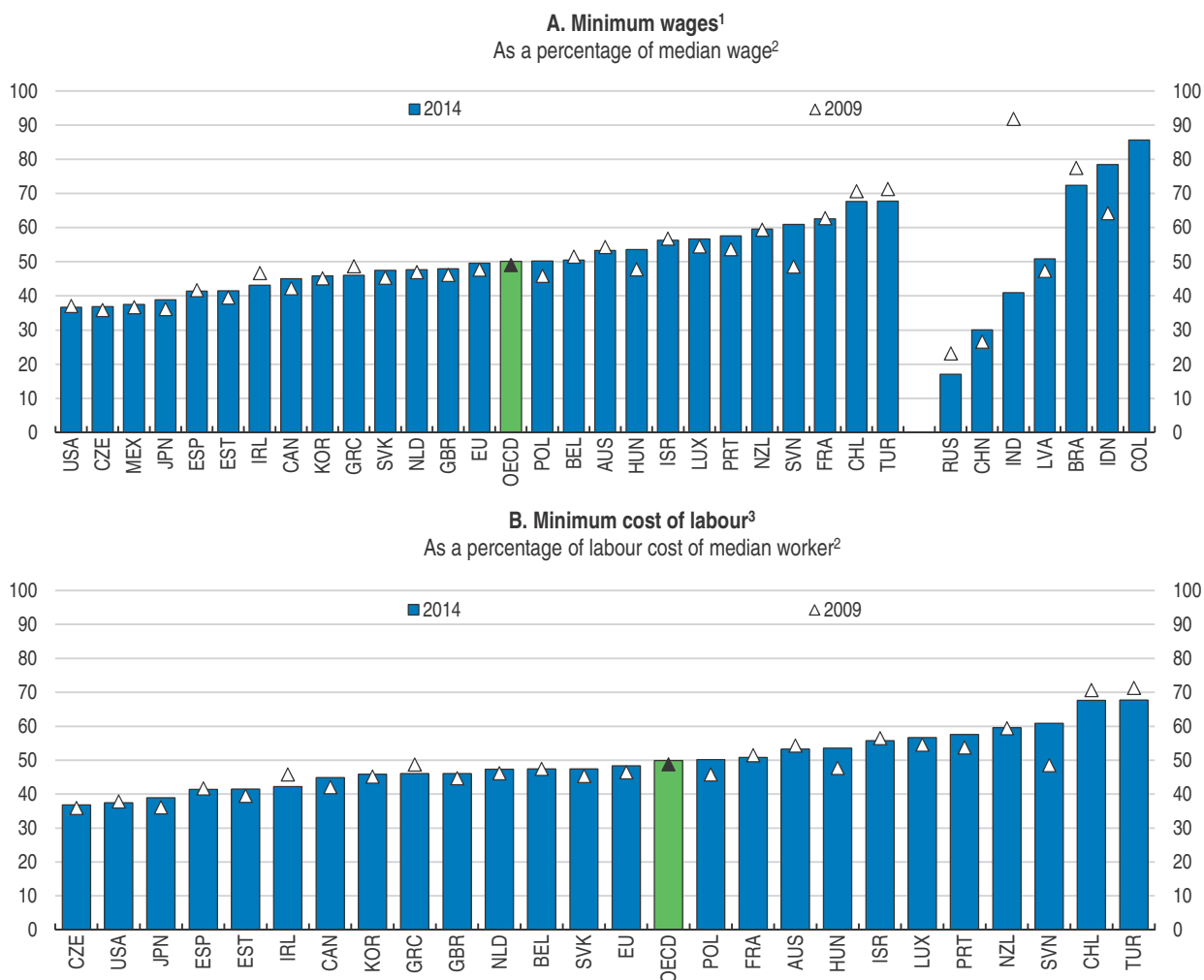


Chapter 4

Structural policy indicators

This chapter contains a comprehensive set of quantitative indicators that allow for a comparison of policy settings across countries. The indicators cover areas of taxation and income support systems and how they affect work incentives, as well as product and labour market regulations, education and training, trade and investment rules and innovation policies. The indicators are presented in the form of figures showing for all countries the most recent available observation and the change relative to the previous observation.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Figure 4.1. **Cost of labour**

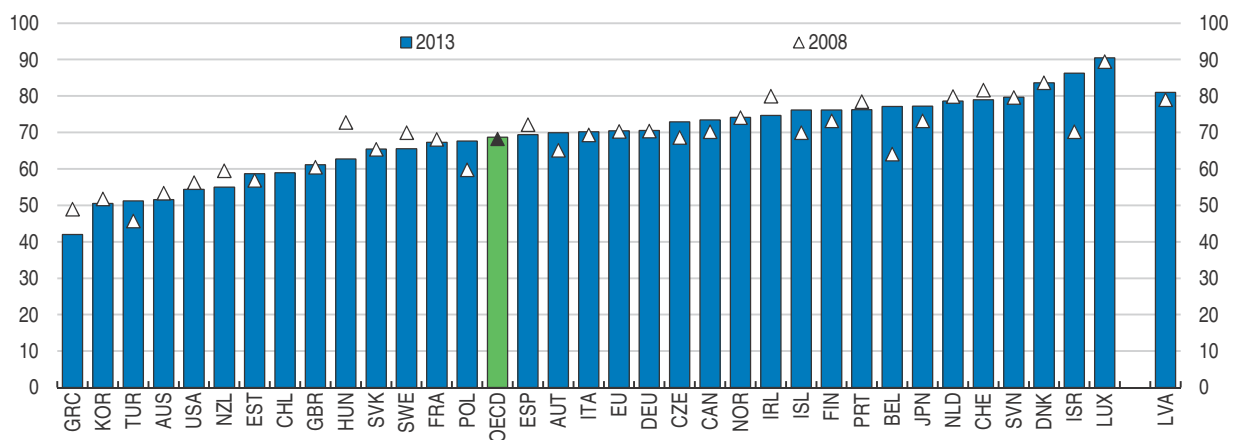
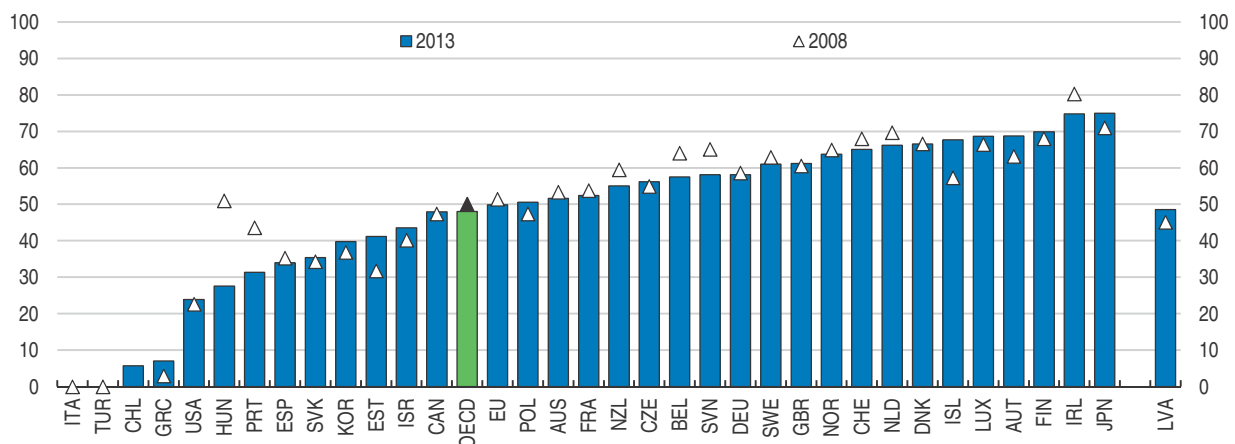
1. Missing countries do not have a national statutory minimum wage except for Mexico. Data refer to 2004-05 and 2009-10 for India; 2013 for Colombia.

2. Exactly half of all workers have wages either below or above the median wage for the OECD countries. Percentage of minimum to average wage for China, Indonesia, the Russian Federation and India.

3. The cost of labour is the sum of the wage level and the corresponding social security contribution paid by employers.

Source: Panel A: OECD, *OECD Employment Outlook Database*; China Ministry of Human Resources and Social Security, National Bureau of Statistics; Instituto Brasileiro de Geografia e Estatística (*Pesquisa Nacional por Amostra de Domicílios*); International Labour Organisation (ILO) *Database on Conditions of Work and Employment Laws*; Ministry of Man Power and Transmigration of the Republic of Indonesia and Statistics Indonesia (BPS); Russia Federal State Statistics Service and Rani, U., P. Belser, M. Oelz and S. Ranjbar (2013), "Minimum wage coverage and compliance in developing countries" *International Labour Review*, Vol 152, No.3-4; Panel B: OECD, *OECD Employment Outlook and Taxing Wages Databases*.

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Figure 4.2. **Net income replacement rates for unemployment**Net income when unemployed as a percentage of net income when working¹A. Initial²B. 60th month³

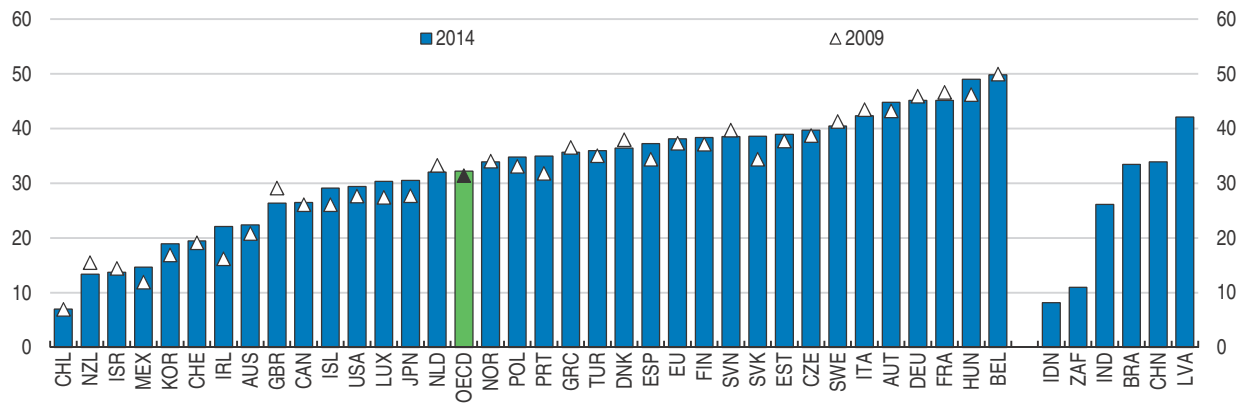
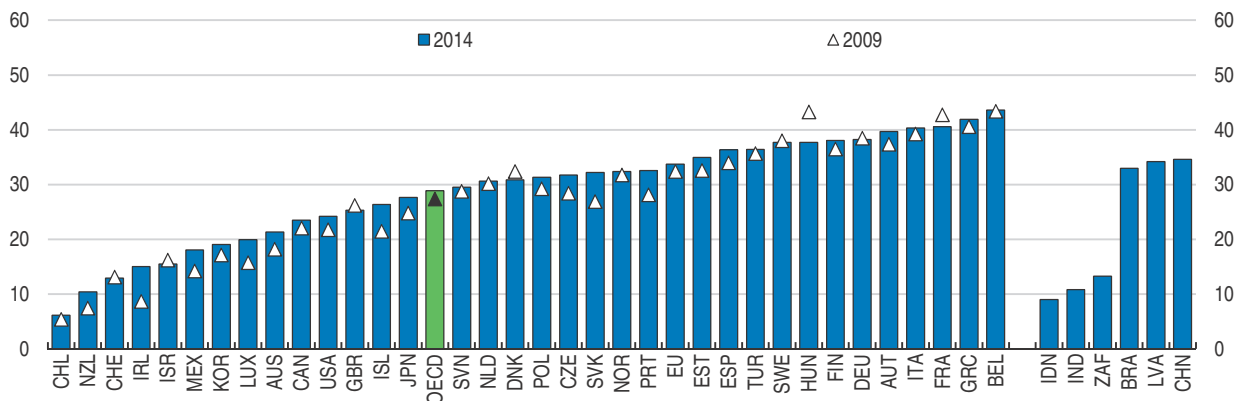
1. Simple average of the net replacement rates for the following households situations: single with no child and with two children at 67% and 100% AW, one-earner married couple with no child and with two children at 67% AW and 100% AW. After tax and including unemployment and family benefits. Social assistance and other means-tested benefits are assumed to be available subject to relevant income conditions. Housing costs are assumed equal to 20% of AW. The OECD average excludes Chile for 2008 and Mexico for 2008 and 2013. For Turkey, the average worker earnings (AW) value is not available. Calculations are based on average production worker earnings (APW).
2. Initial phase of unemployment but following any waiting period. Any income taxes payable on unemployment benefits are determined in relation to annualised benefit values (i.e. monthly values multiplied by 12) even if the maximum benefit duration is shorter than 12 months.
3. After tax and including unemployment benefits, social assistance, family and housing benefits in the 60th month of benefit receipt. Values for Italy and Turkey are equal to zero in 2008 and 2013.

Source: OECD, Tax-Benefit Models.

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Figure 4.3. **Average tax wedge on labour**¹

As a percentage of total labour compensation

A. At 67% of average worker earnings, single person without children**B. At 100% of average worker earnings, couple with two children²**

1. Measured as the difference between total labour compensation paid by the employer and the net take-home pay of employees, as a ratio of total labour compensation. It therefore includes both employer and employee social security contributions. For India, the data cover manufacturing companies with 20 or more employees (which represent 5% of all companies in the sector); liability to health insurance and Employee Provident Fund contributions in India are restricted to employees in firms that have 20 or more employees. In China, a significant portion of workers are not covered by the social security system; hence their tax wedge is significantly lower than the figure reported here, which reflects the situation of workers covered.
2. Couple with two children, at 100% of average worker earnings for the first earner. Average of three situations regarding the wage of the second earner (0%, 33% and 67% of average worker earnings).

