

# Old ways fade as Europeans reform economies



**Paul Davidson, USA TODAY**

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(Photo: Luca Bruno, AP)

WASHINGTON — European finance ministers say their countries are finally beginning to help companies shrink bloated workforces and allow entrepreneurs to start businesses more easily.

"The change is really dramatic," Italian Finance Minister [Pier Carlo Padoan](#) said in an interview at this week's World Bank-International Monetary Fund spring meetings here. "It's really a sea change."



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[2015 World Bank-IMF spring meetings USATODAY.com](#)

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But some economists say the progress has been slow and the efforts remain ensnared in national politics.

At the meetings, IMF Managing Director [Christine Lagarde](#) urged countries to speed reforms of sclerotic labor and industry markets.

"Frankly, in too many countries, these reforms have been lagging," Lagarde said in a speech ahead of the conference.

Countries such as Italy, [Portugal](#) and [Spain](#) have begun to take initial steps. In Italy, employees who lose jobs because of large-scale layoffs used to be able to receive severance payments for up to several years. And fired workers could sue to get their jobs back.

But under reforms that were pushed by Italian Prime Minister [Matteo Renzi](#) and took effect in January, laid-off workers now can get severance for up to 18 months and are retrained for new jobs. And fired employees can recover only part of their salaries if they win a legal challenge.

Yet business start-ups are still burdened "by a lot of red tape," Padoan acknowledged. "Now we are intending to cut red tape significantly," although the changes must be approved by the Parliament.

Padoan estimates those and other reforms, such as opening lending markets to non-banks, could double economic growth, which is projected to be just 0.7% this year.

France has been slower to make changes, but officials say they're coming. Merchants can open only eight Sundays each year. Legislation expected to be passed by the Parliament would allow all shops to do business 12 Sundays a year and those in tourist zones to operate on any Sunday.

The proposal also lets more bus companies compete with the national rail line. And it streamlines cumbersome regulations to open the market to more notaries, actuaries and solicitors.

"We can have values of social protection, but our economy can be more open, more modern and more rapid," French Prime Minister Michael Sapin said in an interview. "France must ... adjust to a changing world."

Other labor restraints, such as France's 35-hour workweek, remain in place. Reform is impeded by the protests of worker advocates in Parliament and political squabbling between liberals and conservatives, says Jacob Kirkegaard, a senior fellow at the [Peterson Institute for International Economics](#).

Across Europe, "there has been some progress (on reforms) but probably not enough" to spur faster growth, says [Eswar Prasad](#), a professor of trade policy at [Cornell University](#).

Sapin has a different view.

"The difficulty that I face and the French government faces — and has been facing for years — is that the previous governments said they were reforming but the reforms never happened," he said. "Currently, France is reforming, but nobody believes it."

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**Noel Richards** @enr102562

13m

for what will be another FINSAC for JA in the name of the IMF. Then again, the IMF was involved with issues leading to FINSAC.



**rod bishop** @rodbishop15

14m

Given tuition fees and stratospheric house prices is it fair on our children to vote in a gov that will further add to debt? #IMF calling



**Noel Richards** @enr102562

14m

While the IMF is ripping Jamaica apart, it is talking about its policies being totally erroneous & counterproductive. Congratulate the PNP



**brawna** @brianaFike10

16m

Just done crossing oceans for people wouldn't cross a puddle for me... sorry twitter imf rn. 😂



**Dave** @withsobersenses

18m

Why does all the media coming out of the #IMF #Springmeeting have the same production values as if it was done by journalism students?



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