

Providing Global Public Goods: Managing Globalization*

25 Questions & Answers



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**Providing Global Public Goods* is an independent study edited by Inge Kaul, Pedro Conceicao, Katell Le Goulven and Ronald U. Mendoza and published by Oxford University Press, New York, 2003. The views expressed in the book are those of the authors and do not necessarily reflect those of the organizations with which they are affiliated. The editors of *Providing Global Public Goods* welcome your observations and comments on the book and on this briefing note. Please share with us any additional questions you would like to see clarified as well as questions that you may hear being raised in various policy discussions. Many thanks in advance for your interest in the topic. Send your comments to ods@undp.org.



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1. Why this book?

This book is a sequel to the 1999 volume, *Global Public Goods: International Cooperation in the 21st Century*.¹

The 1999 book brought the concept of global public goods from the sheltered world of academic microeconomists into the realm of national and international policy analysis and policy-making. While the earlier book introduced the concept and how it could be applied as an analytical framework for various global challenges, this new volume addresses issues of implementation and suggests possible ways to make the concept operational. The key question that the book seeks to answer is “What are feasible and desirable steps towards enhancing the provision of global public goods in actual practice?”

Since the 1999 volume was written, the globalization process has become increasingly contested—both in the highest levels of decision-making as well as in the streets. Globalization presents many challenges and risks, but these challenges have a common root: the underprovision of global public goods. Conversely, the many opportunities globalization presents often result from an adequate and fair provision of such global public goods, such as the international system of civil aviation or postal services. Many people enjoy the availability of these goods and find that they contribute to their well-being. Enhancing the provision of global public goods can thus be seen as a means to better manage globalization. Therefore, the guiding questions in preparing the book were: How can we enhance the provision of global public goods and, in the process, how can we better manage globalization?

2 What are public goods?

The book defines public goods as goods that are in the public domain—there for all to consume. In fact, there are three types of goods in the public domain:

- Goods that *cannot be made excludable*, either because doing so would be too expensive or impossible. The warming rays of the sun are an example.
- Goods that have deliberately been *made public by design*. Examples are a country’s judiciary system, street signs, or basic education for all.
- Goods that are *public by default*, either due to lack of requisite knowledge or due to policy neglect. An example of the first case (publicness due to lack of knowledge) are Chloro Fluoro Carbon (CFC) emissions during earlier times, when we did not fully understand the effect of these emissions on the ozone layer. Examples of the second case are air pollution, crime and violence, or communicable diseases, which we would know how to reduce, but are often allowed to go unchecked.

¹The 1999 volume, as the current book, was published as an independent study by Oxford University Press, New York. The editors of the earlier volume are Inge Kaul, Isabelle Grunberg and Marc. A. Stern.



Economists will note that this definition varies from those in the textbooks, which define public goods (bads) as those goods that have nonexcludable benefits (costs). That is, goods whose effects can be withheld at little (or zero) cost by the owner or provider are said to be excludable or private. If a public (nonexcludable) good is, in addition, non-rival in consumption (i.e., if its consumption by one individual does not detract others from consuming it), it is called “pure public.”

3 How does *Providing Global Public Goods* define public goods?

The textbook definition for public goods often fails to capture the reality that public goods or bads are largely a matter of choice. For example, people are allowed to throw garbage into the public domain—despite the fact that it might be technically and economically feasible to encourage and enable them to dispose of their garbage in another manner. Or, as another example, it costs little or nothing, for an extra individual to know certain statistical data. However, in actual practice, only some statistics are in the public domain—there for all to use—and others are made private, to be purchased for a price. In both cases, the publicness of these goods are not inevitable—something that the technical criterion of nonexcludability (i.e. the textbook definition) does not adequately reflect.

Therefore, it is important to distinguish between a good's *potential* publicness and its *de facto* publicness. De facto public are goods that are actually in the public domain and affect all, often leaving little choice for the public. Therefore, it is important to note that what determines a good's publicness or privateness is the *nature of its benefits and costs*—not how the good is produced. In addition, the very nature of these benefits and costs could be shaped in most instances by policy. (It will be shown later, in the answer to question 13, that the production of many public goods in today's world is often a multi-actor activity, involving the public at large, civil society organizations, private enterprises, and the state as well as markets.)

