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BIAC Economic Policy Survey 2016

Structural Policies and Productivity Growth

May 2016

BIAC speaks for business at the OECD. Established in 1962, we stand for policies that enable businesses of all sizes to contribute to growth, economic development, and prosperity. Through BIAC, national business and employers federations and their members provide expertise to the OECD and governments for competitive economies, better business, and better lives.

BIAC Economic Policy Survey 2016

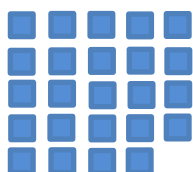
Structural Policies and Productivity Growth

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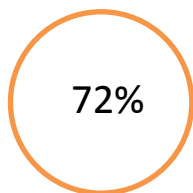
Contents

BIAC Economic Policy Survey 2016: Quick Facts.....	4
I. Context and objectives.....	4
II. Main findings	6
a) Business Priorities for Reform	6
b) Implementation of OECD recommendations	16
c) Factors affecting productivity growth	17
III. Conclusions	20
Annex: Methodological Notes.....	22

BIAC Economic Policy Survey 2016: Quick Facts



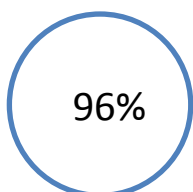
25 national business and employers' organizations responded from 24 OECD member and non-member countries



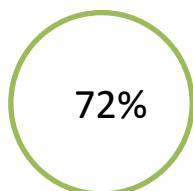
...of respondents want reforms in product market regulation. Other key business reform priorities include improving efficiency of taxation structure and the public sector, along with improvements in public infrastructure, among others.



80% of respondents agreed with OECD's recommendations for their country, yet 72% of respondents perceived that these recommendations have only been partially implemented.



...of respondents say raising productivity in their country is a priority



...of respondents report that the productivity in their countries is either stagnating or declining



65% of respondents report that reforming the level and complexity of taxes on capital and labor must be a priority for boosting productivity. Other important policy reform areas include easing the regulatory burden, improving infrastructure, strengthening skills, and reducing policy uncertainty, among others.

I. Context and objectives

Global GDP growth in 2016 is projected to be 3%, the same as in 2015, and the slowest rate of GDP growth in the last five years.¹ The weak investment and trade data reported in late 2015, the recent volatility in financial markets, and the falls in commodity prices, all point to a persistently sluggish growth outlook. Global trade flows grew by only 2.8% in 2015, a rate historically associated with lackluster global GDP growth.² Facing this period of great vulnerability, it is essential to understand and address factors that might be hindering the lift-off in global recovery and growth.

An important element in reviving investment and economic growth is the need to foster **productivity**. Worryingly, there has been a dramatic decline in productivity growth in recent times, most notably during the period 2004-2013 – the weakest on record since 1950³. This trend could bear profound impacts not only on the post-crisis global economic recovery, but also for longer-term priorities such as implementing the Sustainable Development Goals and realizing countries' pledges to tackle climate change.

Recognizing that monetary and fiscal policies have their limits, governments and their administrations must implement **structural policies** that will lead to an era of greater growth built on private investment, competition, and more productivity. In this context, BIAC has carried out a survey of 25 national business and employer organizations from 24 countries in order to shed light on the aspects of our economies where business believes reforms are urgently needed.⁴

Business respondents to the survey were each asked about: [a] the top five priorities for reform in their respective countries; [b] the extent to which they agree with the OECD's top priority reforms for their countries and the status of their implementation; and [c] the factors affecting productivity in their countries.

The 2016 BIAC survey builds upon a prior survey carried out in spring 2014.⁵ This year's survey provides a timely contribution to the development of country-specific structural reform priorities that will be addressed in the 2017 OECD *"Going for Growth"* publication. In parallel, the BIAC survey provides valuable information to the OECD's relevant country-specific work.

¹ OECD Interim Economic Outlook, February 18, 2016, available at: <http://www.oecd.org/eco/outlook/OECD-Interim-Economic-Outlook-February-2016.pdf>

² WTO (2016) "Trade growth to remain subdued in 2016 as uncertainties weigh on global demand", WTO Press Release, April 7, 2016, available at: https://www.wto.org/english/news_e/pres16_e/pr768_e.htm

³ OECD (2015) "The Future of Productivity: Preliminary Version", OECD Publishing Paris. <http://www.oecd.org/eco/growth/OECD-2015-The-future-of-productivity-book.pdf>

⁴ National business and employer organizations participated from 24 respondent countries: Belgium, Brazil, Chile, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, India, Ireland, Israel, Italy, Japan, Korea, Latvia, Mexico, Netherlands, Russia, Slovakia, Spain, Switzerland, Turkey, and United Kingdom.

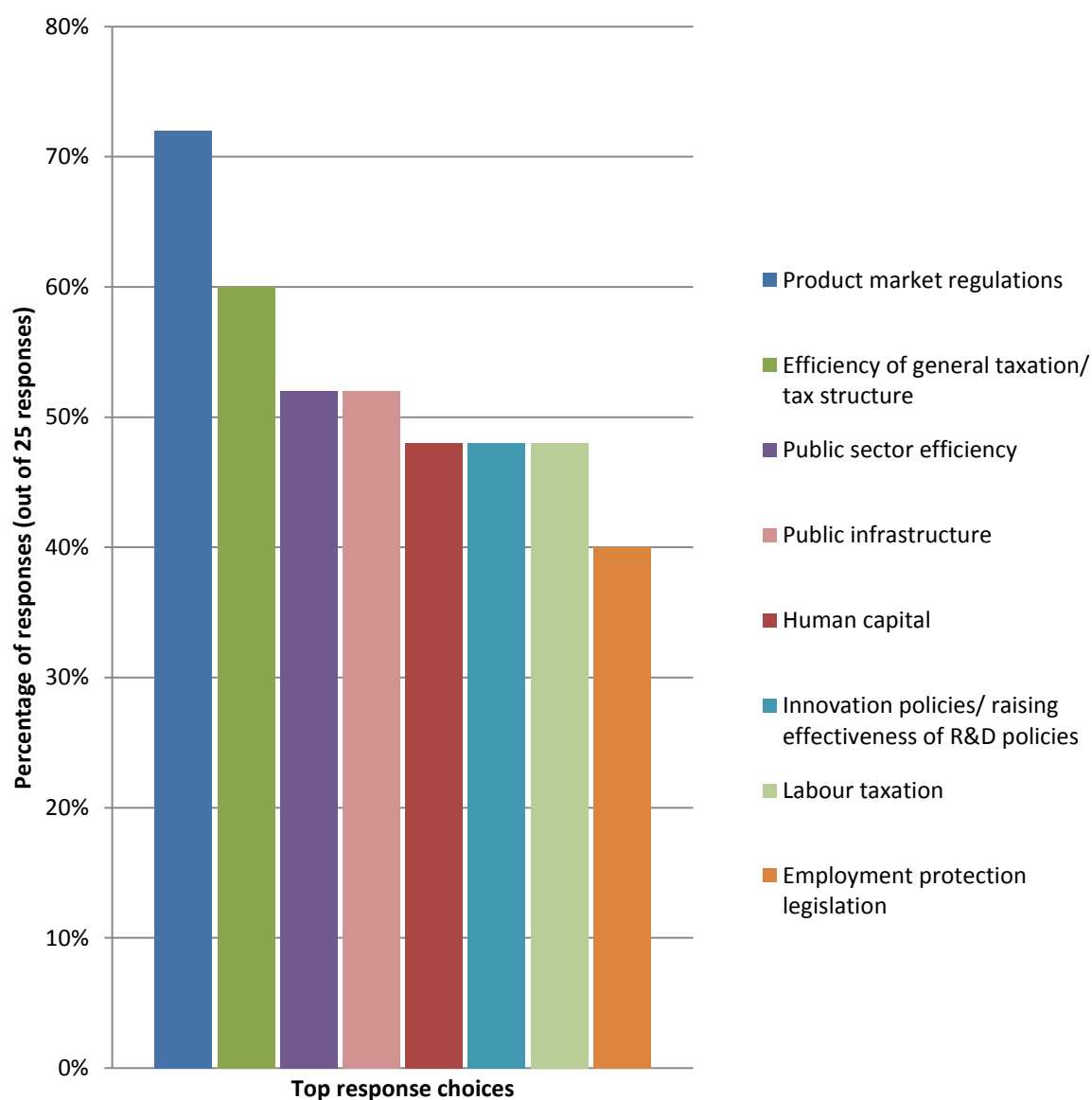
⁵ BIAC (2014) Economic Policy Survey 2014: Structural reforms and implementation, available at: http://biac.org/wp-content/uploads/2014/07/14_05_BIAC_EPC_Survey_2014_Synthesis_Report1.pdf