Source: OECD, *Taxing Wages Database*; For BIICS countries, data represent the latest figures based on the methodology described in : Gandullia, L., N. Iacobone and A. Thomas (2012), "Modelling the tax burden on labour income in Brazil, China, India, Indonesia and South Africa" *OECD Taxation Working Papers*, No. 14; for Latvia, data are based on the methodology described in *Taxing Wages*.


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Figure 4.4. **Marginal tax wedge on labour**¹
As a percentage of total labour compensation for single persons without children



1. Measured as the difference between the change in total labour compensation paid by employers and the change in the net take-home pay of employees, as a result of an extra unit of national currency of labour income. The difference is expressed as a percentage of the change in total labour compensation. For India, the data cover manufacturing companies with 20 or more employees (which represent 5% of all companies in the sector); liability to health insurance and Employee Provident Fund contributions in India are restricted to employees in firms that have 20 or more employees. In China, a significant portion of workers are not covered by the social security system; hence their tax wedge is significantly lower than the figure reported here, which reflects the situation of workers covered.

Source: OECD, *Taxing Wages Database*; For BIICS countries, data represent the latest figures based on the methodology described in : Gandullia, L., N. Iacobone and A. Thomas (2012), "Modelling the tax burden on labour income in Brazil, China, India, Indonesia and South Africa" *OECD Taxation Working Papers*, No. 14; for Latvia, data are based on the methodology described in *Taxing Wages*.


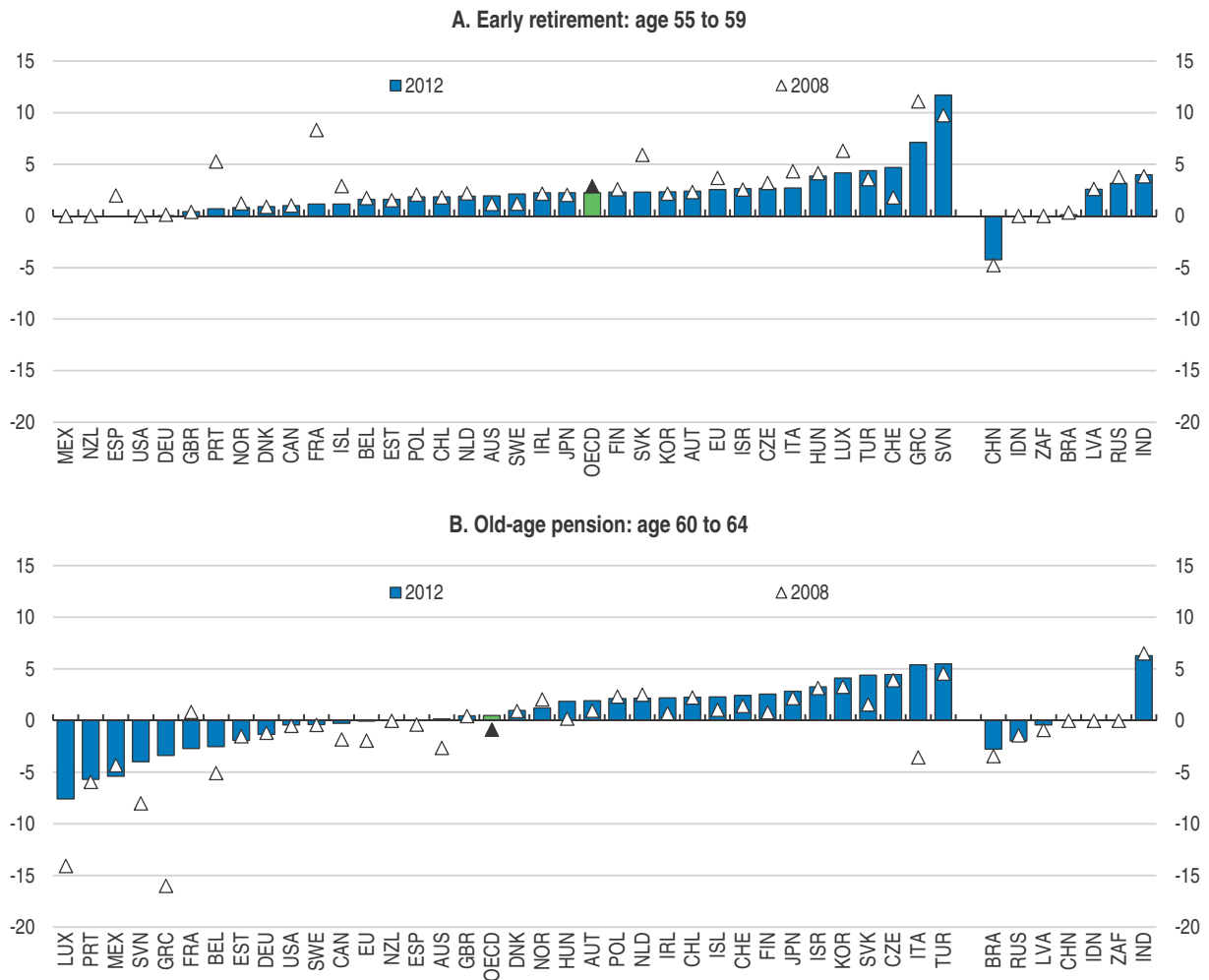
StatLink  <http://dx.doi.org/10.1787/888933324113>

Figure 4.5. **Changes in net pension wealth¹**
As a percentage of gross annual individual earnings



1. The change in pension wealth is a measure of the incentive to remain in the workforce for an additional period. It measures the increase in the level of pension entitlement one gains by remaining in employment for an additional year. The calculation is the annual average increase in males' pension wealth when working from age 55 to 59 (early retirement) and from age 60 to 64 (old-age pension). Net pension wealth is the present value of the flow of pension benefits, taking account of the taxes and social security contributions that retirees have to pay on their pensions. It is measured and expressed as a multiple of gross annual individual earnings in the respective country. See OECD (2013), *Pensions at a Glance 2013: OECD and G20 Indicators* for additional details.

Source: OECD, *Pension Models*.


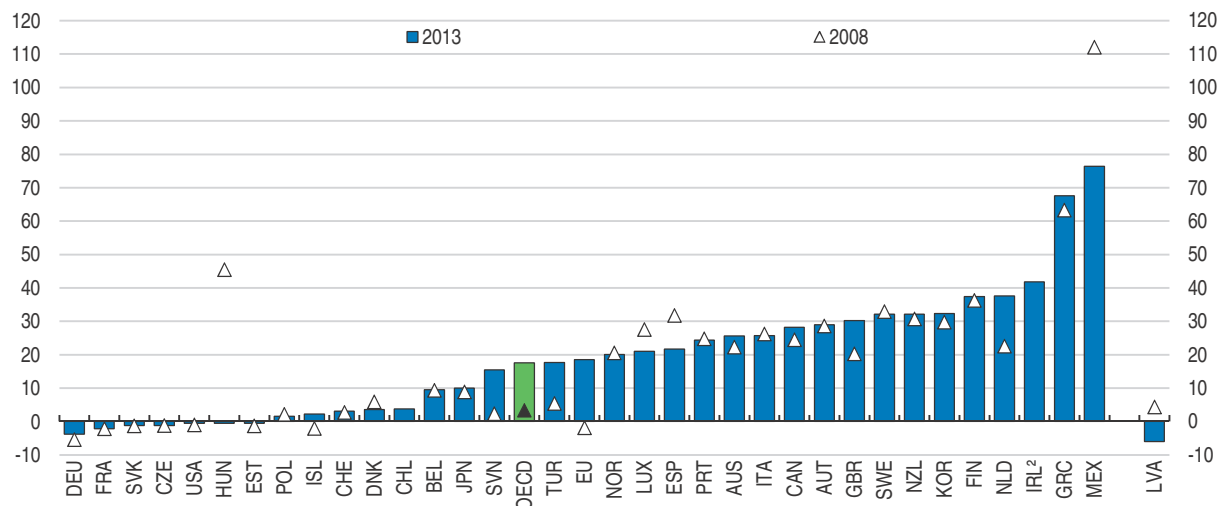
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Figure 4.6. **Difference in net transfers to government: single and equal dual-earner couples**¹
Percentage points

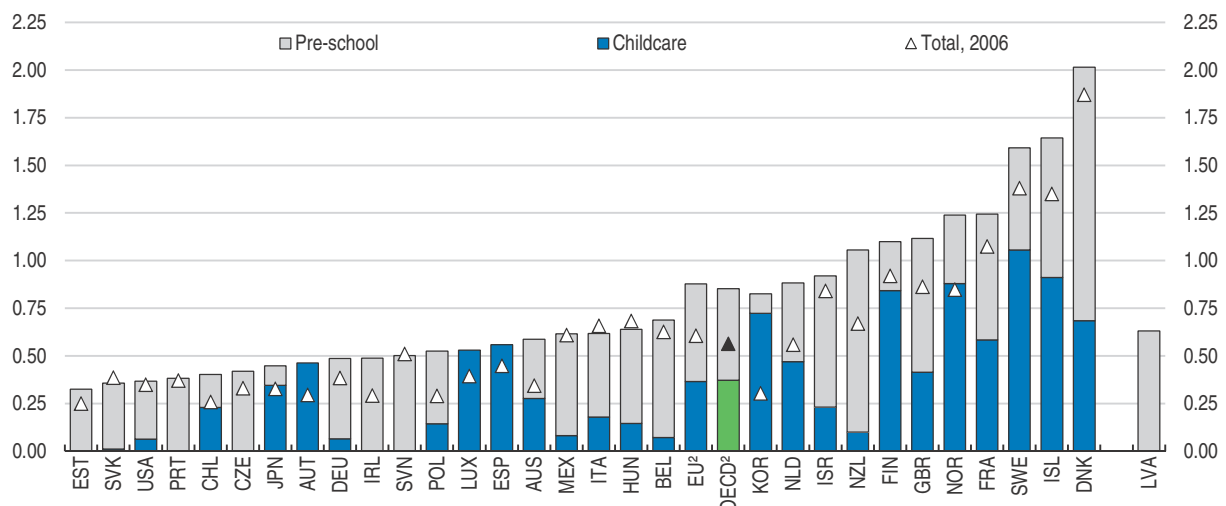


1. The figure highlights the differential tax / benefit “regime” between single and dual-earner couple families, for a given overall level of earnings – e.g. looking at couple families with incomes of 133% of average earnings. It shows the difference in net transfers to government between two household cases: (1) “Single-earner couples” – with one earner with 133% of average earnings and (2) “Equal dual-earner couples” – both spouses earn the same either average earnings or 67% of average earnings. The difference is in percentage points and computed as $[(1)-(2)]/(1)$.
2. The value for 2008 is not reported as it is highly distorted due to the fact that the net transfers to government from single-earner couples is close to zero.

Source: OECD, Tax-Benefit Models.

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Figure 4.7. **Public expenditure on childcare services**¹
As a percentage of GDP, 2011



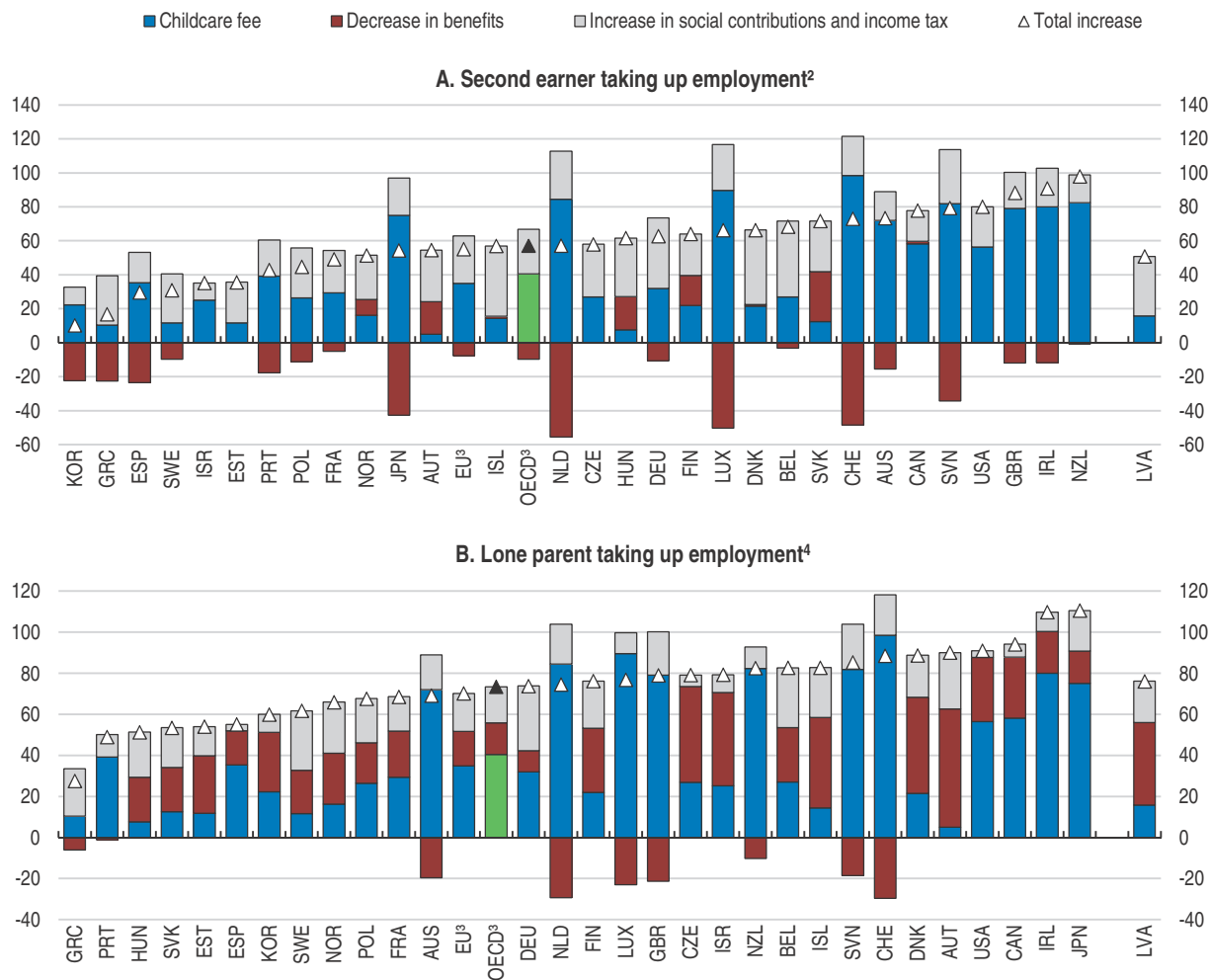
1. Childcare expenditure covers children under three enrolled in childcare and children between the ages of three and five enrolled in pre-school. Childcare refers to formal day-care services, such as day-care centres and family day-care. Pre-school includes kindergartens and day-care centres which usually provide an educational content as well as traditional care for children (ISCED 0 under UNESCO’s classification system). Local government spending may not be properly captured in the data for federal countries.
2. EU and OECD averages exclude Canada, Greece, Switzerland and Turkey.