4 What are global public goods?

Global public goods are public goods that have a fairly universal impact on a large number of countries (covering more than one group of countries or regions), people (affecting several, preferably all, population groups), and generations (extending to both current and future generations, or at least, meeting the needs of current generations without jeopardizing the development options and opportunities of future generations). Simplified, global public goods are goods that are in the global public domain.

Some goods, such as the moon light or the atmosphere, have always had the property of global publicness. Other public goods have over time changed from being a local or national public good (or "bad", if they have negative effects) to being more global in the span of their benefits or costs. For example, various communicable diseases, such as HIV/AIDS, have spread as advances in transportation have allowed people to move more easily and to travel ever-longer distances. Or, to the extent that capital controls were removed so that cross-border financial flows increased, the contagion effects of financial crises could also spread more easily and widely. And due to improved means of communication, information, knowledge and ideas could also circulate more readily, affecting local stocks of knowledge or local and national social norms and cultures.



With increased openness of national borders, the public domains of countries have become interlocked. As a result, the availability today of a public good at the local level somewhere, often depends not just on domestic policy actions alone, but also on events and policy choices made elsewhere.

[For more on this point see the concept chapter by Inge Kaul and Ronald U. Mendoza.]

5 Are public goods always public and private goods always private?

Not necessarily. There are goods that present themselves with strong characteristics of “publicness”, like knowledge. Still, it has been our choice to create intellectual property rights, which take some types of knowledge out of the public and into the private domain. The reverse also happens, as is the case for basic education. Individuals are often willing to pay in order to receive its benefits, and it is still largely private. However, current efforts to ensure “basic education for all” could place it in the public domain (see <http://www.unesco.org/education/efa/index.shtml>). In some countries public education goes far beyond the basic level--it is provided publicly all the way up to higher education.

Therefore, notions of what is public and private change over time and differ from place to place. This alone is proof that public and private goods do not necessarily stay either public or private. The key point is that it is often a matter of policy choice to determine whether a good is either public or private. As the authors of *Providing Global Public Goods* put it, publicness and privateness are “social constructs”. In fact, barring a few cases (such as sunlight, for example, which is difficult to take out of the public domain) we almost always have a choice on what to make public or private.

6 Do all people and countries value global public goods equally?

Global public goods—as any good or service—are often valued differently across various countries and sections of the population. Thus, while the effects of global public goods are widely dispersed, they do not have the same impact on every country and every person.

For instance, international financial stability is a global public good that is valued most by investors in industrial countries and by the shareholders and workers of companies in developing countries that benefit from international capital flows. Yet developing country farmers may not necessarily have financial stability as their key priority. Because of these differences in preferences, it is important that the incentives for cross-border cooperation are “right,” and therefore, cross-border cooperation must make sense for all in order to be effective and self-sustaining.

7 Is the public involved in the choices of which goods to make public?

The *global public* refers to the general population, civil society organizations, corporate citizens and states. Global public goods can also be seen as the global public’s goods—goods that are in the global public domain and may concern all people. However, very often only a fraction of the public is involved in the decision-making process that places these goods in the public domain. This can be due to a lack of capacity of certain parties to be fully involved in the decision-making process (e.g. for developing countries) or due to a lack of rules of participation for specific actors (e.g. civil society or business).



[For a discussion on developing country participation, see the chapter on IMF governance by Ariel Buira and the chapter on enhancing negotiating capacity by Pamela Chasek and Lavanya Rajamani. For a discussion on the participation of non-state actors, see the chapter by Michael Edwards and Simon Zadek.]

8 Is there a list of agreed-upon global public goods?

Because policy choices (explicit or not) largely determine what is—or is not—a (global) public good, there is no fixed, "once-and-for-all" list of such goods. Some goods that have the properties of global publicness enjoy more policy consensus than others. But many global public goods are quite contentious. For example, while many agree on peace and security as a global public good, the way or means of producing this good—such as by disarmament or otherwise—is still a heavily debated issue.

