

Panel 5 - Institutional and political aspects of reform preparation and implementation

Summary report:

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General remarks (agreed by majority of speakers)

- Candidate countries are ready to contribute significantly to the economic reform process in Europe, their difficult transition period gave them comparative advantage, which incumbent EU countries do not possess,
- Successful reform requires that a lot of players (government, media, NGOs, companies, general public) do a lot of things correctly,
- Economic and social reforms need efficient communication.

Individual speaker's remarks (disclaimer: following are not exact quotations, for the mistakes and non logical claims is responsible reporter)

- Timing, sequencing and depth of the reforms interact with the institutional and political environments of various countries and those two one can hardly influence. What can be changed is capacity building and communications. – **Roger Grawe**
- New generation of reforms - social policy reforms in contrast to the first generation of reforms in early 90s bring some specific features like, for instance, the necessity to find solutions between the threats of social demonstrations and the threats of unsustainable fiscal deficits. (Providing there is a room between those two frontiers). Large part of the "reform elixir, namely integration to the EU, will disappear soon. Thus, the new member states will have to find another one. The society must take into account the marginalized groups (like gypsies, for instance), when preparing and implementing economic and social reforms. – **Ben Slay**
- The reform process is furthermore complicated (or simplified?) by the combination of enlargement and implementation of Lisbon Agenda in the EU. One of the main reform stimulating factors/techniques is benchmarking and peer pressure. Some NGOs for example realized projects on "blaming and shaming" particular countries for good and bad reforms, for compliance or non compliance with Lisbon Agenda plan. In cementing reforms, aid is less important than trade! The reform virtuous circle is thus, as follows: Reform, FDI, reform. – **Heather Grabbe**
- Reformers should keep always in their minds that the changes they want to implement distribute economic rents within society. This should be taken into account in the whole reform, for instance, process of searching for the mandate to implement reforms, sequencing of reforms, and... in realizing that the reform can never be half finished etc. The reform enemies are not only those who loose rents, but also those who only may loose rents. – **Val Koromzay**
- One of the key points that should be analyzed while preparing reforms is the flexibility of social protection system. Interdependence of the social system parameters should lead to better coordination among ministries. – **Iveta Radičová**

Conclusion of the panel may be borrowed from the discussant Juraj Renčko. He explained the link between preparation and implementation of reforms, as follows (roughly): if one waits until the reform is prepared perfectly, than the reform will never be implemented.