What do we mean by global issues?

1. More than any other time in history, the future of mankind is being shaped by issues that are beyond any individual nation’s ability to solve i.e. global issues. While there is no commonly accepted definition of “global issue,” yet most people are easily able to cite examples such as: climate change; Bird flu; migration; financial crisis; terrorism; global poverty; human rights and inequities in opportunity and incomes.

2. Some authors and organizations have developed definition of global issue. For example, Facing the Future, an organization that promotes education on global issues, lists the key characteristics of global issues as follows: a global issue is one that has a significant impact on a large number of people, that is transnational in scope, that is persistent or long-acting, and that is interconnected with other issues. Jean-Francois Rischard, in his book High Noon, asks what makes certain issues inherently global. His answer is that these issues are “insoluble outside a framework of global collective action involving all nations of the world,” and he lists the following characteristics: global issues are issues that have to do with how we share our planet; they are social and economic issues of global concern, whose solution requires forming global coalitions; and they involve legal and regulatory issues that must be handled globally because of the potential for free riders and leakages (examples are trade and investment rules). The United Nations maintains a list of issues that it sees as global (www.un.org/issues/), but it does not provide a definition or describe its selection criteria.

3. If one reflects on the examples of global issues and the definitions some key characteristics of global issues become apparent. These characteristics are listed below; the presence of any one characteristic may suffice to make the issue a global issue in global public opinion.

- The issue has a significant impact on a large number of people across national boundaries.
- The issue is beyond the capability of any one nation to resolve.
- The issue is interconnected with other global issues.
- Resolving the issue requires a global regulatory approach.
- The issue is a social or economic issue of global concern (such as global poverty). A major UN declaration or conference is a good indicator of such global concern.

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1 More information on the World Bank Seminar Series can be found at www.worldbank.org/globalseries
2 Paper prepared for presentation as part of the Global Issues Seminar Series, October 2005
3 www.facingthefuture.org/About/index.htm.
What are the current global issues?

4. The list of global issues is long and growing (see Table 1). In broad terms global issues are present in key spheres of the lives of citizens of the world. They affect our economy, our environment, global human development and global governance.

Table 1: Global Issues by Thematic Area

<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>Global Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment and natural resources</td>
<td>Climate change, deforestation, depletion of water resources, loss of biodiversity, land degradation, depletion of ozone layer, lack of access to energy, declining fisheries stock; soil erosion.</td>
</tr>
<tr>
<td>Human development issues</td>
<td>Global poverty, lack of education, HIV/AIDS, diseases without borders, natural disasters, humanitarian emergencies, migration, undernutrition and hunger, unsafe water and lack of sanitation.</td>
</tr>
<tr>
<td>Global economy</td>
<td>Subsidies and other trade barriers, money laundering, financial instability, lack of intellectual property rights, investment flows, corruption.</td>
</tr>
<tr>
<td>Peace and security</td>
<td>Arms proliferation, armed conflict, terrorism, de-mining, drugs and crime, refugees</td>
</tr>
<tr>
<td>Global governance</td>
<td>International law, treaties and conventions, global conferences, global financial architecture, global multilateral institutions, global partnerships</td>
</tr>
</tbody>
</table>

5. Given the limitations of time and our capabilities, the seminar series will not cover all of the global issues listed in the table. We deliberately omit peace and security issues, such as arms proliferation, because, although important, these issues are outside the World Bank’s mandate and expertise. For each issue we will discuss the nature of the problem or challenge, the controversies (if any) surrounding it, the likely consequences of inaction, the forces shaping the issue, the actions already under way to address it, and the role the World Bank is playing. We will focus on the following global issues: Instead we have tentatively chosen 14 global issues that, in our view, cover most of the current debate over the global development agenda.

Table 2: Global Issues to be covered in the Seminar Series.

- Introduction to Global Issues
- Economy: Conflict and Development
- Economy: International Trade
- Economy: Financial Stability
- Economy: Corruption
- Economy: Debt Relief, Debt Sustainability and Growth in Low-Income Countries
- Human Development: Diseases Without Borders
- Human Development: Education For All
- Human Development: Malnutrition and Hunger
- Our Planet: Access to Water
- Our Planet: Climate Change
- Our Planet: Energy
- Global Governance: Global Development Compacts
What are the forces underlying global issues?

