

Introduction to Global Issues

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More than at any other time in history, the future of humankind is being shaped by issues that are beyond any one nation's ability to solve. Climate change, avian flu, financial instability, terrorism, waves of migrants and refugees, water scarcities, disappearing fisheries, stark and seemingly intractable poverty—all of these are examples of *global issues* whose solution requires cooperation *among* nations. Each issue seems at first to be little connected to the next; the problems appear to come in all shapes and from all directions. But if one reflects a moment on these examples, some common features soon become apparent:

- Each issue affects a large number of people on different sides of national boundaries.
- Each issue is one of significant concern, directly or indirectly, to all or most of the countries of the world, often as evidenced by a major U.N. declaration or the holding of a global conference on the issue.
- Each issue has implications that require a global regulatory approach; no one government has the power or the authority to impose a solution, and market forces alone will not solve the problem.

These commonalities amount almost to a definition of “global issue,” and awareness of them will help throughout this book in identifying other such issues besides those named above. First, however, a few other definitions and distinctions will further clarify just what we mean by global issues.

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Some Definitions

Global issues, globalization, and global public goods are related but differing concepts. *Globalization* generally refers to the increasing integration of economies around the world, particularly through trade, production chains (where parts for a final good, such as an automobile, are produced in one country and assembled in another), and financial flows. The term increasingly also refers to the movement of people and of information (including not only financial and other raw data but ideas, fashions, and culture as well) across international borders. Globalization can be understood as a driving force affecting many global issues, from migration to fair trade to debt relief.

The concept of *global public goods* is a more recent one, and indeed its dimensions and implications are still being worked out by researchers and policy analysts. The International Task Force on Global Public Goods has defined “international public goods” (a term that includes both global and regional public goods) as goods and services that “address issues that: (i) are deemed to be important to the international community, to both developed and developing countries; (ii) typically cannot, or will not, be adequately addressed by individual countries or entities acting alone; and, in such cases (iii) are best addressed collectively on a multilateral basis.”¹ By this definition, most but not all of the global issues addressed in this book involve the creation of—or the failure to create—global public goods. We will return to the topic of global public goods later in the chapter.

What Global Issues Do We Face Today?

Global issues are present in all areas of our lives as citizens of the world. They affect our economies, our environment, our capabilities as humans, and our processes for making decisions regarding cooperation at the global level (which this book will call *global governance*). These issues often turn out to be interconnected, although they may not seem so at first. For example, energy consumption drives climate change, which in turn threatens marine fisheries through changes in ocean temperature and chemistry, and other food resources through changes in rainfall patterns. For purposes of this book we group global issues into the five thematic areas shown in Table 1.1. Of course, there are also other possible categorizations and other approaches to global issues.²

Not all of the issues listed in Table 1.1 are discussed in this book. Rather, we have tried to cover the most important ones in each of the categories in Table 1.1 where the World Bank has expertise. Global issues in the area of

TABLE 1.1 A List of Global Issues by Thematic Area

Thematic area	Global issues
Global economy	International trade,* financial stability,* poverty and inequality,* debt relief,* international migration,* food security,* intellectual property rights
Human development	Universal education,* communicable diseases,* humanitarian emergencies, hunger and malnutrition,* refugees
Environment and natural resources	Climate change,* deforestation,* access to safe water,* loss of biodiversity, land degradation, sustainable energy,* depletion of fisheries*
Peace and security	Arms proliferation, armed conflict, terrorism, removal of land mines, drug trafficking and other crime, disarmament, genocide
Global governance	International law, multilateral treaties, conflict prevention,* reform of the United Nations system,* reform of international financial institutions,* transnational corruption,* global compacts,* human rights

Note: Asterisks indicate that a chapter on this global issue is included in this book.

peace and security are also very important but are beyond the expertise and mandate of the World Bank. The book therefore has four parts, covering the global economy, global human development, the global environment and natural resources, and global governance. Each part has several chapters, each of which covers one of the global issues listed in Table 1.1.

Each chapter begins by defining the issue and identifying what makes it global in scope. The chapter then explores the key underlying forces that shape the issue, the consequences of addressing or not addressing it, and possible solutions, controversies, and international actions already under way or proposed. Each chapter ends with a brief review of the World Bank's own perspectives on the issue and its role in seeking solutions. What follows is a brief introduction to the four thematic areas and the global issues discussed within each.

The Global Economy

National and regional economies around the world are becoming increasingly integrated with each other through trade in goods and services, transfer of technology, and production chains. The interconnectedness of financial markets is also expanding rapidly. Such integration offers greater opportunity for

people to tap into more and larger markets around the world, and so increase both their incomes and their ability to enjoy all that the world economy has to offer.

At the same time, however, economic integration poses serious inherent risks: in a globalized world economy, an adverse event such as a financial crisis in one part of the world can easily spread to other parts, just as a contagious disease spreads from person to person. An example of such contagion was the East Asian financial crisis of 1997–98, in which a financial and currency crisis in Thailand quickly triggered similar upheavals in the Republic of Korea, Indonesia, and elsewhere, prompting international intervention to avert a global crisis. (See Chapter 3 for more about the East Asian and other financial crises.) Another example involves the globalization of trade and labor markets: Concerns about the fairness of recent international trade agreements and about the effects of freer trade on jobs and working conditions led to violent protests at the World Trade Organization meeting in Seattle in 1999; these protests helped change the dynamic of the latest round of international trade negotiations. (See Chapter 6 for a discussion of these ongoing negotiations.) There are also concerns that the world economy is growing in an unbalanced way, with rising inequalities in incomes and opportunities.

Part One of the book is devoted to those global issues that fall under the heading of the global economy. Of the many issues that could be addressed, the book considers the following: *poverty and inequality*, *financial stability*, *debt*, *migration*, *trade*, and *food security*.

Poverty and Inequality

Substantial progress has been made in recent decades in reducing poverty—the proportion of people living in extreme poverty worldwide has halved since 1980. Yet poverty remains deep and widespread: more than a billion people still subsist on less than one dollar a day, and income per capita in the world's high-income countries, on average, is 65 times that in the low-income countries.