II. Main findings

a) Business Priorities for Reform

Using an OECD Economics Department categorization, Figure 1 shows the areas for reform most identified by business respondents.⁶ The following paragraphs point to selected highlights from Figure 1.

Figure 1: Top business reform priorities



⁶ Figure 1 shows data based on responses only to a depth of level 1 categorization (not level 2) to allow greater comparability between different areas of economic policy. See Methodological Annex for further details.

Product market regulation

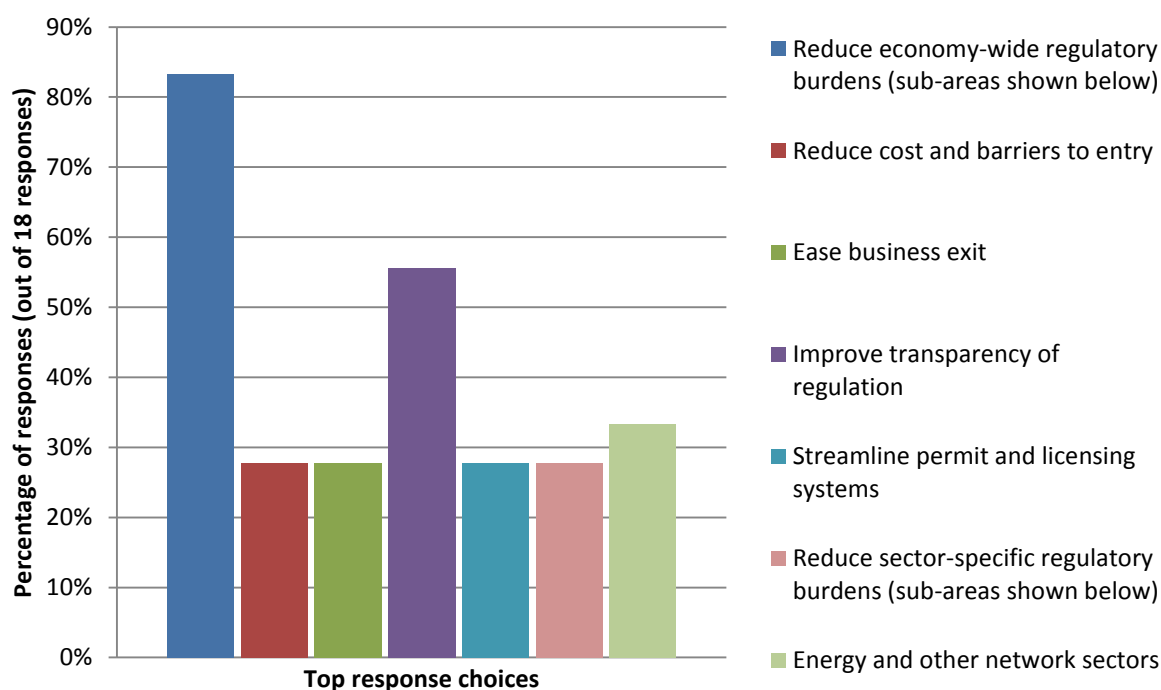
Mirroring the results of the previous editions of the BIAC survey, **product market regulations** emerge as the overwhelming policy reform area of choice. 18 out of the 25 participating business organizations (over 70%) express that reform in the area of product market regulation is among their top five priority areas for reform in their countries.

Within the area of reforming product market regulation, more than 80% of respondents opt for **reducing economy-wide regulatory burdens**. This again echoes the results of previous BIAC surveys and might reflect additional constraints on business activity owing to greater regulatory requirements in recent years. Some respondents expressed the following concerns:

“Excessive regulation is an obstacle for business and is an impediment to seizing the opportunities of a rapidly changing world. If we want innovative, creative and leading companies, we should reduce the administrative burden to a minimum and allow them to devote most of their resources to their economic activities.”

“High regulatory burden keeps firms from expanding in size and reaping economies of scale. There is scope for much greater integration into the global economy by removing barriers to FDI and international trade.”

Figure 2: Business priorities for reform in the area of product market regulation



Over half of respondents who call for reducing economy-wide regulatory burdens also support **improving the transparency of regulations**. This is a vital aspect of doing business, as reported by the following respondent:

“More transparent rules lower the costs companies face to obtain relevant information (e.g. to start a cross-border business). This may facilitate planning processes. ... Furthermore, transparent rules can promote compliance and contribute to better regulation.”

The results also highlighted strong support for reforms in the energy and other network sectors, reducing costs to business entry and exit, and streamlining permit and licensing systems.

Efficiency of general taxation/tax structure

The **efficiency of general taxation and the overall tax structure** is the second most cited policy reform priority, with 60% of respondent business organizations expressing support for simplifying and harmonizing taxation laws.

Examining this issue in more detail, Figure 3 shows that **reducing distortions and fragmentation of the tax system** is a key priority. This is similar to the results of the 2014 survey, reflecting the consistent call by business for a global level playing field. This matters for businesses, as reflected in the following survey response:

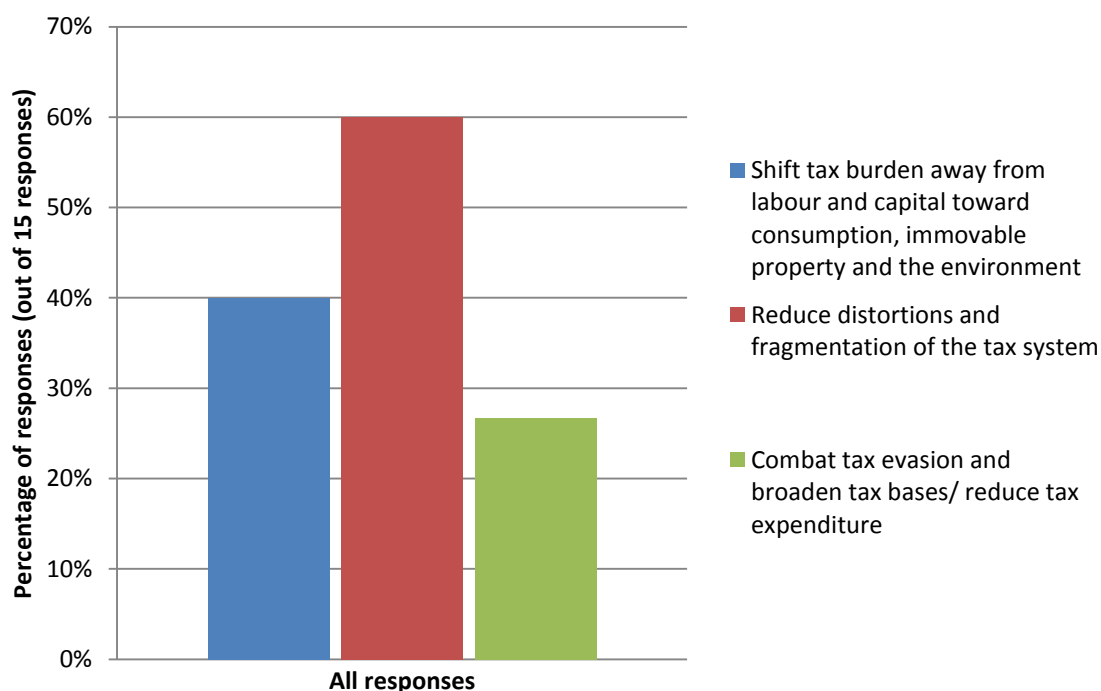
“To reduce the fragmentation of tax systems and the differences in national tax policies, it is important to work on a more harmonized international tax environment and set up common minimum standards in each country. Efficiency of general taxation will increase by enhancing cross-border cooperation and sharing of information relating to tax matters due to more transparency.

