

Copenhagen Consensus



Economics and Global Governance



Global Governance

- Lots of problems, lack of institutions
- Adil Najam defines global governance as
 - **“the management of global processes in the absence of global government”**
- Normally institutions
 - **But these are hard to reshape or construct anew**
- An economic alternative to achieve better global governance

The global governance problem

- There are lots of problems
 - **Poverty**
 - **Health**
 - **Education**
 - **Peace**
 - **Air pollution**
 - **Global warming**
 - ...
- And each of these has lots of proposed solutions

The global governance problem

SUPERMARKET

- Like choosing between different options at a supermarket

- Different varieties and packaging


- Some food is very nutritious

- Others just look delicious or are advertised on TV

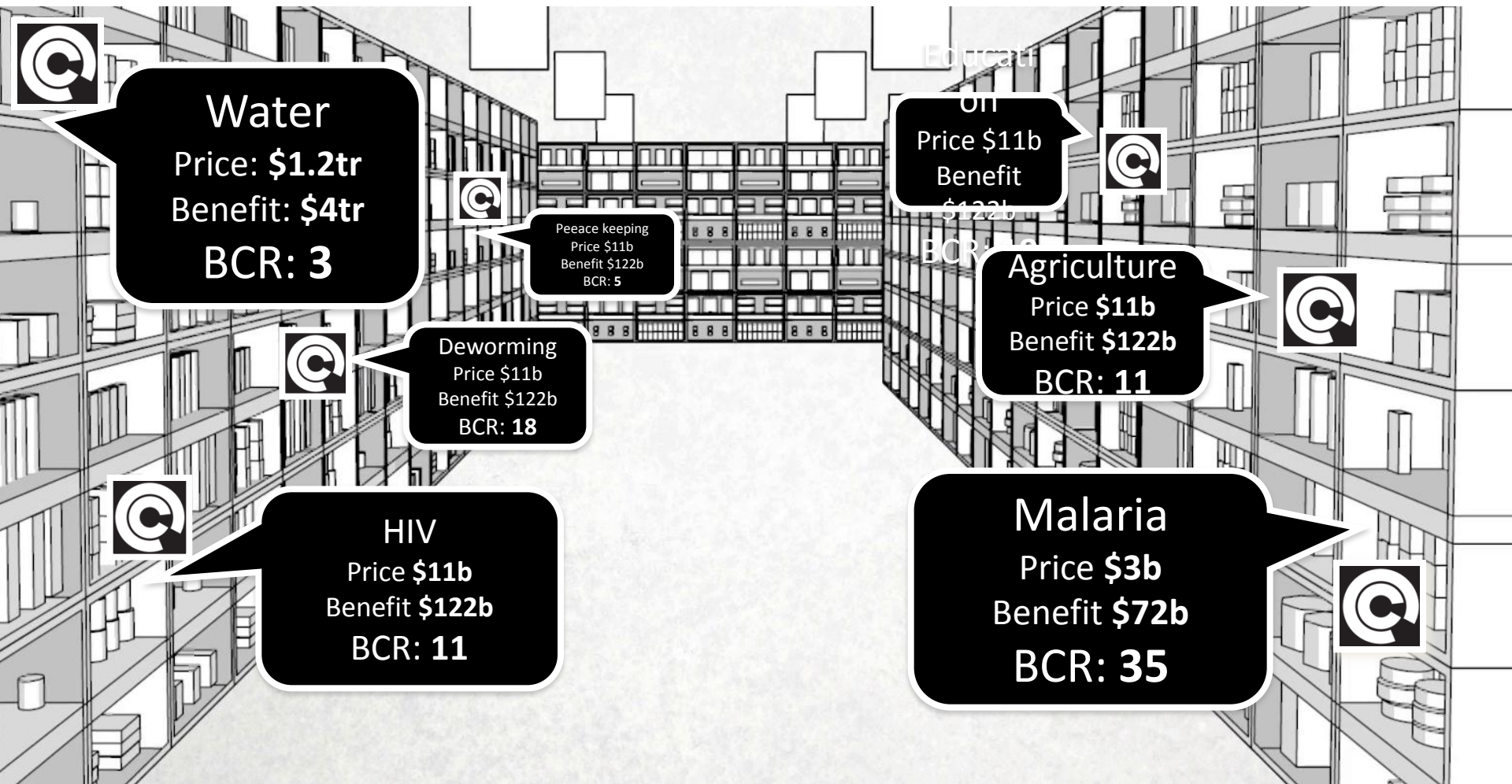
- But what's the price?

