Referee report

Senior Activity Rate, Retirement incentives, and labor relations

This paper investigates the role of values to explain the cross-country heterogeneity in employment rates, with a particular focus on the senior activity rate. The main line of the argument is based on the quality of labor relations. Countries with more cooperative relation provide more incentives to stay on the labor force. The paper provides both a theoretical model and empirical evidence based on OECD macro-regression.

My overall assessment is positive, I think this paper makes a nice contribution to the international literature. Traditional explanations based on labor market policies fall short in explaining the cross-country heterogeneity in employment performance, in particular for some demographic groups (senior, female and youth employment rate), see Giavazzi et al., 2009). In the same time, explanations solely based on cross-country cultural differences would have a hard time in explaining the time variation in employment rates. This paper combines the two explanations by looking at the interaction between retirement policies and the quality of the labor relation. Countries with much more conflictual labor relations also tend to have lower senior employment rate, and the more so when retirement incentives are high.

I just have some comments on the theoretical and empirical part to streamline the message of the paper.
The model is nice and simple, but what is the real difference with Blanchard and Philippon's idea (2006), and what is the status of the model? Do you have a model for illustrative purpose, or do you try to estimate some of the parameters?

The empirical part is quite convincing but needs some clarification:

- The questions on the quality of labor relations are interesting and directly related to the subject. I would be much more critical about the generalized trust question, which is too general for the paper.
- I do not understand the panel dimension of the paper. It looks like the explanatory variables (quality of labor relations) are advanced variables relative

relative to senior activity rates?

Could we have a graph of the variation in the quality of labor relation against the variation in senior activity rates?

- What are the main factors driving the senior activity rate? Could the authors decompose the share explained by the quality of labor relation alone, retirement incentives alone, and then by the interaction term?