

Economic survey of Turkey, 2002

Summary

The banking and currency crisis of 2000-01 showed that any credible macroeconomic stabilisation programme also requires root-and-branch reforms of the distorted and fragile banking sector, and adequate finance to execute them. Only if the banking system is robust can tight fiscal and monetary policies simultaneously address the chronic problems of high public-sector deficits, high real interest rates and high inflation without engendering an unsustainable crisis. The current programme, which features a strong banking reform and major fiscal retrenchment and is supported by substantial IMF financial resources, could thus well succeed where earlier efforts have failed, even though the price may be a period of slow growth while corporate, fiscal and financial restructuring are going on. There is no acceptable alternative: premature efforts to stimulate the economy risk provoking a crisis of investor confidence and a return to high inflation and volatile growth. For this reason, it is important that banking sector reforms are pursued by the independent regulatory authority, so that banks can help finance productive investment during an economic recovery, rather than being mainly a source of finance for the public sector and heavily subsidised credits to politically important programmes and sectors. Recovery will be all the more sustainable and durable if other reforms are accelerated, notably deregulation and privatisation in conditions conducive to competition in product markets, efforts to reduce barriers to FDI, and steady withdrawal of state control and direction from industry and services. This would also help speed a highly desirable reduction or relocation of the large numbers of employees in public administration, reducing spending on public personnel. The comparatively high burden of non-wage labour costs and employee contributions needs to be more equitably shared by measures that make it more attractive for those in the informal sector – or not even in the labour force – to seek employment in the formal sector. This would have the added benefit of freeing

This Policy Brief presents the assessment and recommendations of the 2002 OECD Economic Survey of Turkey. The Economic and Development Review Committee, which is made up of the 30 Member countries and the European Commission, reviewed this Survey. The starting point for the Survey is a draft prepared by the Economics Department which is then modified following the Committee's discussions, and issued under the responsibility of the Committee.

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up some resources for poverty relief at a difficult period. Finally, it is important to recognise that the programme is on track and that political parties have affirmed their commitment to it. The process leading Turkey to the EU accession is also exerting a positive influence on policies, and could serve as an anchor for structural reform in the long-run. All the same, it is important that fiscal targets be met and further progress be made to reduce inflation and implement structural reforms. Continued progress and a period of stability will help to swing market perceptions around, restoring investor confidence and allowing the economic reforms to have their desired effect on the country risk premium and long-run macroeconomic performance. ■

What is the focus of the stabilisation programme developed in 2001?

A severe banking and currency crisis in late 2000 and early 2001 caused the collapse of the three-year exchange-rate based stabilisation programme only 14 months after its launch. The crawling peg was abandoned and the currency floated on 22 February 2001. It immediately fell by about one-third, and ultimately by almost two-thirds, against both the dollar and the euro. A new programme was presented initially in May 2001 and was further elaborated and refined during the course of the year and into 2002. It gained IMF support, with a commitment of new funding in Autumn 2001, followed by a substantial disbursement in February 2002. The new programme represents a deeper attempt than previous ones to address the fundamental weaknesses in the economy. Hence, key structural reforms placed a strong focus on public sector reform, building a sound banking sector, and liberalising markets for private sector-led growth. Because of the large fiscal costs for the banking sector clean-up, and the resulting jump in the public debt stock, the fiscal targets were tightened. And with the need for a new nominal anchor, monetary policy was foreseen as evolving toward a regime of formal inflation targeting by an independent central bank.

The programme remained broadly on track despite an initial lack of market confidence that perpetuated very high real interest rates, and contributed to a deep recession and widespread social costs. Financial market conditions improved substantially following the promises of IMF support, with the nominal exchange rate recovering by 12½ per cent relative to its previous low, a return to the disinflation path and to positive GNP growth in early 2002. However, an outbreak of political tensions in May 2002 was quickly followed by higher interest rates and a depreciation of the lira. The exchange rate had depreciated by 24 per cent against the dollar and 37 per cent against the euro by mid-September, relative to its April peak. ■

How has the programme fared in 2002?

