



# GLOBAL FORUM ON COMPETITION

## Does competition kill or create jobs?

Jean-Luc Schneider

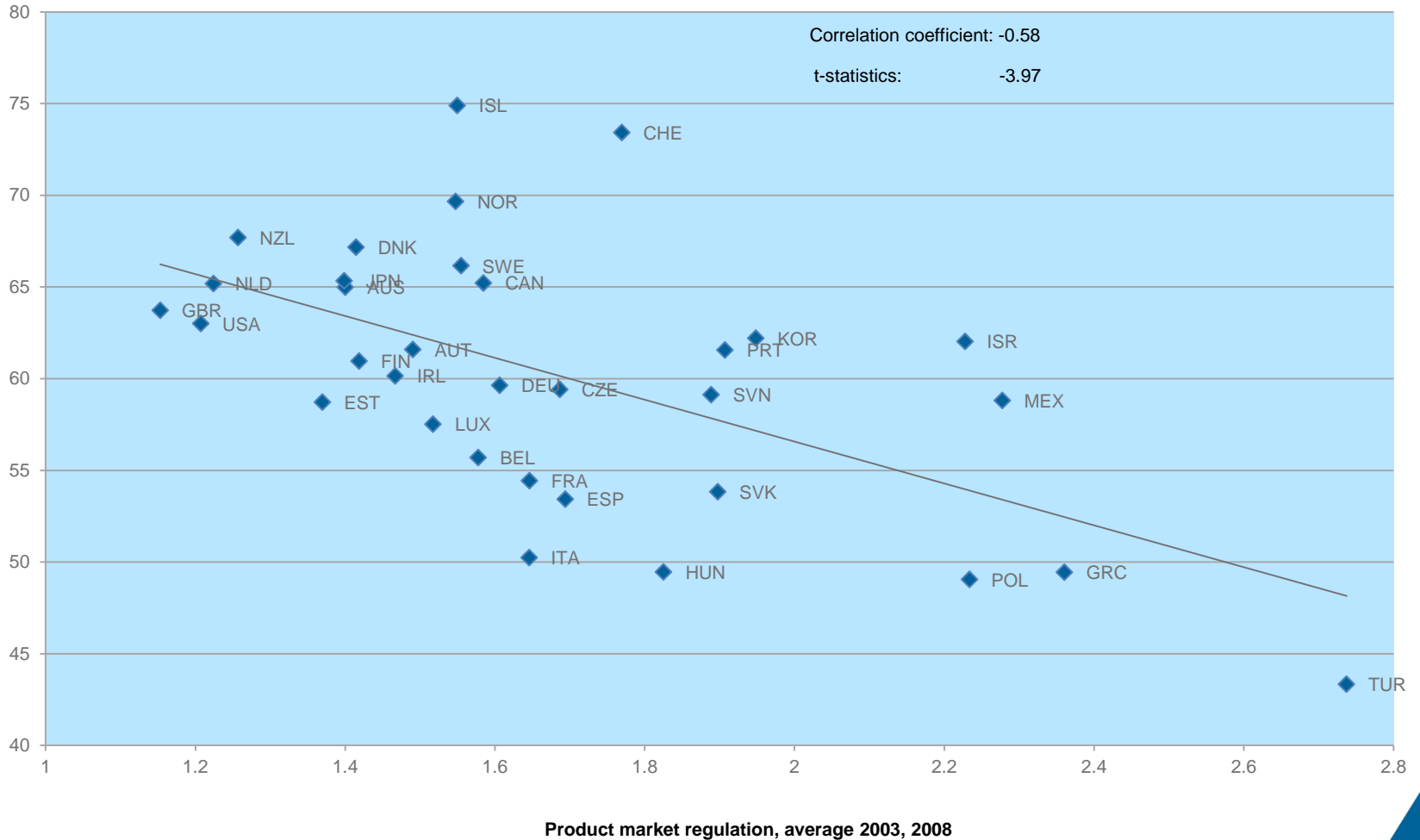
