

VI. THE CROSS-MARKET EFFECTS OF PRODUCT AND LABOUR MARKET POLICIES

Introduction and summary¹

Product and labour market reforms are likely to have significant cross-market effects

OECD countries have pursued product and labour market reforms over the past two decades to increase employment and enhance productive efficiency. For example, countries have adjusted their employment protection and minimum wage legislation, reformed their benefits systems and modified their tax policies with the aim of reducing unemployment and stimulating labour force participation.² Moreover, many OECD countries have initiated pro-competitive regulatory reforms of product markets, leading to positive effects on productivity and consumer welfare.³ However, little attention has been paid to the potential impact of product market regulations on labour market outcomes or of labour market policies and institutions on product market performance.

This chapter reports on recent OECD empirical analysis aimed at shedding some light on the potential long-run cross-market effects of policy reforms in product and labour markets.⁴ Focusing on anti-competitive product market regulations in potentially competitive markets (such as legal barriers to entry, price controls, state ownership, administrative burdens and trade and investment barriers), the first section presents quantitative assessments of the impact of regulatory reforms on employment, employment insecurity and earnings inequality. The following section examines the effects of selected labour market policies and institutions on innovation performance and industry structure.

-
1. This chapter is based on a study prepared by the Economics Department and the Directorate for Education, Employment, Labour and Social Affairs.
 2. See Chapter IV “Labour market performance and the OECD jobs strategy” in OECD (1999), Chapter VII “Recent labour-market performance and structural reforms” in OECD (2000a), and the Editorial “Rewarding work” as well as Chapter IV “Eligibility criteria for unemployment benefits” in OECD, (2000c).
 3. See *OECD Report on Regulatory Reform I-II* (OECD, 1997), Chapter IV “Regulatory reform in network industries: past experience and current issues” in OECD (2000a) and Chapter IV “Links between policy and growth: cross-country evidence” in OECD (2000b).
 4. The study employed cross-section and pooled cross-section time-series regressions to analyse long-term cross-market effects, and made extensive use of the OECD regulatory database (see Nicoletti *et al.*, 1999). A more extensive presentation of the analysis and a discussion of methodological issues are contained in Nicoletti *et al.* (2001).

The main message of the chapter is that there are significant cross-market effects of product market regulations and labour market policies and institutions. This has several policy implications:

Increased product market competition can raise overall employment rates in the long run ...

- The reduction of barriers to trade and competition in potentially competitive product markets can be a complement to labour market reforms aimed at increasing long-run employment levels of OECD countries.

... while leaving employment security largely unaffected

- At the same time, preliminary evidence suggests that these long-run employment gains do not come at the expense of greater long-run inequality in labour markets or greater insecurity about employment prospects, as proxied by several measures of job turnover and average job tenure. Nevertheless, the impact of regulation on job security appears to differ across different groups of workers and the adjustment costs can be significant for some displaced workers. This points to the need to accompany product market reforms with appropriate labour market policies.

Reforms of job protection may stimulate innovative activity...

- Depending on the industrial-relations regime, a relaxation of hiring and firing restrictions seems to be either positive or approximately neutral with respect to its effect on innovative activity in individual economic sectors.

... and encourage specialisation in R&D intensive industries

- In addition, the potential growth effects of labour market reforms (easing of employment protection, reducing the administrative extension of collective agreements and lowering tax wedges) are likely to be reinforced since they increase specialisation in R&D intensive industries.