Income is not the only measure of poverty, nor is it the only one for which the recent numbers are grim. Over three-quarters of a billion of the world's people, many of them children, are malnourished. Whereas the rich countries have an average of 3.7 physicians per 1,000 population, the low-income countries have just 0.4 per 1,000. Maternal mortality in childbirth in many low-income African countries is more than 100 times higher than in the high-income countries of Europe. Vast numbers of people also struggle to survive in squalid, depressing living conditions, where they lack both opportunity to

better their lives and the social recognition and voice to demand such opportunity. These, too, are real and important aspects of poverty.

Accompanying widespread poverty is widespread inequality, again as measured both by income and by other yardsticks. Measured in absolute terms, the income gap between rich and poor countries has widened over the last several decades. The economic divide within countries is likewise large.

In an increasingly interdependent world, the high prevalence and stubborn persistence of poverty and inequality in developing countries—the subject of Chapter 2 of this volume—have implications for all countries. Deep deprivation weakens the capacity of states to combat terrorism, organized crime, armed conflict, and the spread of disease, and these in turn can have severe economic, environmental, and security consequences for neighboring states and the global community. Poverty and inequality and their associated outcomes can no longer be contained within national boundaries. This makes them a global problem of huge proportions, and it means that alleviating poverty and reducing inequality are critical to maintaining and strengthening regional and global stability. That is why the United Nations has made reducing world poverty a top priority—it is a target under the first of the Millennium Development Goals (MDGs) adopted at the U.N. Millennium Summit—and it is why the World Bank takes as its fundamental mission to build a world free of poverty.³

Financial Stability

The emergence of a global, market-based financial economy has brought considerable benefits to those middle-income countries at the forefront of economic reform and liberalization—the so-called emerging market economies. Thanks largely to the opening of the financial sector in these countries, investors in other countries can now better diversify their investment choices across domestic and international assets, increasing their expected rate of return. Businesses within these countries, meanwhile, are better able to finance promising ideas and fund their expansion plans. As a result, financial resources worldwide are invested more efficiently, boosting economic growth and living standards on both sides of these transactions.

But, as Chapter 3 argues, the globalization of financial markets has proved to be a double-edged sword. Even in those countries where liberalization has been a tonic for economic growth, it has also raised the real risk of financial crisis. The most controversial aspect of financial liberalization involves the liberalization of portfolio flows, especially short-term borrowing. The dangers were brought into sharp focus during the East Asian financial crisis of the late 1990s, mentioned above: The failure of financial

systems in that episode imposed high economic and social costs, such as rampant unemployment, increased migration, social conflict, and social instability—and not only in the countries directly affected. In the wake of this and other crises, an urgent debate has been launched over reform of the international financial architecture to reduce the chances of further financial instability.

Debt Relief and Debt Sustainability

For the world's poorest countries, foreign aid and the ability to take on foreign debt present a valuable opportunity to invest in their own development. But foreign borrowing poses great disadvantages as well as great advantages. On the one hand, when the proceeds of public borrowing are invested wisely, directed at the right policies and programs, they can indeed promote more rapid development. On the other hand, too much borrowing, or any borrowing that is not undertaken prudently, can act as a drag on the economy, as precious funds must then be devoted to debt service rather than to serving the country's development needs. As Chapter 4 explains, debt that is rising rapidly relative to a country's output or exports can threaten that country's very future.

This threat became increasingly and painfully evident in the case of a number of low-income countries in the 1980s and 1990s. Their plight sparked an international advocacy campaign, popularly known as the Jubilee movement, to forgive the debts of the poorest countries with huge debt burdens. This campaign led in turn to the launch of the Heavily Indebted Poor Countries (HIPC) Initiative in 1996, to address the excessive debt burdens of the world's poorest nations. Since then, 38 of these countries, 32 of them in Sub-Saharan Africa, have qualified or potentially qualify for HIPC assistance, and of these, 18 are now receiving irrevocable debt relief and 10 are receiving interim relief. The rest have been beset by persistent social difficulties that make debt relief infeasible for now. However, at their summit in Gleneagles, Scotland, in 2005, the leaders of the Group of Eight major industrial nations pledged to eventually write off 100 percent of the debt of the poorest African countries. In line with this proposal, officially known as the Multilateral Debt Relief Initiative, efforts are under way to provide \$37 billion in debt relief to countries that are at the HIPC completion stage.

International Migration

Increasing flows of people across national borders are both a contributor to and a consequence of a more interconnected world. About 180 million people worldwide already live outside their country of birth, and pressure for

international migration will continue, driven by differences in demographics and real incomes between countries. Research shows that although the largest economic gains from immigration accrue to the immigrants themselves, the international migration of labor can also benefit both the countries receiving immigrants and the countries sending them, and that on balance it boosts world income and reduces poverty. In the receiving countries, migrants can fill labor shortages in certain industries. In the sending countries, they can help ease unemployment and other social pressures while increasing financial inflows, in the form of remittances from the migrants to their families back home. Remittances also help level out the distribution of income both within and across countries. Worldwide remittances have doubled in the last decade, reaching \$216 billion in 2004, according to official statistics, of which \$151 billion is estimated to have gone to developing countries. Actual remittances are most likely higher, because remittances through informal channels fail to be counted.

Migration is not without its costs, however. For the migrants themselves, the journey itself and the search for fair employment and humane treatment in the host country can be arduous and risky. The host country government may bear added costs to assimilate the migrants, and wages for some native workers may fall. The home country may suffer a loss of valuable skilled workers. The sum of these and other costs depends, of course, on the number of migrants, and so the major issues surrounding international migration today, which Chapter 5 examines, are how to help countries adapt to large-scale migration and how to improve its global development impact. Equitable migration is also ultimately linked to other broader issues such as poverty reduction and human rights, making it a global concern.

International Trade

In an ever more integrated world economy, international trade matters more than ever before. As Chapter 6 argues, a robust and equitable trading system is central to the fight against global poverty, because it drives economic growth and provides jobs in developing countries where they are sorely needed. Measured by the volume of goods and services traded, world trade continues to grow, and just since 2000, the exports of developing countries as a group have increased their share of world markets by more than a fifth, from 19 percent to 23 percent. Yet growth in trade in many low-income countries has long been held back by protectionist policies in the more developed countries. Many rich countries offer subsidies to politically favored domestic industries such as sugar, textiles, apparel, and steel. These subsidies are a serious barrier to low-income countries' exports.

