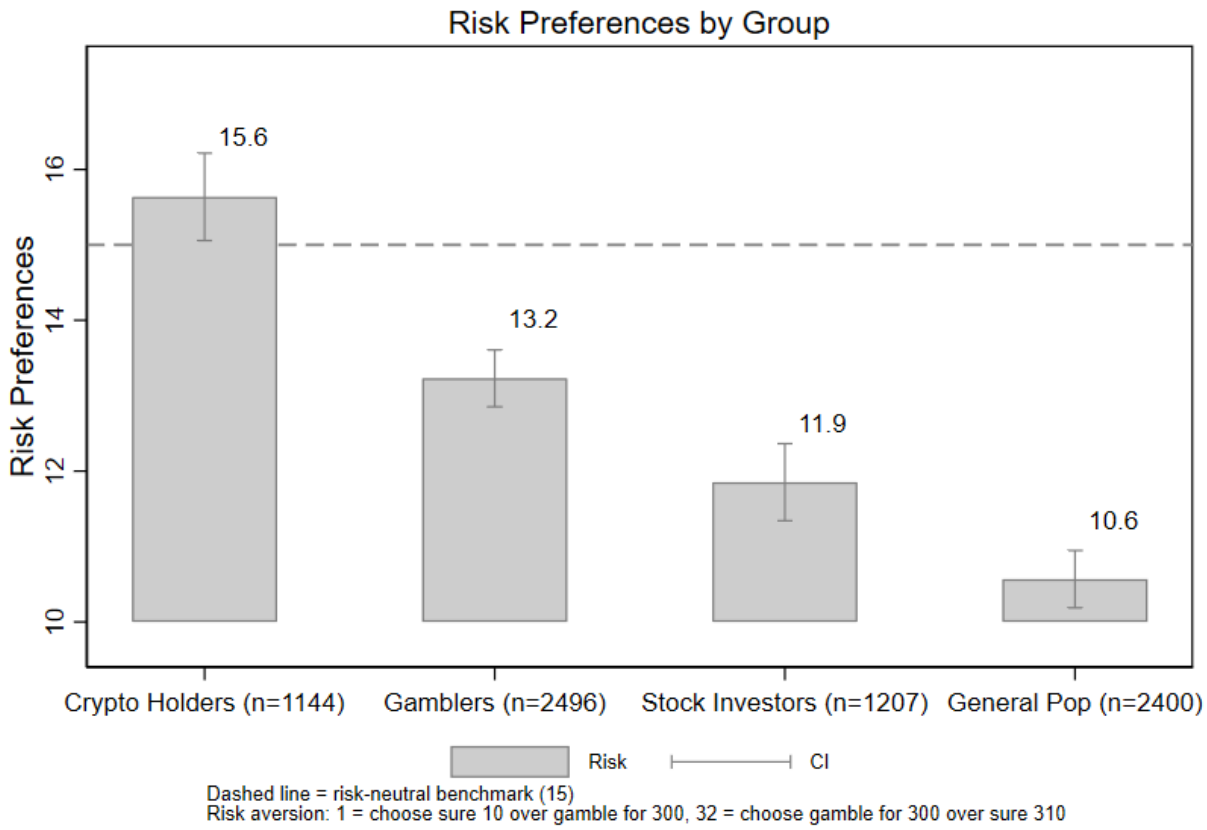
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Falk

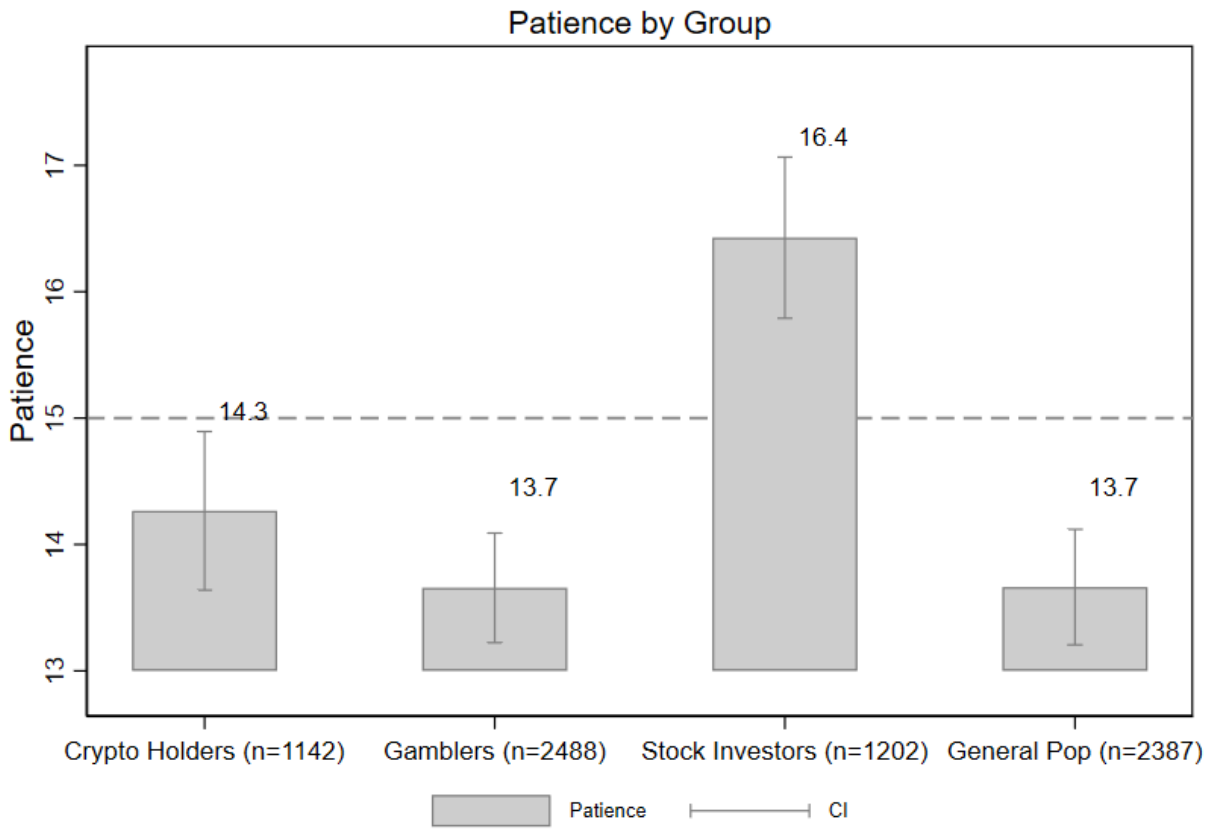
Measure of savvy

Confident or worried about job prospects in region

Crypto vs the rest
Risk - (Falk et al. adaptive task)



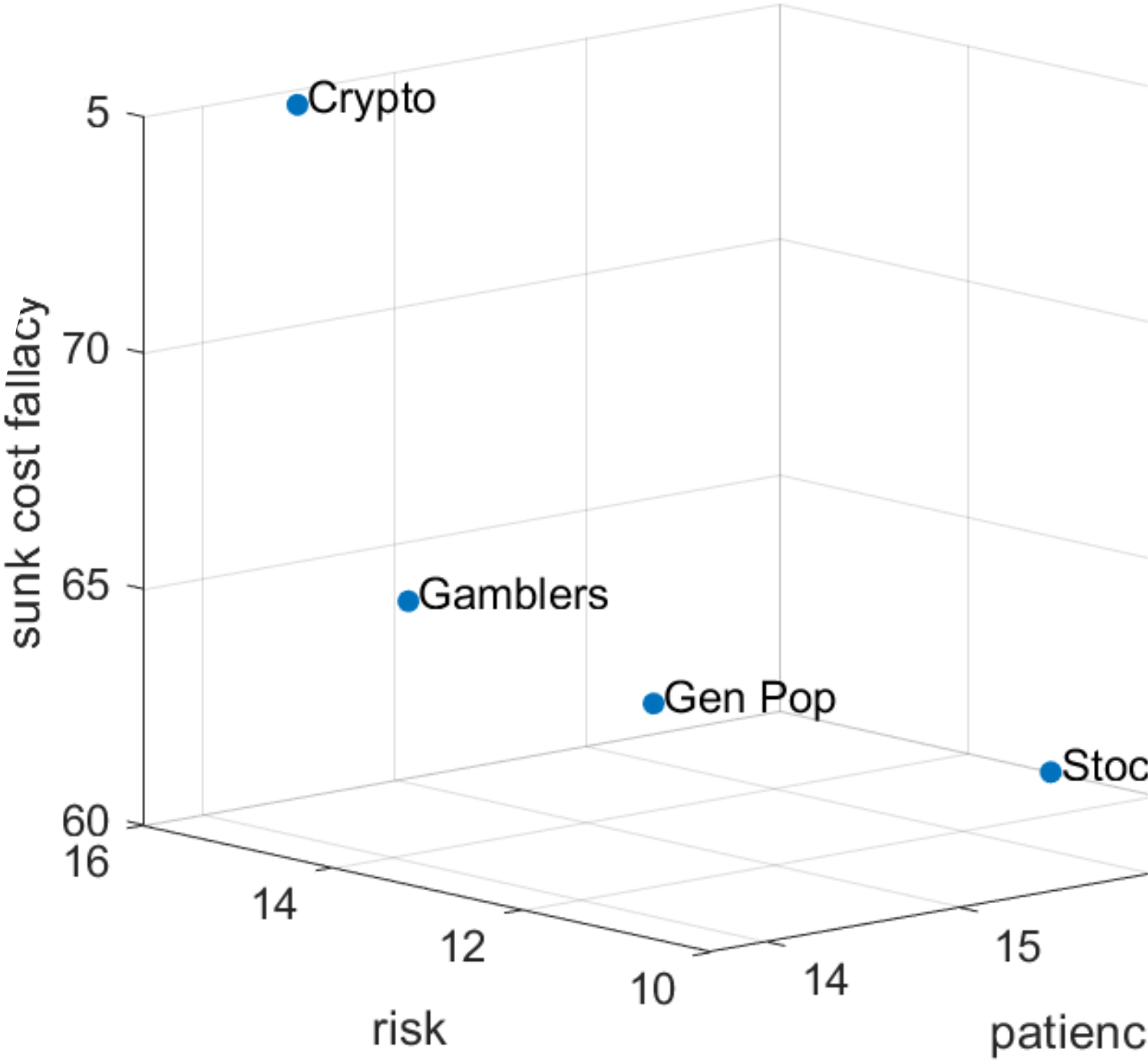
Crypto vs the rest
Patience



Crypto vs the rest

- But also more robust to losses
- Possibly less endowment effect (as List, 2003, would predict)

