



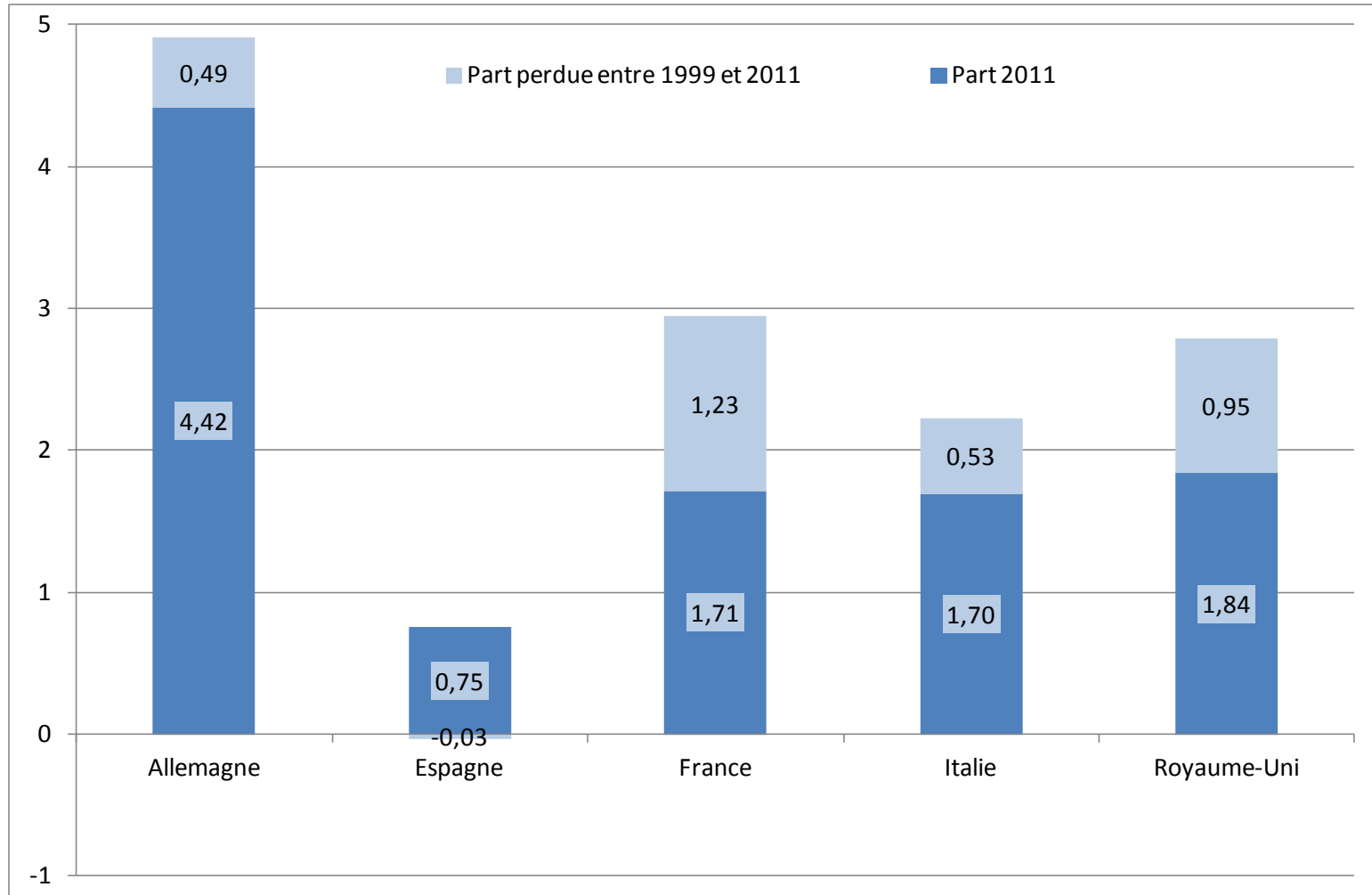
PARIS SCHOOL OF ECONOMICS
ÉCOLE D'ÉCONOMIE DE PARIS

Lost in competitiveness

Agnès Bénassy-Quéré

Relaunching Europe, 12th Munich Economic Summit, 16-17 May 2013

Global market shares in % (goods)