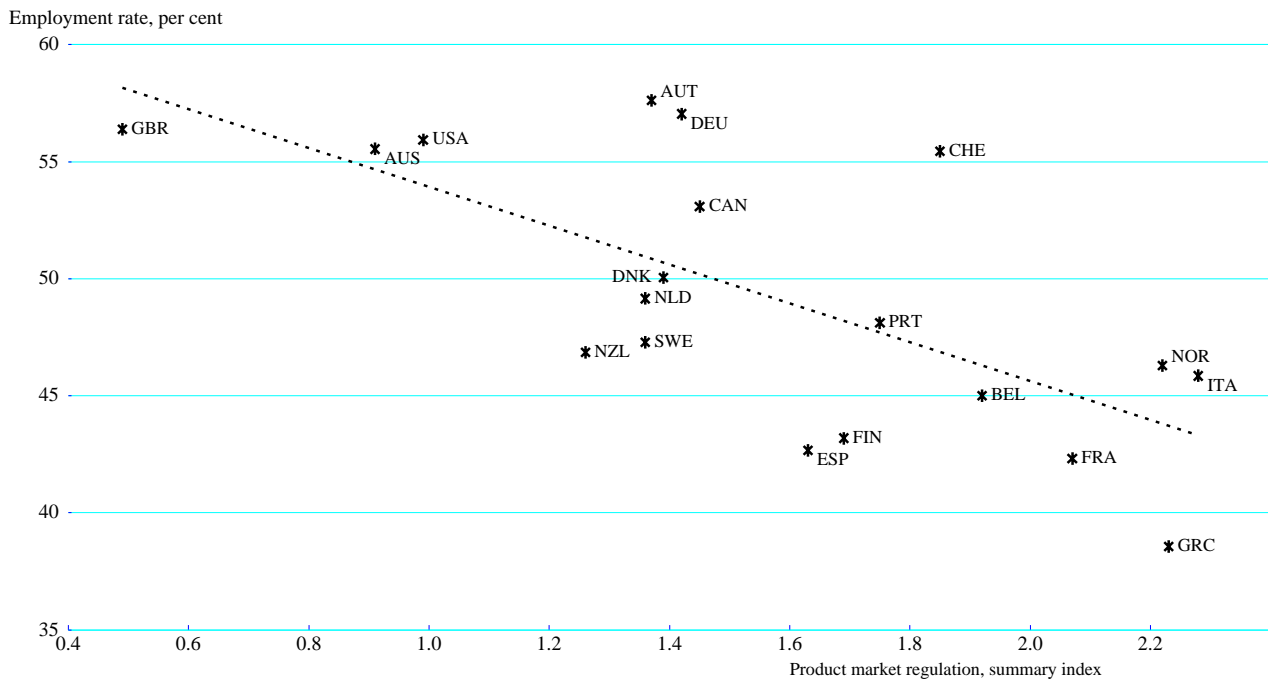
Product market regulation and labour market performance

The impact of product market regulations on employment

Product market regulations influence employment levels among countries

The intensity of product market regulations is negatively correlated with employment rates in the non-agricultural business sector across Member countries (Figure VI.1), pointing to negative influences on labour demand⁵ from the output-restraining effects of product-market regulations. Thus, relatively more permissive product market regulations in Australia, the United Kingdom and the United States have been accompanied by a relatively high employment rate in the business sector. By contrast, relatively stringent state control, barriers to entrepreneurship, and/or barriers to foreign trade and investment in France, Greece, Italy and Norway have coincided with a comparatively low share of the working-age population being employed in the business sector.

Figure VI.1. Employment rate and product market regulation¹, 1998



1. Employment rate in the non-agricultural business sector and indicator of stringency of product market regulation (varying between 0 and 6 from least to most restrictive).
Source: OECD.

5. See Blanchard (2000) and Nickell (1999).

Empirical estimates confirm the importance of product market regulations for employment performance (Table VI.1) (Nicoletti and Scarpetta, 2001), even if differences in labour market policy settings appear to account for the major part of the cross-country difference in employment rates that can be explained.⁶ Differences in product market regulation may on average account for just over 1 percentage point of the cross-country differences in business non-agricultural employment rates from the OECD average over the 1982-98 period. This is equivalent to half of the deviation that can be attributed to the tax wedge (2½ percentage points) and a third of the deviation that can be explained by employment protection and benefit policies (¾ percentage points).