Source: OECD, Family and Social Expenditure Databases.

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Figure 4.8. **Implicit tax on returning to work¹**

As a percentage of gross earnings in new job, 2012

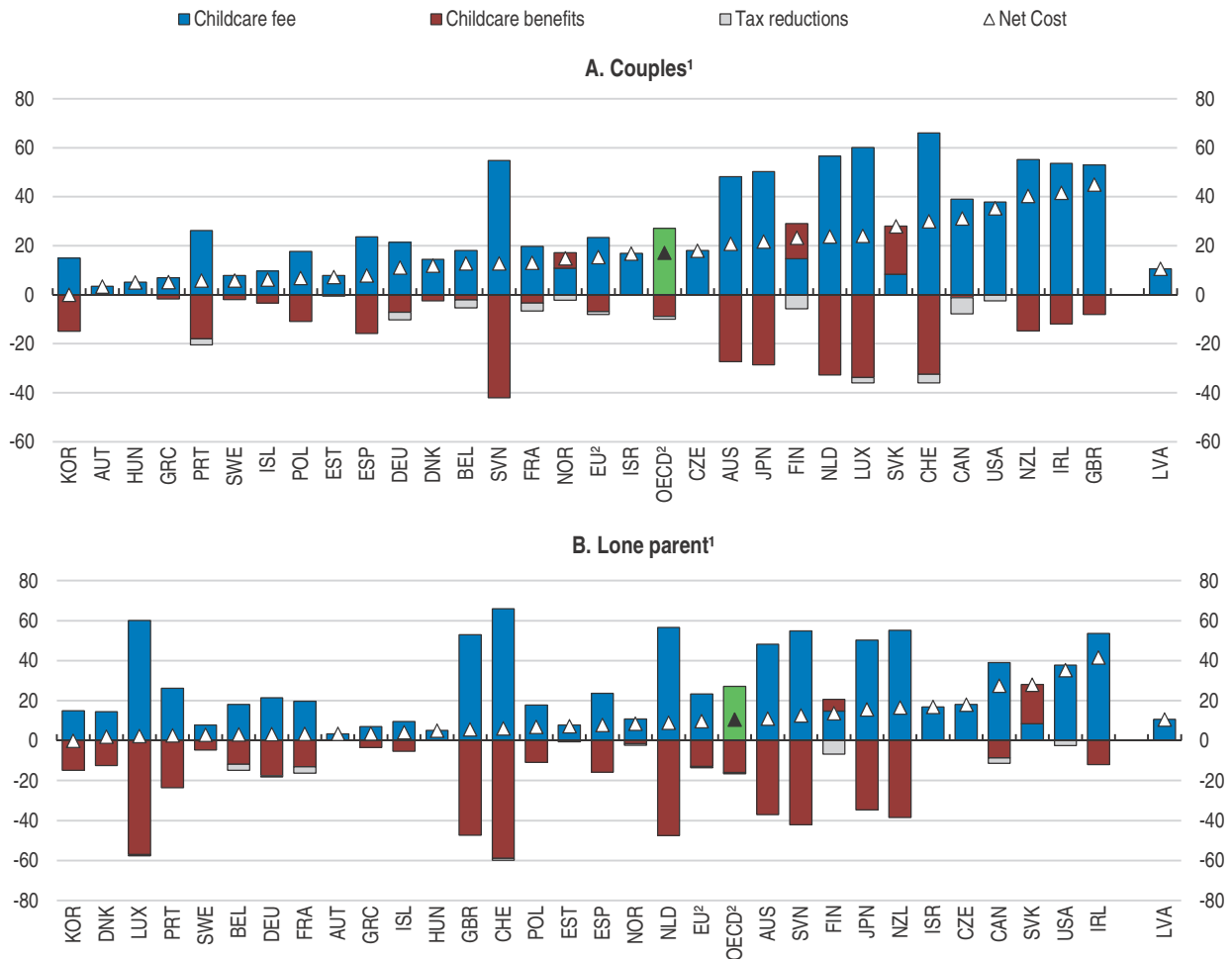


1. Net transfers and childcare fees for households with two children aged 2 and 3. Taking into account childcare fees and changes of taxes and benefits in case of a transition to a job paying two-thirds of average worker earnings.
 2. Second earner taking up employment at 67% of average wage and the first earner earns 100% of average wage.
 3. The OECD average excludes Chile, Italy, Mexico and Turkey.
 4. Lone parent taking up employment at 67% of average wage.
- Source: OECD, *Tax-Benefit Models*; www.oecd.org/els/social/workincentives.

StatLink <http://dx.doi.org/10.1787/888933324153>

Figure 4.9. **Net costs of childcare**

Childcare-related costs and benefits as a percentage of average wage, 2012



1. Couples where the first earner earns 100% of the average wage and the second earns 67% of the average wage. Lone parent earning 67% of the average wage. For Canada, the European Union, Finland, Norway, OECD, Slovak Republic, Slovenia and the United Kingdom, childcare benefits refer to childcare and other benefits.
2. EU and OECD averages exclude Chile, Italy, Mexico and Turkey.

Source: OECD, Tax-Benefit Models; www.oecd.org/els/social/workincentives.


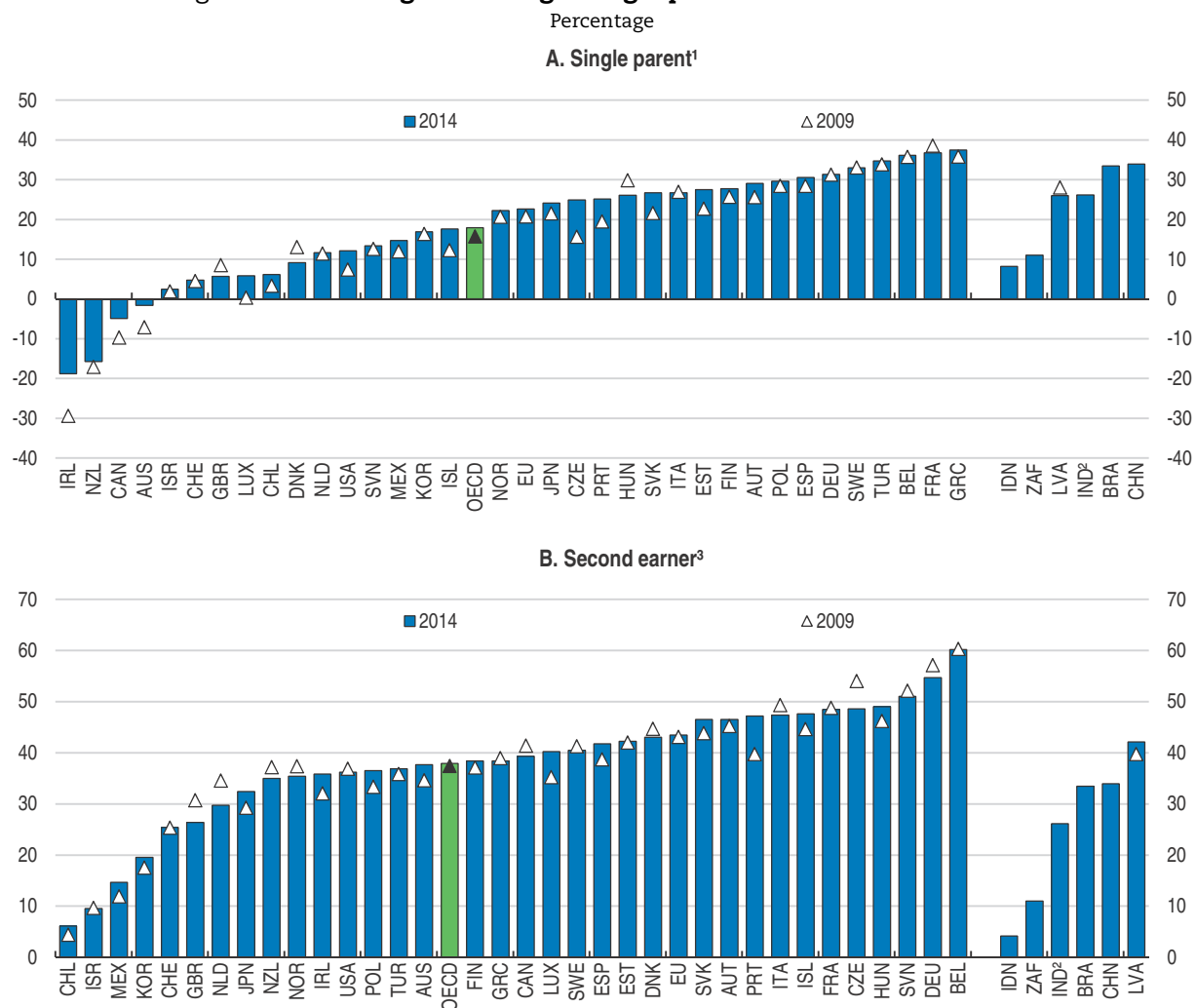
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Figure 4.10. **Average tax wedge: single parent versus second earner**

1. Single parent with two children earning 67% of the average wage.

2. Results apply only for the minority case where the employee works in a firm with more than 20 employees.

3. Average tax wedge faced by the second earner when earning 67% of the average wage in a family with two children, where the first earner receives a full average wage.

Source: *Taxing Wages 2015* (calculations based on data retrieved from OECD.Stat: <http://dotstat.oecd.org/Index.aspx?DataSetCode=AWCOU>) and *Taxing Wages Models* for non-OECD member countries.


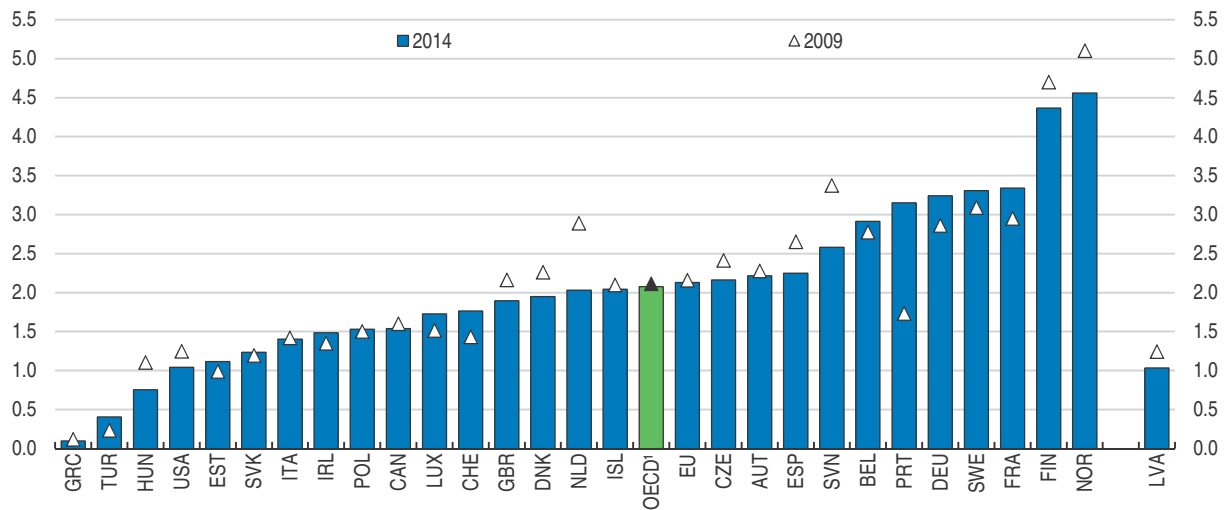
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Figure 4.11. Number of weeks lost due to sick leave



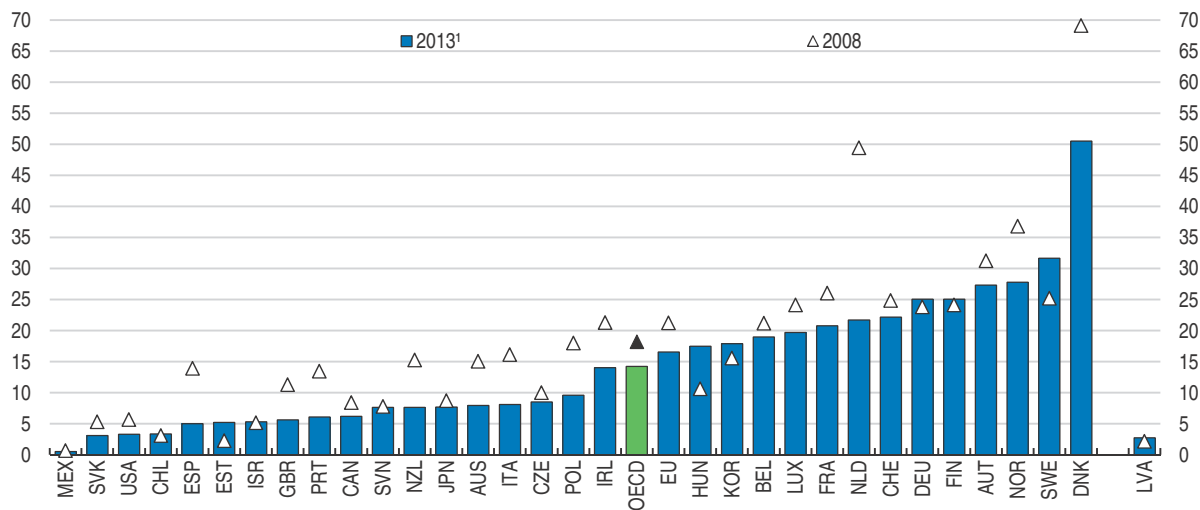
1. The OECD average excludes Australia, Chile, Israel, Japan, Korea, Mexico and New Zealand.