The Base Erosion and Profit Shifting (BEPS) project which was established to develop commonly-agreed international tax standards and therefore to achieve fair competition between countries’ tax systems, is also giving rise to more and more discussions of possible double taxation, such as from new transfer pricing rules and definitions of permanent establishments. Thus the implementation of an improved dispute resolution mechanism to eliminate double taxation is extremely crucial.”

Shifting the tax burden from labor and capital towards consumption, immovable property and environment is an additional area where respondents consider that more concerted national policy action is needed:

“Tax on capital and labor reduces investment and savings, and labor supply and demand, which lowers growth potential. Instead, consumption tax that has less negative influence on growth should be considered.”

Figure 3: Business reform priorities for the efficiency of the general taxation/ tax structure



Public sector efficiency

Over half of all respondents cite **public sector efficiency** as an important area for policy reform area (Figure 4). This is a crucial enabling condition for business, as reported by the following respondent:

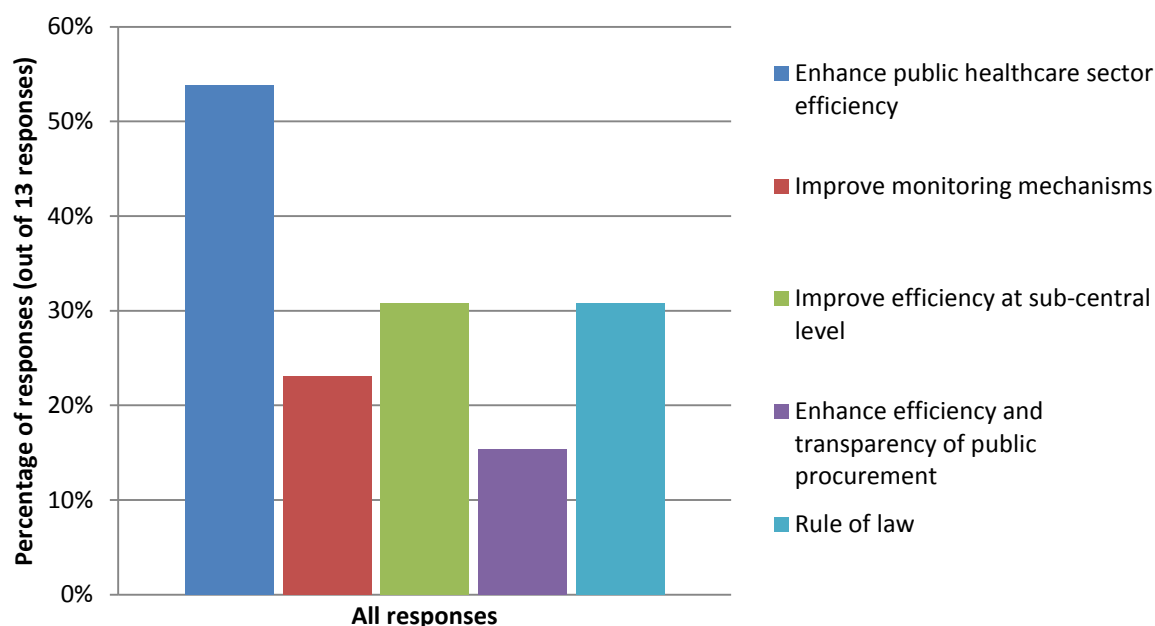
“With simplified procedures and rules, industry will save much time and costs which will also improve competitiveness”.

Perhaps unsurprisingly, given the recent policy debate regarding demographic shifts in OECD countries and rising healthcare costs, the majority of business organizations that identify public sector efficiency as a priority also highlight the need for **enhancing public healthcare efficiency**.

This stands in contrast with the comparatively lower importance attached to this issue in the 2014 edition of this survey, perhaps reflecting a growing awareness and concern about the sustainability of healthcare systems and associated strain on fiscal positions. As reported by one business respondent, there is perhaps too little transparency and certainty about government policies in this area:

“There are ambitious targets to reduce costs and to improve availability of care. However, many details of the reform have not yet been decided and the materialization of efficiency gains is highly uncertain”.

Figure 4: Business priorities for reform in the area of public sector efficiency



As also illustrated in Figure 4, other key policy reform concerns include improving the efficiency of sub-central levels of government (a reported priority for large and small economies alike), and enhancing the rule of law. For example, a business respondent underlined the following:

“Measures still need to be implemented in several areas of the public sector in issues such as avoiding duplications between the different government levels, increasing the provision of public services by the private sector, or introducing rationalization criteria in the existing multiple public organizations, agencies and bodies.”

While rule of law tends to be a commonly reported business concern in emerging and developing markets, those business organizations which report strengthening rule of law as a priority in the BIAC 2016 survey are in fact all located in OECD countries. This suggests that this most fundamental aspect of the business environment requires greater attention in a number of advanced countries. For example, respondents from OECD countries report the following:

“There is a general consensus in the country that the rule of law is one of the pieces lacking for our development. This affects our companies in contracts, labor negotiations, security and other aspects of the economy. Companies have to devote significant resource for the security of their managers and the transportation of our products.”

“Rule of law is weak. Civil lawsuits take around 2 to 4 years on average with an appeal stage of 1.5 years. Some cases can take up to 7-10 years. Independence of courts needs to improve.”

