

Browsing Headlines

Up Front

China has recently attracted considerable attention from the international policy community. A recent *CEPII Working Paper* "Foreign Direct Investment in China. Reward or Remedy?" (Center for International Prospective Studies) investigates the determinants of foreign direct investment (FDI) and provides evidence to support the hypothesis that Chinese private enterprises are forced to seek FDI because the Chinese financial system allocates resources to state-owned enterprises, the least efficient firms. *Cato Journal*, in reviewing last year's Cato Institute Monetary Conference, examines the impact of alternative monetary arrangements on economic development from the perspective of China. The banking system, global imbalances, financial reform and private enterprises are explored as key issues. "China - Understanding a new global economic player" (*Keil Working Papers*) analyzes China's economic performance in the last 25 years and discusses the country's prospects for future growth. The analysis points to exports and investment, particularly FDI, as the driving forces behind China's growth. It also indicates property rights and structural problems of state-owned firms and the banking industry as specific problems that require solutions, and predicts that the country's institutional deficits, with respect to the rule of law and democratic institutions, will act as constraints on future growth.

Five years have passed since the **September 11** terrorist attacks on the United States. US think tanks released a number of papers on the theme. *Foreign Policy* featured papers dealing with 9.11 and terrorism. "The American Way of War: Cultural Barriers to Successful Counterinsurgency" (Cato Institute) and "Political Strategies to Counterterrorism" (American Enterprise Institute for Public Policy Research; AEI) gauge US attitudes on these issues. Outside the US, Chatham House (UK) analyzed the existing legal framework for armed conflict and suggested adopting a holistic approach to the law. The Chatham House Briefing Paper "The 'War on Terror': Do the Rules Need Changing?" argues that the 'war on terror' is a new type of conflict which challenges the present legal framework. The paper indicates that the difficulty derives from the fact that 'terrorism' is undefined in laws and treaties on individual acts usually committed for terrorist purposes. It concludes that long-term effort and debate will be required in order to reach international consensus, but that a start has been made in overcoming the obstacles.

Hurricane Katrina devastated the southern areas of the United States last fall. Many US think tanks have proposed policy recommendations on disaster strategies. The Urban Institute published a series of research reports under the collective title "After Katrina." The reports investigate lessons that should be learned by policy makers from the aftermath of the Katrina crisis. "Hospitals in Hurricane Katrina" analyzes special problems faced in disasters by institutions that have custodial responsibility for patients in their care. Based on interviews and public sources of information, the report describes the experiences of staff and patients at the hospitals that were affected, and the difficulties faced in an evacuation. "Federalism after Hurricane Katrina: How Can Social Programs Respond to a Major Disaster?" explores the four essential federal-state-local programs, housing, unemployment compensation, Medicaid, and Temporary Assistance for Needy Families, which offered support to low-income families and individuals in the aftermath of Hurricane Katrina. The Cato Institute and the Hoover Institution propose reform of the system of disaster relief, particularly the Federal Emergency Management Agency (FEMA). "Flirting with Disaster: The Inherent Problems with FEMA," published in the Cato Institute's Policy Analysis states that top-down, bureaucratic, centralized disaster relief coordination does not work effectively. The paper proposes that the best reform of the relief management system would be to take control away from FEMA, and that the federal government's role should be to act as a coordinator, facilitating the activities of the private sector.

Topics: Ranking Countries

Think tanks and other policy institutions often use evaluative indices to rank countries on the basis of specific criteria. In this issue of Policy Research Index, we focus on an article that applies a ranking and a paper that examines a set of indices used in country rankings. The Carnegie Endowment for International Peace, in cooperation with the Center for Global Development, announced its annual Commitment to Development Index (CDI) in a recent issue of *Foreign Policy*. The Ifo Economic Institute (Germany) evaluated and compared four indices used to rank countries by the WEF, IMD, Fraser Institute and Heritage Foundation and published the results as a *CESifoDICE Report*.

“Ranking The Rich”

Center for Global Development & Carnegie Endowment for International Peace, *Foreign Policy*, Sep/Oct 2006

The Commitment to Development Index rates 21 rich countries and acts as a reminder that reducing poverty in developing countries involves more than giving money. The CDI assigns points in seven policy areas: aid, trade, investment, migration, environment, security, and technology. The 21 countries are the richest, most developed countries in the world. Besides Luxembourg, they constitute the full membership of the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC), the official organization of aid donors. In the 2006 CDI ranking, the Netherlands was ranked first, followed by Denmark and Sweden.