The Doha Development Round of multilateral trade talks, now under way under the auspices of the World Trade Organization (WTO), is the first such round to place developing country interests at the center of the negotiations. Although progress on the Doha round stalled following the collapse of the September 2003 WTO Ministerial Conference in Cancún, Mexico, WTO members have committed themselves to make progress as the talks proceed. Delivering on the promise of lowering tariffs as well as nontariff barriers in both developed and developing countries could stimulate worldwide increases in income that would lift an estimated 144 million people out of poverty.

Food Security

In a world of growing prosperity and agricultural abundance, about 800 million people still do not get enough to eat. Eliminating hunger is thus one of the most fundamental challenges facing humanity. The challenge is a complex one—so much so that this book devotes two chapters to unraveling its multiple dimensions. As Chapter 7 explains, the task of reducing hunger—another one of the targets under the first of the MDGs—is shaped by interlinked issues of food availability, access to food, food security, and distribution. Food availability refers to the supply of food, whether at the global, regional, national, or local level, without regard to the ability of individuals to acquire it. Sources of supply may include production within the household, domestic commercial food production, food stocks accumulated in earlier periods, commercially purchased imports, and food aid. There are presently no signs of a food availability problem at the global level. In fact, global food production has more than kept pace with growing world population in recent decades, increasing in per capita terms by 0.9 percent annually and even faster in such populous developing countries as China and India.

In most circumstances the main cause of food insecurity is not lack of availability but lack of access at the household level: because of weak purchasing power and insufficient household agricultural production—both characteristics associated with poverty—millions of people cannot obtain enough of the food that is available locally to meet their dietary needs. And even access to sufficient food at the household level does not guarantee that all individuals will have an adequate food intake. That depends upon the distribution of food among household members, methods of food preparation, dietary preferences, and mother-child feeding habits—issues taken up further in Chapter 10.

Human Development

Part Two of the book covers three global issues related to the development and preservation of human capability: *communicable diseases*, *education*, and *malnutrition*. The Human Development Reports team has defined the task of human development as “creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests.”⁴ Building human capabilities through education, health services, and access to resources and knowledge is fundamental to human development. Most of the actions needed lie within the domain of national governments, but broad-based human development also has significant externalities, or spillover effects, that make it a global issue. Education, good health, and good nutrition are all vital not only for the earning capacity and general well-being of individuals, but also for the prosperity of national economies and, in a globalizing world, for the global economy. Controlling the global spread of diseases is determined in part by the effectiveness of national public health programs, but also by the degree of international cooperation in containing outbreaks, and the weakest link in the chain determines the risk for all. The importance of education, health, and nutrition both for individuals and for human society at all levels explains why several of the MDGs focus on these human development issues.

Communicable Diseases

HIV/AIDS, tuberculosis, and malaria are just a few of the infectious diseases that continue to plague humankind, especially in the developing world. Meanwhile new threats such as avian flu and severe acute respiratory syndrome (SARS) continue to emerge. With essential vaccines and immunizations still underprovided in many developing countries, communicable diseases are an international public health issue that has caught the attention of the global public and its leaders. There is increasing global awareness that communicable diseases do not respect national borders, and that how these diseases are dealt with in developing countries has consequences both for global public health and for the global economy.

As Chapter 8 reports, this view is well grounded in years of research, which has produced some important breakthroughs but also reported some dismaying findings: 40 million people worldwide are now infected with HIV, and those infected experience a decline in life expectancy of 6 to 7 years on average; communicable diseases represent 7 of the top 10 causes of child mortality in developing countries, even though 90 percent of these deaths are

avoidable. Improvements in global public health not only promise relief from human suffering on a vast scale, but also have important economic benefits, as reductions in mortality, reduced incidence of disease, improved nutrition leading to improved intellectual capacity, and other gains feed through to a larger, more productive, and more capable world labor force.

Education

In today's global economy, education has become more vital than ever before in determining whether people, their local communities, and their countries achieve their potential and prosper. The world economy is undergoing changes that make it much more difficult for individuals in any country to thrive without the skills and tools that a quality education provides. This is particularly important for the poor, who rely on their skills and labor as their way out of poverty.

As Chapter 9 explains, these changes present new challenges and opportunities for educators and educational systems, and the stakes are tremendously high. The choices that countries make today about education could lead to sharply divergent outcomes in the decades ahead. Countries that respond astutely should experience extraordinary educational progress, with major social and economic benefits, including "catch-up" gains for the poor and marginalized. Countries that fail to recognize the challenge and respond to it risk stagnating or even slipping backward, widening social and economic gaps and sowing the seeds of unrest.

Malnutrition

As Chapter 10 reminds us, malnutrition remains the world's most serious health problem and the single biggest contributor to child mortality. Nearly one-third of all children in the developing world are either underweight or stunted, and more than 30 percent of the developing world's population suffer from micronutrient deficiencies. Without investments to reduce malnutrition, many countries will fail to achieve the MDGs, and other major international efforts in health may be derailed. In Sub-Saharan Africa, malnutrition rates are increasing, and in South Asia, which has the highest prevalence of undernutrition of any region, the situation is improving only slowly.

There is now unequivocal evidence that workable solutions to the malnutrition problem are available. An example is the strikingly low cost with which micronutrients could be provided to those in need of them: one estimate is that *all* of Africa's micronutrient needs could be met for a mere \$235 million a year. Indeed, interventions such as these have been shown to be excellent economic investments. The May 2004 "Copenhagen Consensus" of eminent

economists, which included a number of Nobel laureates, concluded that, among a lengthy list of interventions proposed to meet the world's myriad development challenges, nutrition interventions pay some of the highest returns.

