GLOBAL PUBLIC INVESTMENT: REDESIGNING INTERNATIONAL PUBLIC FINANCE FOR SOCIAL COHESION—A PRELIMINARY SKETCH

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Global Public Investment: Redesigning International Public Finance for Social Cohesion—A Preliminary Sketch

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Over the past decade a growing body of work has begun to engage with the task of rethinking development finance for the 21st century. In a field dominated by innovative finance and sector-specific proposals, this paper sets out to consider the case for a more structured system of international fiscal allocations: Global Public Investment. The core characteristics of Global Public Investment are its potential to enhance the supply of public goods, services and infrastructure globally, through raising each year a nominal, fixed portion of national income as GPI funds and re-allocating those marked funds on a per-capita or other needs-indexed basis. In such a scheme all countries would pay in according to ability and receive according to need and all would have a fair share in negotiating contributions and priority-setting alike. The paper begins by overviewing four historical dynamics presently bringing the seven-decades old system of ODA to an end and examines whether GPI represents a feasible means of addressing the problem of "the end of aid" (Severino and Ray, 2009). It then considers what such a system of structured international public finance would focus on before turning to examine some of the critiques and challenges that any form of statutory international public finance must address. The second half of the paper outlines how a system of GPI might possibly work in practice before turning, finally, to consider the centrality of social cohesion to this vision. The potential role of GPI in enhancing social cohesion is considered in relation to increased cooperation, democratic engagement, and social productivity.

Keywords: Global Public Investment, International Public Finance, Health, Social cohesion.

JEL Codes: B52, F02, F35, F38, F55, H39, H4.

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INTRODUCTION

In a series of papers written after 1942, six years on from the publication of his General Theory, John Maynard Keynes outlined his plan for an International Clearing Union: a vision, as he put it, for "a sounder political economy between all nations" (Keynes, cited in Carabelli and Cedrini, 2014: 118). Keynes' plan for a system in which surplus and deficit countries alike shared the burden of adjustment was ultimately rejected in favour of the Bretton Woods regime of fixed exchange rates and development loans (Iwamoto, 1995; Davidson, 2009). Eight decades later it is not obvious whether Keynes himself would still be recommending a Clearing Union type arrangement in a world of freer capital movements and routine deficit financing. But his ambition to imagine a more evenly structured international system remains unfulfilled and not only with respect to currency and trade imbalances. Today we are also confronted by the need for a more joined-up form of "fiscal internationalism" as well. This was recognised in 2009 when Jean-Michel Severino and Olivier Ray of the *Agence francaise de développement* called for a new form of "global policy finance" to respond to what they termed "the end of ODA [Overseas Development Aid]" (Severino and Ray, 2009).

In the decade since Severino and Ray's article a growing body of work has begun, finally, to engage with the task of rethinking development finance for the 21st century. In 2019 the latest UN Inter-Agency Task Force on Financing for Sustainable Development added its voice to the roster by calling for a new form of "international public finance for development" (2019; xix). More recently, the response to Covid-19 has elicited proposals for an emergency expansion in public finance for health and development related purposes. This includes suggestions for a $2.5 trillion Solidarity Fund to be raised via wealthier countries taking a "solidarity pledge", and for a $1.14 trillion fund for Covid relief in poor countries over a 6-month period, proposed by economists at the World Bank. Perhaps most ambitiously of all, it includes the Merkel-Macron plan to raise 500 billion euros for Covid relief in Europe, backed by an increase in the EU's annual budget. If realised the latter would bring the EU closer to fiscal union than it has ever been before.[1]

[1] Anotole Kaletsky, "Europe's Hamiltonian Moment," Project Syndicate, 21 May, 2020; Maitreesh Ghatak, Xavier Jaravel and Jonathan Wiegel, "The World Has a $2.5 Trillion Problem. Here's How to Solve It," *The New York Times*, April 20, 2020; Christoph Lakner, Berk Özler and Roy van der Weide, "How would you distribute Covid-response funds to poor countries?" World Bank, Let's Talk Development Blog, April 13, 2020.

Yet these are mostly one-off and emergency solutions. We remain a long way still from anything as elegant or as comprehensive as Keynes' contributions in the 1930s and 1940s. Few of the above proposals, for example, suggest any degree of automaticity or on-going and reciprocal contribution. The language is less one of prevention than of finding a cure. Yet each of these post-Covid proposals for how to raise substantially larger fiscal resource is notable for a new-found willingness to address fiscal politics internationally. The premise of each is that addressing a problem like Covid-19 globally ultimately requires funding that response globally as well. This is a significant step change. To date, most calls for fiscal reforms, be it recent trials of Universal Basic Income or wealth taxes (Zucman and Saez, 2019), including global ones (Piketty, 2014; Hubbard, 2015), leave the *international* dimension of fiscal allocations out of the picture (though see, inter alia, Frankman, 1996 and Mendez, 2001 for reviews of earlier—unsuccessful—cases).

My purpose in this paper is to undertake the task of considering what a more structured system of international fiscal allocations might look like and why this might now be a timely question to consider. If the primary task of "development" is the achievement not only (or even necessarily) of GDP growth but of human flourishing and social cohesion—"the capacity of a society to ensure the well-being of all its members, minimizing disparities and avoiding marginalization" (Council of Europe, 2007)—then there is space for something beyond aid to provide at least part of the necessary financing. The intention here is not to "apply" the idea of social cohesion—the theme of the conference where these ideas were aired in relation to an earlier publication (Reid-Henry, 2015)—or even to make the case *for* social cohesion per se as a critical part of the developmental agenda. For the purposes of this paper I take it as a working assumption that social cohesion is a public good that can help address the substantial challenges humanity today confronts. Rather, I want to address the matter of how this more comprehensive vision of development might better be realised by expanding our repertoire of international public finance beyond (though not to the exclusion of) traditional ODA.

My aim in this paper, more specifically, is to consider the case for what has begun to be termed **Global Public Investment**: a system of international fiscal allocations into which all nations would contribute and from which all would receive (see also Glennie, 2019; Glennie and Hurley, 2018; Reid-Henry, 2015). As with Keynes' vision of a clearing union, the investments union envisaged by any form of Global Public Investment would demand similar responsibilities of rich, poor and middle-income nations alike. Unlike with Keynes' ICU, GPI would structure international cooperation in the realm of government spending not balance of payments. The core characteristics of such a system centre upon its ability to enhance the supply of public goods, services and infrastructure through raising each year a nominal, fixed portion of national income as GPI funds and re-allocating those marked funds internationally on a per-capita or other needs-indexed basis. GPI would in this respect be differentiated both from more ambitious calls for "global taxes" (no state is currently willing to abandon fiscal sovereignty), "innovative" forms of public finance cooperation (such as advanced market commitments and public-private partnerships), and existing forms of concessionary international finance (such as development "aid", of which around 70 % is bilateral in nature) (OECD-DAC, 2019). Instead it would provide a closed system—an investments union—in which nations commit resource to enhance the global commons internationally in exchange for a more immediate return on domestic public goods such as health systems, infrastructure and basic services provision. Unlike aid, GPI would ensure all countries had a fair and equal share in deciding how the monies were spent.