Table VI.1. Accounting for differences in employment rates

across OECD countries

(Percentage deviations from OECD average)^a

	Contribution from :				Total
	EPL and benefit policies	Tax wedge	Product market regulation	Other ^b	
Australia	4.1	5.0	1.0	0.9	11.1
Austria	-0.1	-1.6	-0.2	23.0	21.1
Belgium	-2.5	-3.3	-0.7	-1.8	-8.3
Canada	4.9	2.6	1.6	-1.3	7.7
Denmark	-3.0	-3.0	-0.6	9.7	3.0
Finland	-0.6	-1.8	-0.2	-0.4	-3.0
France	-2.3	-2.2	-1.4	-4.6	-10.5
Germany	-2.7	-1.3	0.0	17.7	13.7
Greece	-1.3	0.3	-2.0	-22.8	-25.8
Ireland	3.8	1.9	-1.4	-22.7	-18.4
Italy	-2.2	-1.5	-1.9	0.7	-5.0
Japan	1.5	2.3	0.4	26.0	30.2
Netherlands	-3.8	-3.6	-0.8	1.0	-7.2
New Zealand	3.6	2.9	1.8	-12.7	-4.4
Norway	-2.9	-0.5	0.4	-2.1	-5.0
Portugal	-4.6	2.0	-1.5	-1.6	-5.7
Spain	-3.8	0.5	-0.1	-12.7	-16.1
Sweden	-2.2	-3.6	0.8	10.1	5.0
United Kingdom	6.4	2.4	2.2	-3.9	7.1
United States	8.0	3.1	2.9	-3.9	10.2

a) Based on parameter estimates from pooled cross-country/time-series regressions covering 20 OECD countries over the period 1982-1998.

b) Includes effects of bargaining systems, unionisation, output gaps and other unexplained factors (country-specific effects and residuals).

Source: OECD.

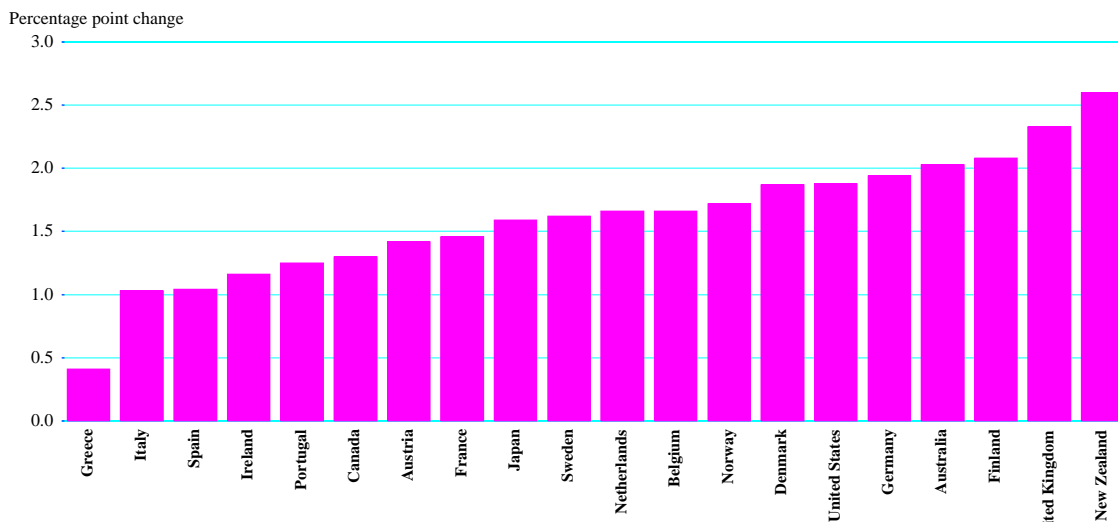
6. Those labour market policy variables and product market regulations included in the analysis explain only 40 per cent of the variation in employment rates across countries; the remaining 60 per cent of the variation is due to labour market institutions, output gaps and unexplained factors.

In some countries the effect of product market regulations is estimated to be particularly strong. For instance, in Italy, where on average employment rates have been 5 percentage points below the mean of OECD countries, anti-competitive product market regulations may account for about one third of this gap.⁷ Also, comparatively stringent regulations may reduce employment rates in France, Greece, Ireland and Portugal by 1½ to 2 percentage points. Conversely, in the United Kingdom and the United States, low levels of product market regulations explain about 1½ to 2½ percentage points of their better-than-average employment rate performance (respectively 7 and 10 percentage points greater than the mean of the OECD countries).

Product market liberalisation has fostered employment in the past two decades...

Over the past two decades, regulatory reforms have played a significant role in increasing employment in the OECD area (Figure VI.2), particularly where pro-competition policy developments have been extensive. Product market reforms in New Zealand and the United Kingdom are estimated to have added around 2½ percentage points to their employment rate in the non-agricultural business sector over the 1978-98 period. On the other hand, countries where regulatory reform has made more modest progress have experienced correspondingly smaller employment gains, with Greece, Italy and Spain adding only around ½ to 1 percentage point to their employment rate via such reforms.

