



Institut der deutschen
Wirtschaft Köln

Cologne Institute for Economic Research



Effective Industry-led Growth Initiatives in Germany: What worked?

Dr. Hubertus Bardt

Tokyo, September 8, 2015

iW.KÖLN.WISSEN
SCHAFFT KOMPETENZ.

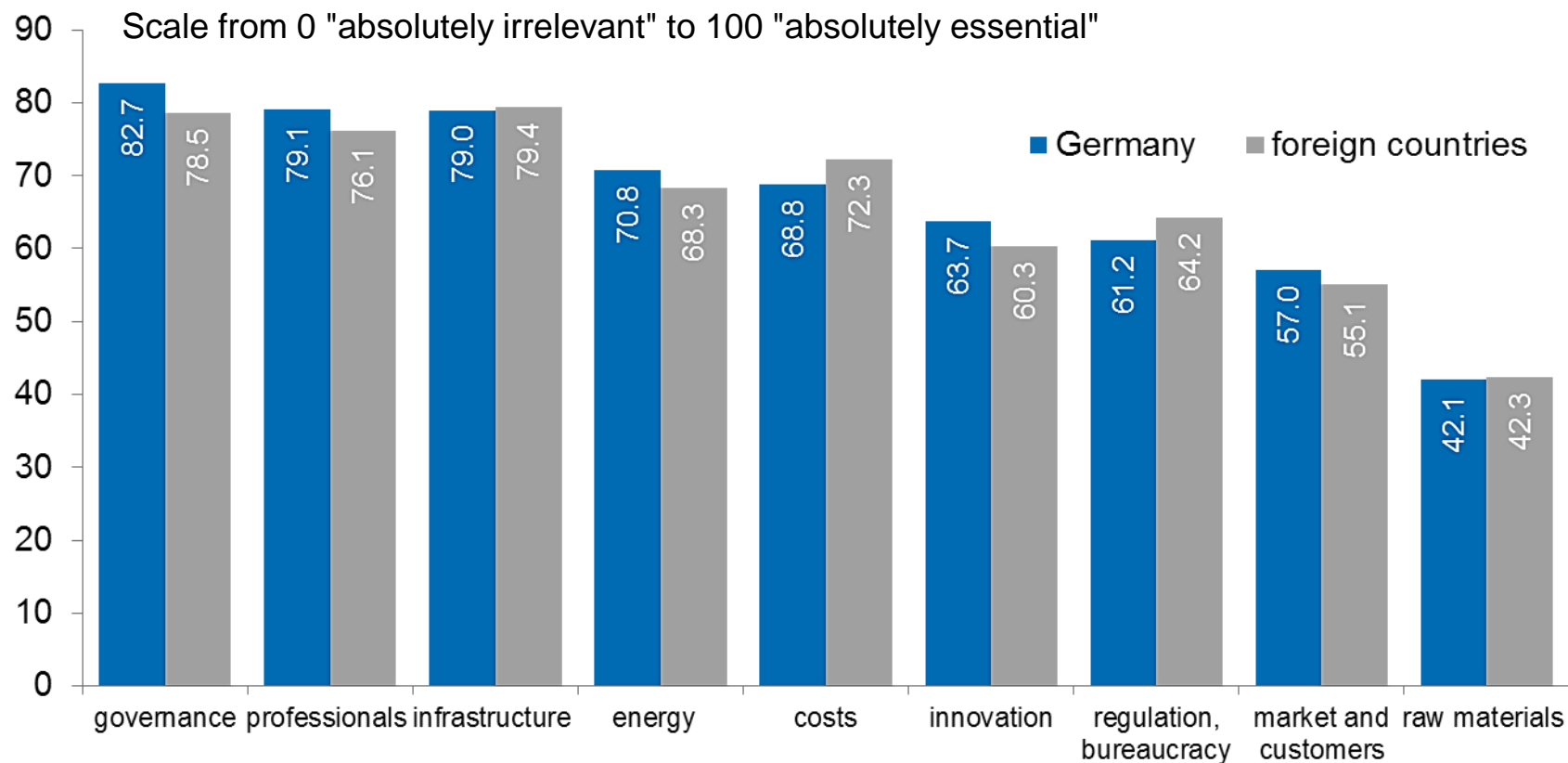
A REFORM PERSPECTIVE

REFORMS AND THE LABOUR MARKET

STRUCTURAL REFORMS IN EUROPE

Relevant factors of for business development

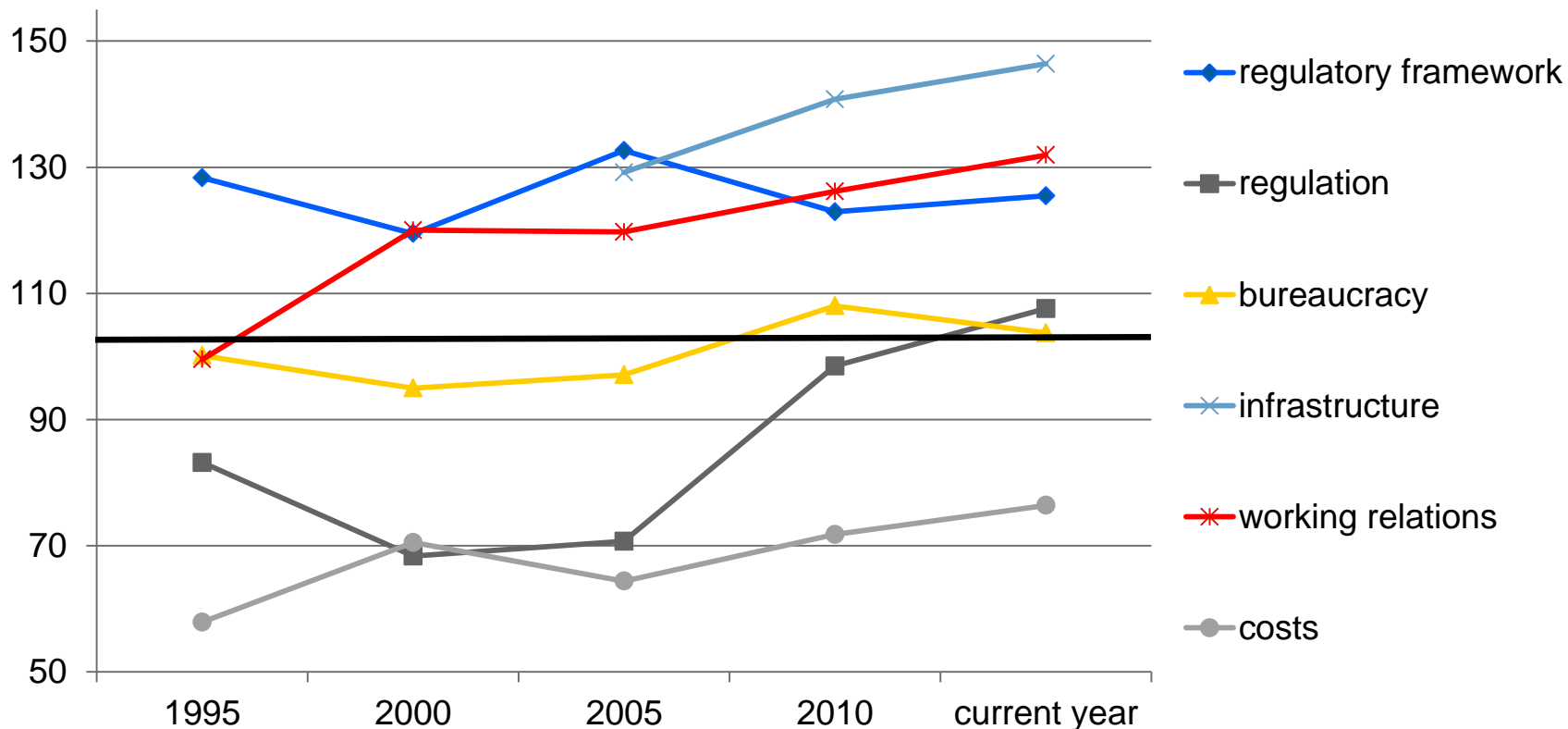
Relevance for investment decisions: all enterprises (Germany), enterprises with export-import business (foreign countries)



