

Product and Labor Market Regulations, Production Prices, Wages and Productivity

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This study is to our knowledge the first attempt to infer the consequences on productivity entailed by anticompetitive regulations in product and labor markets through their impacts on production prices and wages. Results are encouraging showing that changes in production prices and wages at country*industry levels are informative about the creation of rents impeding productivity in different ways and to different extents. A simulation based on these results and on OECD regulation indicators suggests that nearly all countries, in particular European countries, could expect sizeable gains in multifactor productivity over the years from an economic policy that would be able to reform product and labor market regulation practices.