The UN Secretary-General's *Road Map* report on the implementation of the UN Millennium Declaration identifies at least 10 global public goods that the international community is focusing on:

- Basic human dignity for all people, including universal access to basic education and health care.
- Respect for national sovereignty.
- Global public health, particularly communicable disease control.
- Global security or, put differently, a global public domain free from crime and violence.
- Global peace.
- Communication and transportation systems harmonized across borders.
- Institutional infrastructure harmonized across borders to foster such goals as market efficiency, universal human rights, transparent and accountable governance, and harmonization of technical standards.
- Concerted management of knowledge, including worldwide respect for intellectual property rights.
- Concerted management of the global natural commons to promote their sustainable use.
- Availability of international arenas for multilateral negotiations between states as well as between state and nonstate actors.

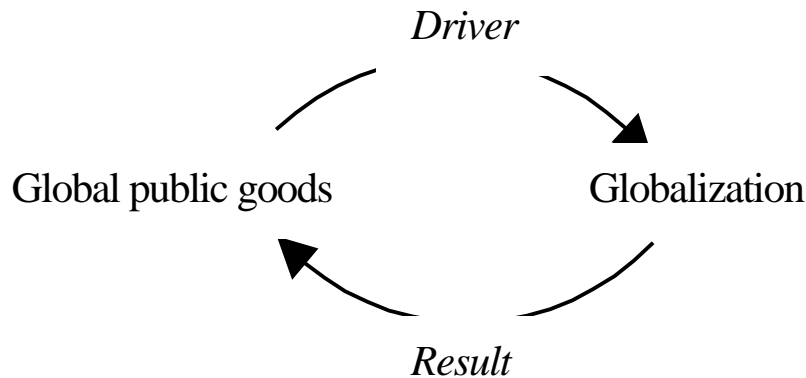
[For more see UN (United Nations). 2001. *Road Map towards the Implementation of the United Nations Millennium Declaration*. Report of the Secretary-General. 6 September. A/56/326. New York.]

9 How are global public goods and globalization linked?

Global public goods and globalization are intrinsically linked. Global public goods are both a driver and a result of globalization. Certain global public goods facilitate the globalization process and influence how it is shaped. For instance, the development of the international postal and civil aviation systems—both global public goods—continue to facilitate cross-border flows of goods, services, and ideas which are only some of many other factors driving the globalization process today.



On the other hand, global public goods (or bads) are also an outcome of globalization. For example, more intense and frequent travel and shipping of goods around the world facilitates the spread of infectious diseases, many of which were previously contained. Contagion can also occur in financial markets, such as when a crisis erupting in one emerging market economy diffuses to other “open economies”.



The particular path toward globalization has an impact on people’s perceptions of the process. When globalization is imposed from above, it often becomes contested, since people sense they have no say in the process. The opposite is true when globalization is bottom-up, after a participatory process of deliberation leads to a well-considered choice. In these cases, globalization is likely to be better accepted.

10 Is there a new perspective on globalization in the book?

An extensive literature has been dedicated to globalization. The history of globalization and alternative doctrines and theories about how to manage the process have been widely discussed.

This book does not purport to provide a *ready-to-use-recipe* for better globalization. Rather, it proposes to look at globalization from a new perspective. The need for this new perspective results from the following interpretation of the evolution of globalization. The first phase of globalization consisted in opening borders as a result of coordinated, but country-centered, choices. As a result, new challenges have emerged that call on countries to look beyond their borders. In many cases, to achieve national objectives, countries now need to cooperate—national public goods have become interlocked and have “gone global.” Hence, as the chapter analyses suggest, we are now entering a second phase of globalization—one where mutually beneficial international cooperation is vital.

11 How are sustainable human development and global public goods linked?

Providing Global Public Goods states that people's well being everywhere, in richer as well as poorer countries, clearly depends on both, private goods and public goods. To the extent that public goods are becoming more globalized, people's well being also depends on global public goods. As the recent past has shown, people's health, for example, critically depends



on how the international community decides to manage knowledge. Do we just focus on ensuring intellectual property rights (e.g. through patents)? Or, do we concurrently—and with the same amount of political determination—encourage complementary efforts to facilitate the dissemination of knowledge, especially those that are of critical importance to development? No doubt, innovation and the dynamic efficiency of economies have to be rewarded through such measures as intellectual property rights. But it is the application of knowledge to development and its consequent dissemination, that also matters.

Thus, global public goods can be seen as inputs to the development process. National policy priorities as well as internationally agreed-upon goals and objectives, such as the Millennium Development Goals, are the end. Similarly, global public goods are important ingredients to realize human rights. For example, without increasing globalization (i.e. world-wide spread, cross-border harmonization and international monitoring) of institutions, such as those linked to the rule of law, respect for human rights would not be as strong and entrenched as it is today.