Source: Unternehmensbefragung IW Consult 2014

Development of conditions in Germany

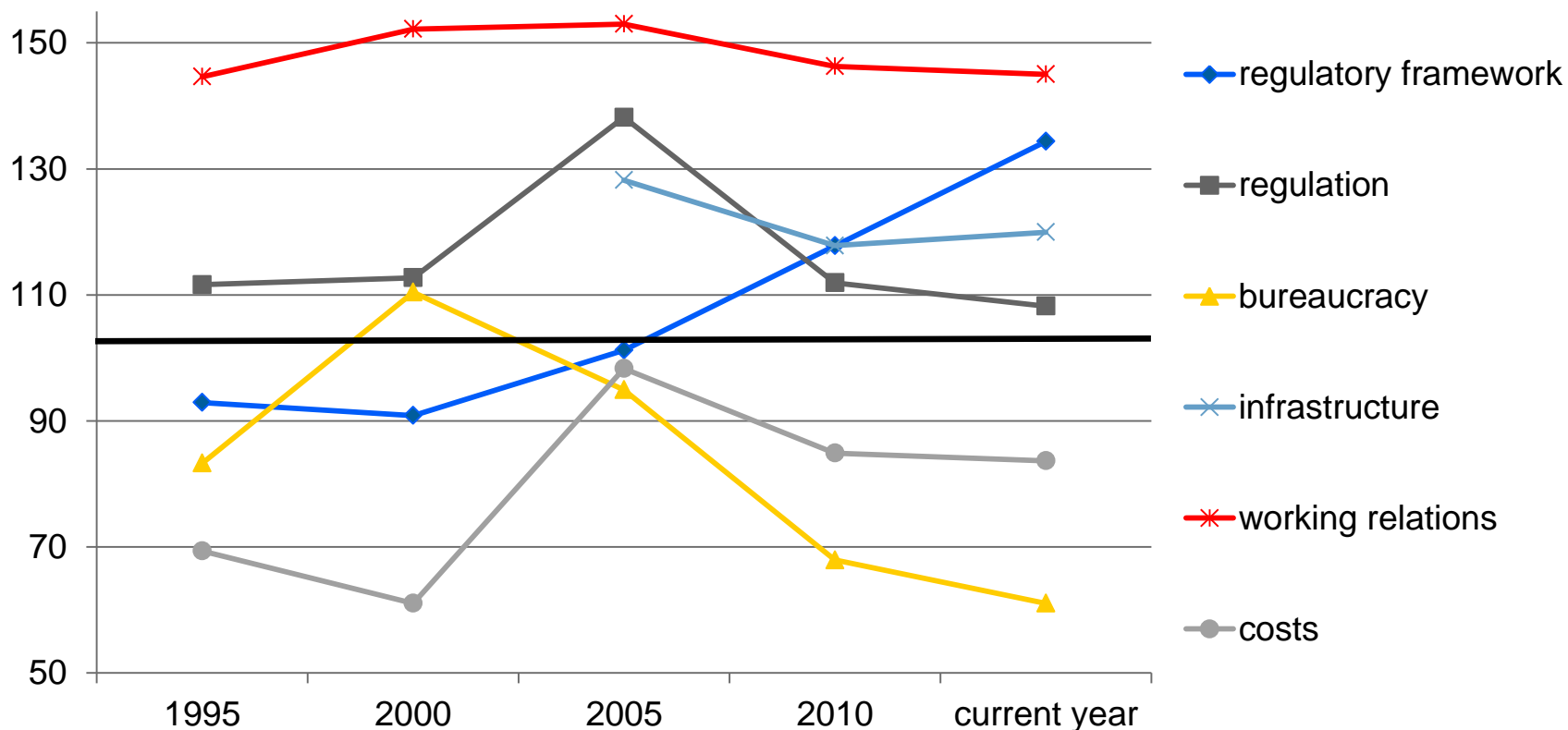
Average = 100; > 100: better than the average



IW Industrial competitiveness index

Development of conditions in Japan

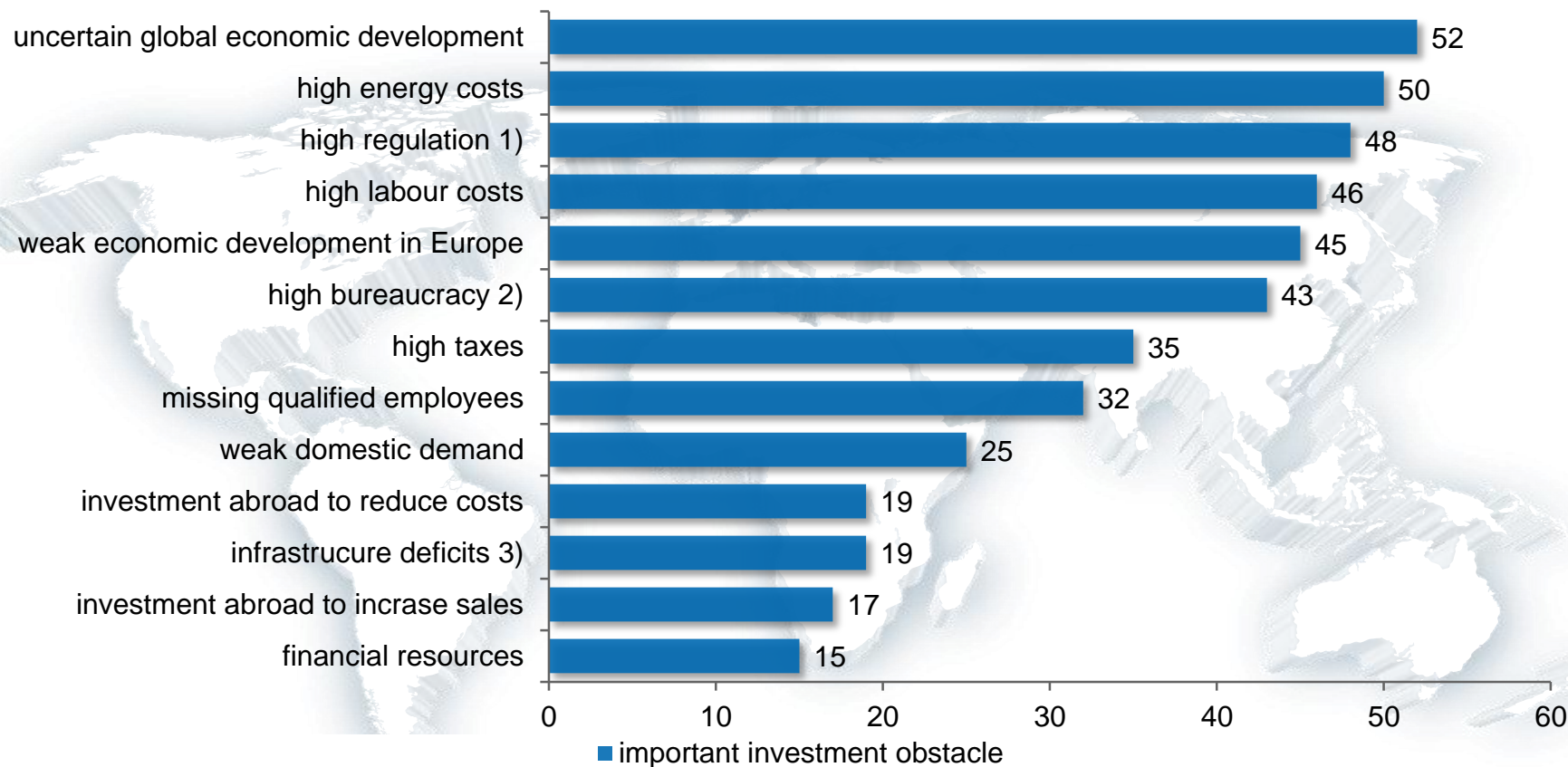
Average = 100; > 100: better than the average



IW Industrial competitiveness index

What blocked investments in Germany?

