

# **Economic Freedom of the World**

## **2006 Annual Report**

James Gwartney

*Florida State University*

and

Robert Lawson

*Capital University*

with

William Easterly

*New York University*

Copyright ©2006 by The Fraser Institute. All rights reserved. No part of this book may be reproduced in any manner whatsoever without written permission except in the case of brief quotations embodied in critical articles and reviews.

The authors of this book have worked independently and opinions expressed by them are, therefore, their own, and do not necessarily reflect the opinions of the members or the trustees of The Fraser Institute.

Editing and design by Lindsey Thomas Martin

Cover design by Brian Creswick @ GoggleBox

Printed and bound in Canada

---

### **Data available to researchers**

The full data-set, including all of the data published in this report as well as data omitted due to limited space, can be freely downloaded at <<http://www.freetheworld.com>>. If you are using the data across time periods, it would be better to use the chain-link series presented in Chapter 1, exhibit 1.5, and available at the website, for reasons outlined in that chapter. If you have any difficulties down-loading the data, please feel free to contact us via e-mail to [freetheworld@fraserinstitute.ca](mailto:freetheworld@fraserinstitute.ca) or via telephone at +1.604.714.4563.

---

### **National Library of Canada Cataloguing in Publication Data**

Gwartney, James D.

Economic freedom of the world ... annual report / James D. Gwartney.

Annual.

2006 issue by James D. Gwartney and Robert Lawson with William Easterly.

Issued also online.

ISSN 1482-471X

ISBN 0-88975-236-2 (2006 issue)

1. Economic history--1990- --Periodicals. 2. Economic indicators--Periodicals.

I. Fraser Institute (Vancouver, B.C.) II. Title

HB95.G93

330.9'005

C97-302072-5

# Table of Contents

Acknowledgments / iv

Dedication to Sir John Cowperthwaite / v

*by James Gwartney, Robert Lawson, Alex Singleton, and Milton Friedman*

About the Authors / vii

About the Participating Institutes / viii

Executive Summary / 3

Chapter 1 Economic Freedom of the World, 2004 / 5

Chapter 2 Freedom versus Collectivism in Foreign Aid / 29  
*by William Easterly*

Chapter 3 Country Data Tables / 43

Appendix 1 Explanatory Notes and Data Sources / 175

Appendix 2 Selected Publications Using Ratings from  
*Economic Freedom of the World* / 185

## Acknowledgments

As always, we are grateful for the continued intellectual and financial assistance of The Fraser Institute. In addition, Milton Friedman's continuing support for this project is a source of great pride. Without the assistance and guidance of both Milton Friedman and Michael Walker, President of The Fraser Institute Foundation, this project would never have gotten off the ground. We are also thankful for the support of The Fraser Institute's new Executive Director, Mark Mullins.

The members of the Economic Freedom Network again provided valuable support for this report. Our thanks also go to Kathy Makinen at the DeVoe Moore Center of Florida State University; Matthew Brown at FSU's Gus A. Stavros Center for the Advancement of Free Enterprise and Economic Education; Fred McMahon and Amela Karabegović at The Fraser Institute, who continue to provide tremendous support in managing the overall project and in keeping us on top of our deadlines; and Lindsey Thomas Martin at The Fraser Institute who does such great work on the design and editing of the book. We are grateful for their hard work on the project.

Thanks also go to the Social Philosophy and Policy Center at Bowling Green State University for its support of Robert Lawson's work during the summer of 2006.

James Gwartney & Robert Lawson

## Dedication to Sir John Cowperthwaite

From 1970 to the present, Hong Kong has ranked as the freest economy in the world in the index published annually in *Economic Freedom of the World*. No one deserves more credit for this lofty rating than Sir John Cowperthwaite, the Financial Secretary of Hong Kong during the 1960s. As the following notes by Alex Singleton and Milton Friedman highlight, Cowperthwaite's contributions go far beyond his impact on Hong Kong. His achievements and Hong Kong's experience have influenced economic freedom throughout the world. When Sir John died earlier this year, we wanted to honor his contribution in a visible manner. Thus, it is a pleasure to dedicate this year's report to him.

James Gwartney & Robert Lawson

### Obituary

Sir John Cowperthwaite was the main figure responsible for Hong Kong's economic transformation, lifting millions of people out of poverty. While scholars like Milton Friedman and F.A. Hayek put an intellectual case for the free markets, it was Cowperthwaite who provided the textbook example showing economically liberal policies leading to swift economic development. His practical example provided confidence to the Thatcher and Reagan governments, and was a key influence in China's post-Mao economic liberalization.

Cowperthwaite read classics at St Andrews and Christ's College, Cambridge. While waiting to be called up by the Cameronians (Scottish Rifles), he went back to St Andrews to study economics. This Scottish education imbued him with the ideas of the Enlightenment, especially the work of Adam Smith, who had been born nearby in Kirkcaldy. He was a liberal in the 19<sup>th</sup> century sense, believing that countries should open up to trade unilaterally. In 1941, he joined the Colonial Administrative Service in Hong Kong. When it fell to the Japanese, he was seconded to Sierra Leone as a district officer, before returning in 1946 to help the colony's economic recovery. "Upon arrival," the *Far Eastern Economic Review* put it, "he found it recovering quite nicely without him." He quickly worked his way up the ranks and was made Financial Secretary in 1961, in charge of its economic policy for a decade.

When he became Financial Secretary, the average Hong Kong resident earned about a quarter of someone living in Britain. By the early 1990s, average incomes were higher than Britain's. Cowperthwaite made Hong Kong the most economically free economy in the world and pursued free trade, refusing to make its citizens buy expensive, locally produced goods if they could import cheaper products from elsewhere. Income tax was never more than a flat rate of 15%. The colony's lack of natural resources, apart from a harbour, and the fact that it was a food importer, made its success all the more interesting. Cowperthwaite's policies soon attracted the attention of economists like Milton Friedman, whose television series *Free to Choose* featured Hong Kong's economic progress in some detail.

Asked what is the key thing poor countries should do, Cowperthwaite once remarked: "They should abolish the Office of National Statistics." In Hong Kong, he refused to collect all but the most superficial statistics, believing that statistics were dangerous: they would lead the state to fiddle about remedying perceived ills, simultaneously hindering the ability of the market economy to work. This caused consternation in Whitehall: a delegation of civil servants were sent to Hong Kong to find out why employment statistics were not being collected; Cowperthwaite literally sent them home on the next plane back.

Cowperthwaite's frugality with taxpayers' money extended to himself. He was offered funds from the Hong Kong Executive to do a much needed upgrade to his official residence but refused, pointing out that since others in Hong Kong did not receive that sort of benefit, he did not see why he should.

Cowperthwaite's hands-off approach and rejection of the economic theory then in vogue, meant he was in daily battle against Whitehall and Westminster. The British government insisted on higher income tax in Singapore; when they told Hong Kong to do the same, Cowperthwaite refused. He was an opponent of giving special benefits to business: when a group of businessmen asked him to provide funds for a tunnel across Hong Kong harbour, he argued that, if it made economic sense, the private sector would come in and pay for it. It was built privately. His economic instincts were revealed in his first speech as Financial Secretary: "In the long run, the aggregate of decisions of individual businessmen, exercising individual judgment in a free economy, even if often mistaken, is less likely to do harm than the centralized decisions of a government, and certainly the harm is likely to be counteracted faster."

His ability to pursue policies that, at the time, were deeply unfashionable, was helped by having supportive Hong Kong Governors, Sir Robert Black and Sir David Trench, who both had free-market sympathies. Moreover, Cowperthwaite was formidable at arguing his case: as Dennis Healey recalled: "I always retired hurt from my encounters with the redoubtable Financial Secretary."

From 1972 to 1981, Cowperthwaite was an advisor to Jardine Flemming & Co. in Hong Kong. He retired to St Andrews with his wife Sheila and was an active member of the Royal & Ancient. For many years, he spent six months of the year with his wife traveling the world visiting friends and relatives. He was an old-school civil servant and, much to the frustration of economists, resisted requests to write an autobiography about his time in Hong Kong, believing that his duty was to serve, not to reveal the minutiae of government business.

John James Cowperthwaite KBE OBE CMG, born April 25, 1915; died January 21, 2006.

Alex Singleton, Director-General  
The Globalisation Institute

## **Cowperthwaite and the free market in practice**

I first met John Cowperthwaite in 1963, the third year of his ten-year stint as Financial Secretary of Hong Kong. I had just been looking into Hong Kong's monetary system and had discovered that the experts at the leading banks in Hong Kong did not understand how it worked. When I told Cowperthwaite that, he replied, "Better they shouldn't; they would mess it up." He made it clear that he was a real disciple of Adam Smith: free trade and free markets were the prescription for the underdeveloped countries of the world—as he proceeded to demonstrate by converting Hong Kong from one of the poorest countries in the world to one of the richest, thereby providing a striking refutation for the socialist cliché "free trade may be fine in theory but it won't work in practice."

Cowperthwaite is the answer to what many have regarded as a paradox: at the very time shortly after World War II that Britain was embarking on an extreme socialist policy in the homeland, one of its last remaining colonies, Hong Kong, was embarking on an extreme free-market policy. By some accident of officialdom, the Colonial Office had assigned John Cowperthwaite to serve as the Financial Secretary of Hong Kong. The result: the home country strangled by socialism; the colonial possession converted into a showplace of free markets.

Milton Friedman

## About the Authors

**James D. Gwartney** is Professor of Economics and holds the Gus A. Stavros Eminent Scholar Chair at Florida State University, where he directs the Gus A. Stavros Center for the Advancement of Free Enterprise and Economic Education. He served as Chief Economist of the Joint Economic Committee of the US Congress during 1999/2000. He is the co-author of a leading textbook, *Economics: Private and Public Choice*, and a recently published primer, *Common Sense Economics: What Everyone Should Know About Wealth and Prosperity* (St. Martin's Press, 2005). His professional publications have appeared in the *American Economic Review*, *Journal of Political Economy*, *Industrial and Labor Relations Review*, *Cato Journal*, *Kyklos*, and *Southern Economic Journal*. Prof. Gwartney was president of the Association of Private Enterprise Education and was awarded the association's Adam Smith Award in 2004. His doctoral degree in economics is from the University of Washington and he is a member of the Mont Pelerin Society.

**Robert A. Lawson** is Professor of Economics and holds the George H. Moor Chair in the School of Management at Capital University in Columbus, Ohio. He earned his B.S. in economics from the Honors Tutorial College at Ohio University and his M.S. and Ph.D. in economics from Florida State University. Prof. Lawson has professional publications in *Public Choice*, *Cato Journal*, *Kyklos*, *Journal of Labor Research*, *Journal of Institutional and Theoretical Economics*, and the *European Journal of Political Economy*. He is a senior fellow with the Buckeye Institute for Public Policy Solutions, where he has written extensively on issues of state and local public finance. Lawson is a former president of the Association of Private Enterprise Education and is a member of the Mont Pelerin Society.

## About the Contributor

**William Easterly** is Professor of Economics at New York University (NYU), joint with Africa House, and Co-Director of NYU's Development Research Institute. He is also a non-resident Fellow of the Center for Global Development in Washington, DC. William Easterly received his Ph.D. in Economics at MIT. He spent 16 years as a Research Economist at the World Bank. He is the author of *The White Man's Burden: How the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (Penguin, 2006), *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* (MIT, 2001), three other co-edited books, and 46 articles in refereed economics journals. Prof. Easterly is an associate editor of the *Quarterly Journal of Economics*, the *Journal of Economic Growth*, and of the *Journal of Development Economics*. He was born in West Virginia and grew up in Bowling Green, Ohio.

## About the Participating Institutes

Co-publishers of *Economic Freedom of the World*

### **Albania ♦ Albanian Center for Economic Research (ACER)**

The Albanian Center for Economic Research is a public-policy institute that focuses on research and advocacy activities. In addition to providing policy-makers and academics with applied economic research, it works to build public understanding of economic development issues. ♦ E-mail: zefpreci@interalb.net.

### **Argentina ♦ Fundación Libertad**

Fundación Libertad is a private, non-profit institution working towards two main goals: the research and distribution of public-policy issues (specifically in socio-economic and business areas) and the promotion of the concept of a free-market society. Founded in Rosario, Argentina, in 1988 by a group of businessmen, professionals, and intellectuals, the Foundation has developed its activities with the support of more than 200 private companies. Its projects include courses, lectures, seminars, research, studies, and publications as well as a strong permanent presence in the media, through columns, and television and radio programs produced by the Foundation. These projects have focused on economic policies, education, regulations, and public spending. Outstanding guest speakers have delivered lectures and conferences for the Fundación Libertad; these include Peruvian writer Mario Vargas Llosa, Nobel prize-winning economists such as Gary Becker, Douglass North, Robert Lucas, and James Buchanan, historian Paul Johnson, Nobel Peace Prize Laureate Lech Walessa, and other intellectuals like Jean Françoise Revel. Fundación Libertad has also led the creation of REFUNDAR, a network of Argentine foundations made up of ten organizations, located in the country's major cities. This network has helped us spread our ideas all over the country and is affiliated with similar international organizations. ♦ E-mail: dmaggiolo@libertad.org.ar.

### **Australia ♦ Institute of Public Affairs**

Established in 1943, the IPA is Australia's oldest and largest private-sector think-tank. Its aim is to foster prosperity and full employment, the rule of law, democratic freedoms, security from crime and invasion, and high standards in education and family life for the Australian people. To identify and promote the best means of securing these values, the IPA undertakes research, organizes seminars, and publishes widely. ♦ E-mail: ipa@ipa.org.au; website: <<http://ipa.org.au>>.

### **Austria ♦ TIGRA®**

TIGRA® is the premier Austrian think-tank on governance research. Headquartered in Salzburg, it was founded to study and advance effective and efficient economic policies. TIGRA® organizes workshops and publishes papers and reports. Their mission is "From analysis to action." TIGRA® is a network of experts who provide effective market solutions to policy-makers. Special emphasis is put on knowledge management, monitoring the scope and quality of regulations ("cutting red tape"), and setting benchmarks. ♦ E-mail: bendl@erwin.tc; website: <<http://www.tigra.at>>.

### **Azerbaijan ♦ Center for Economic and Political Research**

The Center for Economic and Political Research, Azerbaijan, is a non-profit, non-governmental, research institute founded in 1994. Its mission is to facilitate the country's democratization and economic liberalization and to increase the role of civil society. The main objectives of the Center's activities are analyzing the economic



situation and progress of market reforms, political processes, foreign political relations, and regional economic and political tendencies. The Center also conducts sociological surveys and holds conferences, round-tables, and seminars on different aspects of economic and political reforms in the country. ♦ E-mail: sb@azerin.com.

#### **Bahamas ♦ The Nassau Institute**

The Nassau Institute is an independent, non-political, non-profit institute that promotes economic growth, employment, and entrepreneurial activity. It believes that this can best be achieved with a free-market economy and a decent society—one that embraces the rule of law, the right of private property, the free exchange of property and services, and the individual virtues of self-control, commitment, and good will. ♦ E-mail: joan@seekersend.com or info@nassauinstitute.org; website: <<http://www.nassauinstitute.org>>.

#### **Bangladesh ♦ Making Our Economy Right (MOER)**

MOER (Making Our Economy Right), founded in 1991, is the country's lone free-market institute and continues to struggle to promote free-market capitalism against all odds. The concept of individual freedom and free markets determining the supply of goods, services, and capital is little understood in Bangladesh. For the past 50 years or so, Fabian socialism and the doctrines of Karl Marx were the basis of our country's economy. MOER contributes free-market, libertarian articles in English and Bangla newspapers. We also moderate a weekly radio talk show that focuses on liberalization of the economy. MOER also publishes books both in Bangla and in English for free distribution to libraries and others with the support of the International Policy Network of London. MOER's fourth book, published this year, *Clamoring for Free Market Freedom in Bangladesh*, has a foreword by Nobel laureate Milton Friedman. The book is a compilation of articles by Nizam Ahmad. ♦ E-mail: drmanzur@citechco.net; website: <<http://www.moer-bangladesh.org>>.

#### **Belarus ♦ Scientific Research Mises Center**

Scientific Research Mises Center was founded in 2001. Its mission is to advance ideas and ideals of free-market democratic society based on individual choice and personal responsibility and to create an open community of people who share those ideas. The centre promotes the original ideas of limited government, individual liberty, and private property through publications and discussion forums and conferences. The goal of the Center is to demonstrate the power of private institutions, both for-profit and non-profit, to create a good society and to foster the understanding that free choice of a fully informed individual is the foundation for a just, prosperous, and open society. ♦ E-mail: liberty@belsonet.net; website: <<http://liberty-belarus.info>>.

#### **Belgium ♦ Centre for the New Europe**

The Centre for the New Europe is a European research institute, based in Brussels, that promotes a market economy, personal liberty, and creativity and responsibility in an ordered society. CNE is founded on the belief that European integration can work only in a society led by a spirit of democratic capitalism. The Centre develops policy alternatives, encourages economic growth and deregulation, seeks new market-based solutions for social and environmental concerns, and promotes individual freedom, choice and responsibility. ♦ E-mail: info@cne.org; website: <<http://www.cne.org>>.

#### **Bolivia ♦ Fundación Libertad y Democracia**

The Fundación Libertad y Democracia (FULIDE) is a non-profit organization founded by citizens interested in promoting democracy and freedom. The purpose of the Foundation is to investigate and analyze issues that have economic, political, or social impact on the free market and private initiative. Through seminars, debates, and publications, FULIDE seeks to reflect Bolivia's participation in the global economy. ♦ E-mail: fulide@cainco.org.bo; website: <<http://www.fulide.org.bo>>.

#### **Brazil ♦ Instituto Liberal do Rio de Janeiro**

Instituto Liberal was founded to persuade Brazilians of the advantages of a liberal order. It is a non-profit institution supported by donations and the sponsorship of private individuals and corporations. Its by-laws

provide for a Board of Trustees and forbid any political or sectarian affiliations. The institute publishes books, organizes seminars, and elaborates policy papers on subjects related to public policy. ♦ E-mail: [ilrj@gbl.com.br](mailto:ilrj@gbl.com.br); website: <http://www.institutoliberal.org.br>.

**Bulgaria ♦ Institute for Market Economics**

Established in 1993, IME is the first independent economic think-tank in Bulgaria. It is a private, registered, non-profit corporation that receives international support and is widely respected for its expertise. IME designs and promotes solutions to the problems that Bulgaria is facing in its transition to a market economy, provides independent assessment and analysis of the government's economic policies, and supports an exchange of views on market economics and relevant policy issues. ♦ E-mail: [ime@omega.bg](mailto:ime@omega.bg); website: <http://www.ime-bg.org>.

**Cambodia ♦ The Cambodia Institute of Development Study**

The Cambodia Institute of Development Study (CIDS) is a non-profit, independent, local research institute founded in December 2004. The Institute's mission is to provide high-quality research on the local and provincial levels in the specialized areas of economics, natural resources and environment, agriculture and rural development, and public finance and governance, within the context of world integration. Its objectives are to generate and disseminate research on the national and provincial economies, and to enhance the capacity and promote the professional development of local resources by providing training and practical research opportunities. ♦ E-mail: [k\\_cdrrot@yahoo.com](mailto:k_cdrrot@yahoo.com).

**Canada ♦ The Fraser Institute**

Our vision is a free and prosperous world where individuals benefit from greater choice, competitive markets, and personal responsibility. Our mission is to measure, study, and communicate the impact of competitive markets and government interventions on the welfare of individuals. Founded in 1974, we are an independent research and educational organization with offices in Vancouver, Calgary, and Toronto, and international partners in over 70 countries. Our work is financed by tax-deductible contributions from thousands of individuals, organizations, and foundations. In order to protect its independence, the Institute does not accept grants from government or contracts for research. ♦ E-mail: [info@fraserinstitute.ca](mailto:info@fraserinstitute.ca); website: <http://www.fraserinstitute.ca>, <http://www.freetheworld.com>.

**Chile ♦ Instituto Libertad y Desarrollo**

Instituto Libertad y Desarrollo is a private think-tank wholly independent of any religious, political, financial, or governmental groups. It is committed to the free market and to political and economic freedom. It publishes studies and analyses of public-policy issues. ♦ E-mail: [clarroulet@lyd.org](mailto:clarroulet@lyd.org); website: <http://www.lyd.com>.

**Colombia ♦ Instituto Libertad y Progreso (ILP)**

Instituto Libertad y Progreso (ILP) is a research and educational institution based in Bogota and focused on institutional topics, both in Colombia and internationally. ILP is focused on constitutional reform, constitutional law, economic institutions, and political thought. ♦ E-mail: [andresmejiv@cable.net.co](mailto:andresmejiv@cable.net.co); website: <http://www.ilyp.net>, <http://www.libertadyprogreso.net>.

**Costa Rica ♦ Instituto para la Libertad y el Análisis de Políticas**

The Instituto para la Libertad y el Análisis de Políticas (INLAP—the Institute for Liberty and Public Policy Analysis) is a non-profit, non-partisan organization created to defend and promote individual liberty through analysis of public policy and educational activities. Its specific objectives are to increase awareness of the moral foundations of liberty and to promote liberty as an individual right necessary to achieve the highest levels of economic and human development; and to foster changes in social organization and public policies by influencing the thinking of policy makers, community leaders, and citizens.

INLAP produces timely analyses of proposed laws, decrees, and regulations, and its recommendations provide guidance for elected officials who seek to achieve greater individual liberty and creativity and a more

productive economy. It also conducts detailed studies of well-meant public policies that may ultimately have unintended adverse effects. The Institute's studies and recommendations are published in books, journals, and newspapers, appear as position papers and bulletins, and are also available via our website. ♦ E-mail: [inlapp@racsa.co.cr](mailto:inlapp@racsa.co.cr); website: <http://www.inlap.org>.

#### **Croatia ♦ The Institute of Economics**

The Institute of Economics, Zagreb, established in 1939, is a major scientific and research institution for the study of economic processes and the application of contemporary theories in economics. The Institute's objective is the economic and social advance of Croatia. Research encompasses both macro-economics and micro-economics, policy issues (including specialized areas such as business economics), current economic trends, methods of economic analysis, development of human resources, spatial and regional economics, international economics and technological development, and investment project planning. Researchers from both inside and outside the Institute work together on research projects. The Institute employs 40 full-time researchers, the majority of whom have completed specialized training courses in foreign countries. Results of the Institute's research activities are published in books, reports and studies as well as in scientific journals. The Institute maintains close contact with international organizations, professional associations, institutes, and universities. ♦ E-mail: [zbaletic@eizg.hr](mailto:zbaletic@eizg.hr); website: <http://www.eizg.hr/?Eizge.htm>.

#### **Czech Republic ♦ Liberální Institut**

Liberální Institut is an independent, non-profit organization for the development and application of classical liberal ideas: individual rights, private property, rule of law, self-regulating markets, and delineated government functions. It is financed by its various activities and by donations from individuals and private corporations. ♦ E-mail: [michal.uryc@libinst.cz](mailto:michal.uryc@libinst.cz); website: <http://www.libinst.cz>.

#### **Denmark ♦ Center for Politiske Studier**

The Center for Politiske Studier (Center for Political Studies, CEPOS) was founded in 2004 as an independent, non-profit think-tank based in Copenhagen. It seeks to promote a free and prosperous society by conducting research that will foster the policies, institutions, and culture that will best support a market economy, rule of law, and a civil society consisting of free and responsible individuals. It does so by producing academic studies and policy analyses aimed partly at general political debate and partly at the political process in areas such as welfare, taxation, regulation, education, entrepreneurship, health care, the environment, and the organization of the public sector. ♦ E-mail: [info@cepos.dk](mailto:info@cepos.dk); website: <http://www.cepos.dk>.

#### **Dominican Republic ♦ Fundación Economía y Desarrollo, Inc.**

The Fundación Economía y Desarrollo, Inc. (FEyD) is a private, non-profit organization dedicated to fostering competitive markets, private enterprise, and strategies that promote economic development. To meet its objectives, FEyD has several regular publications in the most important newspapers in the country. It also produces a one-hour television program called "Triálogo," which is broadcast three times a week and explains studies of the performance of the Dominican economy and its sectors. ♦ E-mail: [feyd01@tricom.net](mailto:feyd01@tricom.net).

#### **Ecuador ♦ Instituto Ecuatoriano de Economía Política**

The Instituto Ecuatoriano de Economía Política (IEEP) is a private, independent, non-profit institution that defends and promotes the classical liberal ideals of individual liberty, free markets, limited government, property rights, and the rule of law. The IEEP achieves its mission through publications, seminars, and workshops that debate socioeconomic and political issues. The IEEP's funding comes from voluntary donations, membership subscriptions, and income from sales of its publications. ♦ E-mail: [dora\\_ampuero@ieep.org.ec](mailto:dora_ampuero@ieep.org.ec); website: <http://www.ieep.org.ec>.

#### **Estonia ♦ International University Concordia Audentes**

The International University Concordia Audentes is the international institute of Audentes University, the biggest private university in Estonia. The university was established in 1992. Our mission is to encourage and enable

our students to develop their professional, academic and personal abilities, as creative, progressive, committed individuals, to the very highest standards, so that they might best contribute to economic, social, cultural, intellectual and political life at national, European and global levels. We aim to be the leader in international education in North-Eastern Europe. ♦ E-mail: [university@university.ee](mailto:university@university.ee); website: <http://www.university.ee>.

**France ♦ Association pour la Liberté Economique et le Progrès Social (ALEPS)**

ALEPS promotes the idea of free markets generating social progress. It connects French liberal intellectuals with the global scientific community. Thanks to its permanent contacts with various prestigious foreign institutes, in 1990 ALEPS published “Manifeste de l’Europe pour les Européens,” signed by 600 faculties from 28 countries.

The economic collapse of central planning and the disappearance of totalitarian regimes in Eastern Europe has not solved all social problems. A post-socialist society has still to be set up, both in Eastern Europe as well as in Western countries such as France, where 40 years of the welfare state have led to mass unemployment, fiscal oppression, an explosive expansion of social security, an increase in poverty and inequality, and a loss of moral virtues and spiritual values. ALEPS provides the political and intellectual push towards this necessary revival. ♦ E-mail: [jacques.garello@univ.u-3mrs.fr](mailto:jacques.garello@univ.u-3mrs.fr).

**Georgia ♦ Society for Disseminating Economic Knowledge: New Economic School—Georgia**

The Society was founded in 2001. The goal of the Society is to disseminate and promote free-market ideas and to create a resource center promoting free-market economics for students, young scientists, teachers, and other interested parties. Through publications, conferences, seminars, lectures, panel workshops, summer and winter schools, scientific Olympiads, and competitions, the Society seeks to disseminate classical liberal ideas. ♦ E-mail: [nesgeorgia@yahoo.com](mailto:nesgeorgia@yahoo.com); website: <http://www.economics.ge>.

**Germany ♦ Liberales Institut**

The Liberales Institut (Liberty Institute), based in Potsdam, is the think-tank of the Friedrich-Naumann-Foundation. It spreads free-market ideas through the publication of classical liberal literature, the analysis of current political trends, and the promotion of research. The Institute organizes conferences and workshops to stimulate an intellectual exchange among liberals around the world. ♦ E-mail: [LibInst@fnst.org](mailto:LibInst@fnst.org); website: <http://www.fnst.de>.

**Ghana ♦ The Institute of Economic Affairs**

The Institute of Economic Affairs (IEA), Ghana was founded in October 1989 as an independent, non-governmental institution dedicated to the establishment and strengthening of a market economy and a democratic, free, and open society. It considers improvements in the legal, social, and political institutions as necessary conditions for sustained economic growth and human development. The IEA supports research and promotes and publishes studies on important economic, socio-political, and legal issues in order to enhance understanding of public policy. ♦ E-mail: [iea@ghana.com](mailto:iea@ghana.com); Tel: 233-21-244716/233-21-7010714; Fax: 233-21-222313.

**Guatemala ♦ Centro de Investigaciones Económicas Nacionales**

The Centro de Investigaciones Económicas Nacionales (CIEN—the Center for Research on the National Economy, was established in Guatemala in 1982. It is a private, non-partisan, not-for-profit, public-policy institute, funded by the sale of its books and periodical publications, income from conferences and seminars, and the support it receives from its members and the public. The Center’s program is devoted to the technical study of economic and social problems that impede the stable development of the nation. Its members, staff, research associates, and supporters share the principles of a social order of free and responsible individuals interacting through a market economy functioning within the rule of law. ♦ E-mail: [curizarh@cien.org.gt](mailto:curizarh@ cien.org.gt); website: <http://www.cien.org.gt>.

**Haiti ♦ Institut de Recherche pour la Liberté Économique et la Prospérité (IRLEP)**

L’Institut de Recherche pour la Liberté Économique et la Prospérité (IRLEP), Haiti, was founded in 2004. It is a non-partisan, non-profit, research and educational organization devoted to improving the quality of life in

Haiti through economic growth and development. Through publications and conferences, IRLEP promotes the principles and concepts of individual rights, limited government, competition, free trade, and physical and intellectual property rights. IRLEP does not accept funding and subsidies from public institutions and political parties. ♦ E-mail: irlephaiti@yahoo.com.

#### **Hong Kong ♦ Hong Kong Centre for Economic Research**

The Hong Kong Centre for Economic Research is an educational, charitable trust established in 1987 to promote the free market in Hong Kong by fostering public understanding of economic affairs and developing alternative policies for government. The Centre publishes authoritative research studies and is widely recognized as the leading free-market think-tank in Asia. It has been influential in persuading public opinion and the government in Hong Kong to liberalize telecommunications, open up air-cargo handling franchises, privatize public housing, adopt a fully funded provident scheme instead of a pay-as-you-go pension scheme, remove the legally sanctioned fixing of deposit interest rates by banks, and adopt market mechanisms for protecting the environment. ♦ E-mail: asiu@econ.hku.hk; website: <<http://www.hku.hk/hkcer/>>.

#### **Hungary ♦ Szazadveg Foundation**

The Szazadveg Foundation is a non-profit organization performing political and economic research, and advisory and training activities. This think-tank is independent of the government or any political parties and has been operating as a foundation since its establishment in 1990. Szazadveg publishes the results of its research to the public at large and also provides professional services to economic institutions, political and civil organizations, political parties, and the government. ♦ E-mail: gazso@szazadveg.hu; website: <<http://www.szazadveg.hu>>.

#### **Iceland ♦ Centre for Social and Economic Research (RSE)**

RSE is an independent, non partisan, non-profit organization in Reykjavik, Iceland, founded in 2004. Its mission is to promote an understanding of private property and free-market ideas for a progressive, democratic society. RSE achieves its mission through programs of publication and conferences. Its work is assisted by a council of academic advisors of the highest standard from various academic fields. RSE is funded entirely by voluntary contributions from its supporters. ♦ E-mail: birgir@rse.is; website: <<http://www.rse.is>>.

#### **India ♦ Centre for Civil Society**

The Centre for Civil Society (CCS) is an independent, non-profit, research and educational organization inaugurated on August 15, 1997 and devoted to improving the quality of life for all citizens of India. The CCS maintains that, having earlier attained their political independence from an alien state, the Indian people must now seek economic, social, and cultural independence from the Indian state. This can work from two directions simultaneously: a “mortar” program of building or rebuilding the institutions of civil society and a “hammer” program of readjusting the size and scope of the political society. The CCS conducts monthly dialogues on topical issues to introduce classical liberal philosophy and market-based solutions into public debate. It has published *Agenda for Change*, a volume in 17 chapters that outlines policy reforms for the Indian government, Israel Kirzner’s *How Markets Work*, and *Self-Regulation in the Civil Society*, edited by Ashok Desai. It organizes Liberty and Society seminars for college students and journalists. ♦ E-mail: parth@ccsindia.org; website: <<http://www.ccsindia.org>>.

#### **Indonesia ♦ The Institute for Development of Economics and Finance**

E-mail: Indef@indo.net.id

#### **Ireland ♦ Open Republic Institute**

The Open Republic Institute (ORI) is Ireland’s only platform for public-policy discussion that is specifically interested in individual rights within the context of open society and open market ideas. The ORI works within a non-political framework to provide public-policy analysis and new policy ideas to government, public representatives, civil servants, academics, students, and citizens. ♦ E-mail: pmacdonnell@openrepublic.org; website: <<http://www.openrepublic.org>>.

**Israel ♦ Institute for Advanced Strategic and Political Studies**

The mission of the Institute for Advanced Strategic and Political Studies is to develop policies in economics, strategic studies, and politics that will bring about limited government in domestic affairs and the balance of power in strategic planning. The Institute's Division for Economic Policy Research (DEPR) publishes Policy Studies in both English and Hebrew, while the Division for Research in Strategy and Politics produces a series of documents in strategic studies and another in politics. ♦ E-mail: [iaspsdc@iasps.org](mailto:iaspsdc@iasps.org); website: <http://www.israeleconomy.org>.