Source: OECD estimates based on the European Labour Force Survey (unpublished data), the Canadian Labour Force Survey and published U.S Current Population Survey estimates on lost working time rate due to injury or illness of full-time wage and salary workers.

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Figure 4.12. Public expenditure on active labour market policies per unemployed¹

As a percentage of GDP per capita



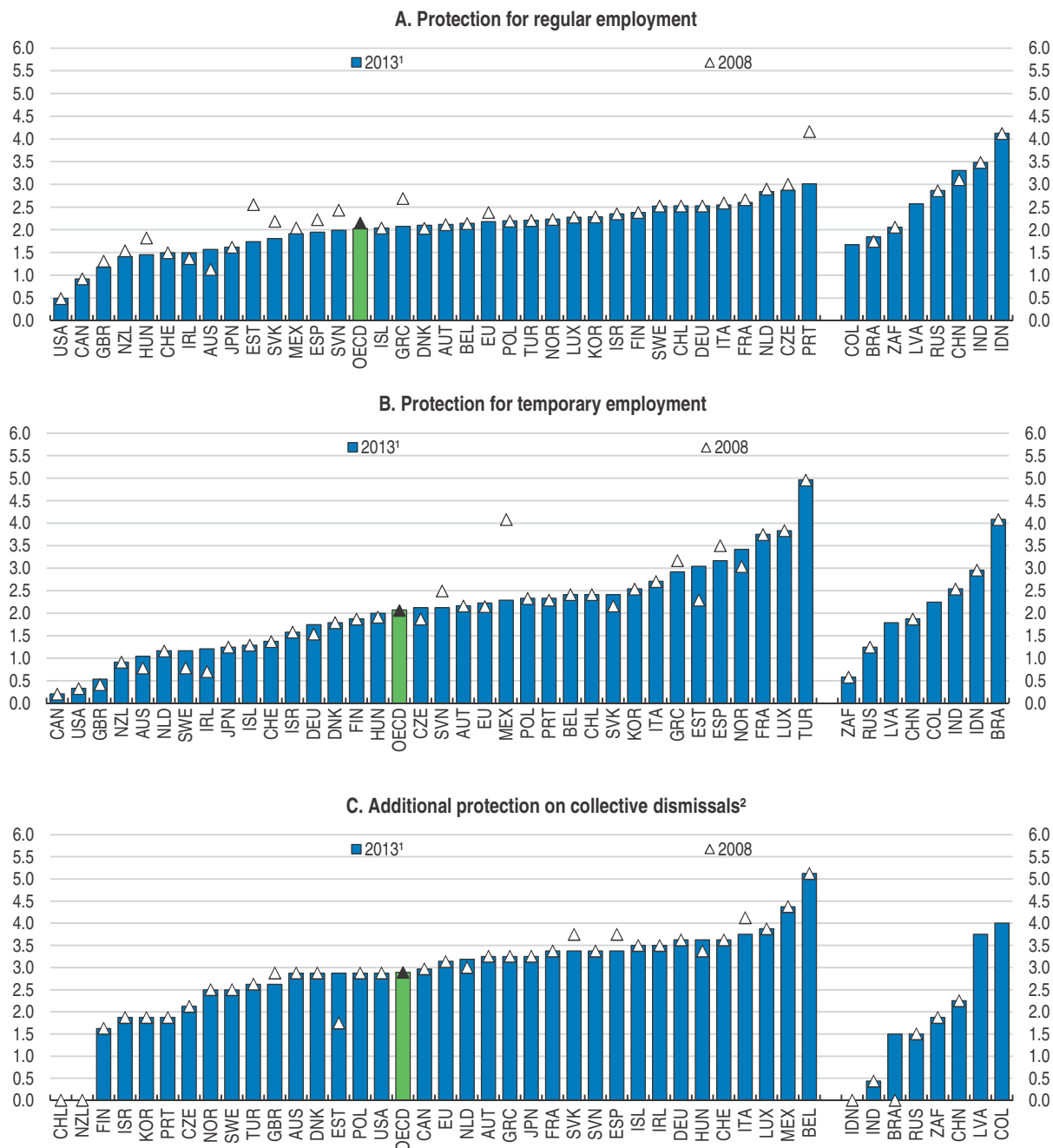
1. Data refer to 2012 for France, New Zealand, Poland and Spain; 2011 for Israel and the United Kingdom. OECD and EU averages exclude Greece, Iceland and Turkey.

Source: OECD, Public expenditure and participant stocks on Labour Market Programmes and Economic Outlook Databases.

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Figure 4.13. **Employment protection legislation**

Index scale of 0-6 from least to most restrictive



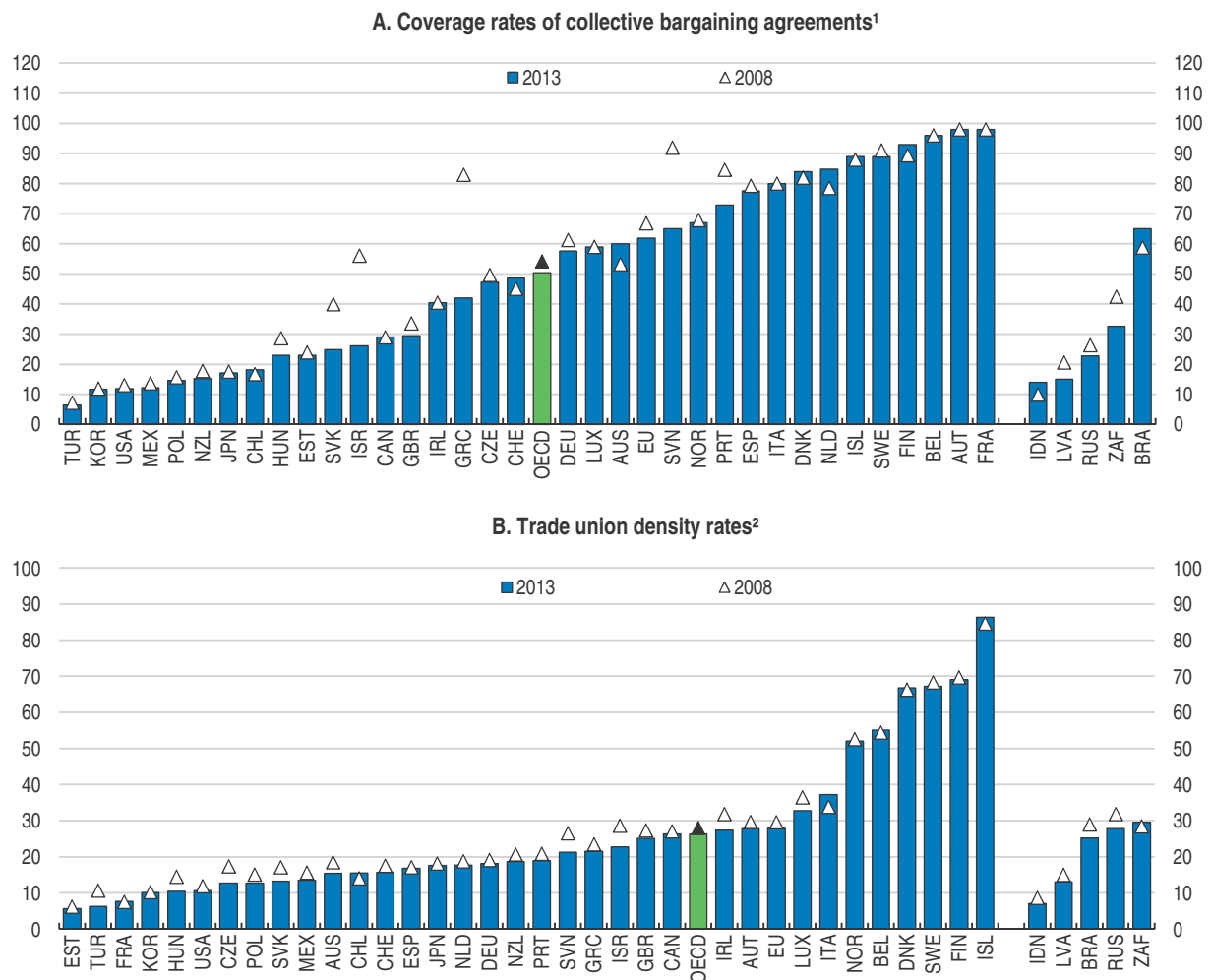
1. Data refer to 2014 for Colombia, Slovenia and the United Kingdom; 2012 for BRIICS countries and Latvia.

2. Values for 2013 are equal to zero for Chile, Indonesia and New Zealand.

Source: OECD, Employment Protection Database.

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Figure 4.14. Coverage rates of collective bargaining agreements and trade union density rates
Percentage



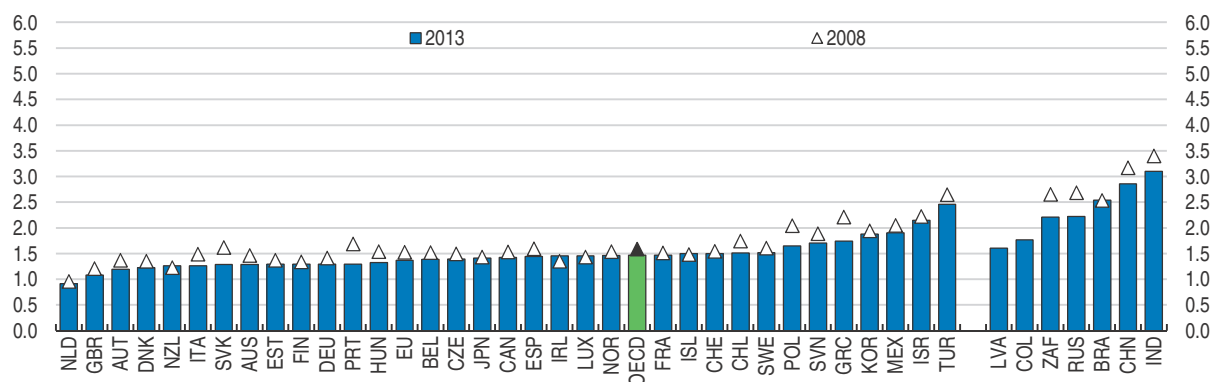
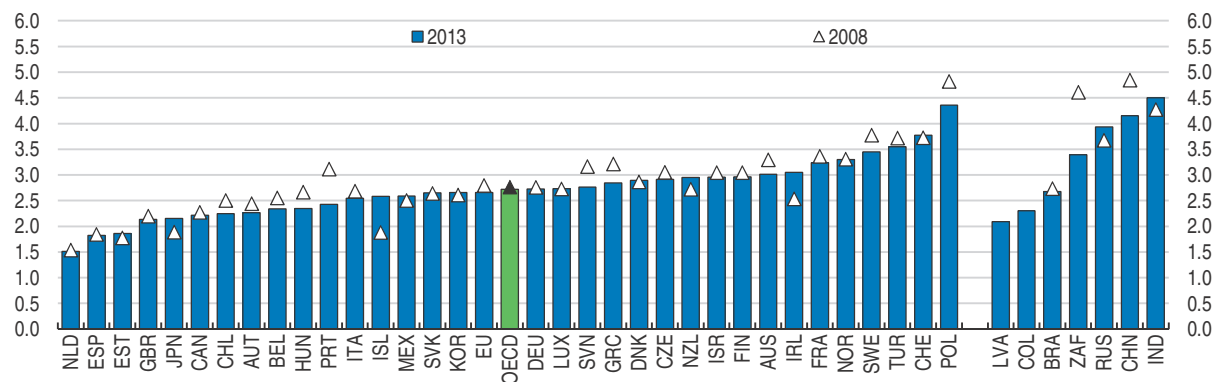
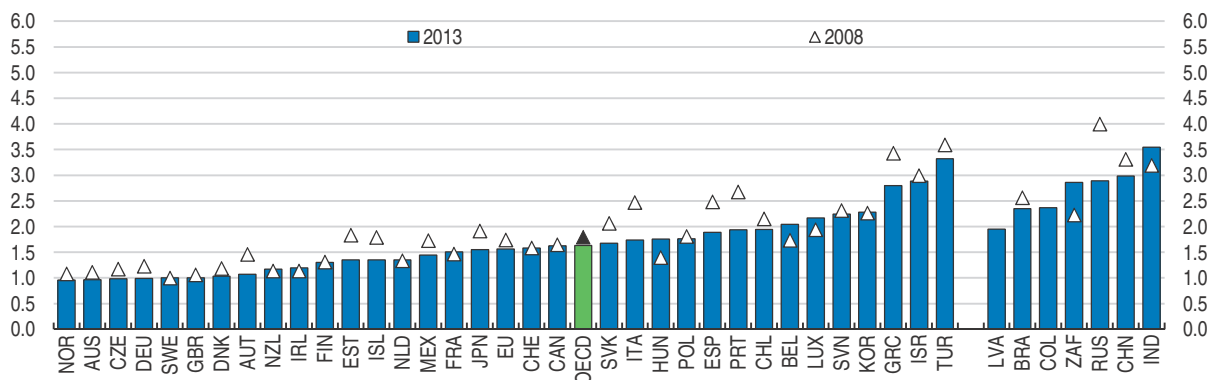
1. The coverage rate is measured as the percentage of workers who are covered by collective bargaining agreements, regardless of whether or not they belong to a trade union. For 2013, data refer to 2012 for Australia, Estonia, France, Israel, Korea, Luxembourg, Mexico, Poland, Indonesia and South Africa; 2011 for New Zealand; 2010 for Italy; 2009 for Ireland. For 2008, data refer to 2009 for Chile, Denmark, Estonia, Hungary, Ireland, Mexico, Norway, Switzerland, Brazil, the Russian Federation and Latvia; 2007 for New Zealand, Poland and Sweden; 2005 for Italy; 2000 for Israel.
2. The union density rate is the percentage of workers belonging to a trade union. The rates refer to wage and salary workers. The last available year is 2014 for Australia, Canada, Chile, Iceland, Ireland, Japan, Mexico, New Zealand, Sweden, Switzerland, the United Kingdom and the United States; 2012 for Indonesia, Israel, Korea, Latvia, Luxembourg, Poland, Portugal and South Africa; 2011 for Brazil.

