Comments on Presentations by Korea and China Seminar on Assessing the Impact of Structural Reforms Session 3 Paris, June 1, 2015

Zia Qureshi
World Bank
Comments on

Economic Effects of Regulatory Reforms: Korea Cases

Presentation by
Jungwook Kim
Korea Development Institute
Some Issues

• Presentation provides useful corroborative evidence on the beneficial economic impact of regulatory reform to improve business environment and spur competition.

• The reported results for Korea of regulatory costs and hence potential gains from regulatory reform are significant.

• Some issues/questions:
  – Choice of indicators of business regulatory environment: PMR, RQI/WGI, DB
  – Choice of regressors
  – Estimation method
  – Causality; linearity
Supporting evidence from recent World Bank research

Reforms support better post-crisis TFP and investment performance

---

**Total Factor Productivity**

- Correlation: -0.48***

---

**Private Investment**

- Correlation: -0.35*

---

Two recent findings

• Business environment reforms in emerging economies that improve the policy framework to the level of their best-ranking peers can entirely offset the post-crisis slowdown in TFP growth in these economies.*

• Moving from the bottom quartile of countries in terms of progress in improving the business regulatory environment to the top quartile can add 0.8 percentage points to annual per capita GDP growth.**


Business environment reform also fosters inclusive growth

An open and competitive business environment that removes onerous and distortionary barriers to entry and levels the playing field for firms—large and small—supports both growth and inclusion.

Source: World Bank staff calculations based on Doing Business 2015 and All the Ginis 2012 databases.
Comments on
Pension Reform in China’s Public Sector: Motivation, Process and Impact
Presentation by
Yuanfang Li
Chinese Academy of Social Sciences
Some Issues

• Reform in the right direction, to resolve some key issues in China’s pension system: lack of integration and equity, negative incentives for job mobility, fiscally unsustainable trends.

• However, some issues, questions:
  – *Integration and equity*: does the reform design adequately address these issues?
  – *Incentives*: will the incentive effects be fully supportive of the reform?
  – *Fiscal sustainability*: the issue of legacy costs.
  – *Implementation*: faces both political economy and technical challenges.
Impact Assessment

Qualitative Assessment
• Enhancement of labor mobility is an important potential benefit but how the reform design will spur that and its likely scope are not fully clear. Is portability assured?
• Similarly, the expected impact in inducing more private investment is unclear.
• Potential impact on consumption/saving is not addressed.

Quantitative Assessment
• No quantification of potential impacts is attempted/reported.
• Possible modeling of macroeconomic impacts using:
  – OLG-CGE models
  – World Bank’s PROST (Pension Reform Options Simulation Toolkit)