

Increasing the supply of global public goods

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Motivation

There is an under supply of public goods, particularly when the benefits are global.

Countries are willing to share some but not all of the costs of the supply of certain public goods.

There is a lack of confidence that other governments will fund projects over time.

A few examples

- R&D for new antibiotic drugs, vaccines, diseases that primarily concern poor persons living in developing countries, low cost point of care diagnostics, etc
- Independent clinical studies to assess the effectiveness of treatment regimes
- Commitments to fund the Global Fund for HIV/AIDS, TB and malaria.
- Emergency services, security, peacekeeping, refugee services.
- Cross border environmental challenges, including but not limited to climate change.
- Investments in making information accessible to persons who are visually impaired or have other disabilities.
- R&D to develop inexpensive refreshable braille readers
- Funding the development of open journals, textbooks and distance education tools

Elaboration on knowledge goods

- Marginal costs of production approach zero, and there are opportunities for economies of abundance
- However, some knowledge goods are expensive to create, and there is a need to create sustainable systems of finance for knowledge production

Intellectual property rights (IPR)

- Often used to privatize knowledge and restrict access.
- Impact of IPR enforced monopolies on new medicine prices can be significant, and lead to
 - inequalities of access,
 - financial hardships, and
 - unnecessary death and suffering.
- Monopolies on knowledge are justified by the need to pay for R&D.

"The secret to change is to focus all of your energy not on fighting the old but building the new."

From "Way of the Peaceful Warrior"

How to produce medical innovation as a global public good?

- Increase public sector investments in R&D as a public good.
- Reform incentives (prizes, patent buyouts, rather than monopolies)
- Address cross border and trade related issues of knowledge produced as a public good.

World Health Organization negotiations

Several proposals for a global instrument funding biomedical R&D

- Talks bogged down over a dozen divisive issues

KEI proposed hack on the WTO

The World Trade Organization (WTO)

Location: Geneva, Switzerland

Established: 1 January 1995

Membership: 160 countries on 26 June 2014

Secretariat staff: 640

Head: Roberto Azevêdo (Director-General)

Current Functions:

- Administers (several) WTO trade agreements
- Provides a forum for trade negotiations
- Resolves trade disputes
- Monitors national trade policies
- Provides technical assistance and training.
- Cooperates with other international organizations

WTO Dispute Settlement Understanding (DSU)

The feature that makes the WTO unique and important is the power to enforce its agreements.

The WTO Dispute Settlement Understanding (DSU) allows members to impose diverse trade sanctions against other WTO members when rules or commitments are broken

The sanctions may take the form of tariffs on selective or targeted goods, and also other measures, including retaliation against intellectual property rights.

No country wants to leave the WTO.

Proposal for agreement on supply of public goods

Create an option for governments to make binding offers and commitments for the supply of heterogeneous global public goods.

The new agreement would be modeled in part on the WTO agreement on services — the General Agreement on Trade in Services (GATS).

The GATS in the WTO is designed to privatize and liberalize trade in service, featuring a system of binding “offers.” The offers are not uniform, and depend upon a willingness to liberalize in a specific sector, and the interest of other countries that they do so.

Liberalization commitments are traded in an environment where “asks” and “offers” cover a wide range to topics, including changes in tariffs or agricultural subsidies, or requests for support of new intellectual property norms. What is key to the services agreement is its ability to accommodate a diverse set of offers, in a multilateral negotiation, where consensus on uniform norms is unlikely.

There is much criticism of the GATS itself, much of it we share. However, as a model for creating binding commitments for a diverse set of obligations, it is interesting. Hence, the reference to a “hack” of the WTO. We would borrow from the GATS the structure of accepting binding heterogeneous offers to supply — in this case, not liberalization of trade in services, but the supply of public goods.

The benefits of a WTO agreement on public goods would be several.

It can replace the need to set up a separate treaty or agreement, using the WTO's existing governance structure and secretariat.

On the other hand, a WTO schedule on the supply of public goods could complement separate treaties or agreements -- by lending the WTO's enforcement powers to third party agreements, on public goods.

By introducing public goods into the WTO environment — the culture of the WTO would be profoundly changed. “Asks” and “offers” in the WTO negotiations would not longer be exclusively about the private goods market, or about the privatization and enclosure of knowledge itself. There would be a shift to consider the competing benefits of greater openness, and a larger global commons. Knowledge that was produced to be “free” would have a new value, as a trading chip in the WTO environment.

Moving forward

KEI is in the process of creating a working group to advance work on a WTO agreement on the supply of public goods.

For more information

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