12 How are global public goods to be produced?

The production of public goods is not very different from the production of any good or service—various inputs are required to get to the final good. In many cases, the global public good—or bad as the case may be—is an outcome of various individual actions and inputs. For example, the global public bad of climate instability is the by-product of many years of greenhouse gas emissions into the atmosphere by, among others, people who drive cars and manufacturing companies that have not adopted cleaner technologies. The chapter by Kaul and Le Goulven on institutions illustrates the production processes of two global public goods, climate stability and food safety, in greater detail.

The discussion in that chapter shows that production depends on the institutions and organizations that help (or hinder) the synthesis of inputs required to produce the good. It also shows that many of today's institutions are not conducive to the production of global public goods. The production of global public goods requires a process that is "multi"—multi-country/level/actor/sector. Yet policymaking at present is often fragmented and compartmentalized along national borders or along economic sector and actor lines.

[While the chapter by Kaul and Le Goulven examines the production of global public goods from a crosscutting perspective, the issue case studies presented in part IV of the book present important insights into this topic vis-à-vis select global public goods.]

13 What are the policy recommendations of the book?

There are four main policy messages.

First, new analytical tools for understanding public goods are needed. Among these tools, the concept of public goods itself has to be expanded in order to account for new realities in the world today where the impact of policies (or the lack thereof) transcends national borders. (See also the answers to questions 2 through 5.)

Second, the circle of stakeholders should match the circle of decision makers. Clearly, this is a challenge primarily when public goods transcend political boundaries—in health, trade, the



environment, and international finance, among other areas. (See also the answer to question 7.)

Third, financing public goods must be systematized and must not be mixed with financing of official development assistance (ODA). (See also the answers to questions 16 through 18.)

Finally, the political and production process for providing global public goods must be able to span borders, sectors and groups of key actors. One needs to recognize that global public goods also have production processes, like any good or service. (The answer to question 12 provides further details.)

The overview chapter of the book pulls together the various measures that chapter authors propose in order to encourage policy reforms along these lines. For ease of reference, the overview tables summarizing some of the suggested steps are reproduced in the annex to this note.

[For a detailed exposition of the policy recommendations, refer to the overview chapters by Kaul, Conceição, Le Goulven and Mendoza.]

14 How do we finance the provision of global public goods?

The financing of global public goods is, in the first place, a matter of facilitating a more efficient allocation of resources to a certain good. It is not necessarily an issue of raising additional resources.

Financing global public goods often does not require any new money, public or private. A lot can be accomplished simply by changing existing incentive structures. Such a re-alignment of incentives can be brought about, for example, through regulation (e.g. limiting carbon emissions). Or, it can be brought about by providing additional information so that countries and other important actors, such as business and civil society, are able to clearly see the advantages of meeting the challenges associated with providing global public goods. In the case of trade, for instance, providing the multilateral trade regime, a global public good in itself, requires, first and foremost, a balanced rule-based framework, which ensures that the regime is beneficial to all countries.

But often there is also a need for financial incentives. It may take the form of withdrawing money from a certain activity, such as the use of cars and related air pollution. Or, it may involve increasing the flow of resource towards a particular good, such as providing a positive financial incentive (subsidy) to pharmaceutical companies that undertake R&D on diseases that predominantly affect the poor. Such actions could add to overall economic growth, political stability and development, which makes all better off.

Providing Global Public Goods also recommends that if an enhanced provision of global public goods has public finance implications, the requisite resources should be included in the budget of the technical (line) ministry holding the overall responsibility for the good. (See also the answer to question 17.)

[For more on these points, see the chapter on financing global public goods by Kaul and Le Goulven.]



15 Does the provision of global public goods imply international taxation?

No. There are three main reasons why it does not:

First, the main building blocks for global public goods are national public goods, which means that the bulk of the financing for global public goods comes from the national level. For each dollar spent at the international level, about 200 to 400 are spent at the national level for global public goods.

Second, financing global public goods is not only about raising more funds, but rather, it is more about optimizing the allocation of existing resources. Such reallocation could even imply some savings. If we switch from controlling global public bads to providing global public goods, billions could be saved. For example, the eradication of smallpox generated a 46 percent return. [Conceição, discusses global public goods as investments with high social returns in his assessment chapter. See also the answer to question 19.]

