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## ***Global Public Services***

From a Social-Constructivist Conceptualization to the Triangle of Publicness: Efficient and Legitimate Provision of Global Public Goods

By Inge Kaul

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## FROM A SOCIAL-CONSTRUCTIVIST CONCEPTUALIZATION TO THE TRIANGLE OF PUBLICNESS: EFFICIENT AND LEGITIMATE PROVISION OF GLOBAL PUBLIC GOODS

By Inge Kaul\*

### Introduction

The conditions of public policymaking have, during recent decades, changed in often fundamental ways. Among the major driving forces were greater openness of national borders, the rebalancing of markets and states, including growing public-private partnering, and the emergence of a globally networked civil society.

Some of these changes have already been incorporated into the mainstream theory of public economics as, for example, presented in the textbooks of this discipline. Yet one core element of this theory, the concept of public goods, has so far remained largely unchanged. This is surprising, considering that the recent change processes have led to basic shifts in what is “private” and “public”.

The present chapter therefore pursues a twofold objective. Section I examines how well the conventional concept of public goods still captures what public goods are and how they are today being provided. The finding is that major discrepancies have arisen between theory and practice. The conventional concept now covers but a part, perhaps even a shrinking part of the total reality of public goods. It focuses on national public goods and on the state’s role in providing these goods. Largely excluded from the analysis are issues pertaining to transnational—regional and global—public goods, international cooperation in support of these goods as well as related aspects of voluntary and private provision.

Against this background section II suggests possible conceptual modifications, with a special emphasis on global public goods. A major conclusion emerging from the discussion is that the notion of efficient and legitimate provision of public goods has to be rethought and expanded. according to the conventional standard theory, goods that would appear to be provided efficiently could, in today’s globalizing and democratizing multi-actor world, be seriously underprovided, driving the world into deep, if not irreversible crises, a risk currently being witnessed in areas like global climate stability and communicable disease control.

The chapter thus proposes to view efficiency and legitimacy as the outcome of reflexive governance to be depicted as a triangle of publicness. It posits that where

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policymaking conditions allow for continuous and swift matching and re-matching between a good's *publicness in consumption* and its *publicness in decision-making* the resultant provision of the goods is likely to generate *publicness in utility*, i.e. a distribution of net-benefits that concerned stakeholders perceive as adequate and legitimate.

However, in order for the feed-back processes between the different triangle axes to work swiftly and effectively, reality has to be constantly re-assessed and policies adjusted. This requires an analytical framework that moves beyond social constructivism and incorporates the possibility of change and diversity. The re-conceptualization of public goods proposed in section II of this chapter seeks to respond to this requirement so that future theory will not impede, but instead help foster an enhanced, efficient and legitimate provision of public goods on which global sustainable growth and development may depend.<sup>1</sup>

### I Out of step: The current standard concept and policy-practice of public goods provision

Studies examining policy challenges and processes through the lens of public goods are likely soon to notice that the conventional concept of public goods—as, for example, presented in most public economics (PE) textbooks—is, in many respects, out of step with current realities. The discrepancies concern the definition of public goods, as mainly elaborated in points 1 to 4 below, and the analysis of the provision process of these goods, as discussed in points 5 to 7 but also touched upon in points 3 and 4. Columns 1 and 2 of table 1 provide an overview of the main issues raised in the following.

**Table 1—Gaps between the conventional concept and today's reality of public-good provision—and suggestions on how to overcome them**

Conventional concept (1)	Reality of public goods (2)	Suggested re-conceptualization (3)
Nonrivalry and nonexcludability as <u>predictors</u> of publicness	Goods with these properties <u>may or may not</u> be in the public domain and goods with opposite properties may in effect be public (point I.1)	Expanded two-tier definition, distinguishing between <u>a good's potential to be public and actual publicness</u> (point II.1)
Public goods are being <u>enjoyed</u> by all	Public goods are often of a <u>contested</u> nature (point I.2)	Formulation of an <u>empirical, value-neutral definition</u> (point II.1)
Public goods are <u>state-provided</u>	Public goods are <u>multi-actor</u> provided (point I.3)	Introduction of the tool of <u>provision-path analysis</u> (point II. )
Primary focus on <u>national</u> public goods	<u>Transnational</u> —regional and global—public goods are of growing importance (point I.4)	Explicit <u>definition of regional and global public goods</u> (point II.2)
Primary focus on goods that are <u>already public</u>	Major focus on <u>who decides on whether or not to make a particular good public or private</u> (point I.5)	Bringing the <u>full political process and the public</u> back in (point II.6)
Public goods as a case of economic <u>market failure</u>	<u>Political markets</u> like intergovernmental negotiations also fail (point I.6)	<u>Expanding the theory</u> of market failure (point II. ..)
Focus on <u>fiscally efficient</u> provision	Concern about <u>overall allocative efficiency</u> (point I.7)	Formulation of a <u>concept of full provision and design of distribution-sensitive assessments</u> of investing in enhanced public good provision (point II.

