

Global Public Goods Public Goods problems

- Free rider:
 - Why should I cooperate when others might not?
 - Market fails, no incentives for cooperation.
- prisoner's dilemma.
 - Inability to agree on common strategy.
 - Race to the bottom – ex> training or labour standards
 - individually rational, collectively self-defeating.

Public goods – solving the problem

- Nation- State
 - Coercive power, common authority equally binding on all.
 - Taxes, laws, compulsory standards, etc.
- Global public goods
 - Depends on voluntary cooperation.
 - No int'l gov't.
- Controlling smog vs. climate change.

What is a global public good?

- Provision depends upon joint action among countries.
 - Environmental sustainability. (climate change)
 - Peace, security. (Terror)
 - Financial stability. (Asian Crisis)
 - Trade.
 - Health
 - Knowledge

Threats to global public goods, failures of global cooperation.

- Stalemates in world trade negotiations.
- Nuclear proliferation.
- Biological weapons, land mine treaties.
- Int'l Court of justice.
- Kyoto
- HIV/AIDS and pandemic threats.

Successes

- CFC, Montreal Protocol.
- HIV/AIDS drugs
- technical standards cooperation (telecomm, aviation, int'l banking).

- SARS (WHO)

Institutional challenges/obstacles

- More concentrated power, yet, more int'l integration
- Diff incentives for solving p.g. crises.
 - Poor countries suffer more from climate change, financial instability, global health crises, inadequate knowledge transfer.
- Reluctance to yield sovereignty
- Divergent goals/interests among countries
- Long vs. short-term interests.
- Weakest link problem (one non-cooperator ruins entire game)

Searching for Solutions

- Need to find win-win 'games'.
- Catalytic nations must lead.
- Int'l institutions:
 - MUST BE: specialized, unique, legitimate, accountable, authoritative, incentives for compliance (teeth).
- Financing by 'have' countries.

Some Climate Change strategies

- Rich countries as first movers.
- Carbon permit trading. Carbon taxes.
- Credit rich countries for carbon sinks, technology acceleration.
- Lagging obligations for poorer countries.
- Why Kyoto is equitable *and* efficient.
- Why the U.S. and Australia bailed out.

Pessimism or Optimism?

- Pessimism:
 - Diverse players: poor vs. rich,
 - Differences: cultures, stages of development, preferences, vulnerabilities, abilities to adapt.
- Optimism:
 - Linkage between different international issues.