Figure VI.2. The contribution of product market liberalisation to changes in the employment rate¹ 1978-1998



1. The figure reports the estimated impact on the employment rate in the non-agricultural business sector of pro-competitive regulatory reform in 7 non-manufacturing industries (gas, electricity, post, telecommunications, passenger air transport, railways and road freight). Depending on the industry, changes in the following dimensions have been considered: barriers to entry, public ownership, market structure, vertical integration and price controls (see Nicoletti and Scarpetta, 2001, for full regression results). Source: OECD.

7. Regulatory reforms that occurred in Italy after 1998 (see OECD, 2001, for details) are not taken into account in these calculations.

... and there is still significant potential to increase employment via regulatory reforms

There is still considerable scope for most Member countries to expand employment via regulatory reforms in the product market. As an illustrative gauge of this unused potential, the OECD has assessed the employment consequences if countries were to align their overall regulatory stance in product markets to that of the United States. This would involve a fundamental overhaul of the extent of state control, of barriers to entrepreneurship and of constraints on external trade and investment in countries with relatively stringent regulations, but these countries would also experience the greatest employment gains. Thus, in the long run, some southern European countries and Ireland might gain as much as 2 to 2½ percentage points in their employment rate compared with 1998. Smaller, but still noticeable, employment gains could be obtained in countries with less regulated product markets.

Product market regulations and rent sharing

There are sizeable industry-specific wage premia...

One of the channels through which anti-competitive product market regulations negatively influence employment levels is the sharing of rents between workers and firms in the form of higher wages. Indeed, such rent sharing is one major reason for wages differing greatly across industries in OECD countries, even after controlling for different worker characteristics.⁸ The cross-industry structure of wage premia is also remarkably similar across countries:⁹ capital-intensive industries, such as petroleum, chemicals and energy, typically pay very high wages, while labour-intensive industries, such as apparel, leather, and hotels and restaurants, generally pay low wages. As a result, a worker moving from the low-wage industries to the high-wage chemical industry could experience wage gains of around 30 per cent on average.

-
8. For instance, at the two-digit industry disaggregation, standard deviations of estimated industry wage premia (once controls have been made for workers' and firms' characteristics) range from 8 per cent in Sweden to 16 per cent in the United Kingdom and Canada.
 9. Correlations of national wage premia by sector with the those of the United States range from 0.35 (in Denmark) to 0.90 (in Canada) with the median correlation being 0.70.

... that are partly related to industry-specific regulations restraining competition

There is a positive relationship between the degree of product market regulation and industry wage premia (Table VI.2).¹⁰ In manufacturing, trade barriers are on average estimated to raise wages by 4 to 5 per cent. In services and utilities, regulatory restrictions to competition (where competitive developments would in fact be possible) are on average estimated to increase wages by 5 to 6 per cent compared with a benchmark where such restrictions do not exist. In services and utilities, however, the relationship between wage premia and regulation appears to be hump-shaped.¹¹ Wage premia seem to be lower in sectors where state control and legal monopolies were, until recently, very pervasive (such as in electricity, gas, water, post and air transport) as compared with sectors with an intermediate level of regulation. This pattern could imply that regulation in these industries has been successful in preventing rent formation and rent-sharing, but is more likely to reflect regulatory failures involving low-productivity traps¹² and/or the existence of non-pecuniary rents that are not reflected in wages.¹³

—Table VI.2. Average effect of product market regulation on wage premia^a—

	Estimated effect on hourly wages ^b (per cent)
<i>Manufacturing industries</i>	
Trade barriers	4.3
of which : Tariff barriers	3.2
Non-tariff barriers	1.1
<i>Non-manufacturing industries</i>	
Overall regulation ^c	5.6

a) Based on estimations covering a sample of 33 manufacturing and non-manufacturing industries across 12 OECD countries.

b) Estimated difference in wages between industries with an average level of regulatory restrictions to competition and industries where such restrictions do not exist.

c) Depending on the industry the following dimensions have been included in the regulatory indicator : barriers to entry, public ownership, market structure, vertical integration and price controls.

Source: OECD.