There will not be the space here to do more than sketch out what a GPI-type arrangement might look. To do this the paper proceeds in four stages. In part 1 I overview four historical dynamics presently bringing the seven-decades old system of ODA to an end and examines whether GPI represents a feasible means of addressing the problem of "the end of aid" (Severino and Ray, 2009). In part 2 I consider whether such a system of structured international public finance could focus on (global) public goods and services provision before turning to examine some of the critiques and challenges that any form of collective international public finance confronts (World Bank, 2015: 18-20). In part 3 I outline how a system of GPI might actually work in practice. I focus in particular on describing possible ways that GPI funds might be raised and allocated, the challenges of administering such a scheme, and what some of its guiding principles would have to be. In part 4 I turn, finally, to demonstrating the centrality of social cohesion to this vision. I consider the potential benefits of GPI to increased cooperation, democratic engagement, and social productivity within such a collective fiscal scheme.

1 DEFINING THE PROBLEM: IS AID FAILING OR IS THE WORLD JUST CHANGING?

The prospects for international public finance today look rather dim (Greenhill et al., 2015). Several years into the UN Sustainable Development Goals (SDGs) for sustainable development globally, it is common to hear that "progress has fallen short of what is required" (Dodd et al., 2019). The international community has yet to move from the billions of dollars mobilised in the previous era of the MDGs to the trillions of dollars required to meet the ambitions of the SDGs (World Bank, 2015; Mawdsley, 2018; Hirschhofer, 2018). Donor country contributions to what used to be called "international aid" have experienced two consecutive years of decline (before even the economic impact of the Covid-19 lockdown is taken into account). It is not simply a matter of the volume of available funding either. International agencies, such as the WHO, are increasingly reliant on voluntary contributions and private transfers (such as from philanthropic bodies) to fund their operations. These can be fickle and are often tied as to how the money should be spent. Today the World Health Organisation's (WHO) budget, at $4.421 billion (USD) for 2018-19, is around seven and a half times less than the annual health and social services budget for the Canadian province of Quebec (Reddy et al., 2018).

In light of these challenges the International Task Force on Development Financing recently argued that the international community needs "to reshape both national and international financial systems in line with sustainable development," warning that: "If we fail to do so, we will fail to deliver the 2030 Agenda" (Interagency Task Force on Financing for Development, 2019: p. xvii; see also UNCTAD, 2014). Yet the discussion both here and at the level of the Secretary General's office which oversees the SDG agenda, focuses more on strategies than on systemic solutions (UN Secretary General, 2019). The international upheavals since 2001 give reason to think that international financial systems today need more constructive re-imagination in light of current economic realities. Crucially this means bringing rich and poor countries alike into the same picture (Stiglitz, 2012; Reid-Henry, 2015). Nowhere is this clearer than when it comes to the increasingly global nature of many of the world's most pressing challenges, including now Covid-19, and the need that arises from this for (global) public goods, services and infrastructure in particular.

The post-Covid 19 future may well be one of intensified national autarky: the unseemly squabble between nations, and the out-buying of limited global stocks of protective personal equipment by Europe and North America certainly suggest this to be a possibility. But equally Covid-19 might prompt nations to reflect upon their common vulnerabilities (Roy, 2020), changing the extent to which policy makers, and the citizens who vote them into power, are inclined to cooperate internationally: as with the recent proposal by Angela Merkel and Emmanuel Macron for greater EU fiscal cooperation. To better understand the nature of this current opening, however, it remains useful to step back and reflect upon the larger trends the post-Covid-19 response is itself likely to be shaped by. As summarised below these include: (i) the decline of ODA and the persistence of uneven development; (ii) the changing dynamics of global inequality; (iii) the crisis of the ideology and achievement of economic growth; and (iv) the emergent characteristics of the twenty-first century geopolitical order.

1.1 The rise and fall of ODA

One of the most commonly cited reasons for considering a new form of international public finance is a perceived sense of crisis in more traditional flows of ODA (Thomas, 2013; Glennie, 2008). Such a crisis needs understanding not only in relation to short-term drivers (such as the financial crisis, or even Covid-19) but in light of long running structural flaws within the system of ODA itself. When international financing for development aid was emerging in the post-WWII context of Truman's "Four Freedoms" and the first of two UN Decades for Development in the 1950s, it was largely driven by geopolitical imperative. This lasted through until the late 1960s and the fiscal crunch of stagflation in the 1970s. Then, with globalisation, came further changes. From the mid-late 1970s onwards, more and more aid money began to be spent on meeting crises and making loans. By the 1980s already too much was being used simply to refinance national debt. The aid landscape then fragmented as more actors (NGOs, philanthropies, civil society organisations and public private partnerships) emerged alongside traditional "donor nations", financing often more narrowly targeted and at times self-serving programmes. One of the few areas of ODA growth in recent years has been in PSI, or Private Sector Investments—yet private finance (including philanthropy) struggles to address the undersupply of public goods and services. Where ODA began, seventy years ago, as a nationally-driven and geostrategic investment in the (at times also) moral project of global development, what it has since become increasingly reflects the private interests of the powerful more than actual public need. The traditionally top down nature of ODA finance has thus not been in any way solved by the break-up of the division of the world into "donor" and "recipient" nations. At the same time, the emergence of such a non-traditional international aid order means that much of the change in mindset that a move from ODA to GPI requires is already underway.

Of course, there have been notable advances in formally counted poverty reduction during the past seven decades. But these gains are countered by rising inequality nationally. Moreover nearly two thirds of countries (98 out of 152) now receive less aid on aggregate than before as countries "graduate" out of the highest level of poverty while assistance is phased-out and focused more narrowly elsewhere (OECD, 2012: 54). These changes reflect the changing policy climate in donor countries. 2018 saw a second consecutive year of declining OECD-DAC contributions (down by 2.7 % in real terms on 2017, partly reflecting declining spend on refugees, but with aid to least developed countries also tailing off). This left total OECD-DAC aid at just $149.3 billion in 2018 (UN DESA, 2018). Despite the unprecedented global commitment to the ideals and ambitions they embody, the prospect of actually attaining the SDGs at time of writing looks out of reach. Today, large structural programmes are a rarity, and where they do exist—e.g. China's Belt and Road initiative—they match more closely the old geo-strategic approach of development than they do the aims of the SDGs. This situation is unlikely to improve with donor nations now increasingly concerned about the state of their own economics and the challenges they *too* confront in ensuring universal access to basic goods and services.

1.2 Changing dynamics of inequality

In the years since the global financial crisis the extent of the challenge that globalisation poses to rich nations has become apparent as well. If the 1970s and 1980s were a wake-up call for the global South during the debt crisis, the global North received a similar jolt in the 2010s after the credit crunch. Geography is no longer a means of isolating oneself from problems in other nations. Diseases and terrorism, for example, are just two prominent cross-border problems to manage, while the growing need to address global environmental change dwarfs even these. These emergent challenges coincide with, and to some extent stem from, a **second** category of historical factors pointing towards the need for a fundamental overhaul of the current system of ODA: the transformation in the *dynamics* of global trade and inequality. Between 1988 and 2008 the "winners" from globalisation were an emergent global middle class in Asia and the very wealthiest (the top 1%) of the global income distribution (as well, it should be noted, as the better-off members of the poorest third: though not the absolute poorest in the world, whose incomes remained stagnant). The most significant losers, by contrast, were those located around the 75^{th} to 90^{th} percentile, which is to say the rich world's lower middle classes (Milanovic, 2013: 202).