Global Environment and Natural Resources

Part Three of the book focuses on issues related to conserving and more equitably sharing the planet's environmental and natural resources in ways that meet present needs without undermining future uses. This is the essence of environmental sustainability—a concept reflected in yet another of the MDGs. Resources such as *a stable world climate, energy, clean fresh water, fisheries, and forests* are all part of the global commons, and all are already under stress. Those stresses will only become more intense as world population and incomes increase, and as today's developing countries follow consumption paths taken decades earlier by the developed countries. Yet addressing the challenges of sustainable resource use is hampered by a sobering reality: many of the world's resources are global public goods, which means (as discussed below) that individuals and individual nations acting only in their self-interest will fail to take fully into account the implications of their consumption for the well-being of other people and other countries. In the absence of foresightful and globally coordinated policies, exploitation of these resources can easily become a race to grab whatever one can grab before nothing is left. The chapters in this part of the book discuss these issues of how to manage shared global resources and use them in a sustainable fashion.

Climate Change

Virtually all climate scientists now agree that climate change is occurring and is due largely to human activity, and that further change is inevitable. Recent studies indicate that human activity over the last 100 years has triggered a historically unprecedented rise in global surface temperatures and ocean levels, with a worrisome acceleration particularly over the last two decades. The consequences will affect billions of people, particularly in poor countries and in subtropical regions, through decreases in agricultural productivity, increased incidence of flooding and of severe weather events, an expanded range of waterborne diseases, loss of biodiversity, and a number of other effects. Beyond this, if the global climate is pushed far out of balance, it may become launched on an irreversible course toward catastrophe, with worldwide repercussions.

Thus, as Chapter 11 argues, there is an urgent need to develop an effective response to climate change. That response will necessarily be twofold,

requiring, on the one hand, internationally coordinated efforts to prevent still further climate change, and on the other, cost-effective adaptations to a world in which a changing climate is certain to affect the livelihoods of all, and especially the poor.

Energy

The world economy of 2035 will be three to four times its present size, thanks largely to rising incomes in developing countries. Even if dramatic improvements in energy efficiency are achieved, this vastly expanded activity will consume much more energy than the world uses today. Pressures to supply enough fossil fuel, biomass, and electricity to meet world demand will therefore only get worse. World economic activity must become radically less carbon intensive, to avoid not only environmental disaster through climate change, but also health disasters on an epic scale, as cities in the developing world choke under a fog of pollution. A shift to renewable energy and low- or no-carbon fuels is essential, as are the development and adoption of energy-efficient technologies.

Water

During the past century, while world population has tripled, the use of fresh water for human consumption, agriculture, and other activities has increased sixfold. Some rivers that formerly reached the sea no longer do so—all of the water is diverted to human use before it reaches the river's mouth. Half the world's wetlands have disappeared in the same period, and today 20 percent of freshwater species are endangered or extinct. Many important aquifers are being depleted, and water tables in many parts of the world are dropping at an alarming rate. Worse still, world water use is projected to increase by about 50 percent in the next 30 years. It is estimated that, by 2025, 4 billion people—half the world's population at that time—will live under conditions of severe water stress, with conditions particularly severe in Africa, the Middle East, and South Asia. Currently, an estimated 1.1 billion people lack access to safe water, 2.6 billion are without adequate sanitation, and more than 4 billion do not have their wastewater treated to any degree. These numbers are likely to only grow worse in the coming decades.

This potentially bleak outlook makes water supply a critical issue and one that cuts across national and regional economies and many productive sectors. Many observers predict that disputes over scarce water resources will fuel an increase in armed conflicts. The issue has fortunately caught the attention of policymakers and, as discussed in Chapter 13, efforts are under way both at the national and the international level to address water scarcity issues.

Fisheries

The continuing depletion of the world's marine fisheries is a global issue of increasing concern. Fish is an important food for billions of people and provides a livelihood for an estimated 200 million worldwide. Fishers follow migrating schools of fish from sheltered bays and estuaries to the open ocean and from one sea to another, harvesting a global resource that benefits all but is managed by none. Small-scale fishers from Senegal and Ghana fish in the waters of many other countries in West Africa and in the Gulf of Guinea; European and Asian industrial tuna fleets operate throughout the Atlantic, Indian, and Pacific Oceans. Nations, too, act much like individual fishers, each seeking its own individual benefit from the common resource. In the last half century the growth of human populations and economies, the spread of new technologies such as fishing nets made from synthetic materials, and the motorization of fishing fleets has contributed to the decline of many fisheries, jeopardizing ecological and economic sustainability for coastal communities around the world.

Chapter 14 depicts the situation of the world's fisheries today as a classic "tragedy of the commons." Without effective international regulation, fisheries accessible to more than one country, including those on the high seas, are declining as each vessel tries to take as much as it can of what remains. Yet efforts to provide such regulation have been beset with problems. Many existing international instruments designed to regulate high-seas and transboundary fishing are weak. The existing Law of the Sea Convention and its subsidiary instruments have important gaps, and effective enforcement of measures for responsible high-seas fishing has proved elusive. The World Bank and other organizations have started a major global initiative under a global partnership program called PROFISH to focus attention on the actions needed.

Forests

The world's forests cover about 25 to 30 percent of its land surface, or between 3.3 billion and 3.9 billion hectares, depending on the definitions used. It is estimated that during the 1990s the world suffered a net loss of 95 million hectares of forests—an area larger than Venezuela—with most of the losses occurring in the tropics. These losses matter because forests provide a complex array of vital ecological, social, and economic goods and services.

From an ecological point of view, forests are the repository of the great bulk of terrestrial biodiversity. In some countries in the Asia-Pacific region, forest destruction is responsible for global biodiversity losses on the order of 2 to 5 percent per decade, resulting in inestimable harm to ecosystem stability and human well-being. Forests also contain large amounts of sequestered

carbon, and their destruction or degradation (especially by burning) is thought to contribute between 10 and 30 percent of all carbon dioxide gas emissions into the atmosphere. Deforestation is thus a major factor in global warming. In addition, mismanagement of woodlands in humid tropical and subtropical countries contributes significantly to soil losses equivalent to 10 percent of agricultural output in those countries each year. From an economic and social point of view, about 60 million people (mainly indigenous and tribal groups) are almost wholly dependent on forests, and another 350 million people who live within or adjacent to dense forests depend on them heavily for subsistence and income. In developing countries about 1.2 billion people (including more than 400 million in Africa) rely on open woodlands or agroforestry systems that help to sustain agricultural productivity and generate income. Some 1 billion people worldwide depend on medicines derived from forest plants or rely on common-property forest resources for meeting essential fuel wood, grazing, and other needs.