Third, providing global public goods is not only a money matter. Global public goods can be better provided if appropriate systems, such as new markets or appropriate codes and standards, are created and made effective.

16 What is the difference between aid and financing for global public goods?

Aid is a distribution matter and primarily involves a resource transfer, mostly a flow of money from richer to poorer countries. Basically, it is guided by an equity rationale and is meant to help the poor.

Providing global public goods is mainly an allocation issue. The challenge in this case is to motivate actors to undertake certain policy actions in the general interest. For example, international financial stability matters not only to the people in developing countries who want to guard against external shocks, but also to people in industrial countries who want to protect their savings and investments.

A range of public finance tools can be employed in the production of global public goods. These include nonfinancial instruments such as regulation or assignment of property rights and financial instruments such as taxes, fines, subsidies, user fees and charges, and direct spending by state entities on services they provide through government agencies or private contractors. Global public goods financing is primarily guided by an efficiency rationale. (But, as elaborated below in point 18, efficiency considerations must in some instances be tempered by fairness considerations.)



Differences between aid and financing for global public goods

Issue	Aid	Financing for global public goods
Rationale	Equity	Efficiency
Branch of public finance	Distribution	Allocation
Policy tool	Transfer of resources	Panoply of instruments
Policy focus	Country	Issue (public good)
Main net beneficiary	Developing countries	Potentially all countries and all generations

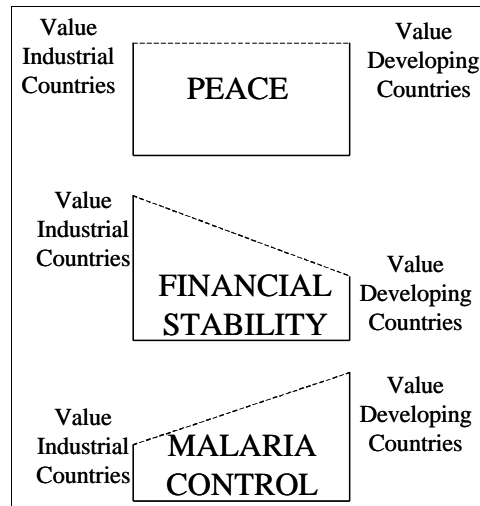
17 Can global public goods be financed without jeopardizing aid?

Yes, but much depends on whether or not industrial countries clearly distinguish between the financing for global public goods and the aid agenda.

In many instances, *industrial countries* today use official development assistance to back international cooperation on global public goods to which they attach high policy priority. Often, these particular goods do not enjoy similar policy preference in developing countries. The reduction of greenhouse gases is a case in point. In this case, industrial countries are a major contributor to the problem: the emerging risk of global warming. Therefore, it would only be appropriate for them also to take responsibility for needed corrective action. If for cost-saving or efficiency reasons they prefer to request a developing country to undertake the corrective action on their behalf, the payments, which might be involved, would clearly not constitute aid but rather “trade in developmental services”. Hence, it could be argued that the required money—if it were public money—would most appropriately come from the budget of the technical government agencies that are responsible for the domestic policy components of the global public good in question (e.g. the health or environment ministry).

International cooperation for global public goods, which are *more or less equally valued* by all countries, could, in the case of industrial countries, be financed through a mix of aid and non-aid resources.

If a particular global public good were *primarily in the interest of developing countries* (the control of a certain disease could be a case in point), the use of aid for this purpose (by donor and recipient countries) would be appropriate.



Put differently, if the provision and financing of global public goods is not to come at the expense of aid (as it unfortunately today often does), the following is important:

- A clear understanding of “whose” global public goods are under consideration: Who are the main beneficiaries?
- A clear differentiation on the part of industrial countries between the aid (global equity) and the global public goods (efficiency) agenda.

Moreover, if financing for global public goods comes at the expense of aid, development and aid effectiveness may suffer, leading to extreme poverty, and possibly, more negative cross-border externalities (e.g. conflict and war, illegal international immigration, or poor communicable disease control), affecting both developing and industrial countries. In addition, the poorest countries often do not figure largely in terms of correcting global public bads that concern industrial countries. (This is clearly the case in correcting global warming.) Therefore, the use of the aid modality in these instances is clearly sub-optimal. Playing aid and global public goods off each other is likely to harm both agendas.

