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Book Review

Why Cooperate? The Incentive to Supply Global Public Goods

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Public goods are interesting because they are a special case of the more general problem that individually rational but uncoordinated actions can yield outcomes that leave everyone worse off than they would be if they could find a way to coordinate their efforts. Global public goods (GPGs) are interesting because they often give incentives to the leaders of each country to act in ways that leave all countries worse off. In *Why Cooperate?*, Scott Barrett illuminates the unique challenges surrounding the supply of GPGs, and considers why efforts to supply GPGs succeed or fail.

Barrett begins by reminding us that GPGs provide benefits that are non-excludable and non-rival. In other words, the benefits from GPGs are available to people in all countries if they are available to any country, and one country's consumption of benefits does not diminish another country's consumption opportunities. Clean air and disease eradication are among the most pure examples of GPGs, since all people value a safe and healthy environment. Such pure public goods are quite rare of course. But impure public goods are usually susceptible to the same maladies as their purebred relatives – when large numbers of people with different goals, budget constraints and information need to coordinate their actions to attain a mutually beneficial outcome, there are always incentives to transfer the burden of provision to others.

Barrett devotes each of the first three chapters to elucidating a different kind of GPG, based on the extent of cooperation needed for its successful provision. In effect, Barrett proposes that we can think of the supply of GPGs as falling along a spectrum ranging from those that require the cooperation of all countries to those that require the effort of only one country.

Single best effort GPGs occur when a single nation has both the ability and – to a lesser extent – the incentive to supply the good in question. Examples include the creation of a missile system for diverting a catastrophic asteroid strike, and less dramatically, the design and installation of a global positioning system for navigation. In the absence of exclusion mechanisms, people in all states benefit from this technology, but since each nation's benefits exceed the costs of supplying the good, each has an interest in unilaterally supplying the good. Nevertheless, in the absence of coordination, such goods will tend to go undersupplied, since state leaders would rather impose the costs on other countries with the capacity to fund them.

Weakest link GPGs are at the opposite end of the spectrum from single best efforts, since they require the cooperation of every country. Examples of single best effort GPGs are hard to find. Climate change mitigation, for example, can easily occur in the absence of cooperation by small countries: Monaco and Montenegro do not emit enough greenhouse gasses to have a significant impact on climate change. But the complete eradication of a disease like polio is a "weakest link" good because it can only occur if all countries coordinate their efforts. Weakest link GPGs are arguably the most interesting because they provide a *prima facie* rationale for each nation to contribute to the development and stability of all other nations. Since failed states can be the weak links in an effort that requires all countries to contribute to a collective good, Barrett suggests that a stable international community of states might itself be considered a collective good (p. 12).

In the middle of Barrett's spectrum are "aggregate effort" GPGs, which only require the cooperation of some or most nations. Halting ozone depletion and slowing anthropogenic climate change are examples. To illustrate how the provision of aggregate effort GPGs might fail or succeed, Barrett provides a useful contrast between the successful international effort to regulate chlorofluorocarbon (CFC) emissions (which cause atmospheric ozone depletion) and the unsuccessful effort to reduce greenhouse gas emissions (which cause climate change). According to Barrett, the treaties governing ozone depletion (the Montreal Protocol) and climate change (the Kyoto Protocol) provide very different incentives. Montreal imposed trade sanctions on those who refused to comply once a quorum of countries had signed; since most states have now signed, trade sanctions significantly damage non-compliers and non-signatories. The conditional sanctions effectively solved both the free rider problem and the assurance problem of public goods provision. In contrast, Barrett emphasizes that Kyoto was designed to apply only to the 38 wealthiest countries. This gave more than 150 other countries an incentive to free ride, and failed to reassure the wealthy countries that their efforts would suffice to solve the problem over the long term.

While Barrett's analysis is plausible, it is incomplete. Why were the Kyoto and Montreal treaties written in such different ways? The answer presumably has many dimensions – economic, moral, and political. First, the cost of imposing emissions standards for greenhouse gasses is much higher than the cost of regulating CFC emissions. This is because CFCs have relatively inexpensive and effective substitutes, whereas alternative energy sources which produce significantly less greenhouse gas emissions are much more costly, given our current technology. Second, the higher short-term energy costs imposed by signing and complying with Kyoto would take a more significant bite out of individual budgets in poorer nations since the relative costs spent on energy are higher for poor people. Some might consider these costs unfair, since nations with the largest number of poor people tend to be those who have contributed least to the problem of climate change. Finally, it seems likely that the reluctance of some of the most powerful countries to sign on – most notably the USA and Australia – owe partly to political pressure by firms that effectively monopolize the domestic energy supply, and which stand to lose most or all of their business to competitors who can better adapt to dramatic and costly regulations on greenhouse gasses.

Although Barrett's book is packed with lucid examples and insightful discussion, toward the end of the book he falls into the common trap of overextending the GPGs framework. For example, Barrett argues that protecting human rights is a GPG (p. 118), since although we do not experience the physical or psychological pain of someone whose rights are violated, we may be said to be injured to the extent that we sympathize with the victims. If this is so, then protecting human rights benefits people everywhere.

This line of argument is mistaken. First, if it is our knowledge of people's rights being violated that makes it bad, then perhaps covering up massacres rather than preventing them would be a GPG, and one that is potentially cheaper to supply. Second, since people's reactions to human rights violations – for example, female genital mutilation – seem to vary, the benefits of human rights protections are relatively excludable (those who consider genital mutilation a religious or cultural duty might actively oppose efforts to ban it as a positive evil). This is not to say that we should tolerate such rights violations, only that we may need to find other grounds to justify our policy response.

The second overextension of the public goods framework occurs in the context of Barrett's discussion of cloning and genetic enhancement (pp. 145-7). Barrett begins with the claim that since most people oppose reproductive cloning, imposing a global ban might be considered an outcome from which most people benefit. Banning reproductive cloning could thus be considered a partially excludable GPG. But Barrett then argues that international bans on therapeutic cloning and genetic enhancement can also be considered GPGs. This section is especially weak for two reasons. First, it is unclear how many people across the globe have an informed opinion, or any opinion at all, about permitting scientists to use cloning for medical purposes, or allowing individuals to make choices about altering the contents of their own chromosomes. Second, Barrett cites a handful of pessimistic predictions about the medical prospects of genetic engineering and therapeutic cloning to support his claims that they are dangerous and therefore undesirable. This tact is troubling not only because technological innovation might render these objections obsolete, but because Barrett also resorts to a kind of moralistic conception of what is good or bad for the public in order to support his objections to cloning and genetic enhancement on public goods grounds. Yet, the appeal of the public goods framework is that there are some outcomes which everyone can readily recognize as beneficial, regardless of their moral commitments, which provide special provision challenges. Barrett's mistake reminds us that in thinking about GPGs, we should distinguish between outcomes that are collectively desired from those that are desirable, according to some moral theory.

Despite this caveat, Barrett's book accomplishes what it sets out to achieve: bringing the concept of GPGs to bear on a variety of international problems, and, to a lesser extent, suggesting how many of these problems might be solved through global institutions that foster cooperation.