6. Five major forces are at work to shape a global issues agenda: the demographic transition; growth in global income and inequities; technology and innovation; global interdependencies, and global communications and advocacy. As important as the forces themselves are their interactions. This section will explore both.

- **The Demographic Transition**

7. 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 and then stabilize in the 21st century at 9 billion to 10 billion, or 20 to 30 percent fewer than forecast in the 1960s and 1970s. Most of the growth in population will occur in developing countries (population in the developed countries will actually decline). The dependency ratio—the number of nonworking people supported by the average worker—will decline in the developing countries, boosting their ability to increase saving and raise productivity. This in turn will increase their capacity to finance the investments needed to meet basic human needs, maintain 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 extremely limited. Unless the richer nations help through increased aid and trade, growing social discontent and outright conflict in developing countries will fester and eventually spill across their boundaries.

- **Global Income Growth and Equity**

8. Even assuming a conservative global economic growth rate of 3 percent a year (at 2001 market exchange rates and prices), the global economy will grow from $35 trillion in 2005 to $75 trillion in 2030. This vast global expansion will have major consequences for both production and consumption, particularly of food, water, and energy, and will make today’s environmental stresses more acute. Within this expanding global economy, the developing countries as a group are projected to grow at 5 percent a year, 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 would widen. Left to itself, persisting inequity both within and across countries will retard global development.

- **Scientific and Technological Innovation**

9. Future breakthroughs in science and technology will potentially play an important role in improving the health and productivity of the world’s poor people, mitigating climate change and environmental degradation, and feeding a larger world population in a sustainable manner. Whether they actually do so will depend in large measure on collective decisions about the funding, implementation, and dissemination of technological innovation.

- **Increasing Interconnectedness and Interdependence**

10. That people around the world are ever more interconnected can be seen in the growth of migration, international tourism, international education, international telephone and Internet use, satellite television use, global media, and international trade (and, unfortunately, in an increase in diseases that spread across borders, in international terrorism, in threats to the global environment, and in other ways). The growing interdependence of people and communities worldwide can be seen in terms of expanded economic

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6 This section is adapted from “Overview,” in World Bank, World Development Report 2003.
integration through trade, direct investment, and portfolio capital flows; growing public security concerns related to drug trafficking, transnational crime, terrorism, and human rights; and concerns about the overuse of worldwide resources and the preservation of the environment. These two forces—interconnectedness and interdependence—are themselves interrelated and mutually reinforcing: growing interconnectedness increases awareness of interdependence, and vice versa. Both forces 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.

• Instant Worldwide Communications and the Rise of Global Advocacy

11. The continuing revolution in communications technologies and networks 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 everywhere else in the world than their grandparents or even their parents could have imagined. They—that is, we—are becoming more and more aware of the differences in relative status of the world’s have and have-nots, the interconnections between local human activity and global ecology, and the increased vulnerability of all of us to diseases and conflicts arising anywhere. This rising awareness has serious implications for the maintenance of peace and security across borders. Instant worldwide communications and growing communications flows are generating a growth in public advocacy and activism that elevates formerly local or regional issues to global status and mobilizes public opinion and demand for action on a global scale. In very recent memory we have already witnessed this in several manifestations: the debt relief movement, the climate change movement, the campaign to “make poverty history,” and the international drive for new vaccines.

• Values

12. At the end of the UN Summit of September 2005, the world leaders present adopted a declaration that spoke, among other things, of the value system that should guide international relations: “We reaffirm that our common fundamental values, including freedom, equality, solidarity, tolerance, respect for all human rights, respect for nature, and shared responsibility, are essential for international relations.”9 Appealing to these shared values is a key part of advocacy and action on many global issues. Whatever their differences, most people around the world believe in fairness and feel deeply that action is needed to reduce inequalities in economic, social, and political opportunities. The core moral and ethical teachings of most world religions include a concern for fairness, compassion, and equity. These universally shared values play a vital role in shaping the debate on global issues.

Why care about the Global issues?