<sup>1</sup> The following discussion draws on Kaul and Mendoza (2003), Kaul and Conceição (2006) and Kaul (2007).

1—NONEXCLUDABILITY AND NONRIVALRY AS POOR PREDICTORS OF PUBLICNESS: According to the conventional definition of public goods the main properties of these goods are: nonexcludability and nonrivalry for consumption.<sup>2</sup> If goods have both properties, they are considered to be pure public; and if they have only one of these attributes, they are called impure public.

However, even a cursory look at various public domains will reveal not all goods with these properties are necessarily public, i.e. there for all or affecting all. Knowledge of commercial value, which is nonrival in consumption and often difficult to make excludable, might be “protected” against use by others than the inventors through intellectual property rights (often for important purposes such as dynamic efficiency, but sometimes also for other, less socially desirable reasons). Conversely, excludable goods like unhealthy fumes and noise are often left public, although exclusion would be feasible as well as economically desirable.

Publicness and privateness are no innate properties of a good. As soft and hard technologies advance, they can increasingly be altered, shifting goods from the public into the private domain or the other way round. Publicness and privateness are in most instances a policy choice that may vary and evolve as circumstances and preferences change. Therefore, the two conventional defining criteria of public goods—nonrivalry and nonexcludability—are increasingly, that is, with scientific and technological progress, as well as faster changes due to increased competitiveness, poor predictors of publicness.

2—SOMETIMES ENJOYED BY ALL BUT FREQUENTLY ALSO CONTESTED: Most textbooks refer to publicness in consumption also as a good’s being available for all to *enjoy*. The use of the term “enjoy” has given rise to a wide-spread perception of public goods being good in a value sense, that is, good as opposed to bad.

Yet the controversy that often surrounds public goods today suggests otherwise. Preferences for public goods vary, depending on such factors as geography, socio-cultural context, or income level. What some perceive as “good” and desirable may be viewed by others as generating disutility for them individually, their community or the world at large, and hence, as “bad”.<sup>3</sup> No doubt, some public goods are in the general public’s interest, spreading their net-benefits rather widely and evenly. Yet many are contentious, not at all being enjoyed by all.

3—SOMETIMES SUPPLIED BY THE STATE ALONE BUT MOSTLY MULTI-ACTOR PROVIDED: Although the main defining criterion of a public good is its publicness in consumption, many textbooks also refer to public goods as state-provided goods. In the past the state certainly

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<sup>2</sup> Nonexcludability means that for technical, economic or other reasons it is not feasible or desirable to prevent additional persons, “consumers”, from using a good. Thus, the good is potentially there for all, whether they contributed to its provision or not.

Nonrivalry indicates that it can be inefficient to prevent anybody from consuming the good, because the marginal costs of allowing additional consumers to use a nonrival good like non-commercial knowledge would be zero, or at least, relatively low. Thus, nonrivalry signals that a good should, for efficiency reasons, be considered for being made or left public in consumption.