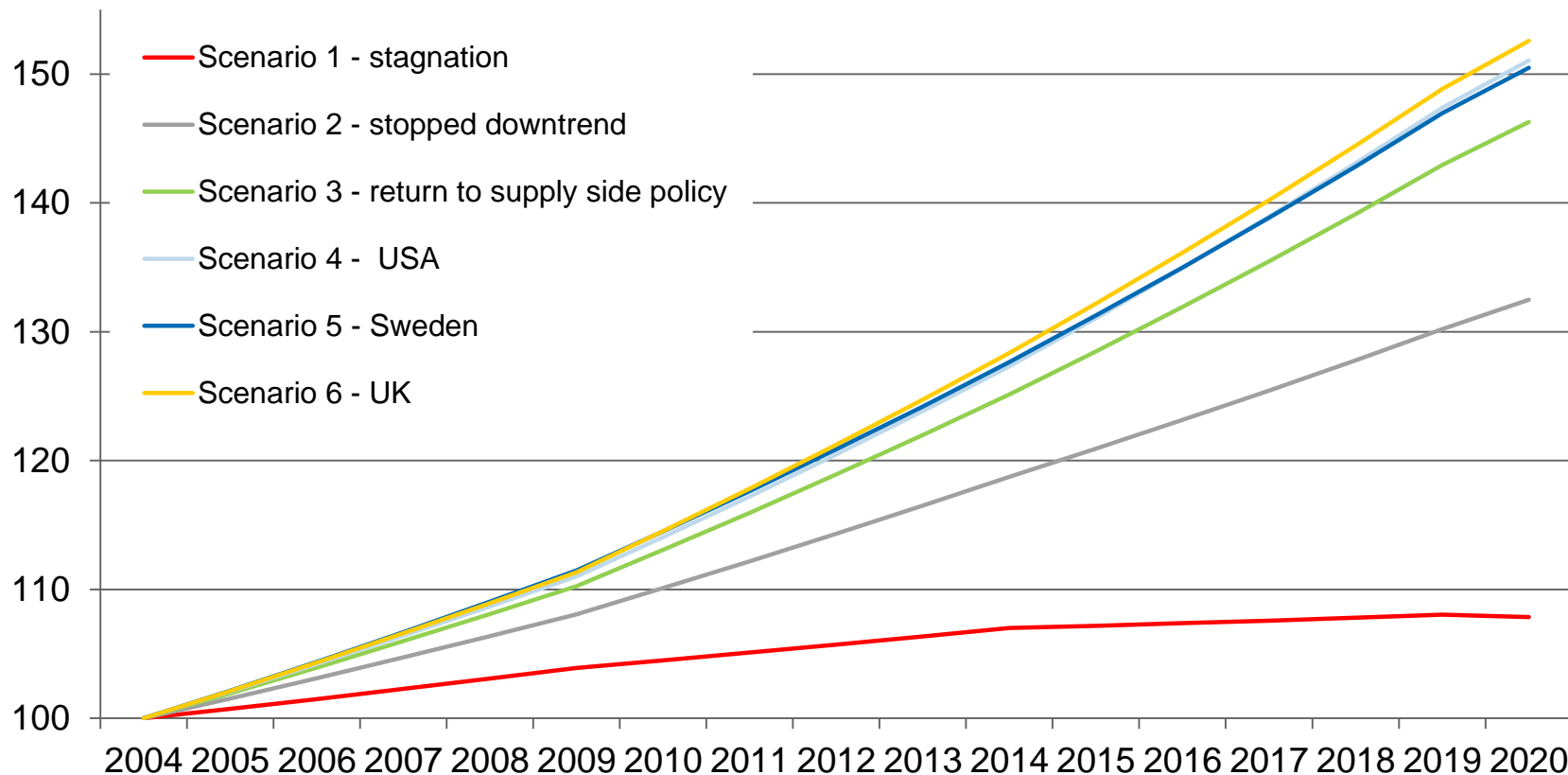
Information in percent of the companies surveyed



1) e.g. labour law; 2) e.g. approval procedures; 3) e.g. transport network, broadband network
Source: Herbstumfrage 2014 des Instituts der deutschen Wirtschaft Köln