Public infrastructure

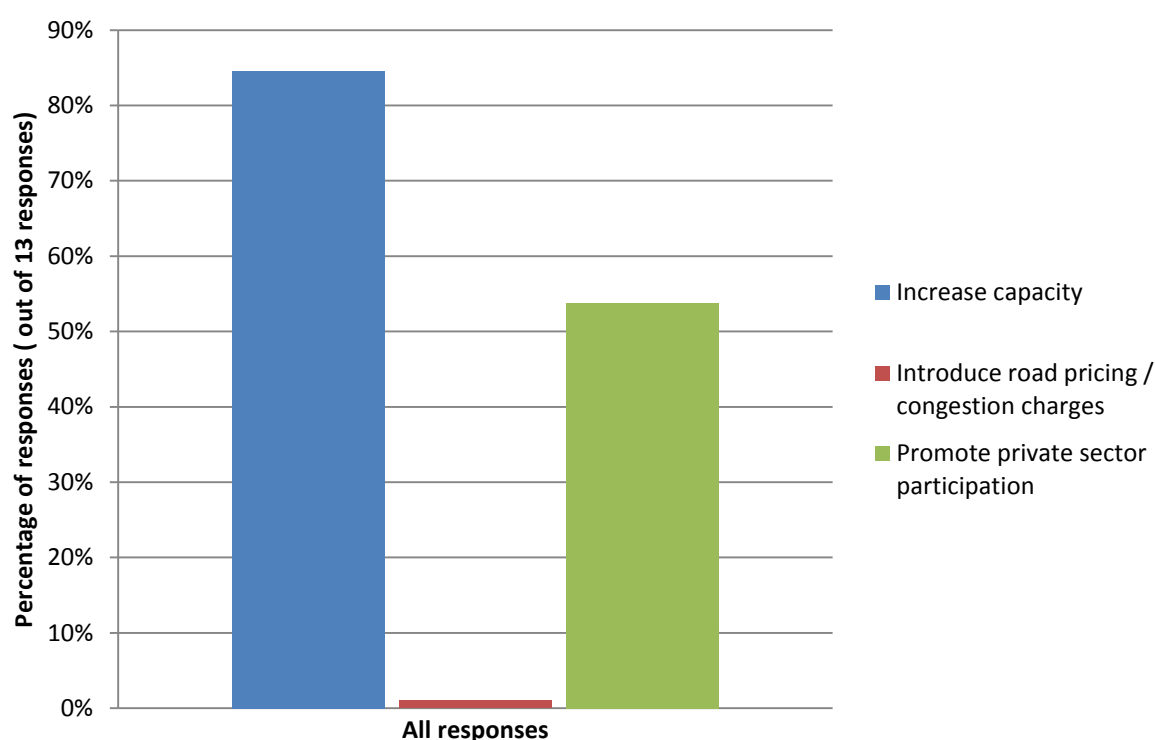
As the global economic outlook remains weak and productivity decelerating in many economies, over half of all business and employers' organizations identify **public infrastructure** as a key policy reform area. This is a new key priority area when compared to the BIAC Survey in 2014, highlighting the importance of active public sector support for long-term investments.

Of the respondents who identify public infrastructure as one of their policy reform priorities, **more than 80% call for increasing the capacity of public infrastructure** (Figure 5), as the following responses indicate:

"More commitment is needed in particular for transportation and digital infrastructure ... Significant potential exists in municipal investments such as regional infrastructure."

"Lack of quality infrastructure hurts the competitiveness of industry. The government needs to invest and create vehicles for raising long-term funds for investment."

Figure 5: Business reform priorities for public infrastructure



Several respondents also call for more supportive policies for **private sector participation in infrastructure investments** in order to unlock economic growth. The following respondent indicates that the right enabling conditions must be in place for this to happen, such as improved access to finance:

“Escaping the legacy of the past years requires a surge in demand-enhancing expenditure that can only come from a large increase in investment. Infrastructure that will inevitably - as a result of the state of public finances - be financed by the private sector is a key component of such a surge, and will also contribute to the improvement of infrastructure that will support higher long-term growth. Improving private sector access to finance is a prerequisite.”

Human capital

Of the nearly half of all business and employers’ organizations that identify human capital as a key reform area, a large majority (75%) put a strong emphasis on reforms to expand **vocational education and training (VET)** and improving its overall effectiveness and linkages to business.

A respondent from a major emerging market noted that expanding VET is essential to help ensure labor market participation for young people:

“Vocational education and training is necessary to provide skills to the large number of young people entering the workforce every year (estimated at about 10 – 12 million).”

Some respondents acknowledge actions by governments to expand VET, but express underlining that there must be a corresponding focus on the quality of such schemes:

“In order to support higher productivity ... the focus needs to be on high quality apprenticeship schemes that are more accretive to work skills and output, rather than setting an arbitrary quantity target.”

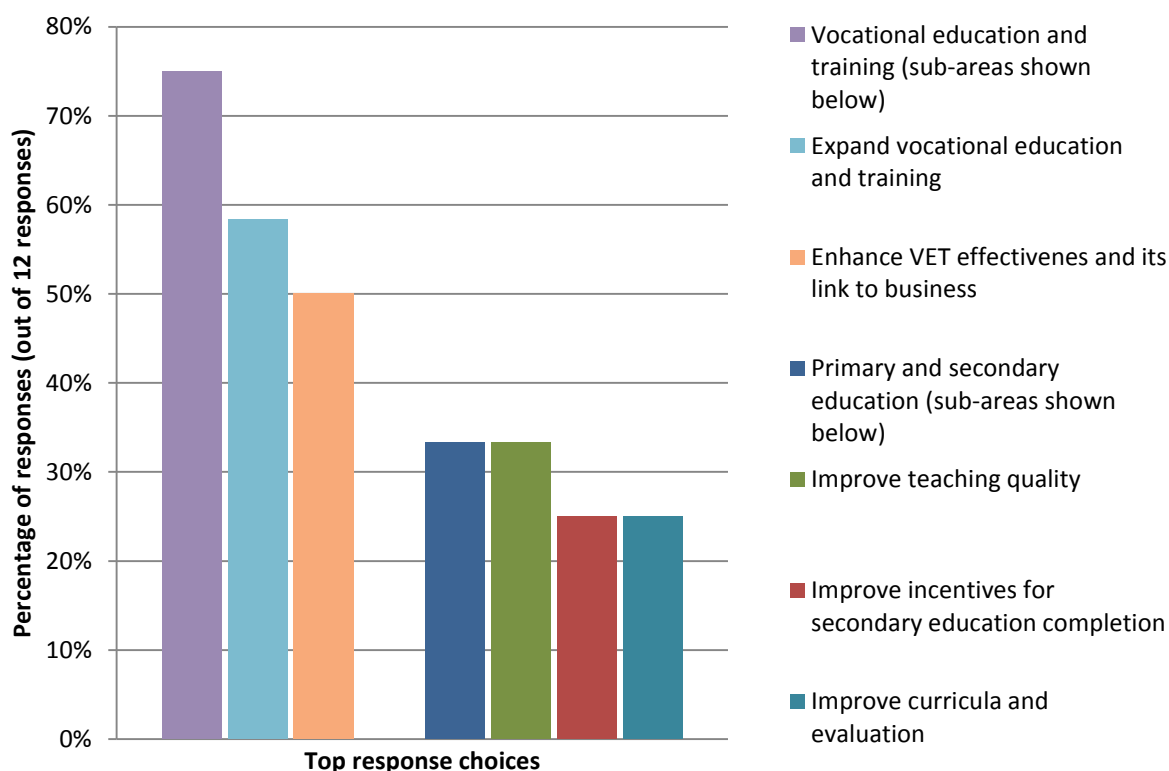
The business community in many countries is actively engaged in improving their education systems, including VET, as highlighted by the following respondent:

“The business community is actively involved in addressing this problem at the systemic level (the development of professional standards, an independent evaluation of qualifications), and at the level of individual companies (the establishment of corporate universities, equipping laboratories and transfer of equipment to educational institutions, scholarships).”

Business organizations also highlighted need for reforms to **primary and secondary education**, as shown in Figure 6, particularly the need to improve teaching quality.⁷

⁷ The BIAC Education Survey (June 2013), which collected responses from 28 national business and employer organizations around the world, pointed to similar findings. It found that respondents put strong priority on improving curricula and strengthening teaching quality, but also on improving cooperation between employers and education policymakers, as well as greater linkages to labor market needs.

