



### Global Crises, Global Solutions

An economic perspective on the question of aid.

Review of Global Crises, Global Solutions, edited by Bjorn Lomborg.

The recent furore over England's former football captain John Terry's affair, and Tiger Woods multiple affairs brought home once again how important it is for a company to choose wisely who it uses to endorse its products.

Equally, if a company is donating significant amounts of aid money to a worthy cause, it is important that the cause is using the funds properly and that the money is being spent wisely. Once a corporate name is associated with an initiative, it is difficult to extricate oneself cleanly.

So the question needs to be asked: how do you choose which of the world's problems you help to solve? And which are the priorities? Do you invest funds in saving the world, or do you plumb for the less exciting but easier to solve issues of increasing education, or aiding nutrition?

And an overriding question is: with limited resources for helping the world's poor and needy, what are the most cost effective ways of spending funds?

This latter question was posed to a team of leading economists, including five Nobel Prize winners.

Called the Copenhagen Consensus, the exercise started as a simple but untested idea of applying economic principles to prioritize spend on global problems.

The process was carried out for the first time in 2004 and led to significant alteration of aid priorities. Denmark, for example, spent millions more on HIV/AIDS projects, which at that time topped the economists' to do list.

In 2008, the exercise was repeated, and now the book of the result has been published.

The Copenhagen Concensus 2008 started with one big question: If we had an extra US\$75billion to put to good use, which problems would we solve first?

Research was commissioned and has been published in the form of a challenge paper for each

of the ten issues, with two or more perspective papers following, giving differing points of view.

A panel of eight experts examined the research and gave their opinions as to which proposal merited the most resources. As an additional perspective, 80 students from 20 countries were invited to Denmark to analyse the research and come up with their own conclusions.

The end result is a fascinating appraisal of the cost/benefits of everything from de-worming school children to global warming and include peace-keeping in post conflict situations and the provision of fresh water.

While the arguments for the 'micro-aid' needed for the education and health initiatives are very convincing, who could really argue that these are more important or more pressing than putting in place solutions to stem global warming? Only economists of course.

Global warming (in the form of R&D for low carbon technologies was only voted 14th in the list of importance, while others such as micronutrients and the Doha agreement were rated much higher.

So while suspected global warming leads to hundreds of animals in Mongolia dying because of an unprecedented drought, and parts of Bangladesh disappear under a rising sea, are the benefits of improving the health of children really so convincing?

The economic experts of the world clearly thought they were. It is for you to read the book and see if you too are convinced.

Global Crises, Global Solutions, edited by Bjorn Lomborg is an absolutely fascinating discussion of aid and economics and shouldn't be missed. It is published by Cambridge University Press, price £21.99. It has been entirely revised and updated since the 2004 version, albeit in the original, award winning format.