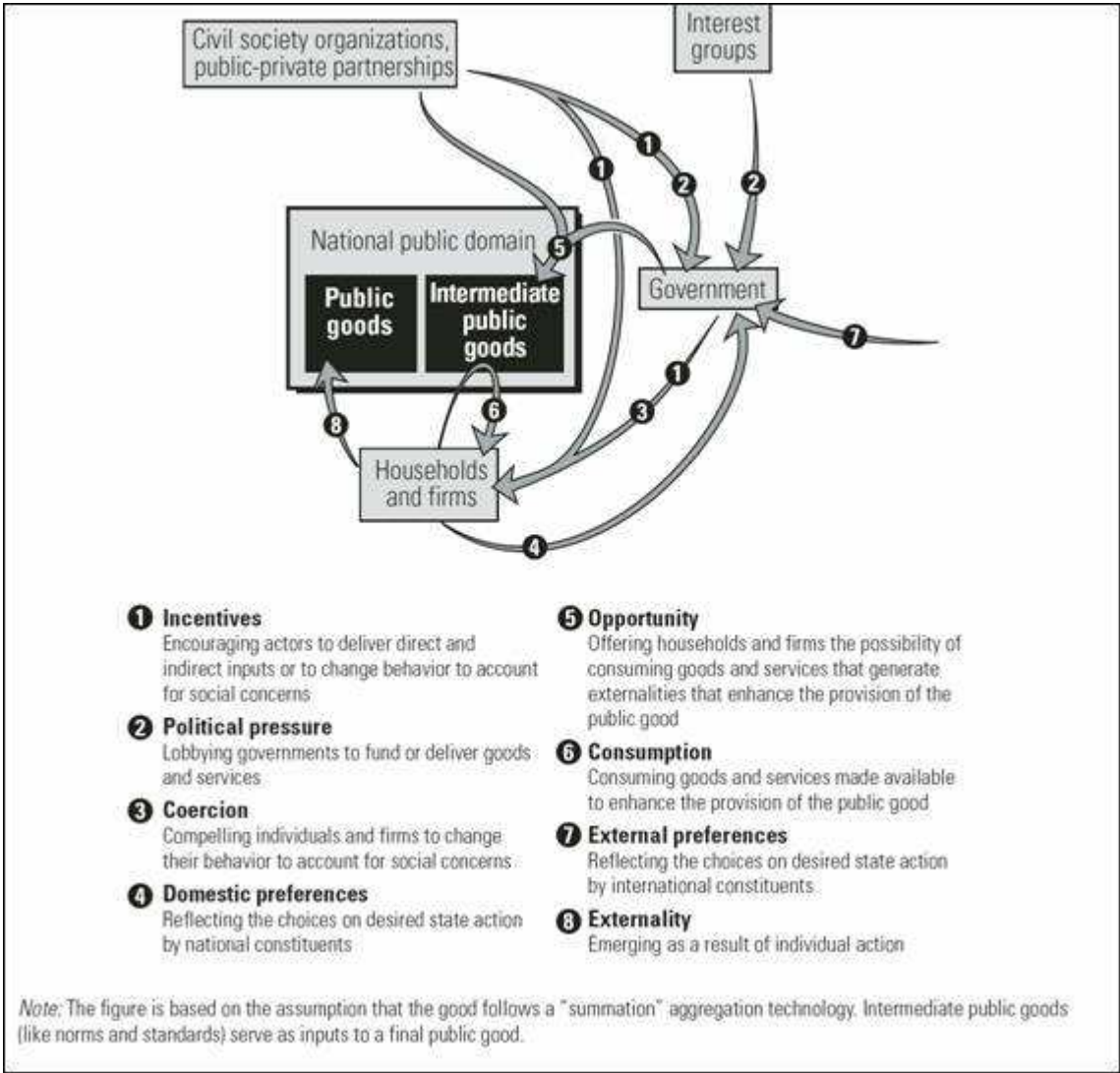
<sup>3</sup> The notion that public goods are good in a value sense may have its roots in the early days of public good provision, in the 13<sup>th</sup> to 19<sup>th</sup> centuries, when the better-off population segments began to provide public goods like health services or sanitation to address the poverty of the broad masses. They did—or at least, felt that they would do—“good” for the broad masses, while of course also seeking to protect themselves against the ill-effects of poverty and squalor like communicable diseases. As the rich were relatively few and the poor were many, the pro-poor goods were seen as goods for the public—public goods.

played an important role in public goods provision. But today, public goods often emerge based on inputs from multiple actor groups, state and nonstate. Just think of the involvement of private security forces and other private providers in military operations, hospital and prison services or the growing trend towards self-regulation, for example, in the extractive industry.

Graph 1 depicts the provision path of national-level public goods today. It illustrates how different actor groups interact at different stages of the process. All their diverse inputs have to come together in order for the good to emerge.

The growing trends towards privatization and public-private partnering have taken many cases of public-good provision out of the fold of governments. In some instances governments still play a critical role, helping nonstate actors to overcome collective-action problems. But they rarely deliver public goods in their entirety. Through various incentive measures, they mostly facilitate, public good provision by nonstate actors.