13. The consequences of action, inaction, or inadequate action on global issues will, by definition, be felt globally. Although these consequences will vary from issue to issue, there is also significant interaction among 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. The 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 and its protests more disruptive.

• Social consequences. As populations grow, as communities the world around 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, education, migration, armed conflict, inclusiveness, social cohesiveness, institutional accountability, and better governance. Failure to address these issues adequately could have serious implications for civil peace and harmony in societies 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 $135 trillion in annual gross product. Something would 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 alternate 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 indeed of the world, are huge—well beyond the means of those countries alone.

14. The World Bank’s *World Development Report 2003* took an in-depth look at the issue of sustainability in the 21st century and identified some key challenges, with local and global implications, that the world will face over the next five decades. As detailed below, the report concluded that the outcome would hinge upon how those challenges are addressed:

- **Today 1.3 billion people live in fragile and often remote rural ecosystems—semiarid areas, mountains, and forests—and their numbers are growing faster than populations in more favored rural areas. Will these people be able to overcome poverty, improve their livelihood, and adapt to new opportunities—where necessary by migrating out? Or will they be left to languish?**

- **Populations in the cities and megacities of the developing world will more than double in this century. Will these urban areas live up to their potential as dynamic engines of growth and social modernization? Or will they become mired in poverty, pollution, congestion, and crime?**

- **Will renewable natural resources be managed as sustainable sources of livelihood and well-being, or will the world’s forests, soils, clean water, biodiversity, and fisheries be depleted?**

- **Will societies be resilient, forward-looking, and creative, able to promote more equitable development and cope with unexpected shocks as they undergo sweeping transformations in terms of growth and migration? Or will they become intolerant and hostile to new migrants, values, and ideas, and turn to fighting over resources instead of managing and replenishing them?**

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10 Perspectives on Development, p. 72.
• Will poor countries be able to accelerate their growth without creating destabilizing social and environmental stresses? Will the prospective gross world product of $100 trillion at mid-century generate fewer of these stresses than today’s much smaller global economy is already experiencing?

**What mechanisms are there to address the Global Issues?**

15. There is no global government to set global public policies and priorities, collect taxes on a worldwide basis, and allocate resources for addressing global issues. 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 conventions and treaties signed by both industrial and developing countries.** Programs based on international conventions or treaties enjoy strong legitimacy, thanks to their formal authorization, especially when there is strong participation of developing countries in their design and implementation, and equitable governance agreements. Examples include the MDGs and the 1987 Montreal Protocol on the control of 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 the 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 convention.

• **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 similar intergovernmental groupings.** The declarations of such groups of countries are similar to international conferences in that they advocate and mobilize their members to take action, whether it is 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 issue. What such groups choose to focus on may in turn be driven by advocacy efforts by 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. Recent examples in the health field are listed below. 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:
  - Roll Back Malaria ([www.rbm.who.int/cgi-bin/rbm/rbmoportal/custom/rbm/home.do](http://www.rbm.who.int/cgi-bin/rbm/rbmoportal/custom/rbm/home.do))
  - The Partnership for Maternal, Newborn, and Child Health.

16. 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 (collectively called the UN system), the
International Monetary Fund, the World Trade Organization, the World Bank, and the International Labor Organization. All of these are involved in managing global issues as mandated by their governance bodies, which consist of representatives of the member nations.

Are the current mechanisms and actions to address global issues adequate?

17. Dissatisfaction with the current global governance mechanisms is widespread, and many feel that global issues are not being adequately addressed and that the current generation may leave the planet in worse shape than it inherited it. In this seminar series we will look at the actions being taken and that need to be taken on each of the issues. However, there are some basic reasons why many of global issues are not being addressed in a timely and adequate manner.

18. One of the probable reasons for inadequate actions to address global issues may be the phenomenon of 'failures of group decision-making' on part of societies that Mr. Jared Diamond discusses in his best selling book called "Collapse: How societies Choose to Fail or Succeed" (Chapter14). In his analysis four factors contribute to such failure: a group may fail to anticipate a problem before the problem actually arrives; when the problem may arrives the group may fail to perceive it; even after the group perceives the problem they may fail to even try to solve the problem; and the group may try to solve the problem but may not succeed. These factors have been at work for global issues such as global warming, migration, HIVAIDS etc.