Following the 2000-01 crisis, doubts about banking system viability and public debt sustainability fed on themselves for some time so that very high real interest rates and a sharply devalued lira only began to unwind in late summer 2001. The commitment of new funding from the IMF following the events of 11 September resulted in a favourable market response and the financial conditions finally seemed to normalise toward end-2001. This came too late to prevent a fall in GDP by 7½ per cent in 2001, the deepest recession since World War II. Both consumption and investment collapsed under the weight of portfolio wealth losses, a credit crunch, policy uncertainty, and higher inflation. Despite sharp real wage cuts, unemployment rose to its highest level in two decades, a reflection of both economic crisis and deep restructuring in sectors such as banking and agriculture. By the first quarter of 2002, however, a surprisingly brisk recovery had begun, and it continued in the second quarter. The downward trend in inflation, which started in late 2001, consistently surprised markets by its steepness. However, in May, with the Prime Minister's hospitalisation, market nervousness returned as the possibility of early elections cast a pall over the stabilisation programme. Interest rates rose sharply and the exchange rate fell below its earlier troughs. In early August, a decision was made to hold elections on 3 November. While this removed previous uncertainty over the timing of elections, it gave way to anxiety about their likely outcome and the implied prospects for continuity of the economic reform programme. Indeed, it has not been possible to find Parliamentary time for all of the implementing legislation. Nevertheless, the frameworks for policy setting and implementation have been strengthened compared with the situation in the past. ■

What are the risks facing the economy?

The most recent published OECD projections (finalised in April 2002) see a growth rate of just under 2 per cent this year, rising to 3½ per cent in 2003, based on assumptions of tight macroeconomic policies, a steady decline of real interest rates and broadly stable real exchange rates, in line with the full implementations of the programme, and progressive world recovery. On these assumptions, the inflation target of 35 per cent by the end of this year was seen as achievable, as was a further decline to the 20 per cent range for next year. However, the release of first-half GDP data and the mid-year turmoil in financial markets have altered both the starting point and assumptions of the outlook. Higher real interest rates are expected to result in a slowing of growth in the second half of 2002 from its buoyant 5.2 per cent pace in the first half, though perhaps reaching close to 4 per cent for the year as a whole, and remaining in the 3½-4 per cent

range next year. In spite of the fact that the renewed exchange-rate decline is resulting in rising private-sector manufacturing price inflation, the inflation target is still expected to be met in 2002, but with strengthening domestic demand, next year's target may come under more pressure. The main downside risk is that long drawn-out bank restructuring and associated tight credit conditions, and continued high real interest rates due to sovereign risk could eventually hobble the recovery. On the other side, a significantly faster initial recovery of demand than projected could threaten the inflation targets: service price increases have been muted by the severity of the recent contraction in domestic demand, and there is pent-up demand for catch-up of lost real incomes in these sectors. Real wages could be subject to similar pressures if labour markets were to tighten abruptly, although unemployment currently remains high. If interest rates were to remain high, or even rise further if inflationary expectations revive, this could impinge upon the health of the banks which, despite restructuring, retain maturity mismatches that leave them somewhat vulnerable to interest rate shocks. Public debt servicing would also become more burdensome because of its short-term maturity structure. It is thus essential that the Central Bank continue to take appropriate action to meet or surpass its inflation targets, while rapid progress on bank restructuring is important to build confidence in the ability of monetary policy to influence inflation expectations. ■

How do problems in the banking sector affect growth?

Turkey's poor economic performance is in part linked to a legacy of banking sector distortions, affecting both public and private banks. Since full capital account opening in 1989, under a succession of unstable coalition governments who had no incentive to rein in fiscal profligacy or to reform weak institutions, the private banking sector became a mechanism for financing a growing public sector debt at high real interest rates. With these banks' growing involvement in government debt financing *via* uncovered arbitrage, they extended comparatively little credit to investment for productive activities. What lending took place was often to related parties on unprofitable terms, as large industrial conglomerates owned most of the banks, which lacked necessary skills in assessing firms' creditworthiness. To protect against high inflation, a large proportion of deposits and loans was denominated in foreign currencies and bore short maturities, but this left banks and their customers extremely vulnerable to exchange rate depreciation and interest rate increases. With the rest of the financial market remaining immature, small to medium-

sized companies had to rely primarily on self finance and, for the larger corporations, direct borrowing from abroad, often on the basis of bank guarantees. In any event, corporations faced similar incentives to buy government bonds rather than to invest in productive assets. At the same time, the public banks were used as vehicles for the channelling of resources to specific sectors, mainly agriculture, and for the build-up of implicit public debt in the form of huge "duty losses" arising from uncompensated lending subsidies and payments. All in all, the crowding out of private investment by public debt and inefficient credit allocation by the banking system acted to keep potential output growth low, and repeated economic crises resulted in the actual growth path being extremely volatile.