Source: OECD estimates and J. Visser, ICTWSS Database, Version 5.0. Amsterdam: Amsterdam Institute for Advanced Labour Studies AIAS, October 2015.

StatLink  <http://dx.doi.org/10.1787/888933324219>

Figure 4.15. **Product market regulation and state control of business operation**

Index scale of 0-6 from least to most restrictive

A. Restrictiveness of economy-wide product market regulation**B. State control: public ownership****C. State control: involvement in business operation**

Source: OECD, Product Market Regulation Database and Koske, I., I. Wanner, R. Bitetti and O. Barbiero, (2015), "The 2013 Update of the OECD Product Market Regulation Indicators: Policy Insights for OECD and non-OECD Countries", OECD Economics Department Working Papers, 1200/2015; OECD-WBG Product Market Regulation Database for Colombia.


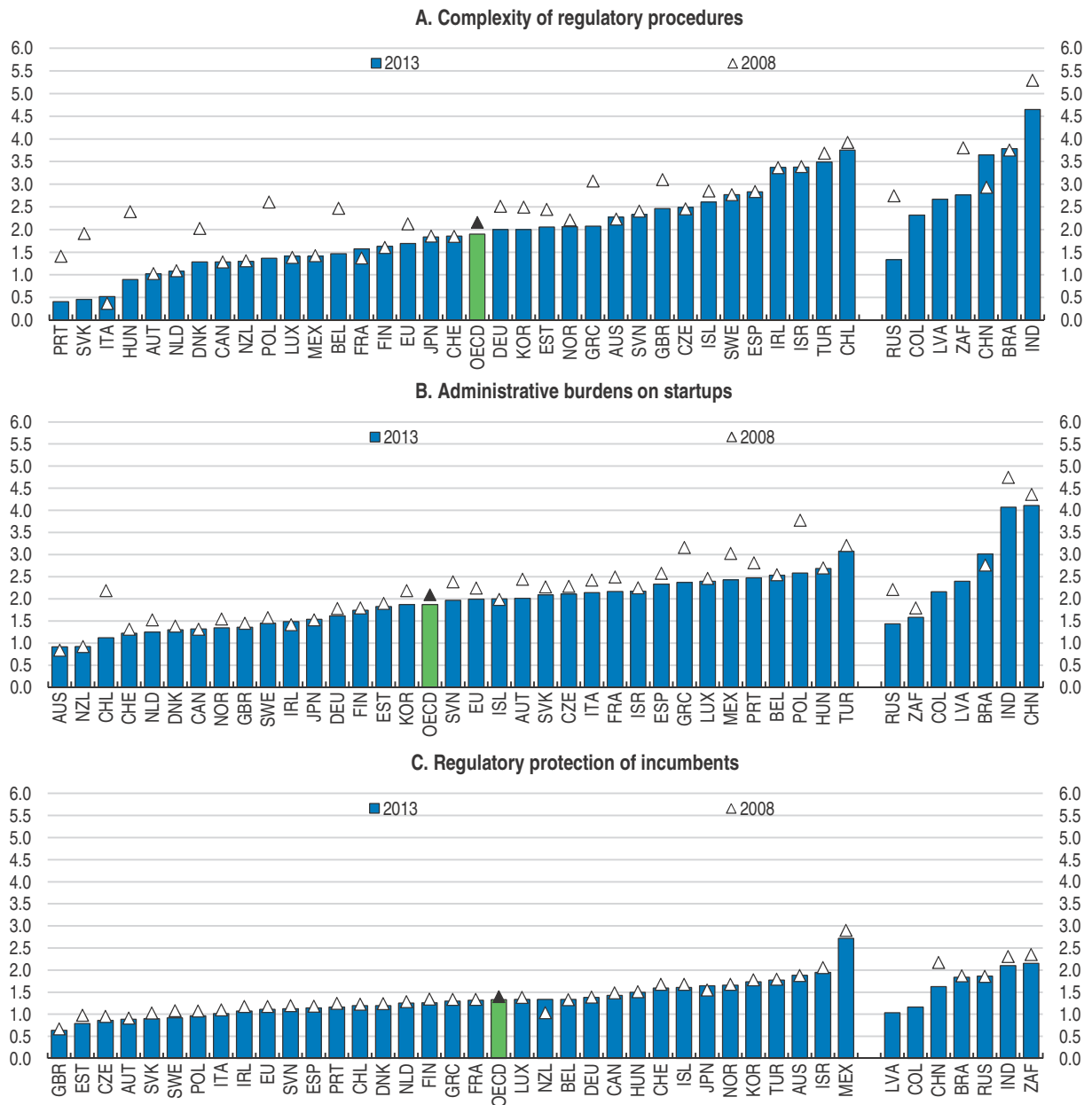
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Figure 4.16. **Barriers to entrepreneurship**

Index scale of 0-6 from least to most restrictive



Source: OECD, Product Market Regulation Database and Koske, I., I. Wanner, R. Bitetti and O. Barbiero, (2015), "The 2013 Update of the OECD Product Market Regulation Indicators: Policy Insights for OECD and non-OECD Countries", OECD Economics Department Working Papers, 1200/2015; OECD-WBG Product Market Regulation Database for Colombia.


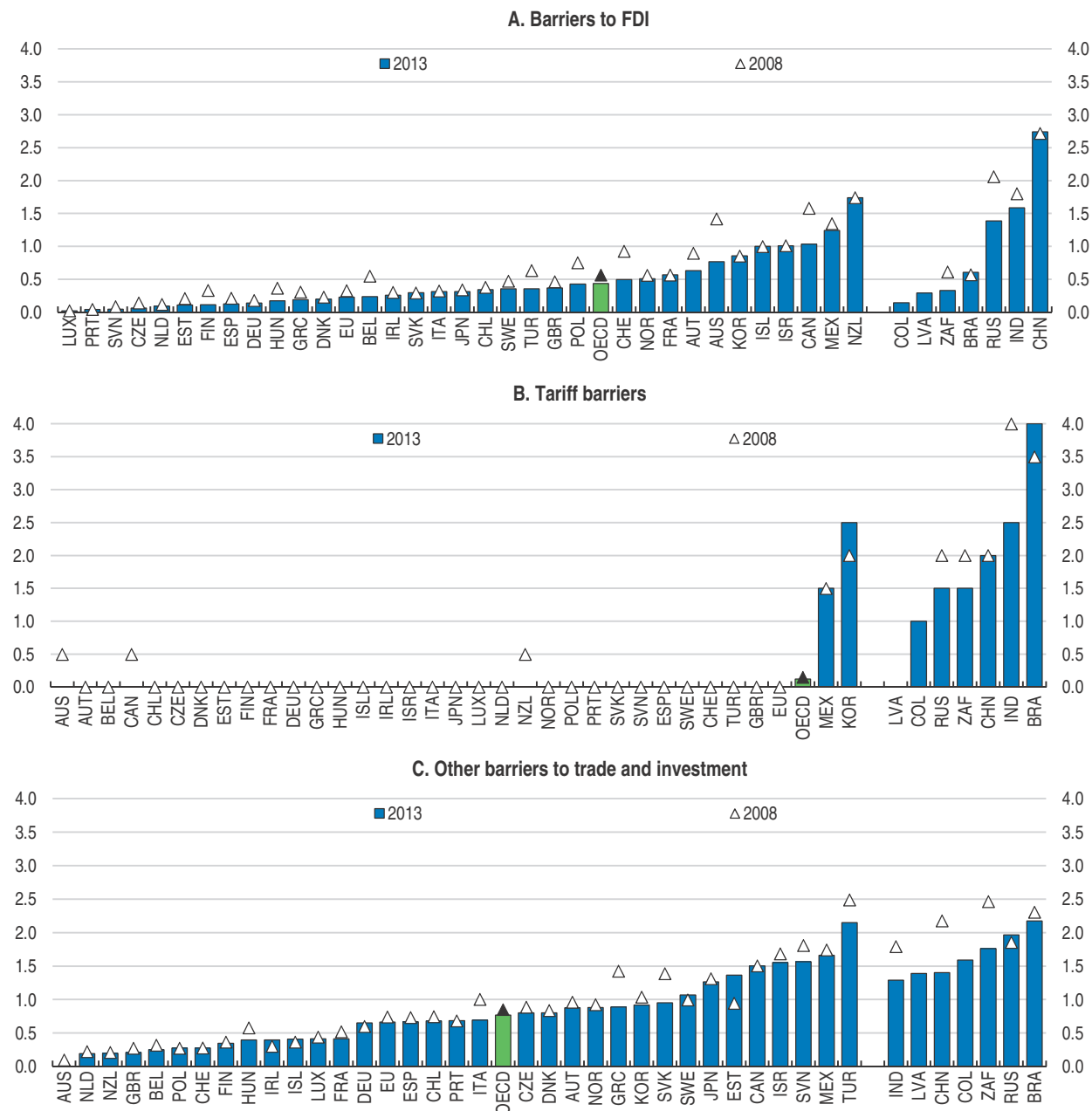
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Figure 4.17. **Barriers to trade and investment**
Index scale of 0-6 from least to most restrictive



Source: OECD, Product Market Regulation Database and Koske, I., I. Wanner, R. Bitetti and O. Barbiero, (2015), "The 2013 Update of the OECD Product Market Regulation Indicators: Policy Insights for OECD and non-OECD Countries", OECD Economics Department Working Papers, 1200/2015; OECD-WBG Product Market Regulation Database for Colombia.

StatLink <http://dx.doi.org/10.1787/888933324249>

Figure 4.18. **Sectoral regulation in the transport sector**

Index scale of 0-6 from least to most restrictive



Source: OECD, Product Market Regulation Database and Koske, I., I. Wanner, R. Bitetti and O. Barbiero, (2015), "The 2013 Update of the OECD Product Market Regulation Indicators: Policy Insights for OECD and non-OECD Countries", OECD Economics Department Working Papers, 1200/2015; OECD-WBG Product Market Regulation Database for Colombia.


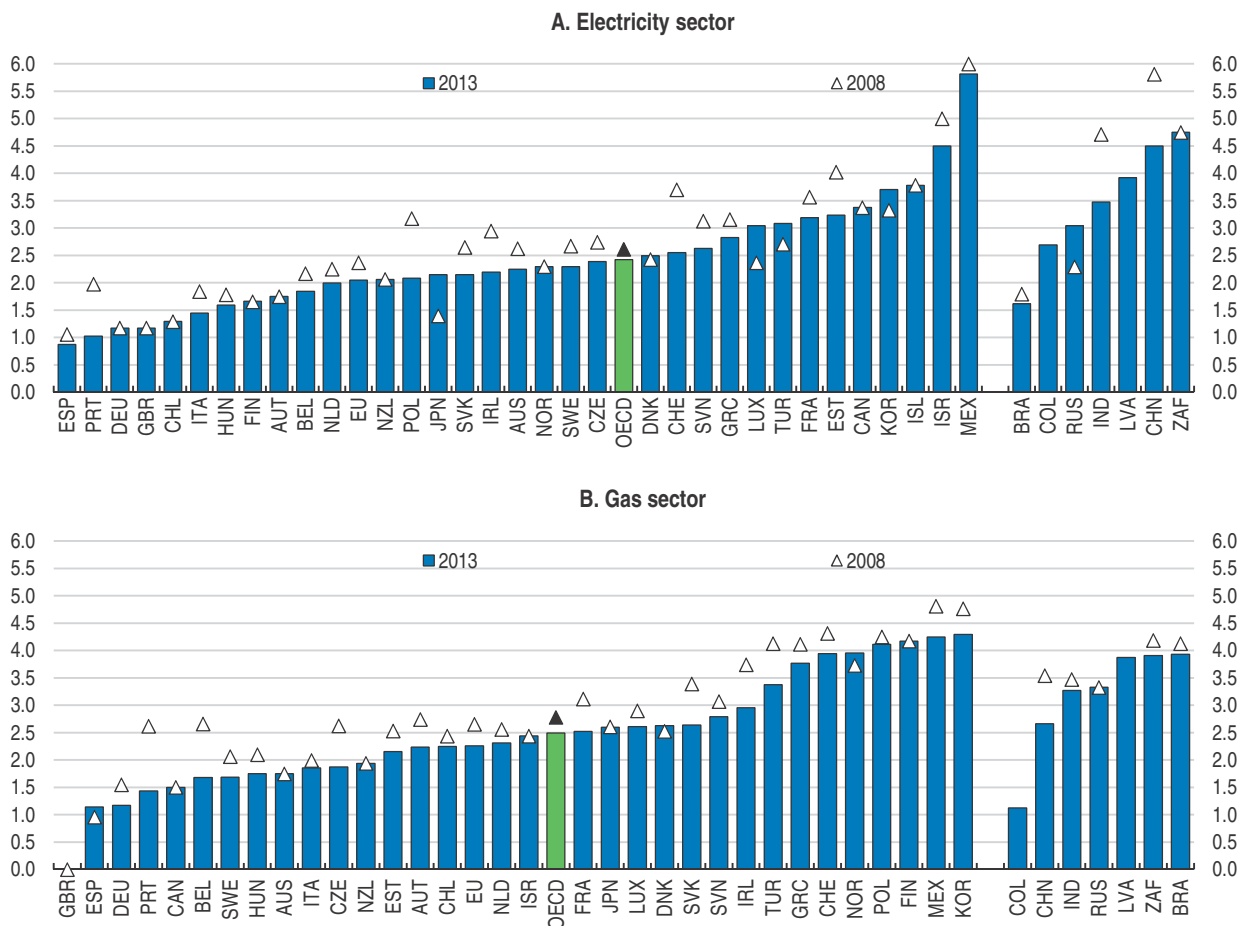
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Figure 4.19. **Sectoral regulation in the energy sector**
 Index scale of 0-6 from least to most restrictive