19. Another reason, also discussed by Mr. Diamond, is the "tragedy of the commons". This phenomenon can be best illustrated by example of catching fish in an area of ocean. Since the oceans are vast and fish travel over wide areas everybody has been catching fish to a point where the fish stocks worldwide are becoming depleted. All consumer suffer but each fisherman thinks that if he does not catch the fish someone will so there is no incentive to refrain form fishing and the eventual result will be destruction of the 'commons’ resource. The solutions to avoiding collapse of 'the commons’ are: (i) the government or some outside force to step in and to enforce quotas; and (ii) consumers to recognize their common interests and to design, obey and enforce quotas themselves. Many global issues fit closely the ‘commons’ category e.g. global warming, forests cover. However, inadequacies in actions to preserve these 'commons’ can be traced to the failures of group decision making.

20. The 'public goods' nature of many global issues is another reason why adequate actions are slow to emerge. Public goods are commodities, services or resources with shared benefits. They possess two characteristics: (i) they produce benefits that are impossible to prevent everyone from enjoying; and (ii) consumption by one individual does not detract from that of another. For example- a traffic light, clean air, ozone layer, internet, lighthouse, polio vaccine etc. Markets, nationally and internationally, fail to provide public goods since it is impossible to determine who will be using the public good (e.g. traffic light) and to charge them and thus there is no incentive for businesses to produce these goods. At the national level the national governments provide many of the public goods using taxes. However, at the global level the mechanisms for financing the production and supply of ‘global public goods’ do not exist since there is no global government and taxes. Under the circumstance the global public goods are under delivered e.g biodiversity conservation, greenhouse gas emissions, etc.

What the World Bank Is Doing About Global Issues

21. The World Bank is not a “bank” in the everyday sense of the word. Rather it is one of the United Nations' specialized agencies, governed by its 184 member countries. These countries are jointly responsible for how the institution is financed and how its funds are allocated. Along with the rest of the development community, the World Bank centers its efforts on reaching the Millennium Development Goals, the eight goals to which all UN members agreed in 2000, aimed at sustainable poverty reduction. The World Bank (formally structured as the International Bank for Reconstruction and Development and the International Development Association) is focused on the challenge of ending poverty. The World Bank supports the efforts of developing country governments to, among many other things, build schools and health centers, provide water and electricity, fight disease, and protect the environment. It does so by mobilizing resources from governments and financial markets in the world’s rich countries and channeling them into poor countries, in the form of low-interest loans, interest-free credits, and grants, so as to spur their economic growth. It also assists developing countries through research and other forms of knowledge sharing and
technical assistance. Some 10,000 development professionals from nearly every country in the world work in the World Bank’s 109 country offices or at its Washington headquarters.

22. Over the past few years, the World Bank has put significant resources into activities meant to have a global impact. Along with its country members, the UN system, and numerous other organizations, the World Bank supports the Millennium Development Goals. In addition to its own programs, the World Bank is active in many global partnership programs that address global issues. Detailed information on what the Bank is doing on each of the issues listed below can be found on the Bank’s external website (www.worldbank.org):

- Biodiversity
- Climate change
- Coastal and marine management
- Conflict prevention and reconstruction
- Corruption
- Debt relief
- Disaster management
- Energy
- Environment
- Financial sector
- Fisheries and aquaculture
- Forests and forestry
- Globalization
- Health, nutrition, and population
- HIV/AIDS
- Human rights and development
- Hunger
- International financial architecture
- Land resources management
- Malaria
- Millennium Development Goals
- Montreal Protocol
- Natural resources management
- Poverty reduction
- Renewable and rural energy
- Safe motherhood
- Sustainable development
- Tuberculosis
- Water supply and sanitation
- Water resources management

23. Through its participation in global partnership programs, the World Bank plays an important role in collective action to address many global issues. Examples include the Global Fund to Fight AIDS, Tuberculosis, and Malaria, the Global Environment Facility, the Consultative Group for International Agricultural Research, and the Consultative Group to Assist the Poorest. The benefits of these partnerships are intended to cut across more than one region of the world. In each partnership the partners aim to

- Reach explicit agreements on objectives
- Agree to establish a new (formal or informal) organization
- Generate new products or services
- Contribute dedicated resources to the program.