Graph 1

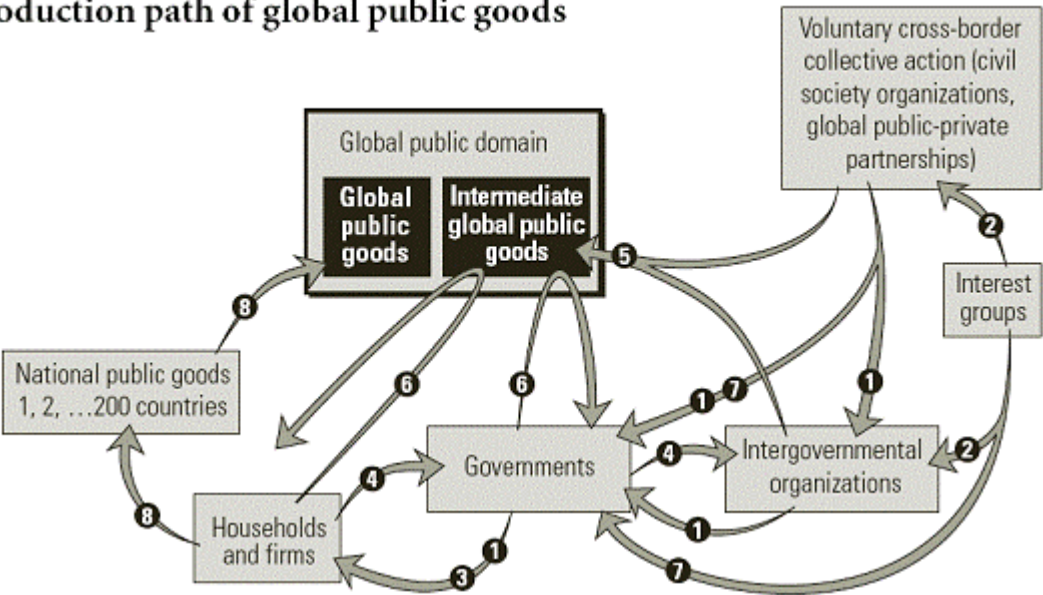


4—SOMETIMES NATIONAL IN SCOPE BUT INCREASINGLY ALSO TRANSNATIONAL (REGIONAL AND GLOBAL) IN REACH: Most PE textbooks still assume a single, closed economy. Consequently, their discussion on public goods relates primarily to national public goods. However, governments themselves have had an active hand in promoting greater openness of national borders, e.g. through the removal of trade barriers and financial controls. They fostered cross-border institutional and policy compatibility through behind-the-border policy harmonization. And once borders were opened up, cross-border economic activity intensified, bringing with it not only intended and desired effects but also unintended consequences, like cross-border spillovers or externalities in the form of spreading communicable diseases, financial contagion, new knowledge and information, and other effects that are now—often with high speed—spreading from country to country, roaming the global public domain.

As a result, many hitherto national public goods have become globalized—either, because governments promoted behind-the-border policy harmonization, or, because national public domains became exposed to cross-border externalities and policy choices made in other countries or by global nonstate actors. (See also graph 2)

Graph 2

Production path of global public goods



- 1 Incentives**  
Encouraging actors to deliver direct and indirect inputs or to change behavior to account for social concerns
- 2 Political pressure**  
Lobbying governments to fund or deliver goods and services
- 3 Coercion**  
Compelling individuals and firms to change their behavior to account for social concerns
- 4 Domestic preferences**  
Reflecting the choices on desired state action by national constituents
- 5 Opportunity**  
Offering households and firms the possibility of consuming goods and services that generate externalities that enhance the provision of the public good
- 6 Consumption**  
Consuming goods and services made available to enhance the provision of the public good
- 7 External preferences**  
Reflecting the choices on desired state action by international constituents
- 8 Externality**  
Emerging as a result of individual action

Note: The figure is based on the assumption that the good follows a "summation" aggregation technology. Intermediate public goods (like norms and standards) serve as inputs to a final public good.

While some PE textbooks make brief mention of transnational public goods like global climate change, few have so far revised the assumption of a single, closed economy and presented a definition of transnational—regional and global—public goods.

5—A FOCUS ON ALREADY-PUBLIC GOODS NOT SO MUCH ON HOW AND WHY GOODS ARE—OR ARE NOT—IN THE PUBLIC DOMAIN: Mainstream PE theory takes an interest in public goods primarily once they are made or left public in consumption. The political processes that lead to the choice of placing a good either in the public or private domain receive only limited attention.