- Who pays?

- Who decides?

- 
- An economist's approach to the problem
 - Comparing prices and sizes
 - Allowing to fit a budget with best value for money

The global governance problem



Economic rationality

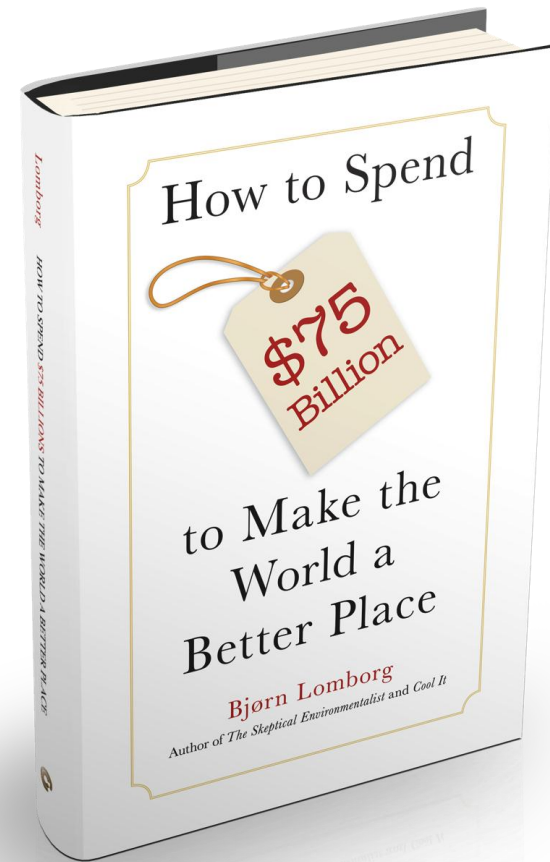
- We will provide
 - **Clearly labeled and comparable prices and sizes**
 - This acknowledges budget constraints
 - This will make the management of global processes without global government easier

Economic governance for post-2015

- We're working with 100+ of the world's top economists
 - **Within all 12 areas from the High Level Panel**
 - **Outlining 50+ targets for consideration**
 - We will estimate the **cost** and **benefit** of each target
 - **Makes it harder to say "let's do it all"**
 - **Gives *headwind* to poor targets and *tailwind* to good targets**

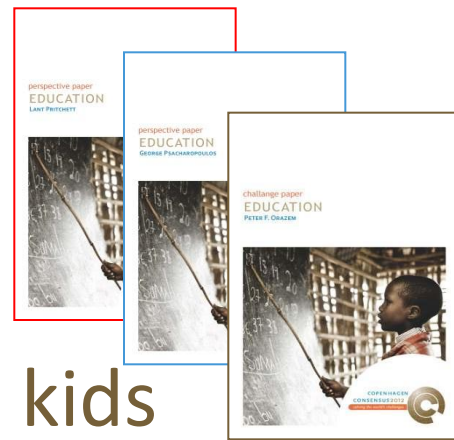
Example of setting development priorities

- Let me show you
 - *Purely academic exercise*



Education

- We've actually achieved to get most kids in school
 - **1960: 41% not in school**
 - **Today: 10% not in school**
- Next step is improving *quality*
 - **The problem is we don't know how**
 - **Let me show you two solutions**



Education



- Conditional Cash Transfers
 - Give poor families cash for sending kids to school
 - We know it works
 - Increase attendance significantly (from 67% to 75%)
 - Have other benefits like better health
- Cost: \$1 billion
- Benefit: \$5.2 billion
- Benefit-cost ratio: 5.2

Education



- Achieve better education through *nutrition*
 - It doesn't require reforming the school
 - We know it works
 - Has lots of other health and moral benefits

Education: nutrition



- Reduce chronic undernutrition in pre-schoolers
 - Community based nutrition (\$7.5)
 - Vitamin A supplementation (\$4.8)
 - Therapeutic zinc (\$4)
 - Deworming (\$1)
 - Iron for mothers & iron fortification (\$2.8)
 - Salt iodization (\$0.2)
 - Provide complimentary foods (\$56.88)
 - Acute malnutrition treatment (\$8.13)
- Total cost \$96/child for first two years

Education: nutrition



- Costs
 - \$3bn/yr
- Benefits
 - Guatemala
 - Stunting results in 66% wage reduction
 - Can avoid 36% stunting for 31m kids/yr
 - Benefits: \$177 billion
 - Benefit-Cost ratio: 59

Prioritize

- Now is your time to decide, which of these *two* interventions should come first if money is limited?