OECD Economics Department

29 October 2015



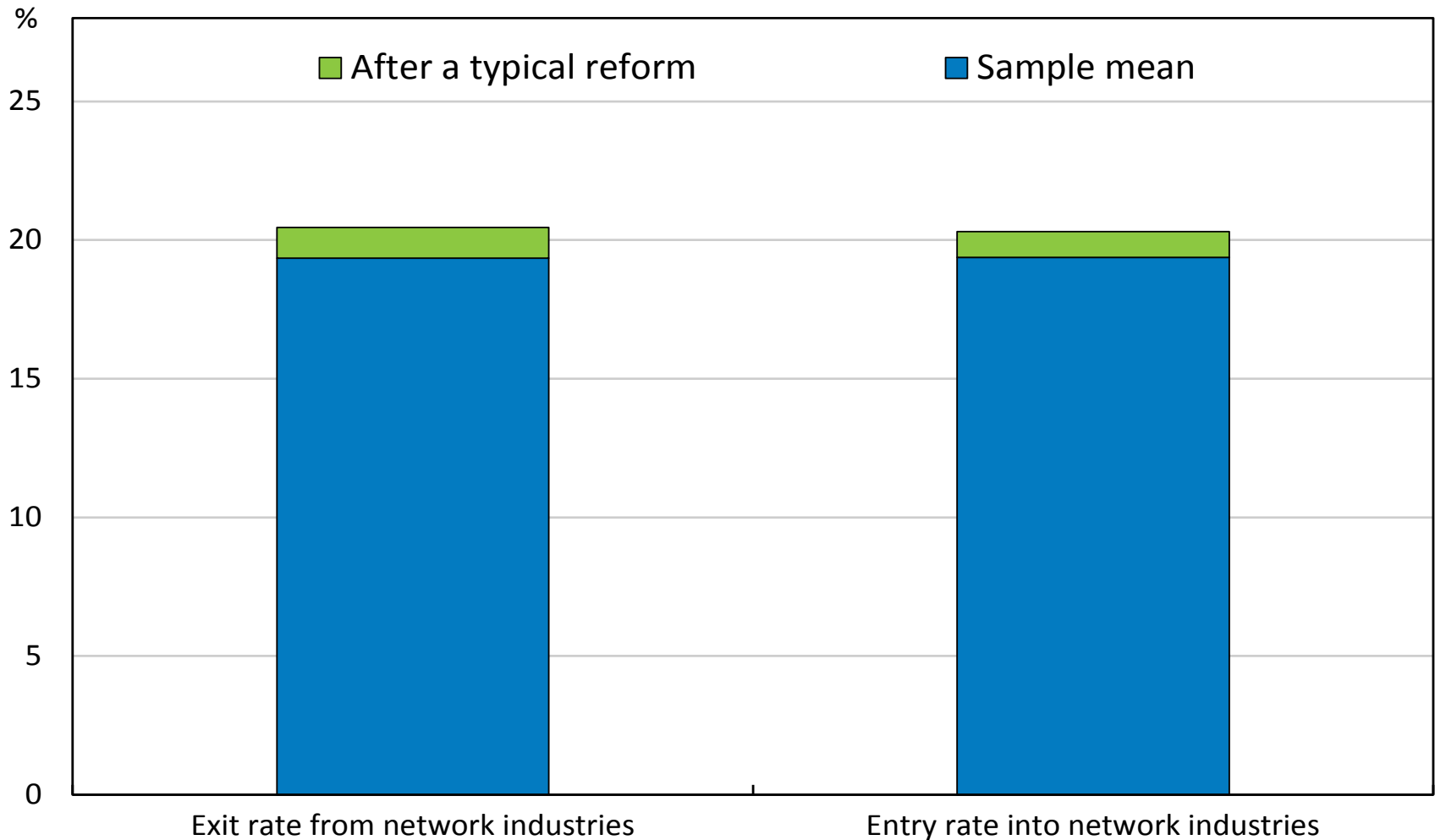
# Countries where competition is higher have higher employment rates

