Going for Growth Italy

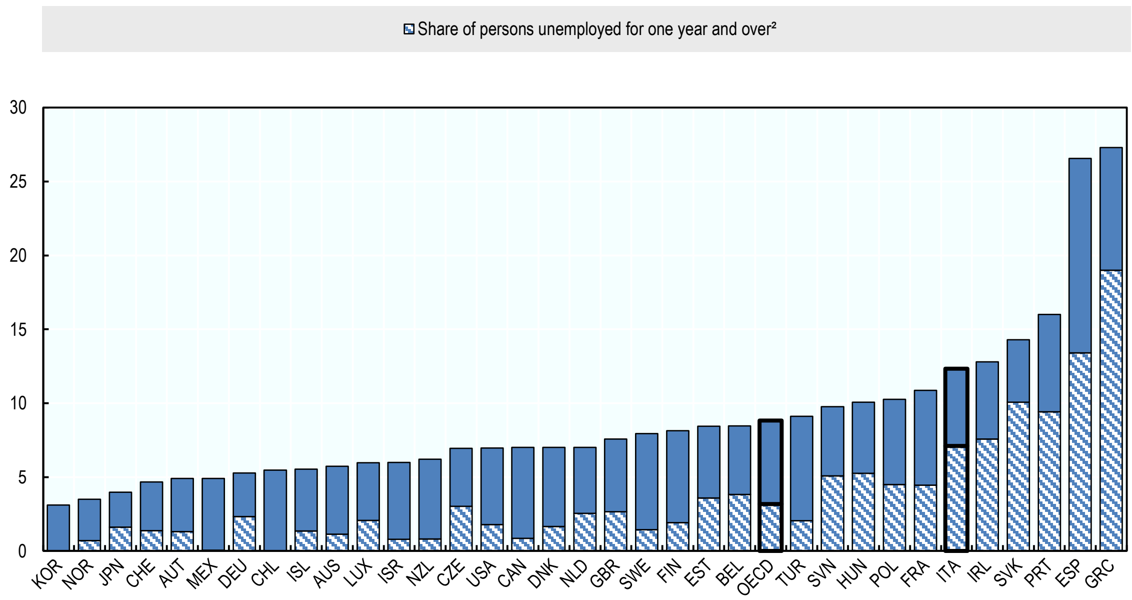
Going for Growth is the OECD flagship report analysing structural policy settings and economic performance to provide policymakers with concrete reform recommendations that can boost growth. The 2014 Interim Report reviews the main growth challenges and takes stock of reforms enacted over the past two years -- in both OECD and major non-OECD countries -- on policy priorities identified in previous issues of *Going for Growth*.

Country highlights

The adjustment following the crisis has been particularly painful in Southern European countries, including Italy. Several years of fiscal consolidation, adjustment in private sector balance sheets, low confidence and impaired credit supply have left Italy with a double-digit unemployment rate and no clear sign of a rapid and self-sustained turnaround. Addressing the job market legacy and restoring competitiveness remain key policy objectives.

The share of jobseekers unemployed for more than a year is high

Total unemployment rate, [1] 2013q3



1. Harmonised unemployment rate, seasonally adjusted. Data refer to 2013q4 for Canada and the United States instead of 2013q3.
2. Long-term unemployment data are smoothed using three-quarter centred moving averages. The last available data refer to 2012 for Israel. The OECD average excludes Chile and Korea for which data are not available.

Source: OECD calculations based on quarterly national Labour Force Surveys (cut-off date: 15 January 2014) and OECD *Short-Term Labour Market Statistics Database*.

Previous Going for Growth recommendations include:

- **Rebalance protection from jobs to workers' income** by decreasing job protection of workers on some types of contracts and improving social safety net.
- In order to get more value for money out of the education system and to improve the chances of the low-skilled, **improve equity and efficiency in education.**

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- **Improve the efficiency of the tax structure by** simplifying the tax code, fighting evasion and, when fiscal situation permits, reducing the tax wedge on low-wage labour.
- **Reduce barriers to competition** by strengthening enforcement of laws at all levels of government, reduction of public ownership and of delays in civil courts.
- Reduce the risk of unemployment persistence and accelerate return to work by **enhancing active labour market policies.**

Actions taken: Notable reforms in these areas over the past two years include:

- New regulators for network industries, increased powers for the competition authority and liberalisation of shop opening hours. However, further efforts are still required to ensure effective implementation.
- A mandatory conciliation for labour disputes as well as universal unemployment benefit (to be phased in by 2017).

The report also discusses the possible impact of structural reforms on other policy objectives (fiscal consolidation, rebalancing current account and reducing income inequality). In the case of Italy, labour market reforms aimed at reducing duality, and in particular achieving full implementation of a universal social safety net, and better vocational education and support for apprenticeship programs can decrease income inequality.