Figure 6: Business reform priorities for human capital



Labor taxation

Out of almost half of all business and employers' organizations that identify labor taxation as a key reform area, an overwhelming majority (83%) supported **a reduction in the overall or marginal tax on labor**. This may reflect a concern that such taxes disincentivize hiring of labor:

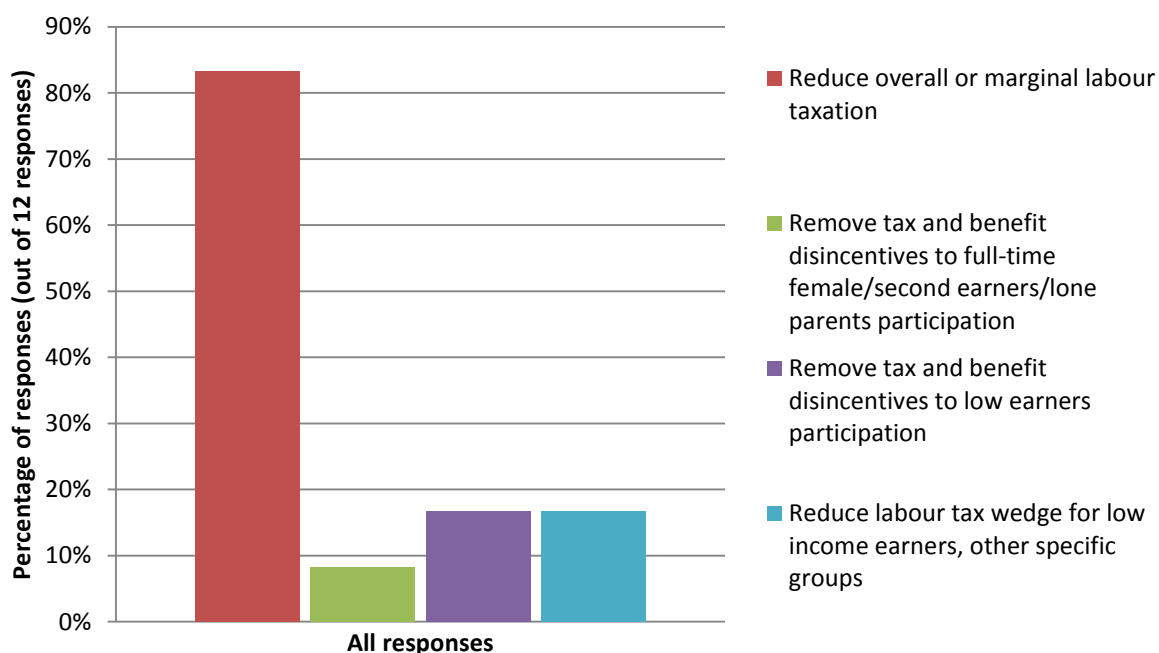
"The tax wedge on salaried private sector labor, which is a key input to organized, growing and competitive companies, needs to be reduced at all income levels as it is currently not competitive by international standards and when compared to the wedge on public sector employment, self-employment, and early retirement."

"The tax wedge has increased and there is general consensus that labor taxation is too high. We would like to bring down labor costs to facilitate a forceful labor market recovery."

In some markets, respondents report that high labor taxation can disincentivize transition to formal economies:

"One of the reasons for informality is high labor taxes in the country and the difficulty to start new companies."

Figure 7: Business reform priorities for labor taxation



In the same vein, some responses highlight the removal of taxes and benefits which act as a disincentive to participation of low earning individuals, and a reduction in the labor tax wedge for low income earners as additional policy reform priorities. Taken together such reforms would encourage more hiring and more inclusive growth.

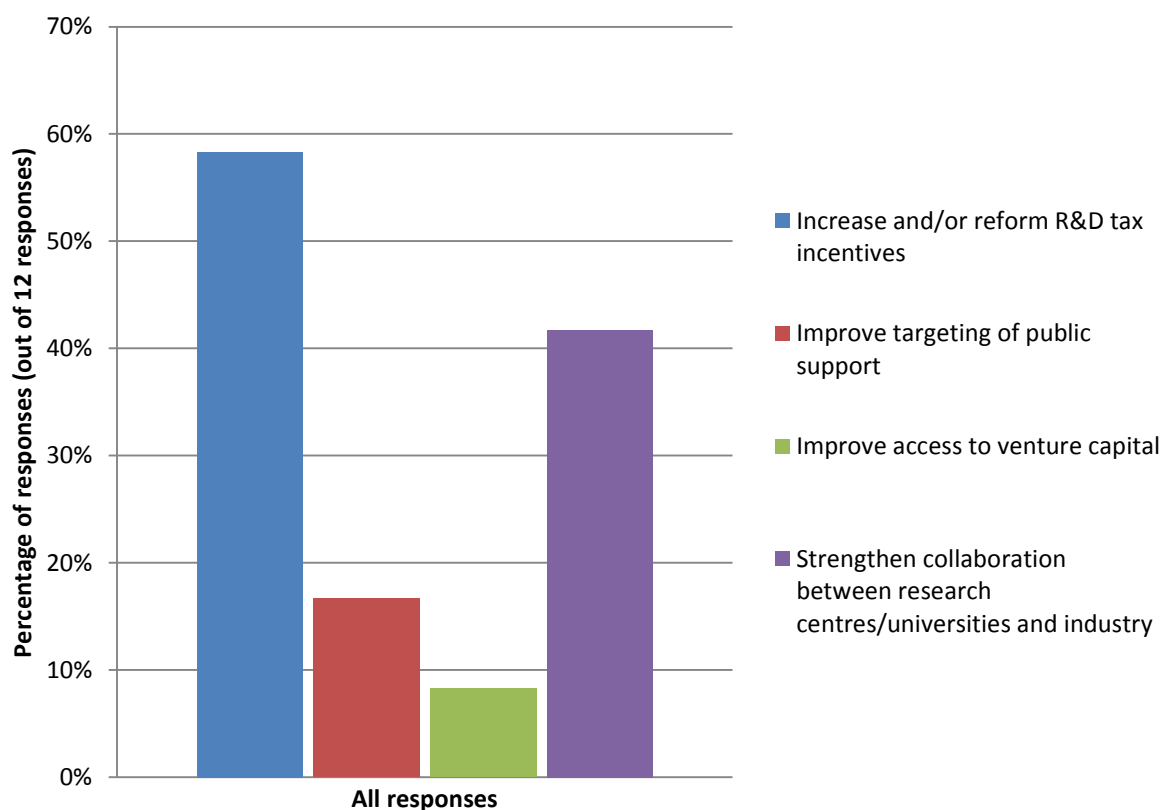
Innovation policies/raising effectiveness of R&D policies

Of the business organizations that identify innovation as a key area for reform, over half agree that an **increase/reform in R&D tax incentives** is essential. Such incentives are often important given the significant long-term investment necessary for R&D, as highlighted by the following respondent:

“R&D investment is very important to stimulate growth and encourage innovation. However, R&D investment has comparatively low possibilities of success and takes years of investment to finalize; government should give tax incentives for companies who take the risks of R&D investment.”

Several business and employers’ organizations also report that governments should **strengthen collaboration between research centers/universities and industry**. In the context of slowing productivity growth and low levels of R&D investments, such cooperation would help to unlock higher growth in a number of economies.