-
10. See Jean and Nicoletti (2001) for detailed regression results.
 11. Jean and Nicoletti (2001).
 12. Efficiency losses in regulated industries involve lower productivity of workers and consequently may entail lower wages.
 13. Non-pecuniary rents can take the form of business practices that induce firms to operate below the efficiency frontier while increasing the utility of workers and managers (e.g. labour hoarding leading to greater job stability and less demanding work schedules).

Product market regulations: impact on job security and income inequality

Product market regulatory reform could increase job insecurity...

Although there is no *a priori* reason to expect negative outcomes in the long run, the perception that efficiency-oriented regulatory reforms may result in increased job insecurity and income inequality contributes to resistance to such policies. Liberalisation tends to increase the sensitivity of employment to market conditions, increasing the probability of individuals losing their job, and therefore damping the perceptions of job security. Furthermore, in industries dominated by state-owned enterprises and restrictions to entry, greater job security may be bargained against lower wages. Under these circumstances, product market liberalisation may entail important changes in workers' employment conditions, including a marked increase in the probability of being laid-off.

... but mainly for workers previously employed in highly regulated industries...

However, job security (*i.e.* in respect of the present job) is only one dimension of employment security. Employed workers are also likely to care about the ease of finding a new job in the case of being laid off, which in turn is closely related to the length of the average unemployment spell. Pro-competition regulatory reform, by increasing the number of firms and employment in the long run, is likely to reduce the time it takes to find a new job, thus lowering the costs for displaced workers. Data on the incidence of job losses resulting in long-term unemployment can be used to assess the combined effects of the higher risk of lay-offs and the lower cost of displacement. OECD empirical work, using such data for 13 non-manufacturing industries in 13 OECD countries, indicates that reducing anti-competition product market regulations increases the incidence of job losses resulting in long-term unemployment only in traditionally heavily regulated industries.¹⁴

... and it is uncertain to what extent product market liberalisation is associated with greater earnings inequality

Regulatory reform in the product market might also have an impact on earnings inequality. Increased competitive pressures may lead to a decline in workers' bargaining power or more decentralised wage bargaining that, in turn, could result in greater wage dispersion.¹⁵ Similarly, the positive effect of regulatory reform on productivity may tend to increase wage dispersion to the extent that technological change is skill-biased. However, these effects may be compensated by reductions of rents, including the part that employees may be able to capture in the form of non-competitive wage premia. Furthermore, since product market liberalisation boosts long-run employment levels, at least one component of the labour force (those previously unemployed or not even in the labour force) would benefit from it.¹⁶ Empirical work by the OECD suggests that,

14. See Nicoletti *et al.* (2001).

15. See Blau and Kahn (1996) for evidence supporting the relationship between decentralisation and wage dispersion.

16. Regulatory reform may also affect income distribution via its impact on the prices consumers pay for different goods and services. The large share of services provided by utilities (usually among the most regulated industries) in the consumption basket of lower income people suggests that this group may benefit more from price reductions induced by regulatory reform than people with higher incomes.

once the direct effect of labour market policies and institutions is controlled for, there does not seem to be a significant effect of product market regulation on wage inequality. Similarly, product-market regulation did not appear significantly to affect the share of workers with low-paid jobs or the rate of working poor.¹⁷

Labour market policies and product market outcomes.

Innovations play a key role in the growth process

A well-performing product market is characterised by high rates of (multi-factor) productivity growth. Innovations appear to play an important role in this growth process,¹⁸ with the degree of product market regulation influencing the strength of innovation activity.¹⁹ This section assesses to what extent labour market policies and institutions influence the creation of new products and processes through their impact on R&D spending. In addition, it examines the implications of these labour-market factors on the size distribution of firms, though it is still unclear how firm size influences innovative activity and the growth process.

Labour market policies and innovation activity

The impact of labour market policies on industry R&D spending ...

There is no simple relationship between labour market policies and industry R&D spending. OECD analysis based on a sample of 18 manufacturing industries in 18 OECD countries over the 1993-97 period has been unable to find any significant impact of the level of unemployment benefits or the tax wedge on the intensity of R&D expenditure undertaken by the business sector at the industry level. This would seem to cast doubt on the conjecture that high taxes and benefits limit the availability of qualified manpower for innovation-intensive activities. For example, it would indicate that high benefits, and the associated strong bargaining power, have not increased the ability of insiders to appropriate profits that result from innovation.