As Chapter 15 argues, conservation and production must coexist if the full potential of forests for poverty reduction and protection of the global environment is to be realized. Much of the world's forest area will inevitably be used for productive purposes. But large areas must be preserved intact for their ecological and cultural value.

Global Governance

The need for a global governance system comprising international institutions, agreements, and regulations has long been recognized. After World War I, the League of Nations was created as the first attempt at such a global system. However, the League proved ineffective, and after World War II a new international system was designed,⁵ with the United Nations, the World Bank, the International Monetary Fund, and the General Agreement on Tariffs and Trade (succeeded in the 1990s by the World Trade Organization) as its cornerstones. This system remains in place today as the primary means for addressing the global issues agenda.

However, the inherited system suffers from many problems such as lack of perceived legitimacy, lack of resources, lack of effective enforcement mechanisms, and lack of representativeness. As global issues and challenges have intensified, demands for reform to make these global governance mechanisms more effective have grown ever more urgent, and many proposals have been offered in response. Some progress has also been made in the adoption of global compacts, in which countries agree to work together toward global development goals and to prevent and resolve violent conflicts. Part Four of the book discusses two key issues in global governance (conflict prevention

and international actions to curb corruption), the two principal groups of global governance institutions (the United Nations system and the international financial institutions), and the main global compacts and the processes that led to them.

Conflict and Development

Some 1.1 billion people are either affected currently by violent conflict or at extremely high risk of being affected in the foreseeable future. The majority of violent conflicts today are intrastate, or civil, rather than interstate, or between nations, and the prevalence of both kinds of conflict is declining. Most of the world's conflicts now occur in low-income countries, particularly in Africa.

With globalization, however, the persistence of conflict anywhere has ripple effects that range far and wide. Neighboring countries, in particular, suffer reduced income and increased incidence of disease, and often they must absorb large numbers of refugees fleeing the conflict. Civil conflicts frequently result in large territories lying outside the control of any recognized government, which may then become epicenters of crime and disease. In the post-September 11 world, these areas are also often linked to terrorism, making them a truly global concern. These concerns have prompted world leaders to initiate new measures under the auspices of the United Nations, including a new Peacebuilding Commission. This and other measures are discussed in Chapter 16.

Corruption

Chapter 17 addresses what former World Bank President James Wolfensohn called the “cancer of corruption”—the abuse of public institutions for private gain. Recent studies have shown conclusively what has long been widely assumed, namely, that corruption is detrimental to both the economic and the political well-being of countries. Corruption creates distortions and inefficiencies in public administration and in private economic activity, and it increases inequality: it unfairly benefits the few with access to the powerful, while especially harming the poorest. In 2004 the World Bank estimated that, worldwide, more than \$1 trillion, or the equivalent of 3 percent of gross world product, is paid in bribes each year. This form of corruption takes place at both the national and the international level. The victims are usually people in developing countries, whose precious foreign aid and investment are siphoned off from badly needed development projects and into the pockets of corrupt government officials, their family members or cronies, or corrupt brokers or middlemen. Recent years have seen a major step forward to

address transnational corruption and its effects, with the launch of the U.N. Convention Against Corruption.

The United Nations System

Effective management of global issues requires effective international cooperation, and the United Nations is the principal body within which such cooperation takes place. The Charter of the United Nations sets out the basic principles of international relations and entails obligations on all its member states. According to the Charter, the United Nations has four purposes: to maintain international peace and security, to develop friendly relations among nations, to cooperate in solving international problems and in promoting respect for human rights, and to serve as a center for harmonizing the actions of sovereign nations. The United Nations itself consists of six principal organs: the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice, and the Secretariat. The extended U.N. family, however, is much larger, encompassing various agencies, funds, programs, and other bodies, such as the United Nations Children's Fund (UNICEF) and the U.N. Development Programme. In addition to these are the specialized agencies, such as the World Health Organization, the World Bank, and the International Monetary Fund, which are administered autonomously but are considered part of the U.N. system.

The United Nations today faces many challenges to its effectiveness and is undertaking a variety of reforms in response. The success or failure of these reforms will have significant implications for the global issues discussed in this book. The organization also suffers from an unfortunate rift between developed and developing countries, which will make movement on reform extremely difficult going forward. Chapter 18 reviews the numerous efforts over the years of the U.N. Secretariat, the other U.N. bodies, the member states, and their advisers to reform the system so as to improve coordination among the various bodies and so better serve the United Nations' mission.

International Financial Institutions

Addressing global issues requires international cooperation in the economic as well as the political sphere. Whereas the latter is primarily the domain of the U.N. system, as described just above, the mobilization of economic and financial cooperation, including transfers of resources, to address global issues falls mainly within the purview of the international financial institutions (IFIs). IFIs are institutions that provide financial support and professional advice for economic and social development activities in developing

countries, or that promote international economic cooperation and stability—or both. They include the International Monetary Fund (IMF), the World Bank, and the four regional development banks: the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development. (The World Bank and the regional development banks are also called multilateral development banks.) As with the United Nations, there are many proposals on the table for reform of the IFIs, to enable them to play a more effective role in the global issues agenda. Chapter 19 provides an overview of the IFIs, the role they play in addressing global issues, and the main proposals to improve their effectiveness.

Global Compacts

At the start of the 21st century, world leaders laid out, in remarkable unison, a series of global compacts for a sustainable world, including most prominently the Millennium Development Goals. The most recent global summits have sought to evaluate progress toward the MDGs and to advocate the creation of institutional mechanisms to deal with the global development challenges ahead. Global compacts have great potential to prevent the world from growing further out of balance. However, progress so far has been slow, and there are real concerns that the targets will not be achieved by the established deadlines.