Employment rate, average 2000-2014





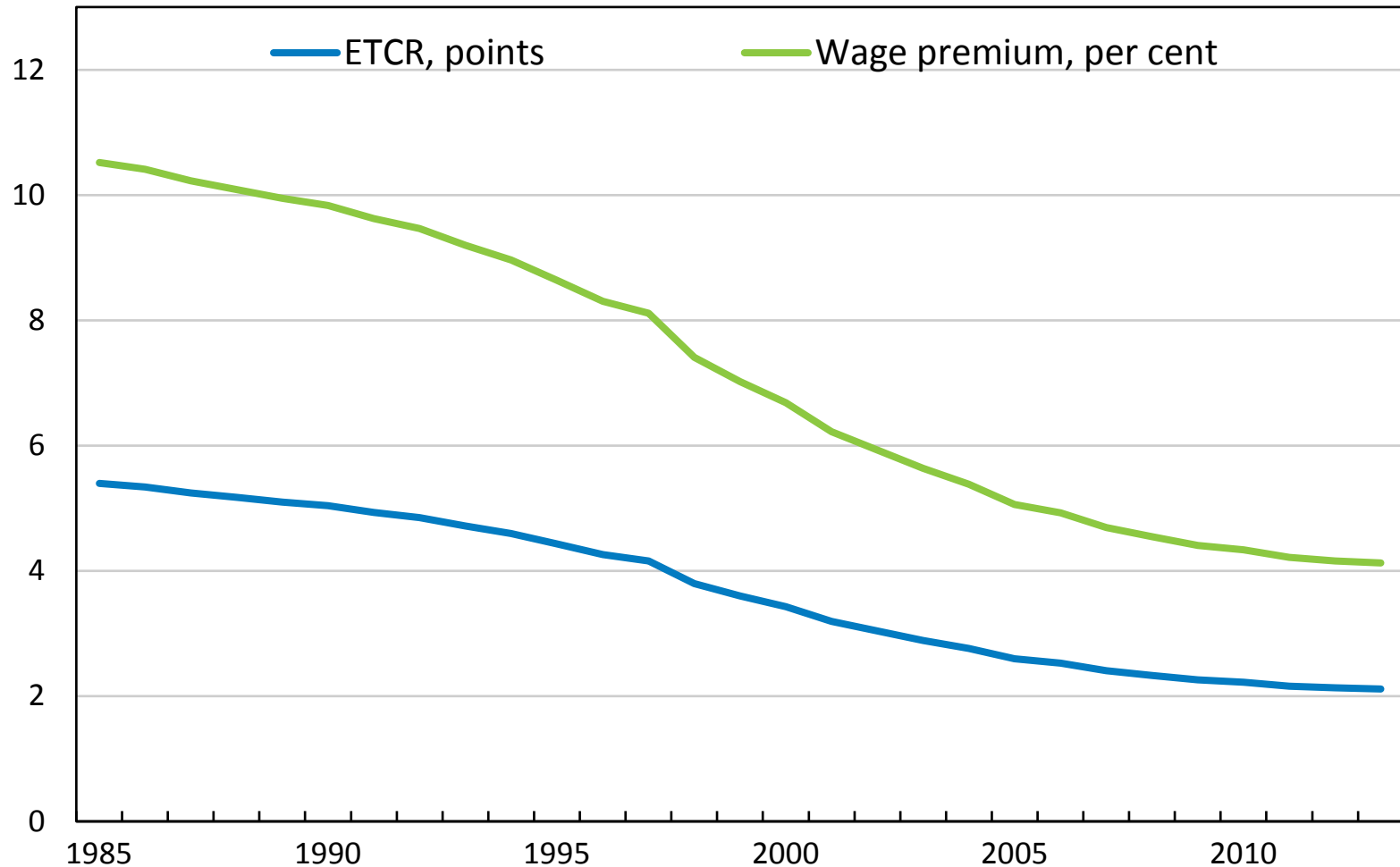
# Network deregulation increases exit from and entry into these industries