**Italy ♦ Centro Einaudi**

The Centro di Ricerca e Documentazione "Luigi Einaudi" was founded in 1963 in Turin, Italy, as a free association of businessmen and young intellectuals to foster individual freedom and autonomy, economic competition and the free market. The Centro is an independent, non-profit institute financed by contributions from individuals and corporations, by the sale of its publications, and by specific research commissions. The Centro carries on research activities, trains young scholars and researchers, organizes seminars, conferences and lectures, and publishes monographs, books and periodicals, including: the quarterly journal, *Biblioteca della libertà*; *Rapporto sull'economia globale e l'Italia* (Report on the global economy and Italy); *Rapporto sul risparmio e sui risparmiatori in Italia* (Report on savings and savers in Italy); and *Rapporto sulla distribuzione in Italia* (Report on the retail trade in Italy—published also in English). ♦ E-mail: [giovanni.ronca@geva.fiatgroup.com](mailto:giovanni.ronca@geva.fiatgroup.com); website: <http://www.centroeinaudi.it>.

**Ivory Coast ♦ Bureau d'Analyse d'Ingenierie et de Logiciels (BAILO)**

E-mail: [bailo@globeaccess.net](mailto:bailo@globeaccess.net)

**Kenya ♦ African Research Center for Public Policy and Market Process**

The African Research Center for Public Policy and Market Process, Kenya, is the first research centre founded in Africa by the African Educational Foundation for Public Policy and Market Process, an independent educational organization registered in the United States. The primary mission of the Center and the Foundation is to promote ideas about free markets and voluntary associations in Africa. The Center conducts research on all aspects of free markets, voluntary association, and individual liberty, and publishes the results to as wide an audience as possible. The Center also organizes seminars and conferences to examine liberty and enterprise in Africa. ♦ E-mail: [kimenyi@kippra.or.ke](mailto:kimenyi@kippra.or.ke).

**Korea ♦ Center for Free Enterprise**

The Center for Free Enterprise (CFE) is a foundation committed to promoting free enterprise, limited government, freedom and individual responsibility, the rule of law and restraint of violence. Funded by the members of the Federation of Korean Industries (FKI), the CFE was founded as a non-profit, independent foundation on April 1, 1997, at a time of economic crisis in Korean society. The CFE has concentrated on championing a free economy through books and reports on public policies, statistics, and analyses. In workshops and policy forums, the CFE has put forward alternatives to policies proposed as solutions for issues facing Korean society. ♦ E-mail: [csn@cfе.org](mailto:csn@cfе.org); website: <http://www.cfe.org>.

**Kyrgyz Republic ♦ Economic Policy Institute—Bishkek Consensus**

The Economic Policy Institute—Bishkek Consensus (EPI), Kyrgyzstan, was created in December of 2003 as a non-profit, non-partisan, independent institute with developed partnerships and cooperative relationships with government, business, international community, civil society, and the news media. EPI's mission is to promote economic, social, and governance reforms in Kyrgyzstan, involving institutions of civil society to elaborate and execute the reforms, developing local potential and using best international experience. Its strategic position is to be an independent and highly objective source of information and research on public-policy issues, as well as an unbiased forum for collaboration of diverse interest groups in the reform of public policy. ♦ E-mail: [office@epi.kg](mailto:office@epi.kg).

**Lithuania ♦ Lithuanian Free Market Institute,**

Lithuanian Free Market Institute (LFMI) is an independent, non-profit organization established in 1990 to advance the ideas of individual freedom and responsibility, free markets, and limited government. Since its inception, LFMI has been at the forefront of economic thought and reform in Lithuania. Not only has LFMI helped frame policy debates by conducting research and creating reform packages on key issues, it has also conducted extensive educational campaigns and played a key “behind-the-scenes” role in helping to craft and refine legislative proposals. LFMI promoted the idea of a currency board and provided decisive input to the Law on Litas Credibility; it led the creation of the legal and institutional framework for the securities market and contributed significantly to the country’s privatization legislation; and it initiated and participated in the policy-making process on private, fully funded pension insurance. LFMI’s recommendations were adopted in legislation on commercial banks, the Bank of Lithuania, credit unions, insurance, and foreign investment. LFMI significantly influenced the improvement of company, bankruptcy and competition law.

LFMI has provided a valuable input to tax and budgetary policy. LFMI’s influence led to introducing program budgeting, exempting reinvested profits, reducing inheritance and gift taxes, abolishing capital-gains tax, suspending the introduction of real-estate tax, eliminating income tax on interest on loans from foreign banks and international financial organizations as well as revising stamp duties, VAT regulations, and other taxes. LFMI initiated a deregulation and debureaucratization process aimed at eliminating excessive business regulations and downsizing bureaucracy. An important influence was exerted on the revision of employment, capital market, land purchase, and building regulations. Passage was gained for a deregulation-based approach to the fight against corruption. ♦ E-mail: AstaT@freema.org; website: <<http://www.freema.org>>.

**Luxembourg ♦ D’Letzeburger Land**

E-mail: info@mmp.lu

**Mexico ♦ Centro de Investigación para el Desarrollo A.C.**

Centro de Investigación para el Desarrollo A.C. (CIDAC) is an independent, not-for-profit research institution devoted to the study of Mexico’s economy and political system. Its philosophy is that Mexico’s economy can be made viable only through a greater, more efficient, and more competitive private sector. CIDAC was founded in 1980 as an executive training facility for the financial sector at large (public and private, banking and business). It received an endowment from Banamex, then Mexico’s largest private bank. In 1983, immediately after the expropriation of the private banks, CIDAC changed its mandate from teaching to research. Over the last five years, CIDAC has held over 40 conferences for businessmen and its professionals continuously address academic, policy, and business forums. CIDAC has also published 19 books on various economic, political, and policy issues, 45 monographs, and over 500 op-ed pieces in Mexican, American, and European papers and magazines. ♦ E-mail: cidacmx@aol.com; website: <<http://www.cidac.org>>.

**Mongolia ♦ Open Society Forum**

The Open Society Forum is an independent, non-governmental, organization founded in 2004. The Forum’s goals are to provide quality policy research and analysis and broad public access to information resources pertaining to governance, economic, and social policies. It focuses on economic freedom, land reform, rule of law, freedom of media, campaign financing, nomadic pastoralism, privatization, shadow economy, and education policy. The Forum conducts research and holds conferences to encourage public participation in policy formulation. ♦ E-mail: osf@soros.org.mn; djargal@yahoo.com; soyoloo@soros.org.mn; website: <<http://www.forum.mn>>.

**Montenegro ♦ The Center for Entrepreneurship and Economic Development (CEED)**

The Center for Entrepreneurship and Economic Development is the first non-governmental, non-partisan free-market centre established in Montenegro. Its mission is to educate entrepreneurs about private ownership, democratic society, free markets, and the rule of law through a number of programs, initiatives, publications, and events. The Center was established to meet the demand for business knowledge by pioneering entrepreneurs who needed training to operate in a new environment after the break-up of the former Yugoslavia. ♦ E-mail: cfepg@cg.yu; website: <<http://www.visit-ceed.org>>.

**New Zealand ♦ The New Zealand Business Roundtable**

The New Zealand Business Roundtable is made up of the chief executives of about 60 of New Zealand's largest businesses. Its aim is to contribute to the development of sound public policies that reflect New Zealand's overall interests. It has been a prominent supporter of the country's economic liberalization. ♦ E-mail: nzbr@nzbr.org.nz; website: <<http://www.nzbr.org.nz>>.

**Nigeria ♦ Institute of Public Policy Analysis**

The Institute of Public Policy Analysis (IPPA) is a private, non-profit organization involved in research, education, and publication on matters affecting the freedom of individuals. Its objective is to provide market-oriented analysis of current and emerging policy issues, with a view to influencing the public debate and the political decision-making process. ♦ E-mail: info@ippanigeria.org; website: <<http://www.ippanigeria.org>>; mail: P.O. Box 6434 Shomolu, Lagos-Nigeria.

**Norway ♦ Center for Business and Society Incorporated (Civita)**

Civita, the first market-oriented think tank in Norway, was established in 2004. It strives for increased consensus on important market economic principles and their implications for welfare, freedom, and democracy. Civita is also dedicated to promoting personal responsibility and civil society to achieve larger, more important roles in society's development. To communicate its ideas to the public, it conducts research, publishes reports and holds seminars and conferences. ♦ E-mail: Dag.Ekelberg@civita.no; website: <<http://www.civita.no>>.

**Oman ♦ International Research Foundation (IRF)**

The International Research Foundation (IRF), Sultanate of Oman, was established in 2005 as a non-governmental, independent, non-profit "Think-Tank" based in Oman to conduct research on domestic and international economic issues with emphasis on the Arab World. The IRF has set its research and public-affairs agenda on a collegial basis, relying on the input of its research staff, its editorial board, and its Senior Fellows. It maintains a working arrangement with governmental and non-governmental organizations in the region and other parts of the world. IRF is the regional member of The Fraser Institute's Economic Freedom Network.

The vision of IRF is to create wealth and jobs through the promotion of economic freedom. Its mission is to measure, research, and communicate to a global audience the impact of competitive markets on the welfare of individuals. The Board of Trustees of the IRF consists of high profile private-sector members from different organizations. IRF has initiated the establishment of a network of academic researchers to facilitate research projects, which will help in its endeavor to research economic issues affecting the daily life of individuals. ♦ E-mail: sheikha@ociped.com.

**Pakistan ♦ Alternate Solutions Institute**

Alternate Solutions Institute, founded in 2003, is the first free-market think tank in Pakistan. Its mission is (1) to seek solutions to challenges pertaining to the economy, law, education, and health in accordance with the principles of classical liberalism and (2) to promote the implementation of these solutions. The Institute aims to promote the concept of a limited, responsible government in Pakistan under the rule of law protecting life, liberty, and property of all of its citizens without any discrimination. The Institute conducts research and holds seminars, workshops, and conferences to educate interested students, teachers, and journalists about the principles of classical liberalism. ♦ E-mail: info@asinstitute.org; website: <<http://asinstitute.org>>.

**Panama ♦ Fundación Libertad**

The Fundación Libertad, Panama, is a non-profit foundation engaged in the promotion and development of liberty, individual choice, and voluntary cooperation and in the reduction of the size of government. Fundación Libertad was founded in 2001 by members of professional and business organizations to promote free enterprise and democracy and to address issues affecting the freedom of the common citizen including the increasing discretionary power of the state and the proliferation of legislation fostering discrimination and establishing



privileges, all of which are contrary to the spirit of democratic capitalism. Fundación Libertad has drawn initial support from sister organizations such as Centro de Divulgación del Conocimiento Económico (CEDICE) in Caracas, Venezuela, and the Centro de Investigación y Estudios Nacionales (CIEN) in Guatemala. ♦ Email: Roberto Brenes: diablo@pty.com; Carlos E. González: cg@pananet.com; website: <<http://www.fundacionlibertad.org.pa>>.

**Peru ♦ Centro de Investigación y Estudios Legales (CITEL)**

CITEL was organized in 1989. Its principal field is the economic analysis of law. To that end, it conducts research on different legal institutions, publishes books, and organizes seminars and colloquia. ♦ E-mail: eghersi@tsi.com.pe.

**Philippines ♦ The Center for Research and Communication**

The Center for Research and Communication (CRC) has, since 1967, conducted research and published works on domestic and international economic and political issues that affect the Asia-Pacific region. It provides forums for discussion and debate among academicians, businessmen, civil officials, and representatives of other sectors that shape public opinion and chart the course of policies. CRC is the main research arm of the University of Asia and the Pacific in Metro Manila, Philippines, and currently serves as the Secretariat of the Asia Pacific Economic Cooperation (APEC) Business Advisory Council. ♦ E-mail: hbasilio@info.com.ph.

**Poland ♦ Centrum im. Adama Smitha**

The Centrum im. Adama Smitha (the Adam Smith Research Centre—ASRC) is a private, non-partisan, non-profit, public-policy institute. It was founded in 1989 and was the first such institute in Poland and in Eastern Europe. The ASRC promotes a free and fair market economy, participatory democracy, and a virtuous society. Its activities in research and development, education, and publishing cover almost all important issues within the areas of economy and social life. The ASRC acts as a guardian of economic freedom in Poland. More than 50 experts are associated with the ASRC. ♦ E-mail: adam@smith.pl; website: <<http://www.adam-smith.pl>>.

**Portugal ♦ Causa Liberal**

Causa Liberal is an independent, non-partisan, non-profit organization of Portuguese individuals who share the principles of the classical liberal tradition and wish to further its application in modern-day Portugal. Its mission is to defend the principles of the free society and its building blocks: individual rights, the rule of law, free markets, and private property. Its primary goals are to establish and consolidate a network of individuals with an interest in the study, discussion, and promotion of the classical liberal tradition, and to advance free-market ideas and policies in Portugal. ♦ E-mail: causaliberal@yahoo.com; website: <<http://www.causaliberal.net>>.

**Romania ♦ Romania Think Tank**

Romania Think Tank is an independent research institute founded in 2003. The Think Tank is funded entirely by its founding members. Its objective is to promote the development of free market, low taxation, reduction of bureaucracy, free trade, and the stimulation of foreign investment. To this end, the Romania Think Tank publishes numerous articles in the Romanian and international media, and studies and analyzes issues relevant to the development of a free-market economy in Romania. ♦ E-mail: office@rtt.ro; website: <<http://www.rtt.ro>>.

**Russia ♦ Institute of Economic Analysis**

The Institute of Economic Analysis is a macroeconomic research institute that analyzes the current economic situation and policies and provides expert analysis of acts, programs, and current economic policy. It will offer advice to Russian government bodies, enterprises, and organizations and prepares and publishes scientific, research, and methodological economic literature. It also conducts seminars, conferences, and symposia on economic topics. The Institute is an independent, non-governmental, non-political, non-profit research centre that works closely with leading Russian and international research centres. Its research focuses on macroeconomic, budget, and social policies. ♦ E-mail: iea@iea.ru; website: <<http://www.iea.ru>>.

**Serbia ♦ Free Market Center (FMC)**

Free Market Center (FMC) is a non-profit, non-governmental organization founded in 2001. It is the only free-market think-tank in Serbia. The Center promotes the understanding and acceptance of ideas like individual liberty, the free-market economy, limited government, and peaceful cooperation. To that end, the FMC strives to achieve greater involvement in redirecting the attention not only of leading thinkers but also of members of the public, entrepreneurs, policy-makers, and students to the role of free markets and the proper role of government. Through publications, discussion forums, and conferences, the Center seeks to disseminate classical liberal ideas. ♦ E-mail: [fmc@yubc.net](mailto:fmc@yubc.net); website: <http://www.fmc.org.yu>.

**Slovak Republic ♦ The F.A. Hayek Foundation**

The F.A. Hayek Foundation is an independent and non-partisan, non-profit organization that provides a forum for the exchange of opinions among scholars, businessmen, and policy-makers on the causes of, and solutions to, economic, social, and political problems. It proposes practical reforms of the economy, education, social security, and legislation as the Slovak Republic is transformed into an open society. Education of high-school and university students is a large part of its activities. The F.A. Hayek Foundation promotes classical liberalism, which was virtually absent until 1989: market economy, reduced role of the government, rule of law and individual choice, responsibilities and rights to life, liberty, and property. ♦ E-mail: [hayek@hayek.sk](mailto:hayek@hayek.sk); website: <http://www.hayek.sk>.

**South Africa ♦ The Free Market Foundation of Southern Africa**

The Free Market Foundation is an independent policy research and education organization founded in 1975 to promote the principles of limited government, economic freedom and individual liberty in Southern Africa. Funding is received from members (corporate, organizational and individual), sponsorships, and the sale of publications. ♦ E-mail: [fmf@mweb.co.za](mailto:fmf@mweb.co.za); website: <http://www.freemarketfoundation.com>.

**Sri Lanka ♦ The Pathfinder Foundation**

The Pathfinder Foundation has replaced the Center for Policy Research. Through informed and well-researched information, it seeks to challenge old ideas and the conventional wisdom, stimulate debate, change public attitudes, and seek new and innovative solutions to the economic and social problems of Sri Lanka. ♦ E-mail: [amm@pathfinder.mmbgroup.com](mailto:amm@pathfinder.mmbgroup.com).

**Sweden ♦ Timbro**

Timbro is a Swedish think-tank that encourages public opinion to favour free enterprise, a free economy, and a free society. Timbro publishes books, papers, reports, and the magazine, *Smedjan*. It also arranges seminars and establishes networks among people. Founded in 1978, Timbro is owned by the Swedish Free Enterprise Foundation, which has as its principals a large number of Swedish companies and organizations. ♦ E-mail: [mattiasb@timbro.se](mailto:mattiasb@timbro.se); website: <http://www.timbro.se>.

**Switzerland ♦ Liberales Institut**

The Liberales Institut is a forum where the basic values and concepts of a free society can be discussed and questioned. The Institute's aim is the establishment of free markets as the best way towards the goals of openness, diversity, and autonomy. The Liberales Institut is not associated with any political party. Through publications, discussion forums, and seminars, it seeks to develop and disseminate classical liberal ideas. ♦ E-mail: [libinst@bluewin.ch](mailto:libinst@bluewin.ch); website: <http://www.libinst.ch/>.

**Trinidad and Tobago ♦ Institute of Business**

The Institute of Business (The University of West Indies) was created in 1989 as a channel partner for developing managerial talent for the business community in Trinidad and Tobago. Its mission is to empower people and organizations in developing nations to optimize their performance capabilities and international com-

petitiveness through development and deployment of consulting; education, research, and training resources. One of the Institute's core services are business and academic research in areas of real concern to business managers, enabling them to improve their ability to manage successfully in the face of increasingly complex markets. ♦ E-mail: [rbalgobin@uwi-iob.org](mailto:rbalgobin@uwi-iob.org); website: <http://www.uwi-iob.org>.

#### Turkey ♦ **Association for Liberal Thinking**

The Association for Liberal Thinking is a non-profit, non-governmental organization seeking to introduce the liberal democratic tradition into Turkey. The Association promotes the understanding and acceptance of ideas like liberty, justice, peace, human rights, equality, and tolerance. It also encourages academic writing on liberal themes to help the Turkish people assess contemporary domestic and international changes and attempts to find effective solutions to Turkey's problems within liberal thought. The Association for Liberal Thinking is not involved in day-to-day politics and has no direct links to any political party or movement. Instead, as an independent intellectual group, it aims to set broader political agendas so as to contribute to the liberalization of economics and politics in Turkey. ♦ E-mail: [liberal@ada.net.tr](mailto:liberal@ada.net.tr); website: <http://www.liberal-dt.org.tr>.

#### Ukraine ♦ **The Ukrainian Center for Independent Political Research**

The Ukrainian Center for Independent Political Research (UCIPR) was established in early 1991 as a non-profit, non-partisan, and non-governmental research institution that would increase awareness of democracy among the Ukrainian people and analyze domestic and international politics and security. The UCIPR is politically independent; it does not accept any funding from either the state or any political party. The UCIPR publishes books and research papers on Ukraine's domestic and foreign policy, the economy in transition, security, relations with neighbouring states, the Crimean dilemma, interethnic relations, and the freedom of the news media. The Center has hosted a number of national and international conferences and workshops. ♦ E-mail: [maxim@uncpd.kiev.ua](mailto:maxim@uncpd.kiev.ua); website: <http://www.ucipr.kiev.ua>.

#### United Kingdom ♦ **Institute of Economic Affairs (IEA)**

The mission of the Institute of Economic Affairs (IEA) is to improve public understanding of the foundations of a free and harmonious society by expounding and analyzing the role of markets in solving economic and social problems, and bringing the results of that work to the attention of those who influence thinking. The IEA achieves its mission by a high-quality publishing program; conferences, seminars, and lectures on a range of subjects; outreach to school and college students; brokering media introductions and appearances; and other related activities. Incorporated in 1955 by the late Sir Antony Fisher, the IEA is an educational charity, limited by guarantee. It is independent of any political party or group, and is financed by sales of publications, conference fees, and voluntary donations. ♦ E-mail: [pbooth@iea.org.uk](mailto:pbooth@iea.org.uk); website: <http://www.iea.org.uk>.

#### United States of America ♦ **Cato Institute**

Founded in 1977, the Cato Institute is a research foundation dedicated to broadening debate about public policy to include more options consistent with the traditional American principles of limited government, individual liberty, free markets, and peace. To that end, the Institute strives to achieve greater involvement by the intelligent, concerned, lay public in questions of policy and the proper role of government through an extensive program of publications and seminars. ♦ E-mail: [ivasquez@cato.org](mailto:ivasquez@cato.org); website: <http://www.cato.org>.

#### Venezuela ♦ **The Center for the Dissemination of Economic Knowledge (CEDICE)**

CEDICE is a non-partisan, non-profit, private association dedicated to the research and promotion of philosophical, economic, political, and social thinking that focuses on individual initiative and a better understanding of the free-market system and free and responsible societies. To this end, CEDICE operates a library and bookstore, publishes the series, *Venezuela Today*, and other studies, provides economic training for journalists, and conducts special events and community programs. ♦ E-mail: [cedice@cedice.org.ve](mailto:cedice@cedice.org.ve); website: <http://www.cedice.org.ve>.

**Vietnam ♦ Research Center for Entrepreneurship and Development Policies**

The Center, founded in 2004, is a non-government research and educational organization devoted to entrepreneurial development of private sector in Vietnam. Its mission is to study the development of policies that create the most favorable institutional and policy environment for entrepreneurial development of the private sector in Vietnam. Through publications, discussion forums, and conferences, the Center seeks to disseminate and encourage appropriate policies and entrepreneurial development. ♦ E-mail: manhcuongiss@yahoo.com.

**Zambia ♦ The Zambia Institute for Public Policy Analysis (ZIPPA)**

The mission of the Zambia Institute for Public Policy Analysis (ZIPPA) is to promote wider appreciation of the key role of free markets and competition in economic development. Zambia, though peaceful and stable, is currently mired in a combination of protracted poverty, the HIV/AIDS pandemic, political animosities following a disputed election, and scepticism about economic liberalization. In this depressing environment, ZIPPA wants to play a constructive role by promoting realistic economic policies and by suggesting solutions that have been successfully applied in other countries to similar economic problems. ♦ E-mail: mwanalum@zamnet.zm.

**Economic Freedom of the World  
2006 Annual Report**



# Executive Summary

## Economic Freedom of the World

The index published in *Economic Freedom of the World* measures the degree to which the policies and institutions of countries are supportive of economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to compete, and security of privately owned property. Thirty-eight data points are used to construct a summary index and to measure the degree of economic freedom in five 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.

### Economic freedom has grown considerably in recent decades

- ◆ The chain-linked summary index (exhibit 1.5) permits comparison over time. The average economic freedom score rose from 5.1 (out of 10) in 1980 to 6.5 in the most recent year for which data are available. Of the 102 nations with scores in 1980 and in the most recent index, 98 recorded improvements in their economic freedom score, four saw a decline.
- ◆ Of the five nations that have increased their score by more than 3 points since 1980, two are in Africa. The five nations in order of gain are Ghana, with the largest increase of 4.0 points, Israel, Uganda, Jamaica, and Hungary. These nations began at a low point of economic freedom and must continue to make progress to enjoy the full benefits of economic freedom. The nations that have registered losses in economic freedom since 1980 are Venezuela, with the largest fall of 2.6 points, Zimbabwe, Myanmar, and the Republic of Congo.
- ◆ In this year's index, Hong Kong retains the highest rating for economic freedom, 8.7 out of 10, followed by Singapore at 8.5. New Zealand, Switzerland, and the United States tied for third with ratings of 8.2. Ireland and the United Kingdom are tied for 6<sup>th</sup> at 8.1. Canada ranked 8<sup>th</sup> with a rating of 8.0. Iceland and Luxembourg are tied for 9<sup>th</sup> at 7.9. The rankings of other large economies are Germany, 17; Japan, 19; France, 24; Italy, 45; India, 53; Mexico, 60; Brazil, 88; China, 95; and Russia, 102. (Exhibit 1.2)
- ◆ The majority of nations ranked in the bottom fifth are African, with the most of the remainder from Latin American and former communist states. Botswana's ranking of 35 is the best among continental sub-Saharan African nations. Chile, at 20, has the best record in Latin America. The bottom 10 nations are Zimbabwe, Myanmar, the Republic of Congo, the Democratic Republic of Congo, Venezuela, Guinea-Bissau, Algeria, Burundi, Rwanda, and the Central African Republic. However, a number of other nations for which data are not available, such as North Korea and Cuba, may have even less economic freedom.

### Nations that are economically free out-perform non-free nations in indicators of well-being

- ◆ Nations in the top quartile of economic freedom have an average per-capita GDP of US\$24,402, compared to US\$2,998 for those nations in the bottom quartile. (Exhibit 1.6)
- ◆ The top quartile has an average per-capita economic growth rate of 2.1%, compared to minus 0.2% for the bottom quartile. (Exhibit 1.7)

- ◆ Unemployment in the top quartile averages 5.9%, compared to 12.7% in the bottom quartile. (Exhibit 1.8)
- ◆ Life expectancy is 77.8 years in the top quartile compared to 55.0 years in the bottom quartile. (Exhibit 1.9)
- ◆ In nations of the top quartile, only 0.3% of children are in the labor force, compared to 19.3% in the least economically free nations. (Exhibit 1.11)
- ◆ In nations of the top quartile, the average income of the poorest 10% of the population is US\$6,519, compared to \$826 for those in the bottom quartile. (Exhibit 1.14)
- ◆ Nations in the top quartile of economic freedom, have an average score of 1.8 for political rights on a scale of 1 to 7, where 1 marks the highest level of freedom and 7, the lowest level. The bottom quartile has an average score of 4.6. (Exhibit 1.16)

## **Freedom versus Collectivism in Foreign Aid**

The United Nations and other bodies have called for more foreign aid to help lift developing nations out of poverty. These groups believe increased aid is necessary to meet the United Nations Millennium Development goals, which include promoting growth, providing universal education, reducing the spread of HIV/AIDS, and halving extreme poverty. Yet, the demand for foreign aid is typically made in the absence of any empirical evidence that it leads to benefits for recipient nations and without asking whether there are better approaches to poverty reduction for the international community to support. In Chapter 2, William Easterly of New York University examines these issues.

- ◆ A key argument for increased foreign aid invokes the “poverty trap.” Proponents argue that a lack of capital and an inability to acquire capital because of desperate poverty prevents even those nations with good policy from advancing. A “Big Push” is required by outside donors.
- ◆ Foreign aid has no positive impact (and possibly a negative impact) on economic growth in the poorest nations (Table 3). This indicates that the “push” from foreign aid is ineffective in breaking the “poverty trap.”
- ◆ On the other hand, economic freedom has a strong and positive impact on prosperity in general (Table 1) and on helping lift nations out of poverty (Table 3).
- ◆ Easterly shows that, once economic freedom is taken into account, poor nations, far from being caught in a “poverty trap,” grow faster than rich nations.” Moreover, the results suggest that foreign aid may hinder growth, though Prof. Easterly cautions that further research is required to investigate this result.
- ◆ A key component of the success created by economic freedom is the ability to experiment, find economically successful areas of production, and prune those that do not succeed so that resources may be transferred to where they are most productive.

## **Data Available to Researchers**

The full data-set, including all of the data published in this report as well as data omitted due to limited space, can be freely downloaded at <<http://www.freetheworld.com>>. If you are using the data across time periods, it would be better to use the chain-link series presented in Chapter 1, Exhibit 1.5, and available at the website, for reasons outlined in that chapter. If you have any difficulties down-loading the data, please feel free to contact us via e-mail to [freetheworld@fraserinstitute.ca](mailto:freetheworld@fraserinstitute.ca) or via telephone at +1.604.714.4563.



## Chapter 1: Economic Freedom of the World, 2004

The roots of the index published in *Economic Freedom of the World* (EFW) go back to a series of conferences hosted by Michael Walker of The Fraser Institute and Nobel Laureate Milton Friedman from 1986 to 1994. These conferences focused on measuring how consistent a nation's institutions and policies were with economic freedom. Approximately 60 of the world's leading scholars, including Nobel Prize winners Gary Becker and Douglass North, also participated in the series.<sup>1</sup> Eventually the conferences led to the publication, in 1996, of *Economic Freedom of the World: 1975–1995*.

Ten years have now passed since the publication of the initial report but the objective remains the same: the measurement of economic freedom in an accurate and comprehensive manner. Compared to the initial index, the current version is more comprehensive, ratings are available for more countries, and the chain-link version of the index provides for more accurate comparisons across time periods. In recent years, there has been an outburst of scholarly articles analyzing the impact of institutions and policies on topics ranging from economic growth to the environment for peace. More than 200 of these scholarly articles have used the data from *Economic Freedom of the World* in their analyses. This highlights the importance of the EFW measure and challenges us to continue with efforts to make it even better.

### What is economic freedom?

The key ingredients of economic freedom are

- ◆ personal choice,
- ◆ voluntary exchange coordinated by markets,

- ◆ freedom to enter and compete in markets, and
- ◆ protection of persons and their property from aggression by others.

Personal ownership of self is an underlying postulate of economic freedom. Because of this self ownership, individuals have a right to choose—to decide how they will use their time and talents. On the other hand, they do not have a right to the time, talents, and resources of others. Thus, they have no right to demand that others provide things for them.

In order to achieve a high EFW rating, governments must do some things, but refrain from others. Governments promote economic freedom when they establish a legal structure that provides for the even-handed enforcement of contracts and the protection of individuals and their property from aggressors seeking to use violence, coercion, and fraud to seize things that do not belong to them. Governments also enhance economic freedom when they allow citizens access to sound money. However, if a government is going to receive a high economic freedom rating, it must also refrain from many activities. It must refrain from actions that interfere with personal choice, voluntary exchange, and the freedom of individuals and businesses to compete. When taxes, government expenditures, and regulations are substituted for personal choice, voluntary exchange, and market coordination, economic freedom is reduced. Similarly, restrictions that limit entry into occupations and business activities also retard economic freedom.

When the government of a country protects people and their property from the actions of aggressors, enforces contracts in an unbiased manner, and provides a limited set of "public goods" like roads, flood control, and money of stable value, but leaves the allocation of other goods and services to the market, the country's EFW rating will be high. In essence, the EFW rating is a measure of the extent to which countries rely on private ownership and markets rather than the political process to allocate goods, services, and resources. Countries that rely more extensively on markets will earn higher EFW ratings.

<sup>1</sup> For additional information on these conferences, see Michael A. Walker, ed., *Freedom, Democracy, and Economic Welfare* (The Fraser Institute, 1988); Walter Block, ed., *Economic Freedom: Toward a Theory of Measurement* (The Fraser Institute, 1991); and Stephen T. Easton and Michael A. Walker, eds., *Rating Global Economic Freedom* (The Fraser Institute, 1992).

The EFW index reflects the concept of protective rights—that is, rights that provide individuals with a shield against others who would invade or take what does not belong to them. Because these are nonaggression or “negative” rights, all citizens can simultaneously possess them. Some argue that individuals have invasive rights or what some call “positive rights” to things like food, housing, medical services, or a minimal income level. Such rights imply that some individuals have the right to impose on others. If A has a positive right to housing, for example, this logically implies that A has a right to force B to provide the housing. But in a protective rights context, A has no right to the labor of B or any other individual since B owns himself. Because they imply that some have the right to invade and seize the labor and possessions of others, such invasive rights are in conflict with economic freedom.

## Economic, Political, and Civil Liberties

Economic freedom covers a different sphere of human interaction than political freedom and civil liberties. Political freedom concerns the procedures that are used to elect government officials and decide political issues. Political liberty is present when all adult citizens are free to participate in the political process (vote, lobby, and choose among candidates), and elections are democratic, fair, and competitive. Civil liberty encompasses the freedom of the press and the rights of individuals to assemble, hold alternative religious views, receive a fair trial, and express their views without fear of retaliation.

As in the case of economic freedom, personal choice, competition, voluntary interaction with others, and evenhandedness among citizens provide the foundation for political and civil liberties. Consider political liberty. The freedom of voters to support candidates and parties of their choice is grounded in the personal-choice postulate. Similarly, the presence of competition among alternative candidates and parties merely reflects the importance of voluntary interaction and free entry (freedom to compete). Voluntary association and freedom to compete also provide the foundation for civil liberties, including the right to assemble, freedom of religion, and freedom of the press. The right to a fair trial reflects the importance of an evenhanded legal system and protection of person and property against aggression. Thus economic, political, and civil liberties reflect the same fundamental values.

Yet, it is possible for a country to have a substantial amount of political freedom and, at the same time, follow

policies that severely limit economic freedom. Historically, India has exemplified this path. It is also possible for a country to have a substantial amount of economic freedom even though citizen participation in the political process is highly limited. Hong Kong during the last several decades provides an example of this case.

## Economic Freedom and Democracy

It is important to distinguish between economic freedom and democracy. Mutual agreement provides the basis for economically free activities. Unless both parties to an exchange agree, the transaction will not occur. On the other hand, “majority rule” provides the basis for democratic political action. In the case of direct democracy, the majority of those voting on the issue will be decisive. For representative democracy, legislative majorities will decide the issue.

