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Dilip Ratha, Zhimei Xu
Migration and Remittances Factbook 2008
 February 2008
 ISBN-13: 978-0-8213-7413-9

Nearly 200 million people, or 3% of the world population, live outside their countries of birth. Worldwide remittance flows are estimated to have exceeded US\$318 billion in 2007, of which developing countries received US\$240 billion. The true size, including unrecorded flows through formal and informal channels, is believed to be significantly larger. The publication presents the numbers and facts behind the stories of international migration and remittances, drawing on authoritative, publicly available data. It provides a snapshot of statistics on immigration, emigration, skilled emigration, and remittance flows for 194 countries, and 13 regional and income groups.

Kyrgyz Republic Poverty Assessment
Poverty Reduction and Economic Management Unit,
Europe and Central Asia Region
 September 2007
<http://go.worldbank.org/3I3G9FM4C0>

This report, which has been prepared by the World Bank in cooperation with the National Statistical Committee, provides an assessment of poverty in the Kyrgyz Republic using the most recent data available. It attempts to answer three questions about the Kyrgyz Republic: What is the profile of a poor person? How has economic growth affected the level and composition of poverty? How has labor contributed to changes in poverty? The report finds that although income poverty fell during 2000-2005 at a rapid pace from 63% to 43% of the population due to economic growth, further poverty reduction remains a very real challenge for the government. Any serious poverty reduction strategy will overlap significantly with a strategy for growth. The proposed poverty reduction strategies include: encouraging the channeling of a greater proportion of remittances to investment and job creation; designing a rural anti-poverty strategy, as the majority of the poor live in rural areas and work on farms; conducting regional investment climate surveys to better understand the differential rates of regional development; and reform of the education sector linking secondary and post-secondary education with labor market needs.

Adam Wagstaff, Rodrigo Moreno-Serra
Europe and Central Asia's Great Post-Communist Social Health Insurance Experiment: Impacts on Health Sector and Labor Market Outcomes
 WPS4371, October 2007

The post-communist transition to social health insurance in many of the Central and Eastern European and Central Asian

countries provides an opportunity to answer some of the unresolved issues in the debate over the relative merits of social health insurance and tax-financed health systems. Using panel data from 28 countries for the period 1990-2004 the authors find that, controlling for any concurrent provider payment reforms, adoption of social health insurance increased national health spending and hospital activity rates, but did not lead to better health outcomes. The authors also find that adoption of social health insurance reduced employment in the economy as a whole and increased unemployment, although it did not apparently increase the size of the informal economy.

Caryn Bredenkamp, Michele Gragnolati
Sustainability of Healthcare Financing in the Western Balkans: An Overview of Progress and Challenges
 WPS4374, October 2007

This paper explores the major challenges to the sustainability of health sector financing in the countries of the Western Balkans — Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and the province of Kosovo. It focuses on how the incentives created by the different elements of the healthcare financing system affect the behavior of healthcare providers and individuals, and the resulting inefficiencies in revenue collection and expenditure containment. The paper analyzes patterns of healthcare expenditure, finding that there is some evidence of cost containment, but that current expenditure levels — while similar to that in EU countries as a share of GDP — are low in per capita terms and the fiscal space to increase expenditures is extremely limited. It also examines the key drivers of current healthcare expenditure and the most significant barriers to revenue generation, identifying some key health reforms that countries in the sub-region could consider in order to enhance the efficiency and sustainability of their health systems. Data are drawn from international databases, country institutions, and household surveys.

Paul R. Masson
The Growing Role of the Euro in Emerging Market Finance
 WPS4381, November 2007

More than eight years after the introduction of the euro, impacts on developing countries have been relatively modest. Overall, the euro has become much more important in debt issuance than in official foreign exchange reserve holdings. The former has benefited from the creation of a large set of investors for which the euro is the home currency, while demand for euro reserves has been held back by the dominance of the dollar as a vehicle and intervention currency, and the greater liquidity of the market for US treasury securities. Fears of further dollar decline may fuel some shifts out of dollars into euros, however, with the potential for a period of financial instability.

