

**Notes on the role of Public Goods in the Governance
Debate**

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Introduction

This note discusses the role of Global Public Goods in the politics of global governance. It proposes that the concept of Global Public Goods is an heuristic tool to understand how globalization has increased the number of collective problems to be resolved while short-changing the political instruments available for collective governance.

The note explores how the concept of global public goods emerges and discusses the political variables involved in creating mechanisms for their administration. It outlines some of the contradictions pertaining to the definition and management of these goods and points towards current political trends which condition the governance agenda for global public goods.

The notion of Global Public Goods: From conceptual tool to policy instrument

Global public goods emerge from academia into the world of international negotiations in response to the governance needs and policy challenges posed by globalization. The concept originally refers to goods which, by virtue of two essential characteristics non rivalry in consumption (one person's use does not detract from another) and non exclusivity in benefits (consumption cannot be singularly appropriated) cannot be dealt with appropriately (provision and management) by the market mechanism.

The notion of imperfect market goods is already present in classical economic theory, but it will be Samuelson in his essay on the "The Pure Theory of Public Expenditure" (Samuelson 1954), which will give its present economic definition. Since then, the concept has been revised

and enlarged to incorporate public goods which exist in a global context and emerge from the increased interdependency of socio-economic relations brought about by globalization.

Stiglitz identifies five such public goods: international economic stability, international security and political stability, international environment, international humanitarian assistance and knowledge. But the frontier of what constitutes a public good is elastic as it incorporates existing public goods extended to the global arena, but also new goods and bads generated and or undersupplied by increased global interactions (Stiglitz 1999).

While the range of goods potentially classified as public increases with the moving frontiers of globalization, the extension of the concept from a single to a global market, is not without conceptual difficulties and ambiguities. The problems arising range from providing a conceptual and juridical definition to global goods to: determining safeguards and access to these goods, defining the terms for provision and mechanisms of distribution which respect their universal nature as well as mechanisms of surveillance which can guarantee compliance to agreements.

In its original economic conception, public goods are a theoretical and ahistorical construct conceived to explain the provision of goods which cannot be optimally regulated by traditional market mechanisms (price).

In its extended definition, the scope and meaning of the concept are altered. While the aetiology remains in part the same (non rivalry and non exclusivity) the concept is now geared towards explaining the contours and operations of the global market, how it generates new public goods and under provides existing ones.

Attempts to rationalize the concept have led to a series of classifications regarding the degree of publicness of the good, its scope and nature, the level of universality it attains and the modalities of technology required for its distribution. Global public goods can range from basic commons, such

as the environment to policy goods such as an international trading system and final goods such as global public health, security, financial stability and merit goods such as knowledge.

Kaul has elaborated an organizational triangle in which public goods are classified according to the level of publicness which they attain in consumption, decision-making and distribution of benefits (Kaul 1999,2003). Barret(2003) analyses goods according to their range of universality, scope and nature but also process of delivery.

Sagasti has formulated an ingenious definition which links the concept with the context in which it is provided. In this formulation global public goods pertain to three large domains; the domain of the global where they are defined, the domain of the networks which describes how they operate and the domain of the local which specifies how locally produced goods are latter transformed into global goods. Each of these domains in turn have their own forms of delivery and policy principles and incentives (Sagasti and Bezanson 2001).

Some economic critics argue that the redefinition of public goods from market specific to global has transformed the concept into a meaningless category. When all global issues became potential public goods the concept becomes a tautology (Kozul Wright 2000). Moreover the problem seems to rest not so much on how extended is the concept of public goods but on the nature of the global public domain in which they exist.

To date, the theory and policy regarding public goods has been confined to national markets and the nation state. Public goods are distributed and safeguarded by the State as “common values” pertaining to the public realm. In traditional democratic thinking, “common good”and“public realm” are distinct but complementary concepts. Common goods are intangibles which lie beyond the realm of the market and which need to be provided and preserved in order to guarantee equality of opportunity for the exercise of democratic citizenship and the public realm is the domain in which such goods are provided.

The State is both the guarantor of the public realm and according to the social-democratic tradition, the principle agent through which such goods are provided. In fact the legitimacy of the State rests in part in its role of guarantor of the public space and the equality of entitlements for public goods.

Once the provision of public goods is transposed to the global domain, contradictions in governance are inevitable. There are no substitutes for national states in the global realm or global institutions which can guarantee entitlements or a level playing field for those claiming these entitlements. Increased publicness does not entail increased universality or access to entitlements and opportunities.

As the existence of “global public goods” become increasingly consensual, the manner in which the global community should manage and allocate resources for the governance of these goods remains a matter of dispute. The problem ceases to be economic and becomes political. At stake is the management of economic interdependences and the under provision of goods engendered by globalisation but also the possibilities for governance of a global public realm. More specifically, defining the prospects for guaranteeing entitlements requires making international institutions more inclusive and developing modalities of political cooperation which can guarantee the operation of the system. In short, it implies developing modalities of governance without the prerequisite of global government.