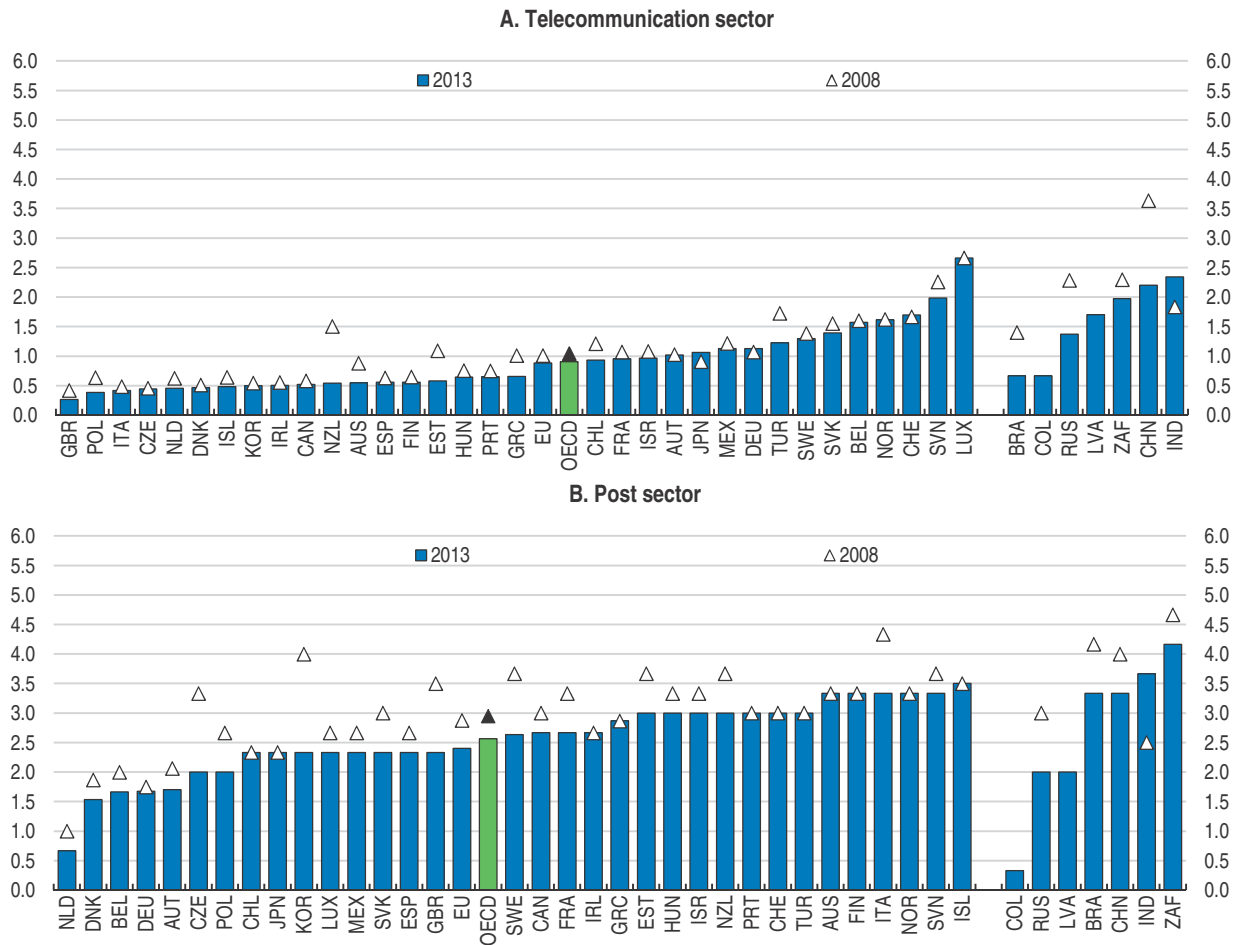


Source: OECD, Product Market Regulation Database and Koske, I., I. Wanner, R. Bitetti and O. Barbiero, (2015), "The 2013 Update of the OECD Product Market Regulation Indicators: Policy Insights for OECD and non-OECD Countries", OECD Economics Department Working Papers, 1200/2015; OECD-WBG Product Market Regulation Database for Colombia.

StatLink <http://dx.doi.org/10.1787/888933324263>

Figure 4.20. **Sectoral regulation in the post and telecommunication sectors**

Index scale of 0-6 from least to most restrictive



Source: OECD, *Product Market Regulation Database* and Koske, I., I. Wanner, R. Bitetti and O. Barbiero, (2015), "The 2013 Update of the OECD Product Market Regulation Indicators: Policy Insights for OECD and non-OECD Countries", *OECD Economics Department Working Papers*, 1200/2015; OECD-WBG *Product Market Regulation Database* for Colombia.


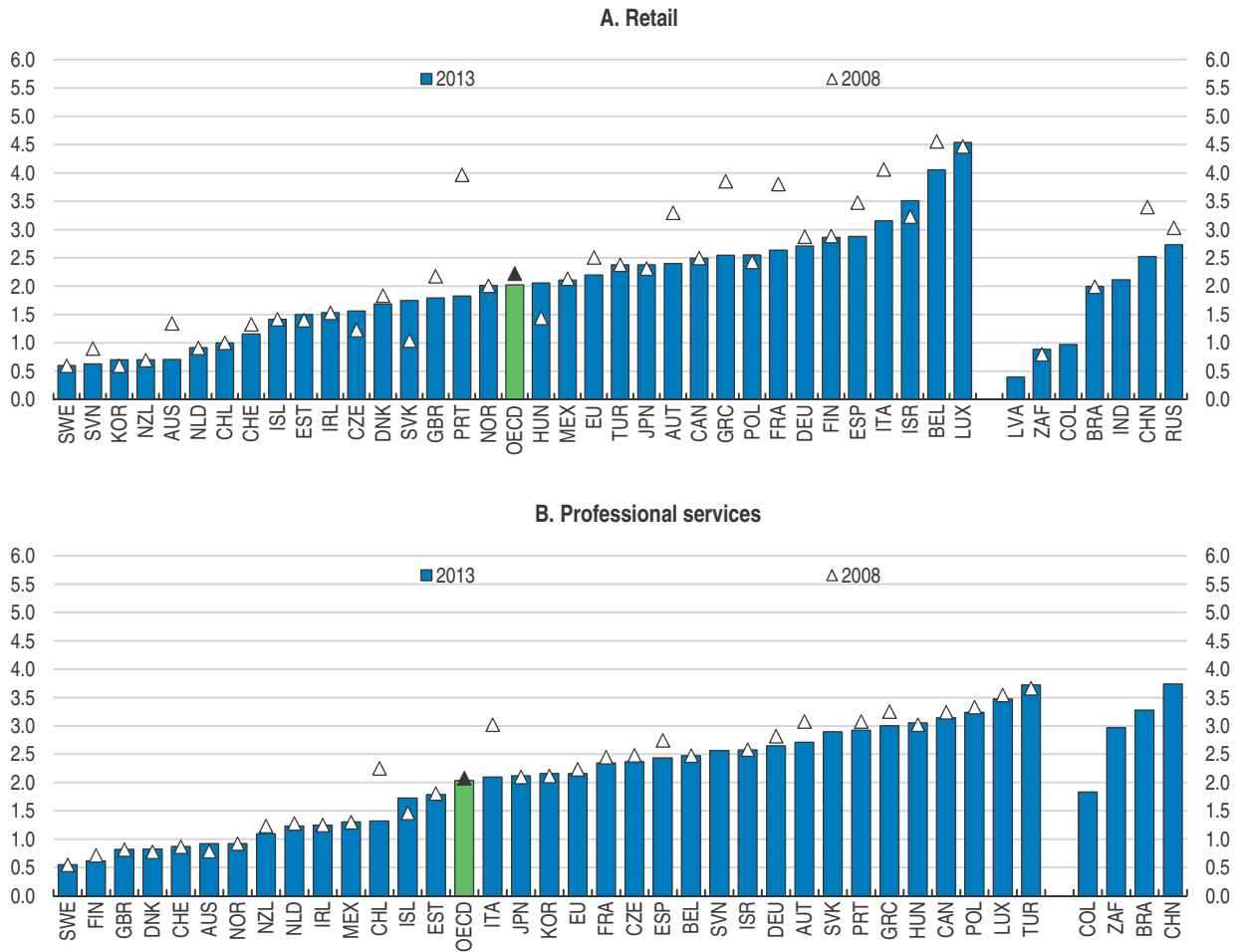
StatLink  <http://dx.doi.org/10.1787/888933324272>

Figure 4.21. **Sectoral regulation in retail and professional services**
 Index scale of 0-6 from least to most restrictive



Source: OECD, Product Market Regulation Database and Koske, I., I. Wanner, R. Bitetti and O. Barbiero, (2015), "The 2013 Update of the OECD Product Market Regulation Indicators: Policy Insights for OECD and non-OECD Countries", OECD Economics Department Working Papers, 1200/2015; OECD-WBG Product Market Regulation Database for Colombia.


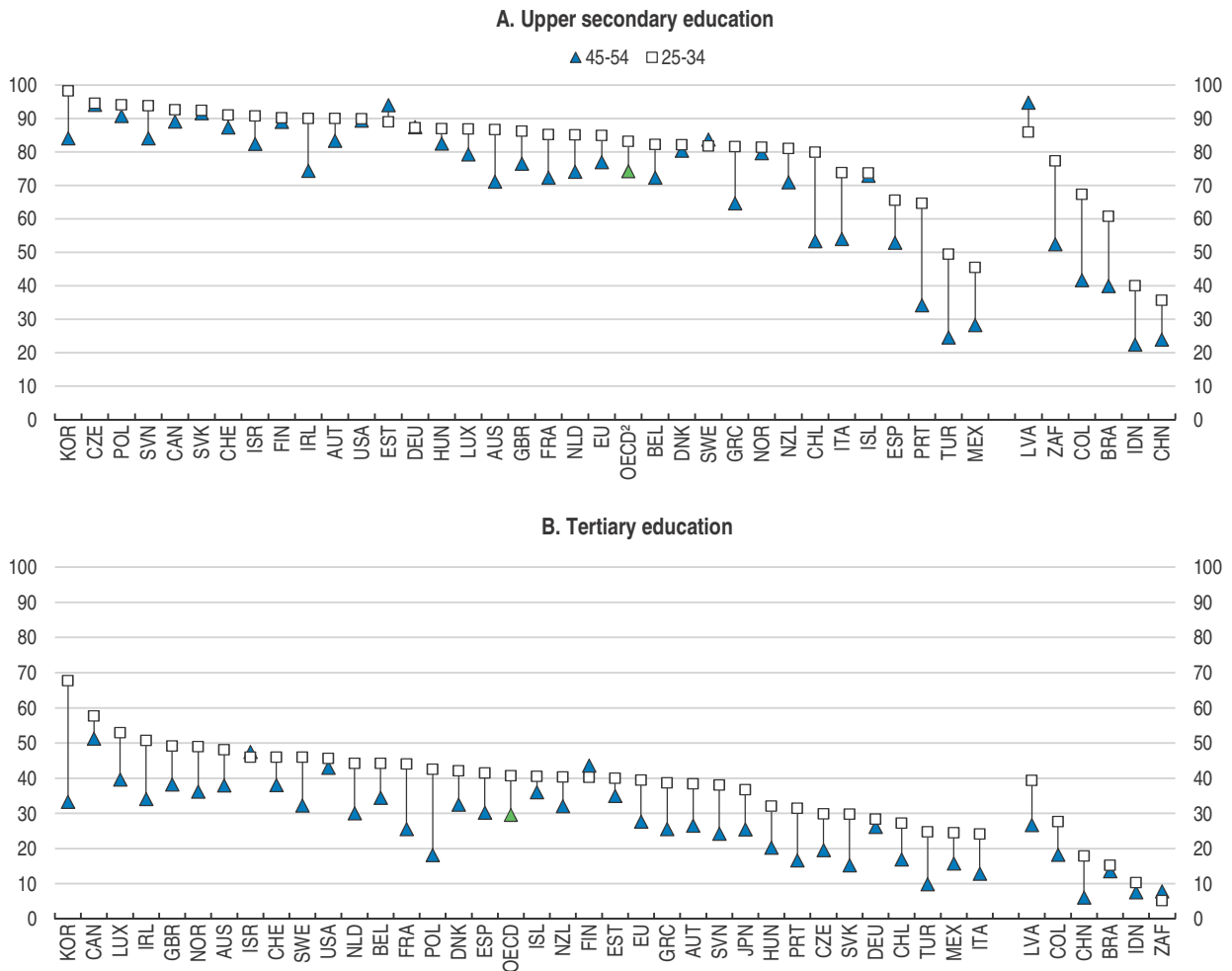
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Figure 4.22. **Educational attainment**
As a percentage of population aged 25-34 and 45-54, 2014¹



1. Data refer to 2013 for Brazil, Chile and France; 2012 for South Africa; 2011 for Indonesia; 2010 for China.

2. Data are missing for Japan.

Source: OECD, *Education at a Glance 2015: OECD Indicators*.