18 What is the relationship between efficiency and fairness in the provision of global public goods?

Following an efficiency criterion alone, the provision of a global public good can, at times, result in a highly inequitable outcome. Consider, for instance, the fact that tropical rain forests lie in a belt that covers about 30 developing countries—most within 20 degrees of the equator. They are home to more biological species of life than any other ecosystem on earth and they comprise the “lungs” of the planet. From the viewpoint of global production efficiency, it would be best if these developing countries shouldered all of the costs of ensuring climate stability. They might be able to provide, for example, a certain reduction of CO₂ at a lower cost than industrial countries could achieve. However, such a single-minded concern with global production efficiency might unfairly burden the developing countries concerned.



In effect, even the textbook definitions of efficiency state that a resource allocation is efficiency-enhancing if it makes at least one agent better off, without making others worse off—the *Pareto* efficient criterion. This condition can often be met only if the “winners” compensate the “losers”. The rationale behind this fairness dimension of the efficiency criterion is that policies must make economic sense for all. Otherwise, why would individual actors support them?

International cooperation in support of global public goods consists, in large measure, of cross-border cooperation among sovereign states. Therefore, in order to succeed, international cooperation must generate some net-benefits for all, in both the short and long run. Returning to the example of international cooperation in the area of CO₂ emissions, it would therefore be necessary that the international community—notably the countries that contributed most to current pollution levels—adequately compensate the developing countries that can offer least-cost carbon sequestration services. In this case of an “exchange,” efficiency and fairness must go hand in hand in order to ensure that no one (neither rich nor poor) loses. But the fairness, or equity, that matters here deals more with the market or trade relationship between two actors and it is therefore different from the equity concerns that underpin income transfers.

[Sandmo discusses these issues in greater detail in his chapter on the international aspects of providing public goods.]

19 Is the provision of global public goods a rewarding investment?

Yes. A very crude estimate indicates that underproviding some select public goods imposes costs to the international community that far exceed the cost to implement known interventions to enhance provision. The costs of underproviding global public goods (costs of inaction) are associated with the stress imposed at many levels. A malprovided trade regime imposes economic efficiency losses on industrial and developing countries alike. Underproviding communicable disease control leads to pandemics like HIV/AIDS.

Preliminary estimates of the comparison between the costs of inaction and the costs of taking corrective action to enhance the provision of global public goods show that in some cases, the costs of inaction reach up to 10 times the cost of corrective action.

[For more on this issue, refer to the assessment chapter by Conceicao.]

20 Does the provision of global public goods imply creating new institutions at the national and international levels?

Not necessarily. Basically, global public goods call for a new way of public policymaking. First and foremost, they call for making international cooperation an integral—not just optional—part of national policymaking. And they also call for a strengthened issue-orientation—a focus not only on developing certain economic sectors, countries or regions, but also making sure that certain issues are resolved and that global public goods are supplied at a desired level and in an appropriate form. This in turn calls for a re-thinking of public economics as well as foreign policy and diplomacy. There is also a need for making more deliberate and systematic use of public-private partnerships and for infusing new



entrepreneurial spirit for more effective coordination and strategic management into public policymaking at the national and international level. Many issues may, however, require more networking among existing national actors. But such networks, partnerships or coalitions can often be of a time-bound nature—focused on enhancing the provision status of a particular global public good.

Global public goods do not call for adding more layers to the national and international bureaucracy. In fact, the global public goods lens helps develop arguments for rationalizing these bureaucracies to improve efficiency and effectiveness.

21 What is in this book for developing countries?

As noted earlier, the production of global public goods may entail several actors, both public and private. For example, the definition and assignment of new property rights (e.g. pollution permits) and the creation of new markets (for pollution permit trading) could contribute to the production of "climate stability". In this case, market forces would help strengthen each country's incentive to conserve resources, such as rainforests, by recognizing their appropriate "scarcity value." Thus, developing countries would have assets to sell to the rest of the world—possibly at a market-determined price, a more desirable scenario than the current *de facto* practice of exchanging these assets for foreign aid. As mentioned earlier (in the answer to question 17), the use of aid to finance global public goods diminishes aid resources devoted purely to development assistance.