Figure 8: Business reform priorities for innovation policies/ raising effectiveness of R&D policies



Employment protection legislation

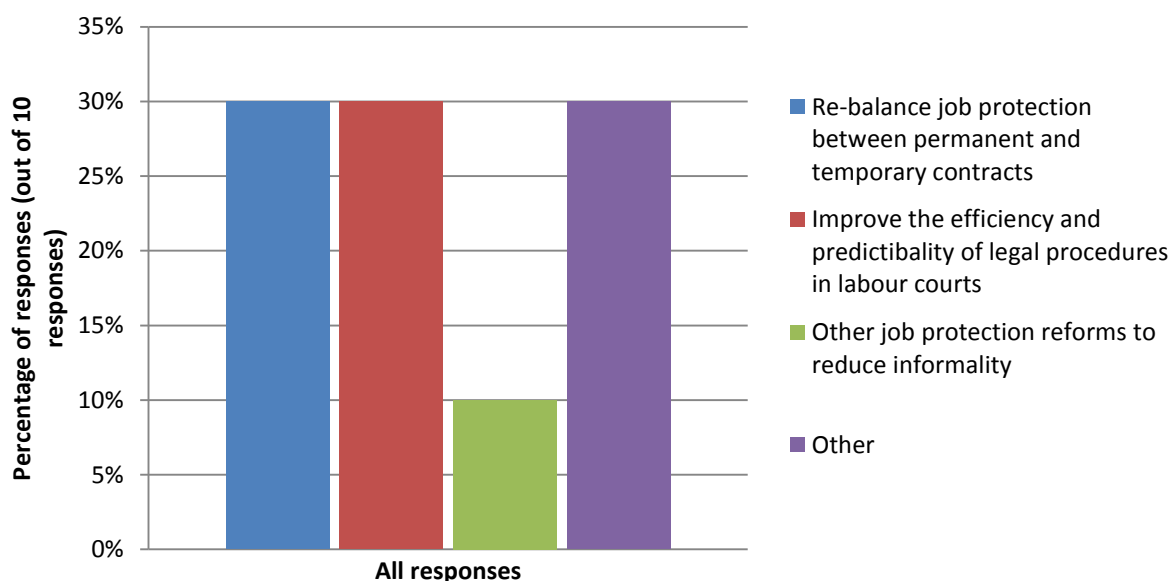
40% of national business and employer organizations identify employment protection legislation as one of their top five priority policy reform issues, noting concerns about the proper functioning of labor markets. For example:

“The labor market is very rigid. Severance pay rules in particular are very strict and costly. A reform on severance pay has been on the table for years, however unions are against any changes in the law and block reform efforts.”

“Too much protection for regular workers discourages companies for hiring new regular workers. Instead companies will hire mainly contract workers.”

The need to **re-balance job protection between permanent and temporary contracts, improve the efficiency and predictability of legal procedure in labor courts, and implement other job protection reforms to reduce informality**, are among the main actions recommended by business respondents. Such reforms would boost labor market participation and improve business confidence and investment.

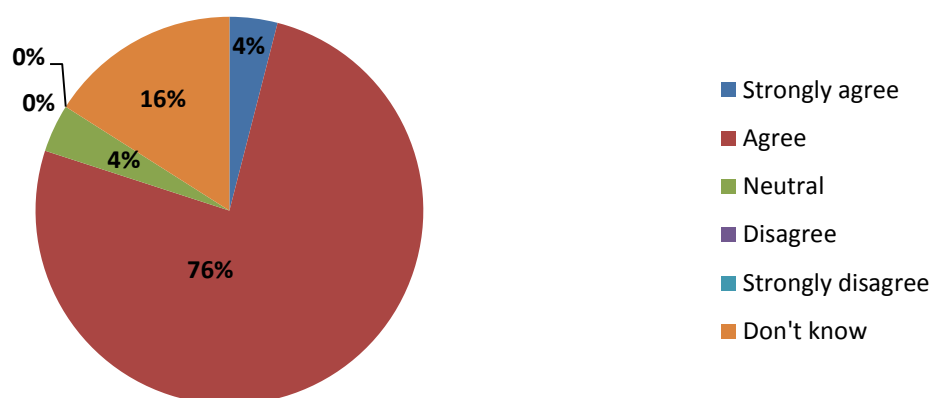
Figure 9: Business reform priorities for employment protection legislation



b) Implementation of OECD recommendations

As shown in Figure 10, respondent business and employers' organizations across the board agree with the OECD's country-specific reform priorities. In fact, 80% of the respondents express "strong agreement" or "agreement" with the OECD's recommendations for their countries. **These results point to widespread agreement with OECD analysis and recommendations.** The findings are broadly in line with the 2012 and 2014 BIAC Economic Policy Survey.

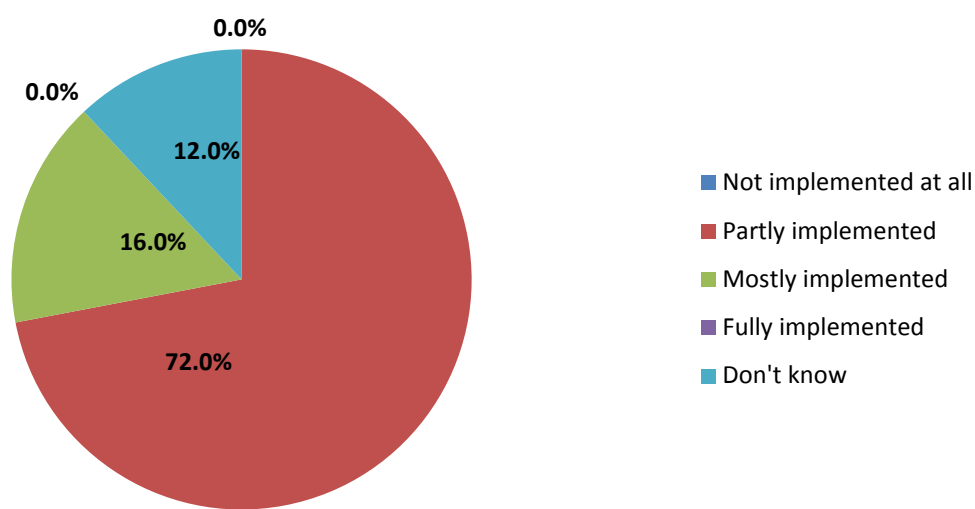
Figure 10: Business opinion on OECD's country-specific recommendations
(based on 25 responses)



On the issue of the perceived degree of implementation of OECD recommendations in their countries, **72% of respondents perceive that there has only been a partial implementation of the recommendations**, and 16% consider they are "mostly implemented".

Interestingly, while 35% of respondents to the 2014 survey felt there had been zero implementation, no respondent in the 2016 survey thought that the recommendations had not been implemented at all. While that may signal positive progress in implementation, the persistent gap between the scale of business support for OECD recommendations and the strong perception of only partial implementation points to the need for more OECD attention on the political economy of reform.

Figure 11: Business perception on degree of national implementation of OECD recommendations
(based on 25 responses)

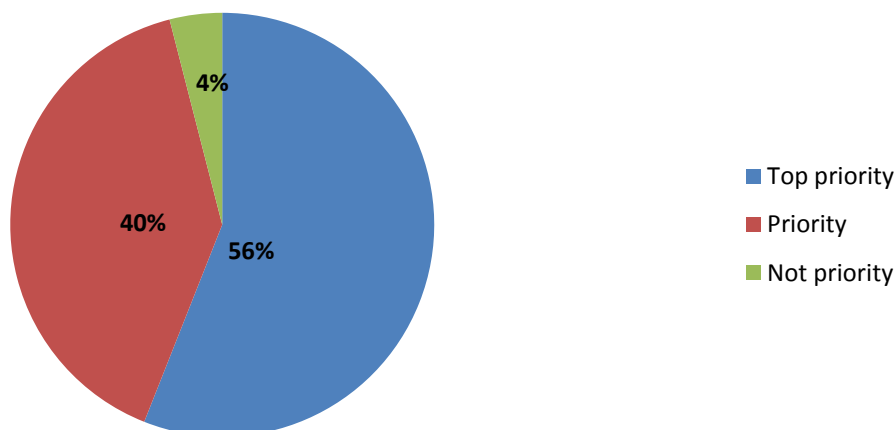


c) Factors affecting productivity growth

Recognizing the importance of productivity growth for sustainable long-run economic growth and prosperity, respondents to the BIAC survey were asked about their opinion on, and perception of, the productivity trend, contributing factors and policy priority attached to productivity in their respective countries.