Chapter 20 discusses the global initiatives of recent decades that triggered the consolidation of a global development agenda through global compacts. It highlights the issues and controversies that have influenced these efforts to make a better world for all. Besides the MDGs, the key meetings and compacts covered include

- The World Trade Organization ministerial conference in Doha, Qatar, in 2001
- The International Conference on Financing and Development in Monterey, Mexico, in 2002
- The World Summit on Sustainable Development in Johannesburg, South Africa, also in 2002, and
- The U.N. World Summit of 2005.

What Are the Forces Shaping Today's Global Issues?

The global issues identified in the previous section are not static but rather dynamic, and their evolution in the coming years will be shaped by many factors. The forces driving these issues, the consequences thereof, and the

appropriate solutions vary from issue to issue, but certain broad forces are common to many of them. These include demographics, growth of the global economy, technology and innovation, global interdependencies, and global advocacy.

Demographics

After doubling from 3 billion in 1960 to 6 billion in 2000, the world's population is expected to increase to 8 billion by 2030. It should then stabilize in the 21st century at 9 billion to 10 billion, which would be 20 to 30 percent fewer than forecast in the 1960s and 1970s. Most of this growth will occur in developing countries; population in the developed countries as a group will actually decline. Meanwhile the dependency ratio—the number of nonworking people supported by the average worker—will decline in the developing countries, boosting their ability to save and so to raise productivity. This in turn will increase their capacity to finance on their own the investments needed to meet basic human needs, maintain and improve public health, educate the next generation, and create job opportunities.

However, given that some 2.5 billion to 3 billion people in developing countries (about half the current world population) now live on less than two dollars a day, the ability of these countries to take care of all their people is at present extremely limited and will remain so for some time to come. Unless the richer nations help them through increased aid and trade, growing social discontent and outright conflict in developing countries will fester and eventually spill across their boundaries. The developed world cannot simply build a wall and turn its back on what is happening in the developing countries. Demographics will combine with the other forces to find their way through such barriers, whether made of bricks and mortar or of institutionalized indifference.

Economic Growth

Even assuming, conservatively, real global economic growth of 3 percent a year, the global economy will grow from \$35 trillion in 2005 to \$75 trillion in 2030 (both figures are at 2001 market exchange rates and prices).⁶ This vast expansion of output will have major consequences for both production and consumption, particularly of food, water, and energy, and will make today's environmental stresses still more acute. Within this expanding global economy, the developing countries as a group are projected to grow at 5 percent a year in real terms, while industrial country growth is projected to be just 2.5 percent a year. In this scenario the share of the developing world in gross

world product climbs substantially from just over a fifth to a third, with a major share going to China.

Although the share of the developing countries in world income rises significantly in this scenario, and absolute poverty in the world declines, the gap in income per capita between the rich and the poor countries nonetheless widens. Without deliberate intervention, persisting inequality both within and across countries will retard global development.⁷

Scientific and Technological Innovation

Future breakthroughs in science and technology have the potential to dramatically improve the health and productivity of the world's poor, mitigate climate change and environmental degradation, and feed a larger world population in a sustainable manner. Whether they actually will do so depends in large measure on collective decisions about the funding, implementation, and dissemination of technological innovation. Some technologies may also make global issues harder to grapple with. For example, the safe long-term disposal of nuclear waste is becoming a global issue, and some emerging technologies (such as genetic engineering) are beginning to pose legal and ethical dilemmas.

Increasing Interconnectedness and Interdependence

The ever-greater interconnectedness of people around the world—the very spirit of globalization—can be seen in the growth of international migration, tourism, and education, and in increased traffic on telephone exchanges, satellite television and radio, and of course the Internet. Unfortunately, that same interconnectedness also manifests itself in an increase in diseases that spread across borders, in international terrorism, in threats to the global environment, and in myriad other ways. The growing *interdependence* of people and communities worldwide can be seen in terms of expanded economic integration through trade and capital flows; in growing public security concerns related to drug trafficking, transnational crime, terrorism, and human rights; and in concerns about the overuse of world resources and the preservation of the environment. These two forces—interconnectedness and interdependence—are themselves interrelated and mutually reinforcing: growing interconnectedness increases awareness of our interdependence, and vice versa. Both are powerful drivers of increased concern about global issues and demand for effective action. The fact that different nations, communities, and individuals experience the benefits and

costs of this increasing globalization differently generates controversies; it also complicates, and sometimes undermines, the effective and timely resolution of global issues.

Global Advocacy

The continuing revolution in communications technologies and networks, cited just above, is enabling the global flow of information to all corners of the world instantaneously. People in today's world know much more, and in real time, about what is going on elsewhere in the world than their grandparents or even their parents could have imagined. We are all becoming more and more aware of the differences between the world's haves and its have-nots, the interconnections between local human activity and global ecology, and the increased vulnerability of all of us everywhere to diseases, crises, and conflicts arising anywhere. Some nations are throwing the doors open to these new communications technologies, while others are trying, usually in vain, to control their spread.

The flow of information through these new communications technologies is neither one-way nor top-down. Rather, the new technologies are empowering people everywhere to express their views to a global audience (for example, through blogs) and enabling them to connect with like-minded persons to promote social (or in some cases antisocial) activities and advocate for their causes. This phenomenon has serious implications for the manner in which global issues are addressed and for the maintenance of peace and security across borders. Growth in instant worldwide communications is generating a parallel growth in public advocacy and activism, elevating formerly local or regional issues to global status, while mobilizing public opinion and demand for action on a global scale. For many of the global issues discussed in this book, instant communications and advocacy are already playing a crucial role in global policymaking; examples include the debt relief movement, the climate change movement, the campaign to "make poverty history," and the international drive for new vaccines.

Why Care About Global Issues?

It may be only a fortunate coincidence that the new communications technologies that have made such global grassroots interaction possible are the same technologies that have shown us the uses to which such interaction can and should be put—and that it is urgent to do so. Thanks in part to these technologies and the information they impart, we do not only know that

migration is an issue in Guatemala, and sea-level rise an issue in Maldives, and debt relief an issue in Uganda. Rather, our instantaneous technology allows us to consider these disparate issues simultaneously, side by side, and to understand that they are all issues of great importance whose impact is felt everywhere—that they are indeed global issues.