For instance, the case studies by Castro and Cordero or by Perrings and Gadgil show how developing countries can provide carbon sequestration services or genetic information to industrialized countries. Because they are latecomers in the industrialization process, they still possess many resources in these areas. Carbon sequestration services and genetic information could thus be recognized as national (excludable or private) goods and services that could be allowed to fetch a scarcity price, just like gold and diamonds.² However, unlike the trade in gold and diamonds, trade in national goods and services would provide benefits to both buyer and seller in the long run, as it helps ensure a more stable climate.

In addition, an important finding of the book is that provision of global public goods has both efficiency and equity dimensions. For example, if financial stability is underprovided, both rich and poor are affected, but the poor will likely face the brunt of its costs. Similarly, if the HIV/AIDS epidemic goes unchecked, poorer countries with lesser resources will likely suffer higher casualties than richer countries whose populations may have more means to pay for the necessary drugs.

Moreover, the global public goods framework provides a strengthened and objective rationale for the participation of developing countries in the management of globalization. For instance, there is a so-called equivalence principle within public economics theory, which is very much in practice nationally but could also be applied internationally. This principle suggests that the span of a good's benefits and costs should be matched with the span of the jurisdiction (local or national) that takes decisions on the good. As the studies in Part II of the book indicate, internationally, the two circles (i.e. the span of the good's benefits/costs and

² The Convention on Biodiversity is a step in this direction (<http://www.biodiv.org/>).



that of the jurisdiction) are often poorly matched. Issues that concern all are often still decided by only a few. In particular, the participation of developing countries is frequently weak, a situation also faced by non-state actors.

22 What is in the book for industrial countries?

Like developing countries, industrial countries also face numerous challenges due to globalization. Increased demand for a clean environment, food safety or improved international peace and security are only some of the global public goods that are supported by a very sizable constituency in these countries. Increasingly, these countries—even the most powerful or richest ones among them—find it difficult if not impossible to produce public goods unilaterally. They too have reason to view the proposals for enhancing international cooperation in *Providing Global Public Goods* with interest.

In addition, “aid fatigue” in the industrialized world has contributed to an increased push for a more effective foreign aid program. Part of the challenge here is to appropriately distinguish an emerging dual agenda in international development policy today: aid and global public goods. *Providing Global Public Goods* explains how the former deals with the equity issue, while the latter answers mainly to an efficiency issue. Thus, these are complementary objectives and one should not be sacrificed in favor of the other. Obfuscating these tools—that is, financing global public goods provision with foreign aid—runs the risk of failing both objectives. Lower foreign aid deprives developing countries of much needed resources to pursue their development plans, while aid financed global public goods skews incentives for cooperation. (See also the answer to question 18.) Developing a dual agenda for international development policy—aid plus global public goods—is therefore in the interest of the industrialized world.

23 What is in this book for non-state actors?

Civil society includes all organizations, networks, and associations between the level of the family and the level of the state, except firms. Nongovernmental organizations (NGOs), labor unions, and business associations are non-state actors and form subsets of civil society. Firms are excluded because they are assumed to exist to make and distribute a private profit, while civil society groups are organized to defend or advance the interests they hold in common.

The contributions of the book highlight the fact that civil society has been one of the first true transnational actors and that this group has had a critical role in shedding some light on cross-border issues. Often, non-state actors have “nudged” state actors toward agreement on cross-border cooperation. Therefore, this book and the resulting framework will be of prime interest to members of civil society who have been involved in the politics of global public goods provision but whose legitimacy in doing so has been questioned.

The book recommends some first steps to improve this situation. Its recommendations are addressed in part, to international organizations, and in part, to non-state actors. Among other things, the following reforms are emphasized:

- Creating multi-stakeholder bodies, comprised of state and non-state actors;
- Organizing “pre-meeting meetings” with non-state actors; relying on the “Arias formula”, which allows invited NGOs to address UN bodies outside official sessions;



- Inviting “alternative reports” from non-state actors, to be considered alongside governmental reports, as the UN Commission on Human Rights has done;
- Supporting *Amicus curiae* (“friend-of-the-court”) briefs from non-state actors, for example at World Trade Organization appeal hearings;
- Setting up non-state global forums, such as a World Financial Forum to debate the policies and performance of the International Monetary Fund, let us say, on a biennial basis.