Development of the real GDP per capita

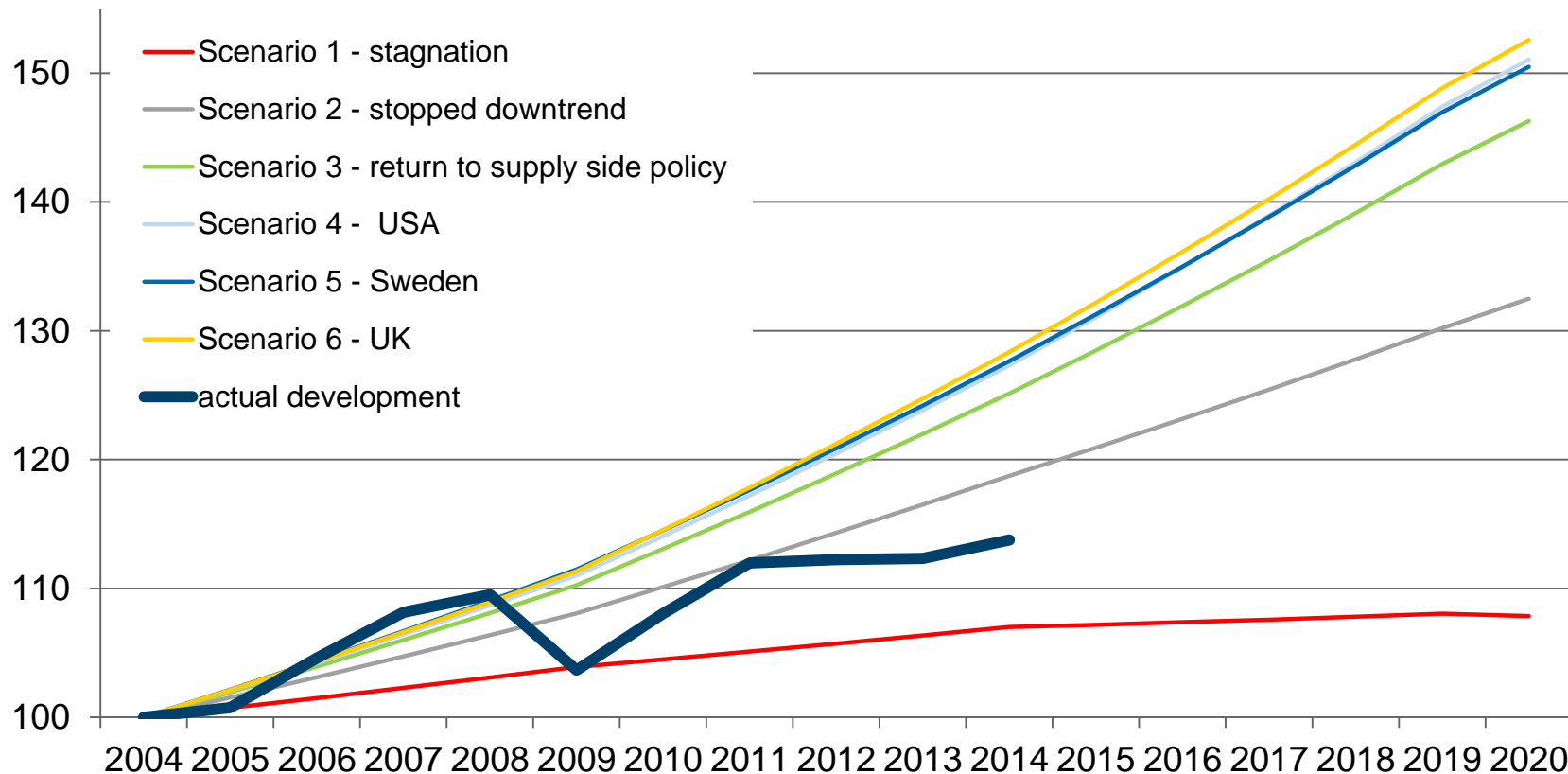
2004=100



Source: Cologne Institute for Economic Research

Development of the real GDP per capita

2004=100



Source: Cologne Institute for Economic Research

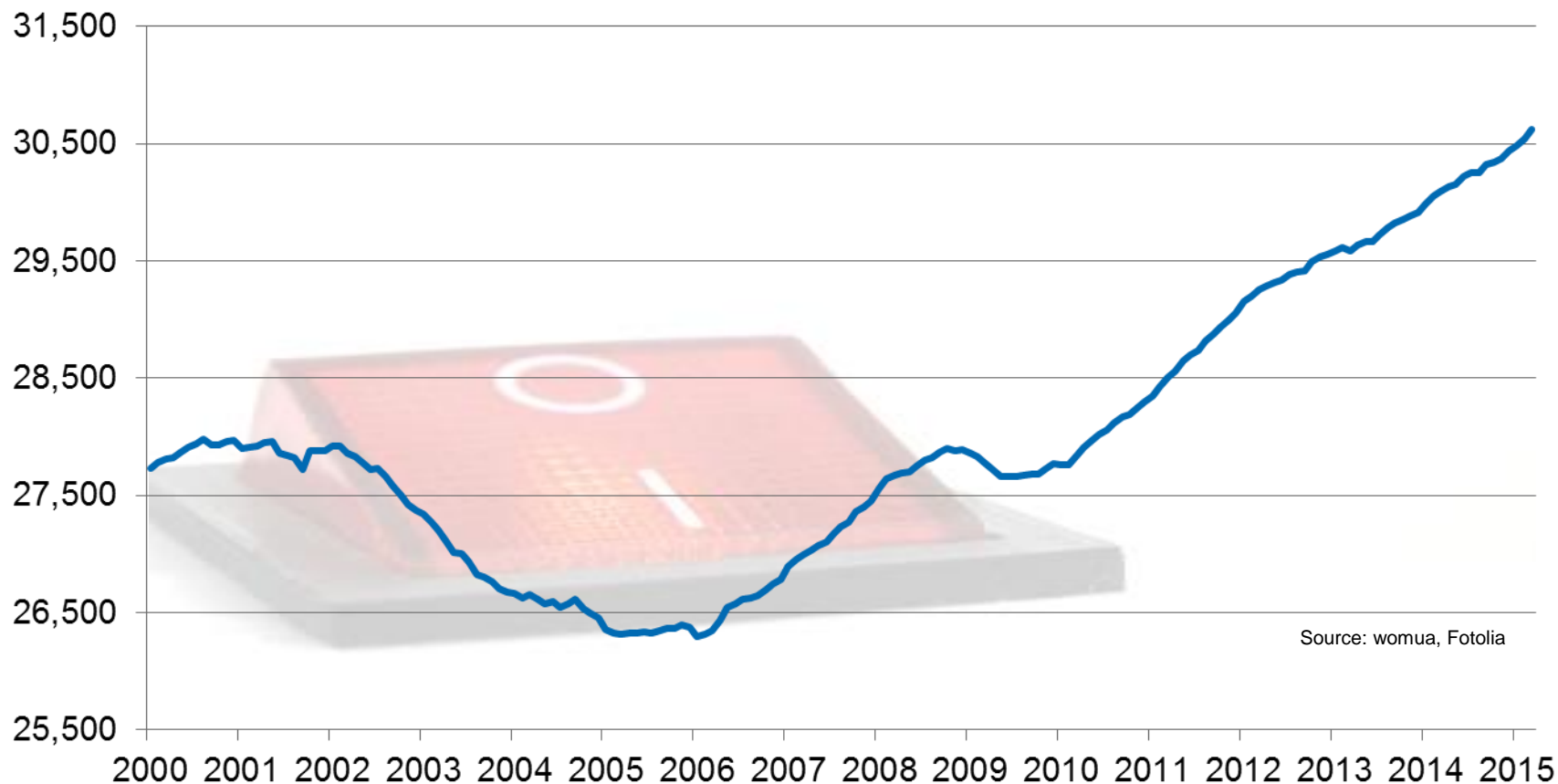
A REFORM PERSPECTIVE

REFORMS AND THE LABOUR MARKET

STRUCTURAL REFORMS IN EUROPE

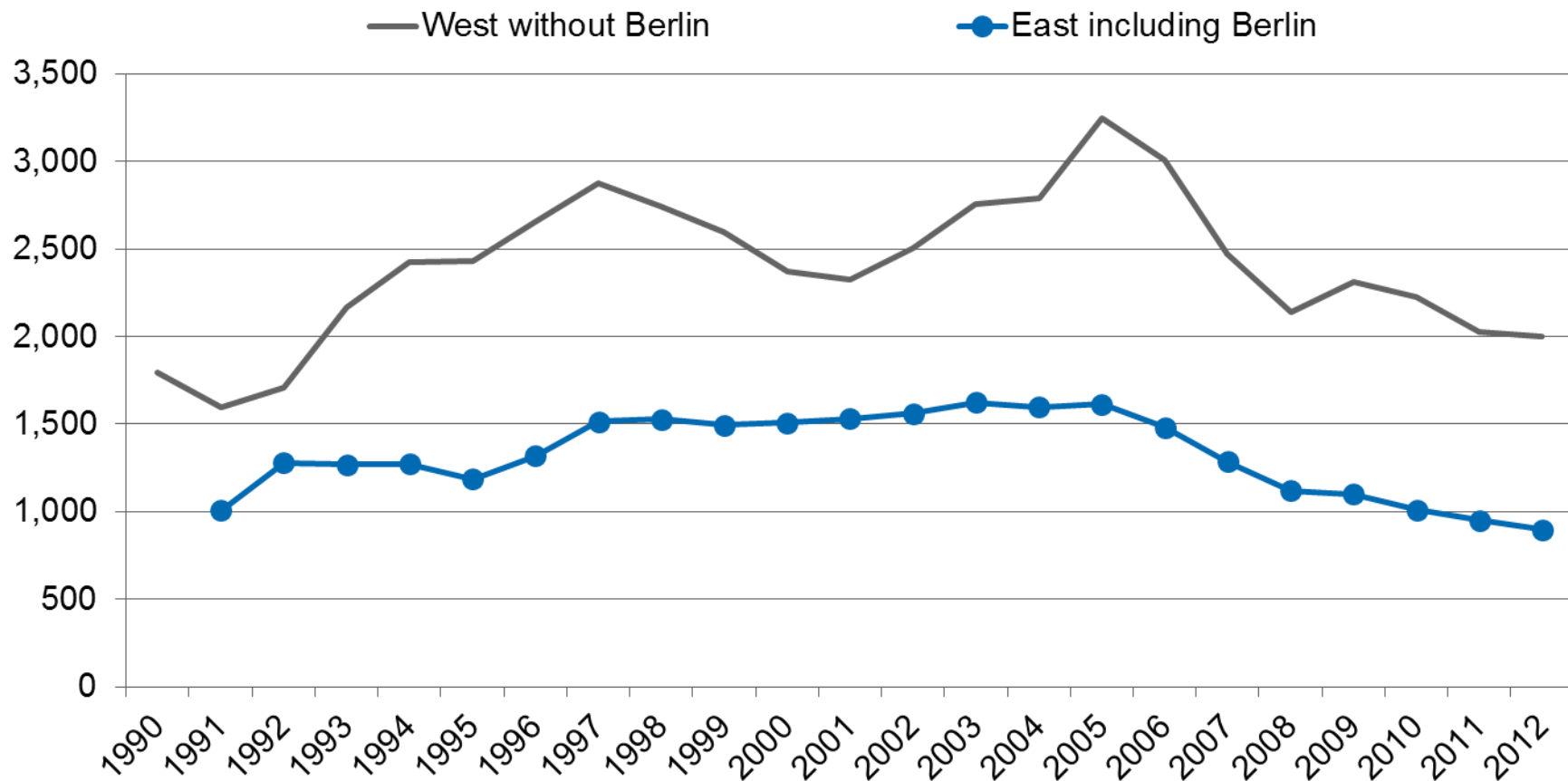
Employees subject to social security contribution