Bank liquidity and currency crises occurred in both 1994 and 2000-2001. Unlike the earlier episode, the recent one occurred in the midst of a tough stabilisation programme, which had an exchange-rate peg as a nominal anchor. However, the banking system was too fragile to support the "quasi-currency board" regime, which brought to the surface the underlying problems of large open positions and maturity mismatch. The resulting financial and economic crisis gave rise to severe capital losses in bank and corporate sectors, mass bankruptcies and a mountain of non-performing loans. Banks faced informational uncertainties about borrowing firms while attempting to meet tighter capital adequacy requirements, and they sharply cut their credit lines, in turn aggravating the economic contraction and non-performing loan problem. ■

What bank reforms have taken place and what further reforms are necessary for banks to be profitable again?

The bank restructuring programme is helping to re-capitalise the crisis-hit banking system as well as tackling the structural problems underlying its crisis-proneness. Impressive progress has been made in a short period of time. The independent banking regulator, the BRSA, which became operational just before the crisis, has seen its powers and effectiveness enhanced as regulations have been tightened and accounting rules modernised in line with EU standards. A number of insolvent private banks have been taken over, recapitalised, restructured, and sold or liquidated. In the public bank sector, duty losses have been eliminated, banks recapitalised, the generation of new duty losses prevented, and management reformed. However, the cost of the clean-up has been huge, around 30 per cent of GDP, reflecting the long delay in addressing problems. The final cost will depend on the degree of success of bad loan recovery, which will be facilitated by the new bankruptcy law, currently under preparation. Now that the public banks' financial and operational

restructuring has been completed, anchoring of the sustainability of the reforms will require an early switch to a non-politicised ownership structure.

As regards the private banking sector, policies have been developed to avoid the repeated recourse to significant sums of public money to recapitalise weak banks, and to improve internal control and risk management systems. Initial indications are that the incentives created by these policies have largely worked, and a process of consolidation has begun. The banks' capitalisation ratios now meet capital adequacy requirements and they are fully provisioned against non-performing loans, notwithstanding a sharp jump in the latter, thanks largely to high collateral values, the transfer of foreign exchange risk to the government, and shareholders' equity injections. However, loan collaterals may in practice be hard to recover, while the sector's relatively low degree of liquid capital has a restraining impact on the sector's resilience to shocks. Hence, the non-performing loan problem needs to be tackled urgently, both by making efficient use of the new mechanism for voluntary corporate debt restructuring, and by rapid passage of the anticipated bankruptcy reform to support the loan work-out process. It will also be important to continue to intervene in non-viable banks on a timely basis while refraining from propping up non-viable firms as in the past. This will pave the way for a restoration of bank profitability and resumption of bank lending to help spur the recovery. ■

What framework conditions are necessary to allow further sustainable reform of the financial market and macroeconomic stability?

Looking further ahead, efficient regulation, prompt corrective actions, and market discipline in order to eliminate the incentives for bad management, connected lending and excessive risk taking are all needed to avoid future crises. Moreover, the strong accompanying macroeconomic stabilisation programme, which requires tight monetary policies and therefore tight liquidity conditions, implies a difficult transition for banks before they regain the ability to compete under normal market incentives. Further sustained banking reform will require the following:

- The continued independence of the new banking regulator, the BRSA, must be firmly protected given both its good track record so far and the unhappy history of politicised regulation in Turkey. *Limits on depositor and creditor protection* need to be set and the blanket guarantee should be lifted in the near future, to enhance market oversight and promote banking competition. *Institutional development* is

also desirable: the functions of deposit insurance and banking regulation should eventually be separated, to permit a single-minded focus of the regulator on prompt corrective actions.