... appears to depend crucially on the prevailing industrial relation ...

On the other hand, the role of employment protection legislation appears to be ambiguous, affecting innovations in some types of industries only under certain industrial relation arrangements.²⁰ In particular, there is some evidence²¹ that strict employment protection legislation could reduce R&D spending in high-technology industries when the industrial relations system is characterised by low or intermediate levels of co-ordination.

17. See Nicoletti *et al.* (2001).

18. See Chapter IV “Links between policy and growth: cross-country evidence” in OECD(2000b).

19. Across countries the number of patents per capita is positively correlated with the degree of protection of intellectual property rights and negatively correlated with the overall indicator of the strictness of anti-competition regulation, see Bassanini and Ernst (2001).

20. The system of industrial relations of a country can be defined by the set of bargaining institutions, business associations, and code of conduct among firms, prevailing in that country (see *e.g.* Carlin and Soskice, 1990).

21. See Bassanini and Ernst (2001) for detailed regression results.

Thus, the combination of comparatively strict statutory employment protection rules and uncoordinated industrial relations in France, Portugal and Spain may significantly depress R&D spending in their high-technology industries, with adverse effects on overall R&D intensity (Table VI.3). By contrast, the relatively high levels of employment protection in Germany, Greece and Italy may have much less impact, thanks to the co-ordination among the social partners.

— Table VI.3. **Estimated effects of relaxing employment protection on R&D intensity** —

Industrial relations context	Estimated change in R&D intensity of aligning employment protection legislation to that of the United States ^a (percentage points)		
	<i>High-technology industries^b</i>	<i>Low-technology industries</i>	<i>Total industries</i>
High coordination			
Austria	..	0.4	0.2
Denmark	..	0.2	0.1
Germany	..	0.5	0.3
Greece	..	0.6	0.3
Ireland	..	0.1	0.1
Italy	..	0.6	0.4
Japan	..	0.4	0.3
Norway	..	0.4	0.3
Netherlands	..	0.4	0.2
Low and intermediate coordination			
Belgium	5.7	0.8	2.2
Canada	1.3	0.2	0.5
Finland	5.8	0.8	2.3
France	8.7	1.2	3.4
Portugal	10.7	1.4	4.2
Spain	9.1	1.1	3.6
Sweden	6.7	0.9	2.6
United Kingdom	0.9	0.1	0.4
United States	0.0	0.0	0.0

a) Estimated change in R&D intensity of aligning employment protection legislation to that of the United States, based on cross-section regression analysis on a sample of 18 OECD countries and 18 manufacturing industries.

b) Estimates for countries with a high level of coordination of industrial relations are not statistically significant.

Source: OECD.

... with co-ordinated arrangements being able to offset any negative effects on R&D spending

This strikingly different impact of strict employment protection legislation suggests that co-ordinated systems can offset the induced high labour adjustment costs. Taking advantage of new opportunities in high-technology sectors will generally require significant labour re-allocation, with innovating firms typically recruiting skilled workers on the job market. If the cost of such labour adjustment is increased through employment protection provisions, the result will be lower profits from innovation and hence lower R&D spending. However, such effects may be offset through industrial relations arrangements. For example, the compression of wages across different skill categories which typically accompanies highly co-ordinated industrial relation systems tends to favour the emergence of internal labour markets. Thus, employers are more willing to train existing employees to meet firms' skill needs than to hire new workers.²² This internal adjustment is not subject to the statutory employment protection applicable to external adjustment, and thus weakens any negative effect of hiring and firing restrictions on innovation.

Labour market policies may have implications for the share of innovative industries in the economy

Labour market policies may not only affect innovative activities in individual sectors but also the sectoral composition of economies. Table VI.4 provides some suggestive evidence of the importance of labour market policies for the share of R&D-intensive industries in total industrial output. In particular, there is a significant negative correlation between specialisation in R&D-intensive industries and the tax wedge, the coverage of collective agreements and the stringency of employment protection. These correlations might reflect that tax pressure, statutory employment protection and the scope of collective agreements could affect the pace of reallocation of resources among industries characterised by different rates of technological change. Hence, countries where taxation and labour market arrangements are less burdensome for innovative firms may have a comparative advantage in seizing opportunities in high-tech industries.

