

GLOBAL REVIEW

by Valentino De Pietro

1 Venezuela

One of the most significant shifts in political power at a national level of recent years occurred in Venezuela in December, when nearly two decades of socialist control of Congress came to an end. Nicolas Maduro, the successor to the late Hugo Chavez, a controversial authoritarian leftist President, conceded defeat in parliamentary polls, but remains as President. The next presidential election is in 2019.

Falling oil prices have exacerbated economic problems in recent years, which have seen empty supermarket shelves and high inflation in a once thriving economy.

The National Electoral Council, a centre-right pro-market party, now has a comfortable majority. It can move to release political prisoners, restore market conditions and reduce corruption.

The socialist government shored up its support by handouts to low-income groups, including free petrol, but a move to a market economy, with more inward investment, is now seen by economists as essential.

The country is ranked 131st on the Global Competitiveness Index, scoring particularly low for quality of institutions and labour market efficiency.

On the Transparency Index it is near the bottom: ranked 161st out of 175 nations. In common with most socialist countries, however, the two positive indicators are education and health: literacy is 95% and life expectancy is a respectable 75.

2 Jamaica

Jamaica, normally best known for producing the fastest athletes in the world, had a more cultural cause for celebration last year when Marlon James won the prestigious Booker Prize for literature. Professor Michael Wood, chair of the judges, said of James' novel *A Brief History of Seven Killings*: 'It moves at terrific pace and will come to be seen as a classic of our times.'

The fourth-largest Caribbean island has a high profile around the world. Home to Bob Marley and Usain Bolt, it tends to punch above its weight in sport and the arts.

Economically, there has been development in recent years. It is 86th in the competitiveness rankings, scoring well for health and primary education, and moderately well for financial market development.

Tourism is obviously an important industry, but a more diversified economy is developing following pro-business reforms, welcomed in the most recent World Bank report (2015).

The Bank reported: 'Jamaica jumped 27 places to 58 among 189 economies worldwide in the 2015 Doing Business ranking, the country's credit rating has improved and the Government has successfully raised more than US\$ 2 billion in the international capital markets in 2014 and 2015.'

Jamaica has a middle ranking on counter-corruption measures, being placed 85th on the Transparency Index.

3 Denmark

One of the by-products of the huge influx of refugees to Europe, fleeing terrorism, war and poverty in the Middle East, has been partial suspension of the Schengen Agreement, that previously afforded free movement of people within participating European countries.

In January Denmark reimposed border controls on its southern frontier with Germany, which has accommodated approximately one million migrants in the past year. It began with random checks on people entering the country.

In the same month, Danish prosecutors announced that a 32-year-old jihadist man would be tried for threatening to assassinate the Prime Minister Lars Løkke Rasmussen.

Denmark forms part of the industrially advanced and prosperous northern Europe region. It has a land border to Germany in the south, and a short sea border to Sweden in the east, which since 2000 has been linked by the 16km-long Øresund bridge and tunnel complex.

It has excellent economic credentials, and is home to world class businesses such as the iconic Lego toy firm. It is officially the least corrupt economy in the world, occupying first place in the international Transparency Index, scoring 92 out of 100 on the scale.

It is 13th in the Global Competitiveness Index.

Denmark is not in the European single currency. The population rejected adopting the euro in a referendum in 2000.

4 Estonia

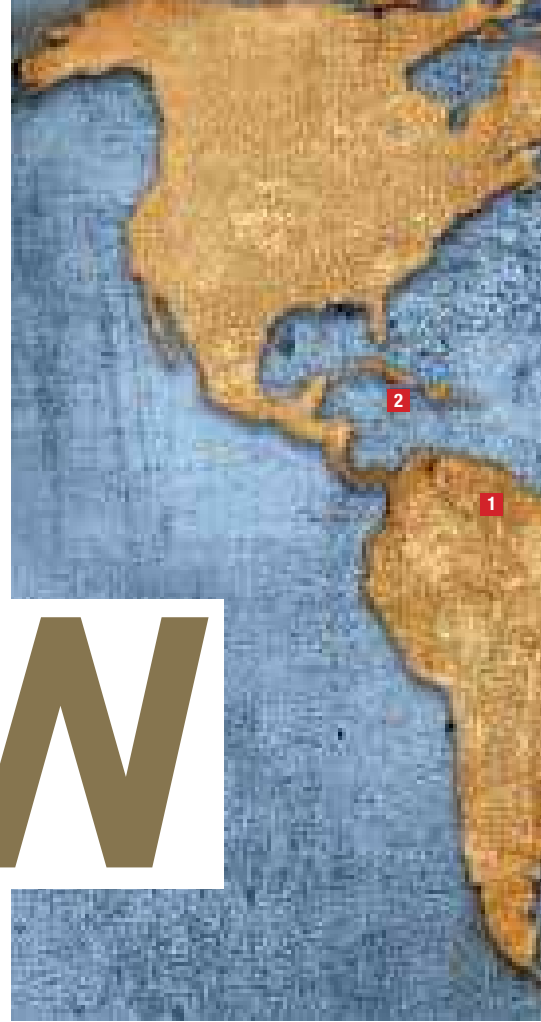
Not to be outdone by Sweden and Denmark with their Øresund link, the governments of Estonia and Finland announced in January the intention to link their two countries with a rail tunnel underneath the Baltic sea.