- In general: seasoned, thick-skinned veterans

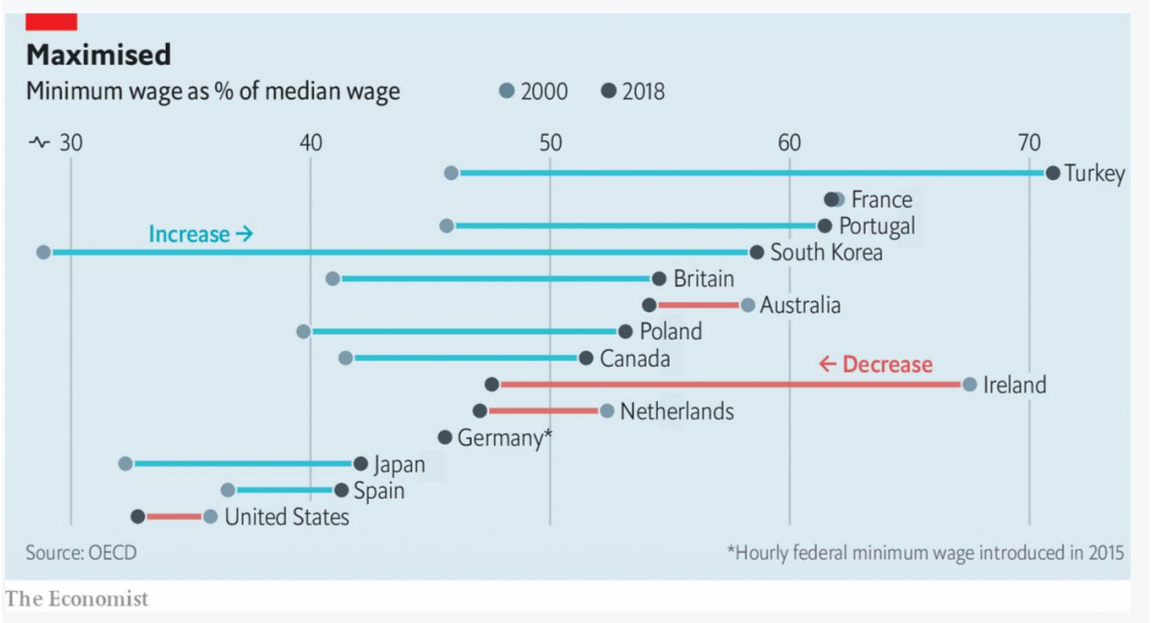


Part II
Wage/employment tradeoff

- Minimum wages rising as % of median wage

- We find very high support for higher min. wages
  - Even among unemployed!
  - Even among economists!

- Let's force a tradeoff and look at decisions



The tradeoff

Suppose you are moving to country X and a person like yourself needs about 3000 drachmas a month to live well. You don't have a guaranteed job yet.If you had to pick, which of the following two scenarios would you prefer to live in for the next year in this country?*Minimum wage means the amount set by law, and no company can offer a lower wage.

*Minimum wage means the amount set by law, and no company can offer a lower wage.

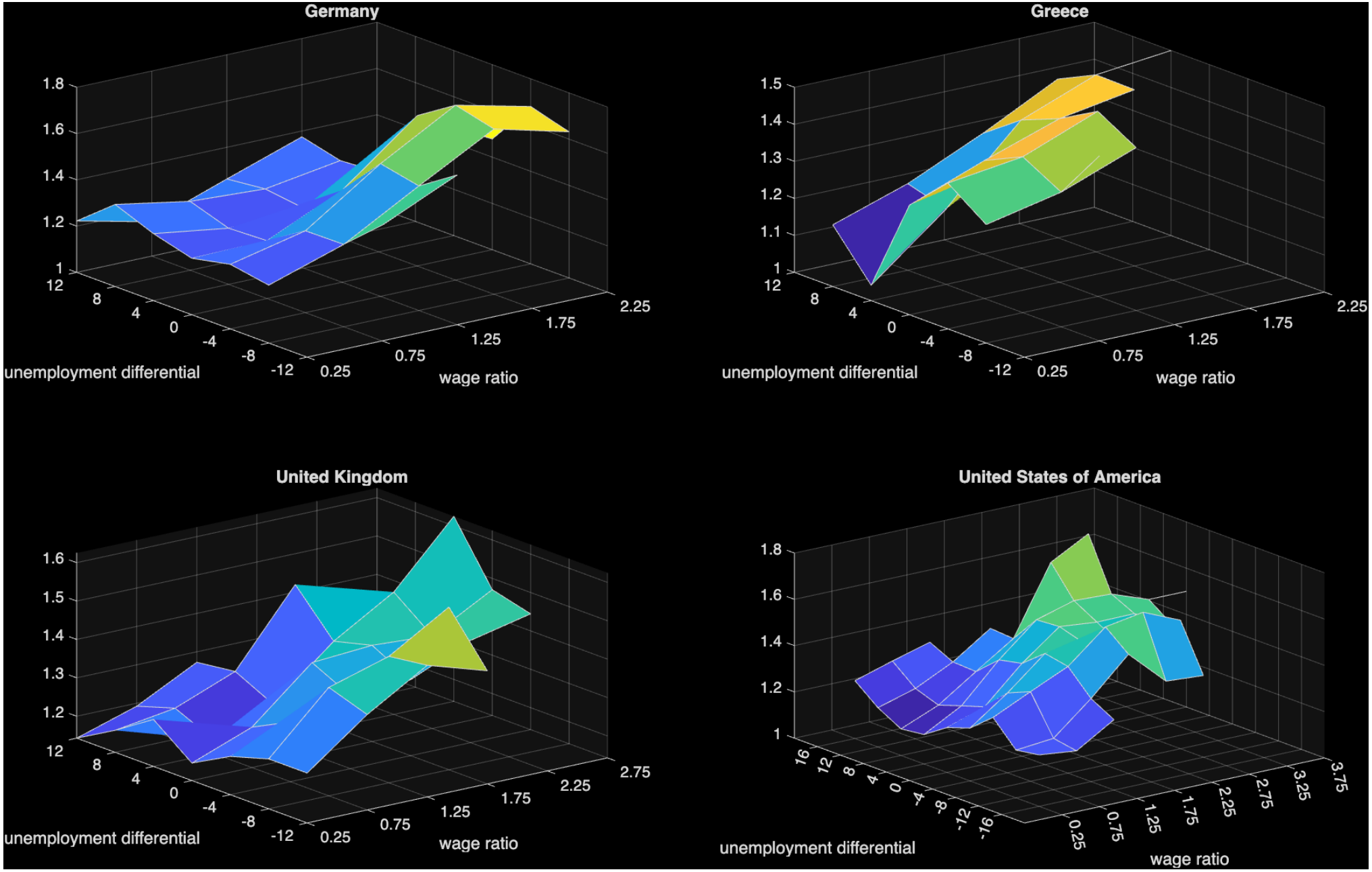
	Scenario 1	Scenario 2
Minimum monthly wage	2400.00 drachmas	4800.00 drachmas
Unemployment	4%	10%

