

## MAKING REFORM HAPPEN – BACKGROUND NOTE

1. Structural reforms are at the heart of OECD work. Over the years we have collected and analysed data, peer reviewed the policies of member countries, identified best practices and given recommendations. We have worked with both member countries and non-members to advance their reform agendas and have developed strategies for designing the most effective policies concerned with, among other things, growth, development, jobs, taxes, education, competition and, most recently, innovation. The potential for structural reforms to enhance long-run productivity and growth performance has been highlighted by a large and growing body of OECD work, much of which has been showcased in successive editions of our *Going for Growth* publications. Increasingly, though, governments now tell us that effective politics is not only about “where to go” but also about “how to get there”. We have heard ministers ask “how to reform and to be re-elected” and “how to reform and to perform”.

2. In response to these signals, in 2007 we started to look systematically at the political economy of reform and to discuss this dimension in our committees and our Centres of Government working group. Almost all OECD countries face medium- and long-term structural challenges in the context of global imbalances, climate change and population ageing. The current financial and economic crisis has underscored the importance of a capacity to deliver structural reforms - both by individual governments and by the wider efforts undertaken via international coordination. The need for better regulation, more jobs and fiscal consolidation also point clearly to the importance of this capacity to deliver change. To put it bluntly: a crisis is a terrible thing to waste. While the content of reforms may differ from country to country and from domain to domain, the institutional and process aspects are possibly even more country-specific. We do not pretend that political economy of reform is a subject that lends itself to “one size fits all” toolkits. On the other hand, we have been involved in so many reform attempts across the decades that it is worthwhile to identify which lessons could be drawn and to focus on how we can best support our members in making reform happen. This has resulted in more alert support, including country-specific reports (i.e. on Mexico, France, Hungary..), seminars and projects on the realisation of reforms, and analytical work, under the horizontal responsibility of Deputy Secretary-General Aart de Geus.

3. In the analytical strand, a chapter in the 2007 edition of *Going for Growth* has been followed by two major companion studies. The first – *The Political Economy of Reform: Lessons from Pensions, Product Markets and Labour Markets in Ten OECD Countries* (2009) – describes and analyses both successful and less successful reforms in three major policy domains. The second – *Making Reform Happen: Lessons from OECD Countries* (to be launched 26 November 2010) – presents cross-country lessons about the conduct of reforms in nine key areas: fiscal consolidation, tax, environment, labour market (including pensions), health, education, public administration, competition and regulation. This report is meant to serve as a “palette” for policy makers who face the challenge of crafting and implementing structural reforms – a collection of “colours”, instrumental in realising reforms which deal with issues like communication, evidence, institutions, timing, costs and benefits, and engaging stakeholders. In the meantime, we recognise that process dimensions are the subject of increasing discussion in our committees, so we expect that effective ways to realise reforms in different areas will be on our agendas in the coming years. From our findings it is clear that successful reforms often build on earlier failed attempts. By sharing experiences, exchanging views, comparing practices, we can learn from each other to speed up and sustain reform efforts.

4. The conference *Making Reform Happen* in Paris, 25-27 November, organized by OECD and the Korean Development Institute KDI, will bring together High Level Speakers and an international audience of

policy makers. In the plenary conference on 26 November OECD Secretary-General Gurría and Dr. Hyun (KDI) will welcome the participants; European Commission President Barroso will give then make the opening speech. We will have a three session programme to discuss the current challenges (fiscal consolidation and structural reform), global cooperation, and the political economy of reforms for politicians. This plenary conference will be preceded by expert meetings on 25 November, to explore what is the concrete value of OECD lessons learned vis-à-vis the reform experience in Korea. On 27 November we will discuss the relevance and the potential value of the reform lessons in OECD context, and how to connect to non-Member countries.