Seasonally adjusted, in 1,000



Source: Deutsche Bundesbank

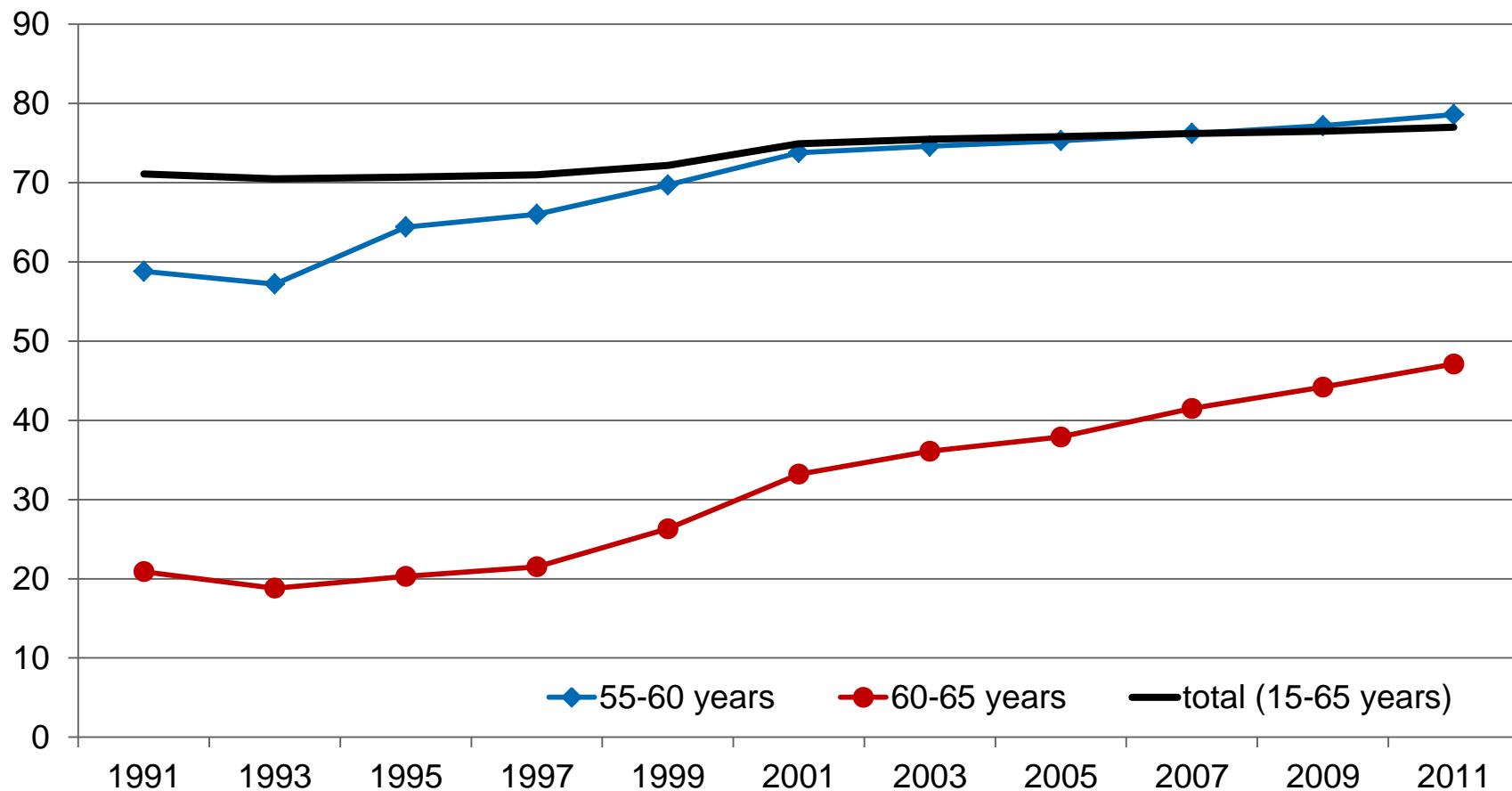
Number of unemployed in 1000



Source: Federal Statistical Office

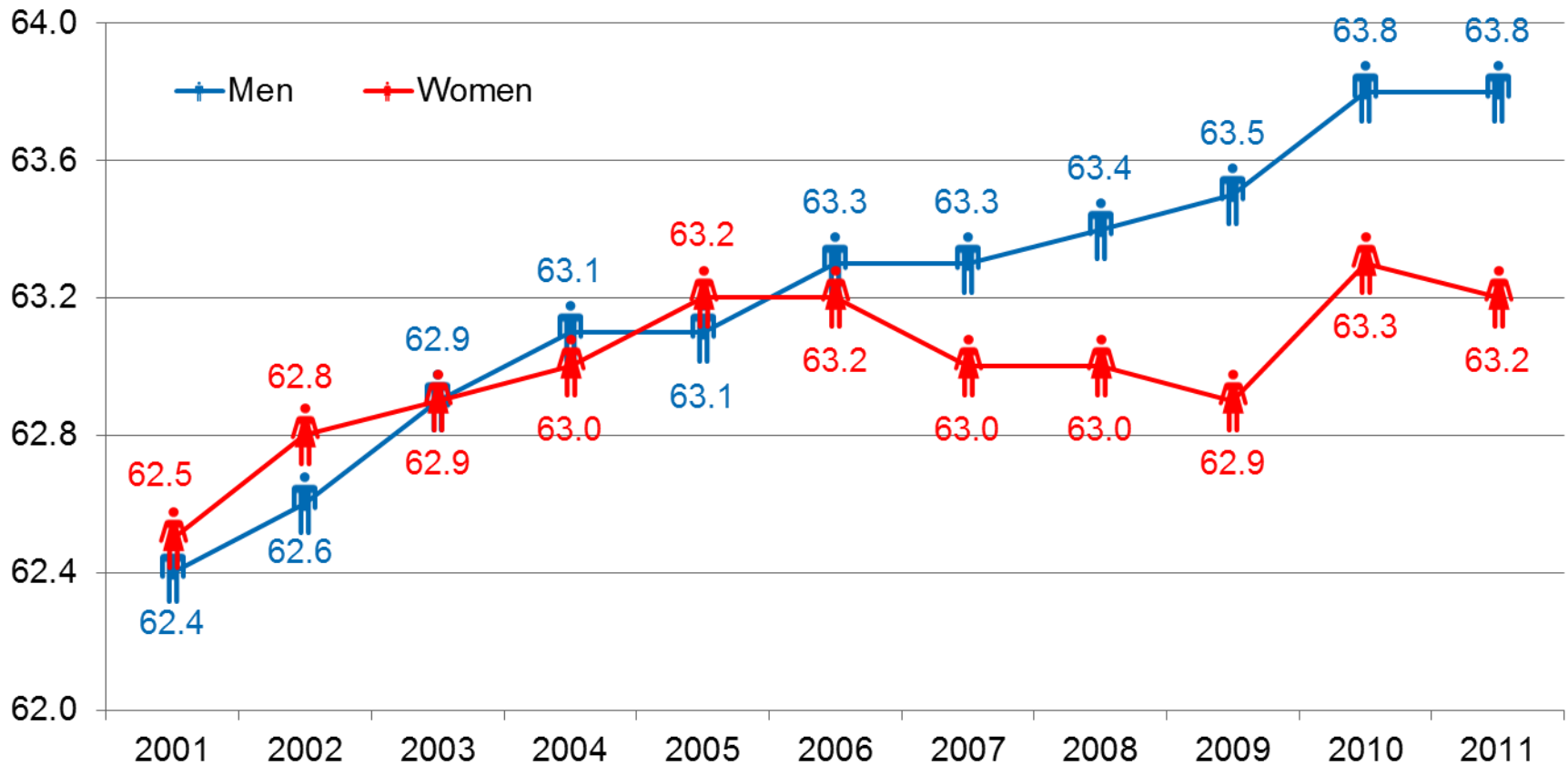
Employment rate by age

in per cent of the population at the age of 15-65 years



Source: Federal Statistical Office

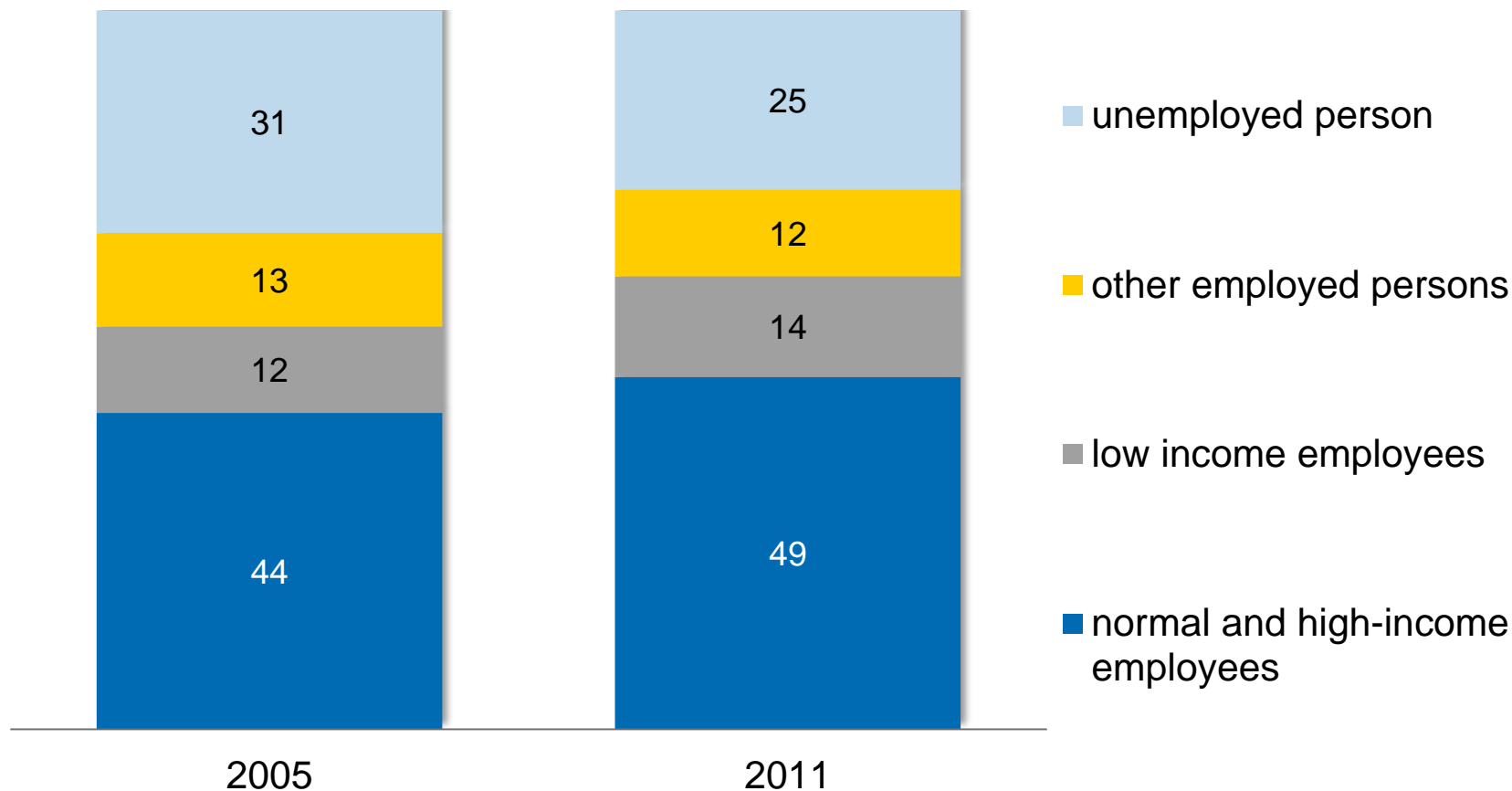
