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Growing Importance of Global Public Goods: The Case of Climate Change

By Parkash Chander

Synopsis

Despite the absence of a world government, efforts to supply global public goods continue. But different perceptions of fairness sometimes undermine such efforts as illustrated by the Trump administration's withdrawal from the Paris Agreement on climate change.

Commentary

A PUBLIC GOOD is a good whose consumption by some individual(s) does not diminish its availability to other individuals. Examples are national defence, radio broadcast, or clean air. They can be made available to additional consumers at minimal or no cost.

As markets cannot price these goods, markets fail in the provision of public goods. Public goods have, therefore, to be provided by the public sector or the government and cannot be left to the market and private incentives.

National vs Global Public Goods (GPGs)

There are two types of public goods: - *national* and *global* public goods (GPGs). The latter are goods with benefits – or damages in the case of public bads – that extend across countries and regions. Prominent examples include controlling climate change or trans-boundary haze from forest fires.

Another interesting example is nuclear disarmament. Possession of nuclear weapons by a country creates a fear in the minds of citizens of the rest of world. Thus, nuclear disarmament is a global public good because everyone would feel less fearful if no country has nuclear weapons.

However, the nation states possessing nuclear weapons can be pressurised, but not forced to give up their nuclear weapons against their will. Thus, only negotiations and a voluntary agreement among all countries with nuclear weapons can lead to nuclear disarmament and thereby provide this global public good.

Controlling Contagious Diseases as GPG

Controlling and eradicating a contagious disease – such as small pox or polio – is also a global public good because it would benefit people across countries and regions. However, given the contagious nature of these diseases, no country alone can control and eradicate them unless all other countries also do so. Thus, this global public good cannot be provided – that is the contagious diseases cannot be controlled and eradicated – unless there is coordination and cooperation among all countries.

Another example of a global public good is controlling international terrorism, as a terrorist act in any country creates fear and a feeling of insecurity among people across countries and regions.

In addition, the international broadcast of a world cup match can be considered a *global* public good. Thanks to modern technology, broadcasting – which is used to be a local public good – has been transformed into to a global public good. The matches can now be watched and enjoyed by many people across countries and regions and someone watching and enjoying the match does not imply that others will have less of the match to watch and enjoy.

In the future, with the application of new technologies, an increasing number of national public goods will turn into GPGs. Who would provide such goods?

Since GPGs, by definition, can be provided to additional consumers at minimal or zero cost, countries with large populations, such as China and India, can benefit from the provision of GPGs far more than countries with smaller populations. China and India, therefore, are likely to take the lead in providing GPGs in the future.

Mitigating Climate Change: ‘Granddaddy’ of GPGs

Mitigating climate change is a global public good because citizens of all countries stand to benefit from it and some people benefitting from it does not mean others would benefit less. In fact, mitigating climate change is sometimes called the ‘granddaddy’ of all global public goods. No other global public good can highlight the difficulty of providing global public goods better than mitigating climate change.

Achieving governance on climate change is difficult. For one thing, there is no world government that can supply and regulate the provision of this global public good. Given that the provision of global public goods must be voluntary, the United Nations is too weak to enforce rules on countries. Sovereignty safeguards the independence of individual nation states and their citizens in this sphere as in others. A nation state can be pressurised but not forced to contribute to the supply of a global public good.

Even with the absence of a world government, the world does not lack efforts to tackle

climate change. On the contrary, several countries have attempted to negotiate an international agreement on mitigating climate change that is voluntarily acceptable to all countries and regions as seen in the Kyoto Protocol and Paris Agreement.

However, arriving at such an agreement is a slow and difficult process as the agreement should not only balance the costs and benefits of mitigating climate change such that each country is better-off, i.e. benefits net of cost for each country are positive, but it should also be fair to all countries.

Fairness in Global Public Goods

The concept of fairness usually complicates international bargaining. Fairness is a tricky issue – while people are indeed concerned about fairness, what is perceived as fair is malleable. For this reason, issues of perceived fairness have often caused logjams in climate change negotiations. Indeed, one of the sticking points in climate change negotiations has been that of fairness.

The thinking in the developing countries is that the industrialised/developed countries have already used up much of the limited carbon space and, thus, they are the ones who should take the responsibility for controlling climate change and leave most of the remaining carbon space for the developing countries.

In contrast, the current US administration believes that it is not fair that the US emissions of greenhouse gases must begin to decline immediately while those of the developing countries may continue to rise, even if at a slower pace, for some more time. Indeed, the US President Donald Trump has said the Paris Agreement is soft on leading polluters like China and India.

Although the Paris Agreement reflects international effort to forge cooperation for controlling climate change, it remains to be seen whether the differences among key players can be resolved. Given different interests as well as dissimilar perceptions of fairness each stakeholder has, much needs to be sorted out so that countries can agree and commit to a path to mitigate climate change.

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