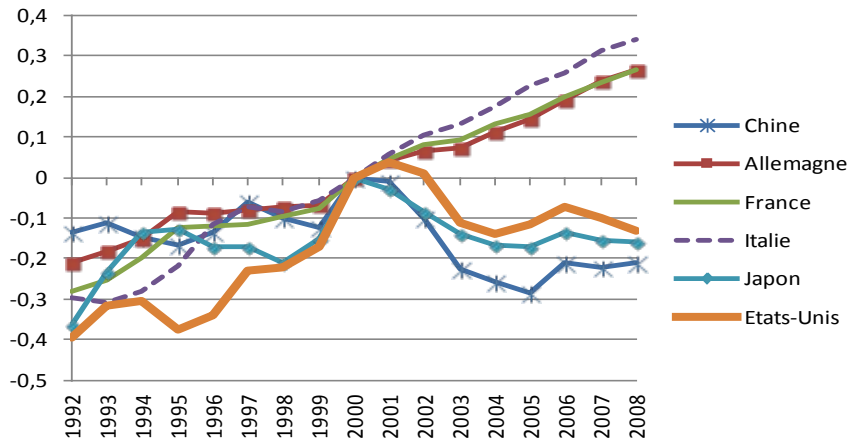


Source : Eurostat.

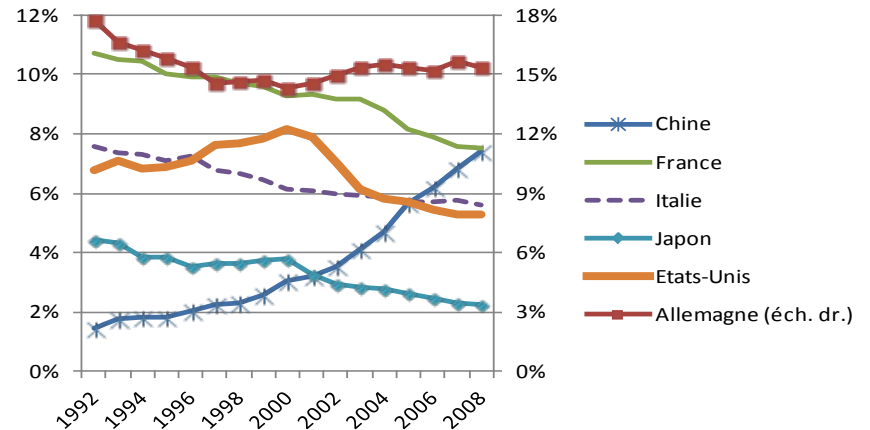
Price competitiveness?

(EU market)

Unit values (in log, 0 in 2000)



