

# NEWS RELEASE

## Canada leads North America in economic freedom, tied with Australia for fifth spot globally; U.S. sinks to 18<sup>th</sup> in international rankings

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For Immediate Release

**TORONTO, ON**—Canada is among the top five most economically free countries in the world, well ahead of the United States which has fallen to 18<sup>th</sup> overall, according to the Fraser Institute's annual *Economic Freedom of the World* report.

Canada, with an economic freedom score of 7.97 out of 10, tied with Australia to rank fifth out of 144 nations and territories included in the *Economic Freedom of the World: 2012 Annual Report*. Last year, Canada ranked sixth overall.

"Canada's relatively high level of economic freedom has resulted in stronger economic growth, higher income levels, and less pain from the global recession," said Fred McMahon, Fraser Institute vice-president of international policy research.

"Meanwhile, other nations embraced heavy-handed regulation and extensive over-spending in response to the American and European debt crises. Consequently, their levels of economic freedom decreased."

The United States, long considered a champion of economic freedom among large industrial nations, continues its protracted decline in the global rankings. This year, the U.S. plunged to 18<sup>th</sup>, its lowest-ever ranking and a sharp drop from second overall, the position it held in 2000. Much of this decline is a result of high spending on the part of the U.S. government.

Hong Kong again topped the rankings of 144 countries, followed by Singapore, New Zealand, and Switzerland. Australia and Canada tied for fifth overall.

Research shows that people living in countries with high levels of economic freedom enjoy greater prosperity, more political and civil liberties, and longer life spans.

Globally, the average economic freedom score rose slightly to 6.83 in 2010, the most recent year available, after plummeting to its lowest level in nearly three decades with a score of 6.79 in 2009.

The annual *Economic Freedom of the World* report is the premier measurement of economic freedom, using 42 distinct variables to create an index ranking of 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. Economic freedom is measured in five different areas: (1) size of government, (2) legal structure and security of property rights, (3) access to sound money, (4) freedom to trade internationally, and (5) regulation of credit, labour, and business. The full report is available at [www.freetheworld.com](http://www.freetheworld.com).

Canada's scores in key areas of economic freedom (from one to 10, where higher values indicate higher levels of economic freedom) are:

- Size of government: 6.12 (74<sup>th</sup> overall)
- Legal system and property rights: 8.74 (12<sup>th</sup> overall)
- Access to sound money: 9.46 (25<sup>th</sup> overall)
- Freedom to trade internationally: 7.65 (43<sup>rd</sup> overall)
- Regulation of credit, labour, and business: 8.48 (sixth overall)

(more)

### International rankings

Hong Kong offers the highest level of economic freedom worldwide, with a score of 8.90 out of 10, followed by Singapore (8.69), New Zealand (8.36), Switzerland (8.24), Australia and Canada (each 7.97), Bahrain (7.94), Mauritius (7.90), Finland (7.88), and Chile (7.84).

The rankings of other large economies include: United States (18<sup>th</sup>), Japan (20<sup>th</sup>), Germany (31<sup>st</sup>), South Korea (37<sup>th</sup>), France (47<sup>th</sup>), Italy (83<sup>rd</sup>), Mexico (91<sup>st</sup>), Russia (95<sup>th</sup>), Brazil (105<sup>th</sup>), China (107<sup>th</sup>), and India (111<sup>th</sup>).

Venezuela has the lowest level of economic freedom among the 144 jurisdictions measured. Myanmar, Zimbabwe, Republic of Congo, and Angola round out the bottom five nations.

“Sadly, citizens living in the bottom-ranked countries face a significantly lower quality of life since they lose the benefits that come from growth spurred on by economic freedom and suffer reduced prosperity,” McMahon said.

When the rankings are adjusted to account for changes over the years, it shows that during the past decade some African and formerly Communist nations have experienced the largest increases in economic freedom worldwide: Rwanda (44<sup>th</sup> this year, compared to 106<sup>th</sup> in 2000), Malawi (84<sup>th</sup>, up from 114<sup>th</sup>), Ghana (53<sup>rd</sup>, up from 101<sup>st</sup>), Romania (42<sup>nd</sup>, up from 110<sup>th</sup>), Bulgaria (47<sup>th</sup>, up from 108<sup>th</sup>), and Albania (32<sup>nd</sup>, up from 77<sup>th</sup>).

Countries showing the greatest declines since 2000 in the adjusted rankings include Venezuela (123<sup>rd</sup> this year, down from 94<sup>th</sup>), Argentina (110<sup>th</sup>, down from 34<sup>th</sup>), Iceland (59<sup>th</sup>, down from 11<sup>th</sup>), and the United States (19<sup>th</sup>, down from second overall).

### About the Economic Freedom Index

*Economic Freedom of the World* measures the degree to which the policies and institutions of countries support economic freedom. The annual report is published in conjunction with the Economic Freedom Network, a group of independent research and educational institutes in 90 nations and territories worldwide. The 2012 report was prepared by James Gwartney, Florida State University; Robert A. Lawson, Southern Methodist University; and Joshua Hall, Beloit College. The complete publication may be downloaded, free of charge, from [www.freetheworld.com](http://www.freetheworld.com).

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