This creates a modern dilemma which, to some extent, Simon Kuznets foresaw back in 1958: namely that, all the while the level of between-country inequality remained high, the poorest in the rich world would be untroubled by their own domestic inequality; yet as the gap between nations narrowed, however, the potential for political discontent in rich nations would rise. As

Kuznets also noted, with respect to domestic income differentials in poorer countries, "under … conditions of growth and internal mobility, wide income differentials within a country are much more acceptable than under conditions of slow growth or stagnancy…" (1965: 157). This is a fact which today's interconnected yet economically slowed world, criss-crossed by migratory movements makes apparent: creating a dual squeeze on the rich world's lower middle classes as the world's poor seek to avail themselves of the "citizenship rent" offered in rich countries (Milanovic, 2013: 207) by moving there to take advantage. This is one facet of a new world historical condition summarised by Horner and Hulme as "converging-divergence" (Horner and Hulme, 2019) and to some extent accounts for—though it does not justify—why such movements have been met with harsh countermeasures. It is no longer possible therefore to separate the relative status and position of people around the world in terms of flat categories (such as their status as "income groups"). Their fates, their capacities, and the resources at their disposal are also converging (if unequally) as well.

1.3 Transitioning from growth to "de-growth"

The third historical development pointing to the need for a more joined-up global fiscal policy regime for the SDG era is an emerging evidence base supporting the recognition that economic growth, the foundation upon which improvements in standards of living in the post-war era have been based, is not ecologically sustainable in the long run. While more radical proponents of "de-growth" seek to reduce economic growth (Mastini, 2017; Latouche, 2004; D'Alisa, Demaria and Kallis, 2015), others seek primarily to curb the "through put" of the economy in the name of greater sustainability. "By restoring public services and expanding the commons", Hickel argues, "people will be able to access the goods that they need to live well without needing high levels of income" (Hickel, 2018; Burton and Somerville, 2019). The purpose of de-growth—and certainly of more mainstream arguments for more *sustainable* economic growth (Raworth, 2017)—is thus a more equitable and inclusive distribution of existing and inherited wealth, not its eradication. It aligns in part with Piketty's (2020) recent ideas of reducing property ownership in favour of ensuring a constant "circling" of property through society. Crucially, however, the developmental vision of de-growth relies on a dramatic improvement in the provision of public goods and services at the global scale. If more people are to realise their socially-productive potential then they must not be priced out of access to basic goods and services (be it housing, transport, education, or medicines).

Understood in this more general sense and de-growth critiques can, from the perspective of public economics, be understood as a more radical form of inclusive growth economics, which encompasses work on such topics such as social protection (Cook and Kabeer, 2010; FAO, 2018), universal basic incomes, and the idea of equality itself as a development strategy (Grimalda and Moene, 2018). There is not the space to review these various heterodox approaches here, but it warrants highlighting the twin principles of sustainability and equality around which they converge. With this in mind, any serious outline of a post-ODA system of global public finance needs to reckon with two salient facts. The first is that ODA in its present form is complicit in the creation of the ecological crisis we currently stand before, and this is one reason why it should rightly be reduced, over time, to an emergency response and poverty alleviation function. The second is the fact that this ecological crisis itself can only be solved by coordinated international action in pursuit of (globally supplied) national goods and services alongside changes (not considered here) to the rules by which international trade and finance presently operate.[2] If more socially cohesive (and greener) models of social development are not baked into developing country economies at the same time as they are transitioned to in advanced and middle-income economies now undergoing their own form of "deindustrialisation" (Sumner, 2019), then the chances of achieving sustainable prosperity will be minimal (Jackson, 2009).

1.4 Managing linkage in a changing geopolitical order

Geopolitical transitions matter. They are fraught but they also present opportunities. The rules guiding the current system of international development aid have a geography as well as a history, for example. They are for the most part *western* liberal rules and while some countries that have graduated from the status of lower income to middle or higher income country status during this period (such as South Korea and to a lesser extent countries such as Kazakhstan) are happy to be incorporated into the traditional OECD-DAC led system, others most certainly are not (notably India and China). This is apparent in the way these nations are forging an independent and predominantly bilateral path (as China is doing with its Belt and Road strategy, Brazil with its South-South cooperation initiatives, and Russia with its region-specific and often military aid). With not all emerging economies wishing to be seen as

2 Such changes—a policy in effect of "desisting" and reform of existing institutions—are certainly as important as the case outlined here for improving equality within and between nations.

"donors", the very notion of concessional finance is up for grabs today: as was apparent from the Global Partnership for Effective Development Cooperation (GPEDC) initiated at the High Level Meeting on Aid Effectiveness in Busan (Wickstead et al., 2019, p.5) in 2011. DAC funding may still remain the primary aid channel globally but increasingly it looks like a regional rather than global system, tied to the moral and geopolitical imaginations of the Euro-American 20th century. Existing tensions over the function and purpose of international aid are only likely to grow, therefore, as more countries consider themselves relevant actors in the field of concessional finance and as competing priorities inevitably begin to emerge and to gain institutional expression. A more structured system would help to stave off an intensification of petty bilateralism in international fiscal flows.

A more structured system of international public finance would also help us to move beyond the power dynamics of "recipients" and "donors". It would need to preserve the best of the western global age while recognising new multipolar, or even Asia-centric realities. It would need to enable countries that have not yet been willing or able to participate in international finance to do so, and to encourage existing donors to think outside of the geopolitical constraints of the old donor-recipient paradigm: as many are already beginning to do. There could be a role here for the World Bank, perhaps in cooperation with the Shanghai-headquartered New Development Bank (NDB) representing, along with other facilities such as the Contingent Reserve Agreement (CRA), the already growing fiscal partnership between each of the BRICS since its establishment in 2015 (Suchodolski and Demeulemeester, 2018). While not quite "future-proofing" the ambitions of sustainable development in more chastened economic and geo-strategically competitive times, a new multilateral fiscal system would at least help ensure the longevity of policies aimed at enhancing global and domestic equality, achieving greater levels of social cohesion, and redirecting the trajectory of economic transformation away from the ecologically unsustainable future of GDP growth towards a post-growth future of sustainable and shared prosperity.

2 WHAT CAN GPI OFFER BEYOND EXISTING FORMS OF IPF?

The macro-level trends examined in part 1 point to the longer-term value of a system of global public finance that is each of universal, multi-directional, and focused on meeting the complex common needs of the twenty-first century.

But to seize that opening, policy makers will need to be shown how such a system might possibly work in practice. In this section I want to consider three questions that each require much more careful consideration but which we can take as starting points for discussion: What would such a "universal" system of public finance look like in practice (and to what extent would it need to be fully universal)? Why should it focus on public need specifically? And what are the main institutional and political challenges confronting its implementation?