It makes a huge difference whether mutual agreement or majority rule underpins economic activities. When mutual agreement forms the basis for economic activity, there will be a strong tendency for resources to be used in ways that increase their value. The agreement of buyer and seller to an exchange provides strong evidence that the transaction increases the well-being of both as well as that of society. In contrast, there is no such tendency under majority rule. The political process generates both “winners” and “losers” and there is no assurance that the gains of the winners will exceed the cost imposed on the losers. As the public-choice literature highlights, there are several circumstances under which there is good reason to expect that the cost imposed on the majority will be greater than the benefits derived by the political minority.

The political process tends to be shortsighted. It is biased toward the adoption of programs that provide immediate, highly visible benefits at the expense of future costs that are difficult to identify. This is true even when such programs are counterproductive. Furthermore, when the government is heavily involved in activities that provide favors to some at the expense of others, people will be encouraged to divert resources away from productive activities and toward lobbying, campaign contributions, and other forms of political favor seeking. Predictably, the shift of resources away from production and toward plunder will generate economic inefficiency.

But, perhaps, it is the “special interest effect” that provides the most important explanation for why the majoritarian political process will often go awry—why it will often lead to policies that do more harm than good.

Elected political officials will often find it attractive to support the positions of well-organized interest groups at the expense of consumers and taxpayers. This will be true even when the gains derived by an interest group are substantially less than the cost imposed on other voters. Well-organized interest groups provide politicians with a readily available source of campaign contributions and other political resources that will help them win subsequent elections. In contrast, those harmed by special-interest policies are unlikely to provide much political assistance because they are largely unorganized and frequently poorly informed.

Thus, the democratic political process is often characterized by politicians who “trade” programs that benefit special-interest groups at the expense of the general populace in exchange for political contributions that will help them win the next election. In contrast with market actions based on mutual agreement, there is no assurance that political action will be productive, that it will expand output and enhance the income levels of the citizenry.<sup>2</sup>

Unconstrained majoritarian democracy is not the political system that is most complementary with economic freedom; limited constitutional government is. Constitutional restraints, structural procedures designed to promote agreement and reduce the ability of interest groups to exploit consumers and taxpayers, and competition among governmental units (federalism) can help restrain the impulses of the majority and promote political action more consistent with economic freedom. It is widely recognized that protection of civil liberties involves political constraints capable of controlling the excesses of the majority. Thus, we do not count on majority rule to protect civil liberties such as the right to free speech, freedom of the press, the right to assembly, and religious freedom. Rather, it is recognized that constitutional and structural protections are needed to secure these liberties. The same thing is true of economic freedom. Basic economic freedoms such as (a) the right to trade with others, including foreigners, at mutually agreeable terms, (b) the right to enter and compete in the business or occupation of your choice, (c) the right to keep what you earn, and (d) protection of your property from confiscation by others, including the government, are too important to be left to the “rule of the major-

ity.” Like other basic liberties, they deserve constitutional, procedural, and structural protection.

## The Economic Freedom of the World Index

The Economic Freedom of the World (EFW) index has been constructed with a number of methodological goals in mind. First, the index needs to cover a relatively large number of countries over as lengthy a period of time as possible. As a result, many idiosyncratic and country- or time-specific interferences in economic freedom cannot be included in the index. Second, all data used to construct index ratings are from third-party international sources such as the IMF, World Bank, World Economic Forum and so on. Data provided directly from a source within a country are used only rarely. Importantly, the authors of the index do not generate any data and are not in a position to change the underlying data unless a clear error can be documented. While much of the data is of the “objective” statistical sort, much is also “subjective,” coming from surveys, case analyses, or expert panels. Third, the report aims to be as transparent as possible about the data sources, the methodology for transforming raw data into index ratings and for constructing area and summary ratings, and so on. Complete methodological details are found in Appendix 1: Explanatory Notes and Data Sources (page 175). In the final analysis, we are confident that the EFW index is the best measure of economic freedom available and that it provides a reliable measure of cross-country differences in economic freedom.

Exhibit 1.1 indicates the structure of the EFW index. The index measures the degree of economic freedom present in five major areas:

- 1 Size of Government: Expenditures, Taxes, and Enterprises
- 2 Legal Structure and Security of Property Rights
- 3 Access to Sound Money
- 4 Freedom to Trade Internationally
- 5 Regulation of Credit, Labor, and Business.

Within the five major areas, 21 components are incorporated into the index, but many of those components are themselves made up of several sub-components. Counting the various sub-components, the EFW index

<sup>2</sup> For additional analysis of why democratic political decision making will often lead to counterproductive economic activities, see Chapter 6 of James Gwartney, Richard Stroup, Russell Sobel, and David Macpherson, *Economics: Private and Public Choice* (11<sup>th</sup> edition), (Thomson South-Western, 2006).

## **Exhibit 1.1: The Areas and Components of the EFW Index**

### **1 Size of Government: Expenditures, Taxes, and Enterprises**

- A General government consumption spending as a percentage of total consumption
- B Transfers and subsidies as a percentage of GDP
- C Government enterprises and investment as a share of total investment
- D Top marginal tax rate (and income threshold at which it applies)
  - i Top marginal income tax rate (and income threshold at which it applies)
  - ii Top marginal income and payroll tax rate (and income threshold at which the top marginal income-tax rate applies)

### **2 Legal Structure and Security of Property Rights**

- A Judicial independence—the judiciary is independent and not subject to interference by the government or parties in disputes
- B Impartial courts—a trusted legal framework exists for private businesses to challenge the legality of government actions or regulation
- C Protection of intellectual property
- D Military interference in rule of law and the political process
- E Integrity of the legal system

### **3 Access to Sound Money**

- A Average annual growth of the money supply in the last five years minus average annual growth of real GDP in the last ten years
- B Standard inflation variability in the last five years
- C Recent inflation rate
- D Freedom to own foreign currency bank accounts domestically and abroad

### **4 Freedom to Trade Internationally**

- A Taxes on international trade
  - i Revenue from taxes on international trade as a percentage of exports plus imports
  - ii Mean tariff rate
  - iii Standard deviation of tariff rates
- B Regulatory trade barriers
  - i Non-tariff trade barriers
  - ii Compliance cost of importing and exporting
- C Actual size of trade sector compared to expected size

## Exhibit 1.1 continued: The Areas and Components of the EFW Index

- D Difference between official exchange rate and black-market rate
- E International capital market controls
  - i Foreign ownership / investment restrictions
  - ii Restrictions on the freedom of citizens to engage in capital market exchange with foreigners—index of capital controls among 13 IMF categories

### 5 Regulation of Credit, Labor, and Business

- A Credit market regulations
  - i Ownership of banks—percentage of deposits held in privately owned banks
  - ii Competition—domestic banks face competition from foreign banks
  - iii Extension of credit—percentage of credit extended to private sector
  - iv Avoidance of interest rate controls and regulations that lead to negative real interest rates
  - v Interest rate controls—interest rate controls on bank deposits and/or loans are freely determined by the market
- B Labor market regulations
  - i Impact of minimum wage
  - ii Hiring and firing practices—hiring and firing practices of companies are determined by private contract
  - iii Share of labor force whose wages are set by centralized collective bargaining
  - iv Unemployment benefits—the unemployment benefits system preserves the incentive to work
  - v Use of conscripts to obtain military personnel
- C Business regulations
  - i Price controls—extent to which businesses are free to set their own prices
  - ii Burden of regulation
  - iii Time with government bureaucracy—senior management spends a substantial amount of time dealing with government bureaucracy
  - iv Starting a new business—starting a new business is generally easy
  - v Irregular payments—irregular, additional payments connected with import and export permits, business licenses, exchange controls, tax assessments, police protection, or loan applications are very rare

comprises 38 distinct pieces of data.<sup>3</sup> Each component and sub-component is placed on a scale from 0 to 10 that reflects the distribution of the underlying data. The component ratings within each area are averaged to derive ratings for each of the five areas. In turn, the summary rating is the average of the five area ratings.<sup>4</sup>

### 1 Size of Government: Expenditures, Taxes and Enterprises

The four components of Area 1 indicate the extent to which countries rely on the political process to allocate resources and goods and services. When government spending increases relative to spending by individuals, households, and businesses, government decision-making is substituted for personal choice and economic freedom is reduced. The first two components address this issue. Government consumption as a share of total consumption (1A) and transfers and subsidies as a share of GDP (1B) are

---

**3** Some data from the various business surveys (18 sub-components in total) are not available for all of the countries covered by the EFW index. Two of the areas, Size of Government: Expenditures, Taxes, and Enterprises (Area 1) and Access to Sound Money (Area 3), are unaffected by the omitted variables. The omissions, however, could be important in Legal Structure and Security of Property Rights (Area 2) and Regulation of Credit, Labor, and Business (Area 5) and, to a lesser extent, in Freedom to Trade Internationally (Area 4). In these three areas, we ran a regression among the countries for which we had complete data. The dependent variable was the area rating with the survey data and the independent variable was the area rating excluding the survey data. The regression relationship indicates how the omission of the survey data affects the area rating. The regression estimates were used to adjust the area ratings for the countries without survey data and, thereby, make them more comparable with the ratings of the countries for which the survey data were available. The same adjustments were performed in all years. While these statistical adjustments enhance the overall comparability among the countries, comparisons between the nations that have the survey data and the nations that do not should be made with a degree of caution.

**4** Over the years, a number of different weighting methods ranging from the subjective views of “experts” to principal component analysis have been tried. In most cases, the choice of weighting method exerts little impact on the rating and ranking of countries. So, in an effort to keep the procedure simple and transparent, a simple average is used to combine the components into area ratings and the area ratings into summary ratings. This does not mean to imply that all components and areas of economic freedom are equally important. For some purposes, clearly some of the components are more important than others. Readers who want to weight the components and areas to suit themselves are invited to do so.

indicators of the size of government. When government consumption is a larger share of the total, political choice is substituted for private choice. Similarly, when governments tax some people in order to provide transfers to others, they reduce the freedom of individuals to keep what they earn. Thus, the greater the share of transfers and subsidies in an economy, the less economic freedom.

The third component (1C) in this area measures the extent to which countries use private rather than government enterprises to produce goods and services. Government firms play by rules that are different from those to which private enterprises are subject. They are not dependent on consumers for their revenue or on investors for risk capital. They often operate in protected markets. Thus, economic freedom is reduced as government enterprises produce a larger share of total output.

The fourth component (1D) is based on (Di) the top marginal income tax rate and (Dii) the top marginal income and payroll tax rate and the income threshold at which the top marginal income-tax rate applies. These two sub-components are averaged to calculate 1D. High marginal tax rates that apply at relatively low income levels are also indicative of reliance upon government. Such rates deny individuals the fruits of their labor. Thus, countries with high marginal tax rates and low income thresholds are rated lower.

Taken together, the four components of Area 1 measure the degree to which a country relies on personal choice and markets rather than government budgets and political decision-making. Therefore, countries with low levels of government spending as a share of the total, a smaller government enterprise sector, and lower marginal tax rates earn the highest ratings in this area.

### 2 Legal Structure and Security of Property Rights

Protection of persons and their rightfully acquired property is a central element of both economic freedom and a civil society. Indeed, it is the most important function of government. Area 2 focuses on this issue. The key ingredients of a legal system consistent with economic freedom are rule of law, security of property rights, an independent judiciary, and an impartial court system. Components indicating how well the protective function of government is performed were assembled from two primary sources: the *International Country Risk Guide* and the *Global Competitiveness Report*.<sup>5</sup>

---

**5** The data in the PRS Group’s *International Country Risk Guide* are computed by an in-house panel of experts whereas data in the World Economic Forum’s *Global Competitiveness Report* are based on a survey of business decision-makers.

Security of property rights, protected by the rule of law, is essential to economic freedom. Freedom to exchange, for example, is meaningless if individuals do not have secure rights to property, including the fruits of their labor. Failure of a country's legal system to provide for the security of property rights, enforcement of contracts, and the mutually agreeable settlement of disputes will undermine the operation of a market-exchange system. If individuals and businesses lack confidence that contracts will be enforced and the fruits of their productive efforts protected, their incentive to engage in productive activity will be eroded. Furthermore, poor performance in this area is sure to deter investment. Therefore, it is highly unlikely that countries with low ratings in this area will be able to achieve and sustain high rates of growth.

### 3 Access to Sound Money

Money oils the wheels of exchange. An absence of sound money undermines gains from trade. As Milton Friedman informed us long ago, inflation is a monetary phenomenon, caused by too much money chasing too few goods. High rates of monetary growth invariably lead to inflation. Similarly, when the rate of inflation increases, it also tends to become more volatile. High and volatile rates of inflation distort relative prices, alter the fundamental terms of long-term contracts, and make it virtually impossible for individuals and businesses to plan sensibly for the future. Sound money is essential to protect property rights and, thus, economic freedom. Inflation erodes the value of property held in monetary instruments. When governments use money creation to finance their expenditures, in effect, they are expropriating the property and violating the economic freedom of their citizens.

It makes little difference who provides sound money. The important thing is that individuals have access to it. Thus, in addition to data on a country's inflation and its government's monetary policy, it is important to consider how difficult it is to use alternative, more credible, currencies. If bankers can offer saving and checking accounts in other currencies or if citizens can open foreign bank accounts, then access to sound money is increased and economic freedom expanded.

There are four components to the EFW index in Area 3. All of them are objective and relatively easy to obtain and all have been included in the earlier editions of the index. The first three are designed to measure the consistency of monetary policy (or institutions) with long-term price stability. Component 3D is designed to measure the ease with which other currencies can be used via domestic and foreign bank accounts. In order to earn

a high rating in this area, a country must follow policies and adopt institutions that lead to low (and stable) rates of inflation and avoid regulations that limit the use of alternative currencies should citizens want to use them.

### 4 Freedom to Trade Internationally

In our modern world of high technology and low costs for communication and transportation, freedom of exchange across national boundaries is a key ingredient of economic freedom. Many goods and services are now either produced abroad or contain resources supplied from abroad. Of course, voluntary exchange is a positive-sum activity: both trading partners gain and the pursuit of the gain provides the motivation for the exchange. Thus, freedom to trade internationally also contributes substantially to our modern living standards.

Responding to protectionist critics and special-interest politics, virtually all countries adopt trade restrictions of various types. Tariffs and quotas are obvious examples of roadblocks that limit international trade. Because they reduce the convertibility of currencies, controls on the exchange rate also retard international trade. The volume of trade is also reduced if the passage of goods through customs is delayed. Sometimes these delays are the result of administrative inefficiency while in other instances they reflect the actions of corrupt officials seeking to extract bribes.

The components in this area are designed to measure a wide variety of restraints that affect international exchange: tariffs, quotas, hidden administrative restraints, and exchange rate and capital controls. In order to get a high rating in this area, a country must have low tariffs, a trade sector larger than expected, efficient administration of customs, a freely convertible currency, and few controls on the movement of capital.

### 5 Regulation of Credit, Labor, and Business

When regulations restrict entry into markets and interfere with the freedom to engage in voluntary exchange, they reduce economic freedom. The fifth area of the index focuses on this topic. Because of the difficulties involved in developing objective measures of regulatory restraints, a substantial number (10 of 15) of the sub-components in this area are based on survey data.

Regulatory restraints that limit the freedom of exchange in credit, labor, and product markets are included in the index. The first component (5A) reflects conditions in the domestic credit market. The first two sub-components provide evidence on the extent to which the banking industry is dominated by private firms and

whether foreign banks are permitted to compete in the market. The final three sub-components indicate the extent to which credit is supplied to the private sector and whether controls on interest rates interfere with the market in credit. Countries that used a private banking system to allocate credit to private parties and refrained from controlling interest rates received higher ratings for this component of the regulatory area.

Many types of labor-market regulations infringe on the economic freedom of employees and employers. Among the more prominent are minimum wages, dismissal regulations, centralized wage setting, extensions of union contracts to nonparticipating parties, unemployment benefits that undermine the incentive to accept employment, and conscription. The labor-market component (5B) is designed to measure the extent to which these restraints upon economic freedom are present across countries. In order to earn high marks in the component rating regulation of the labor market, a country must allow market forces to determine wages and establish the conditions of dismissal, avoid excessive unemployment benefits that undermine work incentives, and refrain from the use of conscription.

Like the regulation of credit and labor markets, the regulation of business activities (component 5C) inhibits economic freedom. The sub-components of 5C are designed to identify the extent to which regulatory restraints and bureaucratic procedures limit competition and the operation of markets. In order to score high in this portion of the index, countries must allow markets to determine prices and refrain from regulatory activities that retard entry into business and increase the cost of producing products. They also must refrain from “playing favorites,” that is, from using their power to extract financial payments and reward some businesses at the expense of others.

#### Economic Freedom Wall Map Available

The economic freedom wall map is a laminated, poster-sized (24 × 36 in; 61 × 91 cm), wall map that is color-coded to show economic freedom in countries around the world. The map is based on the summary economic freedom ratings published in *Economic Freedom of the World: 2006 Annual Report*. For information about ordering the map, visit <<http://www.freetheworld.com>>, send an e-mail to [sales@fraserinstitute.ca](mailto:sales@fraserinstitute.ca), or call (604) 688-0221 ext. 580.

## Summary Economic Freedom Ratings, 2004

Exhibit 1.2 presents summary economic freedom ratings, sorted from highest to lowest. These ratings are for the year 2004, the most recent year for which comprehensive data are available. Hong Kong and Singapore, once again, occupy the top two positions. The other nations in the top 10 are New Zealand, Switzerland, United States, Ireland, United Kingdom, Canada, Iceland, and Luxembourg. At the other end of the spectrum, the lowest-rated countries are the Central African Republic, Rwanda, Burundi, Algeria, Guinea-Bissau, Venezuela, the Democratic Republic of Congo, the Republic of Congo, Myanmar, and in last place, Zimbabwe.

India and China continue to attract a lot of attention as both have implemented market-oriented reforms and have reported rapid economic growth. The EFW index however indicates that the reforms in India have been deeper than those in China where formal economic liberalization has been restricted to just a few zones. India now has a rating of 6.7 and ranks 53<sup>rd</sup> in the world compared with China’s rating of 5.7 and rank of 95.

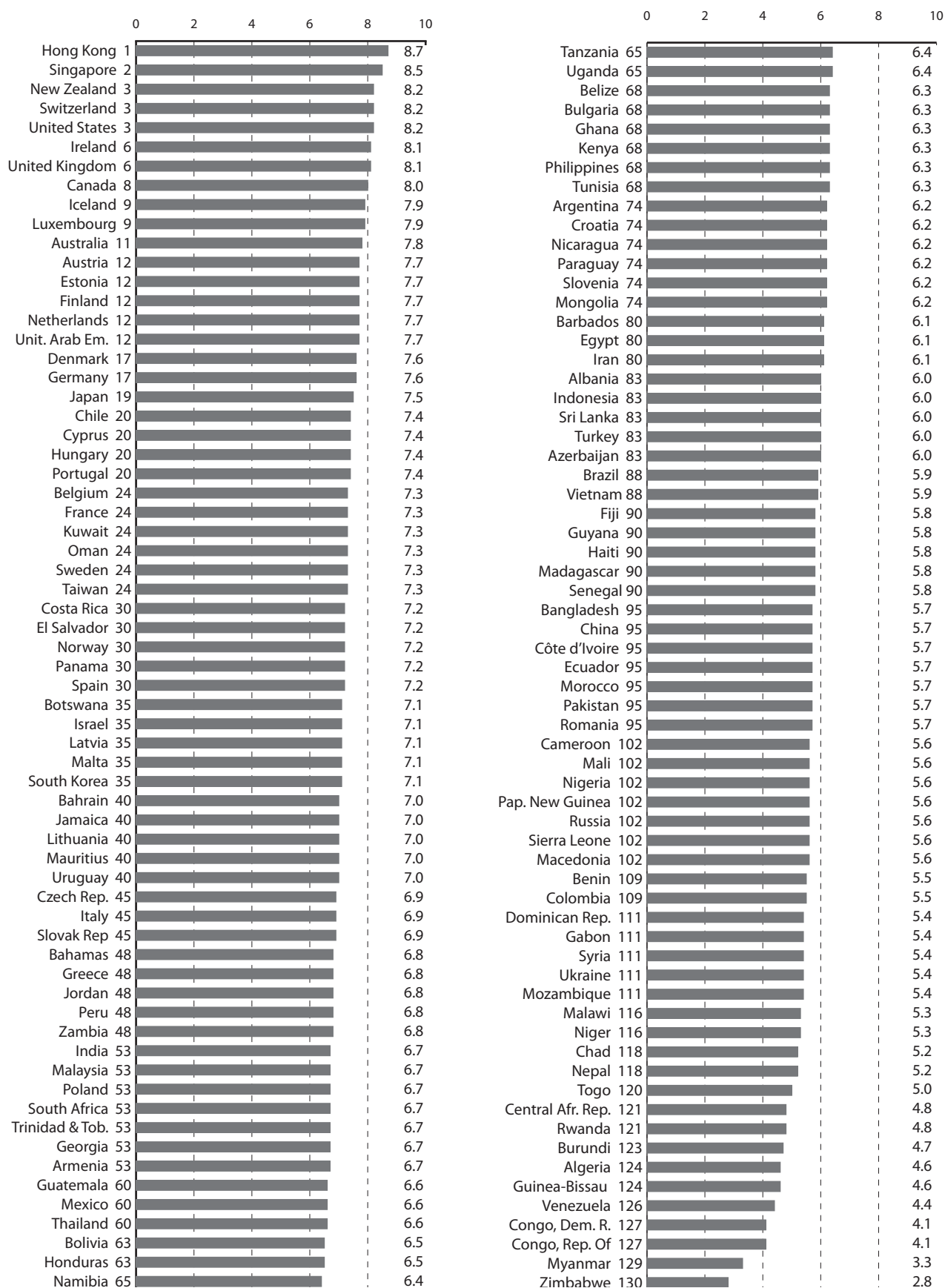
This year three additional countries—Armenia (6.7 rating and 53 rank), Azerbaijan (6.0 rating and 83 rank), and Mongolia (6.2 rating and 74 rank)—have been included in the index; they join last year’s additions: Georgia, Macedonia, Mozambique, and Vietnam. All are examples of countries attempting to make the transition from socialist central planning to a more market-oriented economy. This brings the total number of countries rated to 130.

The criteria for adding new countries are fairly strict and the decision is dictated by the availability of the requisite data. In particular, countries that are not reported in the standard IMF statistical reports or covered by the *Global Competitiveness Report* are unlikely to be included in the EFW index. Nevertheless, the expectation is that a number of countries will be added in the years to come.

The EFW index is calculated back to 1970 as the availability of data allows; see the Country Data Tables (Chapter 3, page 43ff) or our website, <<http://www.freetheworld.com>>, for information from past years. Because some data for earlier years may have been updated or corrected, readers are always encouraged to use the data from the most recent annual report to assure the best-quality data.



## Exhibit 1.2: Summary Economic Freedom Ratings, 2004



## Area Economic Freedom Ratings (and Rankings), 2004

Exhibit 1.3 presents the ratings (and, in parentheses, the rankings) for each of the five areas of the index and for components 5A, 5B, and 5C. A number of interesting patterns emerge from an analysis of these data. The high-income industrial economies generally rank quite high for Legal Structure and Security of Property Rights (Area 2), Access to Sound Money (Area 3), and Freedom to Trade Internationally (Area 4). Their ratings were lower, however, for Size of Government: Expenditures, Taxes, and Enterprises (Area 1) and Regulation of Credit, Labor, and Business (Area 5). This was particularly true for western European countries.

On the other hand, a number of developing nations show the opposite pattern. Bolivia makes an interesting case study. It shows that reasonably sized government alone is not enough to reap the benefits of economic freedom. The institutions of economic freedom, such as the rule of law and property rights, as well as sound money, trade openness, and sensible regulation are required. Bolivia was ranked 29<sup>th</sup> in Size of Government: Expenditures, Taxes, and Enterprises (Area 1) and 39<sup>th</sup> for Access to Sound Money (Area 3). However, Bolivia scored poorly

in all the other categories, especially Legal Structure and Security of Property Rights (Area 2), where it placed 106<sup>th</sup>. In Freedom to Trade Internationally (Area 4), Bolivia ranked 57<sup>th</sup>, while in Regulation (Area 5), Bolivia ranked 72<sup>nd</sup>. Despite high rankings in a couple of areas, Bolivia's overall ranking is only 63<sup>rd</sup>.

Weakness in the rule of law and property rights is particularly pronounced in sub-Saharan Africa, among Islamic nations, and for several nations that were part of the former Soviet bloc, though some of these nations have made strides toward improvement. 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.

The economies most open to foreign trade were Hong Kong and Singapore, followed by a number of European nations such as Luxembourg, Ireland, and Belgium. Some former Soviet bloc nations also rank fairly high in openness to trade: Estonia is 7<sup>th</sup>, Slovak Republic, 8<sup>th</sup> and Hungary, 11<sup>th</sup>. Chile is also highly open to foreign trade, ranking 9<sup>th</sup> in this area. The least regulated countries—those at the top in Regulation of Credit, Labor, and Business (Area 5)—were Iceland, Hong Kong, the United States, and New Zealand.

### Economic Freedom in Montenegro

Because the EFW index relies primarily on published data from international sources, it is not possible to rate some countries because data are not available. Montenegro is a case in point. As of 2004, Montenegro was part of a loose federation with Serbia and was not represented as a distinct unit in the standard sources. Montenegro became an independent country as a result of the referendum on May 21, 2006 and, thus, we hope to include it in our formal rankings in the near future.

The Center for Entrepreneurship and Economic Development (CEED), a non-partisan research center in Montenegro, has collected data and conducted the requisite surveys in order to produce an economic freedom rating using the same methodology as the EFW index. Because the sources are different, care should be taken in comparing Montenegro's rating with those of the nations included in the EFW index.

The CEED computed an overall summary rating for Montenegro of 6.4, which would place it in a tie with Namibia, Tanzania, and Uganda for 65<sup>th</sup> in the EFW index. The area ratings were as follows:

1. Size of Government	6.0
2. Legal Structure	4.6
3. Sound Money	8.7
4. International Trade	6.9
5. Regulation	5.6

For more information, contact the Center for Entrepreneurship and Economic Development via e-mail to [cfepg@cg.yu](mailto:cfepg@cg.yu) or visit its website at [www.visit-ceed.org](http://www.visit-ceed.org).

### Exhibit 1.3: Area Economic Freedom Ratings (and Rankings), 2004

	AREAS					COMPONENTS OF AREA 5				
	1 Size of Government	2 Legal Structure & Security of Property Rights	3 Access to Sound Money	4 Freedom to Trade Internationally	5 Regulation of Credit, Labor, & Business	5A Credit Market Regulations	5B Labor Market Regulations	5C Business Regulations		
Albania	5.9 (68)	3.8 (93)	9.2 (40)	5.3 (122)	5.7 (87)	6.6 (94)	5.7 (49)	4.6 (74)		
Algeria	3.6 (126)	3.1 (108)	6.7 (110)	5.5 (116)	4.3 (124)	4.7 (125)	3.7 (100)	4.4 (81)		
Argentina	8.2 (9)	3.8 (91)	7.4 (88)	6.2 (92)	5.3 (107)	6.8 (90)	5.1 (69)	3.9 (97)		
Armenia	7.9 (14)	3.5 (99)	9.1 (46)	6.9 (69)	6.1 (62)	7.6 (60)	5.2 (68)	5.5 (37)		
Australia	6.1 (60)	8.8 (9)	9.3 (36)	7.3 (44)	7.7 (7)	9.2 (10)	6.6 (27)	7.1 (12)		
Austria	5.2 (90)	8.7 (11)	9.6 (14)	8.3 (12)	6.7 (33)	8.4 (37)	4.4 (87)	7.2 (10)		
Azerbaijan	6.2 (58)	4.6 (73)	7.6 (84)	6.2 (95)	5.6 (91)	7.3 (77)	5.4 (63)	4.0 (92)		
Bahamas	7.5 (20)	7.8 (19)	6.9 (107)	4.7 (126)	7.0 (23)	9.5 (5)				
Bahrain	6.7 (40)	5.5 (59)	8.3 (68)	7.7 (27)	7.0 (19)	8.8 (25)	7.4 (12)	4.9 (60)		
Bangladesh	8.1 (11)	2.7 (115)	7.0 (99)	5.4 (121)	5.4 (100)	5.7 (116)	6.7 (25)	3.7 (101)		
Barbados	3.8 (123)	8.3 (15)	6.9 (106)	5.0 (124)	6.7 (29)	8.2 (41)				
Belgium	4.3 (115)	7.6 (21)	9.6 (16)	8.5 (6)	6.5 (41)	8.4 (36)	5.0 (77)	6.0 (28)		
Belize	4.6 (108)	6.5 (38)	8.2 (69)	5.5 (117)	6.9 (25)	8.6 (31)				
Benin	5.9 (69)	3.5 (100)	6.8 (108)	5.5 (118)	5.9 (70)	9.1 (13)	4.1 (96)	4.6 (73)		
Bolivia	7.3 (29)	3.2 (106)	9.2 (39)	7.1 (57)	5.9 (72)	8.1 (49)	4.8 (84)	4.8 (61)		
Botswana	5.0 (98)	6.8 (30)	9.4 (35)	7.2 (51)	7.0 (18)	9.9 (1)	6.5 (34)	4.7 (67)		
Brazil	6.3 (54)	4.2 (83)	7.7 (80)	6.4 (85)	4.8 (115)	5.6 (117)	5.0 (73)	3.9 (96)		
Bulgaria	4.5 (111)	4.6 (76)	8.7 (62)	7.4 (41)	6.2 (61)	8.2 (42)	6.0 (40)	4.3 (86)		
Burundi	5.7 (73)	1.6 (128)	7.6 (83)	2.8 (129)	5.7 (79)	6.0 (112)				
Cameroon	5.5 (79)	3.9 (90)	6.9 (105)	5.7 (109)	5.7 (81)	6.9 (88)	6.6 (30)	3.7 (102)		
Canada	6.6 (43)	8.4 (14)	9.6 (20)	7.8 (23)	7.8 (5)	9.0 (20)	7.1 (18)	7.3 (9)		
Central Afr. Rep.	4.2 (119)	3.5 (98)	7.1 (93)	4.5 (127)	4.7 (120)	7.3 (75)				
Chad	6.8 (36)	2.8 (114)	6.2 (120)	5.9 (102)	4.5 (123)	5.8 (115)	3.7 (99)	3.9 (95)		
Chile	6.3 (53)	6.1 (47)	9.5 (28)	8.4 (9)	6.9 (24)	8.1 (50)	5.3 (65)	7.3 (7)		
China	3.8 (124)	4.9 (68)	8.0 (75)	7.4 (37)	4.2 (127)	4.5 (128)	4.7 (86)	3.5 (106)		
Colombia	4.7 (105)	3.4 (101)	7.7 (81)	5.9 (103)	5.6 (89)	7.1 (84)	4.3 (91)	5.5 (40)		
Congo, Dem. R.	5.3 (84)	1.1 (129)	4.8 (126)	5.9 (101)	3.6 (130)	2.3 (130)				
Congo, Rep. of	4.2 (116)	1.9 (124)	4.4 (127)	5.5 (115)	4.7 (121)	5.0 (124)				
Costa Rica	7.3 (27)	6.7 (34)	8.9 (53)	7.4 (40)	5.8 (75)	6.5 (98)	6.1 (38)	4.9 (58)		
Côte d'Ivoire	7.8 (15)	2.6 (116)	7.1 (97)	5.8 (107)	5.3 (103)	7.4 (73)				
Croatia	4.0 (120)	5.4 (62)	8.1 (74)	6.7 (73)	6.6 (35)	9.3 (8)	5.5 (56)	5.1 (53)		
Cyprus	7.0 (34)	7.2 (26)	9.6 (18)	7.0 (60)	6.1 (63)	9.1 (16)	3.1 (106)	6.2 (26)		
Czech Rep.	4.4 (112)	6.6 (36)	9.0 (50)	8.3 (13)	6.4 (46)	8.2 (43)	5.0 (78)	6.0 (29)		
Denmark	4.2 (118)	9.2 (1)	9.6 (10)	7.9 (20)	7.2 (15)	9.4 (6)	5.1 (72)	7.2 (11)		
Dominican Rep.	8.2 (6)	3.2 (105)	3.7 (129)	6.3 (91)	5.7 (85)	6.4 (99)	6.0 (41)	4.6 (71)		
Ecuador	8.1 (12)	2.4 (121)	6.7 (109)	6.6 (76)	4.9 (114)	6.8 (92)	4.2 (93)	3.8 (99)		
Egypt	6.1 (61)	4.4 (79)	8.7 (61)	6.4 (83)	4.9 (113)	5.2 (120)	5.3 (66)	4.3 (85)		
El Salvador	9.2 (1)	4.1 (84)	9.6 (11)	7.1 (58)	6.2 (57)	7.2 (79)	5.5 (57)	5.9 (30)		
Estonia	6.7 (42)	6.5 (39)	9.6 (9)	8.5 (7)	7.3 (14)	9.0 (19)	6.1 (39)	6.7 (19)		
Fiji	4.7 (107)	5.4 (60)	6.9 (104)	6.3 (90)	5.5 (93)	6.3 (102)				
Finland	4.9 (100)	8.8 (6)	9.7 (5)	7.9 (21)	7.2 (16)	9.3 (7)	3.9 (98)	8.4 (2)		
France	4.7 (106)	7.7 (20)	9.6 (17)	7.8 (24)	6.7 (31)	8.2 (46)	5.7 (52)	6.3 (24)		
Gabon	4.2 (117)	3.9 (87)	6.9 (101)	5.9 (104)	6.0 (69)	7.3 (76)				
Georgia	8.3 (4)	2.5 (120)	9.2 (42)	7.1 (54)	6.4 (43)	7.5 (68)	6.5 (33)	5.1 (51)		

