

Government of Tomorrow: Reimagining the Role of Government after COVID-19

The COVID-19 pandemic is a global shock like no other, both in terms of its reach and socioeconomic impact. Among countless infections and more than a million deaths globally, it has caused simultaneous disruptions to both supply and demand aspects of economies, and thus, has posed formidable challenges to policymakers. Pakistan is no exception. The pandemic has resulted in its already anemic GDP growth to come down from 1.9% in 2018-19 to -0.4% in 2019-20. Job losses and closure of businesses due to needed lockdowns have pushed the country's most vulnerable further into poverty. According to an IMF report, experts foresee a sharp reversal in declining trend of poverty rate and expect up to 40% of Pakistanis living below the poverty line in COVID-19's viral wake, compared to pre-pandemic share of 23%.

The response to the pandemic has been equally unprecedented, both in nature and scale. Substantial financial and policy resources have been deployed by the government to protect people, keep businesses alive and put food on the table of the marginalised. While essential, such spending has led to a considerable squeeze on the fiscal space, along with a substantial rise in government debt level. Nevertheless, fiscal spending on social considerations has begun to gain the policy attention that it deserves, and people, not just GDP growth, have emerged as the primary focus of policymakers.

A major shift in policy thinking is now discernable across the globe, including Pakistan. The role of government, and therefore that of fiscal policy, is increasingly being acknowledged as central in leading the recovery efforts and charting development pathways. Private sector and financial markets, along with monetary measures, are to play a supportive role under the lead provided by governments and the fiscal authority.

But herein lies key policy challenges and questions. Can, and for how long, policymakers sustain the momentum on expansionary policies, without adverse economic implications, such as debt sustainability concerns? How to finance the needed spending and investments for economic recovery and for pursuit of the Sustainable Development Goals (SDGs)? What policy tools and changes are needed to ensure that the recovery is resilient, inclusive, sustainable, and consistent with the ambitions of the 2030 Agenda?

For a sustained response to crises like this, and to build forward better, government and central banks have to rethink their strategies and go beyond their current approaches. It is in this context that this panel aims to deliberate on some important ideas, including but not limited to:

- Revisiting the social contract between state/government and people.
- Prioritising people over economy and pursuing a people-centric development agenda by integrating social policy within economic policy.
- Moving from short-termism (just economic growth) to a long-term vision (development that helps people and respects planetary boundaries).
- Adopting a whole-of-government approach (better and effective coordination among different policy units/ministries of the government and between federal, provincial and local level).
- Keeping up with technology and innovations and harnessing their potential for the betterment of society.
- Strengthening fiscal governance, effectiveness and performance of bureaucracy.

- Enhancing strategic engagement of the government at the global and regional level, and with global institutions.

Panel Organisers

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