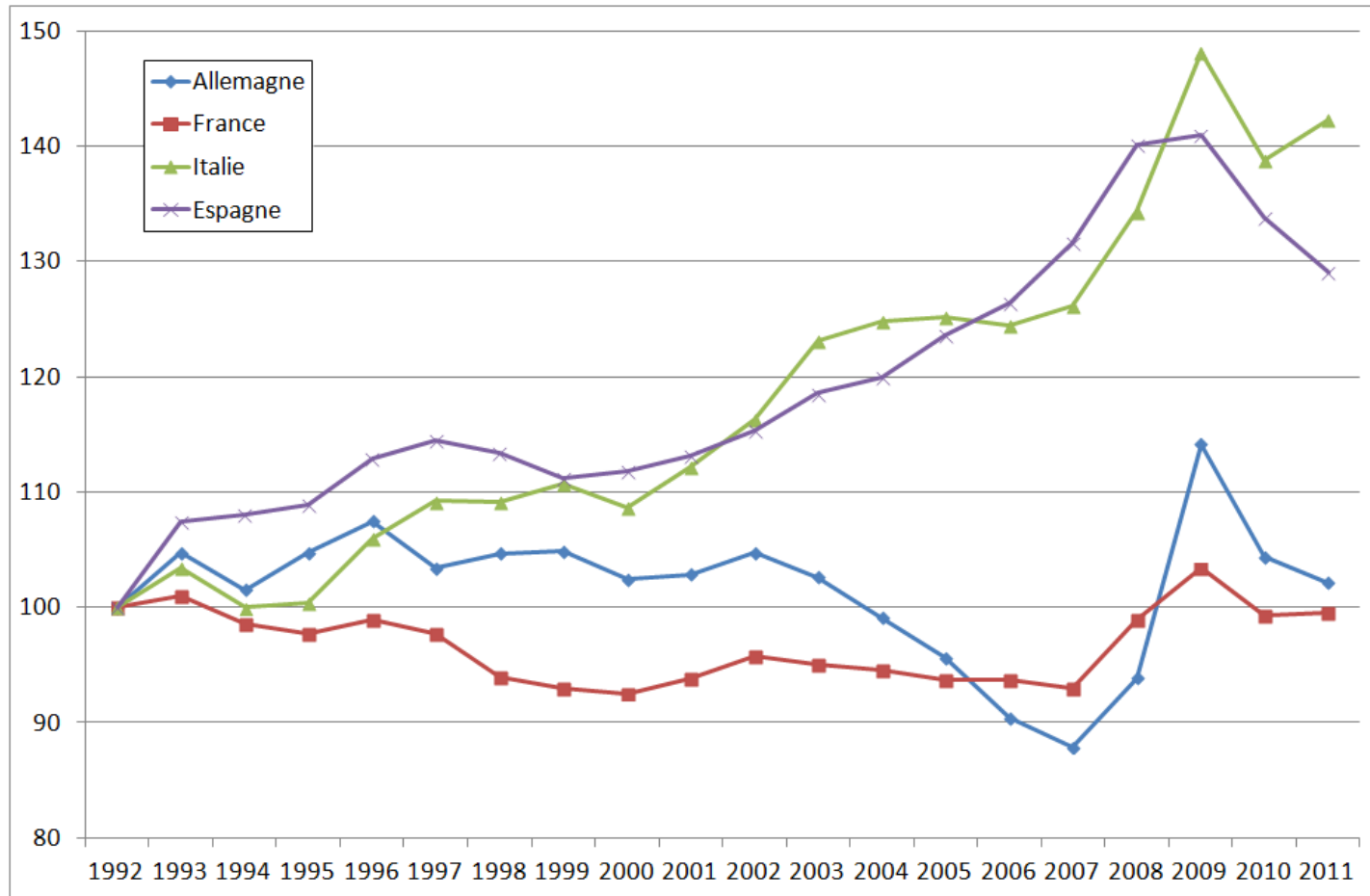
Market shares (in %)



Source : Bricongne, Fontagné et Gaulier based on Comext & Eurostat.

Cost competitiveness?

Unit labor costs in manufacturing, 100 in 1992



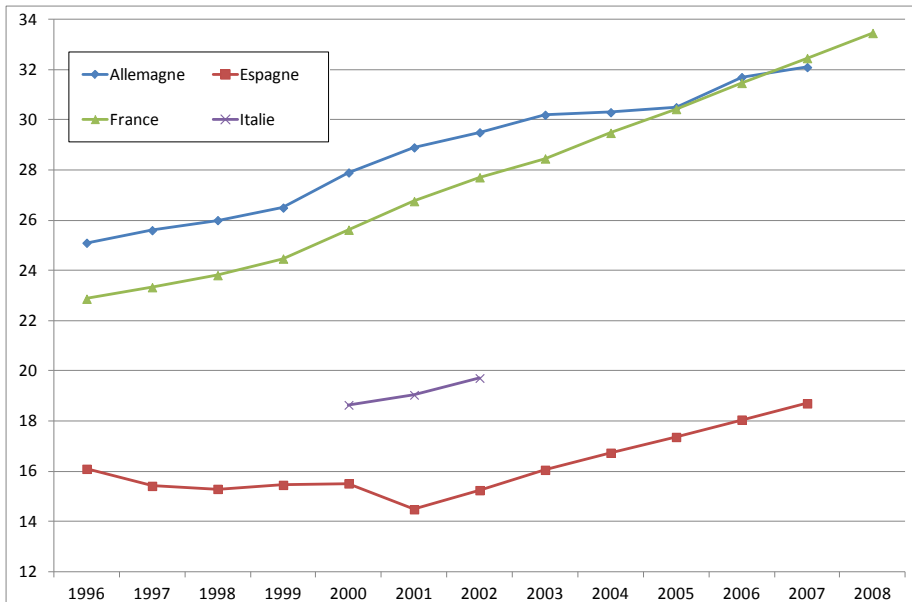
Source : Bureau of Labour Statistics : <http://ftp.bls.gov/pub/suppl/prod4.prodsuppt.xls>

Definition : nominal labor cost divided by volume of value added.