The nations' capitals, Tallinn and Helsinki, are almost directly opposite each other at a relatively narrow stretch of sea, and many Estonians commute via ferry to work in the Finnish capital, a crossing of around two hours each way.

A tunnel link would be a considerable investment as the distance is around 70 km, longer than the Channel Tunnel linking the UK and France, but it could be of significant benefit for trade and tourism. The tunnel forms part of a plan to link Helsinki and Tallinn directly to a pan-European high-speed rail network, shortening journey times to major Western European cities and boosting trade and tourism.

Estonia is the most northerly of the three small Baltic states that were part of the Soviet Union before 1990. It joined the European Union in 2004, and adopted the euro in 2010. It is a small economy, with just 1.3 million inhabitants and a GDP of under \$20 billion.

It scores well for a developing economy on counter-corruption policy, being placed 26th in the international Transparency Index. On the Global Competitiveness Index, it is placed at a respectable 29th, scoring particularly well for technological readiness and macroeconomic environment.





5 Morocco

A North African country largely to have avoided the internal civil strife that has affected many nations in the region is Morocco, where the government has followed pragmatic policies and there is democratic transfer of power. It is a constitutional monarchy. The current king is Mohammed VI, and the most recent elections were in 2011, won by the moderate Islamic Justice & Development Party (PJD).

Since the Arab Spring in 2011, the country has a constitution written by Moroccans, replacing one from the colonial era.

The PJD also won control of all major cities in regional elections in September 2015. It has campaigned on an anti-corruption platform. On counter-corruption, it has a mid-ranking score, placed at 80th on the Transparency Index.

It is an importer of gas and oil, and has recently announced a huge expansion of solar energy, although the inauguration of Noor-1, the first stage in a huge solar power plant, was postponed in December. The country is on the north-western edge of the Sahara Desert.

Health indicators are moderately good, with life expectancy above 70, but educational indicators are low, and literacy is only 56%.

It is placed in 72nd position on the Global Competitiveness Index. Lack of access to finance, and government bureaucracy, are cited as the main barriers to business.

6 Zimbabwe

Zimbabwe has pursued some of the most staunchly nationalist-populist policies of recent years, but there are signs that the anti-British and anti-Western sentiment is on the decline.

The African country has been headed by the elderly, long-standing nationalist president Robert Mugabe since independence in 1980. But last year in his State of the Nation address in September 2015, he reversed years of anti-western policy and openly called for development aid. 'My government values re-engagement of the Western world in the Zimbabwe economy.'

He also announced a counter-corruption initiative, declaring that graft was 'killing the country'. It is very low in terms of counter-corruption efforts, at 156th on the Transparency Index. Media reports have raised concerns over diversion of Chinese investment funds to pay for expensive vehicles for senior politicians, and that the country has defaulted on loans from China, which may in part explain renewed interest in Western aid sources.

Economic decline, hyper-inflation, corruption and HIV-Aids have held back development in recent decades. Land reform was intended to reverse colonial settlement, but had an unfortunate side-effect of displacing experienced farmers and weakening food self-sufficiency. It was previously an exporter of agricultural produce. Literacy is over 90%, but life expectancy is low at under 50.

7 Russia

Dramatic falls in global oil prices have hit the Russian economy hard, causing weakness in the value of the rouble, but there are no indications that the long-serving President Vladimir Putin is weakening his grip on power. He insisted in December 2015 that the worst of the economic crisis had passed.

The economy contracted 3.7% in 2015. It is projected to grow in 2016, President Putin said, but this forecast depends upon an increase in the oil price from record lows. About half of federal revenues is derived from exports of oil and gas.

Russia has been involved in conflicts in Ukraine and the Middle East as it seeks to shore up its international support base and maintain influence across the region.

On competitiveness, Russia displays a mixture of developed and developing-nation features. It has had high levels of education and technological know-how, especially in aviation, for many years. But corruption is high and there remains reliance on export of commodities. This is reflected in a mid-ranking on the Global Competitiveness Index, at 53rd. The highest indicators are for market size, infrastructure and education, including further education. Corruption and tax rates are the most cited problems by business leaders.

It scores low on anti-corruption measures, ranked at 136th on the Transparency Index.

Literacy is near-100%, and life expectancy is just under 70.

8 Malaysia

Southeast Asia's second largest oil producer has had revenues hit by falling world prices, but Malaysia has advanced considerably as an economy in recent decades, and is not solely dependent on commodities for exports.

The most recent World Bank report categorizes it as a 'highly open, upper-middle income economy'. In 2008 the Bank listed it as one of 13 nations to have recorded average growth of 7% per year for 25 years or more, with the share of households living below the poverty line falling from over 50% to below 1% since the 1960s.

Last year the government of prime minister Najib Razak passed a popular budget increasing support for lower-income households and taxing the rich, but he has acknowledged that budgetary pressures will persist, given lower oil prices. Last year the ringgit fell 18% against the dollar.

On competitiveness, Malaysia comes 20th in the world. It has a higher ranking than the average for southeast Asia on every single dimension of competitiveness, scoring particularly highly for financial market development, infrastructure and education. The biggest problems cited by businesses are corruption and access to finance.

The country has a moderate record on counter-corruption, being placed 50th on the Transparency Index.

Health and education indicators are good, with a life expectancy of 74 and a literacy rate of 93%.