Yet, judging from current news reports it seems that the most heated public debates concern the question of where to place a good. For example, should social security schemes be shifted more into the private realm? Should railways or water systems be privatized? Or, should international trade rules be changed to allow a freer movement of goods and services across borders, and with it, more international competition? The general public participates in these debates in manifold ways. National elections are only one of those. Increasingly important are international negotiations, and the growing participation of nonstate actors in the global public domain, including the participation of some 70,000 civil society organizations and a similar, perhaps even higher number of transnational business actors.<sup>4</sup>

Yet policymakers or members of the general public, who today turn to standard PE theory, find only limited answers on how the politics of public goods provision work. Textbooks seem to address themselves primarily to the executive part of government; and they discuss how policymakers may gauge what people's preferences for certain already-public goods are. The questions they examine are: How much of each public good is to be provided nationally? In which way? And at what net-benefit to which national constituencies?

6—RECOGNITION OF ECONOMIC MARKET FAILURE BUT NOT POLITICAL MARKET FAILURE. In the world of PE textbooks, public goods are seen as presenting a risk of market failure, and consequently, a case for potentially desirable state intervention. Public choice theory in particular has pointed to the risk that in correcting market failure governments may also fail due, for example, to the pursuit of self-interest by organizations or individual bureaucrats.<sup>5</sup> Although these types of government failure are important, they are not the ones meant here with the term “political market failure”.

Rather, the term “political market failure” refers to governmental limitations that are evident in particular in the case of transnational, regional and global public goods. They stem from the fact that in the international cooperation realm governments tend to behave like private actors nationally. They, too, pursue particularistic, namely national interests and attempt to free-ride on the other nation states' efforts.

Thus, it is not rare to see global civil society actors or representatives of transnational corporations pressing governments on the delivery of global public goods like climate stability, the spread of harmonized technical standards or the universalization of human rights. This shows that public goods may make economic markets as well as political markets fail, especially in the case of international negotiations for cross-border cooperation. For this reason, all actor groups now seem to keep a watchful eye on each other.

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<sup>4</sup> See Anheier et al. (2004) and UNCTAD (2007).

<sup>5</sup> See, for example, Buchanan and Musgrave (1999) for a dialogue between the traditional PE perspective on, and the public choice approach to, the role of the state and government intervention.

7—CONCERN ABOUT FISCAL EFFICIENCY NOT MACRO (GLOBAL/REGIONAL/NATIONAL) ALLOCATIVE EFFICIENCY: Due to the statist focus of conventional PE theory, the definition of what constitutes efficient provision of a public good is also state-centered. It is the condition Paul Samuelson formulated in his 1954 article entitled “The Pure Theory of Public Expenditure”. According to this article, pure public goods<sup>6</sup> are efficiently provided when the marginal cost of providing the public good equals the sum of the marginal willingness to pay for it by all individuals affected by the good, a condition which in mathematical terms can be written as follows:

$$\sum_{i=1}^n MWTP = MC .$$

However, several assumptions underlie this equation, including that people fully understand the short and longer-term consequences of providing the good at a certain level; that policymakers can correctly read the public’s preferences; and that no government failures of the public-choice types occur.

All of this cannot be taken for granted. Thus, one can find that public goods, which, according to the Samuelson condition, appear to be efficiently provided are de facto severely underprovided, because governments increasingly provide only some of the goods’ building blocks, if any at all; and national-level interventions are often complemented by international-level inputs.

IN SUM: Standard PE theory presents a conceptualization of public goods and public good provision reminiscent of earlier policy decades, notably the period between 1950 and the late 1970s, when in both, the then “East” and “West” the state had a strong, direct economic role. It is a nationally-oriented role. It is a static, nationally-oriented and state-centered perception that has been overtaken by reality. Transnational, notably global public goods are of growing importance; and public goods provision today is increasingly a multi-actor, multi-level process subject to rising expectations of participatory and transparent decision-making as well as competitive provision.

## **II Narrowing the gap between the theory and practice of public goods provision: some possible conceptual modifications**

In light of the foregoing analysis a fitting re-conceptualization of public goods would have to meet the following conditions:

- Take account of transnational public goods and of today’s multi-actor, multi-level provision of these goods;
- Incorporate the notion of change to recognize that globalization often comes accompanied by intensified competition and faster policy shifts;
- Recognize that preferences for public goods as well as policy paths may vary; and
- Consider that democracy has advanced nationally, and increasingly also internationally, leading to more public debate and controversy about public policy, including the provision of public goods.

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<sup>6</sup> Recall in this context, point 1 of section I, which presented the definition of a pure public good as a good that is both nonrival and nonexcludable in consumption.