**Exhibit 1.3 (continued): Area Economic Freedom Ratings (and Rankings), 2004**

	AREAS					COMPONENTS OF AREA 5					
	1 Size of Government	2 Legal Structure & Security of Property Rights	3 Access to Sound Money	4 Freedom to Trade Internationally	5 Regulation of Credit, Labor, & Business	5A Credit Market Regulations		5B Labor Market Regulations		5C Business Regulations	
Germany	5.8 (72)	8.8 (7)	9.6 (25)	8.2 (14)	5.8 (77)	7.9 (56)	3.3 (104)	6.1 (27)			
Ghana	5.6 (76)	5.1 (66)	7.5 (86)	7.2 (46)	6.1 (66)	7.6 (64)	6.2 (37)	4.5 (76)			
Greece	6.0 (64)	5.6 (56)	9.7 (7)	7.2 (52)	5.7 (84)	7.9 (54)	4.0 (97)	5.2 (48)			
Guatemala	8.6 (3)	3.3 (103)	9.2 (38)	6.5 (77)	5.6 (90)	7.6 (62)	4.2 (94)	4.9 (56)			
Guinea-Bissau	3.3 (129)	2.9 (112)	5.9 (122)	5.5 (113)	5.3 (106)	6.3 (103)					
Guyana	3.6 (125)	3.4 (102)	8.1 (72)	7.5 (32)	6.4 (47)	6.4 (100)	8.2 (6)	4.6 (75)			
Haiti	7.2 (31)	1.6 (127)	7.5 (87)	6.3 (89)	6.2 (60)	9.0 (21)	7.3 (14)	2.3 (108)			
Honduras	7.4 (23)	3.1 (107)	9.1 (45)	6.9 (66)	5.7 (78)	8.2 (40)	4.9 (80)	4.1 (89)			
Hong Kong	9.1 (2)	7.5 (24)	9.2 (41)	9.5 (1)	8.3 (2)	8.9 (23)	8.6 (2)	7.4 (5)			
Hungary	5.3 (86)	6.4 (40)	9.5 (30)	8.3 (11)	7.3 (12)	8.2 (45)	7.1 (17)	6.6 (20)			
Iceland	6.7 (38)	8.9 (4)	9.0 (51)	6.4 (84)	8.5 (1)	9.1 (15)	8.0 (7)	8.4 (1)			
India	8.2 (7)	6.3 (44)	7.0 (98)	6.4 (82)	5.4 (97)	5.9 (114)	5.7 (48)	4.7 (69)			
Indonesia	6.4 (51)	3.9 (88)	7.9 (77)	7.2 (49)	4.7 (117)	5.5 (118)	5.0 (75)	3.8 (100)			
Iran	6.5 (48)	5.9 (50)	8.0 (76)	5.4 (120)	4.7 (118)	6.5 (97)					
Ireland	6.4 (52)	8.8 (8)	9.7 (3)	8.6 (4)	7.0 (20)	8.1 (48)	5.8 (45)	7.1 (13)			
Israel	5.8 (71)	6.7 (32)	9.4 (34)	7.9 (19)	5.9 (71)	7.2 (81)	4.8 (83)	5.8 (33)			
Italy	5.6 (77)	5.8 (51)	9.6 (21)	7.5 (33)	6.2 (58)	7.5 (67)	5.5 (59)	5.7 (34)			
Jamaica	7.7 (16)	5.4 (61)	8.7 (60)	7.0 (62)	6.2 (55)	6.6 (96)	6.6 (28)	5.5 (39)			
Japan	6.6 (44)	7.5 (23)	9.6 (22)	6.7 (74)	7.0 (22)	7.1 (83)	7.0 (19)	6.8 (18)			
Jordan	4.8 (103)	6.5 (37)	9.4 (33)	7.4 (39)	6.0 (68)	6.3 (101)	6.6 (31)	5.0 (54)			
Kenya	7.1 (32)	3.9 (89)	8.7 (59)	6.4 (81)	5.4 (96)	6.1 (107)	5.8 (44)	4.4 (79)			
Kuwait	6.1 (63)	6.8 (31)	9.3 (37)	6.7 (75)	7.6 (10)	9.1 (17)	8.6 (5)	5.1 (50)			
Latvia	6.5 (49)	5.8 (55)	9.0 (52)	7.4 (38)	6.7 (32)	8.5 (34)	5.8 (47)	5.9 (32)			
Lithuania	6.6 (45)	5.0 (67)	9.2 (43)	7.6 (30)	6.4 (44)	8.1 (47)	5.4 (62)	5.6 (35)			
Luxembourg	5.0 (99)	8.7 (13)	9.6 (15)	8.8 (3)	7.3 (13)	9.1 (18)	5.7 (51)	7.0 (14)			
Macedonia	5.2 (92)	2.6 (117)	8.2 (70)	5.9 (100)	6.2 (56)	8.5 (35)	5.8 (46)	4.4 (78)			
Madagascar	6.9 (35)	3.1 (109)	7.1 (96)	6.5 (79)	5.2 (109)	8.2 (44)	3.1 (105)	4.4 (80)			
Malawi	4.0 (121)	4.8 (71)	6.6 (111)	6.2 (93)	5.2 (110)	5.2 (122)	5.7 (50)	4.8 (62)			
Malaysia	5.3 (85)	7.2 (27)	6.9 (102)	7.5 (36)	6.4 (45)	6.0 (111)	7.9 (8)	5.2 (45)			
Mali	5.1 (97)	4.7 (72)	6.5 (114)	6.1 (96)	5.3 (105)	7.6 (63)	3.6 (101)	4.7 (65)			
Malta	5.7 (74)	7.0 (28)	8.8 (55)	7.3 (43)	6.9 (26)	8.5 (32)	6.8 (24)	5.4 (42)			
Mauritius	7.5 (21)	6.0 (48)	9.5 (29)	6.1 (99)	6.1 (65)	7.2 (78)	6.7 (26)	4.4 (84)			
Mexico	8.1 (13)	4.5 (77)	7.9 (78)	7.2 (47)	5.5 (95)	7.3 (74)	5.5 (55)	3.6 (104)			
Mongolia	6.5 (47)	2.2 (123)	8.8 (56)	7.1 (53)	6.3 (49)	8.7 (29)	5.4 (60)	4.9 (59)			
Morocco	5.2 (89)	5.3 (63)	7.1 (95)	5.5 (114)	5.5 (94)	7.8 (59)	4.1 (95)	4.7 (70)			
Mozambique	5.2 (87)	3.3 (104)	8.7 (63)	6.1 (98)	3.7 (129)	4.6 (127)	2.5 (109)	4.1 (90)			
Myanmar	3.5 (128)	2.2 (122)	3.9 (128)	1.9 (130)	5.0 (111)	5.2 (121)					
Namibia	5.1 (96)	6.9 (29)	6.6 (112)	6.4 (88)	7.1 (17)	9.6 (4)	7.2 (15)	4.5 (77)			
Nepal	5.2 (93)	2.5 (118)	6.9 (103)	5.4 (119)	5.7 (83)	6.8 (91)					
Netherlands	4.8 (104)	9.0 (2)	9.6 (23)	8.4 (10)	7.0 (21)	9.1 (14)	5.4 (61)	6.4 (23)			
New Zealand	6.7 (39)	8.9 (3)	9.6 (24)	8.0 (16)	7.9 (4)	9.8 (3)	6.5 (32)	7.4 (4)			
Nicaragua	6.1 (59)	2.9 (113)	8.8 (57)	7.3 (45)	6.1 (64)	7.2 (82)	6.8 (23)	4.4 (82)			
Niger	5.2 (94)	3.7 (96)	7.2 (91)	5.6 (111)	4.7 (119)	7.0 (86)					
Nigeria	6.2 (56)	3.5 (97)	6.4 (118)	6.4 (80)	5.7 (88)	7.6 (65)	5.5 (58)	3.9 (94)			

**Exhibit 1.3 (continued): Area Economic Freedom Ratings (and Rankings), 2004**

	AREAS					COMPONENTS OF AREA 5				
	1 Size of Government	2 Legal Structure & Security of Property Rights	3 Access to Sound Money	4 Freedom to Trade Internationally	5 Regulation of Credit, Labor, & Business	5A Credit Market Regulations	5B Labor Market Regulations	5C Business Regulations		
Norway	4.6 (110)	8.7 (12)	9.0 (48)	7.1 (56)	6.7 (28)	8.8 (26)	4.2 (92)	7.3 (8)		
Oman	5.9 (67)	7.5 (25)	8.6 (65)	7.8 (25)	6.6 (36)	8.9 (22)				
Pakistan	7.2 (30)	2.5 (119)	6.4 (117)	5.8 (106)	6.5 (38)	7.6 (61)	7.8 (10)	4.2 (88)		
Panama	8.3 (5)	4.6 (74)	9.7 (6)	6.9 (63)	6.3 (50)	8.7 (28)	5.6 (54)	4.7 (68)		
Pap. New Guinea	6.1 (62)	3.7 (94)	6.5 (113)	6.4 (86)	5.4 (99)	6.2 (105)				
Paraguay	8.1 (10)	1.9 (125)	8.9 (54)	7.6 (31)	4.5 (122)	6.1 (110)	2.9 (107)	4.6 (72)		
Peru	7.6 (19)	4.0 (85)	9.6 (12)	7.2 (50)	5.7 (80)	8.5 (33)	4.3 (88)	4.4 (83)		
Philippines	7.0 (33)	3.7 (95)	8.1 (73)	7.5 (34)	5.4 (102)	7.4 (70)	5.0 (76)	3.6 (103)		
Poland	5.8 (70)	5.8 (54)	9.2 (44)	7.0 (59)	5.9 (74)	8.1 (51)	4.8 (85)	4.8 (64)		
Portugal	6.0 (65)	7.6 (22)	9.5 (26)	7.7 (28)	6.5 (39)	8.4 (39)	5.9 (42)	5.3 (44)		
Romania	4.3 (114)	4.8 (70)	6.5 (116)	6.9 (68)	5.9 (73)	7.5 (66)	5.0 (74)	5.2 (49)		
Russia	5.6 (75)	4.3 (81)	6.0 (121)	6.7 (72)	5.3 (104)	6.7 (93)	5.8 (43)	3.5 (105)		
Rwanda	5.5 (80)	1.0 (130)	7.1 (94)	4.8 (125)	5.7 (86)	6.1 (108)				
Senegal	6.2 (57)	4.3 (80)	7.1 (92)	6.1 (97)	5.0 (112)	8.4 (38)	2.8 (108)	3.8 (98)		
Sierra Leone	5.5 (81)	4.0 (86)	7.7 (82)	5.6 (112)	5.4 (98)	5.3 (119)				
Singapore	8.2 (8)	8.1 (16)	9.6 (19)	9.3 (2)	7.6 (11)	7.9 (57)	6.9 (22)	7.9 (3)		
Slovak Rep	4.9 (101)	5.8 (52)	8.8 (58)	8.4 (8)	6.8 (27)	7.9 (55)	6.6 (29)	5.9 (31)		
Slovenia	2.5 (130)	6.2 (45)	8.5 (66)	7.3 (42)	6.3 (54)	8.0 (52)	5.6 (53)	5.2 (47)		
South Africa	5.5 (82)	6.6 (35)	8.2 (71)	6.9 (67)	6.3 (48)	8.8 (27)	5.1 (70)	5.2 (46)		
South Korea	6.5 (50)	6.3 (43)	9.5 (27)	7.2 (48)	5.8 (76)	7.4 (72)	4.9 (79)	5.1 (52)		
Spain	5.2 (88)	6.4 (42)	9.6 (13)	8.0 (18)	6.7 (30)	8.6 (30)	6.2 (36)	5.4 (41)		
Sri Lanka	7.4 (24)	3.8 (92)	6.5 (115)	6.5 (78)	5.7 (82)	6.9 (89)	6.4 (35)	3.9 (93)		
Sweden	4.0 (122)	8.1 (17)	9.8 (1)	8.0 (17)	6.7 (34)	9.2 (11)	3.5 (103)	7.4 (6)		
Switzerland	7.4 (26)	8.7 (10)	9.7 (8)	7.7 (26)	7.7 (6)	8.9 (24)	7.4 (11)	7.0 (15)		
Syria	4.9 (102)	5.1 (65)	7.7 (79)	5.2 (123)	4.2 (126)	4.2 (129)				
Taiwan	6.2 (55)	6.4 (41)	9.7 (4)	8.0 (15)	6.0 (67)	6.3 (104)	5.3 (64)	6.5 (22)		
Tanzania	5.1 (95)	5.9 (49)	9.4 (31)	5.7 (108)	5.5 (92)	6.2 (106)	5.1 (71)	5.3 (43)		
Thailand	6.8 (37)	5.5 (58)	7.0 (100)	7.5 (35)	6.3 (51)	7.0 (85)	7.0 (20)	4.8 (63)		
Togo	4.3 (113)	3.1 (111)	7.2 (90)	5.7 (110)	4.7 (116)	6.6 (95)				
Trinidad & Tobago	6.6 (46)	4.8 (69)	9.0 (49)	6.8 (70)	6.5 (40)	7.4 (71)	7.1 (16)	4.9 (57)		
Tunisia	5.2 (91)	6.7 (33)	7.3 (89)	6.2 (94)	6.3 (53)	8.0 (53)	4.3 (90)	6.5 (21)		
Turkey	7.3 (28)	5.2 (64)	5.1 (124)	7.0 (61)	5.3 (108)	5.9 (113)	4.3 (89)	5.5 (38)		
Uganda	6.0 (66)	4.2 (82)	9.1 (47)	6.4 (87)	6.2 (59)	5.0 (123)	8.6 (3)	5.0 (55)		
Ukraine	4.6 (109)	4.6 (75)	5.5 (123)	7.1 (55)	5.4 (101)	7.2 (80)	4.8 (81)	4.1 (91)		
Unit. Arab Em.	7.6 (18)	6.2 (46)	8.6 (64)	8.5 (5)	7.7 (8)	7.8 (58)	8.9 (1)	6.3 (25)		
United Kingdom	6.7 (41)	8.9 (5)	9.4 (32)	7.9 (22)	7.6 (9)	9.2 (12)	6.9 (21)	6.8 (17)		
United States	7.6 (17)	7.8 (18)	9.7 (2)	7.6 (29)	8.0 (3)	9.3 (9)	7.9 (9)	6.9 (16)		
Uruguay	7.5 (22)	5.8 (53)	8.4 (67)	6.9 (65)	6.6 (37)	7.0 (87)	7.3 (13)	5.5 (36)		
Venezuela	5.5 (83)	1.8 (126)	4.9 (125)	5.8 (105)	4.3 (125)	7.5 (69)	3.5 (102)	1.8 (109)		
Vietnam	5.6 (78)	4.4 (78)	6.4 (119)	6.7 (71)	6.3 (52)	9.8 (2)	4.8 (82)	4.2 (87)		
Zambia	7.4 (25)	5.5 (57)	7.5 (85)	6.9 (64)	6.5 (42)	6.1 (109)	8.6 (4)	4.7 (66)		
Zimbabwe	3.5 (127)	3.1 (110)	0.0 (130)	3.1 (128)	4.1 (128)	4.7 (126)	5.2 (67)	2.4 (107)		

## The Chain-Linked Summary Index, 1970–2004

One of the most valuable aspects of this index of economic freedom is that, for many countries, it can be calculated back to 1970: 53 countries have ratings in 1970; 70 in 1975; 102 in 1980, 109 in 1985, 113 in 1990, 123 for 1995 through 2001, 127 in 2003, and 130 in 2004. These longitudinal data are useful for examining the impact of economic freedom over time.

One problem that arises, however, is that the underlying data are more complete in recent years than in earlier years. As a result, changes in the index ratings over time may reflect the fact that some components are missing in some years but not in others. This is similar to comparing GDP or a price index over time when we know that the underlying goods and services used to calculate these statistics are constantly changing. The problem of missing components threatens the comparability of the index ratings over time.

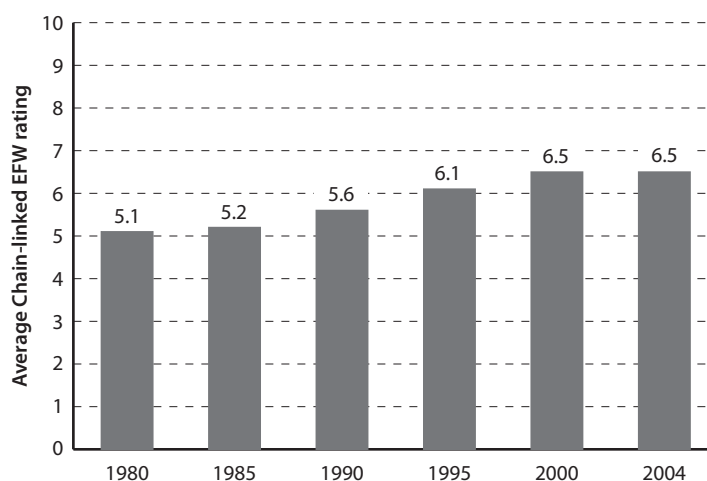
In order to correct for this problem, we have constructed a chain-linked summary economic freedom index that is based on the 2000 rating as a base year. Changes to the index going backward (and forward) in time are then based only on changes in components that were present in adjacent years. For instance, the 1995 chain-linked rating is based on the 2000 rating but is adjusted based on the changes in the underlying data between 1995 and 2000 for those components that were present in both years. If the common components in 1995 were the same as in 2000,

then no adjustment was made to the 1995 summary rating. However, if the 1995 components were lower than those for 2000 for the over-lapping components between the two years, then the 1995 summary rating was adjusted downward proportionally to reflect this fact. Correspondingly, in cases where the rating for the common components was higher in 1995 than for 2000, the 1995 summary rating was adjusted upward proportionally. The chain-linked ratings were constructed by repeating this procedure backward in time to 1970 and forward through 2004. The chain-linked methodology means that a country's rating will change across time periods only when there is a change in ratings for components present during both of the over-lapping years. This is precisely what one would want when making comparisons across time periods.

Exhibit 1.4 shows the average chain-linked economic freedom index rating for the 102 countries with ratings since 1980. The average level of economic freedom, as measured by the EFW index, has increased. The index average has improved to 6.5 in 2004 from 5.1 in 1980. Much of this increase was driven by reductions in marginal income-tax rates, if not aggregate taxation; improvements in monetary policy; and global trade liberalization.

The full Chain-Linked Summary Index for the years 1970, 1975, 1980, 1985, 1990, 1995, 2000, 2001, 2002, 2003, and 2004 is found in Exhibit 1.5 (pages 19–21). Researchers using the data for long-term studies should use these chain-linked data. The chain-link summary index is computed only for the 123 countries receiving ratings in the year 2000.

Exhibit 1.4: Average Chain-linked EFW Rating



**Exhibit 1.5: The Chain-Linked Summary Index, 1970–2004**

	1970	1975	1980	1985	1990	1995	2000	2001	2002	2003	2004
Albania					3.3	4.1	5.7	5.8	6.0	6.1	6.1
Algeria			3.8	3.8	3.4	3.5	4.3	4.7	4.5	4.4	4.6
Argentina	4.4	2.8	3.9	3.5	4.4	6.7	7.2	6.5	5.9	5.7	6.2
Australia	6.6	5.8	6.4	6.8	7.3	7.8	8.0	7.9	7.9	7.8	7.8
Austria	6.0	5.7	6.2	6.2	6.9	7.0	7.5	7.6	7.4	7.7	7.7
Bahamas		6.1	5.8	5.8	6.2	6.3	6.5	6.5	6.4	6.5	6.8
Bahrain			7.0	6.5	6.8	6.9	7.2	7.1	7.1	7.0	7.0
Bangladesh		2.8	3.0	3.3	4.2	5.0	5.7	5.7	5.9	5.7	5.7
Barbados		5.0	5.1	5.4	5.7	5.8	5.6	5.5	5.8	5.8	6.2
Belgium	7.3	6.6	6.8	6.9	7.2	7.2	7.5	7.4	7.3	7.3	7.3
Belize			5.0	4.8	5.7	6.3	6.2	6.2	6.6	6.6	6.7
Benin			5.0	4.7	5.1	4.7	5.4	5.6	5.4	5.5	5.5
Bolivia			4.4	3.5	5.2	6.4	6.7	6.5	6.5	6.5	6.5
Botswana			4.9	5.1	5.4	6.0	7.2	7.2	7.3	7.1	7.1
Brazil	4.8	3.9	3.7	3.2	3.9	4.1	5.9	5.9	6.1	5.9	5.9
Bulgaria				4.7	3.7	4.5	5.1	5.7	6.0	6.3	6.3
Burundi		3.9	4.0	4.5	4.7	4.3	5.1	5.3	5.0	4.9	4.8
Cameroon			5.4	5.6	5.7	5.2	5.5	5.9	5.7	5.6	5.6
Canada	7.4	6.6	7.0	7.0	7.7	7.8	8.1	8.1	7.9	8.0	8.0
Central Afr. Rep.				4.5	5.0	4.7	4.9	5.1	5.0	5.2	5.0
Chad				4.8	4.6	4.5	5.4	5.7	5.7	5.4	5.3
Chile	3.6	3.6	5.3	5.8	6.7	7.5	7.5	7.3	7.2	7.4	7.4
China			3.8	4.8	4.2	4.9	5.8	5.9	5.8	5.9	5.7
Colombia	5.4	5.0	4.8	5.2	5.0	5.6	5.4	5.5	5.3	5.4	5.5
Congo, Dem. R.	4.8	4.3	3.1	4.0	3.8	4.2	3.4	3.6	5.1	4.7	4.4
Congo, Rep. of			5.0	5.0	5.5	5.5	4.4	4.7	4.4	4.7	4.4
Costa Rica		5.6	5.0	4.7	6.5	6.7	7.3	7.2	7.1	7.3	7.2
Côte d'Ivoire			5.0	5.6	5.4	5.4	5.7	5.8	5.8	5.6	5.8
Croatia						3.8	5.8	6.2	5.9	6.0	6.1
Cyprus		5.3	5.2	5.2	5.9	6.1	6.2	6.3	6.8	6.6	7.4
Czech Rep.						5.9	6.7	6.8	6.7	6.8	6.9
Denmark	6.6	5.8	6.0	6.2	7.0	7.4	7.7	7.6	7.5	7.6	7.6
Dominican Rep.			4.8	4.6	4.4	6.2	6.5	6.5	6.6	6.2	5.4
Ecuador	3.4	4.5	4.8	4.0	4.8	5.7	5.6	5.5	5.9	5.8	5.7
Egypt		3.9	4.6	5.0	4.8	5.9	6.7	6.5	6.2	6.1	6.3
El Salvador			4.3	4.0	4.4	6.8	7.3	7.3	7.2	7.2	7.2
Estonia						5.3	7.1	7.4	7.6	7.7	7.7
Fiji		5.1	5.4	5.6	5.8	6.0	6.1	6.0	6.1	6.0	6.1
Finland	6.6	5.8	6.4	6.5	7.0	7.5	7.7	7.7	7.7	7.6	7.7
France	6.2	5.4	5.7	5.7	6.8	6.8	7.0	6.7	6.8	6.9	7.3
Gabon			4.0	4.7	5.0	5.0	5.0	5.4	5.1	5.2	5.4
Germany	7.3	6.8	7.1	7.1	7.4	7.5	7.6	7.3	7.3	7.4	7.6
Ghana		3.0	2.3	2.5	4.3	5.1	5.9	5.6	6.3	6.2	6.3
Greece	6.1	5.6	5.6	5.1	5.7	6.2	6.9	6.8	6.9	6.8	6.8
Guatemala	5.8	6.4	5.9	4.7	5.5	6.7	6.4	6.4	6.4	6.5	6.6

**Exhibit 1.5 (continued): The Chain-Linked Summary Index, 1970–2004**

	1970	1975	1980	1985	1990	1995	2000	2001	2002	2003	2004
Guinea-Bissau					2.7	3.5	4.4	5.2	4.8	4.9	4.4
Guyana						4.7	6.8	6.8	6.5	6.3	6.2
Haiti			5.6	5.8	5.5	5.4	6.4	5.9	6.0	5.9	5.9
Honduras			5.5	5.3	5.2	6.0	6.4	6.3	6.4	6.5	6.5
Hong Kong	8.2	8.3	8.5	8.2	8.5	9.1	8.8	8.7	8.7	8.7	8.7
Hungary			4.2	4.9	4.8	6.2	6.7	7.1	7.1	7.2	7.4
Iceland	6.1	4.2	4.9	5.1	6.6	7.3	7.7	7.7	7.6	7.7	7.9
India	4.9	4.1	4.9	4.6	4.8	5.5	6.2	6.2	6.3	6.4	6.7
Indonesia	4.8	5.3	5.2	6.2	6.6	6.6	5.9	5.5	5.7	6.1	6.0
Iran	5.8	5.7	3.5	3.7	4.1	4.0	5.6	6.2	6.1	5.9	6.2
Ireland	6.5	5.8	6.2	6.2	7.0	8.2	8.1	7.9	7.8	7.8	8.0
Israel	4.9	4.2	3.7	4.3	4.4	6.0	6.5	6.5	6.7	6.7	7.1
Italy	5.8	5.1	5.2	5.4	6.4	6.5	7.1	7.0	7.0	6.7	6.9
Jamaica			3.9	4.3	5.3	6.3	7.0	6.9	6.9	6.9	7.0
Japan	6.2	5.9	6.4	6.5	7.1	6.9	7.3	7.0	6.9	7.4	7.5
Jordan		5.2	5.0	5.5	5.6	6.2	7.0	6.8	7.0	6.9	6.8
Kenya	4.7	4.5	4.7	5.0	5.3	5.7	6.5	6.6	6.6	6.5	6.4
Kuwait			5.8	8.0	5.1	6.6	6.7	7.2	7.0	6.9	7.4
Latvia						4.6	6.6	6.8	7.0	6.8	7.1
Lithuania						4.7	6.3	6.3	6.8	6.7	7.0
Luxembourg	6.9	6.9	6.8	7.2	7.4	7.6	7.8	7.7	7.6	7.7	7.9
Madagascar			3.8	4.1	3.9	4.0	5.8	6.3	5.8	5.9	5.8
Malawi		4.8	4.3	4.4	4.7	4.4	4.7	5.4	5.5	5.6	5.4
Malaysia	6.0	5.9	6.4	6.5	7.1	7.2	6.8	6.4	6.5	6.5	6.7
Mali		4.9	5.0	4.7	4.8	4.9	6.0	5.8	5.6	5.5	5.5
Malta			5.0	4.8	5.2	6.4	6.5	6.6	6.6	6.5	7.1
Mauritius		4.6	4.7	5.9	6.1	7.3	7.3	7.3	7.2	7.0	7.0
Mexico	6.0	5.3	5.1	4.3	5.7	6.2	6.3	6.3	6.5	6.4	6.6
Morocco	5.5	4.9	4.3	4.9	4.8	5.8	6.0	5.9	5.9	6.0	5.8
Myanmar			4.5	4.1	2.8	3.5	3.6	3.5	3.1	3.4	3.3
Namibia					5.3	6.6	6.2	6.4	6.3	6.7	6.3
Nepal			5.3	4.8	5.1	5.2	5.8	5.9	5.7	5.4	5.3
Netherlands	7.0	6.4	6.8	7.0	7.4	7.8	8.0	7.7	7.7	7.7	7.7
New Zealand	6.0	5.4	6.1	5.9	7.3	8.5	8.4	8.2	8.2	8.2	8.2
Nicaragua			3.8	1.7	2.4	5.5	6.4	6.2	6.2	6.3	6.2
Niger			4.9	5.3	4.7	4.6	5.8	5.6	5.4	5.4	5.3
Nigeria	3.4	3.6	3.5	3.7	3.6	3.8	5.3	5.4	5.6	5.8	5.6
Norway	6.0	5.5	5.8	6.3	7.0	7.5	7.2	7.1	7.0	7.3	7.2
Oman				6.4	6.3	7.0	7.1	7.2	7.1	7.2	7.4
Pakistan	4.3	3.7	4.5	5.1	5.0	5.7	5.4	5.6	5.9	5.6	5.7
Panama		6.4	5.2	5.7	6.3	7.2	7.1	7.2	7.2	7.2	7.2
Pap. New Guinea				6.1	6.5	6.5	5.8	5.8	5.7	5.8	5.7
Paraguay			5.5	4.9	5.5	6.6	6.4	6.4	6.2	6.2	6.2
Peru	4.6	3.8	3.9	2.9	3.6	6.2	6.9	6.9	6.8	6.8	6.8
Philippines	5.2	4.8	4.9	4.8	5.4	7.2	7.1	6.7	6.6	6.6	6.3



**Exhibit 1.5 (continued): The Chain-Linked Summary Index, 1970–2004**

	1970	1975	1980	1985	1990	1995	2000	2001	2002	2003	2004
Poland				3.4	3.3	4.9	6.3	6.1	6.3	6.2	6.7
Portugal	6.0	3.7	5.5	5.3	6.0	7.2	7.3	7.2	7.3	7.3	7.4
Romania				4.5	4.0	3.6	4.9	5.0	5.5	5.7	5.7
Russia						3.7	4.9	4.9	5.1	5.2	5.6
Rwanda					4.6	3.6	5.1	5.4	5.5	5.3	5.1
Senegal			4.6	4.9	5.2	4.6	5.9	5.8	5.9	5.7	5.8
Sierra Leone		5.6	5.4	3.5	3.8	4.4	5.1	5.2	5.6	5.6	5.7
Singapore	7.5	7.3	7.5	7.9	8.5	8.9	8.5	8.5	8.5	8.5	8.5
Slovak Rep						5.1	6.3	6.3	6.3	6.4	6.9
Slovenia						4.7	5.9	6.0	6.1	6.1	6.2
South Africa	5.9	5.5	5.4	5.0	5.2	6.3	6.8	6.7	6.7	6.9	6.7
South Korea	5.4	5.4	5.7	5.7	6.3	6.7	6.6	7.0	6.9	6.9	7.1
Spain	6.1	5.5	5.7	5.8	6.2	7.0	7.4	7.0	7.1	7.1	7.2
Sri Lanka			4.9	5.0	4.9	6.1	6.1	6.0	6.0	6.1	6.0
Sweden	5.3	5.2	5.6	6.2	6.6	7.1	7.4	7.2	7.3	7.5	7.3
Switzerland	7.3	7.1	7.6	7.7	7.8	7.8	8.4	8.2	8.3	8.2	8.2
Syria	4.7	5.0	4.0	3.6	3.5	4.3	4.8	5.6	5.0	5.4	5.6
Taiwan	6.6	5.8	6.7	6.9	7.1	7.3	7.2	7.1	7.2	7.2	7.3
Tanzania	4.4	3.7	3.9	3.4	3.7	4.8	5.8	6.7	6.3	6.3	6.5
Thailand	5.7	5.6	5.9	5.9	6.8	7.2	6.7	6.7	6.6	6.6	6.6
Togo			4.2	5.4	5.1	4.9	5.0	5.3	5.2	5.2	5.0
Trinidad & Tob.		4.3	4.6	4.4	5.5	6.7	7.0	6.9	6.8	6.7	6.7
Tunisia	4.5	4.6	4.9	4.7	5.3	5.9	6.1	6.2	6.2	6.3	6.3
Turkey	3.6	3.8	3.5	4.7	4.8	5.8	5.8	5.3	5.5	5.8	6.0
Uganda			3.0	2.5	2.7	5.0	6.6	6.6	6.5	6.4	6.4
Ukraine						3.7	4.7	4.8	5.3	5.4	5.4
Unit. Arab Em.			5.8	6.7	7.3	7.3	7.4	7.4	7.4	7.3	7.6
United Kingdom	5.9	5.8	6.1	7.0	7.7	8.2	8.2	8.2	8.1	8.1	8.1
United States	7.0	7.1	7.4	7.5	8.1	8.3	8.6	8.3	8.2	8.2	8.2
Uruguay			5.3	5.4	5.8	5.8	6.6	6.6	6.9	6.7	7.0
Venezuela	7.6	6.4	7.0	6.5	5.8	4.5	5.5	5.5	4.4	4.0	4.4
Zambia		3.9	4.4	3.4	2.8	4.4	6.7	6.9	6.8	6.7	6.7
Zimbabwe			4.7	4.6	5.0	6.1	4.3	3.4	3.3	3.3	3.0

## Concluding Thoughts

This chapter concludes with some graphics illustrating simple relationships between economic freedom by quartile and various other indicators of human and political progress (exhibits 1.6–1.19).