Scenario 1 ◉

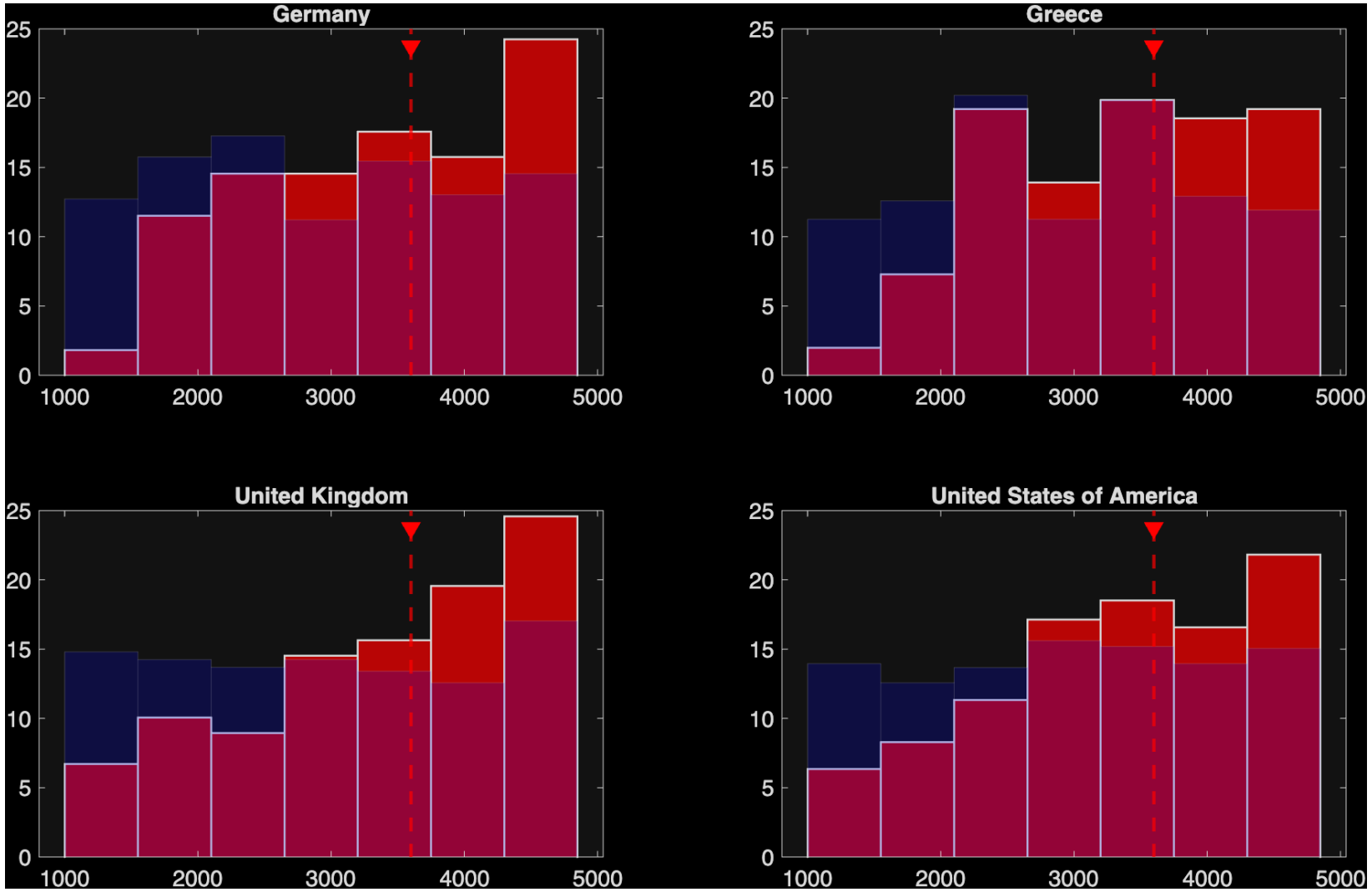
Scenario 2 ○

Results

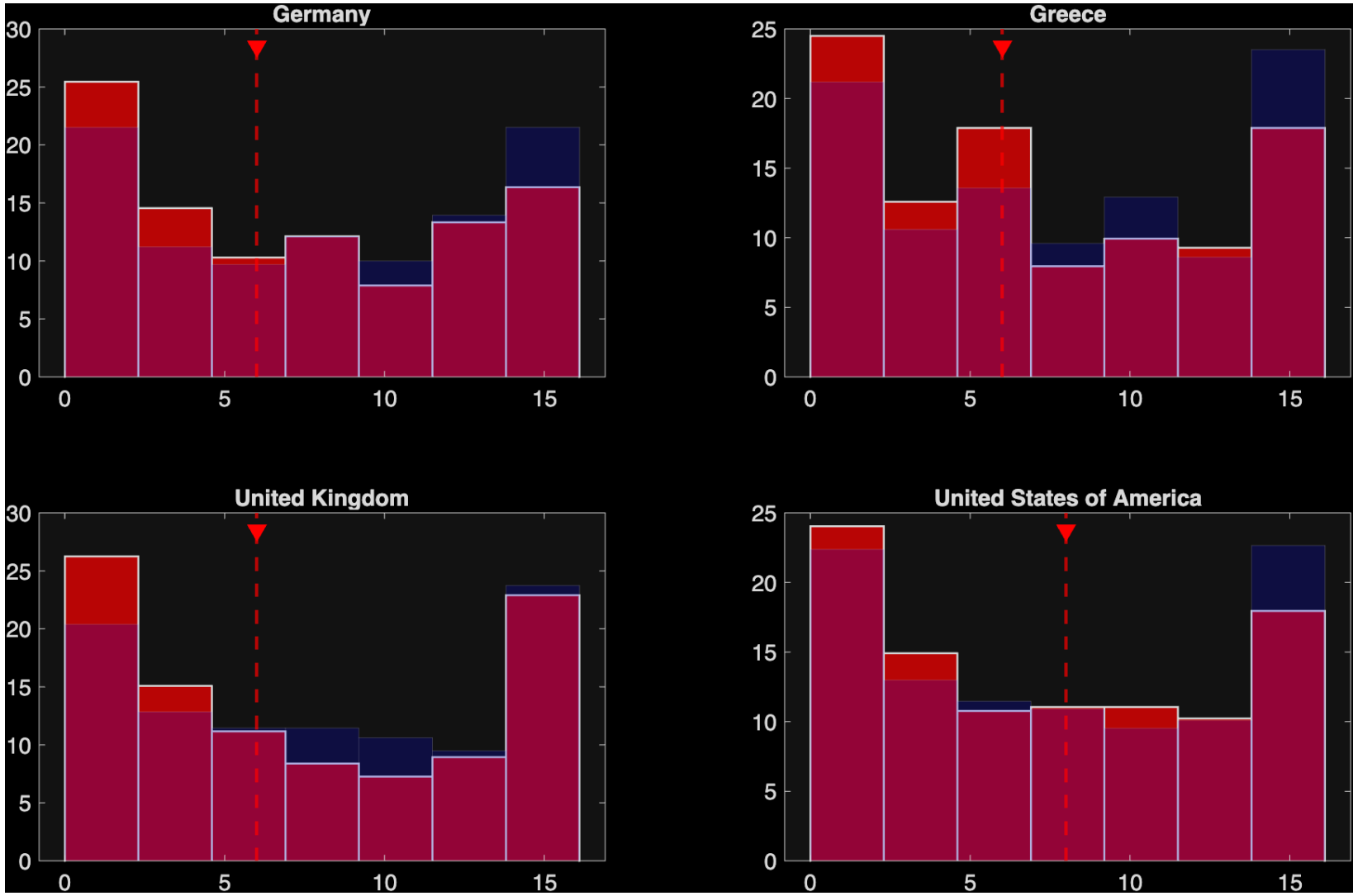
- Started with reasonable parameters
  - unemployment in [0,16]
- Overwhelming support for higher min. wage

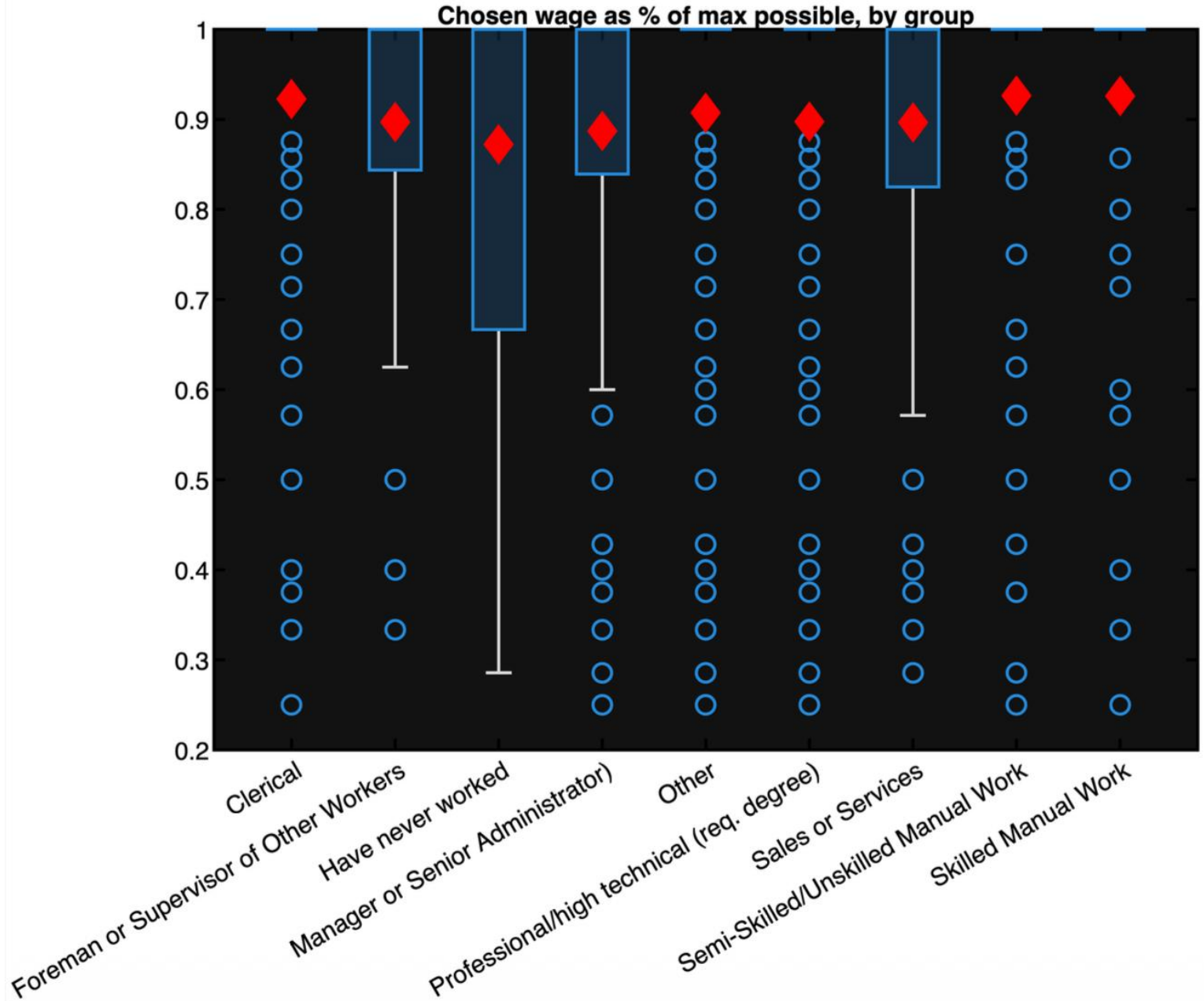

Germany
1.8
1.6
1.4
1.2
1
12
8
4
0
-4
-8
-12
unemployment differential
0.25
0.75
1.25
1.75
2.25
wage ratio
Greece
1.5
1.4
1.3
1.2
1.1
1
12
8
4
0
-4
-8
-12
unemployment differential
0.25
0.75
1.25
1.75
2.25
wage ratio
United Kingdom
1.6
1.5
1.4
1.3
1.2
12
8
4
0
-4
-8
-12
unemployment differential
0.25
0.75
1.25
1.75
2.25
2.75
wage ratio
United States of America
1.8
1.6
1.4
1.2
1
16
12
8
4
0
-4
-8
-12
-16
unemployment differential
0.25
0.75
1.25
1.75
2.25
2.75
3.25
3.75
wage ratio

Chosen wage


Germany
Greece
United Kingdom
United States of America
0
5
10
15
20
25
1000
2000
3000
4000
5000

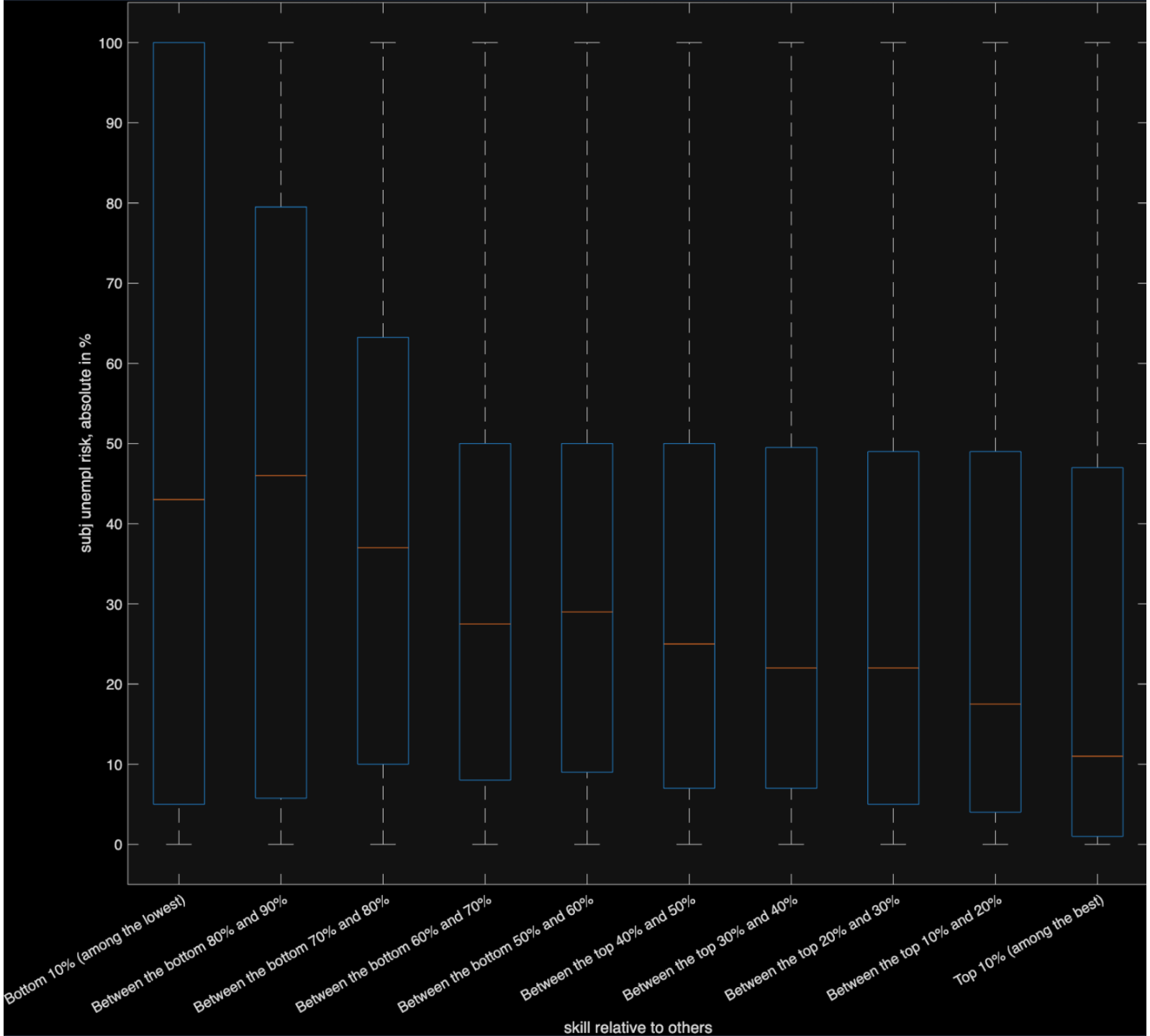
Chosen unemployment




Chosen wage as % of max possible, by group
1
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
Clerical
Foreman or Supervisor of Other Workers
Have never worked
Manager or Senior Administrator)
Other
Professional/high technical (req. degree)
Sales or Services
Semi-Skilled/Unskilled Manual Work
Skilled Manual Work

Results

- Started with reasonable parameters
  - unemployment in [0,16]
- Overwhelming support for higher min. wage
- Overconfidence possible


subj unempl risk, absolute in %
100
90
80
70
60
50
40
30
20
10
0
Bottom 10% (among the lowest)
Between the bottom 80% and 90%
Between the bottom 70% and 80%
Between the bottom 60% and 70%
Between the bottom 50% and 60%
Between the top 40% and 50%
Between the top 30% and 40%
Between the top 20% and 30%
Between the top 10% and 20%
Top 10% (among the best)
skill relative to others

Results

- Started with reasonable parameters
  - unemployment in [0,16]
- Overwhelming support for higher min. wage
- Overconfidence possible, but not whole story
  - They do not think personal unemployment is impossible

- Let’s look at extreme parameters and very clean, abstract conditions
  - No unemployment benefits, abstract country

Extreme parameters

Suppose you are moving to country X and a person like yourself needs ~3000 drachmas a month to live well.

