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It Takes More Than Markets: First Governance Lessons from the COVID-19 Pandemic



Aerial View of a Crossing in Mexico City

STORY HIGHLIGHTS

- We need to reassert the central role of an effective, responsive and capable public sector in responding to society's needs, building resilience and dealing with crises when they arise.
- A lesson for the implementation of the SDGs is that governance should be contextual, adaptive and resilient.
- The 2030 Agenda is a good roadmap to guide sustainable investments.

We are still in the middle of the first pandemic of this century, but it is never too early to draw fresh lessons on governance, and to see how they can be used to further the societal transitions linked to the 2030 Agenda. Three first lessons are about the critical value of having an effective public sector, the importance of culturally sensitive governance, and the feasibility of transformative change.

We are rediscovering the public sector

The first observation is no big surprise. Countries with a functioning public sector that caters for essential health services for all are better equipped to deal with the pandemic than others who have privatized health care. Market-based health care uses the same strategy as retail companies, namely just-in-time delivery, limited stock and high reliance on logistics. This explains why many hospitals in otherwise well-resourced health systems have no emergency stock of protective clothing and facial masks.

Furthermore, long-term thinking is typically lacking in privatized versions of what used to be public tasks. Financial austerity since the global

financial crisis of 2008 has aggravated the situation. Foresight teams and independent advisory councils preparing governments for 'thinking the unthinkable' have been abolished in several countries. In the USA, for example, government has slashed funding for the federal Centers for Disease Control and Prevention and its infectious disease research, as [Linda Bilmes](#) recently reported.

Meanwhile, globalization has increased the probability of, and the vulnerability to, global disasters, and has decreased the resilience of many national economies. At the same time, as [UN CEPA](#) has observed as a political failure and [Mariana Mazzucato](#) has underpinned from an economic angle, for decades we have generally undervalued the role of the public sector. The 'small government' mantra has resulted in less effective public administration and service, and a disregard of the public value that it may create. Mazzucato calls for rethinking the role of public policy and the public sector, and redefining how we measure value in our societies.

So, the first lesson is about the need to reassert the central role of an effective, responsive and capable public sector in responding to society's needs, building resilience and dealing with crises when they arise.

Effective governance is contextualized

The second early lesson is about how contextualized effective public governance is. This is also not a big surprise. Markets are also context sensitive, but for a different purpose (e.g. specific revenue streams and market segments). Governments need to be sensitive to national values and traditions. As [Monika Sie](#) observed in the Dutch newspaper NRC of 20 March 2020, people in China reacted differently to the virus than in the Netherlands. In the collectivist culture of China, people wear face masks to protect others, while in the individualist Dutch culture, people wear the same masks to project themselves – if they wear them at all. Similarly, people in China accept strict rules more easily than in countries like the Netherlands or the UK. Governments are making use of this cultural dimension, extensively researched by [Geert Hofstede](#), by focusing, respectively, on collective responsibility in Asian countries and on individual responsibility in the Netherlands. The Dutch call their less restricted corona-lockdown, 'intelligent social distancing' because in their culture it is considered smart to be individualist. Maybe to compensate for this, the national Covid-19 slogan is 'Only together we can win the fight'.

The lesson for the implementation of the SDGs is that governance should be contextual, adaptive and resilient – as illustrated by the theory and practice of [metagovernance](#). Both the Chinese and the Dutch government, to stay with this example, might reach their objectives, while using different approaches to get there.

Rapid systemic transformation is possible

The third lesson is that rapid and unprecedented systemic transformation is possible in each country, provided that a problem is framed – and broadly felt – as a crisis. A disaster requires the acceptance of a command and control style of leadership (in individualist countries with soft gloves to 'pamper the pain'). This style of leadership is making a come-back in responses to Covid-19, although it is not replacing collaborative or empowered approaches. Suddenly, governments are ready to liberate enormous funds for social-economic support and recovery during and after the corona-triggered lockdowns. These investments should be used

to develop societies, including their economies, to become more resilient to shocks.

The 2030 Agenda is a good roadmap to guide such sustainable investments. Support comes from the [International Energy Agency](#). Also private investors consider this a smart approach: since the corona crisis started, [sustainable equity funds](#) overall fared better than their conventional peers.

We are at a crossroads

We cannot afford to have the Covid-19 stimulus funds support an unsustainable future. Taking the wrong decisions now will be worse than causing delays to achieve the SDGs. It could throw our progress years back, or even prevent a sustainable pathway for the foreseeable future. Emerging trends on sustainable financing, budgeting and procurement would be blocked. This is a real risk. We have seen during the 2008 crisis how powerful global financial and economic actors were able to mobilize against structural change of their (unsustainable) 'business as usual' practices. And again, vested interests defending the carbon economy have become vocal very quickly and started lobbying against sustainable investments and – in Europe – the European Green Deal.

Rowing back the sustainability agenda would be in stark contrast to the 'acceleration' theme that was selected for the July 2020 High Level Political Forum (HLPF) on the SDGs. It would not only lead to high human costs in rich countries but also endanger the continuity of the Paris Agreement and other commitments to support less developed countries.

To conclude, it takes more than markets to bring about sustainable change. Let's hope that the corona virus lockdown gives decision makers sufficient time to consider the long-term consequences of their actions. [Recommendations](#) already prepared for HLPF 2020, such as those submitted by the UN Committee of Experts on Public Administration ([CEPA](#)), the UN Committee for Development Policy ([CDP](#)) and other UN subsidiary bodies, stakeholders and UN member states, can deepen the short analysis in this article and are welcome contributions in setting an accelerated and transformative course of public sector action now, and for our future.

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