

Global Public Goods: What they are and why many are in short supply

2 Chapter

What are global public goods?

International cooperation has many uses. It is a tool for altruistic purposes, importantly so, and it serves a host of geo-political interests, certainly. But it is also a tool for states to align their long-term, enlightened national interests to achieve common goals. Some of these goals are “global public goods”.

Technically, in their pure form public goods are those that share two qualities—non-excludability and non-rivalry, in economists’ jargon. This means, respectively, that when provided to one party, the public good is available to all, and consumption of the public good by one party does not reduce the amount available to the others to consume.¹² Traditional examples of national public goods include traffic control systems and national security—goods that benefit all citizens and national private actors but that none could afford to supply on their own initiative.¹³

The sphere of global public goods we are concerned with is delineated by issues that are broadly conceived as important to the international community, that for the most part cannot or will not be adequately addressed by individual countries acting alone and that are defined through a broad international consensus or a legitimate process of decision-making.

The concept of public goods contains within it powerful tools for the analysis of the relationship between national and international public policy. Public goods can be regional or global in character, as well as national (see box 2.1). There are many challenges, cross-border in character, that are more effectively dealt with at the regional than either the national or global level. This is clearest for issues relating to shared physical systems, such as the provision of tsunami early warning systems and the management of river basins. Regional public goods are particularly useful for dealing with region-specific vulnerabilities created by regional openness, including for example cross-border transmission of human and animal diseases. In addition, regional public goods are increasingly perceived as part of the solution to long-standing development problems across a wide spectrum of sectors.¹⁴

Box 2.1 Definitions

A **local public good** benefits all the members of a local community, possibly to include the citizens of more than one country.

A **national public good** benefits all the citizens of a state.

A **domestic public good** benefits all the members of a community situated within a single state. National public goods are domestic public goods, but domestic public goods need not be national public goods.

A **regional public good** benefits countries belonging to a geographic territory.

A **global public good** benefits all countries and, therefore, all persons.

An **international public good** benefits more than one country. Global and regional public goods are both international public goods. However, some international public goods may be neither regional nor global. The public good of collective defence under NATO, for example, applies to North America and Europe.

Source: Barrett (2007).

Applied to the global sphere the term defines a set of international goods whose benefits could in principle be enjoyed by the governments and people of all states.¹⁵ Examples include international mechanisms for ensuring financial stability, the scientific knowledge involved in the discovery of a vaccine and international regulations for civil aviation and telecommunications. Once such global standards and systems are established, they are available to all states, and consumption of the good by one state or its people in no way reduces its availability to others.¹⁶ It is important to note that in some contexts public goods are contested, as further elaborated below.

The features that characterize global public goods make them valuable, but—as further discussed below—they are difficult to provide. Precisely because they are available to all once produced, states routinely avoid their own responsibilities, believing others will act and they will benefit (the “free rider” problem); but the result is often that too few states act for the good to be produced. And states also resist accepting the restraints on their sovereignty that are often necessary to produce these goods.

Indeed much of the difficulty in ensuring the provision of global public goods comes from the international level. It is at this level that our Task Force has chosen to focus its analysis. This does not negate a recognition that the national level is critical for the provision of global public goods. As with development and every other sphere of international cooperation, much of the work is accomplished by national authorities in a national context—for example, when countries introduce national carbon taxes. This report, however, is focused on the problems and prospects of international cooperation and our recommendations for its adaptation to better and more reliably deliver global public goods.

Why public goods matter

At a time when international cooperation and the institutions that shape it labour under the weight of public skepticism and political cynicism, there is a need for new ideas and new approaches to overcome obstacles to cooperation. The concept of global public goods provides a powerful framework to rediscover both classical and contemporary arguments for international cooperation, to generate innovation and to identify pathways to overcoming some of the obstacles governments confront in tackling global ills.¹⁸

In the sphere of global public goods, international cooperation is in the national interests of all, as well as in the common interest.¹⁹ Of course the national interest is not achieved without negotiation and compromise. Just as in the national sphere each citizen must make sacrifices—in the form of taxes, regulations and some restrictions on individual liberty—to realize the benefits of security and freedom, so at the inter-national level all states have national interests in making the necessary short-term sacrifices, and exercising the necessary restraint, to enable the long-term rewards and benefits that only international cooperation can provide. The concept helps us recognize that, with a long-term view and with concerted action, the global interest and the national interest can not only be reconciled but are mutually reinforcing.

This provides a compelling framework to use in national settings to persuade domestic audiences and authorities of the value of committing national resources, and restraining national autonomy, in the pursuit of common international goals. Whereas funding for development is framed either in terms of altruism or geo-politics, it is important to remind national audiences of three simple realities:

- All peoples will be affected by changes in the environment.
- All peoples are vulnerable to risks from infectious disease.
- All can benefit from international systems designed to supply peace and security, trade and financial stability—and the prosperity that these allow.