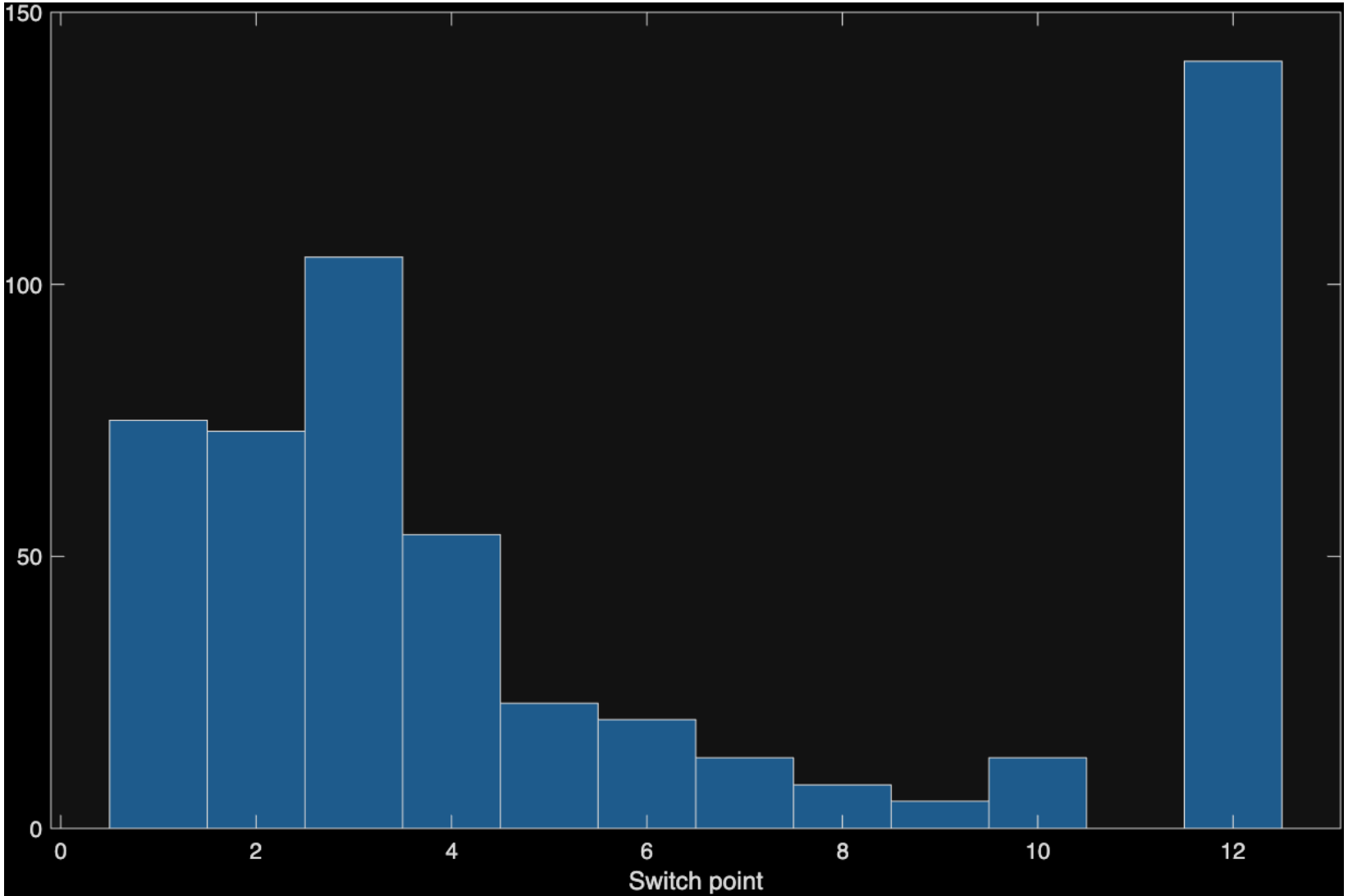
This country has no unemployment benefits. There are no family members depending on you or supporting you.

You are not expected to have any other income or savings.

You don't have a guaranteed job yet.

Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 1% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 3% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 5% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 9% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 13% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 17% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 21% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 25% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 29% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 33% unemployment
Min wage 3,000 drachmas, 0% unemployment	○ ○	Min wage 3,300 drachmas, 40% unemployment

(some) Extreme results



Why?