First of all, **what should a universal system of public finance (GPI) look like in practice**? As noted above Global Public Investment is best understood as a form of structured international public finance (IPF) encompassing—in theory—all nations as contributors and recipients to the scheme. As mentioned, there are ways in which this is already happening (as with the regional development banks, with mechanisms like the Global Fund, or in the case of fiscal transfers within the EU). Accordingly GPI would operate, so far as possible, through existing national fiscal systems. As with various other "contribution" schemes, it would fall at the more compulsory and automatic end of the international public finance spectrum: which includes such other forms of fiscal transfer as international tax cooperation schemes, the funding of international organisations (such as UN peacekeeping forces or WHO core contributions), or provisions for the IMF's Special Drawing Rights.[3]

In a related vein Inge Kaul (2017) has recently outlined a way of expanding global public goods (GPG) provision by separating financing for GPGs from development assistance, and by repurposing the World Bank Group and the Multilateral Development Banks to manage such flows, alongside a new sister office to the OECD-DAC to oversee coordination (see also Kaul, 2014). Kaul's account provides a detailed proposal for a public good related form of international policy finance. The vision of GPI outlined here parallels Kaul's suggestion that a new and structured form of international policy finance needs separating from ODA revenue streams and targeting to the 21st century needs of *all* countries (see also Kaul et al., 2011). But it differs in two basic respects.

First, it operates with a more restricted understanding of the type of finance involved. Specifically, GPI monies are public monies, not agglomerations

3 Note: in international public finance all contributions are, *technically speaking*, voluntary, since there is no higher authority compelling states to act in certain ways. Nonetheless, the moral and soft law sanction of other states can be sufficient to make certain commitments, *practically speaking*, compulsory in the way they are approached by national governments.

of multiple and (at times) competing funders, where the unique qualities and characteristic of "public" money at the national scale are respected. GPI funds would not seek a financial so much as a social return; they would be invested over the long term, would be democratically/politically determined, and publicly accountable. They might well be relatively small compared to national budgets (as it was recognised, in 1977, that the European Community would have to be, for example MacDougall Report, vol. 1: 12) but they would have a leveraging function and help in the management of cross-border spillover effects, of which Covid-19 is the most dramatic example. Second, it operates with a more expansive understanding of the purposes such money is to be put towards. Specifically, services would need to be included alongside public goods in a wider concept of "public requirement" (encompassing health, the environment, innovation and knowledge, crisis management and so on). GPI monies would be disbursed as grants not loans on an annual or bi-annual cycle and nominally per capita basis. A portion of those grants might be remitted directly to *national* states for enhancing the provision of public goods and services domestically; a portion might be channelled directly towards prior and internationally agreed upon contributions to *global* public requirements.

But since both public services and goods are among the items already financed by existing flows of ODA, a second critical question to consider is: **why is such a new form of international public finance needed**? The most basic answer is that our 21st century needs are no longer always best met at the national level. The past two decades have revealed how vulnerable societies are to periods of crisis when infrastructure and resource is lacking. They have further underscored that in times of crisis, even governments themselves tend to under-prioritise basic public needs. A more coherent system of international public finance would help shore up this public requirement while contributing a counter-cyclical and stabilising role at the revenue-raising end. In short, greater volumes of collective financing are needed to overcome the tendency both to under-provision of public goods and services and to economic and social volatility. A second and related basic answer hinges on the specific qualities of public money outlined above and its ability to help avoid problems emerging in the first place.

Both answers are apparent, again, in the Covid-19 pandemic, whose impacts have demonstrably not fallen along the traditional rich country-poor country axis (at time of writing one third of the global death toll is located in the US and UK, where it is arguably related to the undersupply of public goods and services provisioning in those countries). While it may be uneven in its effects—and will be more so as poorer countries are affected—Covid-19 is equally a universal problem. Disease surveillance and crisis response systems, including the WHO, are "public goods" that supersede any one national frame (Barrett, 2007; Brousseau et al., 2012): they are, in theory at least, non-exclusive and non-rivalrous at the international scale.[4] Global public requirements in health will only by met by global financing for health that is each of locally, nationally *and* internationally coherent: think of the private benefits to individuals in a care home of a working pandemic response to Covid-19, alongside the national economic benefits of lockdowns avoided, and the protection of global trade as a result (see Bodansky for a similar climate based example: 2012: 653). In other words, enhanced *public* provisioning—all of us, investing in all our futures—lies at the heart of whatever stepwise improvements we might make to today's national and international economic systems alike.

There are important links and synergies between public goods, services and infrastructure beyond their visible returns, which further warrant their mutual prioritisation. Public services are often required to ensure the provision and maintenance of public goods (it is hard to actually achieve the *public*—that is, universally accessible—good of global health without functioning health services, for example, for all that private suppliers may contribute towards this end). Conversely, public goods such as an effective regulatory infrastructure work to maintain the quality and standards of public services, which given their universal scope should always be subject to special scrutiny and oversight. Public goods, services and infrastructure share similar properties of being (to degrees) non-excludable and non-rivalrous: education may be privately provided, but research suggests that the full social benefits of education are realised only when it is universally accessible and free for all. Over time, some services may themselves even be considered public goods (it is hard to think of the UK's National Health Service as "just" a service, for example) and thereby a part of the national infrastructure. The maintenance of public goods and services creates informal webs of solidarity at all political scales.

The provision of public goods, services and infrastructure as a coherent package further provides ways of reducing the effects of poverty, without redistribution of income per se. By making the cost of living more manageable (because present services that poor people pay proportionately more for would

[4] In reality few goods meet such strict criteria of "pure" public goods and so are "impure" in various ways. The theoretically non-rivalrous quality of clean air may be unevenly consumed, for example, as is the case with industries or nations that permit greater air pollution.

instead be free at the point of use) or by avoiding the escalation of problems that can force those with lower incomes into a cycle of poverty, better quality public infrastructure boosts both inequality reduction and social cohesion. Public goods and services thus enhance the capabilities of society as a whole. A 2017 report by UCLs Global Policy Institute, for example, found that the provision of basic services can "make accessible a life that includes participation, builds belonging and common purpose and potentially strengthens the cohesion of society as a whole" (2017: 6). Improving access to universal basic services can therefore be "the most effective way to bolster the public goods on which both society and the economy depend".

At present, however, and as alluded to above, there are well-documented reasons for the undersupply of public goods, services and infrastructure often stemming from their inherently non-excludable nature (meaning there are strong incentives for free-riding) combined with the difficulty of realising any cooperative scheme internationally where enforcement mechanisms are lacking. Among these various challenges the following in particular present **a third area of consideration that GPI advocates need to consider**: the constraints of Fiscal Sovereignty, issues of Selection, Collective Action problems, Political Feasibility, and Demonstrable Effect. A number of other issues, such as the need for contributors to feel ownership over what is done with "their" money, further criss-cross these primary concerns and warrant taking into account.

National <u>fiscal sovereignty</u> presents the most basic and enduring problem to any form of international fiscal allocation. "The power to tax is a key attribute of the modern nation state and no state will readily forgo that power," as Richard Bird observes (2018: 31). This is why the collective gains of such a system need constantly stressing. Yet the claim that states are unwilling to pool *any* form of sovereignty may be overstated. The EU is of course the obvious (if specific) example here. But in other cases too, be it managing the costs of shared river basin management, or membership in international security organisations such as NATO, nations have shown that, for a given purpose, and to a carefully delimited extent, they are willing to share a portion of their tax income in pursuit of mutually beneficial ends. Transferring *existing* revenue to a scale where it may be more effectively deployed for national purposes as well is an important part of the justification of European fiscal cooperation (MacDougall Report: 15). Historical evidence suggests that the reluctance of states to cede their fiscal sovereignty is lessened, moreover, when revenue collection and disbursement is undertaken insofar as possible not by some external (and unelected) "global" organisation but through existing tax and revenue systems.