Note: ETCR stands for energy, transport and communications regulation, measured with the OECD ETCR indicator.  
Source: OECD calculations using national household surveys for Australia (HILDA), Germany (SOEP), Korea (KLIPS), Switzerland (SHP), the United Kingdom (BHPS&UKHLS) and the United States (PSID).



# Network deregulation reduced the wage premium in these industries

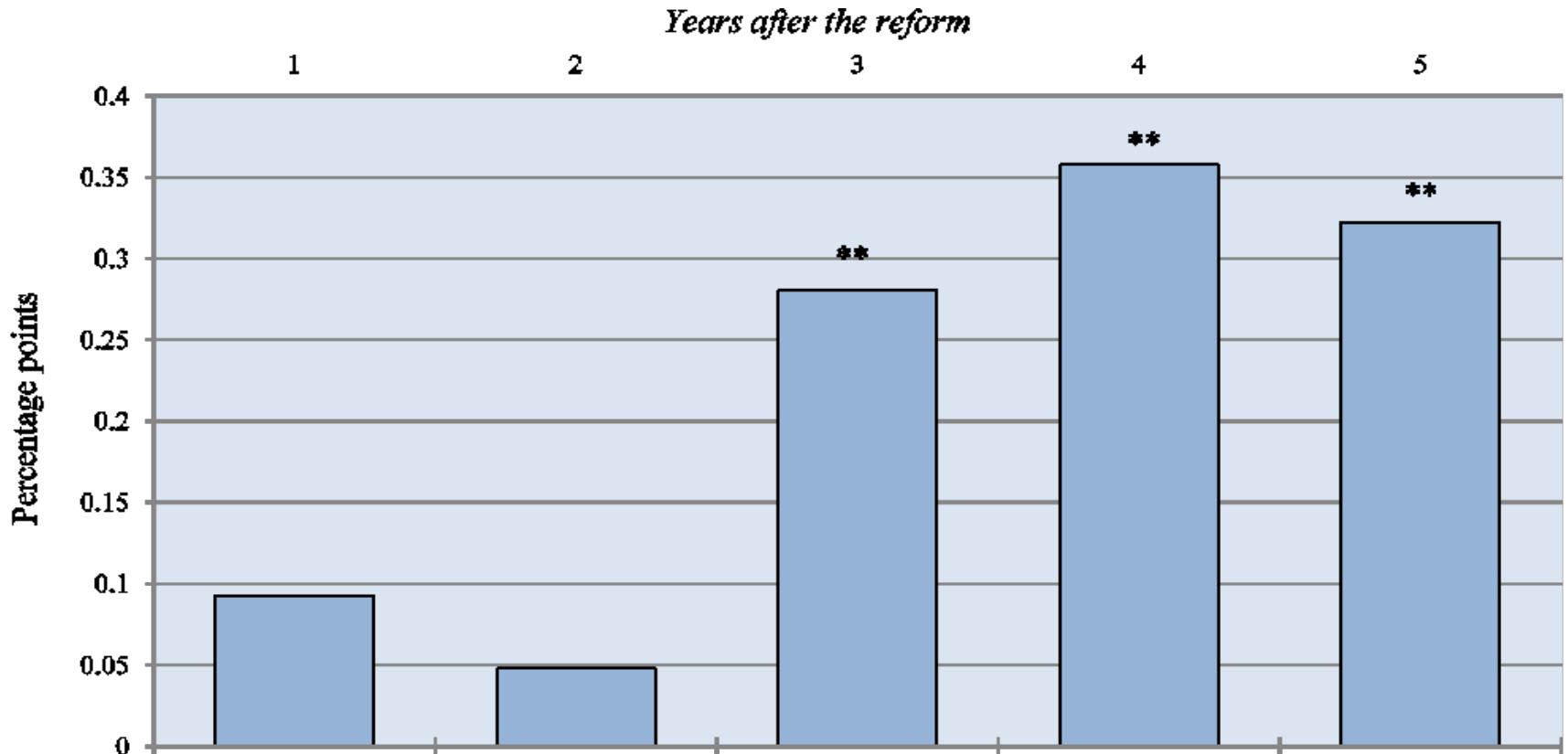