Average retirement age in years



Only old-age pensions: without disability cases and survivors benefits

Source: German Pension Insurance

Structure of the labour force in percent of the 15 to 64-year-old population



Source: Cologne Institute for Economic Research; database: SOEP

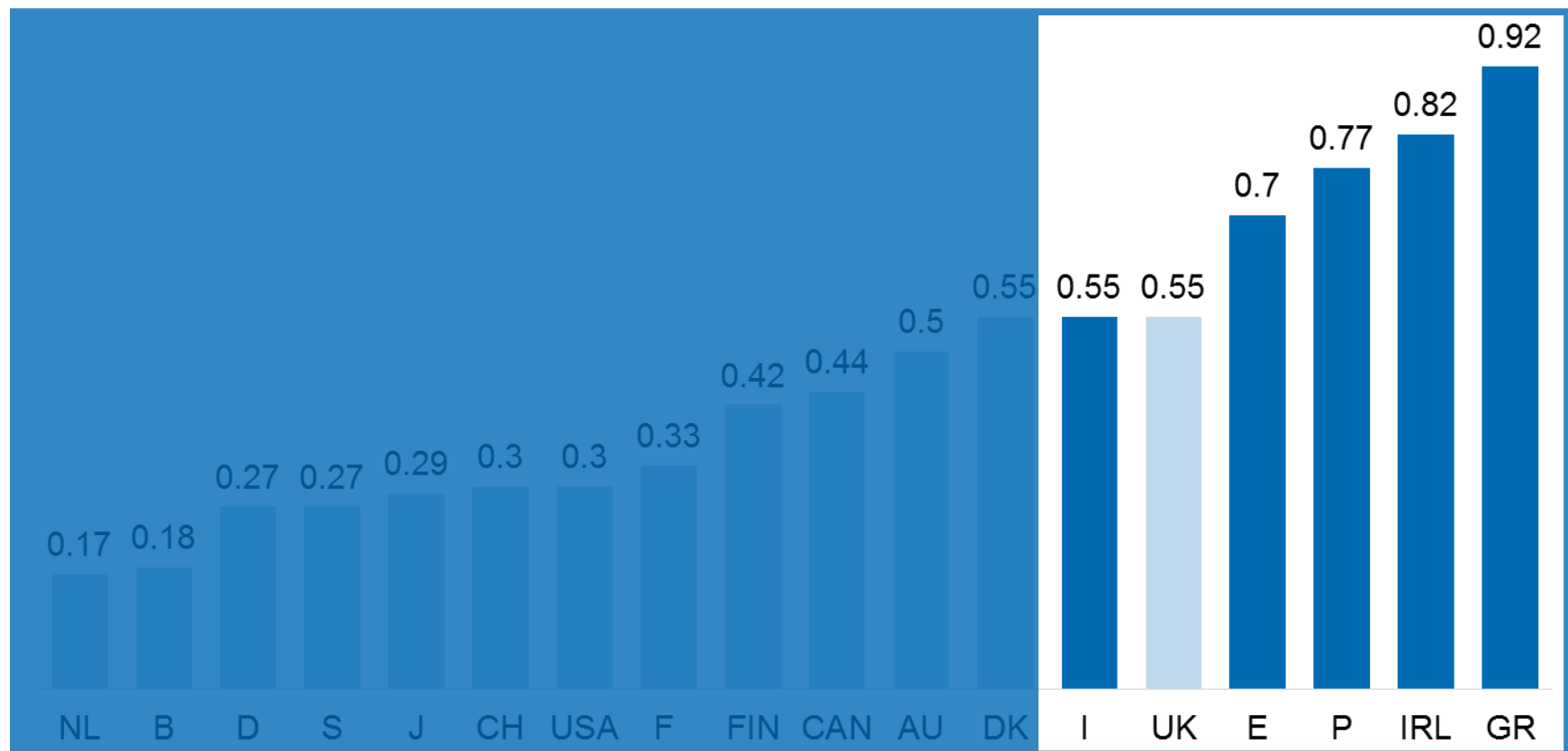
A REFORM PERSPECTIVE

REFORMS AND THE LABOUR MARKET