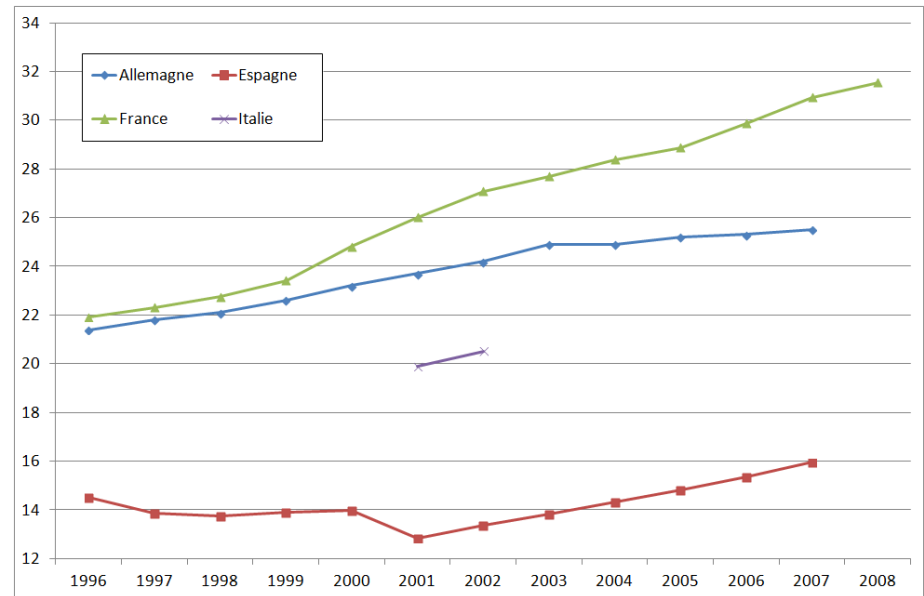
Hourly cost of labor?

(in euros)

Industry (excl. Construction)



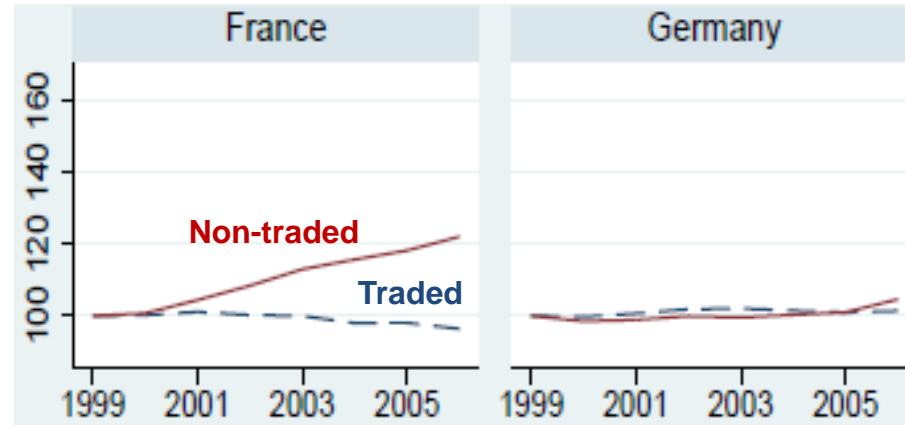
Services (excl. public administration)



Source: Eurostat.

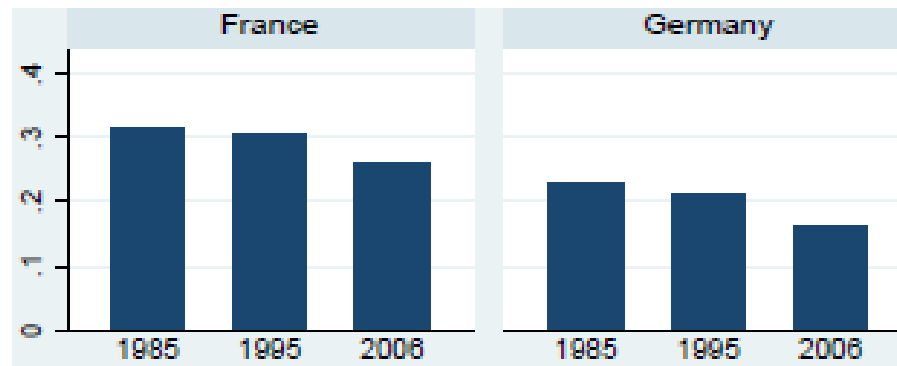
Traded vs non-traded goods

Prices (100 in 1999)