Cause if I were able to find a job I would make more money

Everyone deserves to live well

so i can make more money

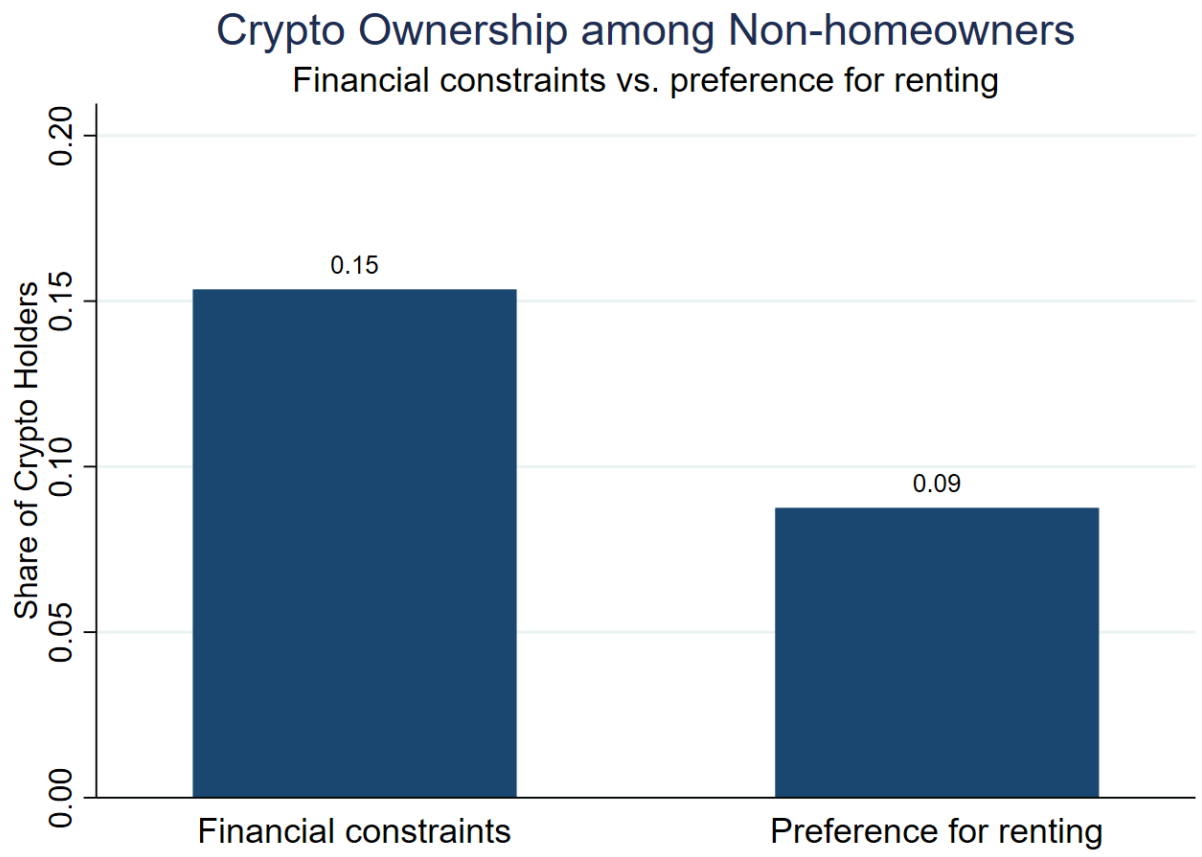
So when i get a job, it be Better pay

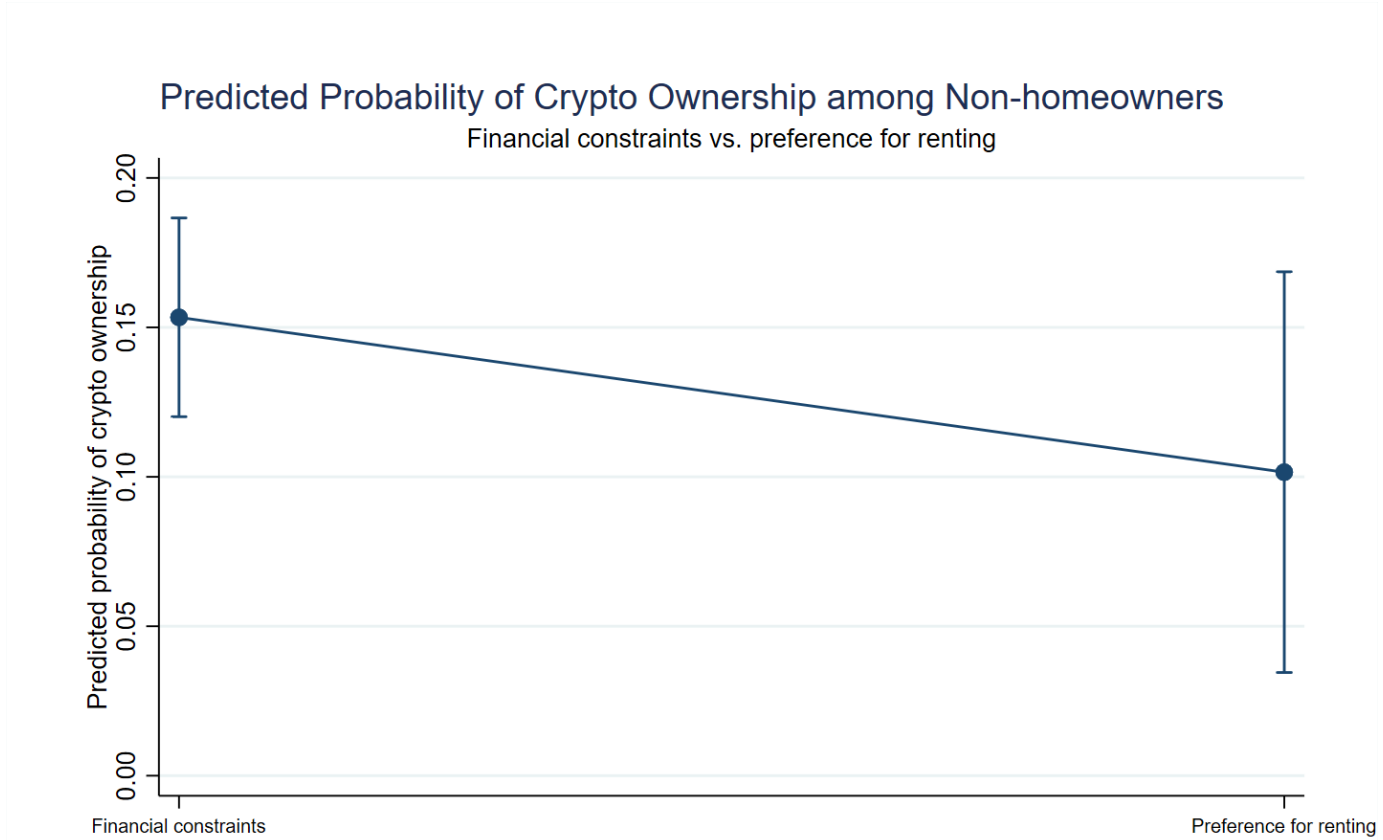
For those that work can make it in life

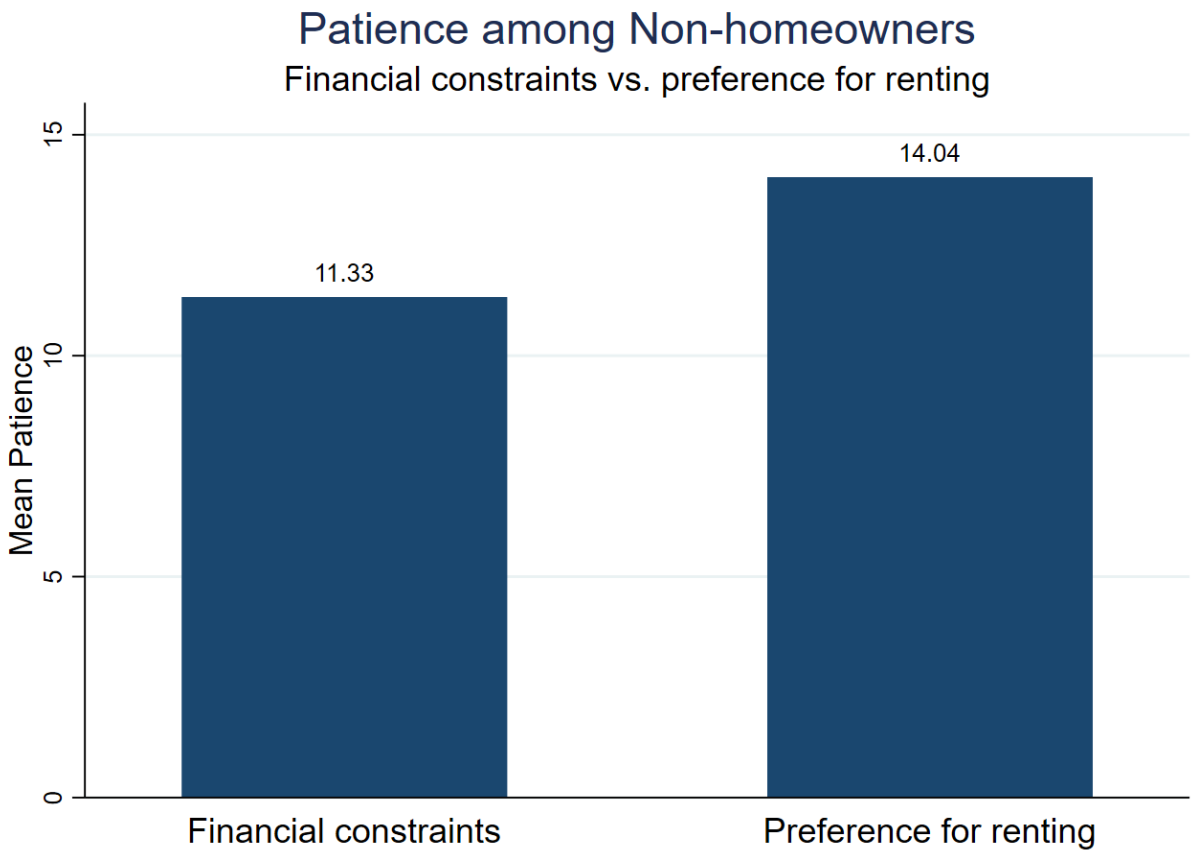
Because I know how hard it can be

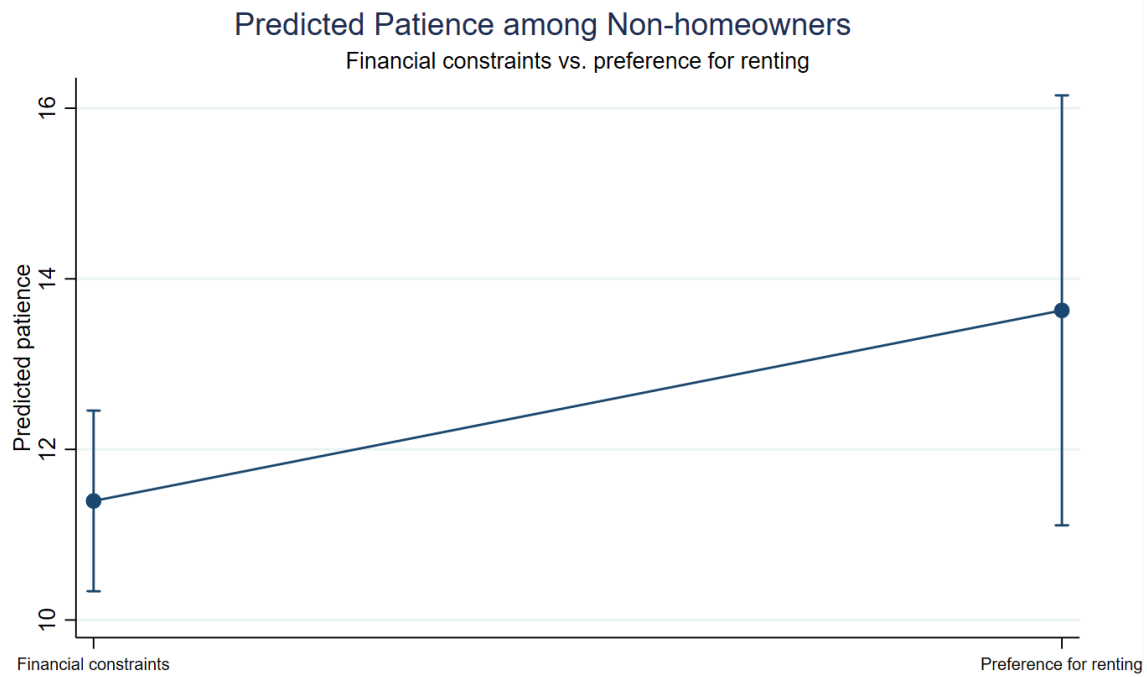
to make living life worth it

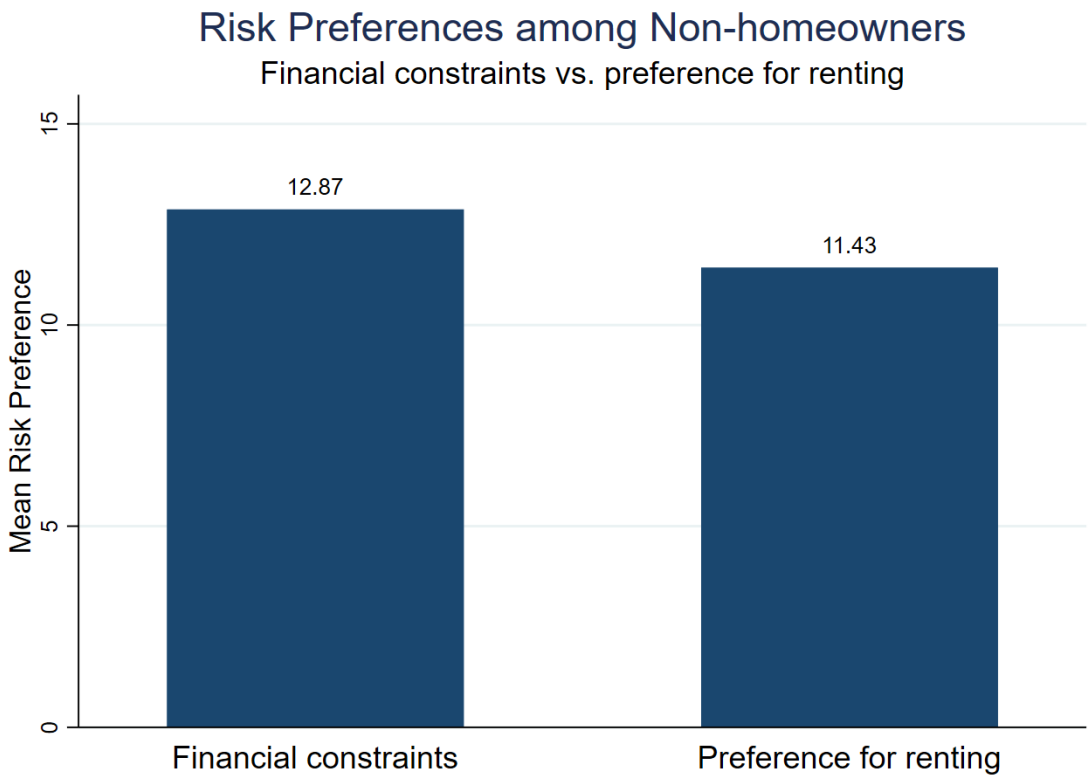
Part III
House buying

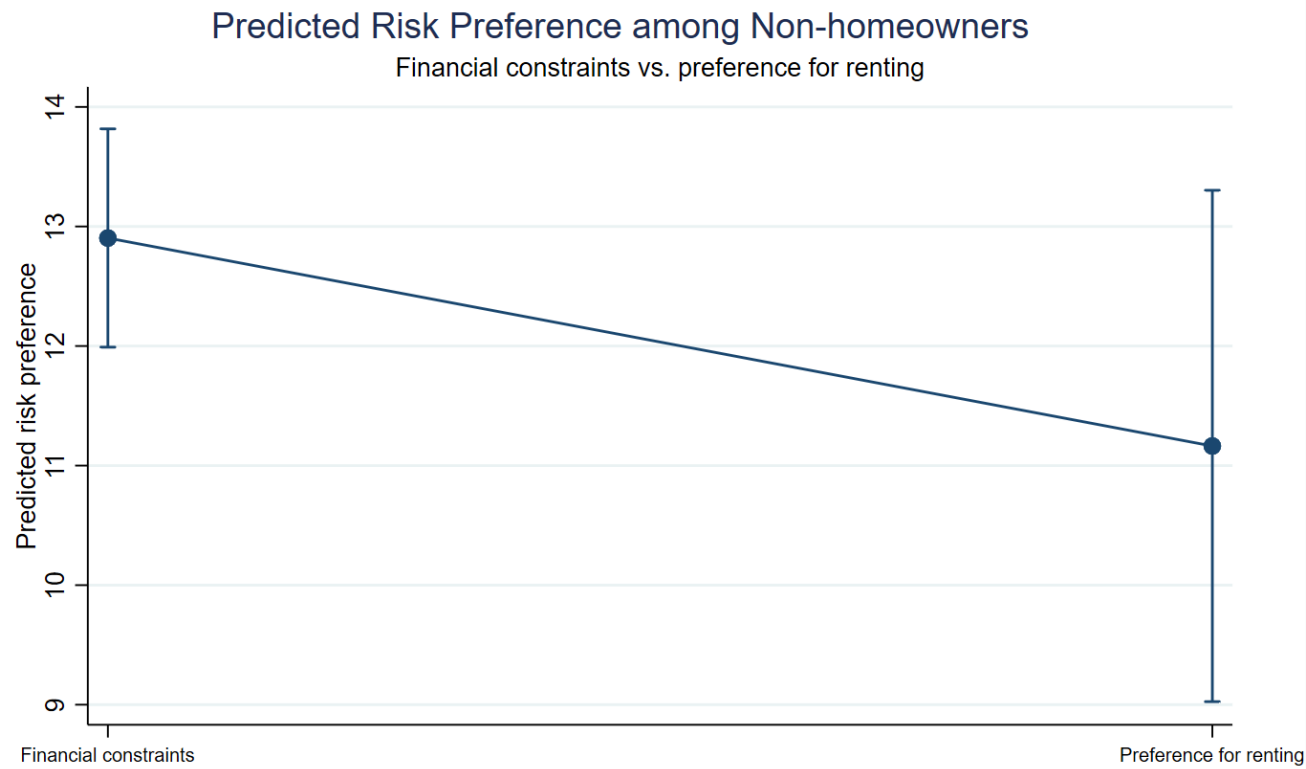

Crypto Ownership among Non-homeowners
Financial constraints vs. preference for renting
Share of Crypto Holders
0.00
0.05
0.10
0.15
0.20
0.15
0.09
Financial constraints
Preference for renting