The graphics begin with the data on the relationship between economic freedom and the growth rate and level of per-capita GDP. In recent years, numerous scholarly studies have analyzed this relationship in detail. Almost without exception, these studies have found that countries with more economic freedom grow more rapidly and achieve higher levels of per-capita GDP. We believe that the incentive structure confronted by decision-makers in a market economy explains why this is the case. Economic activity involves interaction among (1) consumers, (2) entrepreneurs and other suppliers of goods, and (3) suppliers of resources. Consider the incentive structure confronted by each when economic freedom is present and activities are organized through markets. Consumers have a strong incentive to spend their money wisely and to allocate it in a manner that will provide them with the most value. Similarly, entrepreneurs have a strong incentive to cater to the desires of consumers, produce goods and services at a low cost, and constantly search for better ways of doing things. Finally, resource suppliers have a strong incentive to develop their resources in a manner that businesses and entrepreneurs will value highly and to supply their services

to those who are willing to compensate them most handsomely. All of these factors will help people get more out of their resources and achieve higher levels of income. Furthermore, this incentive structure is largely absent when economic freedom is absent and economic activities are organized by the political process and government planning.

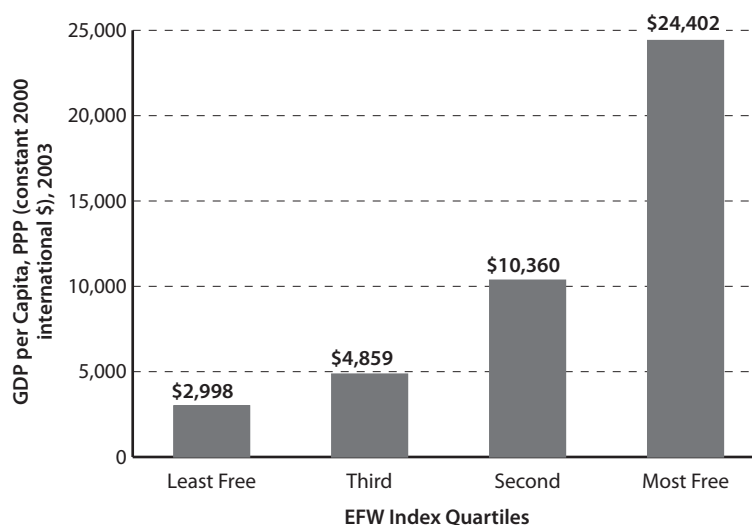
The graphs use the average of the chain-linked EFW index for the years 1990, 1995, 2000, and 2004. Because persistence is important and the impact of economic freedom will be felt over a lengthy time period, it is better to use the average rating over a fairly long time span rather than the current rating if you want to observe the impact of economic freedom on performance. Many of the relationships illustrated in these graphics reflect the impact of economic freedom as it works through increasing economic growth. In other cases, the observed relationships may reflect the fact that some of the variables that influence economic freedom may also influence political factors like corruption and protection of civil liberties. Thus, we are not necessarily arguing that there is a direct causal relation between economic freedom and the variables considered below. In other words, these graphics are no substitute for real scholarly investigation that controls for other factors. Nonetheless, we believe that the graphics provide some information about the contrast between the nature and characteristics of market-oriented economies and those of controlled economies. At the very least, these figures suggest potential fruitful areas for future research.

**Nota bene** In previous editions, exhibits illustrating relationships between economic freedom and other indicators of human and political progress were shown using quintiles. This year, we have switched to quartiles to increase the sample size in each category.

### Exhibit 1.6: Economic Freedom and Income per Capita

*Countries with more economic freedom have substantially higher per-capita incomes.*

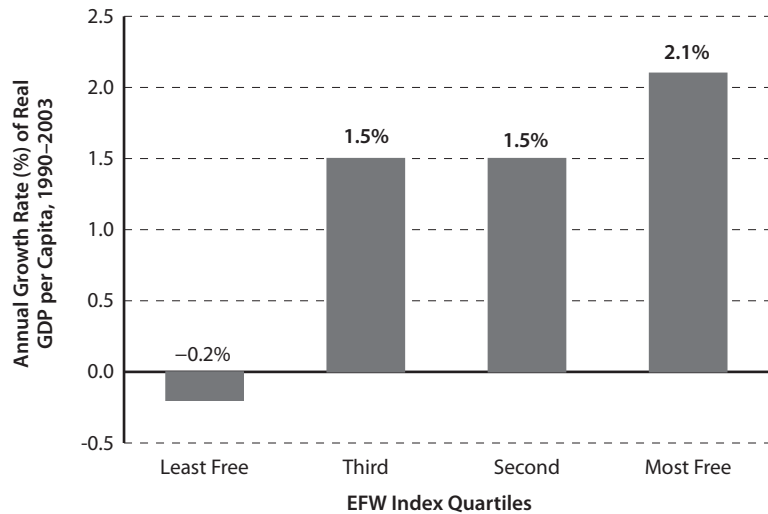
Sources: The Fraser Institute; The World Bank, World Development Indicators CD-ROM, 2005.



**Exhibit 1.7: Economic Freedom and Economic Growth**

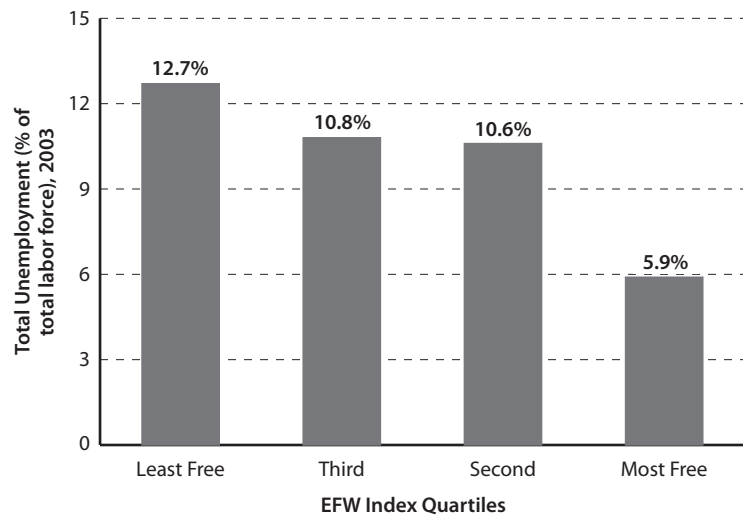
*Countries with more economic freedom have higher growth rates.*

Sources: The Fraser Institute; The World Bank, *World Development Indicators CD-ROM*, 2005.

**Exhibit 1.8: Economic Freedom and Unemployment**

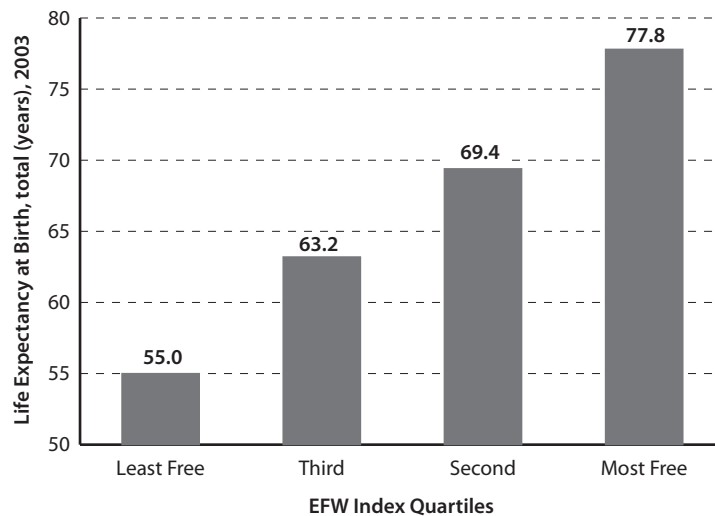
*Countries with more economic freedom have lower levels of unemployment.*

Sources: The Fraser Institute; The World Bank, *World Development Indicators CD-ROM*, 2005.

**Exhibit 1.9: Economic Freedom and Life Expectancy**

*Life expectancy is over 20 years longer in countries with the most economic freedom than it is in those with the least.*

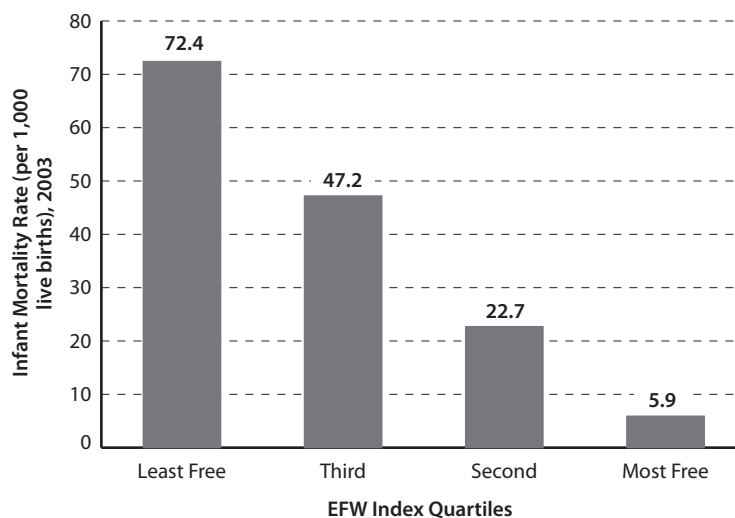
Sources: The Fraser Institute; The World Bank, *World Development Indicators CD-ROM*, 2005.



**Exhibit 1.10: Economic Freedom and Infant Mortality**

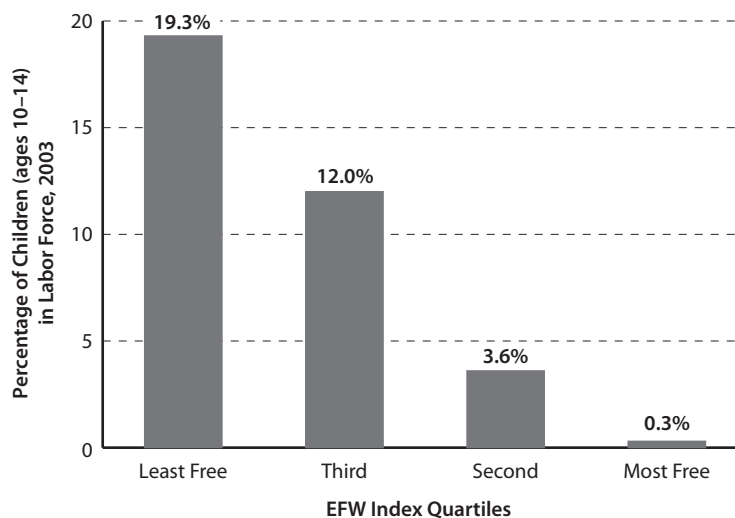
*Infant mortality is much lower in countries with high levels of economic freedom.*

Sources: The Fraser Institute; The World Bank, *World Development Indicators CD-ROM*, 2005.

**Exhibit 1.11: Economic Freedom and the Percentage of Children in the Labor Force**

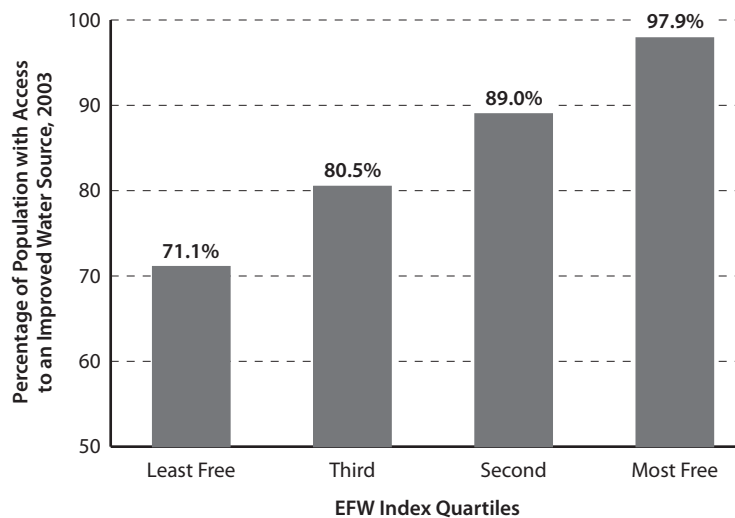
*The incidence of child labor declines as economic freedom increases.*

Sources: The Fraser Institute; The World Bank, *World Development Indicators CD-ROM*, 2005.

**Exhibit 1.12: Economic Freedom and Access to Improved Water Sources**

*Access to improved water increases with economic freedom.*

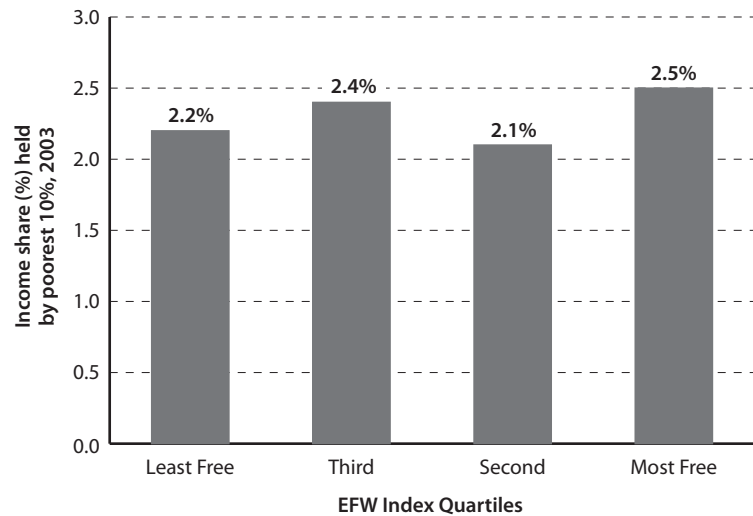
Sources: The Fraser Institute; The World Bank, *World Development Indicators CD-ROM*, 2005.



**Exhibit 1.13: Economic Freedom and the Income Share of the Poorest 10%**

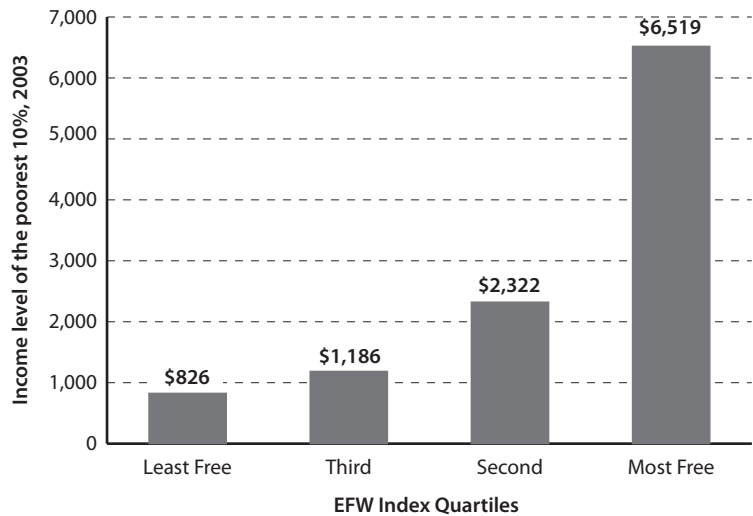
*The share of income earned by the poorest 10% of the population is unrelated to the degree of economic freedom in a nation.*

Sources: The Fraser Institute; The World Bank, World Development Indicators CD-ROM, 2005.

**Exhibit 1.14: Economic Freedom and the Income Level of the Poorest 10%**

*The amount, as opposed to the share, of income going to the poorest 10% of the population is much greater in nations with the most economic freedom than it is in those with the least.*

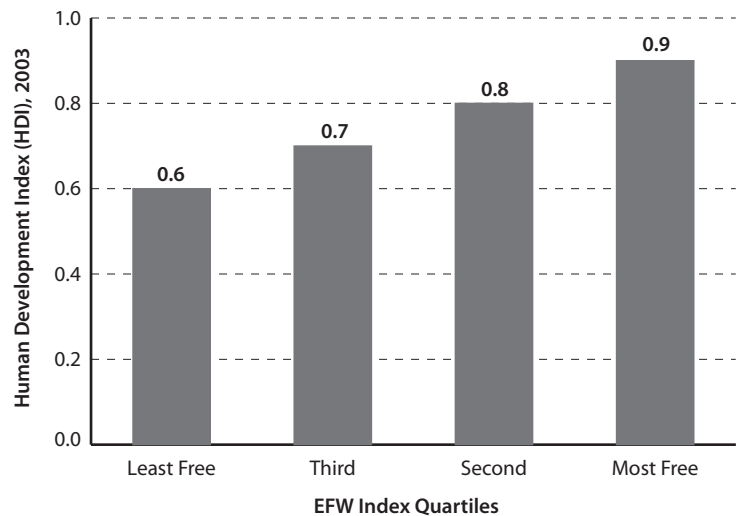
Sources: The Fraser Institute; The World Bank, World Development Indicators CD-ROM, 2005.

**Exhibit 1.15: Economic Freedom and "Human Development"**

*More economic freedom is related to greater "human development" as measured by the United Nations.*

Note: The United Nations' Human Development Index (HDI) is measured on a scale from zero to one: zero = least developed; one = most developed.

Sources: The Fraser Institute; United Nations Development Programme, *Human Development Indicators 2005* <<http://hdr.undp.org/statistics/data/>>.

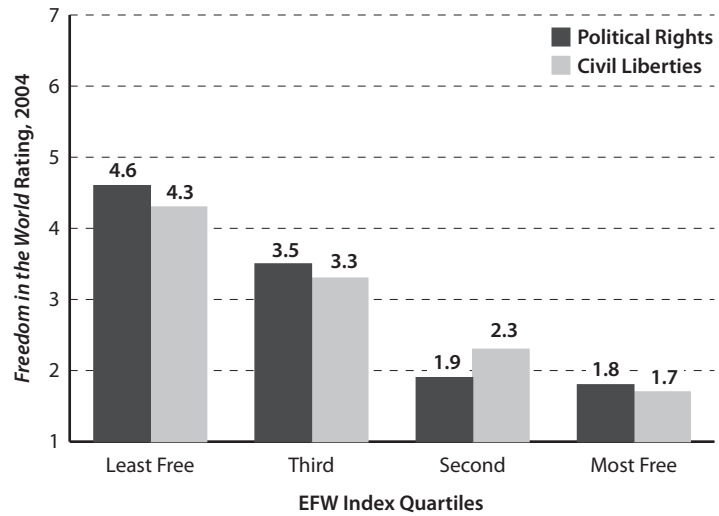


**Exhibit 1.16: Economic Freedom and Political Rights and Civil Liberties**

*Political rights (e.g., free and fair elections) and civil liberties (e.g., freedom of speech) go hand in hand with economic freedom.*

Note: Political rights and civil liberties are measured on a scale from one to seven: one = the highest degree of political rights/civil liberties; seven = the lowest.

Sources: The Fraser Institute; Freedom House, *Freedom in the World Country Ratings* (2005) <<http://www.freedomhouse.org/uploads/FIWrank7305.xls>>.

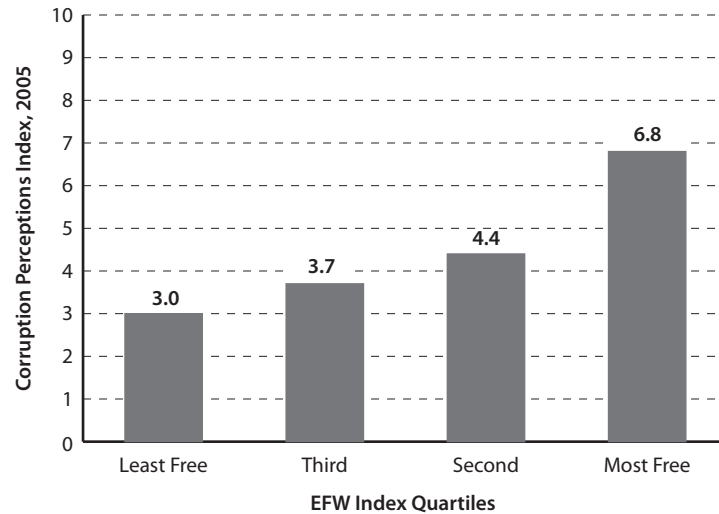


**Exhibit 1.17: Economic Freedom and Corruption**

*With fewer regulations, taxes, and tariffs, economic freedom reduces the opportunities for corruption on the part of public officials.*

Note: Corruption is measured on a scale from zero to 10: 10 = little or no corruption; zero = highly corrupt.

Sources: The Fraser Institute; Transparency International, *2005 Corruption Perceptions Index* <<http://www1.transparency.org/cpi/2005/cpi2005.sources.en.html>>.

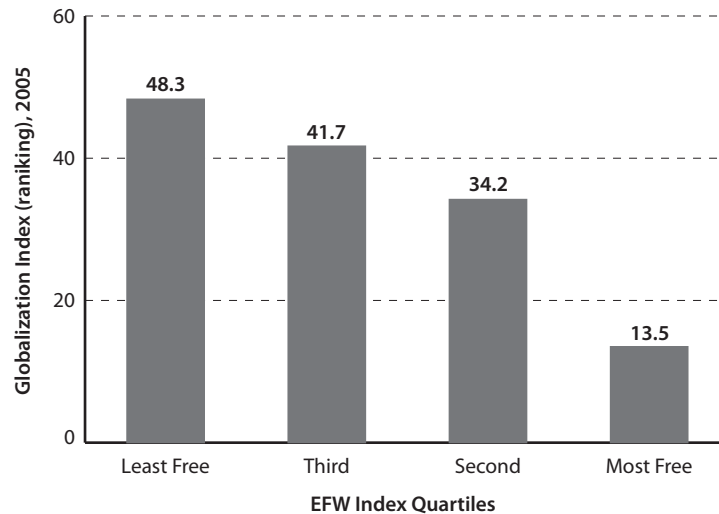


**Exhibit 1.18: Economic Freedom and Globalization**

*Economically free countries are more integrated with the economies and cultures of other countries.*

Note: Lower rankings indicate more globalization.

Sources: The Fraser Institute; A.T. Kearney/FOREIGN POLICY *Globalization Index* (2005) <[http://www.atkearney.com/shared\\_res/pdf/2005G-index.pdf](http://www.atkearney.com/shared_res/pdf/2005G-index.pdf)>.

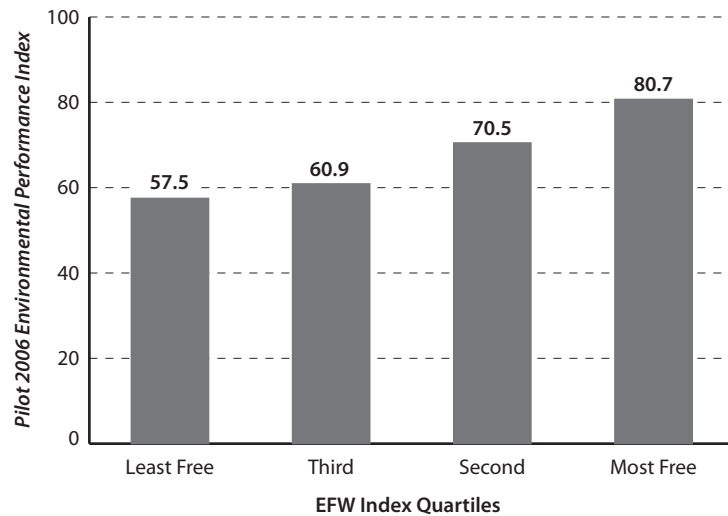


**Exhibit 1.19: Economic Freedom and Environmental Performance**

*Environmental stresses on human health are lower and ecosystem vitality is greater in countries with more economic freedom.*

Note: Higher index values indicate greater environmental performance.

Sources: The Fraser Institute; the Center for Environmental Law & Policy, Yale University and the Center for International Earth Science Information Network (CIESIN), Columbia University, *Pilot 2006 Environmental Performance Index*, <<http://www.yale.edu/epi/>>.



## Other Measures Related to Economic Freedom

### *Economic Freedom of North America*

*Economic Freedom of North America*, an intellectual offshoot of the *Economic Freedom of the World*, measures economic freedom in the Canadian provinces and US states. The index attempts to gauge the extent of restrictions on economic freedom imposed by governments in North America. The study employs two indexes: the first is the subnational index, which measures the impact of provincial/state and local governments, whereas the second index measures the restrictions of all levels of government—federal, provincial/state and local. All 10 provinces and 50 states are included in both indexes. The fourth annual report was published in the fall of 2006.

For more information, see Amela Karabegović & Fred McMahon with Christy Black, *Economic Freedom of North America: 2006 Annual Report* (The Fraser Institute, 2006). Available at <[www.freetheworld.com](http://www.freetheworld.com)> and <[www.fraserinstitute.ca](http://www.fraserinstitute.ca)>.

### *Economic Freedom of the Arab World*

*Economic Freedom of the Arab World* is modeled on the EFW index and measures economic freedom in the same five areas: Size of Government: Expenditures, Taxes, and Enterprises; Legal Structure and Security of Property Rights; Access to Sound Money; Freedom to Trade Internationally; and Regulation of Credit, Labor, and Business. The underlying data for some of the EFW components were unavailable for some of the Arab countries; therefore, in some cases, similar variables were used instead of these components. The index measures the restrictions on economic freedom imposed by governments in 16 of the 22 Arab League Countries.

The first preliminary edition of the Arab index was published by World Economic Forum in the *Arab World Competitiveness Report 2005*. The second edition of the index was published in November of 2005 by The Fraser Institute and the International Research Foundation (IRF) of Oman. The third edition will be released in the fall of 2006.

For more information, see Salem Al Ismaily, Amela Karabegović, and Fred McMahon (2005), *Economic Freedom of the Arab World (Report & Index—2005)* (The Fraser Institute & International Research Foundation).





## Chapter 2: Freedom versus Collectivism in Foreign Aid

by William Easterly<sup>1</sup>

### 1 The New Collectivism

Marx was right about at least one thing: “History repeats itself, first as tragedy, second as farce.” The 21<sup>st</sup> century has seen a farcical version of the collectivist utopian fantasies that led to such disasters in the 20<sup>th</sup> century. Fortunately, the new collectivism is far more tepid—less extreme, less powerful, and less coercive—than the ideologies that caused so much tragedy in the Communist bloc in the 20<sup>th</sup> century. The collapse of communism in Europe with the fall of the Berlin Wall, and the great success of the movement away from central planning towards markets in other places like China and Vietnam that remain nominally Communist (along with the poverty of the unrepentant Communist states in Cuba and North Korea) discredited the Communist notion of comprehensive central planning once and for all. Yet, by an irony that is not so amusing for its intended beneficiaries, the new farcical collectivism is still alive for the places that can afford it the least—the poorest nations in the world that receive foreign aid. Instead of the Berlin Wall, we have an “Aid Wall,” behind which poor nations are supposed to achieve their escape from poverty through a collective, top-down plan.<sup>2</sup> Instead of the individual freedom to prosper in markets, the successful approach of the nations that are now rich, the poor must let the international experts devise the collective solution to their miseries.<sup>3</sup>

<sup>1</sup> I am grateful for research assistance to Julia Schwenkenberg, and for comments. Some parts of this paper also draw on joint work with Ariell Reshef and Julia Schwenkenberg. Other parts draw on my book, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (Penguin, 2006).

<sup>2</sup> William Duggan of Columbia Business School suggested the notion of the “Aid Wall” to me in private conversation.

<sup>3</sup> These themes are developed at greater length in William Easterly, *The White Man's Burden*.

### Jeffrey Sachs and *The End of Poverty*

Lest you think I exaggerate, consider some of the statements of the most prominent and extreme spokesman of the new collectivism for poor nations, Jeffrey Sachs. In his 2005 book, *The End of Poverty*,<sup>4</sup> he says in the opening pages:

I have ... gradually come to understand through my scientific research and on the ground advisory work the awesome power in our generation's hands to end the massive suffering of the extreme poor ... Although introductory economics textbooks preach individualism and decentralized markets, our safety and prosperity depend at least as much on collective decisions to fight disease, promote good science and widespread education, provide critical infrastructure, and act in unison to help the poorest of the poor ... Collective action, through effective government provision of health, education, infrastructure, as well as foreign assistance when needed, underpins economic success. (Pp. 2–3)

Sachs says that each poor country should have five plans, such as an “Investment Plan, which shows the size, timing, and costs of the required investments” and a “Financial Plan to fund the Investment Plan, including the calculation of the Millennium Development Goals Financing Gap, the portion of financial needs the donors will have to fill” (p. 273). These plans will be helpfully supported by the “international community”:

each low income country should have the benefit of a united and effective United Nations country team, which coordinates in one place the work of the UN specialized agencies, the IMF, and the World Bank. In each country, the UN country team should be led by a single United Nations resident

<sup>4</sup> Jeffrey Sachs, *The End of Poverty: Economic Possibilities for Our Time* (Penguin USA, 2005).

coordinator, who reports to the United Nations Development Program, who in turn reports to the UN secretary-general. (P. 285)

Everything will fit together in one great global plan run by “the UN Secretary General, [who] should ensure that the global compact is put into operation” (p. 269).

Like his collectivist predecessors, Sachs sees the achievement of prosperity as mostly a technical problem: “I believe the single most important reason why prosperity spread, and why it continues to spread, is the transmission of technologies and the ideas underlying them ... science-based ideas to organize production” (p. 41). Africa’s problems ... are ... solvable with practical and proven technologies” (p. 208).

He sees one kind of scientific expert—the medical doctor—as the model for how to solve the problems of poverty:

Development economics today is not like modern medicine, but it should strive to be so. It can improve dramatically if development economists take on some of the key lessons of modern medicine, both in the development of the underlying science and in the systematization of clinical practice, the point where science is brought to bear on a particular patient. (P. 75)<sup>5</sup>

Of course, there are such things as public goods, which require solving a collective action problem to supply them. There is a role for government to supply such goods. However, Sachs (and the other collective approaches described below) seem to make little distinction between a lack of public goods and a lack of private goods, which is called poverty.

### The United Nations’ Millennium Development Goals

The United Nations is the main official sponsor of today’s collectivist fantasies. These are called the Millennium

<sup>5</sup> Sachs sees himself as the heir to the 18<sup>th</sup> century Enlightenment, suggesting that “many of its sweetest fruits are just within our reach.” Unfortunately, the branch of the Enlightenment he follows is the one with a hubristic faith in the power of “our” reason to redesign society, which led right away to the excesses of the French Revolution and have since misbegotten various utopian experiments. He seems to have missed out on the individualist branch of the Enlightenment, the one that gave us Adam Smith and the US Constitution. This part of the Enlightenment understood that individuals spontaneously pursuing their own activities accomplish more than rationalist collectivism.

Development Goals (MDGs), described on the United Nation’s web site as follows:

The eight Millennium Development Goals (MDGs)—which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015—form a blueprint agreed to by all the world’s countries and all the world’s leading development institutions. They have galvanized unprecedented efforts to meet the needs of the world’s poorest.<sup>6</sup>

Secretary-General Kofi Annan uses the collectivist “we”:

We will have time to reach the Millennium Development Goals—worldwide and in most, or even all, individual countries—but only if we break with business as usual. We cannot win overnight. Success will require sustained action across the entire decade between now and the deadline. It takes time to train the teachers, nurses and engineers; to build the roads, schools and hospitals; to grow the small and large businesses able to create the jobs and income needed. So we must start now. And we must more than double global development assistance over the next few years. Nothing less will help to achieve the Goals.<sup>7</sup>

The Secretary-General uses “grow” as an active verb applied to business, something that “we must start now.” Somehow collective action will create jobs and income, as opposed to the decentralized efforts of individual entrepreneurs and firms operating in free markets.

Insofar as the MDG campaign mentions private entrepreneurs, they are “partners” subject to “our” resolve:

We resolve further: ... To develop and implement strategies that give young people everywhere a real chance to find decent and productive work ... To develop strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication.<sup>8</sup>

Part of the reason for this campaign is not just to help the world’s poor, but to help the UN, as Kofi Annan made

<sup>6</sup> <<http://www.un.org/millenniumgoals/>>.

<sup>7</sup> <<http://www.un.org/millenniumgoals/>>.

<sup>8</sup> *UN Millennium Declaration 2000* <<http://www.un.org/millennium/declaration/ares552e.htm>>.

clear at the September 2005 World Summit on the MDGs: “it is also a chance to revitalize the United Nations itself.”<sup>9</sup> In this it has been successful, at least at the World Bank and the IMF. These two organizations have long preached the virtues of free markets and ignored UN bureaucrats preaching statist rhetoric. Inexplicably, the World Bank and IMF have since 2000 embraced the UN MDG exercise and a lot of its planning. An OECD-DAC document explains this palace coup in favor of collectivist planning as follows.