* Article http://www.foreignpolicy.com/story/cms.php?story_id=3547&page=0

* CDI index Resources <http://www.cgdev.org/section/initiatives/active/cdi>

“Ranking of Countries—The WEF, IMD, Fraser and Heritage Indices”

W. Ochel and O. Rohn, Ifo Institute for Economic Research, *CESifoDICE Report 2/2006*

This paper evaluates and compares the methodology of four rankings of global competitiveness and prospects for economic growth, announced by the World Economic Forum (WEF), the International Institute for Management Development (IMD), the Fraser institute and the Heritage Foundation. The WEF and IMD assess competitiveness, and Fraser and Heritage economic freedom.

The authors create a new ranking of OECD countries by averaging their scores on the four indices. In this ranking, the top five countries are the US, Switzerland, Denmark, Iceland, and Australia. The middle group consists of the Netherlands, Germany, Japan, Spain, etc. The lowest ranking countries are Slovakia, Greece, Poland, Mexico and Turkey. The paper examines the correlation between the four rankings, and determines that WEF and IMD correlate well, as do Fraser and Heritage, which reflects the fact that they access similar variables. On the other hand, the lowest correlation is that of WEF to Fraser and to Heritage. With regard to deviation between the four rankings, the level of deviation is very low for Australia and Mexico, but high for Luxembourg, Ireland, Sweden and Japan. Japan and Sweden are relatively highly ranked (3 and 10 respectively) in the WEF competitiveness index, but ranked lower in the economic freedom indexes (Sweden ranked 18 in Fraser and Japan ranked 24 in Heritage). Fraser shows the highest correlation to the economic growth indices.

The paper concludes that “although the rankings provide much useful information on individual countries their methodology is in general rudimentary and calls for further improvement.”

<http://www.cesifo-group.de/pls/guestci/download/CESifo%20DICE%20Report%202006/CESifo%20DICE%20Report%202/2006/dicereport206-rr2.pdf>

"Browsing Headlines" Articles and Papers

<China>

Foreign Direct Investment in China: Reward or Remedy?
Center for International Prospective Studies (CEPII), France
CEPII Working Papers, 200608, n2006-14, pp.1-34
<http://www.cepii.fr/anglaisgraph/workpap/summaries/2006/wp06-14.htm> (Full Text)

Gains for China and India; Clean Air / A Secure World; How Science can help
International Institute for Applied Systems Analysis (IIASA), Austria
Options, 200607, p.24
<http://www.iiasa.ac.at/Admin/INF/OPT/Summer06/opt-06sum.pdf> (Full text, p24)

Monetary Institutions and Economic Development
Five Persistent Myths about China's Banking System
Global Imbalances and Financial Reform with Examples from China
A Proposal to Privatize Chinese Enterprises and End Financial Repression
Do Financing Biases Matter for the Chinese Economy?
Does China Save and Invest Too Much?
The Cato Institute, USA
The Cato Journal, 200606, v26 n2
<http://www.cato.org/pubs/journal/cj26n2/cj26n2.html> (Full Text)

The Growth Performance of Developing Countries in the Last Thirty Years. Who gained? Who Lost?
Kiel Institute of World Economics (IfW), Germany
Kiel Working Papers, 200606, 1280, pp.1-41
<http://www.ifw-kiel.de/pub/kap/2006/kap1280.htm> (Full Text)

China - Understanding a new global economic player
Kiel Institute of World Economics (IfW), Germany
Kiel Working Papers, 200606, 1278, pp.1-35
<http://www.ifw-kiel.de/pub/kap/2006/kap1278.htm> (Full Text)

China's Charm: Implications of Chinese Soft Power
Carnegie Endowment for International Peace, USA
Policy Brief (CEIP), 200606, n47, pp.1-7
<http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=18401&prog=zch> (Full Text)

Growing old the hard way: China, Russia, India; Living longer but poorer
Hoover Institute on War, Revolution and Peace, USA
Policy Review (Hoover), 200605, April/May no 136, pp.15-39
<http://www.policyreview.org/136/eberstadt.html> (Full Text)

China and Democracy in the Asia Pacific (Asia-Pacific)
Research Unit on Security and International Cooperation (UNISCI), Spain
UNISCI Discussion Papers, 200605, n11, pp.71-81
<http://www.ucm.es/info/unisci/UNISCI-Review11.htm> (Full Text)