Predicted Probability of Crypto Ownership among Non-homeowners
Financial constraints vs. preference for renting
Predicted probability of crypto ownership
0.00
0.05
0.10
0.15
0.20
Financial constraints
Preference for renting


Patience among Non-homeowners
Financial constraints vs. preference for renting
Mean Patience
0
5
10
15
11.33
14.04
Financial constraints
Preference for renting


Predicted Patience among Non-homeowners
Financial constraints vs. preference for renting
Predicted patience
10
12
14
16
Financial constraints
Preference for renting


Risk Preferences among Non-homeowners
Financial constraints vs. preference for renting
Mean Risk Preference
0
5
10
15
12.87
11.43
Financial constraints
Preference for renting

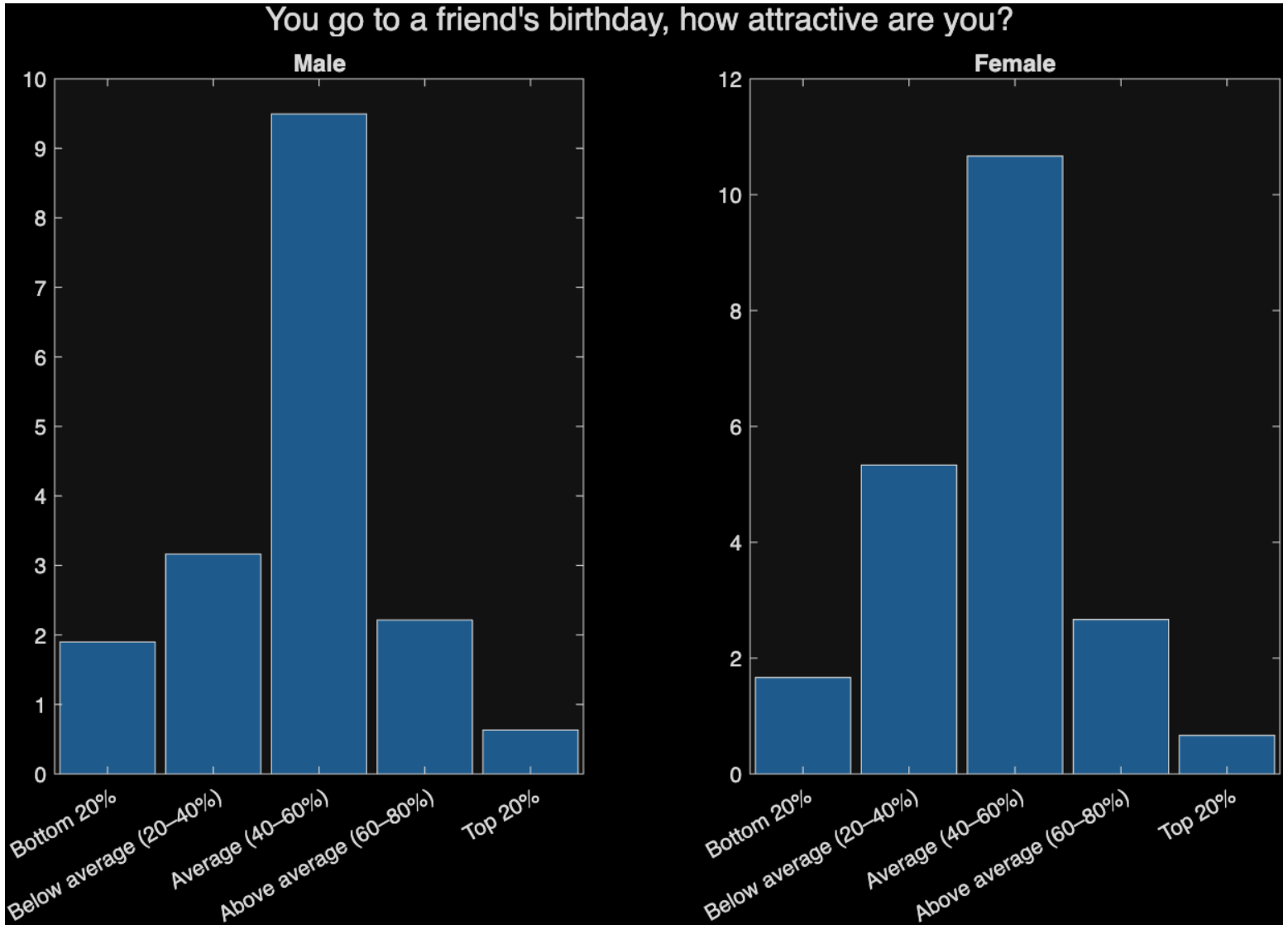

Predicted Risk Preference among Non-homeowners
Financial constraints vs. preference for renting
Predicted risk preference
9
10
11
12
13
14
Financial constraints
Preference for renting

Part IV
Dating

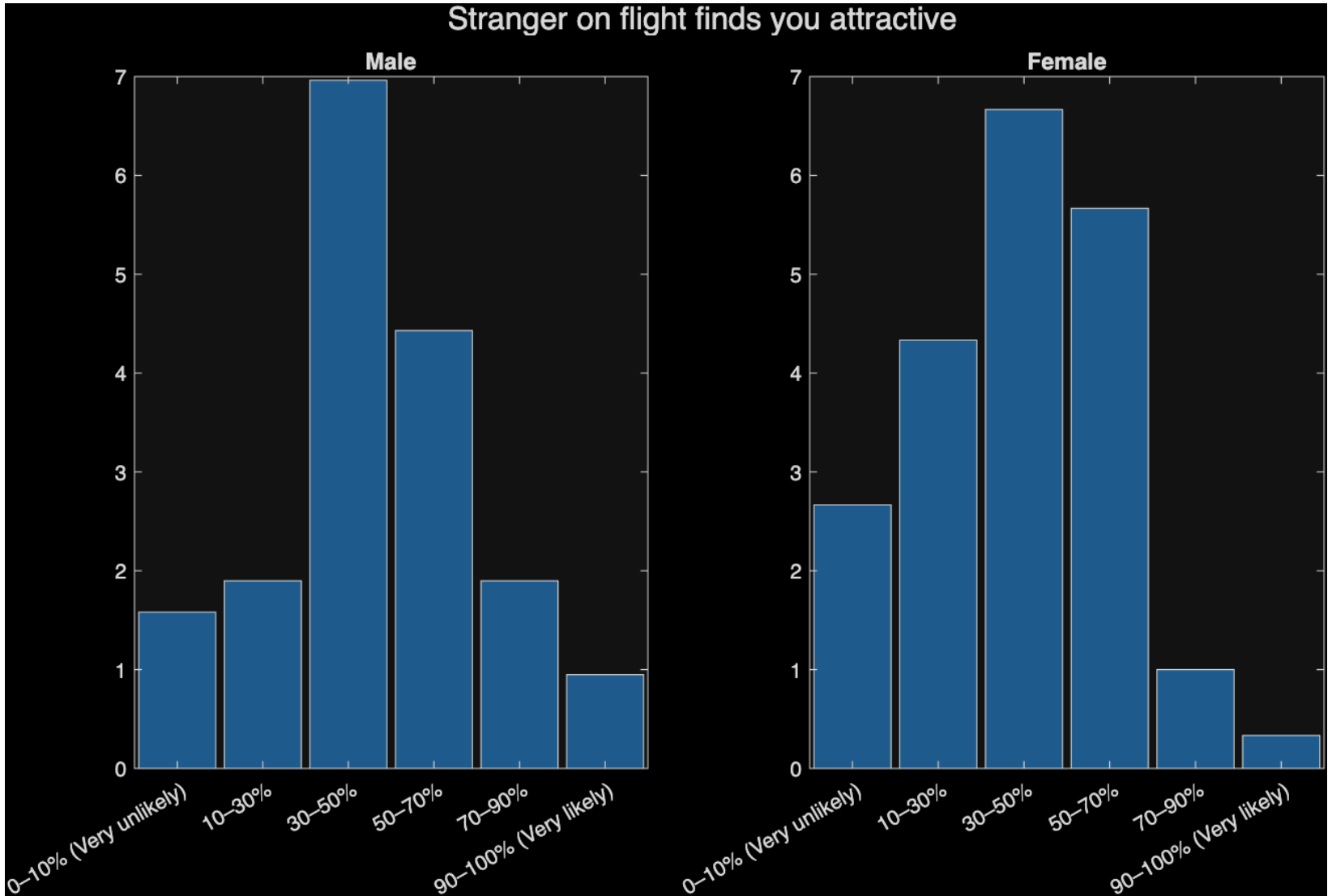
- How do social media and digital dating affect couple formation?
- Assortative matching?

- Investment behavior and life choices?