Maurizio Bussolo, Rafael E. De Hoyos, Denis Medvedev, Dominique van der Mensbrugghe
Global Growth and Distribution: Are China and India Reshaping the World?
 WPS4392, November 2007

Over the past 20 years, aggregate measures of global inequality have changed little even if significant structural changes have been observed. Using the World Bank's LINK-AGE global general equilibrium model and the newly developed Global Income Distribution Dynamics tool, the paper assesses the distribution and poverty effects of a scenario where these trends continue in the future. Even by anticipating a deceleration, growth in China and India is a key force behind the expected convergence of per-capita incomes at the global level. Millions of Chinese and Indian consumers will enter into a rapidly emerging global middle class — a group of people who can afford, and demand access to, the standards of living previously reserved mainly for the residents of developed countries. Notwithstanding these positive developments, fast growth is often characterized by high urbanization and growing demand for skills, both of which result in the widening of income distribution within countries. These opposing distributional effects highlight the importance of analyzing global disparities by taking into account income dynamics between and within countries.

Marianne Fay, Donato De Rosa, Catalin Pauna
Product Market Regulation in Romania: A Comparison with OECD Countries
WPS4402, November 2007

Less restrictive product market policies are crucial in promoting convergence to higher levels of GDP per capita. This paper benchmarks product market policies in Romania to those of OECD countries by estimating OECD indicators of Product Market Regulation. These indicators allow a comprehensive mapping of policies affecting competition in product markets. Comparison with OECD countries reveals that Romania's product market policies are less restrictive of competition than most direct comparators from the region and not far from the OECD average. Nonetheless, this achievement should be interpreted in light of the fact that this approach measures officially adopted policies. It does not capture implementation and enforcement, the area where future reform efforts should be directed if less restrictive policies are to have an effective impact on long-term growth prospects.

David Tarr
Russian WTO Accession: What has been Accomplished, What can be Expected
WPS4428, December 2007

This paper summarizes the principal reform commitments that Russia has undertaken as part of its World Trade Organization (WTO) accession negotiations, providing detailed assessments in banking, insurance, and agriculture. The paper assesses the gains to the Russian economy from these commitments, based on a summary of several modeling efforts undertaken by the author and his colleagues. The author compares Russian commitments with those of other countries that have recently acceded to the WTO to assess the claim that the demands on Russia are excessive due to political considerations. He explains why Russian WTO accession will result in the elimination of the Jackson-Vanik Amendment against Russia. Finally, he discusses the remaining issues in the

negotiations and the time frame for Russian accession as of the fall of 2007.

Erwin R. Tiongson, Ruslan Yemtsov
Bosnia and Herzegovina 2001-2004 : enterprise restructuring, labor market transitions and poverty
WPS4479, January 2008

This paper takes stock of labor market developments in Bosnia and Herzegovina over the period 2001-2004, using the panel Living Standards Measurement Study/Living in Bosnia and Herzegovina survey. The results provide strong evidence that there are indeed significant differences in labor market transitions by gender, age, education, and geographic location. Using the panel structure of the multi-topic survey data, the authors find that these transitions are related to welfare dynamics, with welfare levels evolving differently for various groups depending on their labor market trajectories. The findings show that current labor market trends reflecting women's movement out of labor markets and laid-off male workers accepting informal sector jobs characterized by low productivity will lead to adverse social outcomes. These outcomes could be averted if the planned enterprise reform program creates a more favorable business environment and leads to faster restructuring and growth of firms.

Other Publications

Peter J S Duncan
"Oligarchs", Business and Russian Foreign Policy: From Yeltsin to Putin
WP 83, UCL, October 2007, <http://www.ssees.ac.uk/wp83sum.htm>

The paper investigates the role of private and state-controlled business in the formation and implementation of Russian foreign policy since the collapse of the Soviet Union. The extent to which the 'oligarchs' and business more generally followed their own interests in their external relations or acted as tools of the Russian state is a particular focus. Under Yeltsin, business had followed its own interests, which sometimes conflicted with Russian foreign policy and sometimes reinforced it; but after Putin's attacks on the oligarchs, business seemed more integrated into policy implementation, while still following its own interests where they did not conflict with those of the state, as is suggested by a discussion of Gazprom's foreign policy role.

Ruben Enikolopov, Maria Petrova, Ekaterina Zhuravskaya
Television and Political Persuasion in Young Democracies: Evidence from Russia
CEFIR/NES WP 112, December 25, 2007, www.cefir.ru

Governments control media in much of the developing world. Does this have an effect on political choices of voters? The authors address this question using exogenous variation in the availability of the signal of the only independent national TV channel in Russia during the 1999 parliamentary elections. They find that the presence of an independent source of polit-

ical news on TV significantly decreased the vote in favor of the government party and increased the vote in favor of the opposition parties. Moreover, the difference in TV coverage significantly changed voting behavior even controlling for voters' inclinations just one month prior to the elections. These effects are larger than those found in established democracies.