Put differently, a fitting re-conceptualization of public goods would offer an expanded, dynamic and value-neutral perspective; and importantly, it would put more of the politics back into public good provision. The modifications proposed in the following points try to meet these requirements. They suggest for further research and study, re-conceptualizations that could help reduce the discrepancies noted in section I. Column 3 of table 1 provides an overview of the proposed revisions.

1—FORMULATING AN EXPANDED, EMPIRICAL DEFINITION OF PUBLIC GOODS: The current discrepancies between the standard definition of public goods and what public goods actually are could be resolved through a re-definition that would aim to be empirical as well as value-neutral. The following two-tier definition would meet this criterion.

*Definition 1.1: Goods have a special potential for being public if they have nonexcludable benefits/costs, nonrival benefits/costs or both.*

*Definition 1.2: Goods are de facto public if they are nonexclusive and potentially affecting all.*

2—RECOGNIZING TRANSNATIONALNESS AS A SPECIAL DIMENSION OF PUBLICNESS: The creation of national borders in a way constitutes an act of privatization, the laying of a claim to a particular territory and to the exercise of policymaking authority within this territory. Removing at the border barriers by, for example, reducing trade barriers or financial controls thus creates renewed openness or publicness, and in its wake, policy interdependence of countries.

This policy interdependence makes itself in two ways. One, states may deliberately accept and promote it, e.g. by fostering policy harmonization; or they may simply experience it, e.g. by being affected by crossborder spillovers such as financial contagion effects or spreading diseases.

Due to both, deliberate and unintentional transnationalization, more and more hitherto national (including local) public goods become regionalized or globalized. Accordingly, one could define these goods in the following way:

*Definition 2.1: Transnational public goods are goods with costs or benefits that extend across national borders.*

*Definition 2.2: If a good's public effects pertain to only a particular group of countries, it is a regional public good (if neighboring countries are affected) or club good (if countries with other common features like being land-locked or having a high income are concerned).*

*Definition 2.3: If the good's public effects are of a global reach or extend beyond generations, it is a global public good.*

3—INTRODUCING THE TOOL OF PROVISION PATH ANALYSIS: Today's full understanding of public goods requires not only to assess, as discussed before, the span or range of their benefits and costs but also to plot their overall provision path, as graphs 1 and 2 above do. Such a provision path analysis could help identify the constituent building blocks of the good as well as the actors currently involved in their provision. Against this background, one could

then assess whether all inputs are actually being provided, and whether they are provided by actors who have a comparative advantage in delivering them.

Such a provision path analysis would also reveal that public goods often do not abide by just one of Hirshleifer's aggregation technologies.<sup>7</sup> Rather, different building blocks may have different underlying incentive structures and would thus also have to be assembled in different ways. To illustrate, while on the whole the provision path of "global climate stability" follows a summation process, some of its building blocks might follow a different path, e.g. a best-shot approach, for example, research aimed at developing required new energy or agricultural technologies.

A provision path analysis could also contribute to a better understanding of the institutional implications of public goods provision. If the state is no longer the sole or main manager of the provision process than who is? How in a multi-actor world would the various components of a public good come together? Is the growing trend towards more single-issue organizational entities, so-called vertical programmes, like the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria or the Global Environment Facility perhaps signaling a possible, early response to this management challenge?<sup>8</sup>

4—DEVELOPING A THEORY OF ACTOR FAILURE IN PUBLIC GOODS PROVISION, COVERING MARKET AND CIVIL SOCIETY FAILURE AS WELL AS STATE FAILURE: The current market failure theory would perhaps have to be rethought in several ways. First, it would be important to develop a theory of political market failure, covering in particular intergovernmental negotiations on the provision of transnational public goods. These negotiations can be viewed as a political market, because participants meet in the negotiating venues as quasi-private, particularistic actors; and the purpose of their encounter often is to exchange policy-reform outputs or policy reform promises and outputs against financial aid and compensation.

Also, these political markets may sometimes fail to achieve an efficient outcome for much the same reasons that may make economic markets fail, including information asymmetry, the existence of externalities and public goods, notably transnational public goods, and power structures reminiscent of situations of monopolistic or oligopolistic competition.

Another aspect to explore would be to what extent economic markets today actually fail. Or, in other words: How to explain what appears to be a growing trend towards voluntary and private provision of public goods, or at least, of inputs to these goods? Has the greater porosity between the private and the public sectors perhaps reduced the incidence of market failure in the case of public goods? Is it politically more acceptable today for private actors to add to public goods provision? Does it also perhaps pay for them to do so, because the general public is politically more active and holds corporations directly accountable—not just via state interventions?

