

## ABSTRACT

Growth and labour market forecast in OECD countries remains bleak for 2013, especially for youth. The modest employment recovery in 2011 did not continue in 2012: youth unemployment rates stagnated at 15.7% in 2014 (OECD: Employment Outlook, 2013). This is well above pre-crisis rates, 11.8% in 2007. According to the OECD, the modest increase in GDP forecasted for 2013 (1.2%) and the subsequent slow recovery in 2014 (2.3%) will be insufficient to create employment and reduce unemployment in a substantial way. It is particularly alarming that one every 11 young people are now unemployed, not in full time studies or in employment. Also youth have lower access to unemployment benefits than adults, for lack of employment history (OECD, 2010, off to a Good Start, Jobs for Youth Synthesis Report). These trends have contributed to higher rates of poverty and social exclusion and increasing polarization in society and in the labour market. For instance, living standards decreased in 15 Member States in 2010 with respect to the year before (Eurostat, March 2013). These issues represent tremendous social and economic costs to society, in terms of worsening social dislocation, skills loss, violence and crime, as much as they denote important failures to get unemployed back to productive and sustainable jobs, and to protect youth at risk of poverty. Aggregate demand is low and this certainly explains high levels of youth unemployment rates. However a number of barriers may prevent that demand translate into higher employment for youth. In particular, vocational training might not be well adapted to changing labour market requirements. In addition, there could be demand-side obstacles to youth employment. Employers, for example, might be faced with high social security contributions for low-paid work, or face high minimum wages. There might be insufficient support to help the young unemployed to find work. Finally, job prospects for youth are hampered by limited regional mobility in some countries of Central and Eastern Europe and South Europe (OECD, Jobs for Youth, Synthesis Report, 2010). This thesis seeks to measure whether high levels of minimum wages could explain rising unemployment rates for youth in OECD countries, other things equal. It also looks at whether other labour market institutions, such as strict Employment Protection Legislation (EPL) can explain low employment levels (for youth). It takes into account also the role played by active labour market policy, collective agreement and a youth sub-minimum wage for

youth. The analysis uses a cross-section of panel data on minimum wages over the period 2000 to 2011, while from 2000 to 2008 for others employment protection legislation, and from 2004 to 2011 for active labour market policies indicators, including 22 OECD. Following Bassanini and Duval(2010), a panel data model has been used including GMM indicator, using the same data base but including different time period. The main conclusions are that, minimum wage, measured with Kaitz Index, has a negative impact on youth employment. Additionally, some ALMP'S seem to show a positive effect on youth employment(elasticity); this is a very important thing mainly because it has never been estimated in previous paper(only the theory was able to support it).

Considering labor market institutions, their impact depends by which one we consider: union density confirms its negative impact on youth employment rate, while on the other hand EPL variable using OECD definition confirms its positive effect on youth employment. ALMP'S have a great influence on youth employment rate, several variables are positive and significant, while other variable included in the model only in part confirms previous literature.

The last part of the second chapter ends with a little discussion about gender discrimination in the issue of youth employment too. As results show, also if the sign of the variable is always the same (confirming both literature and the goodness of the model), however the magnitude tends to be stronger (in negative meaning), for female estimates.

The last chapter was born with the aim to give a real contribution to a very important issue such as the size of the impact of the minimum wage on youth employment.

To do this, meta-analysis method of estimation has been used taking into consideration several issues such as publication bias and asymmetry.

The first and most important step too is the collection of data; this has to be done paying more attention, first all because it can cause publication bias, but also because it influences estimates. After showing more and different way to verify and publication bias, next step has been to build an econometric model to understand in empirical way what has been explained before.

The first considered model, is a probit model one, which considers as dependent variable the scale of significance(from 1 to 4): all the estimate clearly shows as minimum wage expressed as Kaitz Index has a negative impact( in different percentage and including different explanatory/control variables) on youth employment elasticity.

However, the same job could do using another technique denominated meta-regression: the variables are the same; the only difference is that in this case the dependent variables are noting a code but it is composed. It can be performed considering random effect or fixed effect: random effect is some cases are preferred to the fixed one; however, to avoid any debate, both models have been estimated also to figure out which could be the difference and above all why. To sum up, both model additionally confirm the negative impact of the minimum wage(expressed as Kiartz Index) on youth employment elasticity; also if there is as need to underline how differences between estimates(fixed effect shows a stronger impact; however in both specifications; the coefficient is negative and significant at 1 per cent.

The conclusion is that, also if with different level of significance, but using different econometric model; we are able to definitively conclude as the minimum wage as a negative impact on youth employment; it has been a great debate in the literature in the last 15-20 years, and this chapter, tries to give a contribute into resolving this strong and widespread debate.