- Banking regulations have been markedly strengthened since the crisis but their continued *enforcement* will be critical. In particular, new regulations on connected lending and open positions must continue to be fully implemented, tested and indeed strengthened further if they fail to meet their objectives. The timeframe to fulfil reduced limits on connected lending should be accelerated and where exceptional circumstances prevent this, very tight supervision will be required. In order to remove market distortions and boost banks' profitability, the *financial transactions tax* should be lifted and *inflation accounting* allowed for tax purposes for banks. The use of inflation accounting should also be immediately extended beyond the banking sector in order to allow banks to better evaluate their corporate customers. Indeed, steps are being taken in this direction by the Capital Market Board and the Ministry of Finance.
- As inflation and real interest rates on public debt fall in line with the intentions of the programme, profits will shrink and competition will grow, quite possibly resulting in further bank *merger and acquisitions*, and operational restructuring. To encourage the diffusion of best management practice in the sector, it will be important to attract foreign entry during this process.
- It is vital to continue improving the *governance structure* in the banking system by reducing the influence of the industrial conglomerates and by maintaining tight supervision where this influence remains prominent.

The government needs to urgently prepare and implement a *privatisation plan* for all the public banks, while also developing policies that address the problem of market failures in rural areas and small business finance. During their transition, the banks should be fully subject to market discipline and in this respect, the government should refrain from exerting influence on the operational decisions of the public banks.

A deeper, broader and more liquid capital market, along with longer maturities and sustained foreign capital flows to finance investment, is necessary in order for banks to diversify their sources of liquidity and to have effective counterparties for the hedging and spreading of their risks. However, this will not come about until macroeconomic stability is achieved and expected to endure. More generally, the policies described above do not of themselves solve the main problem of macroeconomic volatility. No matter how well regulated and supervised, banking systems are

likely to be vulnerable to macroeconomic shocks. Turkey needs to get out of the vicious circle of macro instability and consequent unsound financial sector structure by strict adherence to a medium-term programme of fiscal tightness and anti-inflationary monetary policy. ■

What can the central bank do to contain inflation?

To eradicate the persistent nature of inflation in Turkey requires a credible nominal anchor. Following the move to a floating exchange rate regime after the 2001 financial crisis, the Central Bank indicated its intention to introduce official inflation targets, and in early 2002 it announced that it intended to shift to a fully-fledged inflation targeting regime before the end of the year. Even in advance of a formal inflation targeting framework, the Central Bank has an explicit price stability mandate, and as an interim strategy, it is running a tight monetary policy *via* targeting base money growth. Early results of this interim strategy have been good; the new foreign exchange regime is proving beneficial in absorbing shocks, and the monthly inflation numbers are looking consistent with the target. It is very important for credibility that economic actors see that the Central Bank is not deflected from its disinflationary stance, and that they understand, and internalise, the goal of reducing inflation to single-digit-rates by 2005. Although this may appear ambitious by comparison with performance in recent decades, it is also the case that other “high inflation” OECD countries have successfully made the transition without real output losses in the medium term. In the immediate future, faced with renewed volatility in financial and foreign exchange markets and implicit pre-election pressures, the Central Bank requires extreme caution in implementing further cuts to its policy rates.

Whatever its character, the nominal anchor will not be credible without fiscal discipline and continued structural reforms in a broad range of fields. Under the circumstances facing Turkey, income policies in the form of reducing overstaffing in the public sector, together with a shift from backward indexation to a more forward-looking approach in all sectors, could also be important to break inflation inertia. ■

How does the banking crisis affect the debt burden?

The new programme has given top priority to banking sector reform, which increases the burden of fiscal policy. The Treasury extended floating rate notes to the state and SDIF banks to cover their duty losses

and recapitalisation needs. Foreign exchange linked bonds were also issued to close their open positions. The bank clean-up operations almost doubled the stock of domestic public sector debt in 2001, and the interest payments on securities to cover the banks' losses added substantially to the central government's borrowing requirement. The major fiscal policy problem now is the servicing, rollover and sustainability of this doubled debt burden. Currently, the negative effects of high real interest rates paid on lira-denominated debt are mitigated by the cumulative real appreciation of the Turkish lira over the past year, reducing the cost of servicing foreign-currency-denominated debt. By the same token, the now-high share of foreign-currency-denominated debt in the total makes public finances vulnerable to the volatility of the lira. A sudden real depreciation of the currency would add further strain to the debt's sustainability. ■

What can be done about the debt situation?