Note: ETCR stands for energy, transport and communications regulation, measured with the OECD ETCR indicator.  
Source: OECD calculations using national household surveys for Australia (HILDA), Germany (SOEP), Korea (KLIPS), Switzerland (SHP), the United Kingdom (BHPS&UKHLS) and the United States (PSID).



# Macroeconomic employment effects are positive after 3 years

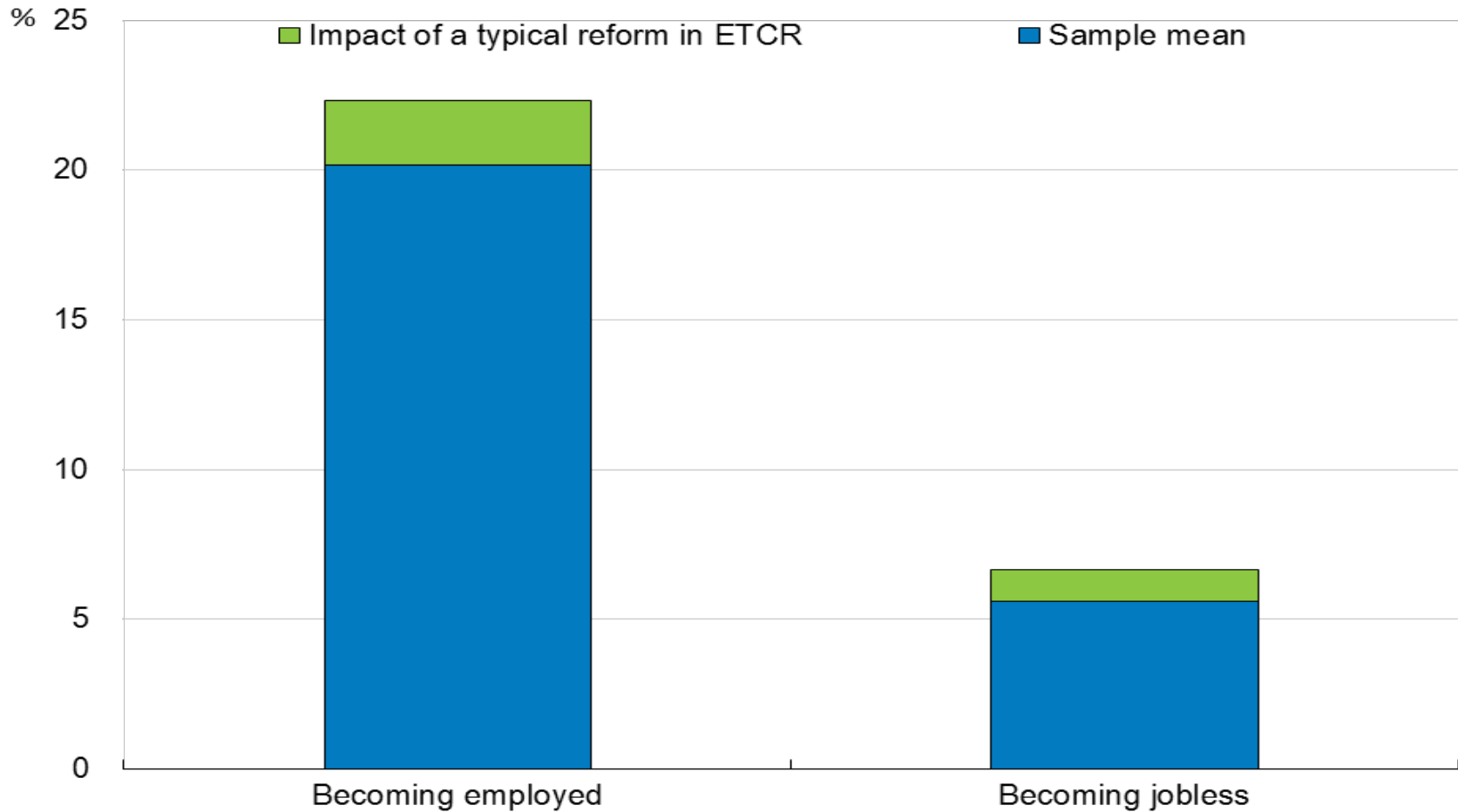
Change in aggregate labour force participation following an easing of product market regulation