In the 1990s, the field of international development entered an era of reform and reformulation as the disparities between rich and poor countries increased. World leaders, in collaboration with the UN and other multilateral institutions, recognized the need for drastic measures to ensure that developing countries benefited from globalization and that development assistance funds were used equitably and effectively to achieve the global development aims embodied in the Millennium Development Goals (MDGs) and other national development goals.<sup>10</sup>

In their *Global Monitoring Report 2006: Millennium Development Goals: Strengthening Mutual Accountability, Aid, Trade, and Governance*,<sup>11</sup> the IMF and World Bank make clear their embrace of the whole MDG planning exercise: “Donors and the international financial institutions must increase aid flows, improve aid quality, and better align their support with country strategies and systems” (p. 1). How would this be done? The World Bank and IMF reaffirm a commitment to “accountability for achieving results,” which they note was already reaffirmed four years earlier in the UN Monterrey Summit. On the same page, the report notes without irony that “international financial institutions [such as the World Bank and IMF] still emphasize loans and reports rather than development outcomes” (p. 1). They are still having some difficulty, as a few pages later they cannot keep themselves from emphasizing loans, apologizing that “in 2005 lending through the concessional and non-concessional windows of the MDBs declined” (p. 9).

<sup>9</sup> <<http://www.un.org/summit2005/>>.

<sup>10</sup> *Managing for Development Results [MfDR] Principles in Action: Sourcebook on Emerging Good Practice* (OECD-DAC, 2006), <<http://www.mfdr.org/Sourcebook.html>>, p. 4.

<sup>11</sup> *Global Monitoring Report 2006: Millennium Development Goals: Strengthening Mutual Accountability, Aid, Trade, and Governance* (World Bank Publications, 2006).

They plan to change their ways by “Implementing the results agenda”:

The 2004 Marrakech Roundtable on Results called for a monitoring system to assess the results orientation of the multilateral development banks (MDBs); that system is COMPAS, the Common Performance Assessment System, which draws on MDB frameworks and action plans to implement managing for development results (MfDR). (P. 9)

### Managing for Development Results (MfDR)

Exactly what is MfDR? It is summed up in *Managing for Development Results Principles in Action: Sourcebook on Emerging Good Practice* (MfDR Sourcebook), prepared by the OECD and the World Bank, which contains the following helpful diagram shown in Figure 2.1. To clear up any confusion, the MfDR Sourcebook notes that “Performance management is a holistic, cultural change” (p. 8). When it does get a tad more concrete, MfDR seems to involve a lot of central planning, such as the following:

**At the national level (see Part 2)**, MfDR is used in the planning and implementation of results-based national plans, budgets, and antipoverty strategies. International agencies may support this process with technical assistance.

**Figure 2.1: Managing for Results according to the MfDR Sourcebook**

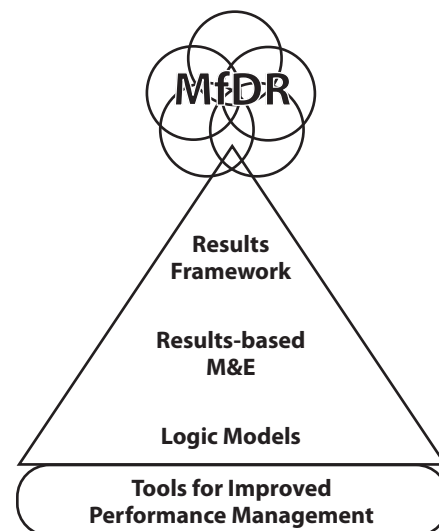


Diagram after “Performance Management,” *MfDR Principles in Action: Sourcebook on Emerging Good Practice*, p. 8. Reproduced with permission

**In sector programs and projects (see Part 3),** partner countries and development agencies use MfDR in planning assistance programs or individual projects that are based on country outcomes and priorities defined in national or sector development plans. (P. 4)

It doesn't get any better reading the rest of the MfDR Sourcebook. In the table on page 134 of the MfDR Sourcebook is the sensible principle: "Keep results measurement and reporting as simple, cost-effective, and user-friendly as possible." (p.134). Below is an excerpt from the table giving the recipe for simple, cost-effective, and user-friendly results measurement and reporting:

**Examples of tools being used to manage  
for results in development agencies**

---

M&E systems, plans and guidelines (incorporating MIS)
Audit and risk management frameworks
Performance measurement frameworks
Program/project monitoring frameworks
Audit guidelines and tools
Evaluation guidelines and tools
Risk analysis guidelines and tools
Training and guidelines for indicator design, data collection, and analysis

---

The old collectivists were lethal; the new collectivists just bury life and death issues under six layers of bureaucracy.

All the MDG planners use the word "accountability" frequently, but without understanding what "accountability" is. Unlike the individual accountability that each producer faces in free markets (you satisfy the customers or you go out of business), the MDG exercise has something called "mutual accountability." This murky notion appears to involve accountability, not to the intended beneficiaries, but to the other bureaucracies involved in the MDG plan, all of whom have a stake in the current system continuing regardless of results. Instead of individual accountability, we have collective responsibility: "Development agencies are creating results-based country assistance strategies in close dialogue with national governments ... During this process, multiple agencies negotiate a process for working together to support country outcomes."<sup>12</sup> A system in which everyone (multiple agencies and governments) are collectively responsible is equivalent to one in which nobody is individually responsible. If there are disappointing

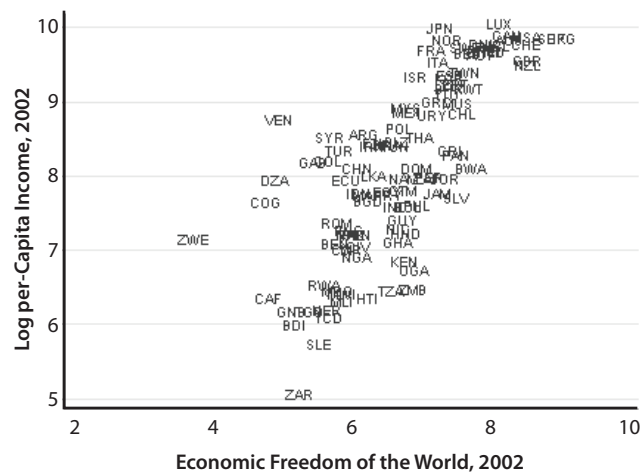
results, you can always blame someone else. Collective responsibility is to accountability what collective farms are to individual property rights.

## 2 Freedom versus Collectivism in Economic Development: The Empirical Record

The empirical record on the difference between the economic performance of freedom and that of collectivism is fairly clear to anybody following events of the last half century. There was a period from the 1930s through the 1950s when the rapid growth of the Soviet Union (since found to have been greatly exaggerated) made observers unsure as to which system delivered superior economic results. Unfortunately, these were the formative years of development economics and foreign aid policies, which led many of the early development economists to recommend that poor countries imitate the collectivist model, stressing forced saving and investment to achieve growth, and to advocate national economic planning (somewhere in the netherworld in between central planning and free markets). Although the World Bank and the IMF had abandoned central planning as the recommended approach to poor countries by the 1980s, foreign aid has never been able to shake its collectivist origins. For one thing, the World Bank and the IMF continued to function as large planning organizations; it was just that now the top-down expert-driven plans included adoption of free-market liberalization (known as "structural adjustment"). The top-down planning by foreign experts and bureaucrats of how you should implement free markets did not lead to good results in the areas where it was most intensively practiced—Africa, the Middle East, Latin America, and (ironically) the former Soviet Union. This led to the unfortunate backlash against free markets that we are seeing today in many parts of those regions. The aid organizations retreated for self-protection into the MDG planning exercise described in the first section.

This is ironic, because the fall of the Berlin Wall and more access to information about the Soviet Union and its satellites made clear just how badly the most extreme version of collectivism had failed. Even prior to this, it was rather obvious that free societies were dramatically out-performing collectivist ones, as the most casual acquaintance with comparisons between East and West Germany, North and South Korea, or between the Soviet Union and the United States made clear.

**Figure 2.2: Economic Freedom in the World, 2002, and Log per-Capita Income**



Source: Author's calculations.

### The Correlation between Economic Success and Economic Freedom

Today, long after the collapse of communism, there is still a huge amount of variation from free to unfree societies. To formalize the obvious, economic success is strongly correlated with economic freedom, as shown in Figure 2.2. I use the 2002 measure published in *Economic Freedom of the World: 2004 Annual Report* to match the last year for which a large sample of data on income is available.

Of course, there is a large problem of potential reverse causality—richer people might demand more economic freedom. Critics of the measures published in *Economic Freedom of the World* also might allege that they are constructed by those with strong prior beliefs that economic freedom is associated with prosperity and, hence, the indices might be unconsciously skewed to give higher scores to countries known to be success stories. (I don't know of any reason to doubt the Index published in *Economic Freedom of the World*, which uses only third-party data and includes no subjective judgments, but I bend over backwards to anticipate possible critiques.) Any such skewing would introduce a second kind of reverse causality. To address these possible objections, I show an instrumental variables regression in Table 2.1. Since the institutions of economic freedom originated in Europe and then spread to other temperate regions where Europeans settled (with some exceptions), I use distance from the equator as one instrument for economic freedom. Since different legal traditions (especially the British) favored economic freedom while others did not (obviously the socialist legal tradition), I use legal origin as another set of instruments for freedom. The test statistics on the va-

lidity of the instruments are mostly satisfactory, and we still show a very strong association between economic freedom and per-capita income.

### The “Poverty Trap” and the “Big Push”

Although economic freedom seems well established as a path to prosperity, advocates of collectivist solutions to world poverty allege that poor countries are in a “poverty trap.” The poverty trap would prevent poor nations from experiencing economic growth even if they do have economic freedom, requiring a collectivist rescue operation. It is, again, Sachs who is the leading exponent of the “poverty trap” hypothesis. In *The End of Poverty*, he suggests three principle mechanisms. The first is that poor people do not save enough.

When people are ... utterly destitute, they need their entire income, or more, just to survive. There is no margin of income above survival that can be invested for the future. This is the main reason why the poorest of the poor are most prone to becoming trapped with low or negative economic growth rates. They are too poor to save for the future and thereby accumulate the capital that could pull them out of their current misery. (Pp. 56–57)

Sachs' second reason for a poverty trap “is a demographic trap, when impoverished families choose to have lots of children” (p. 65). Population growth is so high that it outpaces saving (which was already too low, according to the first reason).

**Table 2.1: IV Regression of Log per-Capita Income (lpcy) in 2002 on Economic Freedom Ratings**

	lpcy2002
Economic freedom in the world, 2002 (from <i>Economic Freedom of the World: 2004 Annual Report</i> )	1.343 (8.48)**
Constant	-0.495 (-0.47)
Observations	86
*significant at 5%; ** significant at 1%	
Sargan over-identification test: p-value	0.0654
First-stage F-statistic on excluded instruments	8.25
Instruments for economic freedom: distance from equator, British, French, Socialist, or German legal origin	

The third element is increasing returns to capital at low initial capital per person (and low income per person):

An economy with twice the capital stock per person means an economy with roads that work the year round, rather than roads that are washed out each rainy season; electrical power that is reliable twenty-four hours each day, rather than electric power that is sporadic and unpredictable; workers who are healthy and at their jobs, rather than workers who are chronically absent with disease. The likelihood is that doubling the human and physical capital stock will actually more than double the income level, at least at very low levels of capital per person. (P. 250)

Sachs gives the example of a road with half of the road paved and half impassable due to missing bridges or washed out sections. Repairing the impassable sections would double the length of road but would much more than double the output from the road. “This is an example of a threshold effect, in which the capital stock becomes useful only when it meets a minimum standard” (p. 250).

The role of foreign aid is to increase the capital stock enough to cross the threshold level, in what became known as “the Big Push”: “if the foreign assistance is substantial enough, and lasts long enough, the capital stock rises sufficiently to lift households above subsistence ... Growth becomes self-sustaining through household savings and public investments supported by taxation of households” (p. 246). Without foreign aid, according to Sachs, “many reasonably well governed countries are too poor to make the investments to climb the first steps of the ladder.”<sup>13</sup>

Even before testing this hypothesis, it is worth noting that these ideas are not new. In fact, they were part of the founding ideas of development economics in the 1940s and 1950s and development economists used them to insist foreign aid was necessary for economic growth then, just as Sachs does now half a century later.<sup>14</sup> After \$568 billion in aid to Africa combined with the continent’s economic stagnation over the past four decades, combined with the success of poor countries getting much smaller amounts of aid as a percent of their income in East Asia,

<sup>13</sup> UN Millennium Project Report, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals: Main Report* (United Nations Development Program, 2005), p. 34.

<sup>14</sup> Likewise, many of the criticisms of aid in my work draw on insights first stated in the 1960s and 1970s, most notably by Lord Peter Bauer.

**Table 2.2: Test of Poverty-Trap and Economic-Freedom Hypotheses for Economic Growth**

Instrumental variables regression	Dependent variable: per-capita growth, 1960–2002
Economic freedom in the world, averaged over 1970–2002	0.022 (2.63)*
Log of initial per capita income	–0.014 (2.21)*
Constant	0.001 (–0.05)
Observations	85
Sargan overidentification test: p-value	0.0542
First-stage F-statistic on excluded instruments	9.63
* significant at 5%; ** significant at 1%	
Instruments for economic freedom: distance from equator, British, French, Socialist, or German legal origin	

one might have thought a little skepticism was in order before repeating the ideas of the 1950s.<sup>15</sup>

Given the publicity that these revived, old ideas about foreign aid are receiving, let us test the hypothesis of the poverty trap and the necessity of the “Big Push” against the explanation that countries prosper because of economic freedom. The poverty-trap hypothesis would say that poor countries have low growth and rich countries have high growth, so there would be a positive association between initial income and growth. This positive association should hold up when we control for whether the country is “reasonably well governed” (such as whether the government facilitates economic freedom). So I do a regression combining economic freedom with initial income; as before I need to instrument for economic freedom to address possible reverse causality. A high value of (the average level of) economic freedom relative to initial income indicates that income potential is high (if the eco-

<sup>15</sup> Aart Kraay and Claudio Raddatz have recently tested directly whether the savings and increasing returns mechanisms hold in the data (see *Aid, Poverty Traps, and Growth* [World Bank Policy Research Paper 3631, 2005]). They point out that saving would have to follow an S-curve to generate a poverty trap, first increasing little with income, then increasing steeply, then flattening out again. They reject the S-curve in the data on saving and per-capita income. They also fail to find evidence of the technological non-convexities that also are necessary to create the poverty trap. They conclude there is little evidence for a poverty trap based on these mechanisms.

conomic-freedom hypothesis is correct) compared to actual income and so would predict faster growth.

The results are shown in Table 2.2. The poverty-trap hypothesis loses out decisively to the economic-freedom explanation as to who prospers. Actually, initially poor countries grow *faster* than rich ones, once you control for economic freedom.<sup>16</sup>

What about the role of foreign aid in launching the growth out of poverty? Does a “Big Push” of foreign aid lead to growth? There is a huge empirical literature on foreign aid and growth, with the latest verdicts being that foreign aid does *not* have any measurable impact on growth.<sup>17</sup> I go back to the well one more time to see how aid flows affect the simple hypothesis testing introduced in Table 2.2

In Table 2.3, I add foreign aid received as a ratio to Gross National Income of the recipient as an explanatory variable. Once again, there is the problem of reverse causality. I use the log of population size as an instrument for aid, taking advantage of a quirk in the aid system such that small countries receive large shares of their income as aid, unrelated to their economic performance or needs. Instrumenting for two right-hand-side variables at once leads to more complicated problems of identification and weak instruments, so let us treat this exercise as illustrative rather than definitive.

Controlling only for initial income and not for economic freedom, aid has no significant effect on economic growth. Once you control for economic freedom, aid has a negative and significant effect on growth. I am hesitant to stress this result too strongly, as the previous literature has generally found a zero effect of aid on growth, not negative. Much greater robustness testing is needed before the negative result can be taken too seriously, and the problem of weak instruments also needs much more examination. At the very least, however, this illustrative exercise is consistent with the previous literature that aid does not have a *positive* effect on growth.

**16** This contradicts a result by Sachs in *The End of Poverty* (p. 320), who showed a lack of a simple correlation between economic freedom and growth. He forgot to control for his own hypothesis of a poverty trap by including initial income.

**17** See the survey in W. Easterly, “Can Foreign Aid Buy Growth?”, *Journal of Economic Perspectives*, 17, 3 (Summer 2003), pp. 23–48, as well as W. Easterly, R. Levine and D. Roodman, “New Data, New Doubts: A Comment on Burnside and Dollar’s ‘Aid, Policies, and Growth’” [2000], *American Economic Review*, 94, 3 (June 2004), pp. 774–78. For the latest take on this literature, see Raghuram G. Rajan and Arvind Subramanian, *Aid and Growth: What Does the Cross-Country Evidence Really Show?*, (NBER Working Paper 11513, August 2005).

**Table 2.3: Per-Capita Growth 1960–2002 as Function of Aid, Initial Income, and Economic Freedom: Instrumental Variables Regressions**

	Regression 1	Regression 2
Aid/GNI 1960-2001	–0.001 (–1.43)	–0.003 (3.32)**
Log of initial income, 1960	–0.001 (–0.29)	–0.024 (2.68)**
Economic Freedom in the world, averaged 1970-2002		0.024 (2.09)*
Constant	0.025 (–0.95)	0.081 (–1.95)
Observations	94	65
Sargan overidentification test p-value		0.5718
* significant at 5%; ** significant at 1%		
Instrument for aid: Log of population in 1980		
Instruments for economic freedom: distance from equator, British, French, Socialist, or German legal origin		

### 3 Hayek and the iPod:<sup>18</sup> Why a World of Uneven and Unpredictable Economic Success Needs Economic Freedom

What the collectivist vision always misses is that success is rare, failure is common. Economic success is always very uneven and unpredictable, across almost any possible unit of analysis one might consider.<sup>19</sup> Economic freedom permits the decentralized search for success that is the hallmark of free markets. It is seldom known in advance what will succeed. Many thousands of searchers mount myriads of different trials as to what will please consumers. A free-market system gives rapid feedback as

**18** “iPod” is a trademark of Apple Computer, Inc., registered in the United States and other countries.

**19** A very thoughtful and entertaining discussion of this theme is in Virginia Postrel, *The Future and Its Enemies: the Growing Conflict over Creativity, Enterprise, and Progress* (Touchstone, 1998). She stresses a dichotomy between “stasis” and “dynamism” that is related to the dichotomy here between “collectivism” and “freedom.” Another insightful treatment of the need for economic freedom in a dynamic world is Brink Lindsey, *Against the Dead Hand: The Uncertain Struggle for Global Capitalism* (Wiley, 2002).

to which products are succeeding and which are not, and searchers adjust accordingly. Those activities that succeed attract more financing and more factors of production so that they can be scaled up enormously; those activities that fail to please consumers are discontinued. Planners don't have a search-and-feedback mentality; rather, they implement a preconceived notion of what will work and keep implementing it whether it is working or not.

Economic success stories are often unexpected and unpredicted. MP3 players were invented several years ago and seemed to offer great promise as a great new way for music lovers to listen to large amounts of their favorite music. Despite this promise, none of the early MP3 players caught consumers' fancy. (I was an "early adopter," buying one of these at a high price so I could see it die quickly.) Apple Computer, Inc., was known mainly for its strange failures in the PC market. It was a surprise when Apple Computer suddenly found a huge hit in the iPod mobile digital device, which as of March 2006 had 78% of the market for MP3 players. So far, Apple has sold 50 million iPods. The matching iTunes<sup>20</sup> application program for selling songs on-line via down-load to an iPod accounts for 87% of the legal music downloads in the United States.<sup>21</sup>

Ray Kroc was a salesman in the 1950s peddling Multimixers, a machine that mixed six milk shakes at a time. His original idea was to sell as many Multimixers as possible. In 1954, he visited a restaurant called "McDonald's" in San Bernadino, California. He noticed that the McDonald brothers kept eight Multimixers operating at full capacity around the clock. At first, he wanted to recommend their methods to his other clients, increasing the demand for his Multimixers. But then he changed his mind: he saw that preparing hamburgers, fries, and milk shakes on an assembly line was a way to run a successful chain of fast-food restaurants. He forgot all about Multimixers and the rest is Golden Arches stretching as far as the eye can see.<sup>22</sup> How many Ray Krocs has foreign aid lost by its emphasis on Plans?

Many consumer markets in the United States are similarly dominated by a small number of successful

brands. The Coca-Cola and Pepsi-Cola companies together have 75% of the American market for carbonated soft drinks. Dr Pepper/Seven Up is in third place with another 15%. The remaining 10% of the market is split up among a large number of much smaller firms.<sup>23</sup> Casual observation suggests many examples of brand dominance: Microsoft®, Starbucks®, Amazon.com®, Borders®, Barnes and Noble®, and so on. While brand dominance may reflect many factors about industrial organization, it also shows the incredible unevenness of product success associated with particular firms (as we will see in a minute), perhaps reflecting the kind of serendipity illustrated by the iPod and McDonald's®.

The uneven success of products is closely related to the uneven success of firms. Just 0.3% of firms in the United States accounted for 65% of all firm sales in 2002.<sup>24</sup> Firm size is well known to follow Zipf's law (also known as a power law), in which the log of the size is a negative linear function of the frequency of this size occurring (or equivalently the rank). Power laws have generated a lot of hype; for the purposes of this paper, it is enough to point out how large-scale success is rare, while failure is common. In other words, the frequency distribution of firms (or whatever unit we are interested in) has a fat and long right-hand side tail, of which there are many special cases such as a log-normal distribution and a power law (Pareto distribution).<sup>25</sup> In other words, most of the distribution is concentrated at some mediocre level, then there are a small number of firms that are just totally off the charts—way above what something like a standard bell curve would predict.

Even though large firms dominate the marketplace, it is not so easy to be a large firm. Of the world's largest 100 companies in 1912, some like Proctor & Gamble® and British Petroleum were many times larger in 1995. However, they were the exception, as 1912's big 100 firms also included such dinosaurs as Central Leather and Cudhay Packing in the United States. Only 19 of the top 100 in

<sup>20</sup> "iTunes" is a trademark of Apple Computer, Inc., registered in the United States and other countries.

<sup>21</sup> *Apple's Music Biz, iPod Share Grows* [sic], April 20, 2006, <<http://www.macnn.com/articles/06/04/20/apples.music.business/>>.

<sup>22</sup> This story is taken from William Duggan, *The Art of What Works: How Success Really Happens* (McGraw Hill, 2003).

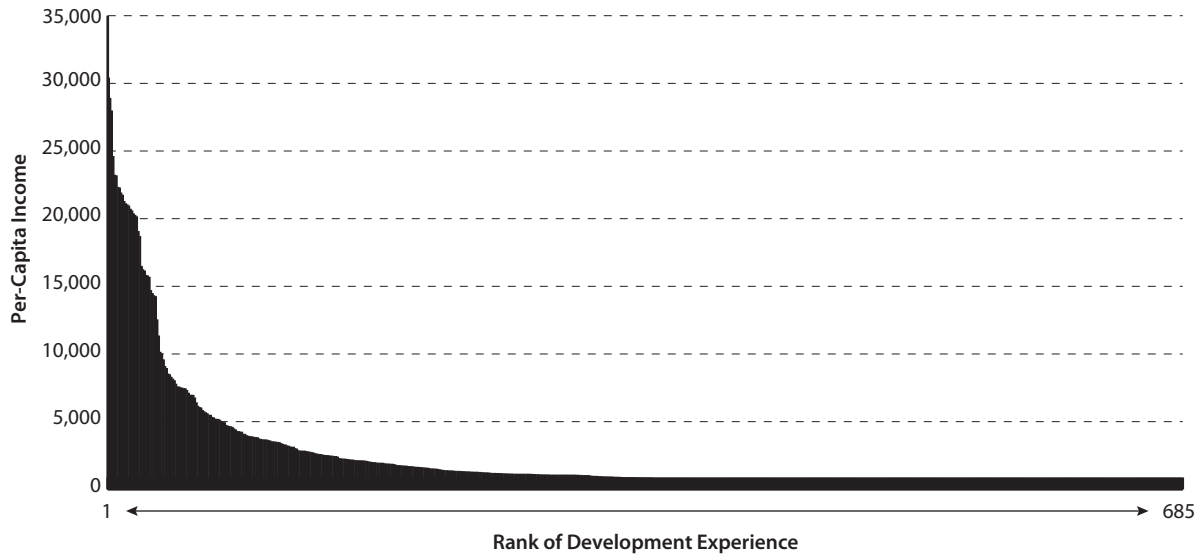
<sup>23</sup> "1997 Top-10 Soft Drink Companies and Brands," Editorial, *Beverage Digest* (February 12, 1998), <<http://www.beveragedigest.com/editorial/980212.html>>. Data refer to 1997.

<sup>24</sup> US Small Business Administration, Office of Advocacy, *Firm Size Data: Statistics of U.S. Businesses and Nonemployer Statistics* [2003], <<http://www.sba.gov/advo/research/data.html>>.

<sup>25</sup> Lada A. Adamic, Zipf, *Power-laws, and Pareto - a ranking tutorial* (Information Dynamics Lab, HP Labs), <<http://www.hpl.hp.com/research/idl/papers/ranking/ranking.html>>, is a helpful primer on power laws.



Figure 2.3: Per-capita Income by Rank of Development Experience



Note: Per-capita income in pooled cross-country sample, 1820, 19870, 1913, 2001.

Source: Angus Maddison, *The World Economy: A Millennial Perspective* (Organisation for Economic Cooperation and Development, 2001).

1912 were still in the top 100 in 1995, and 48 of 1912's big 100 had disappeared altogether by 1995.<sup>26</sup> Business books lay out the secrets for success of a few large companies celebrated by the author, only to see the firms fall upon hard times after the book is published. Business writers celebrated Enron® for its innovative approach right up to the last minute.<sup>27</sup> Even the most successful business gurus have their embarrassments: Tom Peters' 1982 mega-best-seller, *In Search of Excellence*, included among its celebrated companies some that would later go bankrupt such as Atari Corporation, Wang Laboratories, and Delta Air Lines.

The difficulty of achieving and maintaining success is not peculiar to large firms. Every year about 10% of existing firms of all sizes go out of business. Not that it is so easy to start a new firm to replace the ones that go out of business. More than half of new firms fail within four years of the founding in the United States.<sup>28</sup>

The economic success and failure of individuals is also well known to follow the same skewed tendencies. The distribution of individual income within countries generally follows a log-normal distribution for most of the range of income (covering 97–99 percent of individuals), with a power law covering the upper 1–3 percent of income earners.<sup>29</sup>

Moving to international data, economic development is of course spectacularly uneven across countries, as well as across time. Observations of high average income are confined to a few countries in recent periods, with large parts of the world and large parts of human history bereft of this kind of success. If we treat observations on all countries for the time periods 1820, 1870, 1913, 1950, and 2001 as separate development experiences, and rank them from highest to lowest income, we get the graph shown in Figure 2.3.<sup>30</sup> A small minority of episodes attain very high income but this falls off almost vertically as we move down the ranks.

<sup>26</sup> Paul Ormerod, *Why Most Things Fail: Evolution, Extinction, and Economics* (Pantheon Books, 2005).

<sup>27</sup> Ormerod, *Why Most Things Fail*.

<sup>28</sup> Amy E. Knaup, "Survival and Longevity in the Business Employment Dynamics Database," *Monthly Labor Review* 128, 5 (May, 2005), pp. 50–56; Brian Headd, "Redefining Business Success: Distinguishing between Closure and Failure," *Small Business Economics*, 21, 1 (August, 2003), pp. 51–61.

<sup>29</sup> This statement is based on F. Clementi and M. Gallegati, "Pareto's Law of Income Distribution: Evidence for Germany, the United Kingdom, and the United States," in A. Chatterjee, S. Yarlagadda, and B.K. Chakrabarti, *Econophysics of Wealth Distributions* (Springer-Verlag Italia, 2005), pp. 3–14. Digital versions available at <<http://arxiv.org/abs/physics/0504217>>. This article also provides a nice summary of the literature.

<sup>30</sup> Of course, these development experiences are not independent observations across either time or space.

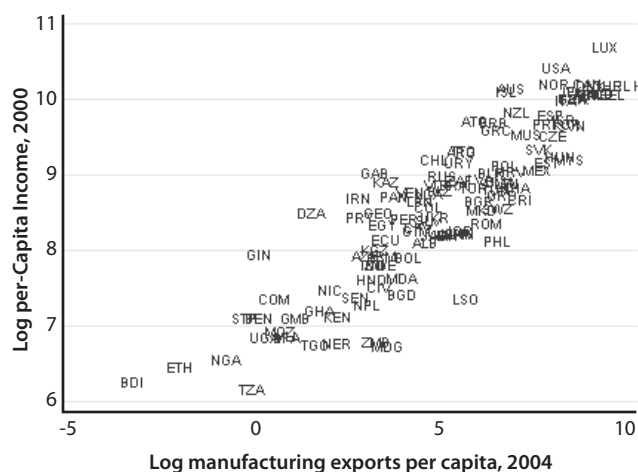
### Manufacturing Exports per Capita

An indicator of development that shows even greater variation across countries is manufacturing exports per capita.<sup>31</sup> This reflects many different factors: the transition from agriculture to manufacturing as countries develop, the many factors that influence openness to international trade and competitiveness in international markets, the gravity model of trade flows, and so on. At some more basic level than as a trade indicator, however, manufacturing exports reflects something that all countries can potentially do, and they are all competing in the same global marketplace. As an indicator, it also has the advantage of being evaluated at world market prices, unlike national incomes with different domestic prices, which are notoriously difficult to compare. Moreover, manufacturing exports are overwhelmingly dominated by the private sector and face a market test, unlike some of the components of GDP, such as a large government sector that is measured at cost rather than according to the value that individuals place on it. Success at exporting manufactures ranges all the way from Singapore's over \$25,000 per capita to Burundi's 2¢ per capita (Table 2.4).<sup>32</sup>

Whatever the advantages and disadvantages of manufacturing exports as a measure of success, manufacturing exports per capita are themselves highly correlated with the log of per-capita GDP, as shown in Figure 2.4. Not only is manufacturing export success itself spectacularly uneven across countries, it is also very uneven within each country across product categories. Data is available on manufacturing exports at the 6-digit product-classification level. Countries export as many as 2,236 different manufacturing products, with the average in the sample being 1,177 (Table 2.5). The top three out of this array of products account, on average, for 35% of export value, while the top 1% of products account for over half of exports. The distribution of export value across products is log normal, with the value within the top 20% of products (accounting for 94% of export value) following a power law.<sup>33</sup>

In other words, the big difference between Ireland and Burundi (both small populations, with Burundi larg-

Figure 2.4: Log per-Capita Income and Log Manufacturing Exports per Capita



Source: Author's calculations.

er) is not that Ireland performs better on everything, but that it found three manufacturing export products (parts and accessories of data processing equipment, monolithic integrated circuits except digital, and sound recordings other than photographic products) that earned it \$15 billion, while Burundi's top three (automobile spark ignition engine of 1500–3000 cc, sheet/tile and asbestos/cellulose fibre cement, and corrugated sheets of asbestos/cellulose fibre cement) earned it \$151,000.<sup>34</sup>

How do you achieve large-scale success on a few products? Again it is economic freedom that fosters success, finding the particular niche in international markets where the country can achieve enormous scale in exports. Burundi has one of the world's worst scores on economic freedom, while Ireland has one of the best. Economic freedom is highly correlated with manufacturing exports per capita (Figure 2.5). When we address causality by using the same instruments as above for economic freedom, we still find that economic freedom predicts success at manufacturing exports.

Why is economic freedom so conducive to large-scale manufacturing exports and to development in general? Why do planners fail so badly? In a world of great uncertainty and unpredictability, economic freedom succeeds for the following reasons.

<sup>31</sup> The work on manufacturing exports per capita draws on joint work with Ariell Reshef and Julia Schwenkenberg.

<sup>32</sup> Singapore's and Hong Kong's export numbers are unusual in that they involve significant re-exports.

<sup>33</sup> See William Easterly, Ariell Reshef, and Julia Schwenkenberg, "Export Specialization and Economic Development," unpublished manuscript, New York University (2006).

<sup>34</sup> The hyperspecialization of exports was previously pointed out by Ricardo Hausmann and Dani Rodrik, "Economic Development as Self-Discovery," unpublished manuscript, Harvard Kennedy School of Government (April 2003). This work inspired the exercises with exports here.