The debt build-up required an ambitious target for the primary surplus of 5½ per cent of GNP in 2001. Despite the overshooting of expenditure plans and economic weakness, the fiscal programme achieved its targets in 2001 mainly because of higher than expected revenues. In 2002, the fiscal stance remains tight with the primary budget surplus target rising to 6½ per cent of GNP. Fiscal performance was broadly on target at mid-2002 in part because the brisk economic recovery which further boosted revenues, even when excluding seignorage revenues. On the central government budget side, the primary surplus achieved in the first half of the year has already secured two thirds of the whole-year target for 2002, notwithstanding a sharp rise in non-interest spending. Developments on the state economic enterprise (SEEs) front are less encouraging: SEEs in the energy sector, in particular, are still running significant deficits. A larger surplus at the central government level is required to compensate these deficits. Given the recent tendency to spending overshoots offset by unexpectedly high revenues, and the rapidly rising tax burden, there needs to be a greater emphasis on spending control in meeting budgetary targets.

The stabilisation programme is critically dependent on an improvement in expectations and a decline in real interest rates. So long as the programme keeps on track and inflation falls, thus building investor confidence, nominal as well as real interest rates could be expected to decline in line with a decrease in the risk premium. In this respect, delayed institutional reforms or protracted political instability could endanger long-run government debt sustainability and thereby risk another destructive cycle of high interest rates, higher

debt service, a weakening Turkish lira, and further worsening of the debt position, in turn leading to a still higher country risk premium. The recent pick-up in interest rates due to an outbreak of political uncertainty has already had costly consequences for the Turkish public finances and has proved that the biggest risk to the consolidation programme is the political one. Indeed, the only way to make the debt sustainable in the long run is to reduce interest rates *via* a lowering of risks. At their current levels in real terms, primary surpluses in the 5-6 per cent of GDP range or even more would be needed indefinitely to stabilise the debt, absorbing resources that could be used to further important economic and social goals. ■

What public sector reforms are needed?

The public sector has suffered from a lack of both transparency and effective control of public resources and inadequate management of budget institutions. The current programme of budgetary reform focuses on improved budget preparation and execution, enhanced accounting standards, and implementation of the amended Public Procurement Law. In addition, an *Action Plan on Increasing Transparency and Good Governance in the Public Sector* was adopted to tackle problems in public administration management. Recently, reform efforts have mainly concentrated on measures to downsize the public personnel. Additional interventions on the budgetary procedures are desirable. The government needs to streamline and internalise in the regular budget process all recent piecemeal measures introduced as a short-term response to the financial crisis. Moreover, a more clearly defined system of both *ex ante* and *ex post* auditing needs to be implemented. A closer co-ordination between the Public Procurement and the Competition Authorities is also advisable, to ensure that the awarding of contracts does not conflict with general competition policy. To increase the efficiency of the use of public resources, and to strengthen the linkage between planning and budgeting, draft guidelines for strategic planning were prepared in December 2001. Strategic planning has also an important role in instructing line agencies to actively participate in the budget process. The public investment programme has been rationalised in order to shorten the average time to completion. The public personnel downsizing programme should be accompanied by training programmes for those who wish to remain in the labour force, their relocation in sectors facing a lack of personnel and the introduction of systems of performance-related incentives and career opportunities. ■

Why is privatisation going so slowly?

The privatisation programme is the focal point of the attempt to reduce state ownership, control, and intervention in the economy, but progress has been slow. Since the start of the privatisation programme in the mid-1980s, privatisation revenues have totalled around \$7 billions, but only around one third of these and other proceeds from the Privatisation Administration were used to reduce government liabilities, as the remainder was used in the restructuring of companies before divesting. In the past few years, actual privatisation receipts have regularly fallen short of the initial targets, and foreign involvement has been limited. To speed up the privatisation process, greater operational autonomy should be granted to the Privatisation Administration and the government should remove obstacles to a wider involvement of foreign investors. The privatisation of remaining big-ticket items should be accelerated. ■

What is holding back competition in the gas and electricity markets?

In electricity, the private sector has an increasingly important role in asset management and service operations through public/private partnerships in the form of Build-Operate-Transfer (BOT) and Transfer-Of-Operating-Rights (TOOR) contracts. However, the implementation of these projects has been slowed down by recurring legislative and administrative impediments, and the private sector accepted to sign these contracts only in exchange for high prices of the electricity to be supplied to the state monopolistic company. Moreover, the Treasury had to provide its guarantees on the state company's purchases for 20-30 years, leading to the accumulation of significant contingent liabilities and implicitly subsidising an already inefficient sector. Turkish electricity prices are substantially higher for industry than in other OECD countries. In natural gas, the state company retains for the moment monopoly power in all segments of the industry. Due also to the bargaining power of the few gas suppliers, the government signed some costly "take or pay" contracts with neighbouring countries according to which Turkey has to pay for a pre-specified volume of gas annually whether it actually takes delivery of the gas or not. In response to this negative heritage of past policies, the authorities have adopted the Electricity Market Law and the Natural Gas Market Law with the objective of liberalising these markets. The general principles of the new legislation are consistent with best practices among OECD countries. The two laws prevent any public institution from engaging in BOT or "take or pay" kinds of contracts in the future. However, they do not contain any provisions dealing with contracts already signed.