STRUCTURAL REFORMS IN EUROPE

Reforms of selected euro area countries

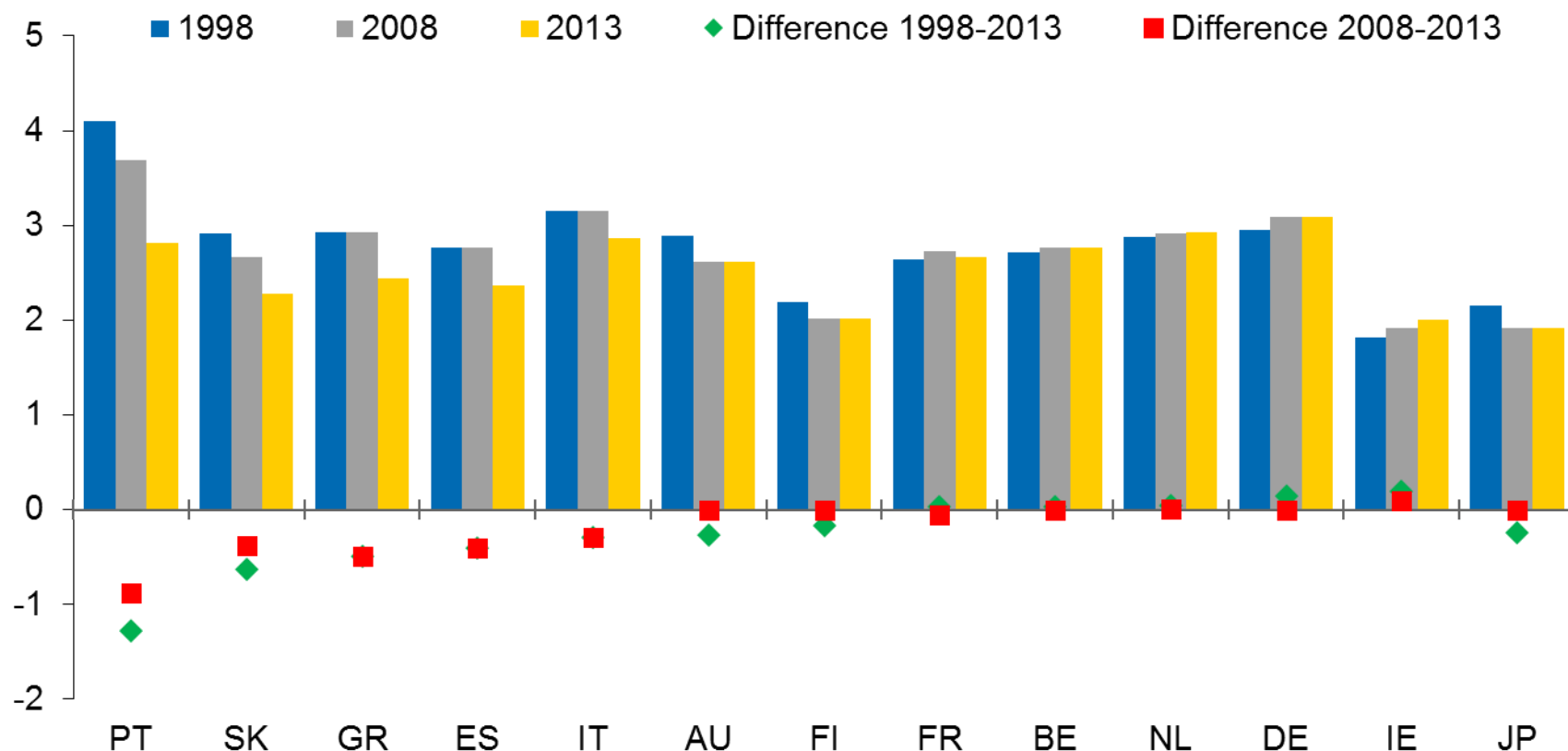
Reform rate of the OECD



Source: OECD, 2013

Employment protection legislation

Scale from 0 (very flexible) to 6 (very rigid)

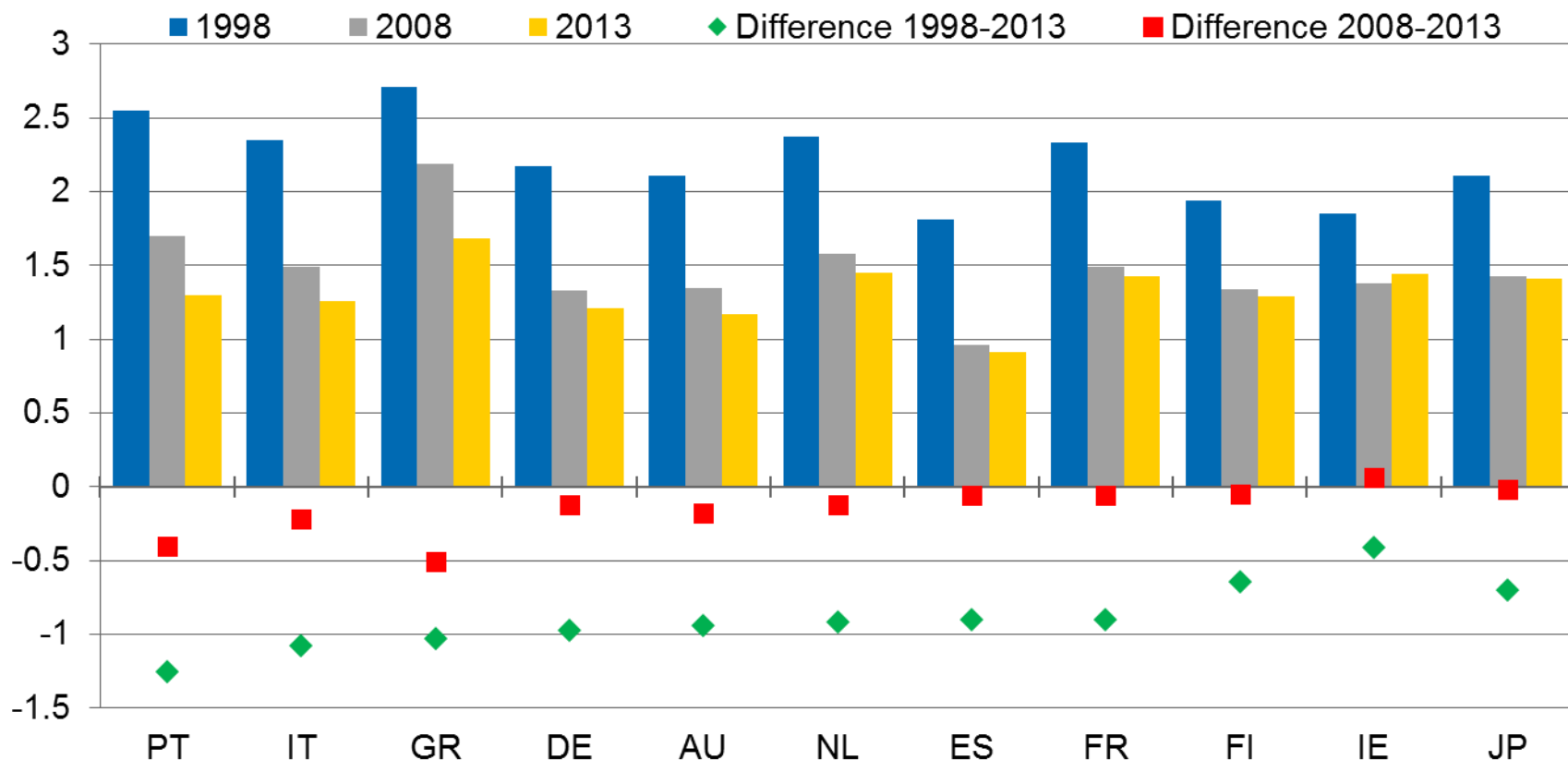


For regular contracts of employment and in cases of individual or collective dismissals.