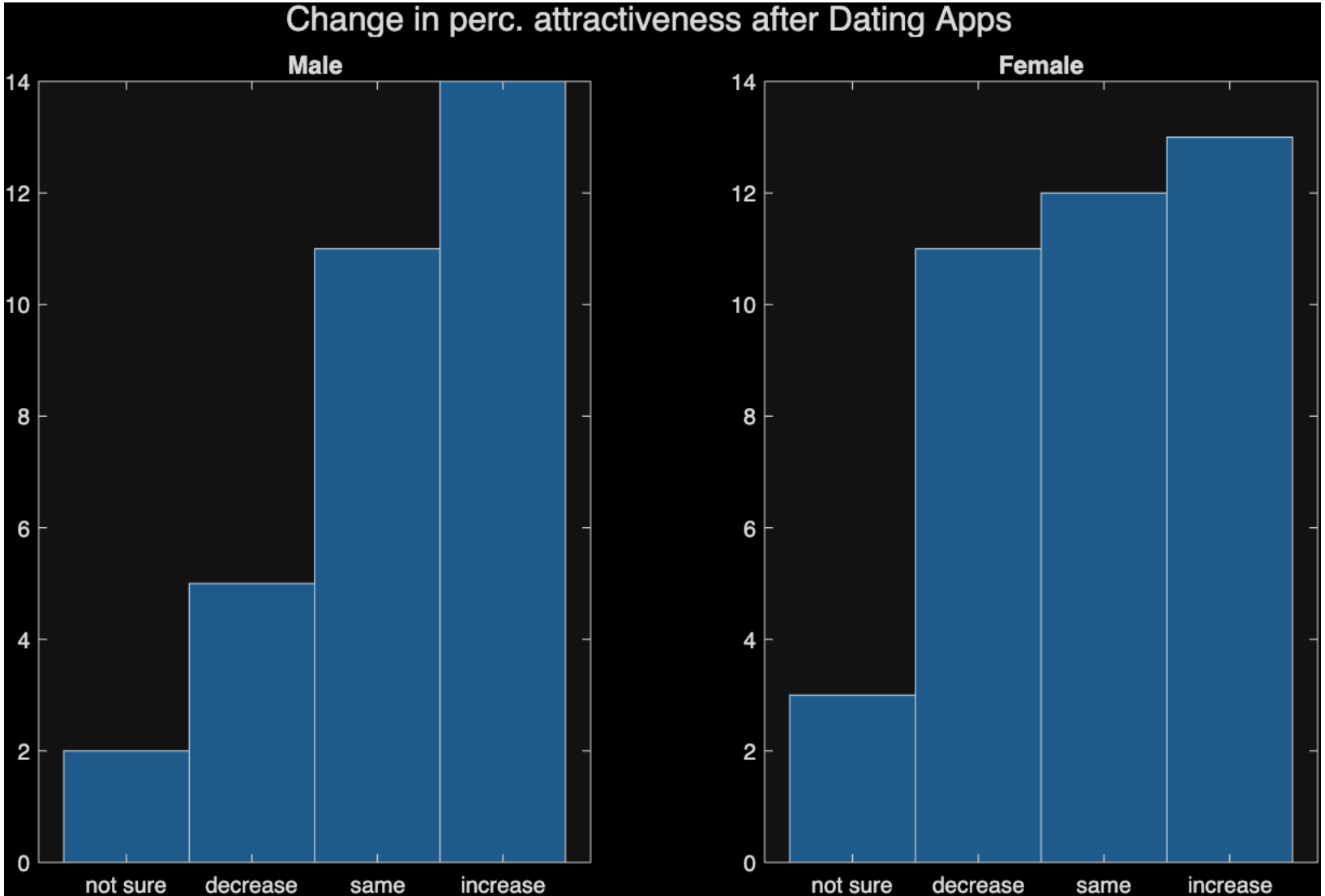
Overconfidence?



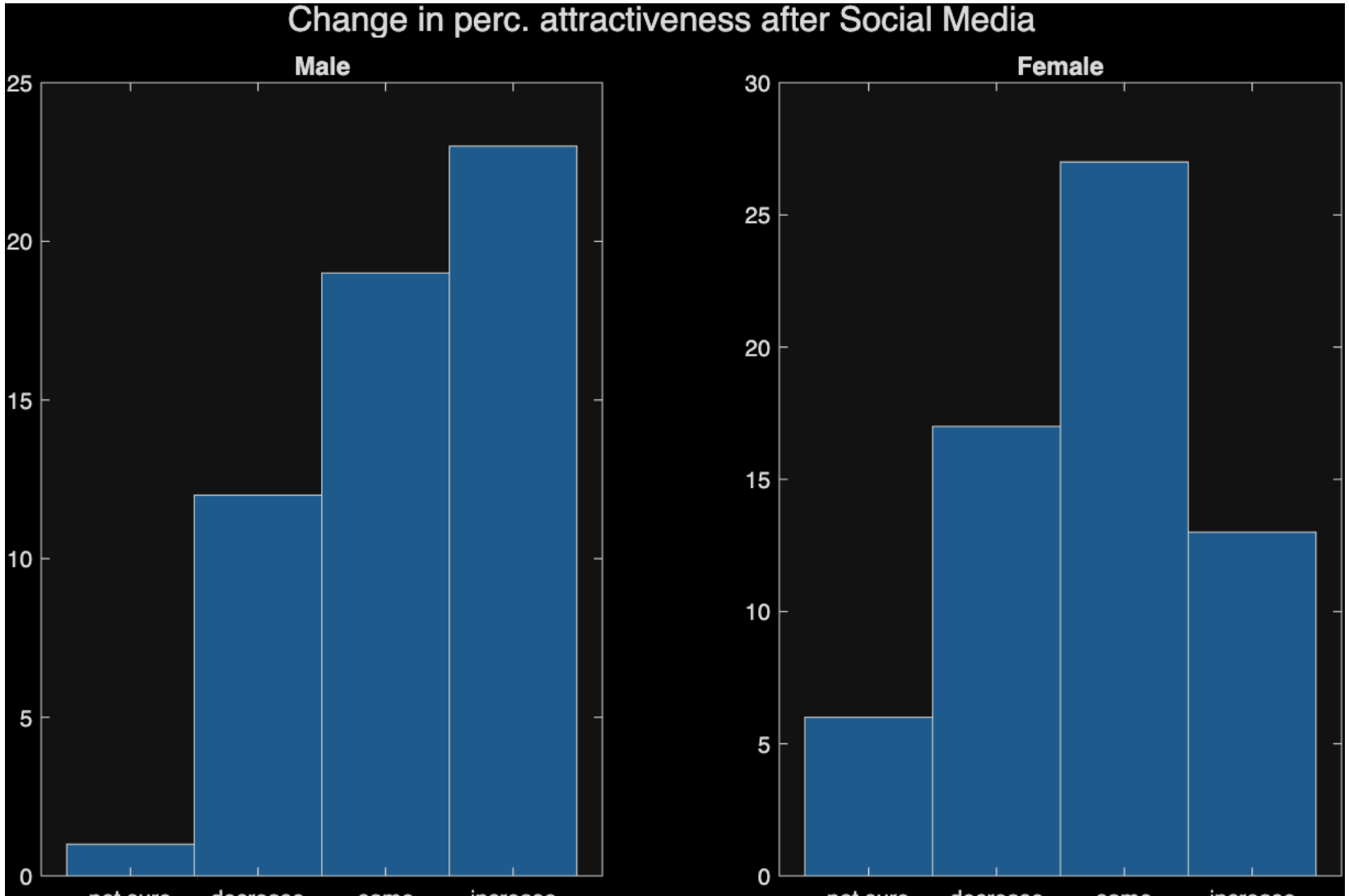
Coyness?

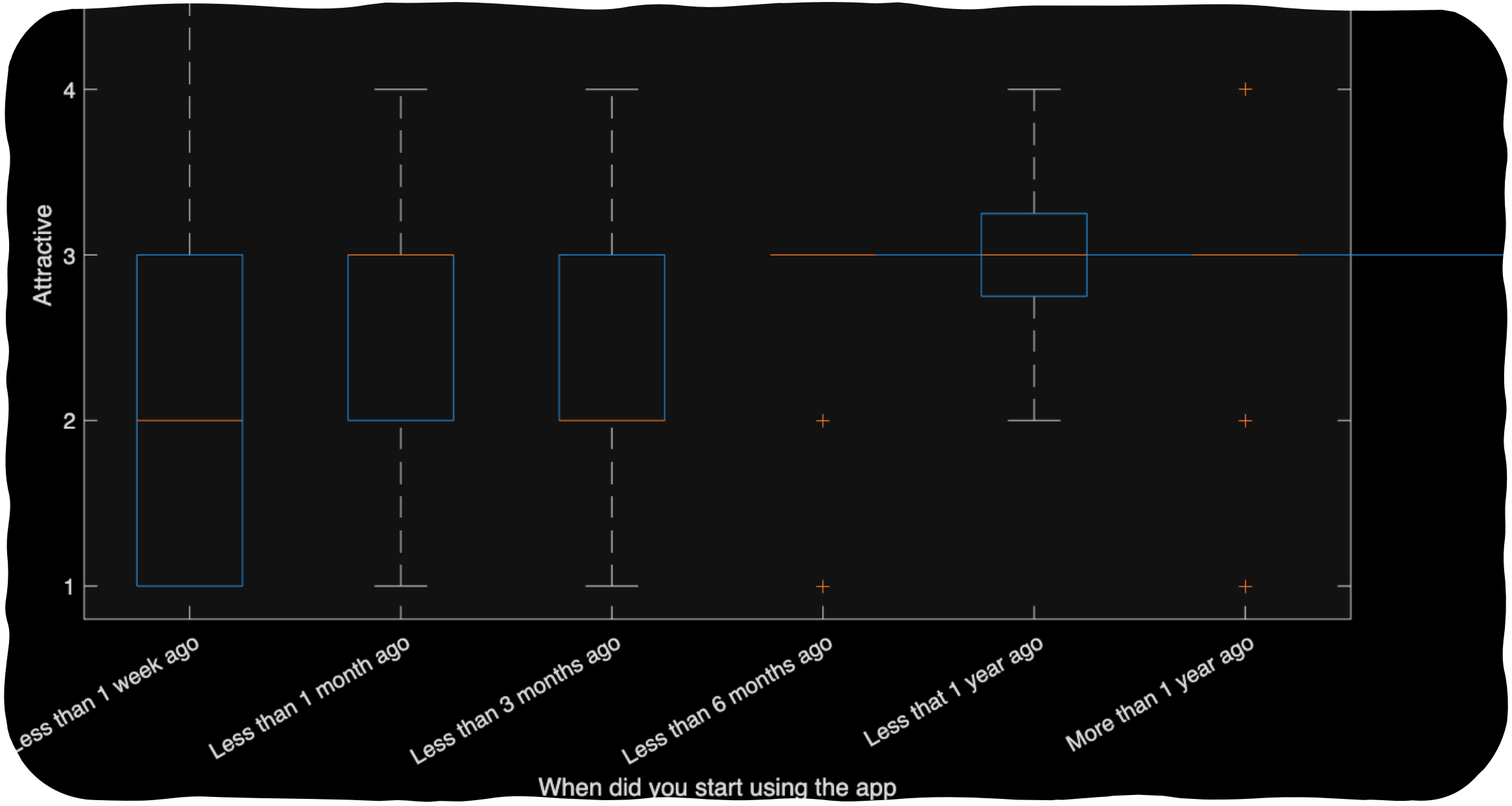

Stranger on flight finds you attractive
Male
Female
0
1
2
3
4
5
6
7
0–10% (Very unlikely)
10–30%
30–50%
50–70%
70–90%
90–100% (Very likely)

