



*Regional Conference on
Business Environment Reform in South East Europe:
Driving the Growth and Competitiveness Agenda*

Is Regulatory Reform Under Threat?

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A new area is starting

- Is the end of the ‘end of the History’?
- Market-based regulatory reform is challenged:
 - Privatization went beyond bounds
 - Deregulation went too deep
 - Liberalization went un-checked
 - Globalization went too far
- In sum, the State is too weak vis-à-vis the Market



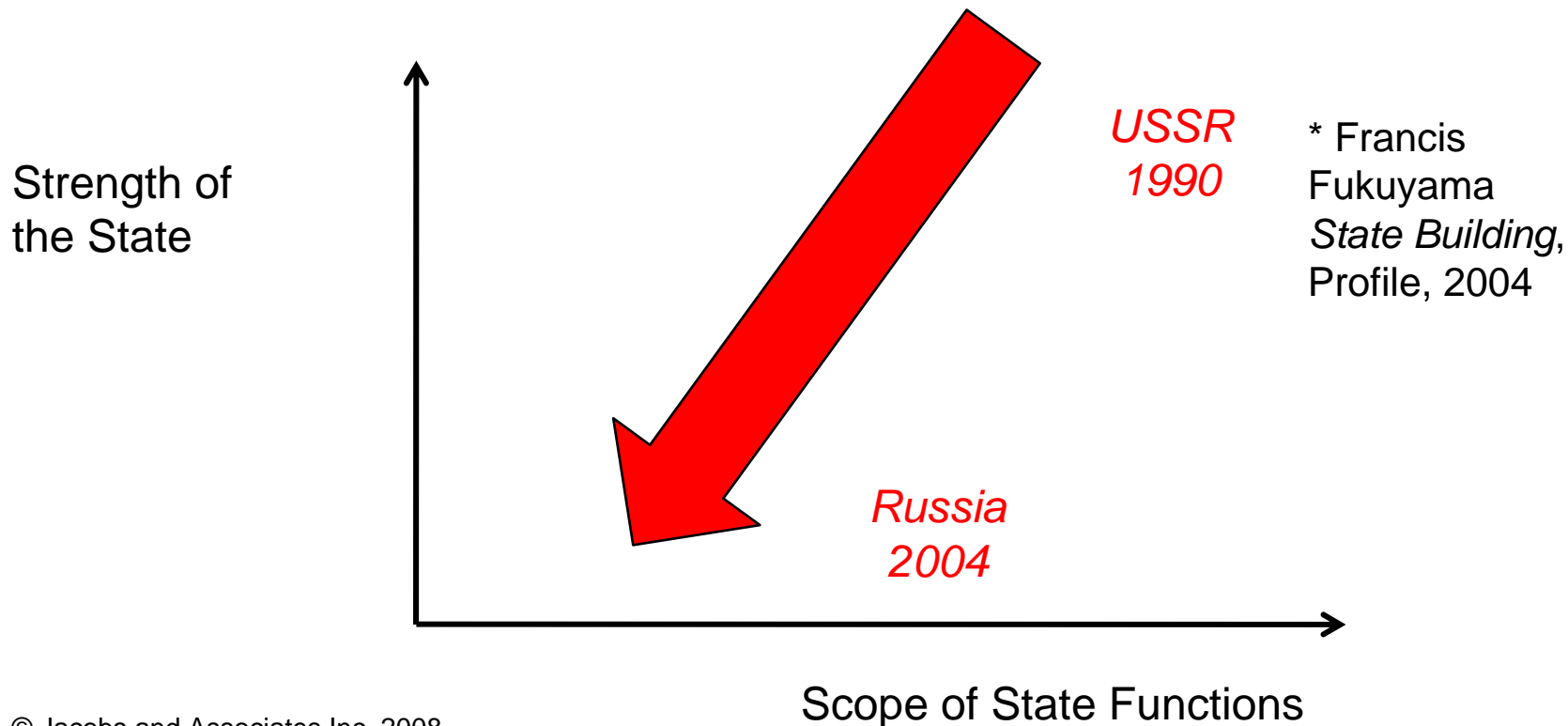
Certainly there has been regulatory problems

- Regulatory failures are evident
 - Subprime market regulations
 - Securitization regulations
 - ‘market’ for overpaid bosses
 - Self-regulation did not work
 - Regulators overwhelmed by markets
 - Etc.
- Conclusion: The world needs less market and more state



But was this the recipe of RegRef?