—Table VI.4. **Labour market policies and specialisation in R&D intensive industries** -
Cross-country correlation coefficients^a

Tax wedge	-0.43 *
Unemployment benefits	-0.13
Coverage of collective agreements	-0.65 **
EPL	-0.47 *

a) Cross-country correlations between the component of manufacturing R&D intensity that is due to industry composition and selected labour market policies (see Nicoletti *et al.*, 2001, for full details on the decomposition of R&D intensity in within-sector and industry composition components).

*, ** denote significance at the 5% and 1% level, respectively.

Source: OECD.

22. Firms have incentives to pay for training when wages are compressed over the skill dimension, so that they can reap the difference between the marginal productivity of skilled workers and their earnings, and when the rigidity of the wage structure inhibits the possibility for firms to poach each others' skilled workforce. Both these conditions tend to be true in co-ordinated industrial relation systems. Employment protection may also add to these factors insofar it increases the ties between workers and employers and tends to decrease the quality of those in the unemployment pool (Acemoglu and Pischke, 1999).

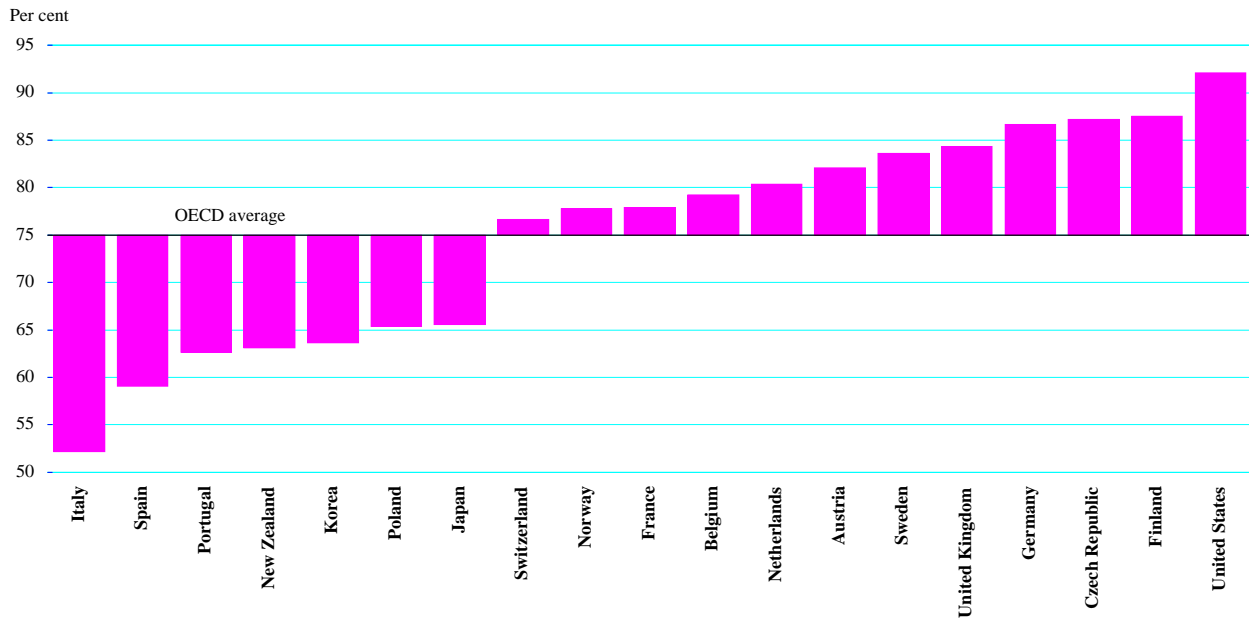
Labour market policy and the size distribution of firms

Labour market policies tend to reduce the average size of firm

Significant differences can be seen in firm sizes across countries (Figure VI.3). Although product market regulation is by far the most important institutional determinant of firm size, some labour market policies seem to have a significant effect.²³ More specifically, administrative extension of collective agreements²⁴ is found to have a robust positive impact on the average size of firms within a sector, especially in manufacturing. This could reflect the fact that such extension may be more constraining for small firms that are often less unionised than larger firms. Conversely, strict employment protection legislation appears to encourage smaller firm size, at least in some industries.²⁵ This is likely to mirror the fact that small employers are sometimes in a position to avoid many of the costs associated with strict employment protection legislation. In many countries there are size thresholds for the application of such provisions. Even when statutory employment protection rules apply, labour is typically less organised in small production units and collective dismissals (which are usually much more costly than individual ones) are less likely to occur.