And that means they are *our* issues. Because these issues are global, the consequences of action, inaction, or inadequate action on these issues will, by definition, be felt globally—not just somewhere on the other side of the world, but here, where we live. If that is not sufficient reason to care about these issues, and to use our newfound interconnectedness to join with others and do something about them, then what in the world is?

But what do we really know about those consequences just alluded to? One thing we can say is that although they will vary from global issue to global issue, there is also significant interaction *between* issues and consequences. The consequences of inaction can be grouped into economic, social, security, health, and environmental effects:

- *Economic consequences.* If the world and its leaders fail to address such global economic issues as fairness in international trade, greater equality of income and opportunity, financial stability, sustainable debt, and corruption, the growth and stability of the global economy could be undermined and overall prosperity reduced. These consequences— weaker growth and greater inequality—would grow, feeding frustration and social stress. The insistence of the antiglobalization movement on turning back the clock would grow stronger, for example, and its protests more disruptive.
- *Social consequences.* As populations grow, as communities around the world become more and more interconnected, and as global flows of information accelerate and expand their bandwidth, more and more of the world's people will know more and more about what is going on outside their local communities and national borders. Those suffering from inequality and deprivation will become increasingly aware of the better lives that others elsewhere lead. The slowing growth of world population and the rise in developing countries' share of world income provide a great opportunity to address crucial human development issues such as health and education, social issues such as inclusiveness and social cohesiveness, and governance issues such as institutional accountability. Failure to address these issues adequately could have serious implications for civil peace and harmony in societies all around the world.

- *Security consequences.* The widening gap between rich and poor, together with intensifying competition for increasingly scarce natural resources, both nationally and internationally, will fuel conflict and extremism, which will inevitably spill across national borders. Lagging development could also lead to the failure of states, some of which would likely become havens for terrorists or drug cartels. The damage would soon spread to other states, developing and developed, that remain otherwise intact.
- *Health consequences.* Failure to address malnutrition and the spread of preventable and communicable diseases would perpetuate and indeed increase human suffering and mortality wherever these scourges strike. The unchecked spread of disease would also have economic consequences, through reduced productivity and an increased disease burden, and these, too, would spread beyond national borders.
- *Environmental consequences.* Today's patterns of production and consumption cannot simply be scaled up to a world with \$75 trillion or \$100 trillion in annual gross product. Something will have to give, and that something is likely to be our shared environment. If today's developing countries replicate the consumption patterns of today's rich countries, great damage to the global environment, and to the planet's ability to sustain life and growth, is in store. The technologies needed to change these consumption patterns and develop alternatives are among the most valuable of global public goods, yet their development is now largely neglected. If present trends in the deterioration of biodiversity continue, the world of tomorrow will be biologically much poorer than that of today, even if the many poor communities dependent on fragile ecosystems can be moved to alternative locations and livelihoods. The financing needed to compensate these communities, so as to preserve biodiversity for the benefit not only of the countries involved but of the world, are huge—well beyond the means of those countries alone.

How Are Today's Global Issues Being Addressed?

It is clear that how today's global issues are addressed, or not addressed, will have a profound impact on the shape of the future world in which we all will live. Yet, as noted above, there is no global government to address these global issues, set global public policies and priorities, collect taxes on a worldwide basis, and allocate resources accordingly. Thus progress on most of these issues depends on a deliberate—and deliberative—process of building

international consensus for collective action. This consensus can be expressed in many forms, for example:

- *International agreements signed by both industrial and developing countries.* Programs based on international agreements enjoy strong legitimacy, thanks to their formal authorization, especially when there is strong participation of developing countries in their design and implementation, and when there are equitable governance agreements. Examples include the MDGs and the 1987 Montreal Protocol on the control of ozone-depleting chlorofluorocarbons.
- *International law.* The International Law Commission of the United Nations prepares drafts on various aspects of international law, which can then be incorporated into conventions and submitted for ratification by the member states. Once a nation has ratified a convention, it is legally bound thereto. Thus the ratification constitutes consensus. Some of these conventions form the basis of law governing relations among states, such as conventions on diplomatic relations and the Geneva Conventions.
- *Declarations signed by participants at international conferences.* These declarations represent a less explicit and less binding form of international consensus than formal conventions or treaties and are largely oriented toward advocacy.
- *Actions of the G-8, G-20, G-77, and other such groupings.* The declarations of these intergovernmental groups are similar to international conferences in that they advocate and mobilize their members to take action, whether it is on doubling aid for Africa, debt relief, or any of a number of other issues. Of course, these statements signify consensus only among their members, not a global consensus. The economic and political power of the group (greatest for the G-8, less for the others) largely determines its potential to engage in effective problem solving on global issues. Their choice of issues on which to focus may in turn be driven by the advocacy efforts of civil society and other organizations.
- *Civil society campaigns and associations.* In some instances global action is driven by civil society campaigns such as the Jubilee movement, the Live Aid concerts, the Global Call to Action Against Poverty, and the Make Poverty History campaign. Some well-known annual global forums such as the World Economic Forum and the World Social Forum also frequently focus on global issues and can profoundly influence the debate.

- *Global partnerships.* Often partnerships to address global issues are established by groups of donors, including governments, private sector and civil society organizations, and international organizations. Some recent examples in the health field are the Global Alliance for Vaccination and Immunization, Roll Back Malaria, the Global Fund to Fight AIDS, Tuberculosis, and Malaria, and the Partnership for Maternal, Newborn, and Child Health. Many of these partnerships promote ownership among developing countries by focusing on issues of relevance to them and by demonstrating that they can have an impact.
- *Global governance institutions.* Nations of the world have set up many international organizations with mandates to work on a wide array of global issues in the economic, social, cultural, education, health, and other fields. Among these multilateral organizations are the United Nations and its agencies, the International Monetary Fund, the World Trade Organization, the World Bank and the regional development banks, and the International Labour Organization. All of these are involved in managing global issues as mandated by their governance bodies, which consist of representatives of the member nations.

What Makes Global Issues So Difficult to Address?