Much of the voluntary and private provision of nonstate actors to public goods is today being discussed under headings such as "corporate social responsibility" or the role of

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<sup>7</sup> The concept of aggregation technology was introduced by Hirshleifer (1983) and by Cornes and Sandler (1996). Three main aggregation technologies are usually being distinguished, viz. the summation, weak-link and best-shot technologies. In the case of the summation technology each unit provided to the good contributes additively to the good—as with emission reductions. In the case of the weak-link technology the smallest contribution determines the overall availability of the good—as with certain types of disease control. And in the case of the best-shot technology once provided by a contributor, the good exists—as with new inventions, which, once developed, exist. See, for a more detailed discussion of these different technologies also Sandler (2003).

<sup>8</sup> See, for more detail on these global facilities, respectively <http://www.theglobalfund.org> and <http://gefweb.org>.

civil society. A comprehensive and systematic public goods analysis of why and how these actors become involved in public goods provision is still to be formulated.

5—TAKING ACCOUNT OF THE FULL POLITICAL PROCESS AND LIFE-CYCLE OF THE GOOD. The emergence of global public goods and the controversies surrounding goods like the multilateral trade regime have driven home the realization that public goods do not come ready made as public goods. Often they are being made public by policy design, including such choices as to foster economic or financial liberalization.

A proper public goods theory would thus have to consider how—by whom and according to which criteria—such choices are being made or not made. In this connection, it would also be interesting to examine why certain excludable goods are actually public and who derives which net-benefit/cost from this fact; and why in other cases the public's access to goods like health-related knowledge is being blocked, or at least partially so.

Such a discussion on the politics that lead to a good being placed in either the public or private domain could generate an interesting typology of public goods, indicating:

- Infeasibility of exclusion—goods that at least for now are technically or economically nonexcludable. The moonlight is a case in point.
- Intentional publicness—goods that have been placed or left in the national, regional or global public domains by policy choice. The multilateral trade regime and the basic human rights norms provide examples for this category of public goods.
- Inadvertent publicness—goods about which requisite knowledge and understanding are lacking and which, for these reasons, are allowed to linger on in the public domain. This condition often applies to environmental hazards like pollutants.
- Policy neglect or hesitation—goods that are allowed to linger in the public domain, although it is known that they generate net-costs. A case in point is global climate change and the slow progress to date in responding to it.

6—WIDENING THE CONCEPT OF EFFICIENT PUBLIC GOODS PROVISION. The conceptual and methodological challenges in this respect are at least twofold.

First, the Samuelson condition for the efficient provision of public goods remains important for analyses that focus on the economic role of states. But it needs to be re-interpreted accordingly. Today, it tells us something about fiscal balance, not necessarily something about the efficient provision of public goods, which now depends on a broader range of inputs, financial ones and others.

Second, it would be important to look beyond the issue of aligning willingness to pay with public and private expenditures on a particular good to assessing the costs and benefits of current provision as well as the net-benefits of an enhanced provision of public goods to various communities—local, national, regional, and global. The concept of full provision developed by Conceição and Mendoza (2006) might be helpful in this respect and worth a more in-depth exploration. According to these authors, full provision is defined as “the [provision] level from which no further enhancements are feasible, given the good's innate or defined (physical) properties and the current state of knowledge and technology” (p.332).

In many instances, achieving full provision of a public good of national, regional or global reach could generate significant net-gains. Thus, a nation or the international

community could approach allocative efficiency, if they were to invest in enhancing the provision of those public goods that promise the relatively best returns on the investment.

Conceição and Mendoza (2006) demonstrated how such assessments could be structured in the case of select global public goods. Since some of the expected global net-benefits that they identified may take a long time to emerge or may be unevenly distributed, they also explored how international cooperation in support of these goods could, nevertheless, be unlocked. Their response is that distribution-sensitive assessments of expected net-gains and international compensation measures could be a step in this direction, allowing international cooperation to make sense for all.

IN SUM: Narrowing the current gap between the theory and practice of public goods provision requires concepts that capture, make allowances for, explain and predict diversity, variability and change in policy responses. It requires a focus not primarily on the state but on public goods as such—a proper theory of public goods, not just one of public goods provision as one aspect of public economics. In particular, it calls for a multi-disciplinary approach, combining insights from economics as well as international relations theories and political science so as to take full account of the fact that the general public—civil society as well as business—plays a stronger, more active role today in setting policy priorities and delivering inputs to public goods, including global public goods.