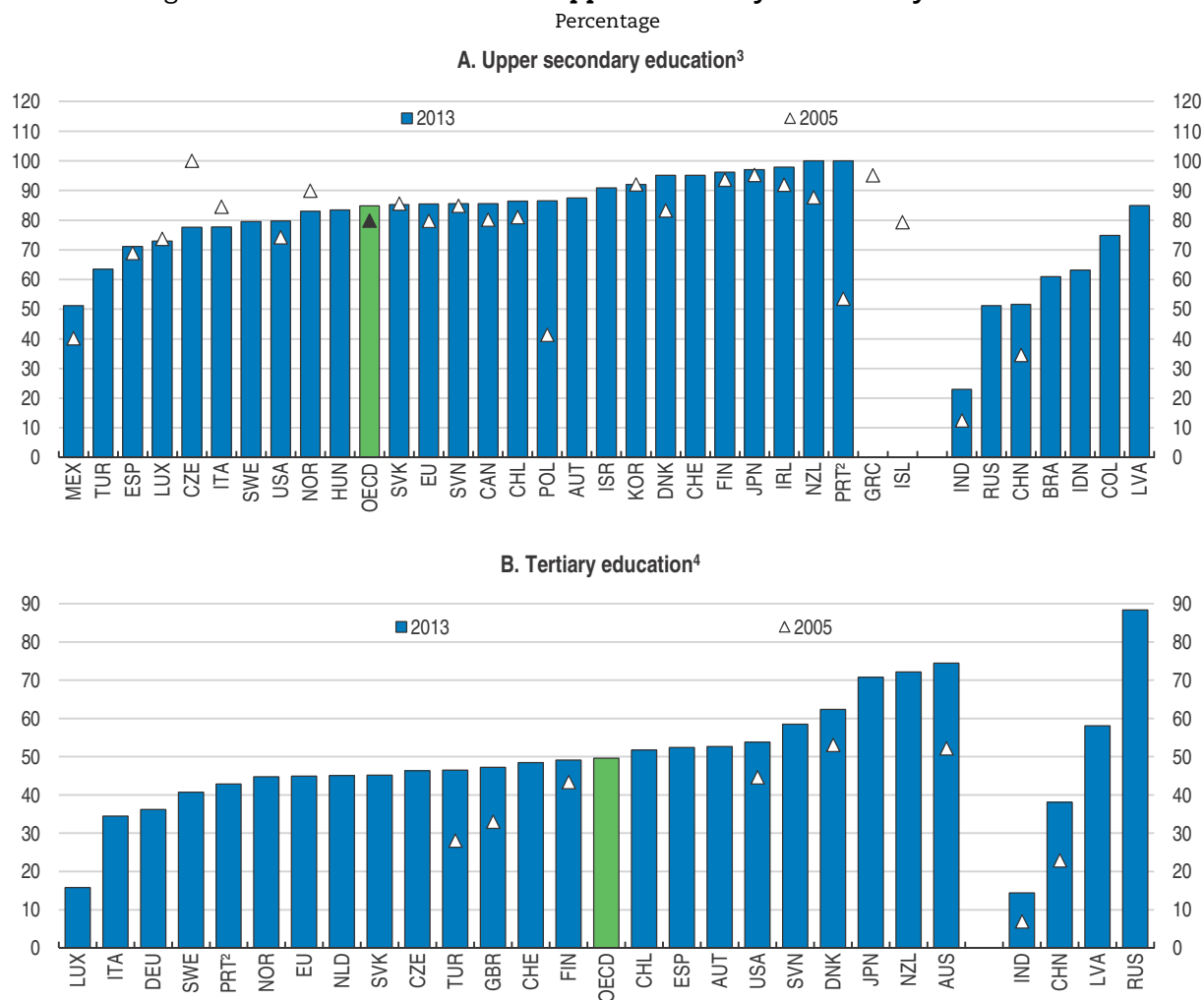
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Figure 4.23. **Graduation rates in upper secondary and tertiary education**¹

1. Graduation rates represent the estimated percentage of people from a given age cohort that is expected to graduate at some point during their lifetime. This estimate is based on the number of graduates in a given year, regardless of their age, divided by the size of the average cohort of the typical age of graduation. In panel A, OECD and EU averages exclude Australia, Belgium, Estonia, France, Germany, the Netherlands, the United Kingdom and exclude for 2005 only Austria, Hungary, Israel, Sweden, Switzerland and Turkey. In panel B, OECD and EU averages exclude Belgium, Canada, Estonia, France, Greece, Hungary, Iceland, Ireland, Israel, Korea, Mexico and Poland.
2. Estimated graduation rates can be very high, even above 100%, when a significant number of people above the typical age of graduation returns to school. One such example is the New Opportunities programme in Portugal.
3. First-time graduation rates for ISCED 3. The last available year is 2014 for China and India; data refer to 2007-08 instead of 2005 for India. For Brazil and the Russian Federation, data refer to graduation rate at upper secondary level for typical age from the general programmes except for India for which upper secondary education is defined as persons aged 19 year olds who completed upper secondary education.
4. First-time graduation rates for ISCED 5 to 7. Data refer to 2014 for China and India and to 2007-08 instead of 2005 for India. For India, tertiary education refers to the 24 year olds and over who have graduated.

Source: OECD, *Education at a Glance 2015: OECD Indicators*; CEIC for China data; India National Sample Survey.


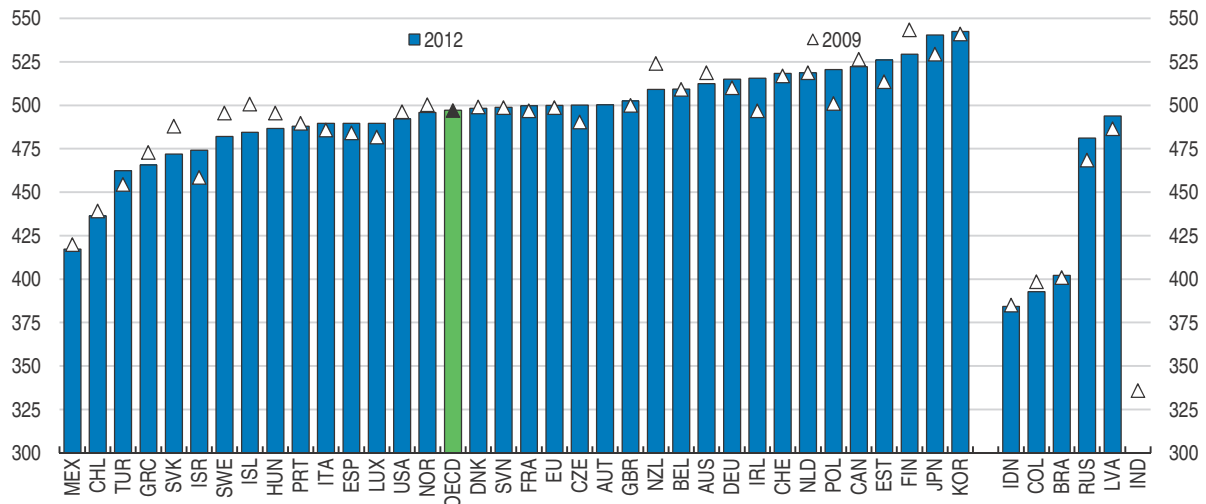
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Figure 4.24. Educational achievement
Average of PISA scores in reading, mathematics and science¹



1. PISA is the Programme for International Student Assessment. Data for India is the average for 2010 of the states of Tamil Nadu and Himachal Pradesh and therefore may not be representative of nation-wide outcomes.
Source: OECD (2014), PISA 2012 Results: What Students Know and Can Do (Volume I, Revised edition, February 2014): Student Performance in Mathematics, Reading and Science, PISA.


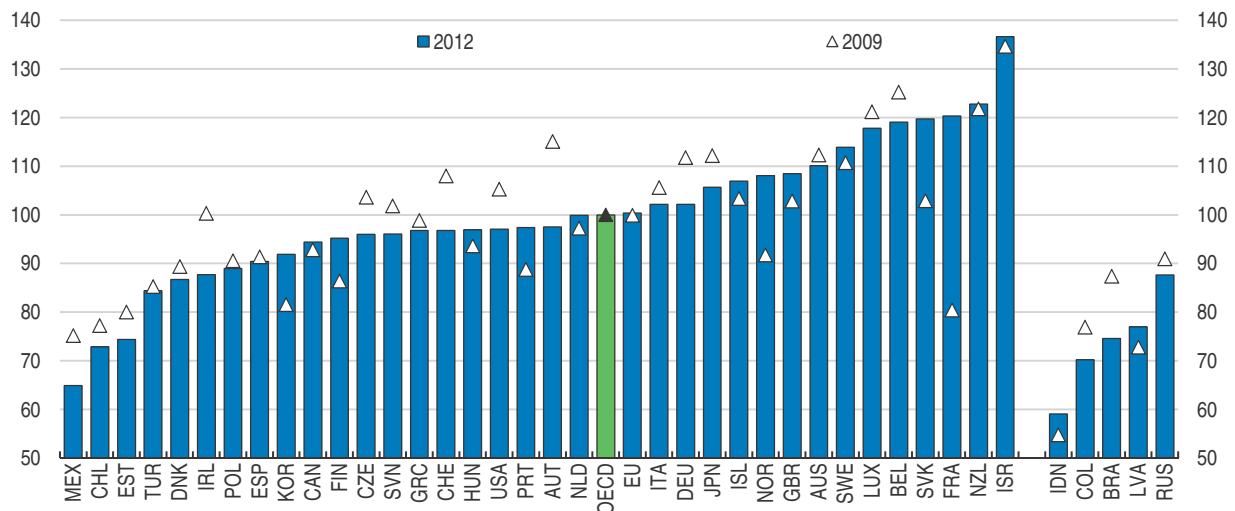
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Figure 4.25. Variance of educational achievement
Total variance in PISA scores in reading, mathematics and science¹



1. PISA is the Programme for International Student Assessment. OECD = 100. Average of PISA scores in mathematics and science only in 2009 for France. The variance components in mathematics, sciences and reading were estimated for all students in participating countries with data on socio-economic background and study programmes. The variance in student performance is calculated as the square of the standard deviation of PISA scores in reading, mathematics and science for the sample of students used in the analysis.
Source: OECD (2014), PISA 2012 Results: What Students Know and Can Do (Volume I, Revised edition, February 2014): Student Performance in Mathematics, Reading and Science, PISA; OECD (2013), PISA 2012 Results: Excellence through Equity (Volume II): Giving Every Student the Chance to Succeed, PISA.


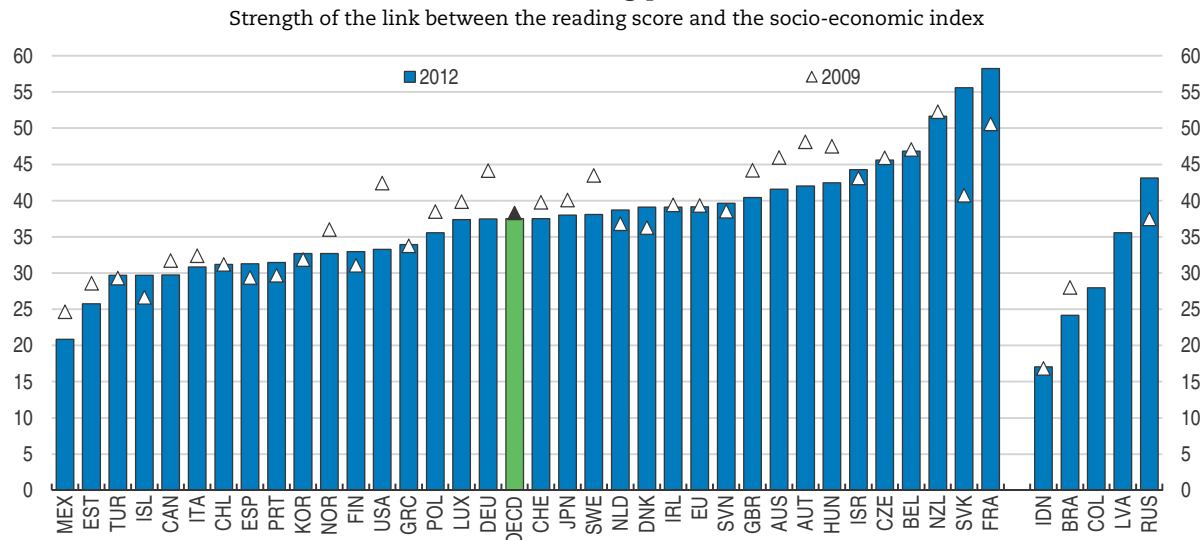
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Figure 4.26. **Influence of socio-economic and cultural background on student reading performance**¹



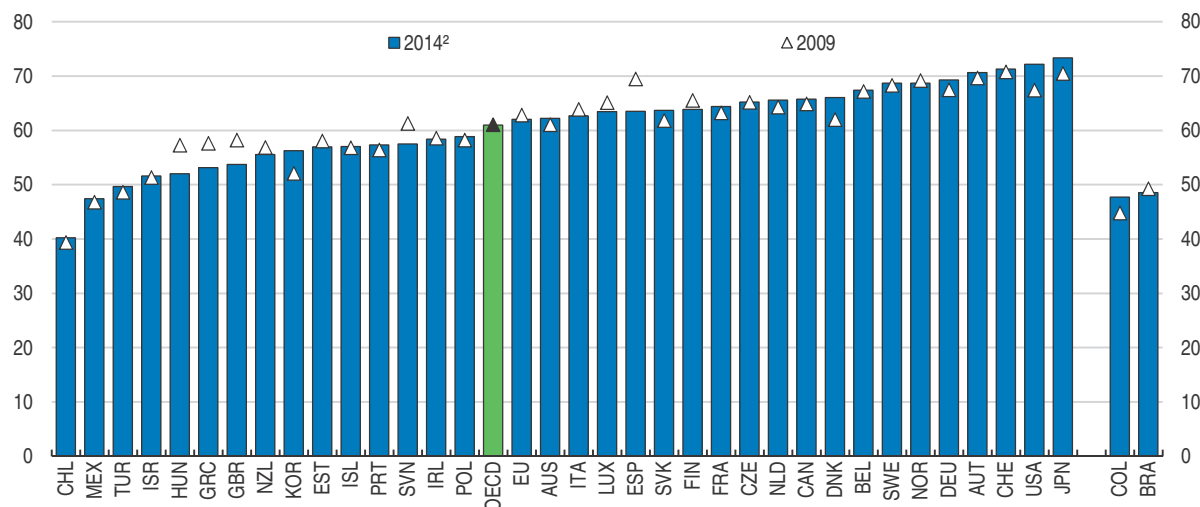
1. Defined as the estimated coefficient from the country-specific regression of PISA reading performance on corresponding index of economic, social and cultural status (ESCS).

