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CCAMTAC - Regional Research Seminar Series

“Social Acceptability of Structural Reforms”

November 27, 2024

Introduction and moderation:

Mr. Norbert Funke, Director, CCAMTAC

Presenters:

Ms. Silvia Albrizio, Senior Economist, Research Department, International Monetary Fund

Intervention:

Mr. William Tompson, Deputy Director, Organization for Economic Cooperation and Development

The research seminar focused on the social acceptability of structural reforms, a topic featured in the October 2024 edition of the International Monetary Fund’s (IMF) World Economic Outlook (WEO).

As governments worldwide strive to implement necessary structural reforms for economic growth, they face increasing public resistance, which has intensified since the financial crises of 2008-09. This resistance poses significant challenges to policymakers, leading to a marked decline in the pace of reforms. Therefore, the research focused on the key factors that affect the outcomes of reforms, drive people’s attitudes towards reforms, and how policymakers can ensure the implementation and endurance of necessary reforms.

During the seminar, Ms. Albrizio presented the study results on structural reforms, backed by a comprehensive methodology that included historical analyses of reform implementations, surveys across multiple countries, and case studies of labor market reforms. She demonstrated that reform strategies, such as compensatory and complementary measures, are crucial for the success of structural reforms, explaining 28% of the likelihood of implementation, while macroeconomic and political contexts contribute 16% and 22%, respectively.

Ms. Albrizio also reported on the survey findings, showing that attitudes are shaped primarily by beliefs and perceptions rather than individual economic interests. Approximately 50% of the support for reforms can be traced back to how the public views their potential impacts. Many people are concerned about the negative consequences of reforms, such as job losses and diminished service quality, which fuels their opposition. To navigate these challenges, the speaker emphasized the importance of effective communication and public engagement.



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Providing accurate information about the necessity and benefits of reforms can help correct misconceptions and alleviate public fears. Additionally, implementing compensatory measures to address concerns can foster greater acceptance among the population.

The research findings also indicate that trust in government institutions and transparency about the reform process are essential for gaining public support. Countries that have successfully engaged with their citizens, facilitated two-way dialogues, and prioritized consensus-building tend to experience more favorable reform outcomes.

In summary, the presentation underscored the critical need for policymakers to understand the social dynamics surrounding structural reforms. By addressing public concerns, enhancing communication strategies, and building trust, governments can improve the social acceptability of necessary changes and pave the way for effective economic reforms.

During the intervention, Mr. William Tompson significantly contributed to the discussion by emphasizing the importance of effective communication in fostering trust. He noted that the credibility of institutions is paramount in shaping public perceptions and ensuring the acceptance of necessary reforms. The speakers also explored how social norms influence public attitudes towards reforms, with Ms. Albrizio providing examples of varying acceptance levels across different cultures. Furthermore, they discussed the potential of crises as catalysts for reform opportunities, stressing the need for prior groundwork to engage the public effectively.

As the discussion concluded, both Ms. Albrizio and Mr. Tompson encouraged ongoing dialogue and collaboration to navigate the complexities of implementing successful structural reforms. Their insights underscored the intertwined nature of trust, communication, and cultural context in achieving meaningful change.