-
23. Industry composition does not affect significantly the firm size patterns across OECD countries (Figure VI.3). Therefore, the empirical analysis focused on the determinants of firm size within each industry in a sample of 18 OECD countries and 30 manufacturing and non-manufacturing industries. The analysis is based on cross-country regressions with R&D intensity being explained by market size in addition to product and labour market variables.
 24. Administrative extension occurs when collective agreements are made legally binding for employers and employees that are not parties to the settlement.
 25. A one point increase in the indicator of employment protection (about one fourth of the variation across OECD countries) is estimated to reduce, on average, the share of firms with more than 50 employees by 5 percentage points in manufacturing and 3 percentage points outside manufacturing.

Figure VI.3. The employment share of large firms¹ in manufacturing, 1996²
Deviation from OECD average



1. Average employment share of firms with more than 50 employees (firms with less than 10 employees are excluded from the denominator).
2. 1994: Netherlands and Spain; 1995: Japan, Korea, New Zealand, Portugal and Switzerland; 1997: Czech Republic.
Source: OECD.

However, where economies of scale are important, the size of firms is likely to be more determined by technological factors rather than by labour market institutions. In empirical work carried out by the OECD the impact of employment protection is not statistically significant in utilities, telecommunications, financial intermediation and air transport, industries where scale economies are widespread.²⁶

Conclusion

Summing up, the empirical evidence reviewed in this paper suggests that product and labour market policies have important cross-market effects. Regulatory reforms in product markets can raise employment rates, and labour market reforms may enhance innovative activity and hence output growth. To make policies more efficient and to avoid unwanted side effects, such cross-market influences should be kept in mind when labour and product market reforms are designed.

26. See Nicoletti *et al.* (2001).

Bibliography

- ACEMOGLU, D. and S. PISCHKE (1999), “Beyond Becker: training in imperfect labour markets”, *The Economic Journal*, Vol. 109.
- BASSANINI, A., and E. ERNST (2001), “Labour market institutions, product market regulation and innovation: cross-country evidence”, *OECD Economics Department Working Papers*, forthcoming.
- BLANCHARD, O. (2000), “Rents, product and labor market regulation, and unemployment”, Lecture 2 of *The Economics of Unemployment: Shocks, Institutions, and Interactions*, Lionel Robbins Lectures, London School of Economics.
- CARLIN, W., and D. SOSKICE (1990), *Macroeconomics and the Wage Bargain*, Oxford: Oxford University Press.
- JEAN, S., and G. NICOLETTI (2001), “Product market regulation and wage premia in Europe and North America: an empirical investigation”, *OECD Economics Department Working Papers*, forthcoming.
- NICKELL, S. (1999), “Product markets and labour markets”, *Labour Economics*, Vol. 6.
- NICOLETTI, G., A. BASSANINI, E. ERNST, S. JEAN, P. SANTIAGO, and P. SWAIM (2001), “Product and labour market interactions in OECD countries”, *OECD Economics Department Working Papers*, No. 312.
- NICOLETTI, G. and S. SCARPETTA (2001), “Interactions between product and labour market regulations: do they affect employment? Evidence from OECD countries”, *OECD Economics Department Working Papers*, forthcoming.
- NICOLETTI, G., S. SCARPETTA and O. BOYLAUD (1999), “Summary indicators of product market regulation with an extension to employment protection legislation”, *OECD Economics Department Working Papers*, No. 226.
- OECD (1997), *OECD Report on Regulatory Reform I-II*, Paris.
- OECD (1999), *OECD Economic Outlook*, No. 65, Paris.
- OECD (2000a), *OECD Economic Outlook*, No. 67, Paris.
- OECD (2000b), *OECD Economic Outlook*, No. 68, Paris.

OECD (2000c), *OECD Employment Outlook 2000*, Paris.

OECD (2001), *Regulatory Reform in Italy*, Paris.