The second most commonly raised objection to the feasibility of a common system of international public finance is the issue of selection: in other words, what outcomes are to be provided and how do we prioritise among them? This is discussed in more detail in part 3. But again the lessons from the literature on international treaties suggest that selection problems are best resolved, in general, when negotiations are undertaken within the confines of already agreed upon international standards and goals: which in turn are shaped by a supporting body of scientific and technical knowledge and prior (other) treaty commitments. It is in that sense beyond the scope of this paper to outline precisely “what” GPI should be used for. At the broadest level the SDGs provide a pre-existing set of formal commitments to global public goods, services and infrastructure provision. Officially adopted by 193 countries, and relating to such core outcomes as health, education, housing and urban redevelopment, food and water, the SDGs are a roadmap that to date lacks a workable financing mechanism. In reality something far more specific would be required.

This leads on to a third set of barriers that a workable system of GPI confronts: namely those raised by varieties of collective action problem: the “Free Rider” and “Weakest Link” problems in particular (Hirschleifer, 1983). Free-riding is perhaps the most common problem that public goods-type provision confronts at the international scale: the incentive for some not to contribute to realising a particular global good because such goods are, by their nature, available to all. This makes it impossible to exclude non-contributors from consuming the good in question. Weakest link problems also frustrate the provision of global public goods and tend to arise when a particular good can only be supplied by all nations committing to delivering it. The cause of disease eradication is one such example, since any nation that does not contribute potentially jeopardises the entire operation. Here too issues of capacity and not just willingness arise (Barrett, 2007). Any workable system of GPI would therefore need to emphasise both the collective good *and national returns* of participation (something I take up in part 3 below).

Fourth, are problems of political feasibility raised by the inherent difficulties of implementing and administering formal structures of international cooperation (especially when oversight, regulation, or non-compliance procedures enter into the picture). The more that new organisations need establishing and legitimising, especially at the global level, the less likely the chances of success. At the same time, there are periods when institution-building on a larger scale becomes feasible: for example, the immediate post-WWII moment for progressives discussed above, or in the 1980s, when the conservative counter response to that global policy regime converted some of those same organisations to the laissez-faire principles of the Washington Consensus.

Finally there are problems of demonstrable effect: how can contributors be made to feel that they really *are* getting something back from what they pay into the scheme? Such concerns have preoccupied the development and aid community for much of the past two decades. We are as a result today much better equipped to manage issues such as financial transparency in international organisations and in the reporting and measurement of outcomes. In its (2006) *Meeting Global Challenges* report, the Task Force chaired by Ernesto Zedillo suggests entering a line item in OECD reporting, so as to create a league table of contributors: both rewarding those countries participating most effectively, shaming non-contributors, and making information on what was being done with the revenue collected easily available to anyone. This would also, it should be noted, reward non-DAC nations for their international spending, which currently goes unreported and under-recognised internationally.

3 HOW WOULD GPI WORK?

Having set out how GPI may be able to overcome some of the traditional challenges most commonly confronted by proposals at the "compulsory" end of international public finance, such as global taxes, it remains to consider how GPI might work in practice *within* these constraints. I have said that GPI is best understood as a form of IPF that would allocate *international* funds to enhance the *national and trans-national* basis of sustainable public goods and services provision *globally*. But to examine the feasibility of such a scheme we need to know more about how exactly GPI funds could be raised and remitted. We also need to know something about how such a scheme might be administered, how issues of compliance (and non-compliance) might be dealt with, and finally how the scope and scale of such a scheme should be set. In reality there may be numerous ways a system of GPI might operate, be it as a more coherent system of financing for the specific parts of the SDG programme, or focused upon the provision of specific *global* public goods such as climate change adaptation or pandemic response systems. But these are not binary choices, and a GPI-type system could begin modestly, perhaps with just a few lead nations or even regionally in the first instance, and later be scaled up, just like domestic tax systems were across the 20th century (Piketty, 2014). One of the virtues of a system of GPI is both its conceptual simplicity ("transnational public money") and its practical flexibility (as something like EU fiscal arrangements show).

3.1 Managing GPI I: revenues

Raising Funds

A system of universal and multi-directional fiscal allocations requires fixed revenue streams, yet these must learn the lessons of the (failed) public commitment to realise the 0.7 % goal for ODA. Existing sources of IPF revenue include domestic taxes on wealth, income and expenditure, international levies on cross-border and capital transaction taxes, taxes on natural resource use (such as hydrocarbons), public bonds, or some form of assessed contribution met by national states. The difficulty, as mentioned, lies less with dreaming up possible revenue sources than with realising them in practice. For example, a scheme that seeks contributions from all countries needs to take into account the very different institutional and economic capacities of states to fulfil these demands (in India the tax register covers only 3 % of citizens with only around 1 % actually contributing revenue to the exchequer). GPI relies on public revenue, and for this reason two "basic" routes are considered below. I leave to one side here the issue of raising funds via bond issues for example.

In **Route 1** GPI revenues would be obtained in the most traditional way possible: through existing national tax authorities, on the basis of an additional contribution added to taxable income, wealth or consumption (VAT) receipts. This would need to be automatic and added as a line item in national accounting: an extra penny in the pound on income tax, for example. Various ways of organising this, such as through adjustments to tax bands and progressivity, would allow states to decide on which parts of the citizenry the burden should fall most heavily, in accordance with the domestic political landscape and local political and economic preferences. Taxing wealth for the purposes of GPI is more challenging, of course, although serious proposals on this front have recently been forthcoming within OECD countries. Piketty (2020) for example makes the case for a national wealth and inheritance tax that would finance universal national endowments (of around $125,000 each to be received by every citizen, he proposes, on their 25th birthday).[5]

[5] A possible argument for using such an endowment for GPI purposes instead is that inherited wealth is not obviously "earned" domestically alone. Indeed, in the case of the largest inherited sums it is most likely almost certainly earned in part through financial or international trade and investment.

Route 1 sets a high bar on political realisation, particularly in poorer countries with less well-developed tax systems. In **Route 2**, which draws on proposals set out by Moene and Ray (2016) for revenue raising in their proposed system of a national universal basic share, funds would be raised by countries allocating a fixed percentage of *national* income each year to GPI; nominally of anywhere between 0.3 to 1 % to begin with on the grounds that such a portion could be better "invested" in the longer-term national interest in other ways and at other scales than via the domestic tax take. This would mean, in effect, that each year it is more productive societies that contribute a relatively higher share of GPI funds, creating the additional benefit of acting as either brake or motor on different national economies and business cycles. The advantage of linking the levy to national income is that the share will rise or fall each year depending on how much income the country obtained. In good years it would be higher. In bad years, less would be raised and relatively speaking the ratio of countries' receipts, relative to their contributions, would improve to compensate. This helps reduce incentives to abandon commitments in a downturn. As noted above, such an approach could also be linked with other means of national revenue raising, such as GDP-linked bonds issued by member nations upon entrance to the scheme. While many countries struggle to issue bonds in their own currency, membership of a highly accredited scheme could help overcome this hurdle.