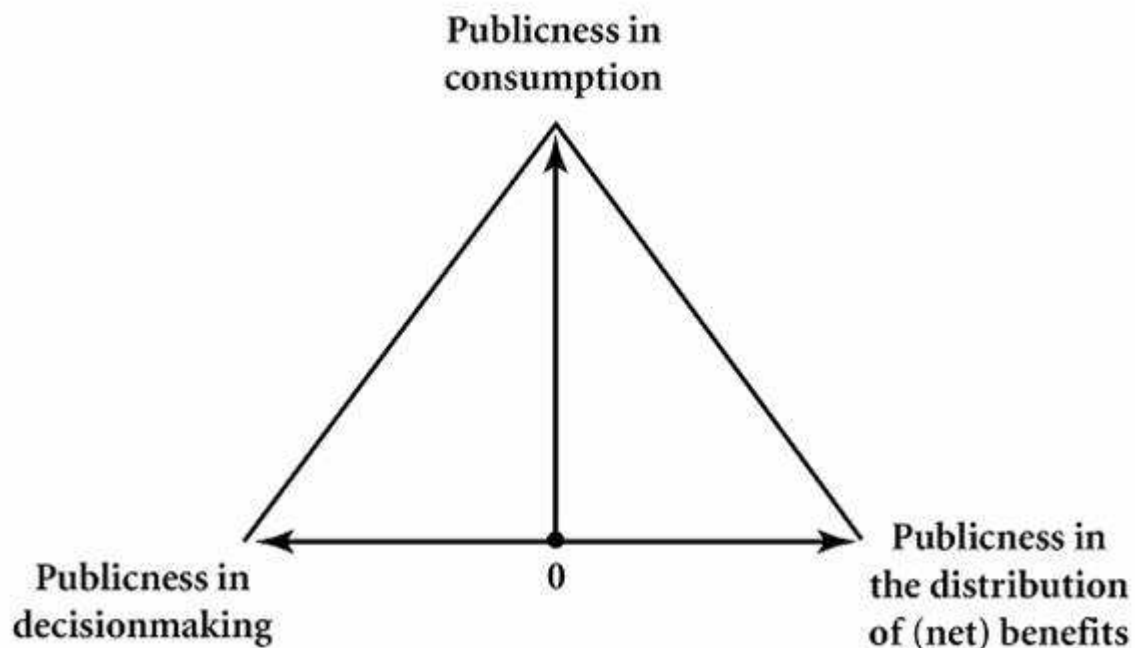
### ***CONCLUSION: REFLEXIVE GOVERNANCE AND THE TRIANGLE OF PUBLICNESS***

Public goods provision today is more complex and less circumscribed than it was in earlier decades. To demonstrate this, the present chapter has identified a number of discrepancies between the current standard theory of public goods and the reality of public goods provision (section I) and suggested conceptual and methodological modifications for narrowing those (section II).

The main conclusion emerging from the discussion is that what constitutes efficient and legitimate provision of public goods can no longer be defined in fixed terms as, for example, stipulated by the Samuelson condition. Efficient and legitimate provision of public goods would now be more appropriately conceptualized as a process of reflexive governance, taking the shape of a triangle of publicness. It seems efficiency and legitimacy will be perceived as existing, where *publicness in consumption*, i.e. the span of a good's stakeholders (the people affected by its costs or benefits) is being matched by *publicness in decisionmaking*, i.e. an effective voice for all stakeholders. If the circles of stakeholders and decisionmakers are well matched, policymaking and delivery is likely to be competitive and produce efficient and fair outcomes, and hence, results that concerned constituencies and actors accept as adequate and legitimate. (See also graph 3.)

Graph 3

## Triangle of publicness



However, reflexive governance—a feed-back loop between policy measures, outcomes, analysis, learning and policy redesign—will work well only, if theories about policy issues like public goods provision avoid over-generalizations of particular historic or geographic appearances of these issues. To work well, these theories must recognize that “things” may differ and change, because opportunities and challenges, and hence, preferences may vary across communities, countries, regions, and time.

Viewing efficiency and legitimacy as an interactive process between the three different dimensions of publicness does not replace the Samuelson condition. But it looks beyond fiscal concerns—to national, regional and global efficiency and sustainability, and hence, to a world of enhanced political balance and stability.

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