

Workshop on potential output and productivity growth
Session 3: Institutions, policies and growth

Productivity growth: the effect of market regulations

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Comments Outline

1. General comments
 1. Long term approach
 2. Interactions with market regulations
2. Market regulations
 1. Labour market regulations: EPL vs Labour disputes
 2. Product market regulations: estimation results
3. Further work to be done
 1. Participation rate
 2. ICT production

1. General comments

Very interesting paper:

- Long-term approach:
 - ICT emergence period covered
 - Worldwide deregulation period covered
- Interactions between:
 - Labour and market regulations
 - Market regulations and TFP gap
 - Market regulations and ICT expenditures.

2. Market Regulations

2.1 Labour market regulations (LMR)

- « Legal » indicators of LMR
 - Quality of enforcement
 - Weighting scheme
- Days lost in labour disputes
 - Role of the overall state of social relationships
 - Relationship with structural reforms

2.2 Product market regulations (PMR)

- Positive relationship between PMR and TFP
 - Long term equation:
 - PMR X LMR: positive and significant relationship
 - ICT equation:
 - PMR: positive and significant relationship
- Hints for a quadratic relationship with TFP?

3. Further work

- Employment rates (ER)
- ICT production along with ICT spending

Cf. Panel estimates over the 1990s:

- Gust and Marquez (2004)
- Belorgey and alii (2004)
- Bourlès and Cette (2005): ER over 6 population categories

Conclusion

Very interesting paper:

- Reinforces the case for structural reforms, especially in a context of rapid technological change
- Difficulty due to market regulation indicators
- Could be complemented by introducing some variables used elsewhere.

Thank you for your attention!