

The Changing Political Economy of Structural Reforms

ORGANISED JOINTLY BY THE INCLUSIVE GROWTH UNIT
AND THE ECONOMICS DEPARTMENT

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AGENDA

29 November 2019, OECD Headquarters, Paris

9.30-9.45 Welcoming and introduction
Laurence Boone, Chief Economist and Special Counsellor to the Secretary-General, OECD

9.45-10.00 Scene-setting
Ulrik Knudsen, Deputy Secretary-General, OECD

10.00-11.30 Session 1: Making reform happen today – What impact have global mega-trends, technological developments and the Financial Crisis had on the political economy of reform?

Chair: *Alvaro Pereira* (OECD)

Many reforms tend to face opposition due to real or perceived short-term costs, in particular when they affect certain stakeholders and vulnerable groups. Overcoming this opposition by taking account of distributional impacts and building public support remains crucial for any successful reform agenda. However, policy-makers often face a host of other challenges when implementing reform today: constraints linked to fiscal sustainability, increased pressures on the middle class and demands for protection, falling trust in government and experts, reform fatigue and changing political landscapes. This session will explore to what extent past lessons still apply in the current context, where and how these lessons can be updated and what new ones need to be drawn in light of key developments affecting the political economy of reform.

Issues for discussion in this session will include:

- What key challenges must policy-makers consider when designing strategies for reform in the current context?
- What impact have new modes of communication had on the design and implementation of reform?
- How can governments engage more effectively with citizens to create and leverage trust throughout the process of reform?

Speakers:

- Karolina Ekholm (Stockholm University)
- Sergei Guriev (Sciences Po)
- Anton Hemerijck (European University Institute)
- José de Luna Martínez (Ministry of Finance and Public Credit, Mexico)

General discussion

11.30-13.00 Session 2: Understanding the “demand side” of reform – How can new research on perceptions, attitudes and social norms be used to improve policy-making?

Chair: *Romina Boarini* (OECD)

Political economy has been the object of renewed attention and research over the past decade. A broadening range of fields have added to our understanding of the role that key factors – such as perceptions, attitudes, social preferences and norms – play in determining public reception of, support for or opposition to reforms. In doing so, they have also helped develop new tools and sources of evidence that can help policy-makers build a more effective case for reform. Similarly, progress in the empirical analysis of reforms has added greater nuance and granularity to our understanding of their impact on the ground. This session will seek to take stock of significant analytical advances in political economy across different relevant fields and highlight their potential contribution to public policy.

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Issues for discussion in this session will include:

- How can perceptions, attitudes, social preferences and norms be integrated into the design and implementation of reform?
- To what extent do behavioural science and experimental methods allow us to measure these social and psychological factors?
- What factors and outcomes should policy-makers focus on in order to build a stronger case for reform?

Speakers :

- Yann Algan (Sciences Po)
- Christina Fong (Carnegie Mellon University)
- Astrid Hopfensitz (Toulouse School of Economics)
- Stuti Khemani (World Bank)

General discussion

13.00-14.30 **Lunch break**

14.30-16.00 **Roundtable Discussion on the Future of Reform: What are the implications of the changing political economy for governments and for multilateral organisations?**

Chair: **Luiz de Mello** (OECD)

This roundtable will wrap up the workshop with a more forward-looking discussion of the role of policy, policy advice and international dialogue in the context of a changing political economy of reform. It will seek to address three broad but related questions. Building on the experience of reform in areas of high priority to governments, it will explore the extent to which political economy challenges overlap or vary across areas and national settings. From there, it will look at the role that political economy can play in designing effective and integrated strategies for reform. Finally, it will reflect on the implications of political economy for the work of multilateral organisations, notably in terms of tailoring policy advice to specific country settings and comparing national experiences.

Issues for discussion will include:

- Which factors have been “game-changers” in different areas of reform?
- What lessons does political economy hold for the packaging, timing and sequencing of reforms?
- To what extent can international organisations improve their policy advice by taking account of political economy constraints?

Speakers:

- Tito Boeri (Bocconi University)
- Romain Duval (International Monetary Fund)
- Mattia Romani (EBRD)
- Mary Veronica Tovšak Pleterski (European Commission, DG ECFIN)

16.15-16.45 **Closing Remarks**

Laurence Boone, Chief Economist and Special Counsellor to the Secretary-General, OECD

Website Link: oe.cd/politiceconomy