Therefore, these contracts will continue to hamper the liberalisation process and delay the consequent reduction of energy prices. The independent Energy Authority should find mechanisms to prevent BOT firms from using their privileged contracts to build up dominant market positions. ■

Why hasn't reform of the Turkish telecom sector gone further?

The liberalisation process for the Turkish telecommunication sector started earlier than for other sectors and this has already had some positive consequences on productivity and employment in that sector and on prices for consumers. Despite this, telecom reform is still lagging. Turkey is the only OECD country with a monopoly in fixed-line services and infrastructure and, despite recent progress, the privatisation programme for Turk Telekom (TT) (which by law is being handled by a tender committee, separate from the Privatisation Administration), is proceeding more slowly than planned. The government should make efforts to accelerate the procedure for ending the monopoly in the fixed-line segment of the market and for divesting the state's assets. Rules on fixed-line interconnection should be implemented soon and should ensure equal access, non-discrimination and cost-based prices. The need for a golden share in TT should be re-thought. ■

What impact will the agricultural restructuring programme have on farmers?

In agriculture, output and input linked policy support to the sector has led to overproduction of many commodities, while failing to relieve poverty for subsistence farmers. The current restructuring programme aims to implement a less distorting direct income support system, and to encourage a transition towards more profitable crops. The restructuring programme is a step towards a more competitive agricultural sector in Turkey and a sharp retrenchment of the state's direct intervention. Subject to fiscal sustainability, the integration of the direct income support system into a strengthened and well-targeted nationwide social safety system should be accelerated, to ensure that some people in the agricultural sector are not left with inadequate resources, and to maintain social support for reforms. ■

What measures could improve labour market participation...

The Turkish labour market is hobbled by low participation rates – especially of women – and a high tax burden on labour (40 per cent in 2001) mainly reflect-

ing high social security contributions, which in turn contributes to a widespread informal sector. A better functioning labour market depends in part on the success of the ongoing reform of the social security system. At the end of 1999 the government started a “parametric” reform of the three main public pension schemes in Turkey, but rules were recently changed following a Constitutional Court decision against the 1999 provisions, leading to further deficits already in the short term. In the medium term, a more balanced three-pillar pension system is desirable, although the low income of most of the population – largely liquidity constrained – will be a restraining factor. The transition could be aided by providing, *via* a one-off amnesty, social security contribution reductions to companies and workers in the underground economy who agree to operate in the formal sector and to pay contributions to private pension funds. More fundamentally, however, implementation of the tax reform plan should be accelerated in order to widen the tax base and reduce the high cost to employers of hiring labour in the formal sector. ■

... and the education system?

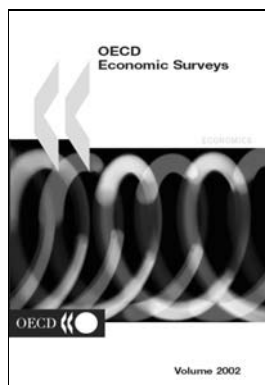
An improvement of human capital on a wide scale is crucial to attain higher growth and reduce income inequalities. Extending compulsory primary education to 8 years has been relatively successful in increasing participation of younger cohorts in education. However, the focus should also be on implementing structural changes in secondary and tertiary education. The quality of teaching staff should be progressively improved, for example by competitive hiring and performance-based incentives. However, greater numbers of teachers are also needed, especially at the secondary level given the growing numbers of primary school graduates and a planned increase to 12 years of compulsory schooling by 2005. Facilities should also be improved and the need to build new schools should always be taken into account in cities' urban planning, especially where immigration from rural areas is particularly marked. The government will need to weigh carefully all the tradeoffs involved in these decisions, subject to the key objective of fiscal consolidation. ■

For further information

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- **Economic Outlook No. 71**, June 2002. More information about this publication can be found on the OECD's Web site at www.oecd.org/eco/Economic_Outlook.

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