Source: OECD (2011), *Education at a Glance 2011: OECD Indicators*; OECD (2013), *PISA 2012 Results: Excellence through Equity (Volume II): Giving Every Student the Chance to Succeed*, PISA.

StatLink <http://dx.doi.org/10.1787/888933324331>

Figure 4.27. **Share of direct taxes**¹

As a percentage of total tax revenue



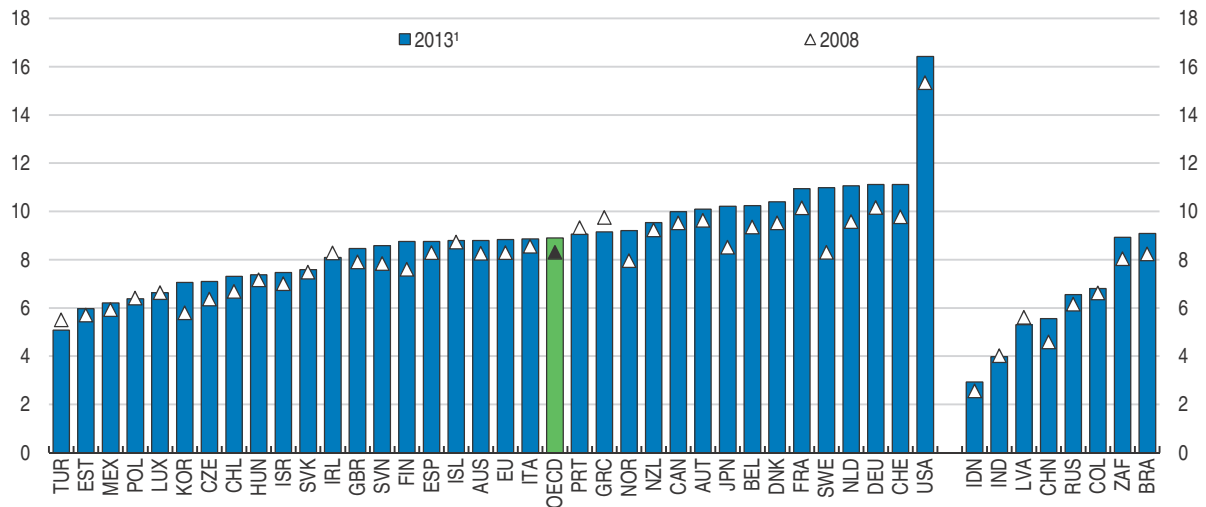
1. Direct taxes aggregate taxes on income, profits and capital gains, social security contributions and taxes on payroll and workforce.

2. The last available year is 2013 for Australia, Brazil, Colombia, Japan, Mexico, the Netherlands and Poland.

Source: OECD, *Revenue Statistics Database*.

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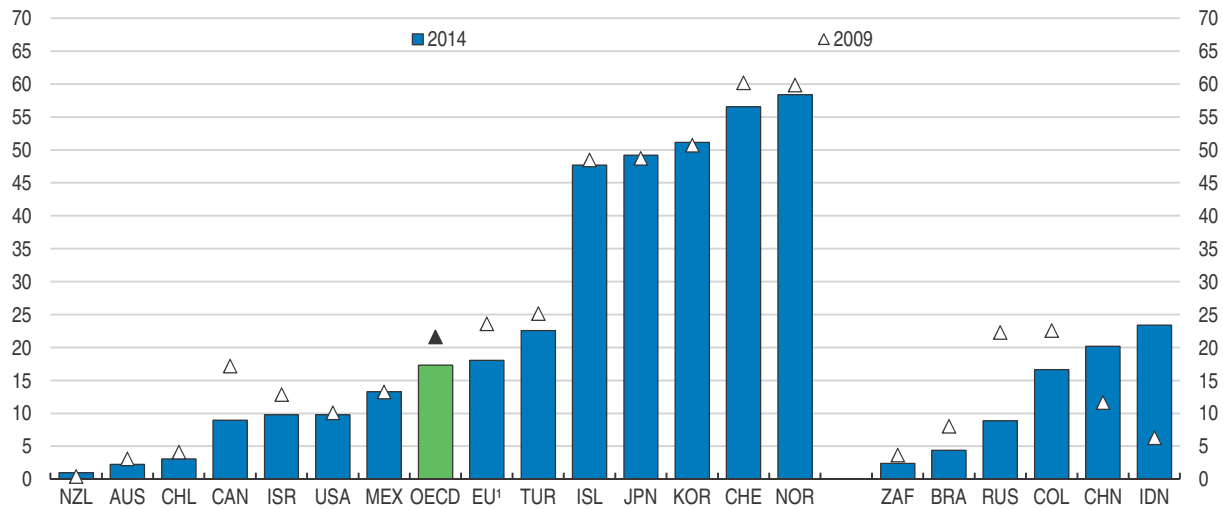
Figure 4.28. **Health expenditure**
As a percentage of GDP



1. Data refer to 2014 for Canada, China, Finland, Germany, Iceland, Italy, Japan, Korea, the Netherlands, Norway, Portugal, Slovenia and Switzerland; 2012 for Australia, Ireland, Luxembourg.
Source: OECD, Health Database and China National Bureau of Statistics.

StatLink <http://dx.doi.org/10.1787/888933324352>

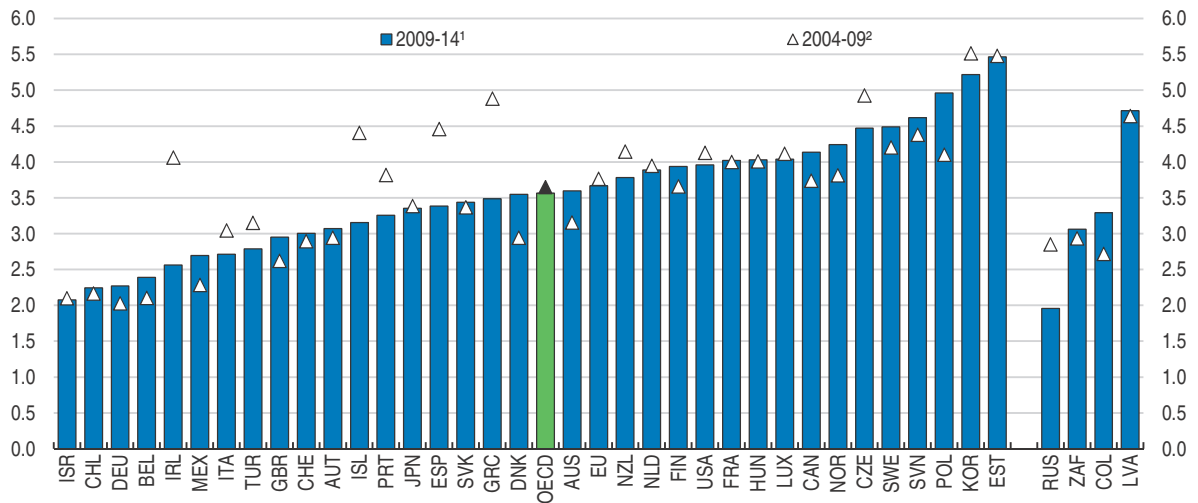
Figure 4.29. **Producer support estimate to agriculture**
As a percentage of farm receipts



1. EU refers to all 28 members of the European Union.
Source: OECD, Producer and Consumer Support Estimates Database.

StatLink <http://dx.doi.org/10.1787/888933324368>

Figure 4.30. Public investment
As a percentage of GDP



1. Average 2009-13 for Chile, Korea, Mexico, New Zealand, the Russian Federation and Colombia.

2. Average 2006-09 for Turkey.

Source: OECD, Economic Outlook Database.


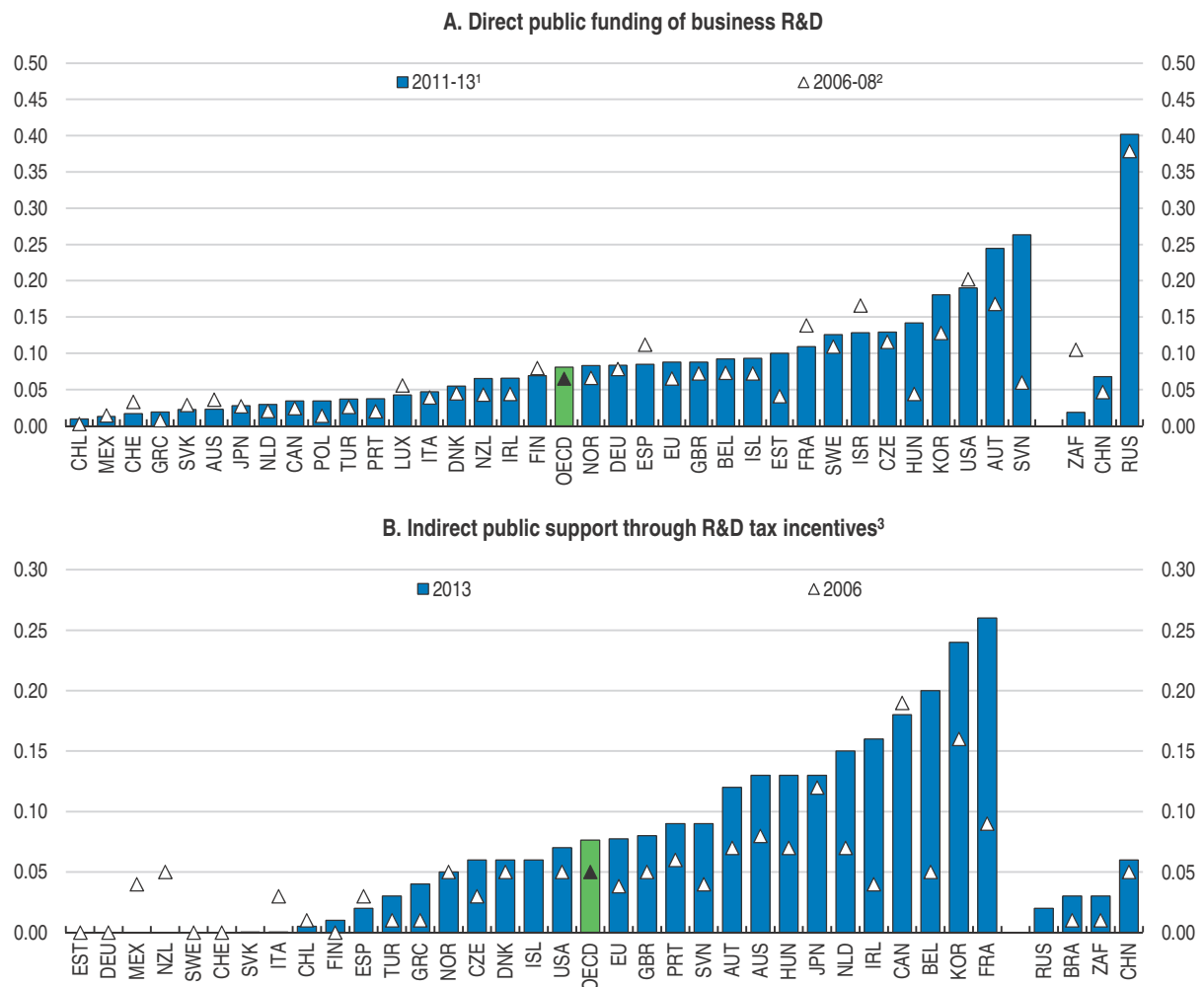

StatLink  <http://dx.doi.org/10.1787/888933324378>

Figure 4.31. **Financial support for private R&D investment**
As a percentage of GDP



1. Average of years 2011 and 2013 for Iceland, New Zealand and Sweden; average of years 2011 and 2012 for France, Ireland, Israel, Italy, Portugal and South Africa; 2012 for Switzerland; 2011 for Australia, Austria, Belgium and Mexico; 2009 for Luxembourg.
2. Average of years 2006 and 2007 for Austria; average of years 2007 and 2008 for Chile and Denmark; 2007 for Greece, Luxembourg, the Netherlands, New Zealand and Sweden; 2008 for Switzerland.
3. The last available year is 2012 for Belgium, Brazil, Ireland, Spain, Switzerland, the United States and South Africa; 2011 for Australia, Iceland, Mexico and the Russian Federation. Instead of 2006, data refer to 2007 for Belgium, Denmark, Italy, Korea, Mexico, Slovenia and Sweden; 2008 for Chile, New Zealand, Switzerland and Turkey; 2009 for China.

Source: Panel A: OECD, *Science and Technology Indicators Database*; Panel B: OECD, *R&D Tax Incentives Database*, www.oecd.org/sti/rd-tax-stats.htm, December 2015.

StatLink  <http://dx.doi.org/10.1787/888933324384>



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