

Ranking the Rich: NZ fifth in helping poor countries

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New Zealand ranks fifth in the latest Commitment to Development Index behind four rich Nordic countries in policies that assist the economies of Third World nations.

The index, prepared by Foreign Policy magazine and the US-based Centre for Global Development, ranks 21 nations by assessing their policies and practices across seven areas of government action: foreign aid, trade, investment, migration, environment, security, and technology.

The aim of the index is to look past the rhetoric to measure how rich-country governments are helping or hurting poor countries. How much aid are they giving? How high are their trade barriers against Third World products? Are they working to slow global warming? Are they making the world's sea lanes safe for global trade?

New Zealand's high ranking is based on its liberal trade and migration policies, which contrasts with Europe's high trade barriers and restrictive entry policies. On trade policy, New Zealand ranked highest, followed by the US. New Zealand also scored highly on security and environment issues. Factors pulling it down were the low levels of (outward) foreign investment and aid.

In overall rankings, the Netherlands beat Denmark thanks to a new policy to limit imports of illegally cut timber from tropical nations and its support for an international effort to control bribery.

The Danes, who have historically been among the index's best performers, registered the largest overall drop, hurt by a shrinking of its foreign aid spending while its economy grew 9 percent. New Zealand's migration performance fell as the numbers admitted from developing countries plunged from 48,000 in 2001 to 29,000 last year.

The Netherlands ranks highly because of its generous aid giving, falling greenhouse gas emissions and support for investment in developing countries. Japan improved, but remains in last place as the rich country least committed to helping the poor. It reportedly put an end to a long-held practice of lobbying poor-country governments against enforcing labor, human rights, and environmental standards for Japanese-owned factories.

The US also improved its score, to 13th, due in part to falling farm subsidies and rising foreign aid. Spain posted the most spectacular gains, thanks to a migration policy that makes it easier for immigrants to enter and work legally.

It also helps explain why the United States finishes 13th in this year's index. That certainly doesn't help the world's poorest countries, no matter what anyone says.

For the 21 rich countries as a whole, the overall trend continues to be one of little change. The average score for all the index countries climbed modestly from 5.0 in 2003 to 5.3 in 2005, then fell slightly to 5.2 this year. Still, twice as many countries have seen their score improve as have seen their score decline in the past four years.

Foreign Policy says this is an encouraging trend, "because development is about more than just giving money; it's about the rich and powerful taking responsibility for policies that affect the poor and powerless."



Ranked fifth

The total foreign aid given by rich countries shot to a record \$US106.5 billion, thanks largely to reconstruction efforts in Iraq. But some \$US19 billion of that aid came in the form of the cancellation of old loans to Iraq and Nigeria.

These write-offs, though long overdue, put little new money in the hands of Iraqis and Nigerians, Foreign Policy reports. These aid figures should also be kept in perspective. Consider that India and China added some \$US400 billion to their combined economic output last year alone.



That's proof, Foreign Policy says, that internal, not external, forces more often drive economic development. China's export of goods and India's export of services to rich countries have helped produce economic growth and poverty reduction so rapid that the Millennium Development Goal of a 50 percent cut in the number of people living on \$US1 a day has probably already been met on a global level.

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