Moreover the features of global public goods transcend traditional divisions between states. Supplying global public goods requires efforts by many or all states, and all states can share in their benefits. This broadens our conception of states' responsibilities to one another, of the mutual responsibilities all states bear to ensure that their national actions contribute to and reinforce both the national and the global interest. And it

allows for the construction of win-win approaches to common challenges, rather than the zero-sum (“if I win, you lose”) approach that characterizes much current international negotiation.

In short, in this period of intensifying political divisions between countries, regions and groupings, understanding the character of global public goods compels the recognition that all states have a vested interest in each other’s mutual benefit and helps to transcend the divisions that weaken the prospects for tackling common global ills.

Work on global public goods also takes us beyond the state, helpfully pointing to the private sector, including civil society, who are increasingly involved in shaping transborder interactions and to the positive benefits these actors can provide.

Why are many global public goods in short supply?

If all states and peoples can benefit from the provision of global public goods, it seems logical that they should be easy to supply and should be available in abundance. But the opposite is true. In fact the very nature of global public goods means that demand will tend to outweigh supply. There are a number of reasons for this:

- *Sovereignty*: Governments (or their citizens) are often unwilling to limit or constrain sovereign decision-making, for example by accepting binding rules or international monitoring of their own compliance with agreements. This weakens the prospects for cooperation by adding a high degree of uncertainty to most international agreements, where reliability would be more productive. This basic problem underlies all the others.
- *Differing preferences and priorities*. Governments often have divergent short-term interests in specific solutions even where they share common long-term goals; and since more and more governments are elected for time-bound periods, short-term politics tend to outweigh long-term perspectives. Moreover even the long-term goals themselves may resonate differently for different governments. Climate change impacts differently on different countries, and in the short term some may even profit from changes to local climate. Similarly, to describe the trade regime as a global public good is correct in economic terms, but countries have different economic stakes in the system and disagree on its social and political value; free trade, for

example, remains highly controversial in many countries and regions. Thus the “good” in global public good is often contested. What might be a highly desirable public good for one country or group of people might not be so for another.

- *The “free rider” problem.* Once a public good is produced and made available to one, in principle it becomes available to all, and it is hard to exclude others from its consumption. Consequently there is an incentive for every party to wait until another provides that public good, then enjoy its consumption.
- *The “weakest link” problem.* Some global public goods can only be produced when every government fully complies with a common approach, such as in efforts to eradicate an infectious disease. Success can be eroded by a single act of non-compliance. This makes for arduous and long-term problems of cooperation. And the risk of failure is such that it is hard to convince governments to make the necessary investments.
- *The “summation” problem.* Where the successful production of a particular global public good is literally the result or sum of the individual efforts of all the separate participants, such as mitigating global climate change, there are hard challenges in ensuring compliance and sustaining momentum with long-term global initiatives.

The major barriers to solving global problems, then, do not lie with institutional strain—a symptom of a problem, not its cause. Instead, the major obstacles emerge from the fact that the international sphere is characterized principally by voluntary interaction between sovereign states—all with ideas and values and interests of their own.

While social, political and economic interactions draw peoples together, as does an increasingly globalized private sector, separate national governments remain responsible for balancing and legitimizing the policies to structure their interactions. While organizations such as the European Union are altering our conceptions of sovereignty, democratically elected governments remain the most consistently legitimate form of authority yet devised, and electorates are often less keen than politicians to accept multilateral restrictions on domestic sovereignty. Sovereignty, often declared to be in rapid retreat, perseveres nonetheless.

Thus voluntary cooperation between independent, sovereign states remains the hallmark of the international system and its essential requirement.

Some global public goods can be supplied without widespread cooperation in their supply, even though there would by definition be global access to them once supplied. Historically the easiest global public goods to produce are “best-shot” public goods—goods that simply have to be supplied once for them to be available to all. The discovery of a vaccine is such a good; once discovered it potentially can be available to all in perpetuity.

Similarly, it has been argued that the United States, acting in its own right and in its own interest, created important best-shot global public goods by securing international air and sea lanes, maintaining a strong currency used widely as a standard, acting as the basic financial regulator and serving as the lender of last resort.²⁰ It is worth stressing, however, that the United States played this role in the context of a broad international consensus that it helped to forge, a consensus embedded in the United Nations, the International Monetary Fund (IMF) and the World Bank—institutions within which the United States also agreed to constrain its own power. Consensus and constraint were important conditions for leadership.

In most cases action by a single government will not suffice for the provision of global public goods, and broad regional or international cooperation is the only recourse. In these cases overcoming political and value differences forms a second kind of obstacle. Achieving some form of international agreement or consensus is an important part of providing global public goods.

Thus we can by and large describe global public goods both in their economic sense and with the understanding that, for the most part, the large majority of states—as well as national private and civic actors—will see positive value in their production and consumption. But it is important not to neglect the reality that some of these are contested. The question of how states and populations participate in decision-making or consensus building around the provision of global public goods is critical. The perceived value of a good will depend substantially on the quality and character of states’ participation in the decision to supply it.