Table 2.4: Ranking of Countries by Manufacturing Exports per Capita (Manfexppc)

Exporter	Manfexppc	Rank	Exporter	Manfexppc	Rank	Exporter	Manfexppc	Rank
Singapore	\$25,335.56	1	Cyprus	\$419.24	50	Venezuela	\$37.76	99
Hong Kong	\$23,345.09	2	Kuwait	\$408.61	51	Bolivia	\$37.00	100
Ireland	\$11,714.59	3	Philippines	\$401.97	52	Peru	\$32.62	101
Belgium	\$9,230.09	4	Tunisia	\$387.58	53	Bangladesh	\$30.22	102
Luxembourg	\$7,687.62	5	Swaziland	\$382.05	54	Rep. of Moldova	\$30.19	103
Switzerland	\$7,667.51	6	Greece	\$369.04	55	Panama	\$24.48	104
Netherlands	\$6,331.30	7	Barbados	\$362.31	56	Kazakhstan	\$20.45	105
Sweden	\$5,650.80	8	Belarus	\$351.22	57	Madagascar	\$19.92	106
Malta	\$5,229.30	9	Romania	\$284.20	58	Ecuador	\$19.46	107
Macao	\$4,954.83	10	Macedonia	\$265.09	59	Egypt	\$17.71	108
Denmark	\$4,901.73	11	Latvia	\$263.87	60	Armenia	\$16.97	109
Finland	\$4,813.37	12	Bulgaria	\$243.14	61	Cote d'Ivoire	\$16.83	110
Germany	\$4,639.47	13	Fiji	\$228.84	62	Zimbabwe	\$16.22	111
Austria	\$4,540.26	14	Antigua	\$225.11	63	Georgia	\$15.80	112
Canada	\$4,451.37	15	Turkey	\$212.77	64	Zambia	\$15.09	113
France	\$3,216.17	16	Polynesia	\$179.70	65	Turkmenistan	\$14.93	114
Japan	\$3,128.05	17	Lesotho	\$176.12	66	Gabon	\$14.61	115
United Kingdom	\$3,033.86	18	Trinidad	\$168.23	67	India	\$14.57	116
Slovenia	\$2,953.41	19	South Africa	\$148.02	68	Kyrgyzstan	\$14.50	117
Italy	\$2,821.06	20	Argentina	\$147.09	69	Honduras	\$12.55	118
Malaysia	\$2,810.36	21	Jordan	\$142.34	70	Nepal	\$11.66	119
Rep. of Korea	\$2,569.26	22	China	\$135.91	71	Azerbaijan	\$11.50	120
Israel	\$2,529.26	23	Uruguay	\$135.34	72	Suriname	\$10.54	121
Hungary	\$2,134.28	24	Morocco	\$128.73	73	Iran	\$9.71	122
USA	\$1,924.84	25	Brazil	\$123.48	74	Paraguay	\$9.69	123
Czech Rep.	\$1,828.87	26	Maldives	\$117.37	75	Papua New Guinea	\$9.10	124
Norway	\$1,760.31	27	Indonesia	\$105.25	76	Senegal	\$8.67	125
Spain	\$1,698.14	28	Saudi Arabia	\$100.43	77	Kenya	\$5.25	126
Estonia	\$1,607.54	29	Botswana	\$93.58	78	Cuba	\$5.21	127
Portugal	\$1,546.50	30	Belize	\$88.85	79	Niger	\$5.16	128
Slovakia	\$1,270.32	31	Russia	\$87.83	80	Nicaragua	\$4.58	129
Mexico	\$1,221.76	32	Serbia	\$82.59	81	Ghana	\$3.19	130
Qatar	\$1,092.43	33	St Vincent	\$80.61	82	Togo	\$2.91	131
Mauritius	\$855.41	34	Jamaica	\$75.55	83	Sudan	\$2.72	132
Bahamas	\$782.86	35	Cambodia	\$74.78	84	Algeria	\$2.60	133
Costa Rica	\$778.15	36	Ukraine	\$71.13	85	Gambia	\$1.69	134
New Zealand	\$687.16	37	Chile	\$70.73	86	Mali	\$1.39	135
Thailand	\$676.73	38	New Caledo.	\$67.94	87	Burkina Faso	\$1.34	136
Bahrain	\$626.52	39	El Salvador	\$64.44	88	Mozambique	\$1.12	137
Australia	\$594.48	40	Saint Lucia	\$63.98	89	Comoros	\$0.91	138
Croatia	\$563.68	41	Greenland	\$62.61	90	Uganda	\$0.70	139
Iceland	\$554.48	42	Colombia	\$61.06	91	Guinea	\$0.66	140
Lithuania	\$534.74	43	Albania	\$59.54	92	Benin	\$0.62	141
Saint Kitts	\$492.98	44	Lebanon	\$50.10	93	Central Afr. Rep.	\$0.59	142
Poland	\$492.14	45	Cape Verde	\$46.99	94	Tanzania	\$0.54	143
Andorra	\$474.97	46	Mongolia	\$44.36	95	Sao Tome	\$0.44	144
Oman	\$452.07	47	Guatemala	\$43.93	96	Nigeria	\$0.25	145
Grenada	\$447.46	48	Namibia	\$40.19	97	Ethiopia	\$0.07	146
Dominica	\$426.75	49	Guyana	\$38.58	98	Burundi	\$0.02	147

**Table 2.5: Specialization: Share of Number of Products at 6-Digit Level Indicated in Total Manufacturing Export Value within Each Country, 2004**

Variable	Average for cross-country sample
Top 3	35.0%
Top 1%	51.0%
Top 10%	86.8%
Top 20%	94.2%
Bottom 50%	0.8%
Average number of products	1177
Maximum number of products	2236
Number of countries	149

Source: Author's calculations.

(1) There is a tremendous difficulty in knowing what will succeed. Economic freedom fosters competition and multiple attempts to find things that work, and weeds out the many failures. After a while, the economy consists mostly of the big successes, which facilitates a high standard of living. Planners cannot have enough knowledge of the complexities of success; moreover, they suffer from the delusion that they already know the answers.

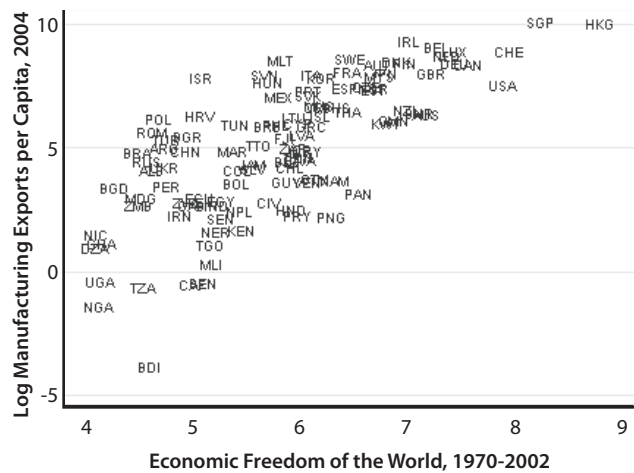
(2) Economic freedom gives markets, which are great feedback mechanisms for learning what is succeeding and what is failing. Central planning lacks feedback

(3) Economic freedom ruthlessly reallocates resources away from what is failing towards what is succeeding. Planning bureaucracies have departments that each constitute a vested interest resisting reallocation.

(4) Economic freedom makes it possible to increase the scale of a successful activity rapidly and by a huge magnitude. Financial markets allocate funds to finance an expansion in scale and the organizational form of the corporation permits replication of the same activity that worked on a small scale on a much larger scale. Financial markets and corporations require economic freedom to function well. Planning bureaucracies seldom show much flexibility in expanding successful activities on a large scale.

(5) Economic freedom makes possible sophisticated contracts that allow individuals and firms to deal with uncertainty. Given the rarity of success and the likelihood of failure, individuals and firms will only be willing to

**Figure 2.5: Economic Freedom 1970–2002 and Log Manufacturing Exports per Capita, 2004**



Source: Author's calculations.

bet on finding a big hit if they have the ability to diversify risk and are protected against catastrophic consequences from failure. Limited liability in corporations, bankruptcy law, and financial markets help achieve these tasks in the world shaped by economic freedom. Risk-averse planning bureaucracies opt for low-risk, low-return activities.

#### Individual Freedom and Progress

The idea that individual freedom leads to more progress than state planning is not new. It is part of a long intellectual tradition opposing top-down collectivist engineering in favor of bottom-up searching for solutions that goes back to Adam Smith and Edmund Burke. F.A. Hayek presciently noted more than 60 years ago how the complexity of knowledge required economic freedom and made planning impossible. A representative quotation is:

The interaction of individuals, possessing different knowledge and different views, is what constitutes the life of thought. The growth of reason is a social process based on the existence of such differences. It is of essence that its results cannot be predicted, that we cannot know which views will assist this growth and which will not—in short, that this growth cannot be governed by any views which we now possess without at the same time limiting it. To “plan” or “organize” the growth of mind, or for that matter, progress in general, is a contradiction in terms ... The tragedy of collectivist thought is that, while it starts out to make reason supreme, it ends by destroying reason because it misconceives the process on which the growth of reason depends ...

Individualism is thus an attitude of humility before this social process and of tolerance to other opinions and is the exact opposite of that intellectual hubris which is at the root of the demand for comprehensive direction of the social process.<sup>35</sup>

This is not to say that economic freedom is easy to achieve. Even when such principles as private property, freedom of choice of occupation, protection against state expropriation, freedom of entry and competition in markets, prices determined by markets and not by state fiat are understood, it is difficult to implement the principles in practice. These principles rest upon a complex assortment of social norms, informal networks, formal laws, and effective institutions. To the extent that planners understand some of these principles, their characteristic mistake is to try to introduce everything at once from the top down in the self-contradictory combination of a “market plan.” (Sachs, in an earlier incarnation, was the father of “shock therapy” for the ex-Communist countries, which tried to do exactly this.) Economic freedom is something that can only grow gradually within societies, with a lot of bottom-up searching for effective piecemeal reforms by political and economic actors—which helps explain why success at economic development is also relatively uncommon.

## 4 Conclusions

Alas, foreign aid has never been able to escape its collectivist origins. Today’s collectivist fantasies such as the Big Push to achieve the Millennium Development Goals will fail just as badly as past varieties of collectivism. Indeed, the UN itself reports that they are already failing (it creatively sees this as a reason to solicit yet more funding for the Big Push). A peek inside the patterns of economic success shows the complexity of knowledge required to succeed, which dooms planning efforts and makes clear why economic freedom is so reliably associated with economic success.

Foreign aid could create new opportunities for the world’s poorest people by getting them some of such essentials as medicines, education, and infrastructure, but only if foreign aid itself imitates the successful approach of economic freedom, by adopting a search and feedback approach with individual accountability instead of the current collectivist planning model. Even with these changes, outside aid cannot achieve the grandiose goal of transforming other societies to escape poverty into prosperity. Only home-grown gradual movements towards more economic freedom can accomplish that for the world’s poor. Fortunately, that is already happening.

---

<sup>35</sup> F.A. Hayek, *The Road to Serfdom* (University of Chicago Press, 1944), p. 181.



## Chapter 3: Country Data Tables

This chapter presents detailed data on the component variables used in constructing the EFW index for the 130 countries included in this study. For each country, we present the overall EFW index rating and the ranking of that country for the years 1985, 1990, 1995, 2000, 2001, 2002, 2003, and 2004. Like all the scores in the index, these are values out of 10; 10 is the highest possible score and zero (0) is the lowest. A higher score indicates a greater degree of economic freedom.

In the first column, titles in bold-face indicate the five areas of economic freedom that are combined to generate an overall score. The cells to their right give the scores (out of 10) for that particular area for each year.

Underneath each area title are the titles of the components that are combined to generate that par-

ticular area's score. In these rows are the scores (out of 10) for each year for which there are data available. In parentheses beside some scores are the actual data used to derive that particular component rating. The top row under the years shows the country's summary rating for each year and, in parentheses, its overall rank. The summary score is rounded to one decimal place for the country ranking.

A more complete description of each component, including the methodology used to calculate the ratings, can be found in the Appendix 1: Explanatory Notes and Data Sources (page 175).

Values are calculated back to 1970 but data for 1970, 1975, and 1980 are omitted from the tables due to limited space.

---

### Data Available to Researchers

The full data-set, including all of the data published in this report as well as data omitted due to limited space, can be freely downloaded at <<http://www.freetheworld.com>>. If you are using the data across time periods, it would be better to use the chain-link series presented in Chapter 1, Exhibit 1.5 (pages 19ff), and available at the website, for reasons outlined in that chapter. If you have any difficulties downloading the data, please feel free to contact us via e-mail to [freetheworld@fraserinstitute.ca](mailto:freetheworld@fraserinstitute.ca) or via telephone at +1.604.714.4563.

---

### Analytic software tool

Global Economic Software has developed a software research tool that aids the analysis of relationships between economic freedom and other factors. This tool incorporates all data from the *Economic Freedom of the World* and provides for collaborative exchange of data-sets created by other researchers. These extended data-sets are excellent for producing correlative graphs. The software is free of charge. More information is available at <<http://www.freetheworld.com>> and <<http://www.globaleconomicsoftware.com>>.





# Albania

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ►</b>		4.3 (97)	4.5 (107)	5.7 (93)	5.7 (92)	6.0 (80)	6.2 (73)	6.0 (83)
<b>1. Size of Government</b>	3.9	2.8	5.2	6.3	5.6	6.3	5.9	5.9
A. Government Consumption	7.8 (13.4)	4.9 (23.4)	7.8 (13.6)	9.1 (9.1)	9.1 (9.0)	9.5 (7.7)	8.3 (11.9)	8.3 (11.9)
B. Transfers and Subsidies		3.5 (24.3)	7.8 (8.4)	7.8 (8.6)	7.8 (8.6)	9.5 (2.4)	9.5 (2.4)	9.5 (2.4)
C. Government Enterprises and Investment	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	5.3	5.2	4.6	4.6	4.6	5.0	4.8	3.8
A. Judicial Independence								2.9
B. Impartial Courts			3.9	4.3	4.3	4.3	4.1	2.4
C. Protection of Intellectual Property								1.8
D. Military Interference			3.6	6.7	6.7	8.3	8.3	8.3
E. Integrity of Legal System			7.0	3.3	3.3	3.3	3.3	3.3
<b>3. Access to Sound Money</b>	6.5	6.5	3.3	7.4	7.1	7.1	9.4	9.2
A. Growth of Money Supply			0.0 (78.9)	9.6 (2.2)	9.3 (3.5)	8.5 (7.4)	8.5 (7.4)	8.5 (7.4)
B. Inflation Variability	9.6 (0.9)	9.6 (1.0)	0.0 (86.9)	5.0 (12.4)	4.8 (13.0)	6.4 (9.1)	9.3 (1.7)	8.8 (3.1)
C. Recent Annual Inflation	9.9 (0.4)	10.0 (0.0)	8.0 (9.8)	10.0 (0.1)	9.4 (3.1)	8.4 (7.8)	9.9 (0.5)	9.5 (2.3)
D. Freedom to Own Foreign Currency	0.0	0.0	5.0	5.0	5.0	5.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>			5.2	5.4	5.5	5.6	5.2	5.3
A. Taxes on International Trade			5.7	6.1	6.7	7.8	7.8	7.8
(i) Taxes as Percentage of Exports and Imports			5.7 (6.5)	5.1 (7.3)	5.1 (7.3)	7.7 (3.5)	7.7 (3.5)	7.7 (3.5)
(ii) Mean Tariff Rate				6.6 (17.0)	7.7 (11.7)	8.3 (8.3)	8.3 (8.3)	8.3 (8.3)
(iii) Variability of Tariff Rates				6.6 (8.5)	7.2 (6.9)	7.2 (6.9)	7.2 (6.9)	7.2 (6.9)
B. Regulatory Trade Barriers								4.9
(i) Hidden Import Barriers								5.4
(ii) Costs of Importing								4.4
C. Size of Trade Sector	0.0	0.0	0.0	1.0	1.1	1.1	0.6	0.6
D. Official versus Black Market Exchange Rates	0.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	2.0	1.5	1.5	0.8	0.8	3.2
(i) Access to Foreign Capital								5.6
(ii) Restrictions on Capital Transactions	0.0	0.0	2.0	1.5	1.5	0.8	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>		2.5	4.1	5.0	5.7	6.0	5.5	5.7
A. Regulation of Credit Markets		0.0	2.9	3.6	5.2	6.4	6.5	6.6
(i) Private Ownership of Banks		0.0	2.0	2.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks						9.0	9.0	9.0
(iii) Extension of Credit to Private Sector			0.7	0.9	1.7	1.6	2.2	2.5
(iv) Avoidance of Negative Real Interest Rates		0.0	6.0	8.0	9.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								5.7
(i) Impact of Minimum Wage								5.7
(ii) Flexibility in Hiring and Firing								6.3
(iii) Collective Bargaining								7.9
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0	0.0	3.0	10.0	10.0	10.0	3.0	3.0
C. Regulation of Business								4.6
(i) Price Controls		0.0	4.0	4.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation								2.6
(iii) Time Spent with Government Bureaucracy								4.3
(iv) Ease of Starting a New Business								6.1
(v) Irregular Payments to Government Officials								4.1

## Algeria

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.0 (95)		3.5 (108)		3.8 (118)		4.3 (120)		4.5 (120)		4.4 (120)		4.4 (123)		4.6 (124)	
<b>1. Size of Government</b>	2.3		2.6		4.4		3.9		4.2		4.1		3.6		3.6	
A. Government Consumption	4.5	(24.7)	5.2	(22.3)	5.3	(22.0)	4.5	(24.6)	4.5	(24.6)	4.2	(25.7)	4.0	(26.4)	4.0	(26.4)
B. Transfers and Subsidies					7.8	(8.4)	7.2	(10.6)	8.0	(7.8)	8.0	(7.8)	6.8	(12.3)	6.8	(12.3)
C. Government Enterprises and Investment	0.0	(55.8)	0.0	(57.6)	0.0		0.0		0.0		0.0		0.0		0.0	
D. Top Marginal Tax Rate																
(i) Top Marginal Income Tax Rate																
(ii) Top Marginal Income and Payroll Tax Rate																
<b>2. Legal Structure and Security of Property Rights</b>	3.5		3.5		3.7		2.9		2.9		2.7		2.7		3.1	
A. Judicial Independence											3.0		3.2		3.0	
B. Impartial Courts					3.6		3.8		3.8		3.7		3.8		4.1	
C. Protection of Intellectual Property											3.5		3.2		2.4	
D. Military Interference					0.0		0.0		0.0		0.0		0.0		2.2	
E. Integrity of Legal System					7.0		3.3		3.3		3.3		3.3		4.0	
<b>3. Access to Sound Money</b>	6.2		4.5		4.1		5.8		5.7		5.9		6.0		6.7	
A. Growth of Money Supply	7.3	(13.4)	9.3	(3.4)	8.1	(9.4)	7.9	(10.3)	7.8	(11.0)	8.1	(9.3)	8.1	(9.3)	8.1	(9.3)
B. Inflation Variability	8.3	(4.2)	5.5	(11.2)	4.1	(14.8)	5.2	(12.0)	5.8	(10.5)	5.6	(11.0)	6.4	(9.1)	9.4	(1.6)
C. Recent Annual Inflation	9.1	(4.6)	3.1	(34.4)	4.3	(28.5)	9.9	(0.3)	9.2	(4.2)	9.7	(1.4)	9.5	(2.6)	9.3	(3.6)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	3.9		3.7		4.0		5.8		5.5		5.6		5.6		5.5	
A. Taxes on International Trade	5.7		5.1		3.7		4.9		5.1		5.2		5.2		5.2	
(i) Taxes as Percentage of Exports and Imports					3.6	(9.6)	6.4	(5.5)	5.6	(6.7)	4.9	(7.6)	4.9	(7.6)	4.9	(7.6)
(ii) Mean Tariff Rate	5.7	(21.7)	5.1	(24.6)	5.4	(22.9)	5.1	(24.6)	5.5	(22.4)	6.2	(18.8)	6.3	(18.4)	6.3	(18.4)
(iii) Variability of Tariff Rates					2.2	(19.6)	3.4	(16.5)	4.3	(14.3)	4.3	(14.3)	4.3	(14.3)	4.3	(14.3)
B. Regulatory Trade Barriers											5.6		5.8		5.5	
(i) Hidden Import Barriers											4.5		4.7		5.2	
(ii) Costs of Importing											6.8		7.0		5.8	
C. Size of Trade Sector	5.6		5.1		5.9		6.3		5.7		5.9		5.9		5.9	
D. Official versus Black Market Exchange Rates	0.0		0.0		0.0		7.8		7.0		8.1		8.1		7.9	
E. Restrictions on Capital Markets	0.0		0.0		2.0		1.7		1.7		3.3		3.1		2.9	
(i) Access to Foreign Capital											5.8		5.4		4.9	
(ii) Restrictions on Capital Transactions	0.0		0.0		2.0		1.7		1.7		0.8		0.8		0.8	
<b>5. Regulation of Credit, Labor and Business</b>			3.1		2.9		3.2		4.2		3.8		4.1		4.3	
A. Regulation of Credit Markets	0.0		0.9		0.5		0.6		4.0		4.7		4.4		4.7	
(i) Private Ownership of Banks	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
(ii) Competition from Foreign Banks											6.0		6.0		6.0	
(iii) Extension of Credit to Private Sector			1.7		1.4		1.8		2.0		2.7		2.7		2.9	
(iv) Avoidance of Negative Real Interest Rates					0.0		0.0		10.0		10.0		9.0		10.0	
(v) Controls on Interest Rates																
B. Regulation of Labor Markets											3.4		3.6		3.7	
(i) Impact of Minimum Wage															4.8	
(ii) Flexibility in Hiring and Firing											4.0		4.3		4.1	
(iii) Collective Bargaining											5.2		5.5		4.8	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	5.0		1.0		1.0		1.0		1.0		1.0		1.0		1.0	
C. Regulation of Business											3.4		4.2		4.4	
(i) Price Controls			2.0		2.0		4.0		4.0		4.0		4.0		4.0	
(ii) Burden of Regulation											1.5		2.7		2.2	
(iii) Time Spent with Government Bureaucracy											2.8		5.5		5.8	
(iv) Ease of Starting a New Business											3.8		3.7		5.6	
(v) Irregular Payments to Government Officials											4.7		5.3		4.6	

# Argentina

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	3.9 (99)	4.8 (84)	6.7 (39)	7.2 (27)	6.5 (55)	6.0 (80)	5.8 (91)	6.2 (74)
<b>1. Size of Government</b>	5.2	6.7	7.7	7.8	7.9	7.7	7.8	8.2
A. Government Consumption	7.9 (13.0)	8.5 (11.0)	8.1 (12.6)	6.9 (16.6)	6.8 (17.0)	6.9 (16.5)	7.3 (15.3)	7.3 (15.1)
B. Transfers and Subsidies	6.9 (11.7)	8.2 (7.2)	7.3 (10.3)	7.2 (10.7)	7.0 (11.5)	7.0 (11.5)	7.0 (11.5)	8.3 (6.8)
C. Government Enterprises and Investment	4.0 (38.3)	6.0 (30.0)	8.0 (8.5)	10.0 (8.5)	10.0 (5.9)	10.0 (5.9)	10.0 (5.9)	10.0 (5.9)
D. Top Marginal Tax Rate	2.0	4.0	7.5	7.0	8.0	7.0	7.0	7.0
(i) Top Marginal Income Tax Rate	2.0 (62)	7.0 (35)	9.0 (30)	8.0 (35)	8.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (57)	6.0 (40)	6.0 (36-43)	8.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)
<b>2. Legal Structure and Security of Property Rights</b>	4.6	6.0	5.5	5.4	3.6	3.2	3.3	3.8
A. Judicial Independence			3.9	3.2	1.0	1.3	1.8	2.0
B. Impartial Courts			4.2	5.2	1.4	1.7	2.0	2.6
C. Protection of Intellectual Property			4.6	3.7	2.5	3.2	2.5	3.6
D. Military Interference			7.7	6.7	6.7	6.7	6.7	6.7
E. Integrity of Legal System			7.0	8.3	6.7	3.3	3.3	4.4
<b>3. Access to Sound Money</b>	2.5	2.5	6.6	9.7	9.4	7.0	6.0	7.4
A. Growth of Money Supply	0.0 (295.2)	0.0 (515.6)	7.1 (14.7)	9.5 (-2.5)	8.5 (-7.6)	8.9 (5.7)	7.1 (14.3)	5.7 (21.7)
B. Inflation Variability	0.0 (208.3)	0.0 (1198.8)	0.0 (52.4)	9.5 (1.2)	9.5 (1.2)	4.4 (14.1)	4.5 (13.6)	5.0 (12.5)
C. Recent Annual Inflation	0.0 (620.8)	0.0 (2064.2)	9.2 (3.9)	9.8 (-0.9)	9.8 (-1.1)	4.8 (25.9)	7.3 (13.4)	9.1 (4.4)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	5.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	2.9	4.3	7.0	6.4	6.1	6.8	6.7	6.2
A. Taxes on International Trade	3.1	3.2	7.5	7.5	7.7	7.0	7.0	6.6
(i) Taxes as Percentage of Exports and Imports	1.5 (12.7)	3.4 (9.9)	7.5 (3.7)	7.9 (3.1)	8.2 (2.7)	6.8 (4.7)	6.8 (4.7)	5.1 (7.4)
(ii) Mean Tariff Rate	4.6 (27.0)	5.9 (20.5)	7.9 (10.5)	7.5 (12.6)	7.7 (11.6)	7.1 (14.6)	7.1 (14.6)	7.7 (11.4)
(iii) Variability of Tariff Rates		0.3 (24.3)	7.0 (7.6)	7.0 (7.5)	7.1 (7.2)	7.1 (7.2)	7.1 (7.2)	7.1 (7.2)
B. Regulatory Trade Barriers			7.2	6.4	5.9	6.0	5.6	5.7
(i) Hidden Import Barriers			7.2	6.2	5.1	5.0	4.5	4.9
(ii) Costs of Importing				6.7	6.8	7.0	6.7	6.5
C. Size of Trade Sector	1.1	0.0	0.7	1.4	1.0	5.1	4.8	5.3
D. Official versus Black Market Exchange Rates	2.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	9.5	6.6	5.8	5.9	6.3	3.5
(i) Access to Foreign Capital			9.1	9.3	9.3	8.8	8.8	7.1
(ii) Restrictions on Capital Transactions	0.0	0.0	10.0	3.8	2.3	3.1	3.8	0.0
<b>5. Regulation of Credit, Labor and Business</b>	4.5	4.3	6.6	6.7	5.4	5.2	5.0	5.3
A. Regulation of Credit Markets	4.2	3.7	7.9	7.7	7.4	6.9	6.8	6.8
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks			8.6	7.3	7.3	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	7.6	6.1	7.6	6.9	6.4	3.3	3.0	3.1
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	10.0	10.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates			8.4	9.1	9.1	9.1	9.1	9.1
B. Regulation of Labor Markets	3.7	3.5	5.9	6.1	5.6	4.9	4.7	5.1
(i) Impact of Minimum Wage			6.0	4.4	4.4	4.4	4.4	6.2
(ii) Flexibility in Hiring and Firing		3.0	3.0	5.3	2.4	1.5	2.5	2.8
(iii) Collective Bargaining	5.2	5.2	5.2	4.8	5.1	5.7	4.7	4.9
(iv) Incentives from Unemployment Benefits	4.9	4.7	5.6	6.0	6.0	2.8	1.8	1.8
(v) Military Conscription	1.0	1.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			6.0	6.4	3.3	3.8	3.4	3.9
(i) Price Controls			8.0	8.0	3.0	3.0	1.0	0.0
(ii) Burden of Regulation				6.8	1.2	1.7	2.2	2.3
(iii) Time Spent with Government Bureaucracy			6.7	7.5	5.0	6.5	5.5	6.4
(iv) Ease of Starting a New Business			6.2	4.8	2.7	3.8	3.0	5.0
(v) Irregular Payments to Government Officials			3.2	5.1	4.7	4.1	5.4	5.6



# Australia

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	7.2 (6)	7.3 (9)	7.8 (8)	8.0 (9)	7.9 (8)	7.9 (7)	7.8 (9)	7.8 (11)
<b>1. Size of Government</b>	4.9	5.4	5.7	6.2	6.1	6.2	6.2	6.1
A. Government Consumption	4.8 (23.8)	5.2 (22.3)	5.5 (21.4)	4.7 -24.1	4.8 (23.7)	5.0 (23.0)	4.9 (23.2)	4.9 (23.3)
B. Transfers and Subsidies	6.9 (11.9)	7.2 (10.7)	6.3 (14.2)	7.1 (11.2)	6.7 (12.5)	6.8 (12.5)	6.8 (12.4)	6.7 (12.8)
C. Government Enterprises and Investment	6.0 (30.2)	6.0 (25.2)	7.0 (21.5)	10.0 (9.6)	10.0 (9.6)	10.0 (9.6)	10.0 (9.6)	10.0 (5.8)
D. Top Marginal Tax Rate	2.0	3.0	4.0	3.0	3.0	3.0	3.0	3.0
(i) Top Marginal Income Tax Rate	2.0 (60)	3.0 (49)	4.0 (47)	3.0 (47)	3.0 (47)	3.0 (47)	3.0 (47)	3.0 (47)
(ii) Top Marginal Income and Payroll Tax Rate		3.0 (49)	4.0 (48)	3.0 (49)	3.0 (49)	3.0 (49)	3.0 (49)	3.0 (49)
<b>2. Legal Structure and Security of Property Rights</b>	7.9	7.9	9.0	9.5	9.3	9.1	8.9	8.8
A. Judicial Independence			9.1	9.5	9.3	9.0	8.5	8.4
B. Impartial Courts			9.0	9.7	8.5	8.2	7.7	7.6
C. Protection of Intellectual Property			7.3	8.3	8.4	8.5	8.3	7.8
D. Military Interference			9.5	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	9.3	9.0	9.4	9.4	9.3	9.2	9.3	9.3
A. Growth of Money Supply	9.4 (3.2)	7.6 (12.0)	8.4 (7.8)	9.2 (4.0)	8.9 (5.5)	8.1 (9.4)	8.1 (9.7)	8.2 (9.0)
B. Inflation Variability	9.1 (2.2)	9.2 (2.0)	9.7 (0.6)	9.3 (1.8)	9.3 (1.8)	9.3 (1.8)	9.5 (1.2)	9.6 (1.0)
C. Recent Annual Inflation	8.8 (6.1)	9.3 (3.3)	9.4 (2.9)	9.1 (4.5)	9.1 (4.4)	9.4 (3.0)	9.4 (2.8)	9.5 (2.3)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.2	7.5	7.5	7.8	7.7	7.6	7.5	7.3
A. Taxes on International Trade	7.6	6.5	7.7	8.5	8.4	8.4	8.4	8.4
(i) Taxes as Percentage of Exports and Imports	7.9 (3.2)	7.9 (3.1)	8.8 (1.8)	9.1 (1.3)	9.0 (1.5)	8.9 (1.7)	8.9 (1.7)	8.9 (1.6)
(ii) Mean Tariff Rate	7.3 (13.3)	7.2 (14.2)	8.4 (8.2)	8.8 (5.8)	8.9 (5.4)	8.8 (5.9)	8.8 (5.9)	9.0 (5.1)
(iii) Variability of Tariff Rates		4.3 (14.3)	6.0 (10.1)	7.4 (6.5)	7.4 (6.5)	7.4 (6.5)	7.4 (6.5)	7.4 (6.5)
B. Regulatory Trade Barriers			6.4	8.8	8.7	9.0	8.7	8.1
(i) Hidden Import Barriers			6.4	8.1	8.0	8.2	8.0	7.7
(ii) Costs of Importing				9.5	9.4	9.8	9.3	8.6
C. Size of Trade Sector	5.4	4.9	5.3	5.7	5.3	5.1	4.6	4.6
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	8.0	8.3	6.1	6.1	5.6	6.0	5.2
(i) Access to Foreign Capital			8.5	9.1	9.1	8.8	9.6	8.2
(ii) Restrictions on Capital Transactions	5.0	8.0	8.0	3.1	3.1	2.3	2.3	2.3
<b>5. Regulation of Credit, Labor and Business</b>	6.6	6.6	7.3	7.2	7.2	7.4	7.4	7.7
A. Regulation of Credit Markets	8.7	9.7	9.0	8.8	8.7	9.0	9.1	9.2
(i) Private Ownership of Banks	8.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			7.9	6.5	6.5	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	8.0	9.0	9.2	9.2	9.6	9.8	9.5	9.9
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	9.0	9.0	10.0	10.0
(v) Controls on Interest Rates			8.1	8.2	8.2	8.2	8.2	8.2
B. Regulation of Labor Markets		6.6	5.4	5.6	5.9	6.2	6.1	6.6
(i) Impact of Minimum Wage			3.6	4.5	4.5	4.5	4.5	7.4
(ii) Flexibility in Hiring and Firing		4.5	4.5	3.1	4.2	4.7	3.8	4.1
(iii) Collective Bargaining	5.2	5.2	5.2	5.5	6.0	6.2	6.5	6.1
(iv) Incentives from Unemployment Benefits			3.9	4.7	4.7	5.8	5.6	5.6
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			7.5	7.3	6.9	7.0	6.8	7.1
(i) Price Controls		6.0	7.0	7.0	8.0	8.0	8.0	8.0
(ii) Burden of Regulation				6.7	3.6	3.8	4.0	3.3
(iii) Time Spent with Government Bureaucracy			7.2	6.2	6.5	6.5	6.5	7.1
(iv) Ease of Starting a New Business			6.8	7.4	7.5	7.7	6.7	8.2
(v) Irregular Payments to Government Officials			9.2	9.0	8.9	9.0	9.0	8.8