Remitting Funds

As with revenue-raising GPI remittances could take multiple forms, each with slightly different implications for the scope and purpose of the scheme. In **Route A,** disbursements would be organised both nationally and internationally and coordinated via the World Bank group and regional development banks or an equivalent (the WB is already a fiduciary actor for systems like the Global Fund, for example). One could imagine a sixth entity at the world bank alongside the IBRD, IDA, IFC, MIGA, and ICSID, an "International Investments Fund", say, into which all member countries paid and contributed to managing via annual "preference setting" meetings. Part of that could be allocated to national spend, and part to international spending. An alternative approach would be that suggested by Kaul (2017) who, in her proposal for a system of global public goods finance, adopts a sectoral mechanism. In Kaul's proposal, country ministries and technical agencies (e.g. the Ministry of Health) would also take responsibility for *transferring* funds internationally for GPG purposes that fall within their own particular remit (in the case of Covid-19, investing in epidemic surveillance, say). This idea is also raised by the International Task Force on Global Public Goods (2006) which envisages the revision of national budgetary mechanisms "to allow for greater flexibility in spending abroad, including creating new mechanisms for more flexible use of domestic sectoral budgets to pay for international activities and capacity building within." The Task Force further postulates a global body—the "Global 25 forum"—to oversee such disbursements to other organisations. Such an approach arguably seems further removed from democratic accountability than the preference-setting approach outlined above. Were GPI funds to be linked to sectoral outcomes it might therefore be preferable for funds to be allocated by countries nationally but remitted *to* sectors for spending on GPI compliant outcomes.

Route B would see monies disbursed not sectorally or centrally but nationally to the exchequers of each country, since the feasibility of national remittances to non-domestic agencies is often and sometimes rightly questioned (e.g. Bird, 2018). It is then up to national governments, in preference-setting dialogue with other contributing nations, to determine how to spend the GPI marked funds in their own territories and, internationally, in relation to—and no doubt arguing for—their own particular global public investment interests. The effect is to afford greater ownership to national governments over the way that GPI funds are spent, operating within an internationally agreed upon public investment framework. For example, France might choose to put all of its GPI funds into a Green New Deal programme and target this spending to former industrial regions where jobs are needed. India, by contrast, could focus on public health *and* building its own tax-raising capacity. The system would allow for either greater or lesser coordination over global public goods-type outcomes, and likely see a greater prioritisation of national public services in delivering GPI goals. There is no reason, either, why groups of nations could not further coordinate some of their national GPI funds to secure the supply of global infrastructure they were particularly concerned with as a group.

3.2 Managing GPI II: administration and participation

Whichever model of revenue-raising and disbursement is adopted, such a scheme needs managing, which itself raises complex questions of cooperation, revenue-sharing, systems-coordination and legal compliance. Following Atkinson's (2014) rule of thumb such a system needs to be as simple and intuitive as possible. This makes revenue raising via Route 2 and remittance via Route B: (a "2B" option) the most promising from the above. It also means finding an alternative to the Task Force for a Global 25's optimistic reading of state behaviour that states might actually agree to create a central "global body" from scratch. Opening a new forum within existing international institutions such as the World Bank group, and perhaps even doing so regionally, may be more realistic. As Kaul points out, the multi-lateral development banks (MDBs) already have the legitimacy and international scope required: they have experience working with very different countries globally yet carry a regional "proximity" (thereby avoiding the "EU outlier" trap, which holds that fiscal transfer between countries requires a close degree of political cooperation and community) and they have experience on public good-type issues. They are "well equipped to deal with the multi-actor, multi-sector, and multi-level nature of many GPGs…especially when also considering their convening power and outreach to business, civil society and other actor groups," while the World Bank, as coordinating instrument, is well positioned "to support coalition building and building information exchange," among participants (Kaul, 2017 13-14).

But a considerable degree of international cooperation would still be required to provide coordination and foster compliance. In contrast to ODA, a system of GPI needs to be democratically determined. The WB and MDBs, in conjunction with national states, offer the technical knowledge required to oversee the GPI fund itself: the "investments union" side of things. But as outlined the setting of GPI priorities and the determination of overall fiscal burdens requires a more democratic decision-making process away from its technocratic functions. One possible approach here might be to adopt the UN approach to contribution-setting within the World Bank administration, using a body modelled on something like the UN's Committee on Contributions to undertake the task of overseeing national assessments (Barrett, 2007). This information could then be combined with chamber-based decisions on which areas were to be prioritised in any year, and which of those at the national versus regional or global level (here civil society and UN agencies could also feed in with expert insight) with the Bank finally marking the funds accordingly.

To even speak of the administration of international public finance requires institutionally taking into account questions of the often quite varied interest and capacity of different nations to participate. Among the various solutions to this problem that Atkinson (2014) considers, for example, are two basic operational procedures that would be paramount to ensuring sufficient collective participation and compliance in any GPI-type system. The first of these is the principle of <u>flexible geometry</u>: the idea that some countries can be in and some out if need be—that is to say, despite this being a "universal" scheme, there would be no universalism in first instance. The idea would be for a sufficient number (in practice dozens) of "lead" states to demonstrate the viability and usefulness of cooperation as a first step. In practice, not all states *could* join until certain basic standards of good governance were met, of course. While other nations might partially benefit from free-riding outside of the investments union in the short term, they would not receive the domestic gains of participation in such a scheme—this being another reason in favour of using global public investment to endow *national* public infrastructure as a constitutive component of the realisation of *global* public goods and services. So long as sufficient gains are realised for participating nations it would be possible to sanction non-compliant nations. Sanction should then be on grounds that are easy to justify and publicise. Secondly is the principle of subsidiarity, alluded to above, as has been used most effectively to date by the EU (i.e. where national governments agree multilaterally what they want to spend the money on—e.g. green industry—but leave it up to individual countries, wherever possible, to meet these outcomes (which some might do via an airline tax, others via VAT, and others yet by investing in new clean technology for example)).

3.3 Managing GPI III: scope and scale—minimum core and the model list

The foregoing discussion leaves open the question of determining what GPI funds would actually finance and what a proportionate contribution towards them should be within the overall funds available. Inevitably these are the hardest questions of all. The concept of the "public requirement" outlined above is a normative not technical category and careful work would be needed itemising and quantifying the concrete deliverables of any GPI scheme designed to help deliver it. The overall scope of such a scheme should confine itself to those elements of the public requirement that benefit human rights, sustainable development and capabilities. One way to think about this is in relation to the Minimum Core of existing socio-economic rights. The Minimum Core Doctrine, or MCD (Young, 2008; compare Harris, 2014 and Tobin, 2012) has been variously outlined, most recently in a World Bank sponsored reconsideration of the doctrine. It draws together international human rights law (IHRL) and social and economic rights to identify minimum "core" standards of universally agreed upon human rights, from which counterpart obligations may be specified in ways that are justifiable, "sensitive to what is feasible" and "not unduly burdensome"—and which must therefore be complied with *immediately* (Tasioulas, 2017: v).

What marks out the Minimum Core Doctrine, therefore, is that it seeks to transfer the obligations of "immediate effect" routinely applied to civic and political rights (as set out in the International Covenant of Civic and Political

Rights) to socio-economic rights (as set out in the International Covenant of Economic, Social and Cultural Rights): the latter otherwise being subject to an interpretation of "progressive realisation" (that we should comply with them as and when we can). As defined by the report, "the essence of the concept will be taken to be the sub-set of obligations associated with socio-economic rights that must be immediately complied with *in full* by *all states*" (2017:3). It is this universality combined with its ability to be specified in different national contexts which makes the MCD appropriate, at least, for normatively grounding a system of GPI. In reality political commitment would still need to be secured. But if states are party to such obligations, *in common*, then the problem of why countries should engage in cross-border financing is in part defused since the international community is itself obliged to ensure that all countries are capable of meeting them. That in turn provides a normative justification for a system of GPI that can avoid special pleading and the language of charity and aid. Thus one might elaborate a specific core obligation (the obligation to prevent hunger) under the wider right to adequate food, for example. The question becomes: which of the multiple obligations to meeting this right are we then to prioritise? The MCD helps identify those and thus helps to prioritise which aspects of the public requirement—which public goods, services and infrastructure—require funding at either the national, regional or international scale in order best to meet this requirement.

