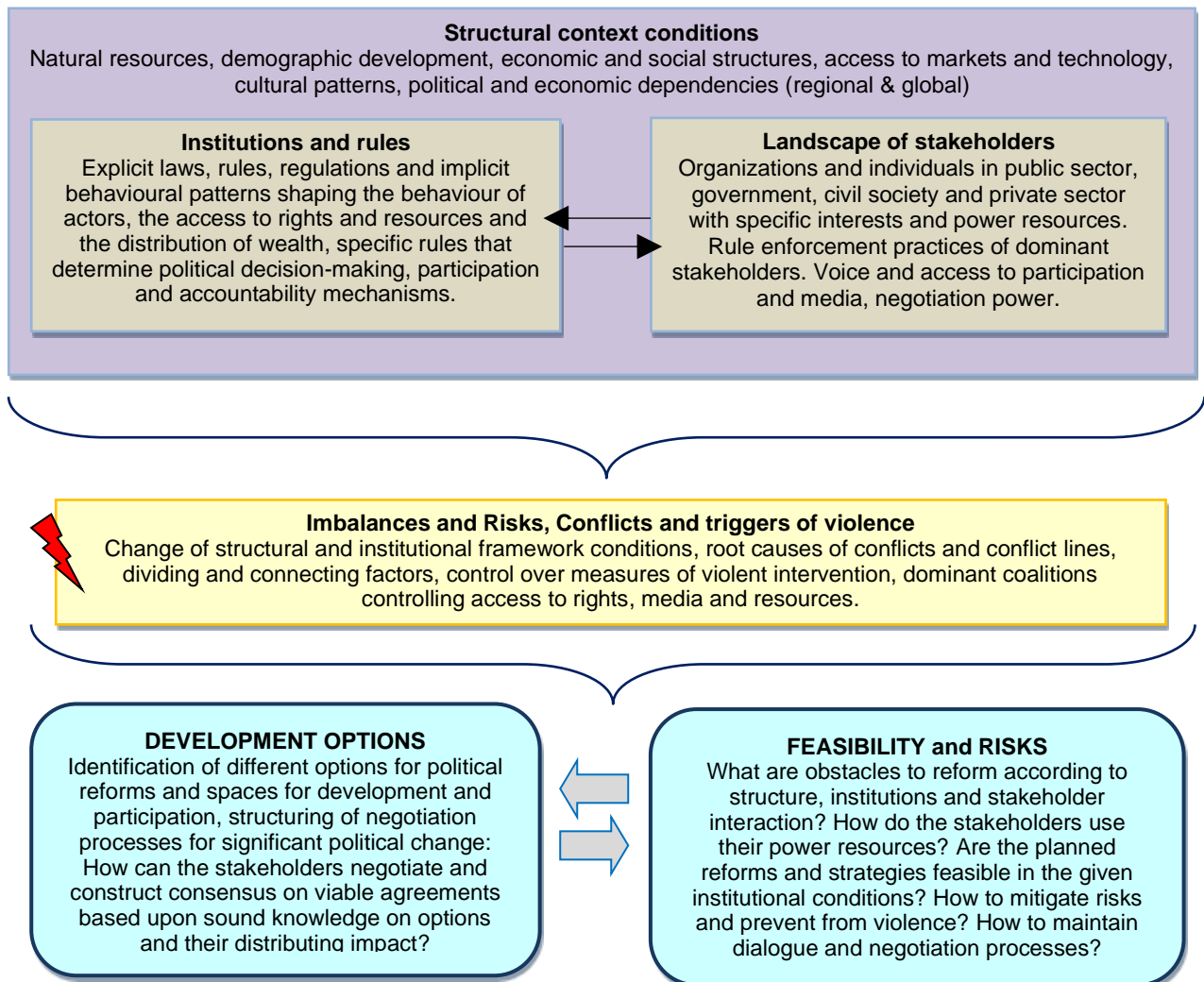


The Political Economy of Reforms (*abstract*)

Political Economy¹ is concerned with the **distribution of power, access to rights and resources**² between different groups in a society. At the same time, Political Economy strives for understanding the institutional rules and negotiation processes that **create, shape and sustain** the governing rules and interaction between stakeholders over time.

Sound policy making and systems reforms need to consider the context-specific factors that affect the **capacity to reform** as well as the willingness and capacities for change of major stakeholders. Against the background of long lasting **structural context conditions** (natural resources, economic, social and political structures), the Political Economy of reforms looks at **institutions and rules** that shape the landscape of relevant **stakeholders**, interested and engaged in political reforms. These stakeholders (or pressure groups, political parties, civil society organizations etc.) interact, negotiate, support or impede political reform processes. Thus, the paramount issue of reforms can be distilled in three questions: (i) What are feasible options for reform? - (ii) How reforms are (re-)distributing power and the access to resources, and (iii) How different stakeholders are influencing the reform process (using knowledge, negotiation power, access to communication media, public debate).

Most political negotiation processes work in an environment of *Limited Access Orders*³ where single stakeholders and dominant coalitions try to maintain or enhance their control over the access to rights and resources, even to the extent of restricting the political participation of competing stakeholders by manipulating communication media or applying means of violence.



¹ PE has a long history from Chinese to Greek philosophers, in Europe from Machiavelli to Smith and Marx, in modern times from Hirschman to Rodik.

² The concept of *resources* goes beyond material resources such as health and education, and includes non-discrimination and equality in the access to justice, knowledge and political participation in decision making.

³ See: Douglass C. North, John Joseph Wallis, Steven B. Webb, and Barry R. Weingast: *Limited Access Orders. An Introduction to the Conceptual Framework*. June 2010.