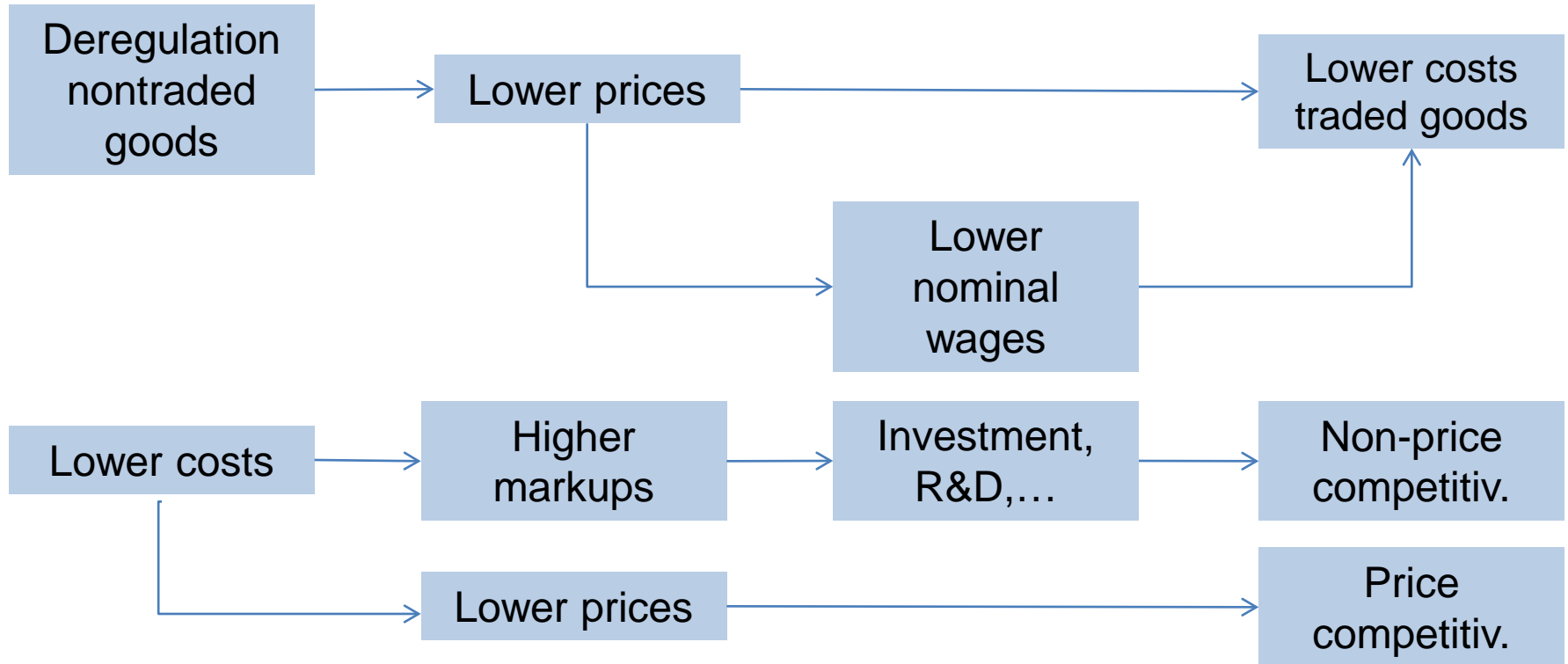
Non-traded: electricity, gas and water supply; construction; wholesale and retail trade; hotels and restaurants.
Source: Bénassy-Quéré and Coulibaly based on EUKlems.

Protection on non-traded goods markets



Source: OECD (PMR).

A competitiveness strategy



Areas of deregulation

- Housing
 - Building permits
 - Construction standards
- Transportation
 - Bus lines
 - Taxis
- Retail trade
 - Food
 - Pharmacy
- Protected professions
 - Court bailiffs, court clerks, notaries, hair dressers,...
- Health
 - Competition amongst health insurers

How to deregulate?

- Start with public opinion
 - Purchasing power
 - Inequalities
- Compensate the losers
 - Needs for fiscal space (one-off cost)