



Parliamentary Forum at the United Nations High-level Political Forum on sustainable development (HLPF)

Message from the pandemic: Bring “government” back

Monday, 12 July 2021
9:00 – 11:00 EST (New York)
English, French and Spanish interpretation
Online registration (details sent to IPU members)

Is an implicit message of the COVID-19 pandemic that government – the *public authority* consisting of the executive, parliament, the judiciary and the public administration – must play a more pro-active role in the economy and in society?

Over the last few decades, governments have progressively abandoned their traditional “interventionist” posture out of concerns that excessive control of the economy might interfere with market forces which, left to their own devices, were supposed to always lead to a more optimal allocation of benefits and rewards throughout society. The competitive ethos of the private sector was said to be the key driver of innovation, investments, and technological developments. The solution to problems such as poverty and environmental degradation was more likely to come from the internal dynamics of the marketplace than from state laws and regulations.

Driven by this belief, almost everywhere in the world, governments worked to liberalize the economy and deregulate the marketplace. Public infrastructure and services were sold or subcontracted to private sector actors through public-private partnerships. Trickle-down economics promoting low taxes and budget austerity replaced pro-active income and fiscal policies. Government rules to protect workers and the environment were loosened. National industrial policies were dismantled on the assumption that government should not pick “winners” but leave it to companies to decide what and where to produce. Capital controls were lifted to enable foreign investments and global supply chains to take advantage of more profitable production conditions anywhere in the world. The doctrine of *free* trade based on nations’ comparative advantages prevailed over *fair* trade practices to protect the environment, workers and consumers.

The emergence of COVID-19 in December 2019 and the ensuing global pandemic have disrupted this common narrative. Caught unprepared to deal with such a crisis, almost overnight, many governments rediscovered their own authority and took immediate action to stem the threat to human life and forestall economic collapse.

In response to the pandemic, unprecedented government borrowing to rescue private companies, provide emergency health care, and strengthen welfare entitlements took place in many countries despite “market

fundamentals” normally averse to rising levels of public debt. Some countries have begun to reconsider their global value chains to repatriate the production of essential goods, services and staples out of national security concerns and in response to public demands. Long-standing proposals for a new global tax regime that demands more of corporations and of the financial sector, including the closure of tax havens, are gaining ground. Healthcare budgets have been replenished with the promise of more public investments to protect the health and wellbeing of people. In countries around the world, green economy solutions feature a decidedly more activist government role to steer investments and regulate the private sector. Government-led industrial strategies are gaining new currency in both developed and developing countries. The market-rigging power of growing monopolies in technology, the service and financial sectors is increasingly being challenged. Wherever possible, public administrations are being retooled with new skills and new mandates to better implement laws and regulations. A growing number of governments are demanding a waiver of patent rights on COVID-19 vaccines on public health grounds.

In sum, the strong government response to the pandemic has shown that far from being an obstacle to development, government is key to creating the conditions for human progress. The pandemic has highlighted that the ceding of government authority to market imperatives in years past was more the result of a *political choice* than of government’s inherent inability to regulate the economy and generally play a more pro-active role to satisfy human needs and protect the environment.

All this being said, the question today is whether this apparent repositioning of government vis-à-vis the marketplace is a long-term global trend or a temporary break from the status quo. Certainly, not all policy-makers have heard this particular message of the pandemic in the same way, and many remain skeptical about the message nevertheless. Globally, the picture is uneven with governments in developed countries – much better endowed with resources to play this more pro-active role – than in developing countries. In many public policy areas, market forces and private sector players continue to have the upper hand in setting the economic agenda. Far from being affected by the pandemic, the financialization of the global economy has continued unabated with new speculative bubbles and risky bets.

Yet, more pro-active public policies supported by laws and budgets will be needed to recover the lost ground in the implementation of the SDGs by 2030. A key step toward “building back better” in response to the pandemic calls for a hard look at how parliament and indeed government as a whole need to be engaged more pro-actively in the management of the economy and of society going forward.

The **main segment** of this year’s Parliamentary Forum will therefore revolve around the following questions:

- How can parliaments help redefine the relationship between the government-led public sector and the market-led private sector? Is rebalancing needed?
- Should parliaments support more expansive fiscal policies to respond to growing demands for education, health care and other public goods?
- What steps can parliaments take to curb financialization and reduce the dominance of large monopolies in all sectors of the economy?
- What institutional reforms should parliaments promote to make government more resilient and better able to respond to the needs of the people?

A **second segment** of the Forum will feature a presentation of the preliminary results of this year’s IPU survey questionnaire addressed to parliaments of the 44 countries presenting Voluntary National Reviews.

Provisional programme

09:00 EST **Opening**

- Mr. Duarte Pacheco, President of the IPU

09:10 EST **Discussion of the main theme**

- Mr. Olivier De Schutter, UN Special Rapporteur on extreme poverty and human rights (*invited*)
- Ms. Isabel Ortiz, Director, Global Social Justice Program, Columbia University (*invited*)
- Member of parliament (developed country)
- Member of parliament (developing countries)

The presentations will be followed by a moderated discussion between participating parliamentarians and the panellists. Participants can pose questions live or via event chat.

10:30 EST **2021 survey of parliamentary engagement in the VNRs**

- Mr. Martin Chungong, IPU Secretary General
- Mr. Alessandro Motter, Senior Advisor for economic and social affairs, IPU
- Member of parliament (from among survey participants)

Interactive discussion with participants.

10:55 EST **Closing**

For more information, please write to ny-office@ipu.org