

## Key recommendations

### Macroeconomic policies to stabilise the economy and buttress the banking sector

- Viable banks with capital needs should be recapitalised promptly and non-viable banks should be resolved in an orderly manner as soon as possible, as foreseen in the Memorandum of Understanding.
- Holders of subordinated debt and lower-ranked hybrid capital instruments should absorb losses of banks which are resolved or are restructured, as foreseen in the Memorandum of Understanding.
- The government should aim at meeting its new headline deficit targets, unless growth is far lower than expected, in which case the automatic stabilisers should be allowed to operate, at least partially.
- The consolidation measures needed to reach the deficit target in 2014 should be spelt out. Their regressive impact, if any, should be minimised, to foster the social consensus around consolidation needs.
- To improve the fiscal framework, establish a fiscal council with a strong mandate. Strictly implement control of regional government budget policies and the new requirements on the publication of regional government budget outcomes.
- Raise taxes on environmental externalities, including on transport fuels. Apply the standard VAT tax rate to more goods and services. Make increases in the taxation of real estate values permanent and reduce taxation of housing transactions.

### Labour and product market policies to boost employment and growth

- Further reduce compensation for unjustified dismissal. If the reform does not prove to be effective, a single contract with initially low but gradually increasing severance payments would reduce the still large difference in dismissal costs between temporary and permanent contracts. This would help reduce duality effectively.
- An option to improve the flexibility to adapt to economic conditions is to abolish legal extension of higher level collective bargaining agreements or replace it by an opt-in system, where employers decide whether to be represented in sectoral wage bargaining.
- Extend access to training and job-search assistance for unemployed youth. Introduce comprehensive monitoring and benchmarking of placement services and ALMP implementation at regional level.
- Widen access to upper secondary education by narrowing criteria for grade advancement in lower secondary education to core competencies. Combine the school-based vocational education system and training contracts into one single scheme.

- Further reduce the costs and procedures necessary to create businesses and eliminate sector-specific entry barriers, including for professional services as well as rail and road transport.
- Entry barriers for large-surface retail outlets imposed by regional governments should be lowered, and shop opening hours should be liberalised in those regions where restrictions remain. Raise the national minimum limit on hours that regions have to apply when regulating shop opening hours.



**From:**  
**OECD Economic Surveys: Spain 2012**

**Access the complete publication at:**  
[https://doi.org/10.1787/eco\\_surveys-esp-2012-en](https://doi.org/10.1787/eco_surveys-esp-2012-en)

**Please cite this chapter as:**

OECD (2012), "Key recommendations", in *OECD Economic Surveys: Spain 2012*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/eco\\_surveys-esp-2012-3-en](https://doi.org/10.1787/eco_surveys-esp-2012-3-en)

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).