Bouis, R., et al. (2012), "The Short-Term Effects of Structural Reforms: An Empirical Analysis", *OECD Economics Department Working Papers*, No. 949, OECD Publishing, Paris.



# Network pro-competition reforms increase jobs churn across the economy



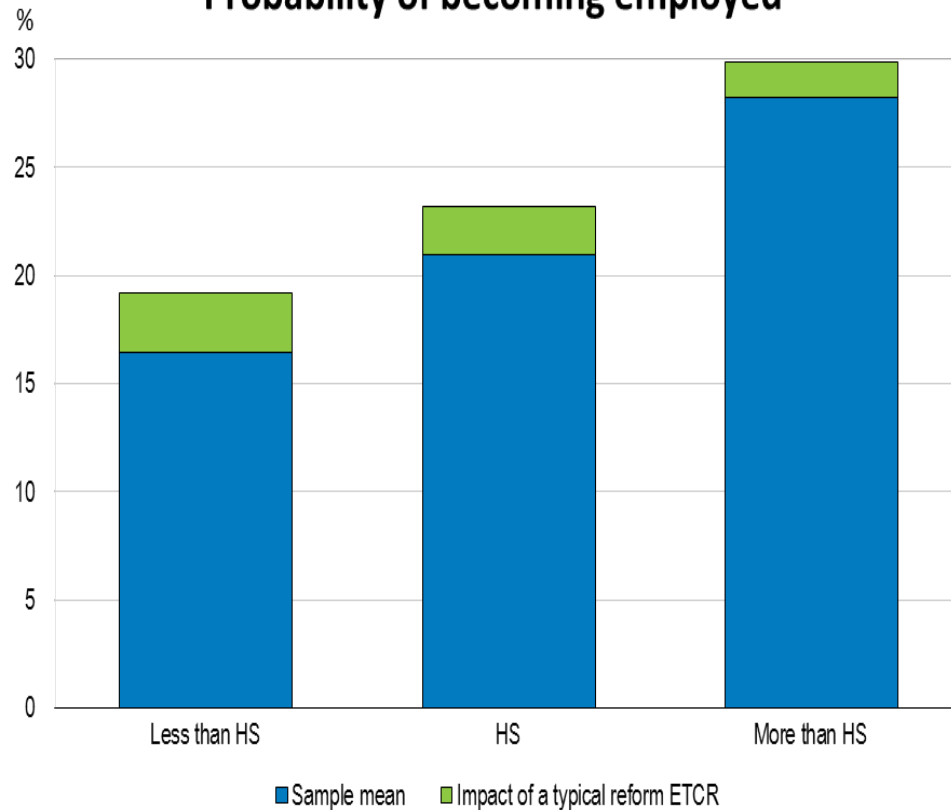
Note: ETCR stands for energy, transport and communications regulation, measured with the OECD ETCR indicator. The probability of becoming employed is calculated over people who do not have a job, including economically inactive persons.