More than **95% of the respondent business and employer organizations report that raising productivity is either a “top priority” (almost 60%) or a “priority”**. This result reflects the prevalent policy dialogue on the link between productivity growth and long-run economic growth, and concerns about the observed slowdown in productivity growth over recent decades.

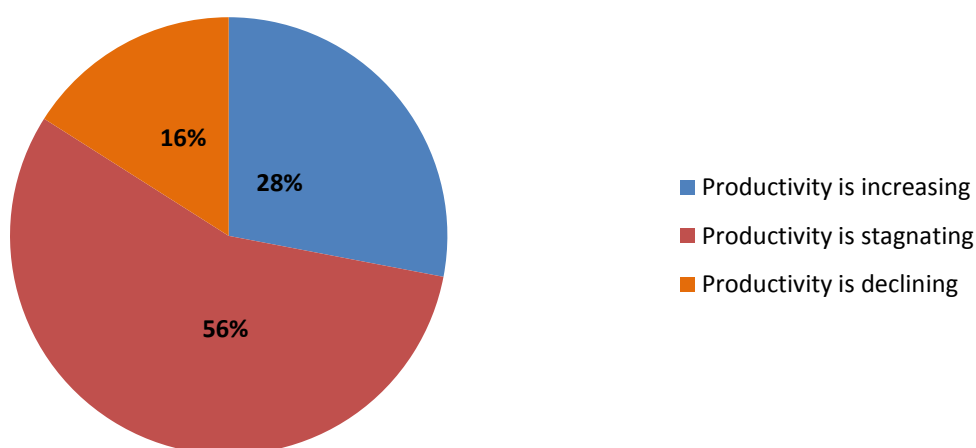
Figure 12: Business perception of priority accorded to raising productivity
(based on 25 responses)



Perhaps unsurprisingly, **just over 70% of respondents perceived either a stagnating or declining productivity trend in their countries** (Figure 13).

In contrast, 7 out of 25 business organizations, all of which from OECD countries, perceive that productivity is actually increasing in their countries. However, the magnitude of the growth increase is not addressed in the survey and may only reflect limited growth in some cases.

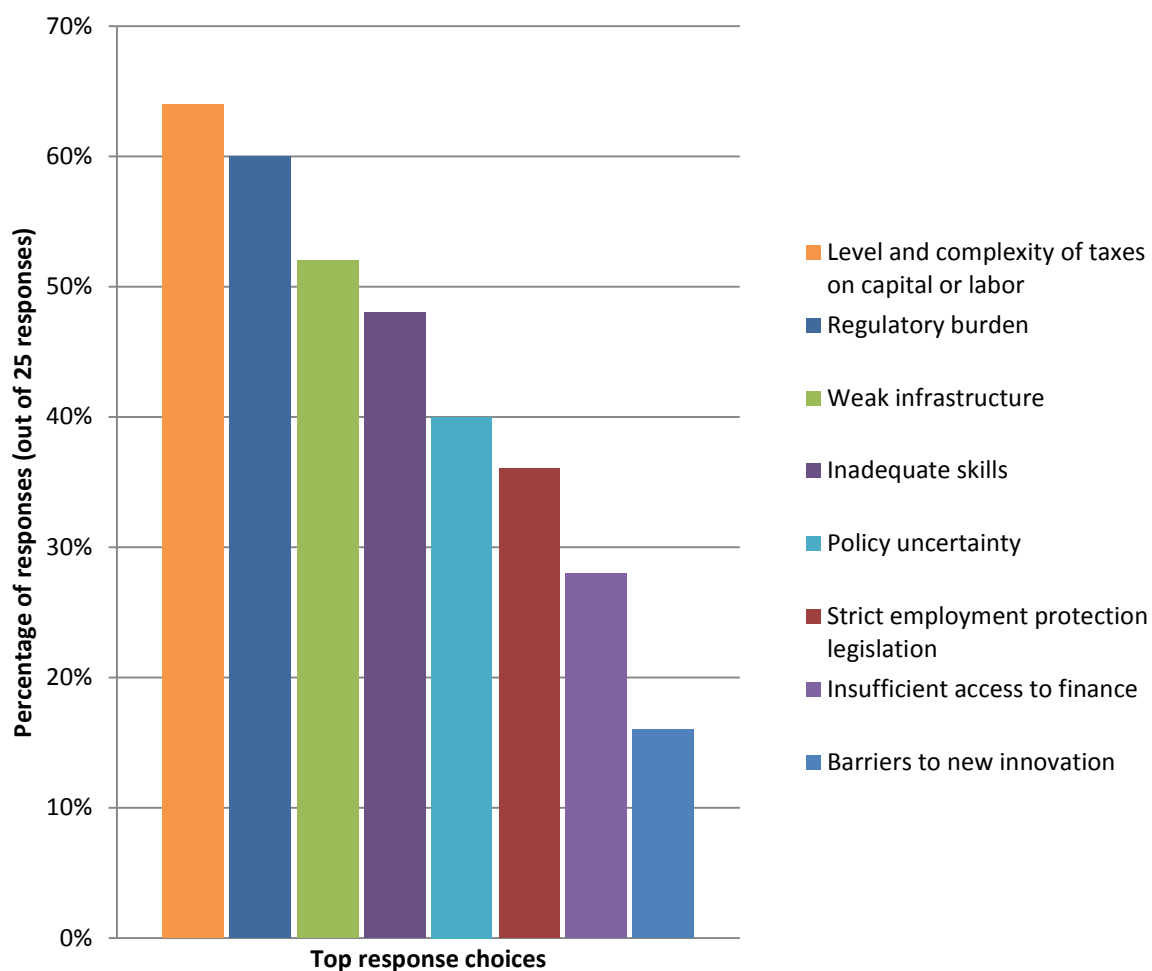
Figure 13: Business perception of the national productivity trend
(based on 25 responses)



Business organizations identify a broad range of factors affecting productivity in their countries. The most commonly cited recommendations are similar to those observed in Figure 1: **easing the regulatory burden, reforming in the level and complexity of taxes on capital and labor, and increasing infrastructure capacity and quality, and improving skills.**

Other important factors weighing on productivity mentioned by the respondents include policy uncertainty, strict employment protection legislation, insufficient access to finance, and barriers to new innovation. In some countries, these factors are deemed by business organizations as being the most important areas in need of reform.