A second concept—the concept of a Model List (ML)—offers another way of thinking constructively about the political challenges raised by GPI, this time with respect to how spending might be allocated in relation to an internationally agreed "basket" of public goods desirable at the international level. If the MCD helps identify the *scope* of a more structured system of international public finance such as GPI, in other words, the ML helps us think about how one would begin to specify the concrete things it may be used for. The approach here derives not from legal studies but from history and shows that international cooperation on the selection and (national) delivery of common goods, services and infrastructure is both technically and diplomatically feasible. In the 1970s WHO Director Halfdan Mahler, alarmed by the lack of provision of affordable basic medicines in countries around the globe, and aware of the existence of a great many heavily-marketed but unessential medicines in those same countries, called for a global list of "Essential Medicines" as a central part of his ambition to achieve "Health for All" by the year 2000 (Mahler, 1975) ultimately embodied in the Alma Ata Declaration of 1978. While the ambitions of Alma Ata remain unmet, the Essential Medicines list *was* established and still operates successfully today—identifying which, in a constantly changing pharmacopeia of different drugs and medicines, are the ones that most need safeguarding in terms of their development, supply and price and which are *feasible* (including being affordable) to deliver. It would have been easy to assume in the late 1970s that the global North and South, much less their respective public health systems and the pharmaceutical sector, could never come to such an agreement over a specified list of "essential" medicines. But they did.

The process by which they did so offers lessons for thinking about how to identify the things that a system of GPI might be used to finance today. First, Mahler set up a Committee of Experts in 1975 drawn from around the world to devise a basic strategy. An Action Programme on Essential Drugs was then established, which was international in scope and founded upon technical co-operation. It was informed by two years of country-consultations and expert panels convened in 25 countries (1976-77) to devise a list which varied by region in its details but gave rise to a common core of overlapping interests. With more specific national needs separated from the international negotiations over the wider basket, the Action Programme then convened its final Expert Committee meeting in late 1978 which presented its conclusions (Technical Report 615) on which medicines were to be the subject of managed delivery to the World Health Assembly in January 1979. Thereafter ensued several years of deliberation and debate in which the WHO and the pharmaceutical industry, represented by the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA), worked together (not always in agreement but with sufficient, if at times merely face-saving, commitment to a successful outcome) in order to deliver on Essential Medicines as a working technical programme (Peretz, 1983). The basic thrust of this approach to the provision of a single global public good was approved by the Nairobi Conference on the Rational Use of Drugs, with this itself being "reconfirmed" as recently as October 2014 by the Lancet Commission on Essential Medicines Policies.

4 WHAT CAN GPI DO? A CASE STUDY IN SOCIAL COHESION

As envisaged above, GPI might enable not only a 21st century relaunching of international public finance, but what one economist calls "a double dividend: protection of public goods and improved development and prosperity, which may in turn help to reduce existing political and economic tensions" (Shields, 2016). The end point of greater social cohesion lies at the heart of this double vision (Council of Europe, 2007; OECD, 2012b). Social cohesion is "the extent to which people are co-operative, within and across group boundaries, without coercion or purely self-interested motivation" (Burns, 2016; see also Burns et al., 2018). In this final section I turn to consider three ways that a system of GPI would contribute to greater social cohesion in this sense: **international cooperation**, **democratisation**, and **sustainability**.

4.1 From 20th century (national) redistribution to 21st century (international) cooperation

GPI offers a way to build social cohesion both within and beyond the nation state (and to reinforce the multilateral system in the process). It is this reinforcement of national democracy, not global democracy, which is arguably especially in need today. Domestically, national social cohesion in developed nations came after the welfare state, which was itself formed by bargaining and cooperation between deeply ingrained and mutually distrustful groups (farmers, workers, capitalists). The process of building social cohesion is thus less a cultural development, in other words, than it is the product of formal (institutional) relationships: create some form of international fiscal interdependency and you help to create an important institutional contribution towards social cohesion between nations. One would not simply be meeting common needs but creating common bonds in doing so. To commit to a system of GPI does not require coming to agreement as to an "optimum" level of inequality, or as to what constitutes "too much" wealth (e.g. tax bands) or "too little" (e.g. poverty lines) either. Preferences will always remain and will differ from place to place. It would need to base itself, rather, on arguments that demonstrate the value-added of fiscal cooperation to the vast majority of people. GPI would need to speak, in the present international context in particular, to the commonly felt need for social security and protection.

Framed on account of such arguments, GPI would avoid the current impasse confronting calls to increase (or even just maintain) global public spending, such as aid, that are couched in the morally demanding language of charity and humanitarianism, and whose failure is taken as proof of the impossibility of global social protection. Fiscal cooperation and "aid" are not the same. Western domestic tax systems were built through rational appeals to class and sectoral needs that the majority of citizens could see was at least somehow in their own interest to support. Regional forms of fiscal cooperation, such as within the EU, have developed in a similar way. And GPI, too, must be thought of in the same terms: the boundaries of national or regional communities being replaced by the boundaries that emerge around peoples' common (global and local) vulnerabilities to social, economic and environmental change.

If it could appeal to collective-yet-differentiated benefits in this way, it becomes possible to imagine how GPI could provide a forum in which international interest groups might form. National budgets, after all, are a constant exercise in redistributing according to socially and politically determined economic goals. They are not free of politics, but they are for the most part free of morality: we do not create moral hierarchies of donors and recipients with our fellow national citizens. Likewise existing forms of international fiscal cooperation, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, represents a forum in which numerous global interests, including civil society and national governments, come together to negotiate on spending priorities. It seems, then, that there is already sufficient common interest to underpin the sorts of fora and processes that something like GPI would require to work. And now that the majority of nations today confront a chronic virus that has shut down their economies, the incentives for international fiscal cooperation are only growing stronger.

4.2 Democratisation: bringing the economics and the politics of social cohesion together

One of the key arguments for GPI follows on from this characteristic of universal cooperation and distributional negotiation. After all, whether it is considered overly or insufficiently generous, one thing the present system of ODA cannot be labelled is especially democratic (Rocha Menocal and Rogerson, 2006). At present the poorest recipient countries are to degrees required to accept certain conditions in exchange for the money, or else they must accept that decisions over which of "their" problems can be addressed are taken by donors, not themselves, to decide (many African countries for example have received considerable aid to support HIV programmes, but precious little help in addressing basic maternal health issues). At best they may engage in one-sided bilateral negotiations. By ensuring that all nations are, in effect, donors (or, more accurately, contributors), a system of GPI would give every nation a seat at the table in deciding how the total pot of GPI funds is to be spent. Again, this approach has already been shown to work in the case of the Global Fund for Aids, Tuberculosis and Malaria.