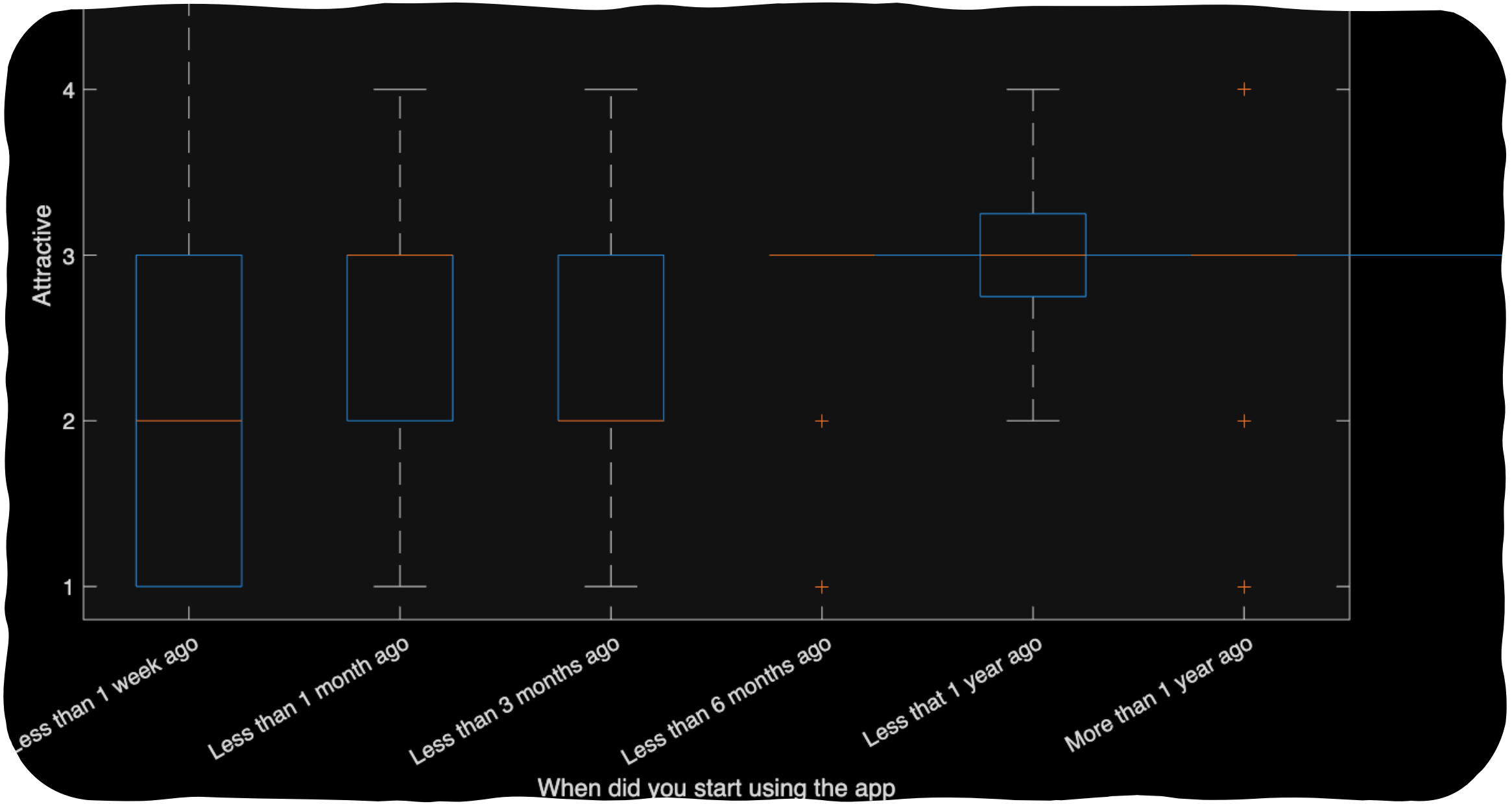
Ego inflation?



Differential effect in general social media...



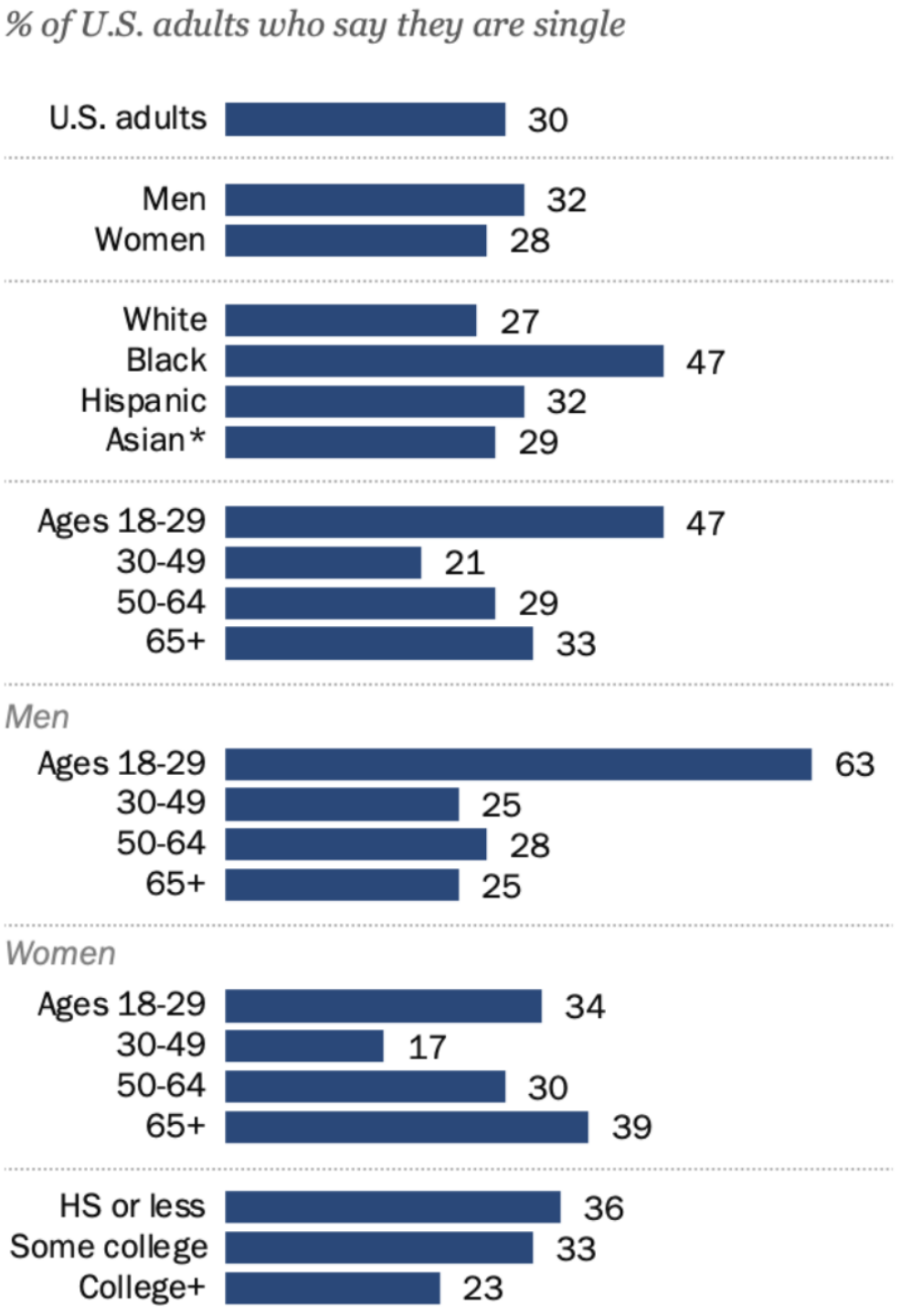

Attractive
4
3
2
1
Less than 1 week ago
Less than 1 month ago
Less than 3 months ago
Less than 6 months ago
Less that 1 year ago
More than 1 year ago
When did you start using the app



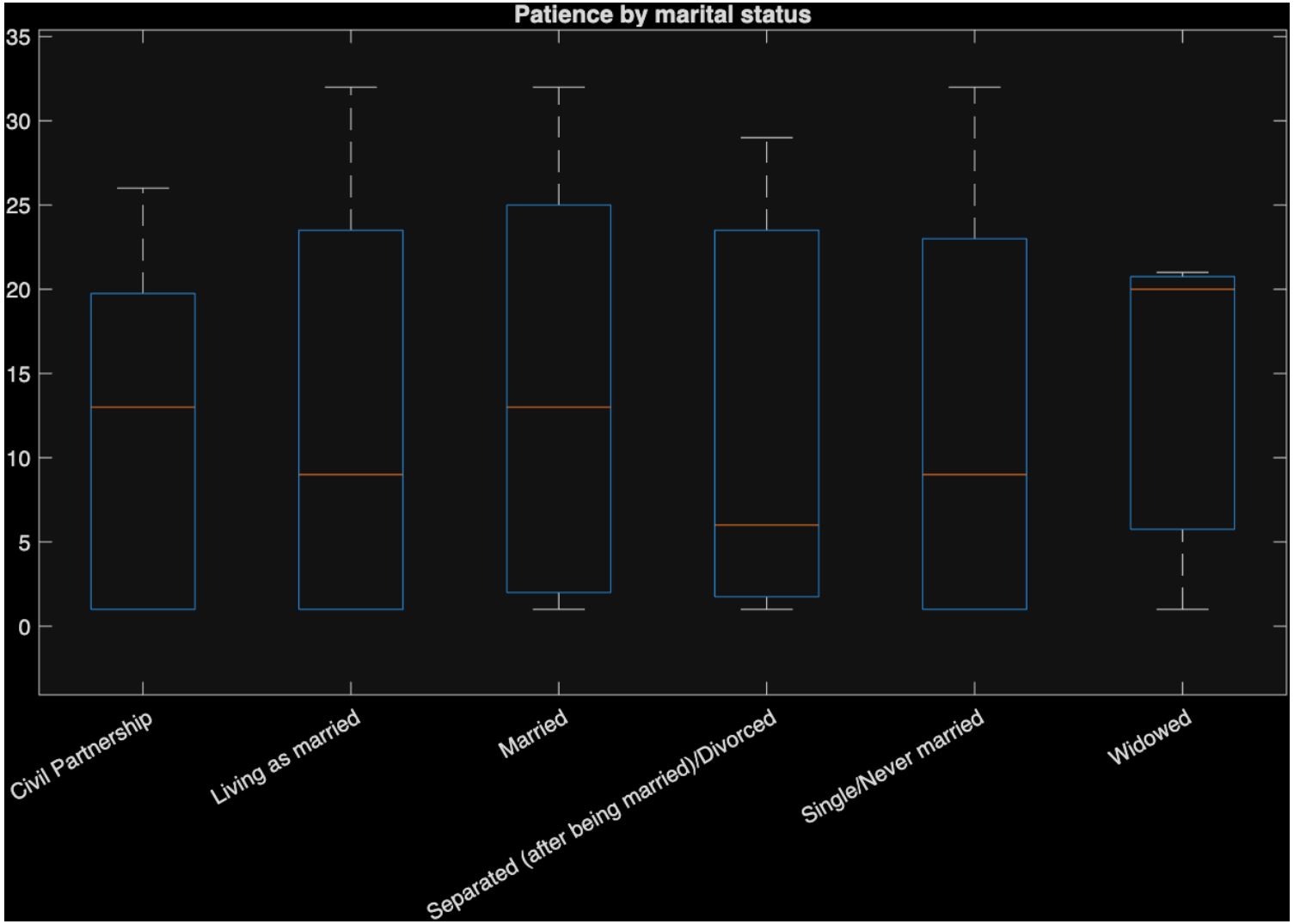
Of course causality unclear, but are apps full of attractive people?

Broken market?

- Digital dating is highly asymmetric
  - Tinder has about 70-80% men!
  - Men swipe almost 5X more (53% of the profiles vs 12%!)
  - Women have 10X more matches per swipe
- Could this also explain extremely high single rates at 18-29?



Broken market leading to more aggressive investment?



"What color is your Bugatti?"

Not to be named manosphere idol, 2022

So what?

- Some young people (especially men) are increasingly frustrated
- No chance in
  - Housing market
  - Dating market
  - Soon: job market
- They turn to extremes - especially men
  - rise of far right across the West!
- Hordes of unemployed angry men – what can go wrong?