



Structural Reforms 2.0

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HOW TO PACKAGE AND SEQUENCE STRUCTURAL REFORMS? WHERE ARE THE COMPLEMENTARITIES BETWEEN POLICIES?

Giuseppe Nicoletti

Structural Policy Analysis Division, Economics Department, OECD



Structural reforms: costs and interactions

Costs

- *Financial* - public resources and private sunk assets
- *Political* – loss of voters and political capital

Interactions

- *Synergy* – enhance impact on one target
- *Jointness* – multiple targets at once
- *Complementarity* – facilitate further reform

Optimal package (and sequencing)

- Minimise costs and maximise interactions 😊👍👍



Some insights on interactions from granular analysis

Synergies

- Productivity enhancing
 - entry barriers/insolvency regimes
 - bank health/insolvency regimes
- Innovation enhancing
 - nonbank finance/debt bias/insolvency regimes
 - R&D incentives/business dynamism

Jointness

- Productivity and inclusion enhancing:
 - entry barriers/ALMPs
- Growth and equity:
 - Skill matching and knowledge diffusion policies
- Growth and environment

Complementarity

- What do we know beyond the standard labour and product market reform sequencing?