GPI might also help reduce the present need for special pleading in the domain of international public finance (witness the WHO's constant efforts to increase the supply of "voluntary contributions" that make up the majority of its budget, while funding instruments such as GAVI and the Global Fund live with the uncertainty of pledging rounds). By claiming a statutory commitment from every nation, it would be much harder, diplomatically, for the wealthiest nations not to be seen to be "giving their share" when even the poorest are giving something themselves. When all nations are party to the same rules, competition becomes progressive: political leaders might even seek the prestige of meeting their targets, demonstrating fiscal rectitude and access to international reserves, rather than at present competing merely in reducing their tax rates in an effort to *undercut* other nations. Moreover, by focusing such cooperation squarely on the provision of public goods and services, GPI also raises the question of national social and political inclusion more concretely than in most discussions of international public finance to date. By helping to build social cohesion nationally and a consensus for doing so internationally, GPI could therefore provide a useful tool with respect to sustainable development in the round, and avoiding the existing fragmentation of social justice policies across myriad sectoral-specific areas.

4.3 Meeting (economic) sustainability with (social) productivity

In Part 1 above I pointed to the emergent "de-growth" agenda as one of several forcing the need for a form of structured international public finance. That leaves open the question of how GPI might help address the ecological problems raised by continued economic growth. After all, at first glance, the word "investment" in the practical proposals that Part 2 outlined, appears tied to a "growth" agenda. But global public investment is about social returns, not fixed economic outcomes: that is ultimately what the "P" in GPI stands for: it offers a way to provide for social cohesion and welfare globally without recourse to the ideology of economic growth that sustained 20th century welfare in the West. I mentioned in Part 1 that what many critics of de-growth reject is that it condemns, they claim, 15 % of the global population to on-going poverty (e.g. Milanovic, 2017). But this doesn't hold if one is allocating globally as well. GPI would work alongside and help to integrate the national tax systems that Milanovic calls for instead. It would help enable the provision of public goods and services that any move towards de-growth would require by building greater efficiency into equality outcomes (Grimalda and Moene, 2018). Wage compression and social welfare policies, for example, to encourage innovation and assist poorer countries in preparing for automation.

Another concrete example of what GPI might enable in terms of greater social cohesion, would be the (re)establishment of a fiscal buffer: one that the EU's response to the euro crisis has underscored is often needed internationally as much as nationally. In traditional Keynesian economics, governments build up a surplus in the good times that they can use to invest and kick start the economy during a downturn. But for several decades even rich western countries have stopped trying to do this as the economy globalised. If the financial crisis was a failure of neoliberalism, it was also a reminder of what was lost with the move beyond Keynesianism, in the sense that northern fiscal buffers were dry. As noted above, there are moves in this direction outside of traditional western public finance already, as with the BRIC New Development Bank's Contingent Reserve Arrangement (CRA). Committing to a more stable and predictable form of international public finance would save us from the recent situation where the UN has been required to launch an emergency Covid-19 response fund, seeking several hundred million dollars, only for the US, several weeks later, to then withdraw its own contributions of several hundred million dollars of funding for the World Health Organisation. Such a buffer would not replace the need for humanitarianism, poverty reduction, or relief work. But it would allow for faster and more organised rebuilding of, say, water supplies after an earthquake (a task which presently falls between the cracks of humanitarian emergency response and often much slower-to-respond development aid) or food aid, which has for decades been subject to the whim of commodity prices and rich world economic objectives as much as the actual challenges and crisis of poor world agriculture.

CONCLUSION: BUILDING 21ST CENTURY INSTITUTIONS/ RENEWING PUBLIC FINANCE

No less than Keynes foresaw in the post-Depression context shaping his ideas for an International Clearing Union, public finance today needs to be renewed: with respect to its total volume, the geographical scale of its mandate, and its institutional shape and form. Eighty years since Keynes' ideal-type proposal for international monetary reform was rejected in favour of the Bretton Woods system and its successors, a structured and publicly accountable system of international fiscal allocations seems increasingly to be required today if the world is to be prepared for the emergent challenges of the 21st century. As I have tried to show in this paper, a system of Global Public Investment offers one plausible way of addressing this need.

But any moves in the direction of a more structured system of international public finance will require at least two basic changes in our policy mindset. **First**, the international aid system needs to be overhauled: or as is suggested here, it needs to be complemented by other forms of financing as well. The problem is not that public goods, say, are not recognised within today's complex aid landscape (Bural et al., 2006:4): the majority of earmarked funding channels that already exist (such as the WHO's dedicated Fund on Polio Eradication, the IADB's Water and Sanitation Fund, and the Asian Development Bank's Water Financing Facility) usually focus on public good delivery of some sort or another. The problem is the growing fragmentation of their delivery and the sheer magnitude of the problems themselves, such that "[m]any countries find it impossible to devise coherent national policies in the face of a dispersed donor community" (ibid.) Without compromising existing ODA, GPI would provide an alternative here that could help countries to better take ownership of their own national policies while also contributing to larger universal needs. But this requires a commitment to thinking about the fiscal allocations for global public goods, services and infrastructure as something *best undertaken cross-nationally and over the longer-term*. In other words, the money needs to go to where it is really needed.

Second, international policy finance debates today need to focus more on the basic needs that go unaddressed within rich countries as well. Covid-19 has underscored this dramatically in recent months and there are signs that politicians, including Angela Merkel and Emmanuel Macron, are beginning to recognise the fact. Making this intellectual leap is critical to the financing of our common health, environmental and other needs in all countries of the world. It does not undermine wealthier countries' special obligations to the poor. Nor does it mean that wealthier countries would "receive" to the detriment of the poor. To the contrary, it would exert greater pressure on existing (and weak) tax regimes which are damaging to the citizens of rich and poor countries alike, and which scholars like Gabriel Zucman and Emmanuel Saez have recently reminded us are not sufficient, in light of contemporary base-shifting practices, to raise the capital that effective public policy requires—even in rich countries (Zucman and Saez, 2019). Fiscal allocations within a system of GPI offer one means (alongside regulatory reforms) of mitigating this problem. The rich world's lower middle classes are further increasingly exposed to the downsides of globalisation and the solutions to their plight (and their demands) do not lie purely within the bounds of domestic public policy making any more than do those of the citizens of poor nations. For the rich world, too, there may be sufficient arguments today in support of a system of GPI. But further steps will require a commitment to *thinking universally, multi-directionally, and in terms of on-going system*.

There are signs today of a growing recognition that the scale of international public finance required to address the emergent problems of the twenty-first century needs increasing. Post-Covid-19 perhaps there will be an even stronger sense of this. And at the heart of any alternative vision must be a commitment to building social cohesion rather than the economic growth that has often been prioritised within existing ODA. We need a new global fiscal policy regime that treats the provision of public goods as a political necessity to be negotiated and delivered where they are most needed, and that recognises, as the proponents of the western welfare state recognised nearly a century ago, that everyone has something to gain in socially more cohesive societies. The history of the attempt to oversee a more coordinated system of fiscal internationalism, as the necessary counterpart to the development of national welfare states, is to date mostly a history of frustrated ideas for "global taxes" and marginal victories at the modest level of "airline solidarity" levies. But there are times, as last witnessed in the aftermath of the Great Depression and in the midst of the Second World War when it proved possible to contemplate more wholesale reforms of the international economy. A system of GPI, focused on meeting global public needs could provide such an opportunity: building social cohesion as it also helps to address the complex global challenges of our time.

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