Sources: OECD; Cologne Institute for Economic Research

Product market regulation

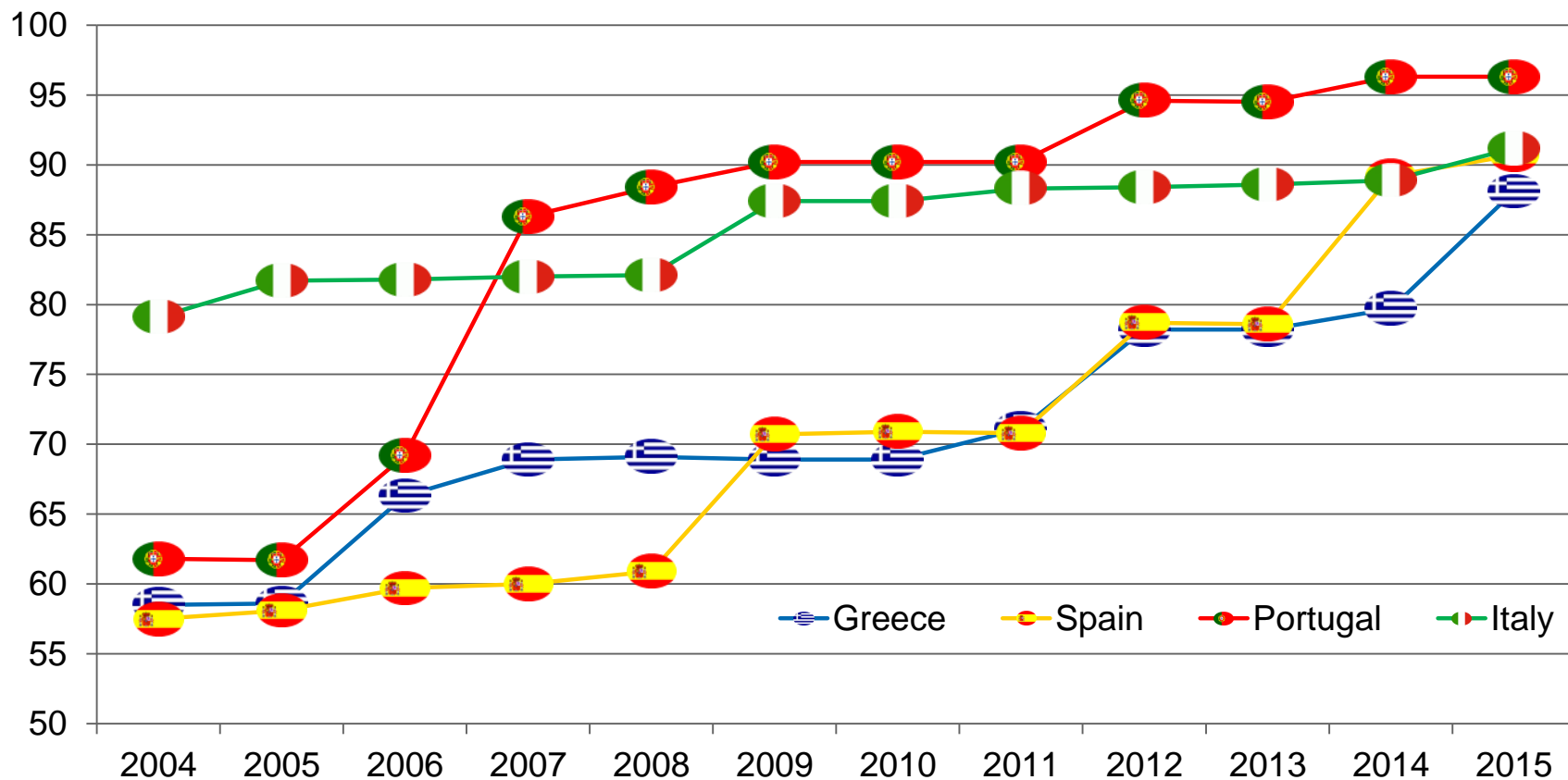
Scale from 0 (very flexible) to 6 (very rigid)



Sources: OECD; Cologne Institute for Economic Research





Regulatory intensity for starting up a business

Scale from 0 (worst performing country) up to 100 (best performing country)



Source: World Bank Doing Business database

Doing Business Ranking

	Rank 2009	Rank 2014*
Portugal 	48	25
Spain 	62	33
Italy 	78	56
Greece 	109	61

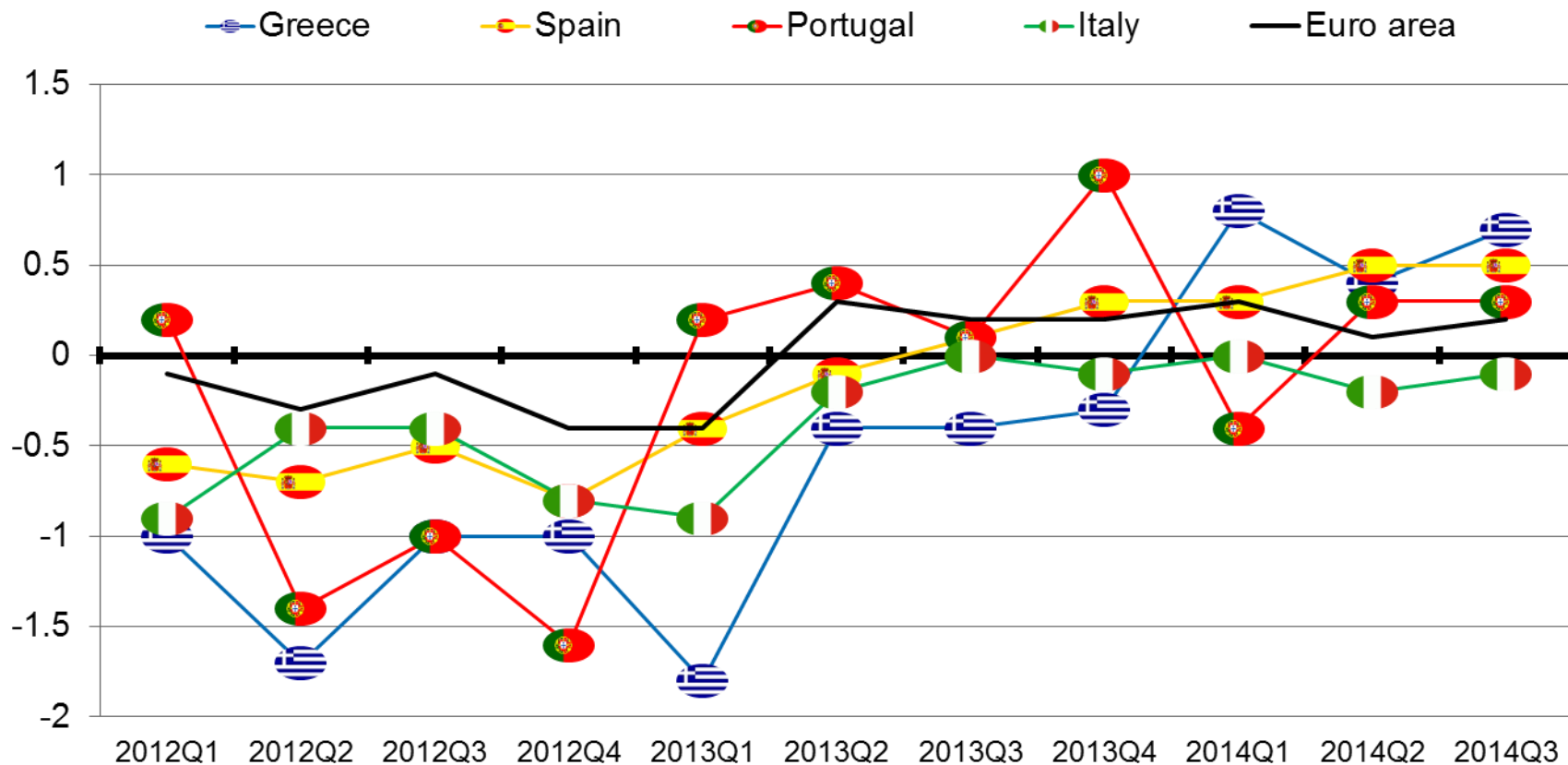
Rank: The country with the most business-friendly regulation has rank 1.

*rankings of the Doing Business issues in 2015 and 2009 (reference point is in each case June of the year before) are not comparable completely, because in 2015 (2009) 189 (183) countries were evaluated and, besides, there were methodical changes.

Sources: World Bank, Doing Business database

Recent economic growth

Change of real GDP compared with the previous quarter in per cent (seasonally and working day adjusted)



Source: Eurostat

Holistic approach to reform

Any deficiency revenge radically

Vision	Competence	Action plans	Instruments	Incentive	Communi- cation	▶	Success
	Competence	Action plans	Instruments	Incentive	Communi- cation	▶	Confusion
Vision		Action plans	Instruments	Incentive	Communi- cation	▶	Uncertainty
Vision	Competence		Instruments	Incentive	Communi- cation	▶	Chaos
Vision	Competence	Action plans		Incentive	Communi- cation	▶	Frustration
Vision	Competence	Action plans	Instruments		Communi- cation	▶	Delay
Vision	Competence	Action plans	Instruments	Incentive		▶	Rejection

Source: Motorola University; Cologne Institute for Economic Research



Institut der deutschen
Wirtschaft Köln

Cologne Institute for Economic Research



Dr. Hubertus Bardt

Managing Director

Head of Research

+49 221 4981-755

bardt@iwkoeln.de

iW.KÖLN.WISSEN
SCHAFFT KOMPETENZ.