The World Bank is increasingly being called upon to perform this role because of its global reach, its power to convene technical and financial expertise, its ability to mobilize resources, and its multisectoral experience and institutional knowledge. Global partnerships have become an important part of the World Bank’s work: it is now engaged in about 70 such programs worldwide. For more information see: www.worldbank.org/oed/gppp.
What can an individual do to make a difference on a global issue?

24. We are all global as well as national citizens. Our civic duties extend to both dimensions. What can we do at individual level to make a difference on a global issue? The process begins with getting to know the issue. This involves:

- Getting familiar with the nature of the issue
- Understanding the dynamics of the issues (the forces shaping the issue)
- Finding out what actions are being taken and by whom
- Finding out the advocacy groups and their points of view on what more needs to be done

25. Armed with this information, an individual can do many things to become involved with the issue—hopefully for the duration of his/her life. Mr. Diamond lists the following actions an individual can take (pages 556-560):

- Let your views be known to your elected representative and vote for those who show an inclination to help solve global issues.
- Influence policies of big companies by buying or refusing to buy their products and praising or embarrassing them based on companies corporate social and environmental responsiveness.
- Talk to your family and friends about issues and get them involved.
- Develop support within your faith based organizations.
- Make donations to an organization that is promoting actions on global issues that you would like to see happen.
Introduction to Global Issues. In our interconnected world, many global issues that affect us across national boundaries, can not be handled by nation states alone, and require international actions. Some of these issues are climate change; fair trade; stability of global financial system; global poverty; conflicts, genocide and failing states; migration; diseases without borders; access to education for all; debt sustainability and relief; biodiversity; management of world’s resources (oceans, forests, water and energy). The global governance mechanisms to address these challenges include: international treaties, institutions, conferences etc. The global issues are expected to become even more acute due to population growth, expansion in the global economy, and the growing imbalances, global environmental and social stresses. This seminar will discuss the key characteristics of global issues and the forces shaping them.

Conflict and Development. Some 1.1 billion people are either affected by conflicts or at extremely high risk of being so in the foreseeable future. Most of them are very poor. Taking into account the linkage between conflict and poverty, i.e. conflict can be cause of or caused by poverty, poverty reduction will not be possible unless security is assured for them. Research has shown that other factors that link close to conflict occurrence are weak governance, natural resource dependence, youth unemployment, small arms proliferation, among others. Related policy recommendations and proposed actions will be reviewed. In the post conflict area, what can be expected from the newly established UN’s Peace-building Commission? Other conflict-affected areas, international agencies are now trying to apply a conflict analysis tool to better understand the roots of conflict in an effort to design conflict sensitive assistance programs. What might be such a tool’s strengths and weaknesses? This seminar will explore the dimensions of the global problem of conflict, the forces underlying conflicts, their national and international consequences, and a range of ways and means of conflict prevention, focusing on the role of the international community.

International Trade. In an ever more integrated world economy, international trade matters more than ever before. 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 volume, world trade is growing and, since 2000, developing countries as a group have increased their share in world markets 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 of the latter 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 Round of trade talks, now under way, is the first to place developing country interests at the center of a multilateral round of trade negotiations. Although progress on the Doha Round stalled following the collapse of the September 2003 WTO Ministerial Conference in Cancun, Mexico, WTO members have committed themselves to make progress at the next WTO Ministerial held in Hong Kong SAR in December 2005. Delivering on the premise of lowering peak and average tariffs as well as nontariff barriers in both rich and developing countries could stimulate worldwide increases in income and lift an estimated 144 million people out of poverty. This seminar will discuss the economic issues involved, the political forces driving the negotiations, and the consequences of multilateral trade reform and Doha Development Round.

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 worldwide 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.

At the same time, however, 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 aspects of financial liberalization are capital account liberalization...

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12 See Chapter 5 in Lomborg, ed., Global Crises, Global Solutions.
and, within the capital account, the liberalization of portfolio flows. The dangers were brought into sharp focus during the East Asian financial crisis of the late 1990s: the failure of financial systems in that episode imposed high economic and social costs, such as high unemployment, increased migration, social conflict, and social instability—and not only in the countries directly affected. In the wake of this and other crises, we have seen an urgent debate about reform of the international financial architecture to reduce the chance of further financial instability. This seminar will talk about the different aspects of globalization of financial services and capital transactions, including foreign direct investment and portfolio capital flows.