Figure 14: Business opinion on main factors affecting national productivity



III. Conclusions

The results of the BIAC Economic Policy Survey 2016 reinforce several important business messages to policymakers:

- **Governments in many countries need to urgently introduce reforms in product market regulation – notably to reduce economy-wide regulatory burdens and improve the transparency of regulation**, among other reforms. These messages appear consistently in our recent surveys, indicating that decisive policy action is needed.
- Other key policy reform priorities to spur economic growth in many countries include:
 - **Increasing the efficiency of general taxation and the overall tax structure** (including reduction of distortion and fragmentation of the tax system).
 - **Improving public sector efficiency** (including enhancing the efficiency of public healthcare provision and the efficiency of sub-central levels of government)
 - **Reforming public infrastructure** through an increase in capacity and promotion of private sector participation
 - **Strengthening human capital** through particular emphasis on reforms to expand and improve vocational education and training
 - **Reforming labor taxation**, with an emphasis on reducing the overall and marginal tax on labor.
 - **Innovation policies/raising effectiveness of R&D** policies by incentivizing private sector R&D spending and developing knowledge networks between research centres/universities and industry
 - **Reforming employment protection legislation** to remove obstacles to a healthy and smoothly functioning labour market, with benefits both on the demand side and long-run growth prospects
- The reforms described above are considered top priorities by many national business and employer organisations for their respective governments in 2016. Through their implementation, together with other appropriate reforms, companies will be better able to invest, innovate and create jobs – all of which are essential drivers for faster economic recovery in the short-run and sustainable economic growth in the long-run. The country-specific reform priorities should be considered in the *OECD Going for Growth 2017* publication.
- **Governments' commitment to implementing such reforms in a timely fashion is critical** in order to deliver a much-needed boost to business and investor confidence. The finding that 72% of the business respondents consider that the OECD's country-specific recommendations have only been partly implemented is a cause for concern, especially when 80% of respondents either agree or strongly agree with the recommendations. The high rate of only partial implementation calls for greater consideration of the political economy of reform in OECD work. One important factor for increasing the implementation of proposed reforms would be to improve the effectiveness of the

regulatory consultation process and regulatory impact assessments, as revealed in our BIAC 2014 survey.

- Reflecting the global concerns over sluggish economic growth and historically slow productivity growth, **the survey finds that 72% of business respondents report that productivity is either stagnating or declining in their countries.**
- **Raising national productivity is either a top priority, or a priority, in 23 out of the 24 countries represented by the survey's respondents.** The OECD can play a leading role in supporting OECD member and non-member countries in understanding the reasons behind the decline in productivity growth, and analyzing and recommending a policy mix to re-invigorate this engine of economic growth and sustained prosperity. **The survey provides insights into potential areas for policy reform, chief among which are the level and complexity of taxes on capital or labor, regulatory burden, weak infrastructure, and inadequate skills in the workforce.**

Annex: Methodological Notes

Timeline

The survey was launched in late February 2016 and concluded in April 2016.

Respondents

25 national business and employer organizations from all continents and 24 countries participated in the survey on a voluntary basis. There was only one response per country, except for India from where two business organizations responded.

While the sample size remains limited, it is important to consider that each participating business and employer organization holds thousands of companies across several economic sectors in their respective memberships. In completing the survey, it was expected that the organizations would ensure well-balanced and representative responses.

Confidentiality

In order to encourage respondents to freely put forth their respective views and priorities, including comments on the implementation of reforms and the nature of their engagement in consultation processes, it was decided to ensure the confidentiality of their responses.

Thus a confidential set of country-specific responses is made available to the OECD Secretariat for its internal use only, in order to support its preparation of the *OECD Going for Growth 2017* publication.

For the purposes of this synthesis report, the names of participating organizations and their responses have been anonymized.

Survey structure

The survey was structured into four main parts:

- I. Selection of top 5 priorities for reform in respondent's country
- II. Explanation for selection in Part I
- III. Perspectives on the implementation of the OECD's *Going for Growth 2013* recommendations in respondent's country
- IV. Perspectives on factors affecting productivity growth, perception of prioritisation accorded to raising national productivity and top three priorities for raising national productivity.

With respect to Part I (Selection of the top 5 priorities for reform in respondent's country), the survey template presented a categorization of different areas for potential reform which mirrors the categorization that will feature in the *OECD Going for Growth 2017* publication – see Table 1 below. Respondents were asked to select their top five priorities in Level 1, and as many related Level 2 priorities as considered necessary.

Table 1: OECD categorization of reform priorities for the publication “Going for Growth”

Reform Area	Level 1 detail	Level 2 detail
Product market regulation	Reduce economy-wide regulatory burden	Reduce cost and barriers to entry
		Ease business exit
		Improve transparency of regulation
		Streamline permit and licensing systems
		Reduce the scope of public ownership/state intervention
	Reduce sector-specific regulatory burdens	Energy and other network sectors
		Retail trade and professional services
	Barriers to FDI and international trade	
Human capital	Primary and secondary education	Ensure adequate resources
		Improve teaching quality
		Improve school accountability and autonomy
		Improve curricula and evaluation
		Postpone early tracking
		Limit grade repetition
		Improve incentives for secondary education completion
		Reduce inequality in education opportunities
	Tertiary education	Increase university autonomy
		Introduce an evaluation system for universities
		Introduce/raise tuition fees with income-contingent payback
		Improve incentives for earlier completion/encourage early admission
		Expand access/enrolment/reduce inequalities in access

	Vocational education and training	Expand vocational education and training
		Enhance VET effectiveness and its link to business
Efficiency of general taxation/tax structure	Shift tax burden away from labour and capital toward consumption, immovable property and the environment	
	Reduce distortions and fragmentation of the tax system	
	Combat tax evasion and broaden tax bases/reduce tax expenditure	
Public sector efficiency	Enhance public healthcare sector efficiency	
	Improve monitoring mechanisms	
	Improve efficiency at sub-central level	
	Enhance efficiency and transparency of public procurement	
Rule of law		
Innovation policies/Raising effectiveness of R&D policies	Increase and/or reform R&D tax incentives	
	Improve targeting of public support	
	Improve access to venture capital	
	Strengthen collaboration between research centres/universities and industry	
Public infrastructure	Increase capacity	
	Introduce road pricing/congestion charges	
	Promote private sector participation	
Agriculture and energy subsidies	Agriculture subsidies	
	Energy subsidies	

	Reduce barriers to agricultural imports	
Labour	Average and marginal taxation of labour income	Reduce overall or marginal labour taxation
		Remove tax and benefit disincentives to full-time female/second earners/lone parents participation
		Remove tax and benefit disincentives to low earner participation
		Reduce labour tax wedge for low income earners, other specific groups
Public support for childcare, pre-school education and parental leave policies	Expand the provision of childcare, pre-school education	
	Enhance targeting of childcare pre-school education support	
	Reform parental leave policies	
Housing policies	Reform planning/zoning regulations	
	Reduce rent controls	
	Improve targeting or reduce the use of housing subsidies/improve targeting in the provision of social housing	
	Reduce/eliminate preferential tax treatment for housing investment	
Retirement schemes	Phase out early retirement schemes	
	Increase statutory or minimum retirement age	
	Lengthen contributory requirements/make benefits more actuarially neutral	
	Adjust benefits/retirement age in line with life expectancy	
Sickness and disability schemes	Strengthen gate-keeping for sickness and disability systems	
	Reduce generosity of the benefits	

	Improve return to work of recipients	
Unemployment benefits	Reduce replacement rates over the unemployment spell/reduce benefit duration	
	Tighten conditions for unemployment benefits	
	Expand coverage/generosity	
Active labour market policies (ALMPs)	Expand ALMPs/expand training under ALMPs	
	Strengthen activation of the unemployed	
	Improve efficiency and quality of training by promoting employers' involvement	
	Introduce or expand evaluation of ALMP spending	
Wage formation and minimum cost of labour	Reform wage bargaining to better align wages with productivity conditions at aggregate, regional, firm and skill-specific levels	
	Reduce relative level or growth rate of minimum wages vis-à-vis median wages	
	Reduce minimum cost of labour	
Employment protection legislation	Re-balance job protection between permanent and temporary contracts	
	Improve the efficiency and predictability of legal procedures in labour courts	
	Other job protection reforms to reduce informality	
Other	Financial market reform	



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