Diseases: Malaria

- Malaria
 - 216m cases/year
 - 600,000 deaths/year
 - Rapid spread of resistance to
 - chloroquine and sulfadoxine-pyrimethamine (SP)
 - Artemisinin works
 - But often used alone
 - Affordable Medicines Facility
 - Subsidize artemisinin combination drugs



Diseases

- Malaria drugs
 - **Costs: \$300 million/yr**
 - **Benefits: 300,000 avoided deaths/yr (10.5m DALY)**
 - **Benefit-cost ratio: 35**



Prioritize

- Now is your time to decide the priority order of these *three* interventions, given money is limited

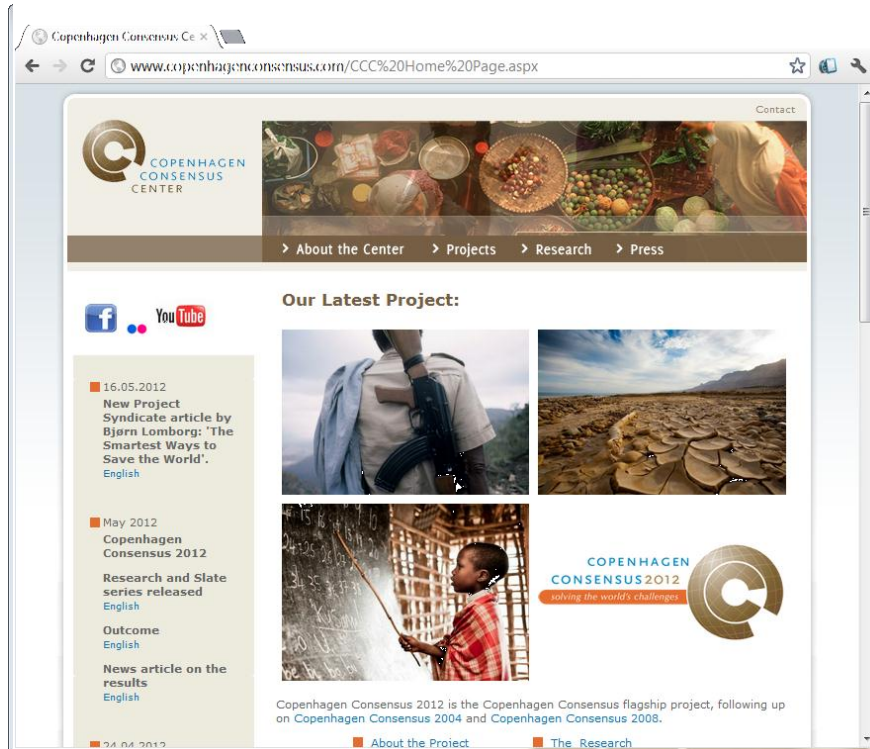
An economic approach to Global Governance

- Imagine if we had the costs and benefits on *all* the main goals and targets for post-2015
 - **Imagine doing this informal, academic exercise for missions, development agencies, NGOs and general populations**
 - **We'd see a lot of agreement on some of the top goals and some of the bottom goals**
- And in that way, economics can contribute to a global governance

Read more about the project:

www.copenhagenconsensus.com

www.slate.com/articles/technology/copenhagen_consensus_2012.html



A screenshot of the Copenhagen Consensus Center website. The browser address bar shows www.copenhagenconsensus.com/CCC%20Home%20Page.aspx. The page features a navigation menu with links for 'About the Center', 'Projects', 'Research', and 'Press'. A banner image shows various food items. Below the banner, there are social media icons for Facebook and YouTube. The main content area is titled 'Our Latest Project:' and includes a list of recent projects with dates and descriptions. A large image shows a person in a white shirt and a blue bag, and another image shows a landscape with many small, round objects. The Copenhagen Consensus 2012 logo is also visible.



A screenshot of a Slate article. The browser address bar shows www.slate.com/articles/technology/copenhagen_consensus_2012/2012/05/copenhagen_consensus_f. The article title is 'You Have \$75 Billion To Save the World' by Bjørn Lomborg, posted on Monday, May 14, 2012, at 2:33 PM ET. The article includes social media sharing options (Like, Tweet, etc.) and a video player. The video shows a group of people in a classroom setting. The article is part of the 'COPENHAGEN CONSENSUS 2012' series, which focuses on 'THE 10 MOST EFFECTIVE IDEAS FOR IMPROVING THE WORLD.' The article is categorized under 'Social was the answer.' and has a 'Watch the video' button.