Globalization and Global Public Goods

From an economic and political perspective, there is substantial agreement that the present wave of globalization is both qualitatively and quantitatively different from its 19th century version. This difference rests in a combination of old and new factors: the weight of trade and investments in determining growth, (also relevant in previous globalization waves) the deregulation of exchange markets and the subsequent increase in cross border financial flows (which had already reached circa 1.23 trillion dollars daily in 1995,) and the emergence of production, processing and communication technologies which have altered the manner in which goods are produced, knowledge is transmitted and people communicate and interact (Nayyar 2002).

Globalization created economic practices which do not correspond to political geographies, and communities and forms of interaction which rely more on mediatic experience than in the sense of place. (Appandurai 1996) It has also profoundly altered power relations between global players. National states lose strategic importance while, transnational corporations gain economic predominance but no corresponding forms of public accountability and international civil society become increasingly vocal but lacks forms of institutional representation. Increasing interdependencies between markets, states and peoples expands the number of global public goods in demand but also increases the political problems of administration and entitlements.

The current cycle of technology driven globalization creates singular economic contradictions between the transformative capacity of technology and processes of economic management and appropriation of technological change

New communication and process technologies have made production flexible and independent from traditional scarcities. Barriers to modernization of infrastructures are easier to surmount and technical solutions for many development problems are at hand. But, these enabling and empowering possibilities of technology, which in fact represent new common goods, are also being curtailed by monopolization of opportunities, concentration of

investments and new forms of capital accumulation based on restrictive patents and copyrights which are making access to public knowledge a new form of market right.

Moreover economic opportunities are also being reduced by more entrenched forms of competition as well as old and new barriers to trade and technology acquisition. As a result, while the technological conditions for development have remarkably changed, the market entry opportunities and leap frogging possibilities have been significantly curtailed. Development strategies which have been effective twenty years ago, in particular export promotion strategies, no longer represent real or feasible development solutions today. (Lall 2002) The key elements conducive to growth: investments, trade and technology acquisition are concentrated in the hands of transnational corporations and large financial institutions. Foreign Direct Investment is highly concentrated, and export oriented Transnationals tend to rationalize their investments in fewer sites often producing a herding effect which excludes large parts of the developing world.

The volatility of the world financial markets is an additional source of economic inefficiency, which aggravates this scenario of instability. Financial speculation generates fear and imposes limits and constraints to economic policy. As Taylor indicates, in a world in which stocks of international debt are so large and potential capital flows so overwhelming, management of markets require collective concerted action. More so, given the fact that exchange rates have no clear or direct linkages to such basic economic factors as trade, deficits and prices, they are, paraphrasing Keynes virtue of links and expectations in the minds of the market players much as the outcome of a financial beauty contest (Taylor 2002).

The competition for market access and inclusion exacerbates the political power play among corporations and states and increases the conflicting roles and attributions of national states. While vital processes such as macroeconomic and financial policy often escape the regulatory purview or tutelage of individual States, the rhetoric, jurisprudence and overall institutional infrastructure of international relations and cooperation continues to be based upon the interrelations between states.

Globalization diminishes national policy space and alters the modalities for the exercise of cooperative capitalism within the nation state. But states are still responsible for settling contradictions between national goals and global objectives.

In an integrated financial world, national policy options become increasingly shaped by global forces and individually tailored solutions to economic problems are often inefficient. With increasing economic interdependency, national states became partial tributaries to global trends widening the potential divide between national and global objectives. In many respects, advanced capitalism, by increasing the economic weight and importance of the public sector, transforms states into rentiers of their own economic and political interests (Bhaduri 2003). Interests; however which are mediated by global economic and financial trends.

As international competition exacerbates the stakes for economic gains and losses, establishing common international economic objectives becomes more complex. States will pursue discriminatory access to markets to the detriment of global welfare and often agreed regional objectives. The protracted and now pessimistic prospects for trade negotiations of the Doha development round testify to this trend.

Diverging economic positions, contrasting political motivations and negotiation abilities of global players increases the difficulties of creating a level playing field around which negotiating rules can be established. It also makes more blatant the inadequateness of international financial institution and more pressing the search for parameters and guidelines to regulate the inter-relationship between states and non state global players.

Governance and the provision of Global Public Goods

International negotiations are, more often than not, a power play among uneven hands but, the political lessons of social democracy are not easily transported into the global domain. Still, Governance is based on the

assumption that the evident need for international cooperation can move the international community away from the prospects of the prisoner's dilemma, where the pursuit of self interest leads to the loss of all. Or, that the current process of globalization is, in principle, politically manageable and that agreements can be reached which are conducive to a more egalitarian and broad based administration of global public goods.

The case for possible governance rests on the possibility of stimulating virtuous agreements between national and global interests, on the feasibility of increasing the representativeness of international organizations and decreasing the power gap between global players. This vision is couched on the reasonable although partial premises:

- that the awareness of systemic risks increases the political motivation for action,
- that contradictions between national public goods and global commons increases the need for negotiation and expands as well as sharpens the modalities of partial agreements which can be applied to the pursuit of public goods and,
- that the “glocal” perception of both interests and values efficiently and effectively operates as a voice in favour of a global governance agenda.