Corruption. Corruption is the abuse of public institutions for private gain. Recent studies have shown conclusively what has been long widely assumed, namely, that corruption is detrimental to both the economic and the political well-being of countries. The World Bank estimates that the cost of corruption amounts to $80 billion worldwide; a study by the International Monetary Fund indicates that corruption can reduce a country's GDP by more than 0.5 percent. Corruption creates distortions and inefficiencies in public life, and it increases inequality: it unfairly benefits the few with access to the powerful, while especially harming the poorest. Corruption is not just a national but a global problem, because large-scale corruption frequently involves international transactions and players. This seminar will discuss the international dimensions of corruption, including concerns about corruption in the provision of development assistance.

Debt Relief, Sustainability and Growth in Low-Income Countries. For low-income countries, debt can have both great advantages and disadvantages. One the one hand, additional borrowing directed at the right policies and programs can boost a country's ability to achieve its development goals. On the other hand, too much additional financing can exacerbate debt problems. Rapidly rising debt ratios can threaten future and even be counter-productive for development goals. This was increasingly and painfully evident in the case of a few low income countries, which sparked an international advocacy campaign popularly know as the Jubilee Movement to forgive the debt of the poorest countries with huge debt burdens. This campaign led to the launch of the Heavily Indebted Poor Countries (HIPC) Initiative in 1996 to address excessive debt burdens faced by the world's poorest nations. As of August 2005, 38 countries, 32 of them in Sub-Saharan Africa, potentially qualify for HIPC assistance. Of these, 18 are receiving irrevocable debt relief; 10 are receiving interim relief; and the remaining has been beset by persistent social difficulties which make debt relief infeasible. At the Gleneagles Summit of 2005, the leaders of G-8 made a pledge to write off 100% of the debt of poorest African countries. In line with this proposal, officially known as the Multilateral Debt Relief Initiative, the World Bank on March 2006 agreed to provide $37 billion dollars in debt relief to countries that are at HIPC completion stage. This seminar will talk about the origins and dimensions of the debt relief issue, the forces that are driving the latest debt relief initiatives, and the issues involved in debt sustainability and future growth.

Diseases Without Borders. Avian flu, HIV/AIDS, severe acute respiratory syndrome (SARS), tuberculosis, malaria, infant mortality, and the under-provision of vaccines and immunizations are just some of the public health issues that have appeared in the news in recent months. Together they have reinforced global awareness that communicable diseases do not respect national borders, and that how these issues are dealt with in developing countries has consequences for the global economy and global public health. This view is also grounded in years of research, which has produced some important breakthroughs but has also reported many 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 deaths in children 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 labor force.

The global importance of addressing public health issues, especially those involving children and women, and those involving preventable and communicable diseases, is gaining ever broader recognition, and many initiatives are under way. These include the four health-related MDGs and a number of global partnerships and funding arrangements such as the Global Alliance for Vaccination and Immunization and the Global Fund for AIDS, Tuberculosis, and Malaria. This seminar will discuss the urgent problem of diseases without borders and the options for addressing them.
Education. Education has become more vital than ever before in determining how well people, their local communities, and their countries, prosper in today's global economy. The world is undergoing changes that make it much more difficult to thrive without the skills and tools that a high quality education provides. Education will determine who has the keys to the treasures the world can furnish. This is particularly important for the poor, who have to rely on their working skills and labor as the main, if not the only, means of escaping poverty. In this way, new challenges and opportunities arise for education. The stakes are 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 progress in education, with major social and economic benefits, including "catch-up" gains for the poor and marginalized. Countries that fail to recognize and respond risk stagnating or even slipping backwards, widening social and economic gaps and sowing the seeds of unrest.

