P06 / Roundtable: Post-Pandemic Spending Reviews: Cutting, Reallocating or Innovating?

Topic : POLICY FORMULATION, ADMINISTRATION AND POLICYMAKERS

Chair : Evert Lindquist (School of Public Administration)

Second Chair : Robert Shepherd (Carleton University)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

The COVID-19 pandemic was a mega-crisis that not only presented governments worldwide with a major public health challenge, but also surfaced system failures, uneven collaboration within and across governments, and alternative ways to deliver services. Governments had to adapt quickly, release vast amounts of spending to deal with pressing public health and economic needs, work in new ways (often digitally), and wind-up programs. Governments are re-positioning public finances to deal with substantial fiscal and debt loads, and determining how to pivot from pandemic priorities towards future policies and service-delivery models in sector after sector. This raises important questions about how expenditure management systems of Canadian governments and other jurisdictions are evolving to meet these challenges, and the extent to which spending reviews have been launched, and if so, are they focused on cutting programs, reallocating to new ways of delivering policies, or collaborating across boundaries to address emerging challenges.

CALL FOR PAPERS

This panel brings papers from different country contexts to determine how they are designing their expenditure reduction or budget exercises and the lessons each have learned post-COVID. The panel will explore these experiences through short papers. After panelists have provided their research and insights, a roundtable discussion with panelists and attendees will explore experiences with plans for expenditure reduction at either the national or sub-national level. It is anticipated that a collection of papers will be brought together to form a special edition in Public Management Review (PMR) or other international journal.

We are looking for papers that address some or all of the following elements:

· The political, economic or other factors driving discussions of spending, budgeting or expenditure reduction in a particular country, countries, or region;

· Institutional factors and conditions driving governance arrangements of spending, budgeting or expenditure reduction exercises;

· Choices of instruments being created that account for type of system of government, extent of cooperation or collaboration with other governmental and non-governmental jurisdictions and institutions, and alignment with existing or previous exercises;

· Extent to which internal or external actors are driving design and/or implementation, and any arrangements being undertaken to engage various actor communities;

· Monitoring and evaluation arrangements being planned or undertaken to ensure such exercises are on track.

Note: the panel chairs are flexible about leading ‘in-person’ or hybrid sessions.

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Session 1

Wednesday, June 28th 15:50 to 17:50 (KHE118)

Post-Pandemic Spending Reviews: Canada in Comparative Perspective

Robert Shepherd (Carleton University)

Evert Lindquist (School of Public Administration)

This presentation reports on a SSHRC project that explores the experiences of Canada at the federal and provincial levels in designing and conducting periodic spending reviews and puts these in comparative perspective. This paper goes beyond the usual comparators to Canada (quad countries) and instead examines the experiences of Scandinavian countries, Australia and New Zealand, Middle East, and Western European countries. We will share our framework for research and analysis, and identify three types of review: expenditure reduction, reallocation, future investment/transformation. We will showcase international exemplars which may stretch how Canadian policy and decision-makers are thinking about its own spending review exercise announced in the Budget 2022 and expected clarifications in Budget 2023. Through these different exemplars, we hope to bring to the surface various political and bureaucratic design choices and calculations.

(Virtual) The Post-Pandemic Economic Thinking of the Indian Government

Stuti Rawat (University College London, University of London)

This paper studies the economic thinking, ostensibly driving post-pandemic budgetary decisions in India. It does so by undertaking an examination of the annual ‘Economic Survey of India’ reports released by the Indian Ministry of Finance between 2019-2023. The Economic Survey of India is a non-binding policy document which presents the Ministry of Finance’s analysis of the state of the economy (including government performance and spending), for the past year and its future prospects. It is presented annually in the Indian Parliament during the Budget Session prior to the release of the Union Budget in early February. The economic analysis and issues flagged in the Economic Survey of India, are typically thought to influence the budgetary decisions taken by the government, although causation may also flow the other way. Nevertheless, the Economic Survey of India is an important policy document that provides insights into how the Indian government is thinking about the economy and its spending decisions.

The time period of analysis, enables a comparison of the pre-pandemic (2019, 2020), pandemic (2021, 2022) and post-pandemic (2023) thinking of the Indian government; thereby helping assess whether post-pandemic thinking reverts back to the pre-pandemic model or is more in line with the pandemic-period or is something altogether different. In particular, the study answers the following questions: whether and how the Indian government’s ideas about public spending and state involvement, have changed? Has there been a reprioritization of sectors in favour of those that have shorter time horizons?

(Virtual) Reshuffling of public expenditure – make Slovak economy grow again

Martin Murín (Ministry of Finance, Slovakia)

Slovakia has stuck in the middle-income trap. Since 2009, it has been unable to restart its fast economic growth from the 2000s, and Slovak GDP per capita became the third smallest in the EU in 2021. Weak economic performance is accompanied by poor outcomes in key areas such as health, education, R&D, or fiscal sustainability. Moreover, the country will face similar expenditure pressures as other OECD members

stemming from population aging, climate change, and technological progress in the future. Despite some undeniable progress in public expenditure management that has come after introducing program budgeting and sectoral spending reviews, there is still a strong heritage of incremental budgeting, which has limited ability to encourage needed structural reforms. Such conditions do not allow create an environment that boosts the economy and helps it to adapt better.

Our paper is part of the comprehensive spending review. It analyses the Slovak public expenditure structure by functional and economic classification in comparison with the most successful EU countries. The aim is to propose changes in the composition of public expenditures that could help the Slovak economy to address current structural problems and adapt to future expenditure challenges. From a macro perspective, we rely on a simple comparison of expenditure and outcomes of all EU countries, data envelopment analysis, and stochastic frontier analysis with detailed information from sectoral spending reviews. We benchmark Slovak expenditures and outcomes against the rest of the EU countries and the nine best-performance EU countries in the OECD Better Life Index. We use the rest of the V4 countries and the Czech Republic as control samples. Then we combine benchmark results with information from sectoral spending reviews, which allow us to propose better measures.

Our results show that categories, which are crucial for sustainable and inclusive economic growth, such as education, health, research and development, and culture, are underfinanced in Slovakia. On the other hand, the government allocates many public resources to public order and social protection, which indicates some kind of paternalistic approach of the state. We propose to shift the public expenditure from public order and social protection to education and health and create an environment supportive of creativity in both R&D and culture to crowd private expenditure in those areas.

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Session 2

Thursday, June 29th 08:00 to 10:00 (KHE118)

(Virtual) Spending Reviews: Ireland and the Netherlands

Irene Huse

RT

(Virtual) Spending Reviews: UAE, KSA, South Africa

Hayat Askar (Carleton University)

RT

(Virtual) Spending Reviews: Japan and South Korea

Keita Hashimoto (Kobe Gakuin University)

RT