Source: OECD calculations using micro-level data for 28 OECD countries from ECHP, EU-SILC and six national household surveys.

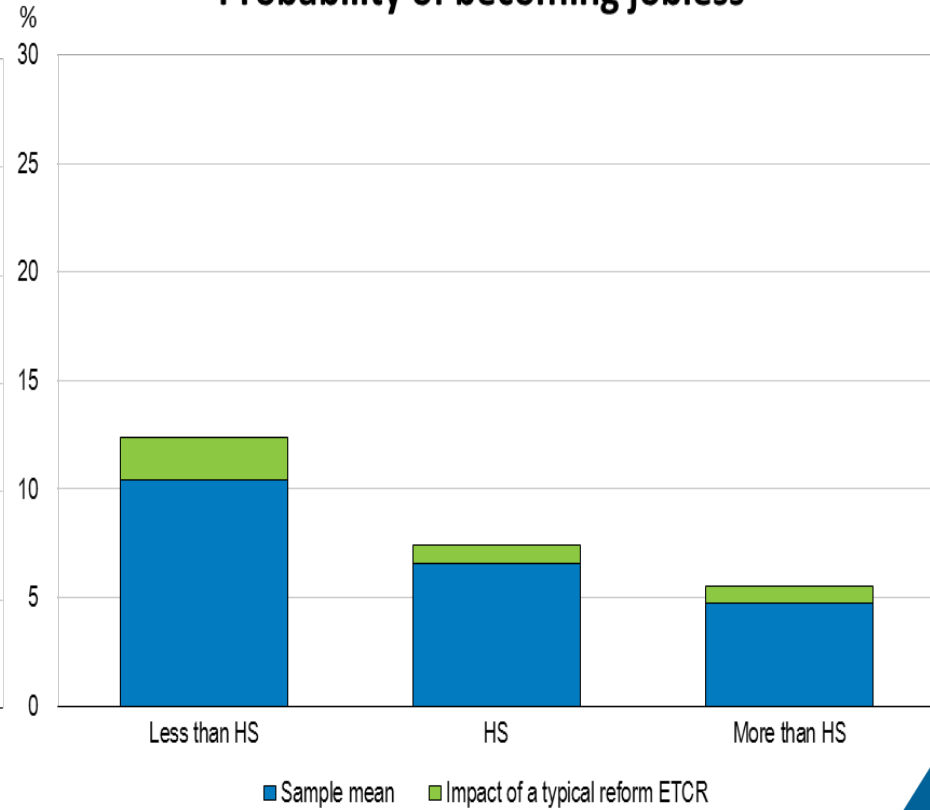


# Pro-competitive reforms have stronger effects on less skilled individuals

## Probability of becoming employed



## Probability of becoming jobless



Note: ETCR stands for energy, transport and communications regulation, measured with the OECD ETCR indicator. The probability of becoming employed is calculated over people who do not have a job, including economically inactive persons. Source: OECD calculations using micro-level data for 28 OECD countries from ECHP, EU-SILC and six national household surveys.



# Pro-competitive reforms play a key role in creating jobs

Long-run effects on the employment rate (in % points)

Reform areas	Effect of a « typical reform »
Unemployment benefits	0.5
Active labour market policies	0.4
Tax wedge	0.5
Wage bargaining process	0.3
Competition in network industries	<b>0.8</b>

*Source: Gal and Theising (2015)*

\* Size of a typical reform is measured by taking the average over 5 years of policy changes that impact the outcome variable in a positive direction, observed over the sample period and countries covered by the estimation.





# GLOBAL FORUM ON COMPETITION

## Does competition kill or create jobs?

**Jean-Luc Schneider**

**OECD Economics Department**

**29 October 2015**