Richard Pomfret

Using Energy Resources to Diversify the Economy: Agricultural Price Distortions in Kazakhstan

CASE Network Studies and Analyses No. 355, December 2007, <http://www.case.com.pl>

The agricultural sector in Kazakhstan experienced declining output throughout the 1990s, partly because relative prices shifted from being distorted in favor of farmers to being distorted against them. After the end of the decade public policy shifted towards support for (or less discrimination against) agriculture, boosted by a billion-dollar Agriculture and Food Program for 2003-2005, which was made possible by booming oil revenues. The paper provides estimates of producer support for the main agricultural products in Kazakhstan, and analyzes the consequences of shifts in farm support policy. The author produces the negative estimates for export goods (wheat and cotton) in 2000-2001, which suggest substantial behind-the-border trade costs; and the shift from negative to positive support for major agricultural products.

Andreja Jaklič, Joze P. Damijan and Matija Rojec

Innovation Cooperation and Innovation Activity of Slovenian Enterprises

LICOS Discussion Paper 201/2008, January 2008, <http://www.econ.kuleuven.be/LICOS/DP/DP2008/DP201.pdf>

The authors explore the importance of innovation cooperation for the innovation activity of Slovenian enterprises, what kind of innovation cooperation is the most "productive" for innovation activities, and whether the location and foreign ownership of innovation cooperation matter. Estimations confirmed external innovation cooperation as one of the most important incentives for innovation activity, after R&D spending. However, a significant influence is only confirmed for domestic innovation cooperation. The efficiency varies by type of partners: while inter-firm innovation cooperation significantly increases the probability of innovation, this is not the case regarding cooperation with universities and R&D institutes. The impact of innovation cooperation differs by distance, with the contribution of EU partners to innovation activity being the highest (higher than that of domestic partners).

Book Reviews

Saul Estrin, Grzegorz W. Kolodko and Milica Uvalic (eds.)

Transition and Beyond

Palgrave Macmillan 2007

ISBN-10: 0230546978

Papers by various researchers included in the volume are grouped into three sections: the socialist legacy; transition from

socialism to capitalism; and beyond transition. They provide an up-to-date evaluation of the transition, as well as insights and discussion on current phenomena such as globalization and complexity. Specifically, the following topics are explored: main characteristics of central planning; productivity in the Soviet Union and other socialist countries; division between the new EU member states and less successful former Soviet Union countries; the determinants of success in transition; skills and human capital in transition countries; financial transition in Central and Eastern Europe; the evolving role of financial policy; the optimal transition path, and globalization. Additionally, four country studies focus on transition in two different regions: Slovenia and Serbia from the former Yugoslavia, and Russia and Belarus from the former Soviet Union.

Stephan Barisitz

Banking in Central and Eastern Europe 1980-2006: From Communism to Capitalism

Routledge 2007

ISBN-10: 0415428815

The book overviews the development of the banking systems in Central and Eastern Europe and the CIS over a period of about 25 years: from the beginning of the 1980s up to late 2006. Taking into account historic changes, particularly the emergence of independent states after the collapse of communism, all relatively large countries (in terms of population) are dealt with: Hungary, Poland, Czech Republic, Slovakia, Bulgaria, Romania, Croatia, Russia, Ukraine, Belarus, Kazakhstan, and Uzbekistan. The study analyzes and compares the evolution of legal foundations, banking supervision, a bank's major sources of assets, liabilities, earnings and related changes, banking crises, restructuring, rehabilitation programs, the role of foreign-owned banks and FDI. Finally, the book discusses perspectives and challenges of banking in Central and Eastern Europe in the light of the expanding EU and further enlargement of the euro area.

Nina Bandelj

From Communists to Foreign Capitalists

Princeton University Press, 2008

ISBN-13: 978-0-961-12912-9

The book explores how 11 post-socialist countries address the very idea of foreign direct investment (FDI) as an integral part of their market transition. The inflows of foreign capital after the collapse of communism resulted not from the economy, as is commonly expected, but rather from the active involvement of postsocialist states in institutionalizing and legitimizing FDI. Using a wide array of data sources, and combining a macro-level account of national variation in the liberalization to foreign capital with a micro-level account of FDI transactions in the decade following the collapse of Communism in 1989, the book reveals how social forces not only constrain economic transformations but also make them possible. The author presents a sociological treatment of the process of FDI. She demonstrates how both investors and hosts rely on social networks, institutions, politics, and cultural understandings to make decisions about investment to deal with the true uncertainty that plagues the postsocialist environment.

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