[For a more detailed discussion, refer to the chapter on political globalization by Held and McGrew and the chapter on the role and legitimacy of nonstate actors by Edwards and Zadek.]

24 What is in this book for *me*, a member of the global public?

In the same way that one’s daily life is dependent on private goods such as a car, clothes or bread, it also depends on public goods such as roads, an education system, and a law and order regime. As we usually don’t go to the store to acquire these public goods, their provision is often taken for granted. However, their production process has become more complex in the past decades because these public goods have gone global. Today the quality of health services offered to a citizen in the village of a given country depends not only on the quality and efficiency of that country’s national healthcare and medical research system. It also depends on, among others, the intellectual property rights regime that influences the rules of access to medicine, the physical linkages across countries that enable infectious diseases to cross borders (see the west Nile virus in the US for instance), and the potential for some traditional medicines unknown outside of indigenous communities of developing countries.

Public goods that matter to each of us, such as the control of communicable diseases, have now become global public goods. Clearly, the nature and quality of the provision of these goods are a matter of personal concern as well.

25 What is the big picture emerging from this book?

The big picture that one draws from this book is that the first phase of globalization—primarily brought about by the greater movement of ideas, goods, services, capital and people across borders—has made various national public goods interlocked. Individual countries today can no longer unilaterally produce many of their public goods. Threats of financial contagion, international terrorism, spread of contagious diseases, and climate instability require that policymakers look beyond their national borders and cooperation is now necessary to ensure adequate provision of national public goods. Thus global public goods can be said to be the sum of national public goods plus international cooperation.

The first phase of globalization must now be followed by a second phase—characterized by a globalization of policy measures to ensure enhanced global inclusiveness, equity and efficiency. Such second generation reform measures will, in particular, call for enhanced cross-border cooperation. But cooperation towards what end?



The key challenge is for the international community to live with integrating competitive markets *while* strengthening cross-border cooperation to make both markets and states work better for sustainable human development. Countries have learned, more or less, how to strike such a balance nationally. With time, and with full political engagement of the global public—*all of us, in our mutual interest*—this balance may also be achieved across national borders.

ANNEX

NEW ANALYTICAL TOOLS FOR UNDERSTANDING PUBLIC GOODS

- Expanding the definition of public goods and global public goods.
- Assessing goods using the triangle of publicness.
- Recognizing the link between efficiency and equity in the provision of global public goods.
- Complementing the concept of optimal supply with that of adequate provision.

NEW TOOLS TO FOSTER PUBLICNESS IN DECISIONMAKING

- Promoting the principle of stakeholder-decision maker equivalence.
- Developing criteria for fair negotiations.
- Strengthening the negotiating capacity of developing countries.
- Developing rules for interactions between state and nonstate actors.
- Creating advisory scientific panels for all major global issues, following the example of the Intergovernmental Panel on Climate Change.
- Creating negotiating arenas for new priority issues (such as the right of access to water for all people) together with appropriate grievance panels (such as a world water court).
- Creating demand-driven review and response facilities to promote flexible implementation of policy regimes, such as a trade and development review council within the World Trade Organization.
- Creating a G-29 based on the membership of the General Committee of the UN General Assembly

POSSIBLE TOOLS AND MECHANISMS FOR FINANCING GLOBAL PUBLIC GOODS

- Creating an international component of the allocation branch of public finance.
- Restoring official development assistance spent on global public goods to its purpose of providing aid.
- Including the costs of international cooperation for global public goods in the budgets of line agencies or ministries.
- Creating national matching grant funds for international cooperation.
- Establishing international accounts or trust funds for global issues.
- Identifying priority investment opportunities.
- Establishing a broadly representative technical body to facilitate cooperation on global public goods.



NEW TOOLS FOR MANAGING THE PRODUCTION OF PUBLIC GOODS

- Appointing national issue ambassadors for key global public goods.
- Designating a national lead agency, such as a technical ministry, for each key global public good.
- Linking foreign and domestic affairs through matrix management and integrated budgets.
- Renaming foreign affairs ministries as ministries for foreign affairs and international cooperation.
- Establishing implementation councils for multilateral agreements.
- Creating second-generation global public policy partnerships.
- Inviting high-level, issue-focused CEOs to lead and strategically manage public policy partnerships.