Malnutrition and Hunger. Malnutrition remains the world’s most serious health problem and the single biggest contributor to child mortality. Nearly one-third of children in the developing world are either underweight or stunted, and more than 30 percent of the developing world’s population suffers from micronutrient deficiencies. Without investments in malnutrition control, many countries will fail to achieve the Millennium Development Goals (MDGs); and failure to tackle malnutrition may derail other major international efforts in health. In sub-Saharan Africa, malnutrition rates are increasing, and in South Asia the problem is very large and is improving only slowly. There is now unequivocal evidence that there are workable solutions to the malnutrition problem, and that they are 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 to meet the world’s development challenges, nutrition interventions have among the highest returns. This seminar will discuss on this urgent global issue, its consequences and actions that are necessary.

Access to Water. During the past century, while world population has tripled, the use of water has increased six fold. Some rivers that formerly reached the sea no longer do so—all of the water is diverted 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. In this respect, water is a cross-cutting issue 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.

Water that is safe to drink remains as central to survival—and to improving the lives of the poor—as it has always been. 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, as the global response to the issue has thus far been weak. This seminar will discuss the global challenge of expanding access to water while managing the sustainable use of scarce water resources.

Climate Change. Most climate scientists agree that climate change induced by human activity is occurring and that further change is inevitable. This poses a challenge to both the global environment and economic development. Recent studies indicate that human actions in the last 100 years have triggered an unprecedented rise in global surface temperatures and ocean levels, with a worrisome acceleration particularly over the last two decades. The consequences of these changes will affect billions of people, particularly in poor countries and in subtropical regions, leading to water shortages and decreases in agricultural productivity. Another serious risk is a rise in mortality rates due to heat stress and increased range of waterborne diseases. Beyond these effects, if the global climate is pushed far out of balance, it may become launched on an irreversible course toward catastrophe, with worldwide repercussions.

Thus there is an urgent need to develop an effective approach to adapting to a world in which a changing climate is affecting livelihoods, especially of the poor. For that a global framework is needed, one that matches long-term global development needs with the necessary technical innovation and with the financial tools that will
support consistent progress toward a low-carbon global economy. This seminar will discuss the challenge of climate change, the attendant controversies, and the action programs already launched, such as the Kyoto Protocol, the Global Environment Facility, and the commitments made at the conclusion of the G-8 Gleneagles Summit.

**Energy.** The world economy of 2035 will be four times the size it is now, thanks largely to rising incomes in developing countries. Even if dramatic improvements in energy efficiency could be assumed, this quadrupled world activity will demand much more energy than is being consumed now. At current consumption patterns, the pressures will only get worse for fossil fuels, biomass, and electricity. Today, while, as noted above, the richest 20 percent of the world’s population consume 58 percent of the energy produced in a given year, the poorest 20 percent consume only 4 percent.

Unless these consumption patterns change, the energy issue will become more acute. At the same time, world economic activity must become radically less carbon intensive, to avoid not only environmental disaster (through climate change) but health disaster on an epic scale as well. A shift to renewable energy and low- or no-carbon fuels is essential, as are the development and adoption of energy-efficient technologies. This seminar will discuss current trends and future projections of energy use, the prospects for expanding supply, the determinants of energy production, the question of access, and the environmental effects of energy use and strategies for sustainable energy development.

**Global Development Compacts.** As we entered the 21st century, world leaders laid out in remarkable unison global compacts for a sustainable world. The most recent summits in 2005 sought to evaluate progress in poverty reduction goals and to advocate actions to establish coping mechanisms for the global development challenges ahead. These compacts have the potential to prevent the world from growing further out of balance. However, the progress so far has been slow and there are real concerns that the targets will not be achieved by the desired deadlines. This seminar will discuss global initiatives that triggered the consolidation of a global development agenda and highlight the issues and controversies that influence the efforts for making a better world for all. The seminar will focus on:

- UN Millennium Summit in 2000 and Millennium Development Goals (MDGs)
- WTO Conference in Doha, Qatar, 2001
- International Conference on Financing and Development in Monterey Mexico
- World Summit on Sustainable Development in Johannesburg, South Africa in 2002
- Global Monitoring Report, 2005
- G8 Summit in Gleneagles, Scotland, 2005
- UN World Summit 2005
- Civil Society Campaigns against Poverty, Live AID, Concerts

**Required Readings:**


**Optional Readings:**


Bhargava
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