Dissatisfaction with the current structures for addressing global issues is widespread. Many people feel that some of the most important global issues are not being addressed adequately, and they worry that the current generation may leave the planet in worse shape than it inherited it. The “public goods” nature of many global issues, which was touched upon earlier in this introduction, is a key reason why action commensurate with the challenge can be slow to emerge.

Public goods are defined by two characteristics: the benefits they produce can be enjoyed without paying for them (nonexcludability), and consumption of the good by one person does not detract from its consumption by another (nonrivalrousness). An often-cited example of a public good is a lighthouse—but perhaps a more timely example would be a global positioning satellite (GPS). The signal from such a satellite can be captured by anyone with a GPS receiver (which must normally be paid for, but the signal itself need not), and so it is nonexcludable; the number of people who can access the signal simultaneously is effectively limitless, and so it is nonrival as well. Most types of knowledge and know-how are also public goods, after any

patent or copyright restrictions on their use have expired. Global commons are goods or resources that are usually of natural origin, such as wilderness forests or ocean fisheries. They share the characteristics of public goods to a certain extent: they are largely nonexcludable, and they are nonrival to the extent that their use does not exceed their capacity to regenerate themselves. When usage passes a certain point, the resource will be degraded or even destroyed.

Markets, whether national or international, typically fail to provide public goods: since it is impossible to make the user pay for them, there is no incentive for businesses to produce them. Nor are markets by themselves able to address the problem of managing global commons. At the national level, governments step in to provide many public goods, paying for them through taxes and other revenues. However, in the case of global public goods, no global tax or other mechanism exists to finance their production and supply. Countries looking only to their own narrow self-interest will be unlikely to agree on which global public goods should be provided, or on how to share the burden of financing them. At the same time there is overproduction of global public “bads,” such as communicable diseases, drug smuggling, climate change, and human rights abuses.

Global public goods have nonetheless been provided, some more successfully than others. *Global Monitoring Report 2003* cites the following examples, starting with the most successful: aviation safety, postal systems, the Internet, the eradication of smallpox, advances in agricultural research, and protection of the ozone layer.⁸ Examples where success has so far proved elusive include the prevention of climate change and the sustainable use of fisheries. Institutional arrangements such as U.N. peacekeeping programs, global funds such as the Global Environment Facility, and research groups such as the Consultative Group on International Agricultural Research have emerged and are very active in addressing global issues. These, too, are public goods, and their modest successes thus far are welcome and need to be expanded.

What the World Bank Is Doing About Global Issues

Over the past few years the World Bank has put significant resources into activities related to global issues, including the creation of global public goods. One important vehicle for such activities is the MDGs, which the Bank vigorously supports along with its country members, the U.N. system, and numerous other organizations. The Bank is increasingly being called upon to take a lead role in addressing global issues because of its global membership

and reach, its power to convene technical and financial expertise, its ability to mobilize resources, and its multisectoral experience and institutional knowledge. As the only global institution among the multilateral development banks, the World Bank has increased its support for global programs rapidly in recent years. The Bank is now participating in some 70 different programs involving the following global issues (some of which are covered in this book), among others:

- Biodiversity
- Climate change
- Coastal and marine management
- Conflict prevention and postconflict reconstruction
- Corruption
- Debt relief
- Disaster management
- Energy
- Environment
- Financial sector
- Fisheries and aquaculture
- Forests and forestry
- Health, nutrition, and population
- HIV/AIDS
- Hunger
- Land resources management
- Malaria
- Protection of the ozone layer (the Montreal Protocol)
- Natural resources management
- Poverty reduction
- Renewable and rural energy
- Safe motherhood
- Sustainable development
- Tuberculosis
- Water supply and sanitation
- Water resources management.

The Bank's support for global programs—as distinct from the single-country projects and programs that make up the bulk of its work—began three decades ago, with the establishment of the Consultative Group on International Agricultural Research (CGIAR). The Bank serves as both convener

and donor to CGIAR, as well as a lender to developing countries for complementary activities. CGIAR, which brings together leading agricultural research institutes from around the world, has had some notable successes in creating global public goods such as the high-yielding varieties of crops that were the backbone of the Green Revolution. A major expansion of the Bank's work on global issues began in the late 1990s, when the Bank increased its orientation toward global partnerships and associated program support activities. This change in policy reflected the Bank's recognition of the rapid pace of globalization and the sharply increased attention to global issues within the development community. In September 2000 the Development Committee of the Bank and the IMF endorsed the Bank's priorities in supporting global public goods; those priorities focus on five areas: public health, protection of the global commons, financial stability, trade, and knowledge.

Finally, in addition to its own programs, the World Bank is active in many global partnership programs that address global issues. Through its participation in these programs, the Bank plays an important role in collective action on a variety of global issues. Besides CGIAR, examples include the Global Fund to Fight AIDS, Tuberculosis, and Malaria, the Global Environment Facility, and the Consultative Group to Assist the Poorest. The Bank looks forward to continuing and strengthening these partnerships while continuing to pursue its own initiatives on global issues—alongside its traditional country-based projects, many of which also contribute to building a healthier global community.

Notes

1. The International Task Force on Global Public Goods (www.gpgtaskforce.org) was created through an agreement between France and Sweden signed in April 2003. The Task Force's mandate is to assess and prioritize international public goods, both global and regional, and make recommendations to policymakers and other stakeholders on how to improve and expand their provision.
2. See, for example, Lomborg (2004), Rischard (2002), and the website *Facing the Future* (www.facingthefuture.org). An alternative list of global issues can be found at www.un.org/issues.
3. The full list of MDGs appears in Chapter 20 of this book; for more on the MDGs go to www.un.org/millenniumgoals.
4. The team consists of leading scholars, development practitioners, and experts from around the world and is supported by the Human Development Report Office of the U.N. Development Programme. For more details go to hdr.undp.org/hd.
5. For a comprehensive discussion of the evolution of the international system and its strengths and weaknesses, see Chapter 2 of Dervis and Ozer (2005).
6. This section draws on Wolfensohn and Bourguignon (2005).
7. See World Bank (2006a).
8. World Bank and International Monetary Fund (2003, Chapter 12).

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