Awareness of systemic risks may not be a sufficient, but it is certainly a necessary motivation for action. The number of epistemic communities dedicated to the analysis of basic commons is growing. The increasing evidence in favour of collective solutions for climatic change and the societal pressures for adopting wide range and comprehensive measures in favour of sustainable development is a case in point. There is also growing consensus in the international scientific community over the needs to protect knowledge from undue private appropriation through elaborate, costly and discriminatory forms of intellectual property rights.

The recent adoption of UNESCO's convention for the protection of cultural diversity is a case in point. The development of generic medicines for fighting HIV/AIDS is another excellent example where national alternatives to global

monopolies have enhanced the collective capacity to manage global crisis and increased the call for the social accountability of corporations.

Kaul suggests that three types of gaps need to be bridged in pursuit of a feasible cooperation platform for Global Public Goods: the incentive gap to define gains and compensations amongst players, the juridical gap in principles of subsidiarity and the participation gap in existing international institutions. (Kaul 2003).

As Public Goods increase with the expanding frontiers of globalization so do the issues which compose a platform of cooperation. A political Agenda for Global Public Goods cannot be conceived as a “closed cooperation platform” but should be viewed as an open ended set of problems. The pursuit of political avenues for cooperation must take into account the different attributes, priorities and capacities to implement agreements of the international players and the profoundly altered nature of the international political system.

The challenge of reconciling national and global priorities starts within the confines of national states. As evidenced by the Kyoto protocol the provision, costs and administration of global public goods starts at the national level as does the political consciousness of the needs to promote them and the juridical basis for their implementation. It is also at the level of national states that negotiations between transnationals and civil society take shape and where the search for accountability starts. Glocal politics are in this regard the central node of the political process of building an agenda for public goods and it is the lobbying capacity of civil society at the national level and its propensity to absorb international issues as its own which pushes the frontiers of reform and engagement.

Held convincingly argues that globalization is more accurately linked with the expansion of the terms of political activity and the range of actors involved in political life, than with the death of politics, and that in fact, globalization should be seen as a continuation of politics through new means and different arenas (Held 1988).

But, the passage from national agreement to international cooperation in such diverse fields as: trade, environment, and development is complex and

uneven, States have profoundly diverging views of the process of international cooperation and the definitions of what constitutes a “common future” in a global society differ widely. Thus far, discussions over Global Public Goods have been a prey of the contradictions of globalization and the particularities of the Post Cold War.

In the first half of this new century we have witnessed the unravelling of a series of axioms about globalization, including the demise of key notions regarding the changing role of the state, the recipes for best economic performance and expectations regarding conflict resolution in a globalized world.

One of the key notions to be dismantled was the idea that globalization has its own inner historic economic logic which guarantees that independently of the point of departure, the more national economies go global in their economic and financial systems, the more they are prone to growth and the more the international system moves in the direction of perfect competition at the global level. The contrasting performance of European economies and of selected developing countries shows that national strategies matter and that good economic governance is the result of unique combinations between past social choices , investments in education, participation, economic opportunity and competition.

Contrarily to what foretold by many analysts of the collapse of the Soviet Union, the post cold war did not solidify the modus operandi of the pax Americana. In fact what we now witness a unique scenario where US hegemonic power in spite of its blatant military superiority cannot single handed ensure the imposition of its political options. Instead of the peace dividend we are witnessing the build up of national armies and under the banner of the fight against terrorism the development of “security” mentality which is not open to political dialogue.

Thirdly in spite of the rise of civil society and the emerging of private authorities as norms setting in vast number of economic and political fields, the new global economic players are nation states. China, India and Brazil to name a few amongst the emerging global powers, affirm their rights in the global economy as nation states and search for a geography of alliances

which facilitate the expansion of their economies at a global level. This re-emerging of statehood is also apparent in Europe where the enlargement of the EU is in great part due to the admission into the Union of newly formed nation states. Furthermore the conflicts in the Middle East be it the protracted fight for the creation of a Palestinian State or the dismembering of Iraq into a geography of chaos all entail an architecture of governance based on the preservation and creation of real or fictitious nation states. In the same logic, the search for sure, sustainable and cheap energy sources engenders partnerships and alliances which closely resemble the real politics of bygone eras. While these emerging trends do not signify a return to an updated Westphalia they point towards gaps in representation and contrasting perspectives on what could constitute a “global commons” as well as a paucity of instruments for governance in global economies.

These factors would indicate a weakening of what Held and others call cosmopolitan globalism in favour of a more bellicose version of competitive capitalism and as such sombre prospects for the agenda of global governance and in particular the administration of Global Public Goods.

It thus becomes crucial to envision alternatives to the current polarity between competition and cooperation, the breakdown of multilateral negotiations, the increasing use of bilateral leverage in determining positions in multilateral rounds, the asymmetrical potential for action of civil society and the dangerous renewal of reasons of state as legitimate logics for security. Identifying instruments of representation and legitimacy in the global scenario and mapping what we conceive as global public goods is one way out of the false dilemma between cosmopolitans and realists and may lead to a greater understanding of the elements which compose the paradigm of political action in the present global context

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