<9.11 and terrorism>

The Day Nothing much Changed / 9/11 + 5 / Think Again: 9/11 / Who Killed Iraq?
Carnegie Endowment for International Peace, USA
Foreign Policy, Sept/Oct, pp.34-43
http://www.foreignpolicy.com/story/cms.php?story_id=220 (Full texts of some articles available on the net)

The American Way of War: Cultural Barriers to Successful Counterinsurgency
The Cato Institute, USA
Policy Analysis (Cato), 200609, n577, pp.1-20
http://www.cato.org/pub_display.php?pub_id=6640(Full Text)

Political Strategies to Counterterrorism
The American Enterprise Institute for Public Policy Research (AEI), USA
Papers & Studies (AEI), 200607, pp.1-11
http://www.aei.org/publications/pubID.24647/pub_detail.asp (Full Text)

The Terrorism Index
Carnegie Endowment for International Peace, USA
Foreign Policy, 200607, July/Aug, pp.48-55
http://web1.foreignpolicy.com/issue_julyaug_2006/TI-index/index.html (Full Text)

The 'War on Terror': Do the Rules Need Changing?
The Royal Institute of International Affairs (Chatham House), UK
Briefing Paper, 200609, pp.1-12
<http://www.chathamhouse.org.uk/pdf/research/il/BPwaronterror.pdf>(Full Text)

An Assessment of Services Provided Under the American Red Cross September 11 Recovery Grants Program
The Urban Institute, USA
Research Report (Urban), 200606, pp.1-236
http://www.urban.org/UploadedPDF/411346_Redcross_RGP.pdf (Full Text)

<Hurricane Katrina>

Hospitals in Hurricane Katrina: Challenges Facing Custodial Institutions in a Disaster
The Urban Institute, USA
Research Report (Urban), 200607, pp.1-28
http://www.urban.org/UploadedPDF/411348_katrinahospitals.pdf (Full Text)

Flirting with Disaster: The Inherent Problems with FEMA
The Cato Institute, USA
Policy Analysis (Cato), 200607, n573, pp.1-20
http://www.cato.org/pub_display.php?pub_id=6516 (Full Text)

FEMA After Katrina: Redefining responsiveness
Hoover Institute on War, Revolution and Peace, USA
Policy Review (Hoover), 200606, n137, June/July 2006, pp.15-33
<http://www.policyreview.org/137/roberts.html> (Full Text)

Federalism after Hurricane Katrina: How Can Social Programs Respond to a Major Disaster?
The Urban Institute, USA
Research Report (Urban), 200606, pp.1-27
http://www.urban.org/UploadedPDF/311344_after_katrina.pdf (Full Text)

After Katrina: Public Expectation and Charities' Response
The Urban Institute, USA
Policy Briefs (Urban), 200605, "Emerging Issues in Philanthropy", pp.1-37
<http://www.urban.org/publications/311331.html> (Full Text)

What Happens to Victims? A Research Guide for Disaster-Response Studies
The Urban Institute, USA
Research Report (Urban), 200603, pp.1-18
http://www.urban.org/UploadedPDF/411347_disaster_victims.pdf (Full Text)

An Imperfect Storm: Narratives of Calamity in a Liberal-Technocratic Age
Social Science Research Council (SSRC), USA
ITEMS & issues, 2006, v5 n4, pp.1-7
<http://www.ssrc.org/publications/items/items5.4/index.page> (Full Text)

The Privatization of Risk and the Growing Economic Insecurity of Americans
Social Science Research Council (SSRC), USA
ITEMS & issues, 2006, v5 n4, pp.16-23
<http://www.ssrc.org/publications/items/items5.4/index.page> (Full Text)

* Data listed -----

Article or paper title / Name of think tank / Series title or journal name, publishing data, vol. no., pages / URL, (Full text) indicates that the paper is available on the internet

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• Policy Research Watch (PRW), a bibliographic database of
• the publications of think tanks worldwide, is a web-based
• project that has grown out of NIRA's *World Directory of*
• *Think Tanks*. One of NIRA's missions is to act as a
• "clearing house" for information on policy analysis
• conducted by policy research institutes. The 'Policy
• Research Index' is designed to provide a fundamental
• tool for policy researchers, particularly those with a
• global perspective.
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