

# NEWS RELEASE

## Hong Kong and Singapore rated best for economic freedom, Zimbabwe and Myanmar rank worst

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For Immediate Release

**VANCOUVER, BC**—Hong Kong once again tops international rankings for economic freedom, with Singapore a close second and New Zealand in third spot, according to the *Economic Freedom of the World: 2007 Annual Report*, released today by independent research organization The Fraser Institute.

Switzerland was ranked fourth followed by the United States, United Kingdom and Canada all tied for fifth spot.

Zimbabwe, Myanmar and the Democratic Republic of Congo had the lowest economic freedom ratings of the 141 countries measured.

The annual peer-reviewed report uses 42 different measures to create an index ranking countries around the world based on policies that encourage economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to compete, and security of private property.

Research shows that individuals living in countries with high levels of economic freedom enjoy higher levels of prosperity, greater individual freedoms, and longer life spans.

“These measures are part of a fundamental base needed to build a free and prosperous nation. A quick glance at the names of countries scoring lowest on the index quickly shows that without protection of property rights and judicial independence, there is little individual freedom and little in the way of prosperity,” said Fred McMahon, The Fraser Institute’s Director of Trade and Globalization Studies.

The full report is available at [www.freetheworld.com](http://www.freetheworld.com)

### International Rankings

In this year’s main index, Hong Kong retains the highest rating for economic freedom, 8.9 out of 10. The other top scorers are: Singapore (8.8), New Zealand (8.5), Switzerland (8.3), Canada (8.1), United Kingdom (8.1), United States (8.1), Estonia (8.0), Australia (7.9), and Ireland (7.9).

The rankings and scores of other large economies are Germany, 18 (7.6); Japan, 22 (7.5); Mexico, 44 (7.1); France, 52 (7.0); Italy, 52 (7.0); India, 69 (6.6); China, 86 (6.3); Brazil, 101 (6.0); and Russia, 112 (5.8).

The majority of nations ranked near the bottom are African and all the nations in the bottom 10 are African, with the exceptions of Venezuela and Myanmar. They are: Zimbabwe (2.9), Myanmar (3.8), the Democratic Republic of the Congo, (4.0), Angola (4.2), the Republic of the Congo, (4.3), Central Africa Republic, (4.6), Venezuela (4.9), Burundi (5.0), Chad (5.1), Togo (5.1) and Niger (5.1). Botswana’s ranking, tied for 38th with a score of 7.2, is the best among sub-Saharan African nations.

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Five nations increased their score by more than three points since 1980: Hungary (3.0), Peru (3.0), Uganda (3.2), Ghana (3.6), and Israel (3.7). Only three nations decreased their score by more than one point: Zimbabwe (−1.7), Venezuela (−1.7) and Myanmar (−1.3). Other nations that saw reductions are: Nepal (−0.7), Bahrain (−0.3), Hong Kong (−0.2), Malaysia (−0.2), the Republic of Congo (−0.2), and Haiti (−0.1).

“Weakness in the rule of law and property rights is particularly pronounced in sub-Saharan Africa, in many parts of the Middle East, and for several nations that were part of the former Soviet bloc although some of these nations have shown improvement,” said James Gwartney, lead author of the report and a Professor of Economics at Florida State University.

“Many Latin American and Southeast Asian nations also score poorly for rule of law and property rights. The nations that rank poorly in this category also tend to score poorly in the trade and regulation categories, even though several have reasonably sized governments and sound money.”

This year 11 additional countries have been added to the index. These countries are Angola (4.2, 138<sup>th</sup>), Bosnia and Herzegovina (6.1, 97<sup>th</sup>), Burkina Faso (5.5, 122<sup>nd</sup>), Ethiopia (6.0, 101<sup>st</sup>), Kazakhstan (7.3, 32<sup>nd</sup>), Kyrgyz Republic (6.8, 60<sup>th</sup>), Lesotho (6.8, 60<sup>th</sup>), Mauritania (6.5, 76<sup>th</sup>), Moldova (6.5, 76<sup>th</sup>), Montenegro (6.8, 60<sup>th</sup>), and Serbia (5.6, 119<sup>th</sup>).

### **Global Spread of Economic Freedom**

The 2007 edition of the Economic Freedom of the World report also includes new research from Russell Sobel, economics professor at West Virginia University, and Peter Leeson, professor in the study of capitalism at George Mason University, showing how economic freedom spreads between countries.

Sobel and Leeson note that historically, many foreign policy decisions have been based on the notion that economic reforms in a few key nations would substantially improve the economies of other countries throughout the region – the so-called “domino effect.”

The authors conclude that while economic freedom changes in one country have only a modest impact on neighbouring countries, when multiple neighbours experience simultaneous changes in economic freedom, the impact is much greater. Broad regional changes in freedom can and do have significant impacts on surrounding countries. By liberalizing trade with foreign nations, economically free countries can exert a positive, if modest, impact on economic freedom in less free nations.

This research indicates that free-trade agreements allowing a number of nations to simultaneously coordinate trade liberalization could have a sizeable influence on spreading economic freedom to economically repressed regions of the world, Sobel and Leeson said.

### **About the Economic Freedom Index**

*Economic Freedom of the World* measures the degree to which the policies and institutions of countries are supportive of economic freedom.

This year’s publication ranks 141 nations for 2005, the most recent year for which data are available. The report also updates data in earlier reports in instances where data have been revised.

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The annual report is published in conjunction with the Economic Freedom Network, a group of independent research and educational institutes in over 70 nations.

For more information on the Economic Freedom Network, data sets, and previous Economic Freedom of the World reports, visit [www.freetheworld.com](http://www.freetheworld.com)

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