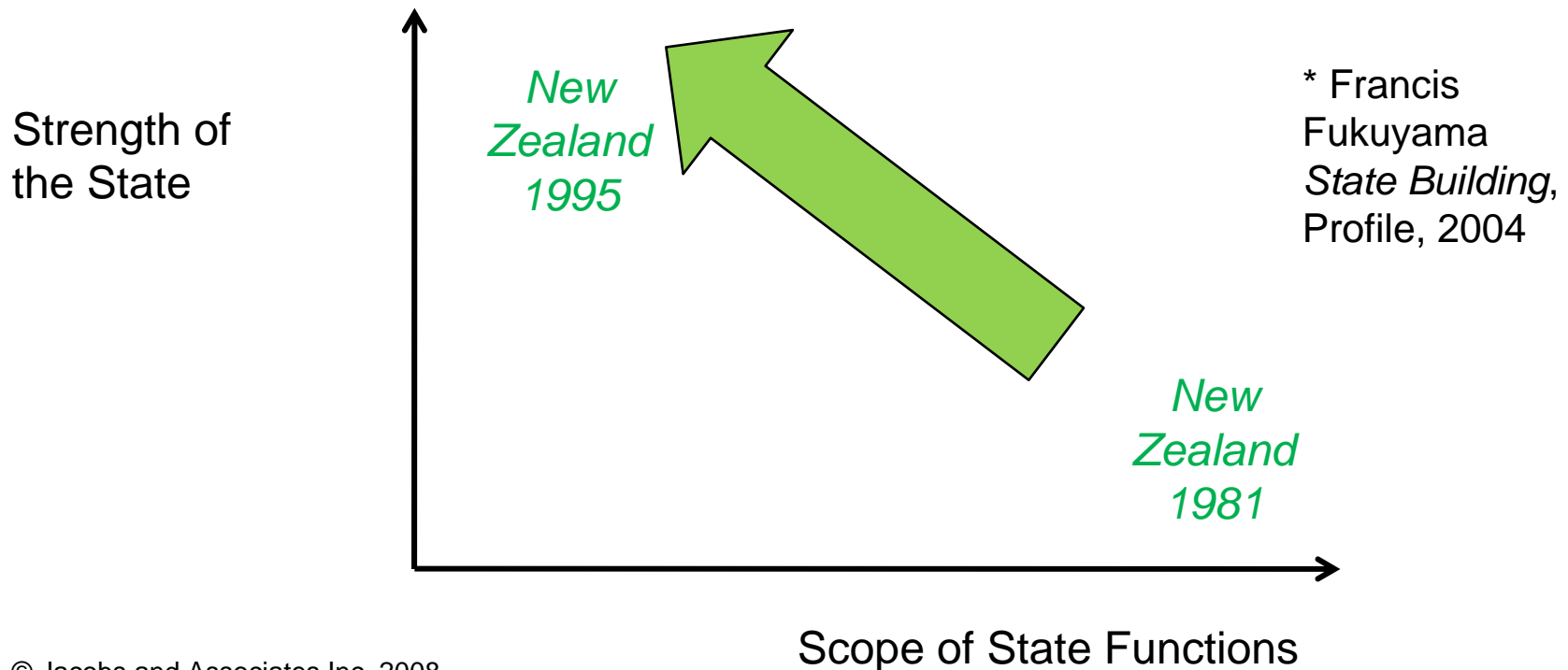
- The “Stateness Matrix” (F. Fukuyama)*





But was this the recipe of RegRef?

- Rowing Vs Steering
- The role of the institutions and Organizations





However, is this what happened?

- RegRef has focused on better regulation since mid 90s

Economic	Competition, Registration, Corporate Governance
Social & Environment	Risks, pollution, gender, labor, security
Administrative	'regulating the regulators'

- Better regulation is not deregulation
 - Though it includes reviewing 'old stocks of regulations'
 - Re-regulations
- Managing the regulatory processes
 - At national, subnational and international lever (trade rules, IPR, etc.)



What is next?

- Crisis are opportunities
 - Mexico, Korea, Argentina, Asia
- Regulatory instruments are better tools than fiscal one to manage crisis
 - Tax and spending are limited (no subsidies)



Rule of law & institutions matter

- Quality of regulations and of institutions (regulators) matters
 - New regulators
- Good Public Governance foster economic growth
 - More transparency and accountability



But dangers of over-regulation

- Regulating the past
- Micro managing the private sector
 - Finding ‘culprits’
- Regulatory capture opportunities
 - Because of speed, ‘discounting time, vocal anger
- Losing all efforts made through protection and searching for ‘zero risks’



Better regulation is even more
important now
&
Better regulatory state is needed
even more