## Austria

	1985		1990		1995		2000		2001		2002		2003		2004			
Summary Ratings (Rank) ▶	6.4 (21)		6.8 (17)		7.0 (28)		7.5 (16)		7.6 (14)		7.5 (16)		7.7 (13)		7.7 (12)			
<b>1. Size of Government</b>	3.0		3.1		2.8		3.4		4.8		4.8		5.1		5.2			
A. Government Consumption	4.3	(25.2)	4.4	(25.0)	4.0	(26.4)	4.2	(25.9)	4.4	(25.0)	4.4	(24.9)	4.5	(24.7)	4.7	(24.2)		
B. Transfers and Subsidies	3.8	(23.1)	4.0	(22.4)	3.3	(25.2)	3.6	(23.9)	2.9	(26.4)	2.7	(27.4)	2.6	(27.7)	2.6	(27.7)		
C. Government Enterprises and Investment	2.0	(42.0)	2.0		2.0		4.0		10.0	(7.7)	10.0	(7.7)	10.0	(5.9)	10.0	(5.9)		
D. Top Marginal Tax Rate	2.0		2.0		2.0		2.0		2.0		2.0		3.5		3.5			
(i) Top Marginal Income Tax Rate	2.0	(62)	4.0	(50)	4.0	(50)	4.0	(50)	4.0	(50)	4.0	(50)	4.0	(50)	4.0	(50)		
(ii) Top Marginal Income and Payroll Tax Rate	0.0		(62)		0.0		(66)		0.0		(67)		3.0		(54)			
<b>2. Legal Structure and Security of Property Rights</b>	7.9		8.3		8.8		9.3		8.9		8.6		8.8		8.7			
A. Judicial Independence					8.8		9.0		8.3		7.5		7.8		8.0			
B. Impartial Courts					7.7		9.0		7.9		8.0		8.3		7.8			
C. Protection of Intellectual Property					7.7		8.7		8.4		7.3		7.8		7.6			
D. Military Interference					10.0		10.0		10.0		10.0		10.0		10.0			
E. Integrity of Legal System					10.0		10.0		10.0		10.0		10.0		10.0			
<b>3. Access to Sound Money</b>	8.4		9.6		9.5		9.6		9.6		9.6		9.6		9.6			
A. Growth of Money Supply	9.5	(2.3)	9.2	(4.0)	8.9	(5.4)	9.2	(4.1)	9.1	(4.6)	9.1	(4.5)	9.0	(4.8)	9.0	(5.1)		
B. Inflation Variability	9.5	(1.2)	9.7	(0.6)	9.7	(0.8)	9.8	(0.4)	9.8	(0.6)	9.8	(0.6)	9.8	(0.5)	9.9	(0.3)		
C. Recent Annual Inflation	9.4	(3.1)	9.3	(3.5)	9.6	(2.1)	9.5	(2.4)	9.5	(2.7)	9.6	(1.8)	9.7	(1.4)	9.6	(2.1)		
D. Freedom to Own Foreign Currency	5.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
<b>4. Freedom to Exchange with Foreigners</b>	7.0		7.3		8.1		8.6		8.5		8.4		8.4		8.3			
A. Taxes on International Trade	8.8		7.9		8.7		9.2		9.0		9.1		9.2		9.2			
(i) Taxes as Percentage of Exports and Imports	9.6	(0.6)	9.5	(0.7)	9.9	(0.2)	9.8	(0.3)	9.8	(0.3)	9.9	(0.2)	9.9	(0.2)	9.9	(0.2)		
(ii) Mean Tariff Rate	8.0	(10.0)	8.3	(8.7)	8.7	(6.7)	9.5	(2.4)	9.2	(3.9)	9.4	(3.1)	9.7	(1.4)	9.6	(1.8)		
(iii) Variability of Tariff Rates			6.0		(10.1)		7.6		(5.9)		8.2		(4.4)		8.0		(4.9)	
B. Regulatory Trade Barriers					8.1		9.2		8.8		8.7		8.8		8.5			
(i) Hidden Import Barriers					8.1		8.8		8.3		8.0		8.2		7.8			
(ii) Costs of Importing							9.5		9.2		9.4		9.5		9.1			
C. Size of Trade Sector	5.8		5.4		5.0		6.4		6.5		6.3		6.1		6.3			
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
E. Restrictions on Capital Markets	2.0		5.0		8.5		8.1		8.1		8.1		8.1		7.5			
(i) Access to Foreign Capital					9.0		9.3		9.3		9.2		9.2		8.1			
(ii) Restrictions on Capital Transactions	2.0		5.0		8.0		6.9		6.9		6.9		6.9		6.9			
<b>5. Regulation of Credit, Labor and Business</b>	5.5		5.5		5.9		6.5		6.2		6.2		6.4		6.7			
A. Regulation of Credit Markets	7.6		7.5		6.9		8.4		8.4		8.4		8.4		8.4			
(i) Private Ownership of Banks	5.0		5.0		5.0		10.0		10.0		10.0		10.0		10.0			
(ii) Competition from Foreign Banks					6.5		5.7		5.7		5.7		5.7		5.7			
(iii) Extension of Credit to Private Sector	7.8		7.4		7.3		8.1		8.3		8.3		8.3		8.3			
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		8.0		10.0		10.0		10.0		10.0		10.0			
(v) Controls on Interest Rates					7.8		8.1		8.1		8.1		8.1		8.1			
B. Regulation of Labor Markets	4.6		4.6		4.3		3.9		4.2		3.8		4.0		4.4			
(i) Impact of Minimum Wage					4.6		4.6		4.6		4.6		4.6		6.6			
(ii) Flexibility in Hiring and Firing					4.8		3.1		3.9		4.0		4.2		4.7			
(iii) Collective Bargaining	4.5		4.5		4.5		3.5		4.5		2.8		3.3		2.9			
(iv) Incentives from Unemployment Benefits	4.4		4.2		4.5		5.2		5.2		4.4		5.1		5.1			
(v) Military Conscription	5.0		5.0		3.0		3.0		3.0		3.0		3.0		3.0			
C. Regulation of Business					6.4		7.3		5.9		6.4		6.7		7.2			
(i) Price Controls			5.0		8.0		8.0		7.0		7.0		8.0		9.0			
(ii) Burden of Regulation							7.5		3.3		4.5		5.5		3.9			
(iii) Time Spent with Government Bureaucracy					6.5		7.4		6.0		6.3		6.0		8.1			
(iv) Ease of Starting a New Business					3.7		5.4		4.9		5.8		5.5		6.4			
(v) Irregular Payments to Government Officials					7.5		8.3		8.1		8.5		8.7		8.7			

# Azerbaijan

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ►</b>								6.0 (83)
<b>1. Size of Government</b>								6.2
A. Government Consumption								7.6 (14.2)
B. Transfers and Subsidies								
C. Government Enterprises and Investment								6.0
D. Top Marginal Tax Rate								5.0
(i) Top Marginal Income Tax Rate								7.0 (35)
(ii) Top Marginal Income and Payroll Tax Rate								3.0 (50)
<b>2. Legal Structure and Security of Property Rights</b>								4.6
A. Judicial Independence								3.0
B. Impartial Courts								3.7
C. Protection of Intellectual Property								3.0
D. Military Interference								6.7
E. Integrity of Legal System								6.7
<b>3. Access to Sound Money</b>								7.6
A. Growth of Money Supply								
B. Inflation Variability								9.2 (2.1)
C. Recent Annual Inflation								8.7 (6.7)
D. Freedom to Own Foreign Currency								5.0
<b>4. Freedom to Exchange with Foreigners</b>								6.2
A. Taxes on International Trade								8.1
(i) Taxes as Percentage of Exports and Imports								
(ii) Mean Tariff Rate								8.1 (9.7)
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers								2.0
(i) Hidden Import Barriers								4.0
(ii) Costs of Importing								0.0
C. Size of Trade Sector								5.9
D. Official versus Black Market Exchange Rates								10.0
E. Restrictions on Capital Markets								4.8
(i) Access to Foreign Capital								6.6
(ii) Restrictions on Capital Transactions								3.1
<b>5. Regulation of Credit, Labor and Business</b>								5.6
A. Regulation of Credit Markets								7.3
(i) Private Ownership of Banks								5.0
(ii) Competition from Foreign Banks								6.0
(iii) Extension of Credit to Private Sector								8.0
(iv) Avoidance of Negative Real Interest Rates								10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								5.4
(i) Impact of Minimum Wage								7.3
(ii) Flexibility in Hiring and Firing								6.2
(iii) Collective Bargaining								7.1
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription								1.0
C. Regulation of Business								4.0
(i) Price Controls								
(ii) Burden of Regulation								4.1
(iii) Time Spent with Government Bureaucracy								6.7
(iv) Ease of Starting a New Business								0.0
(v) Irregular Payments to Government Officials								5.3





# Bahrain

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.9 (14)	6.8 (17)	6.9 (34)	7.2 (27)	7.2 (23)	7.1 (29)	7.2 (29)	7.0 (40)
<b>1. Size of Government</b>	6.0	5.9	6.2	6.8	6.8	6.6	6.5	6.7
A. Government Consumption	0.0 (43.5)	0.0 (43.8)	1.4 (35.2)	3.8 (27.2)	3.5 (28.0)	2.9 (30.2)	2.6 (31.2)	3.3 (28.9)
B. Transfers and Subsidies	10.0 (0.0)	9.6 (1.8)	9.3 (3.1)	9.4 (2.6)	9.6 (1.8)	9.5 (2.4)	9.5 (2.4)	9.5 (2.2)
C. Government Enterprises and Investment	4.0 (31.7)	4.0	4.0	4.0	4.0	4.0	4.0	4.0
D. Top Marginal Tax Rate	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(i) Top Marginal Income Tax Rate	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)
(ii) Top Marginal Income and Payroll Tax Rate		10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)
<b>2. Legal Structure and Security of Property Rights</b>	5.7	5.7	5.9	5.9	5.9	5.9	6.0	5.5
A. Judicial Independence							5.7	4.6
B. Impartial Courts			6.7	6.3	6.3	6.3	5.3	4.2
C. Protection of Intellectual Property							5.7	5.2
D. Military Interference			6.1	5.0	5.0	5.0	5.0	5.0
E. Integrity of Legal System			7.0	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	8.6	8.8	9.4	9.1	8.9	8.7	8.7	8.3
A. Growth of Money Supply	8.5 (7.7)	9.5 (2.7)	9.2 (-3.8)	9.7 (1.5)	8.8 (6.0)	8.5 (7.3)	8.3 (8.5)	8.3 (8.3)
B. Inflation Variability	6.3 (9.2)	6.9 (7.7)	8.7 (3.3)	6.9 (7.7)	6.9 (7.8)	6.4 (9.0)	6.7 (8.2)	6.6 (8.5)
C. Recent Annual Inflation	9.6 (-1.8)	8.6 (6.8)	9.8 (1.0)	9.9 (-0.7)	10.0 (0.2)	9.8 (1.2)	9.7 (1.6)	8.3 (8.3)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.2	7.3	6.8	7.7	7.6	7.7	7.9	7.7
A. Taxes on International Trade	9.2	9.3	9.1	9.1	9.1	9.2	9.2	9.4
(i) Taxes as Percentage of Exports and Imports	9.5 (0.7)	9.3 (1.1)	9.1 (1.4)	9.1 (1.3)	9.1 (1.4)	9.2 (1.2)	9.2 (1.2)	9.4 (0.9)
(ii) Mean Tariff Rate	8.8 (6.0)							
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers							8.6	8.5
(i) Hidden Import Barriers							7.7	7.4
(ii) Costs of Importing							9.5	9.5
C. Size of Trade Sector	6.6	6.8	4.7	4.3	4.0	4.2	4.2	4.3
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	2.0	6.9	6.9	6.9	7.5	6.2
(i) Access to Foreign Capital							8.0	7.1
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	6.9	6.9	6.9	6.9	5.4
<b>5. Regulation of Credit, Labor and Business</b>	7.0	6.4	6.4	6.7	6.6	6.6	7.2	7.0
A. Regulation of Credit Markets	8.4	8.5	8.2	9.3	9.0	8.8	8.9	8.8
(i) Private Ownership of Banks	8.0	8.0	8.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks						7.0	7.0	7.0
(iii) Extension of Credit to Private Sector	8.7	7.5	8.7	8.0	8.1	8.4	8.6	8.1
(iv) Avoidance of Negative Real Interest Rates		10.0	8.0	10.0	9.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets							7.1	7.4
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing							3.2	3.5
(iii) Collective Bargaining							8.0	8.6
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business							5.5	4.9
(i) Price Controls		4.0	4.0	4.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation							4.3	3.7
(iii) Time Spent with Government Bureaucracy							5.0	3.2
(iv) Ease of Starting a New Business							6.7	6.7
(v) Irregular Payments to Government Officials							7.6	6.9

## Bangladesh

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.0 (95)		4.7 (90)		5.5 (79)		5.7 (93)		5.8 (87)		5.9 (85)		5.7 (96)		5.7 (95)	
<b>1. Size of Government</b>	4.3		7.0		7.7		7.7		8.1		8.1		8.1		8.1	
A. Government Consumption	10.0	(5.4)	10.0	(4.8)	10.0	(5.3)	10.0	(5.6)	10.0	(5.5)	10.0	(5.4)	10.0	(6.1)	10.0	(6.1)
B. Transfers and Subsidies									9.3	(3.2)	9.3	(3.2)	9.4	(2.6)	9.4	(2.6)
C. Government Enterprises and Investment	2.0	(46.6)	2.0	(47.1)	4.0	(34.0)	4.0	(32.0)	4.0	(30.0)	4.0	(30.0)	4.0	(30.0)	4.0	(30.0)
D. Top Marginal Tax Rate	1.0		9.0		9.0		9.0		9.0		9.0		9.0		9.0	
(i) Top Marginal Income Tax Rate	1.0	(60)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)
(ii) Top Marginal Income and Payroll Tax Rate			9.0 (25)		9.0 (25)		9.0 (25)		9.0 (25)		9.0 (25)		9.0 (25)		9.0 (25)	
<b>2. Legal Structure and Security of Property Rights</b>	2.5		2.4		5.0		3.5		3.0		3.2		2.7		2.7	
A. Judicial Independence									3.7		3.2		2.7		2.8	
B. Impartial Courts					3.9		4.2		2.6		2.8		2.5		2.9	
C. Protection of Intellectual Property							2.0		1.9		1.8		1.8		1.9	
D. Military Interference					5.3		3.3		3.3		5.0		5.0		4.2	
E. Integrity of Legal System					7.0		3.3		3.3		3.3		1.7		1.7	
<b>3. Access to Sound Money</b>	6.0		6.9		6.4		7.0		7.0		6.9		6.9		7.0	
A. Growth of Money Supply	7.4	(13.1)	9.5	(2.7)	8.0	(10.0)	9.1	(4.6)	9.0	(5.2)	9.0	(4.8)	9.3	(3.6)	9.3	(3.6)
B. Inflation Variability	8.8	(3.1)	9.2	(2.1)	9.0	(2.4)	9.5	(1.4)	9.3	(1.6)	9.3	(1.6)	9.4	(1.4)	9.4	(1.5)
C. Recent Annual Inflation	7.8	(11.1)	9.0	(4.9)	8.7	(6.7)	9.6	(2.2)	9.6	(2.0)	9.3	(3.3)	8.9	(5.7)	9.4	(3.2)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	2.1		1.8		3.2		5.1		5.5		5.7		5.5		5.4	
A. Taxes on International Trade	0.0		0.6		1.4		5.2		4.8		4.6		4.9		5.3	
(i) Taxes as Percentage of Exports and Imports	0.0	(17.9)	1.9	(12.1)	4.3	(8.6)	5.3	(7.0)	4.1	(8.9)	3.5	(9.8)	4.5	(8.2)	4.5	(8.2)
(ii) Mean Tariff Rate	0.0	(86.0)	0.0	(102.2)	0.0	(81.2)	5.7	(21.6)	5.7	(21.6)	5.7	(21.6)	5.7	(21.6)	6.7	(16.4)
(iii) Variability of Tariff Rates			0.0 (50.4)		0.0 (26.1)		4.6 (13.6)		4.6 (13.6)		4.6 (13.6)		4.6 (13.6)		4.6 (13.6)	
B. Regulatory Trade Barriers							4.7		5.9		6.0		5.8		5.1	
(i) Hidden Import Barriers							4.7		4.5		4.8		4.7		5.7	
(ii) Costs of Importing									7.2		7.3		7.0		4.6	
C. Size of Trade Sector	2.4		0.0		1.8		2.7		3.5		3.7		2.6		2.6	
D. Official versus Black Market Exchange Rates	0.0		0.0		4.4		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		0.0		2.9		3.3		4.4		4.4		4.0	
(i) Access to Foreign Capital							5.9		5.9		8.0		8.0		7.2	
(ii) Restrictions on Capital Transactions	0.0		0.0		0.0		0.0		0.8		0.8		0.8		0.8	
<b>5. Regulation of Credit, Labor and Business</b>	5.3		5.2		5.0		5.5		5.3		5.4		5.4		5.4	
A. Regulation of Credit Markets	4.2		5.8		5.1		5.9		5.9		5.8		5.7		5.7	
(i) Private Ownership of Banks	0.0		0.0		0.0		2.0		2.0		2.0		2.0		2.0	
(ii) Competition from Foreign Banks							5.9		5.9		5.9		5.9		5.9	
(iii) Extension of Credit to Private Sector	6.6		7.3		7.4		8.0		7.9		7.6		7.8		7.9	
(iv) Avoidance of Negative Real Interest Rates	6.0		10.0		8.0		10.0		10.0		10.0		9.0		9.0	
(v) Controls on Interest Rates							3.7		3.7		3.7		3.7		3.7	
B. Regulation of Labor Markets							6.6		6.6		6.8		6.8		6.7	
(i) Impact of Minimum Wage							4.6		4.6		4.6		4.6		4.8	
(ii) Flexibility in Hiring and Firing							5.0		5.0		5.3		5.0		5.0	
(iii) Collective Bargaining							6.6		6.8		7.3		7.5		7.1	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business							4.0		3.5		3.7		3.7		3.7	
(i) Price Controls			0.0		0.0		0.0		6.0		6.0		6.0		6.0	
(ii) Burden of Regulation							7.6		1.7		1.7		2.2		2.4	
(iii) Time Spent with Government Bureaucracy							5.7		3.3		4.5		4.0		2.5	
(iv) Ease of Starting a New Business							4.6		3.8		3.8		3.8		5.2	
(v) Irregular Payments to Government Officials							1.9		2.5		2.3		2.3		2.4	

# Barbados

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.0 (33)	5.9 (42)	6.0 (65)	5.6 (96)	5.8 (87)	5.8 (89)	6.1 (80)	6.1 (80)
<b>1. Size of Government</b>	5.4	5.9	6.1	4.7	3.9	3.8	3.8	3.8
A. Government Consumption	4.5 (24.6)	4.7 (24.1)	5.1 (22.7)	4.6 (24.3)	4.2 (25.6)	4.0 (26.4)	4.0 (26.4)	4.0 (26.4)
B. Transfers and Subsidies	10.0 (0.0)	10.0 (0.5)	10.0 (0.0)					
C. Government Enterprises and Investment	6.0 (22.5)	6.0	6.0	6.0	4.0 (33.9)	4.0 (33.9)	4.0 (33.9)	4.0 (33.9)
D. Top Marginal Tax Rate	1.0	3.0	3.5	3.5	3.5	3.5	3.5	3.5
(i) Top Marginal Income Tax Rate	1.0 (60)	4.0 (50)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)
(ii) Top Marginal Income and Payroll Tax Rate		2.0 (54)	2.0 (53)	2.0 (53)	2.0 (52)	2.0 (53)	2.0 (53)	2.0 (53)
<b>2. Legal Structure and Security of Property Rights</b>	5.7	5.7	4.6	5.2	6.6	6.6	8.3	8.3
A. Judicial Independence			5.0	5.0				
B. Impartial Courts			6.3	7.6	7.6	7.6	7.7	7.7
C. Protection of Intellectual Property			3.0	3.0				
D. Military Interference							10.0	10.0
E. Integrity of Legal System			4.1					
<b>3. Access to Sound Money</b>	6.7	6.5	7.2	6.8	6.7	7.1	6.9	6.9
A. Growth of Money Supply	8.8 (5.8)	8.6 (7.1)	9.3 (-3.4)	7.9 (10.5)	8.0 (10.2)	8.7 (6.3)	8.3 (8.3)	8.3 (8.3)
B. Inflation Variability	8.6 (3.5)	8.6 (3.4)	9.5 (1.3)	9.6 (1.0)	9.4 (1.4)	9.5 (1.3)	9.6 (1.1)	9.6 (1.0)
C. Recent Annual Inflation	9.2 (4.1)	8.9 (5.5)	10.0 (0.3)	9.5 (2.4)	9.5 (2.6)	10.0 (0.2)	9.7 (1.6)	9.7 (1.4)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	5.4	4.8	5.3	5.1	5.0	5.1	5.0	5.0
A. Taxes on International Trade	7.2	6.1	6.6	6.2	6.2	6.2	7.1	7.1
(i) Taxes as Percentage of Exports and Imports	7.7 (3.4)	7.6 (3.6)	7.8 (3.3)				7.9 (3.1)	7.9 (3.1)
(ii) Mean Tariff Rate	6.6 (17.0)		7.2 (14.1)	6.2 (19.0)	6.2 (19.0)	6.2 (19.0)	6.2 (19.0)	6.2 (19.0)
(iii) Variability of Tariff Rates		4.5 (13.7)	4.8 (13.1)					
B. Regulatory Trade Barriers								
(i) Hidden Import Barriers								
(ii) Costs of Importing								
C. Size of Trade Sector	3.9	1.7	2.4	1.2	0.6	1.1	1.0	1.0
D. Official versus Black Market Exchange Rates	7.8	8.0	9.4	9.8	9.8	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>	6.9	6.6	6.6	6.4	6.6	6.6	6.7	6.7
A. Regulation of Credit Markets	8.4	8.2	8.2	7.7	8.3	8.2	8.1	8.2
(i) Private Ownership of Banks	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	7.1	6.7	6.6	7.1	6.9	6.7	6.4	6.6
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	8.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		6.0	6.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								
(v) Irregular Payments to Government Officials								

## Belgium

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	7.1 (8)		7.3 (9)		7.2 (23)		7.5 (16)		7.4 (17)		7.3 (21)		7.4 (20)		7.3 (24)	
<b>1. Size of Government</b>	3.6		4.2		4.0		3.5		4.6		4.5		4.4		4.3	
A. Government Consumption	5.8	(20.3)	6.4	(18.1)	6.2	(18.9)	3.5	(28.3)	3.5	(28.2)	3.5	(28.0)	3.1	(29.3)	2.9	(30.1)
B. Transfers and Subsidies	2.6	(27.6)	3.3	(25.0)	3.0	(26.3)	3.4	(24.9)	3.8	(23.2)	3.4	(24.6)	3.3	(25.2)	3.3	(25.2)
C. Government Enterprises and Investment	6.0	(25.3)	6.0	(27.0)	6.0		6.0		10.0	(8.6)	10.0	(8.6)	10.0	(8.3)	10.0	(8.3)
D. Top Marginal Tax Rate	0.0		1.0		1.0		1.0		1.0		1.0		1.0		1.0	
(i) Top Marginal Income Tax Rate	0.0	(76)	2.0	(55-61)	1.0	(58-64)	2.0	(58-63)	2.0	(53-57)	2.0	(50-54)	2.0	(50-55)	2.0	(50-55)
(ii) Top Marginal Income and Payroll Tax Rate			0.0	(70)	1.0	(58-64)	0.0	(71)	0.0	(69-72)	0.0	(64-68)	0.0	(62-66)	0.0	(62-66)
<b>2. Legal Structure and Security of Property Rights</b>	7.9		8.3		7.5		8.3		7.8		7.7		7.9		7.6	
A. Judicial Independence					5.8		7.3		6.2		6.7		7.5		6.9	
B. Impartial Courts					6.4		8.2		6.6		6.2		6.2		6.0	
C. Protection of Intellectual Property					6.9		7.6		7.8		7.2		7.5		6.7	
D. Military Interference					8.5		10.0		10.0		10.0		10.0		10.0	
E. Integrity of Legal System					10.0		8.3		8.3		8.3		8.3		8.3	
<b>3. Access to Sound Money</b>	9.6		9.6		9.7		9.6		9.7		9.7		9.7		9.6	
A. Growth of Money Supply	9.7	(1.6)	9.4	(2.9)	9.6	(1.9)	9.1	(4.5)	9.2	(4.0)	9.1	(4.4)	9.1	(4.7)	9.0	(5.0)
B. Inflation Variability	9.8	(0.6)	9.6	(1.0)	9.6	(0.9)	9.9	(0.2)	9.9	(0.2)	9.9	(0.3)	9.9	(0.3)	9.8	(0.5)
C. Recent Annual Inflation	8.8	(6.1)	9.4	(3.1)	9.7	(1.7)	9.5	(2.5)	9.5	(2.5)	9.7	(1.6)	9.7	(1.6)	9.6	(2.1)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	9.0		8.7		8.5		9.0		8.9		8.8		8.8		8.5	
A. Taxes on International Trade	9.2		8.5		8.7		9.2		9.0		9.1		9.1		9.2	
(i) Taxes as Percentage of Exports and Imports	9.8	(0.3)	9.7	(0.4)	9.7	(0.4)	9.8	(0.3)	9.8	(0.3)	9.9	(0.2)	9.9	(0.2)	9.9	(0.2)
(ii) Mean Tariff Rate	8.5	(7.5)	8.5	(7.4)	8.7	(6.7)	9.5	(2.4)	9.2	(3.9)	9.4	(3.1)	9.4	(3.1)	9.6	(1.8)
(iii) Variability of Tariff Rates			7.1 (7.2)		7.6 (5.9)		8.2 (4.4)		8.0 (4.9)		8.0 (4.9)		8.0 (4.9)		8.0 (4.9)	
B. Regulatory Trade Barriers					8.3		8.9		8.9		8.9		8.7		8.1	
(i) Hidden Import Barriers					8.3		8.2		8.2		8.2		7.8		7.2	
(ii) Costs of Importing							9.5		9.6		9.6		9.5		9.1	
C. Size of Trade Sector	7.6		7.0		6.4		7.8		7.5		7.3		7.0		7.0	
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	10.0		10.0		9.3		9.2		9.2		8.8		9.1		8.1	
(i) Access to Foreign Capital					8.6		9.9		9.9		9.2		9.8		7.8	
(ii) Restrictions on Capital Transactions	10.0		10.0		10.0		8.5		8.5		8.5		8.5		8.5	
<b>5. Regulation of Credit, Labor and Business</b>	5.4		5.5		6.1		7.0		5.9		6.1		6.1		6.5	
A. Regulation of Credit Markets	8.1		8.4		8.0		8.3		8.4		8.4		8.4		8.4	
(i) Private Ownership of Banks	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks					7.9		8.0		8.0		8.0		8.0		8.0	
(iii) Extension of Credit to Private Sector	4.3		5.2		5.0		5.2		5.6		5.9		5.8		5.8	
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					7.0		8.3		8.3		8.3		8.3		8.3	
B. Regulation of Labor Markets	3.5		3.6		4.9		5.0		4.9		4.5		4.7		5.0	
(i) Impact of Minimum Wage					3.9		5.1		5.1		5.1		5.1		6.2	
(ii) Flexibility in Hiring and Firing					3.8		3.1		3.0		1.5		2.3		2.6	
(iii) Collective Bargaining	4.5		4.5		4.5		4.2		3.8		3.3		3.7		3.4	
(iv) Incentives from Unemployment Benefits	3.0		3.3		2.6		2.7		2.7		2.5		2.6		2.6	
(v) Military Conscription	3.0		3.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business					5.3		7.6		4.5		5.3		5.2		6.0	
(i) Price Controls			2.0		5.0		6.0		5.0		5.0		5.0		7.0	
(ii) Burden of Regulation							8.2		2.1		1.8		2.2		2.0	
(iii) Time Spent with Government Bureaucracy					6.5		8.9		3.5		6.8		6.3		8.2	
(iv) Ease of Starting a New Business					4.6		6.4		4.2		5.2		4.5		5.6	
(v) Irregular Payments to Government Officials					5.1		8.3		7.5		7.6		8.0		7.3	

# Belize

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.7 (44)	5.8 (46)	6.3 (48)	6.2 (71)	6.2 (70)	6.6 (54)	6.7 (47)	6.3 (68)
<b>1. Size of Government</b>	5.0	4.9	6.3	5.8	6.0	6.3	6.3	4.6
A. Government Consumption	5.0 (23.1)	5.6 (20.9)	6.6 (17.7)	6.3 (18.4)	6.3 (18.5)	7.2 (15.5)	7.1 (15.7)	7.2 (15.6)
B. Transfers and Subsidies	9.2 (3.6)	9.8 (1.2)	9.8 (1.2)	9.7 (1.6)	9.7 (1.6)	9.7 (1.6)	9.7 (1.6)	
C. Government Enterprises and Investment	2.0 (49.9)	0.0 (55.5)	4.0 (38.3)	2.0 (47.7)	2.0 (47.4)	2.0 (47.4)	2.0 (47.4)	2.0 (47.4)
D. Top Marginal Tax Rate	4.0	4.0	5.0	5.0				
(i) Top Marginal Income Tax Rate	4.0 (50)	4.0 (45)	5.0 (45)	5.0				
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>			5.3	6.2	6.2	6.2	6.5	6.5
A. Judicial Independence								
B. Impartial Courts			5.7	6.9	6.9	6.9	6.0	6.0
C. Protection of Intellectual Property								
D. Military Interference				7.2	7.2	7.2	8.0	8.0
E. Integrity of Legal System								
<b>3. Access to Sound Money</b>	6.6	6.8	7.2	6.7	6.4	8.0	8.1	8.2
A. Growth of Money Supply	9.3 (3.3)	8.5 (7.6)	9.8 (-0.8)	8.5 (7.7)	7.2 (14.2)	8.4 (8.2)	8.9 (5.6)	9.2 (4.2)
B. Inflation Variability	7.5 (6.3)	8.8 (3.0)	9.6 (1.0)	8.3 (4.3)	8.5 (3.7)	9.1 (2.3)	8.9 (2.7)	9.3 (1.8)
C. Recent Annual Inflation	9.6 (-1.9)	9.9 (0.3)	9.2 (3.9)	9.9 (0.6)	9.8 (1.2)	9.6 (2.2)	9.5 (2.6)	9.4 (3.1)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	4.4	5.1	5.7	5.7	5.6	5.7	5.7	5.5
A. Taxes on International Trade	4.7	2.8	2.7	5.6	5.6	5.6	6.5	6.5
(i) Taxes as Percentage of Exports and Imports	2.7 (10.9)	2.8 (10.8)	2.7 (10.9)	5.6 (6.6)	5.6 (6.6)	5.6 (6.6)	5.6 (6.6)	5.6 (6.6)
(ii) Mean Tariff Rate	6.6 (17.0)						7.4 (12.9)	7.4 (12.9)
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers								
(i) Hidden Import Barriers								
(ii) Costs of Importing								
C. Size of Trade Sector	4.2	4.7	3.2	4.7	4.4	3.8	3.8	3.0
D. Official versus Black Market Exchange Rates	0.0	5.0	9.4	9.2	9.2	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	5.0	5.0	0.8	0.8	0.8	0.8	0.8
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	5.0	5.0	5.0	0.8	0.8	0.8	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>	6.8	6.3	7.0	6.8	6.9	6.6	6.9	6.9
A. Regulation of Credit Markets	7.8	9.4	9.6	8.9	9.3	8.3	8.6	8.6
(i) Private Ownership of Banks		10.0	10.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks						5.0	5.0	5.0
(iii) Extension of Credit to Private Sector	7.7	8.2	8.7	8.8	8.9	9.3	9.4	9.2
(iv) Avoidance of Negative Real Interest Rates	8.0	10.0	10.0	8.0	9.0	9.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		0.0	6.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								
(v) Irregular Payments to Government Officials								



# Bolivia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	3.6 (103)	5.5 (52)	6.8 (37)	6.7 (46)	6.5 (55)	6.5 (57)	6.5 (57)	6.5 (63)
<b>1. Size of Government</b>	6.9	6.8	7.1	7.5	7.5	7.3	7.2	7.3
A. Government Consumption	8.1 (12.5)	7.9 (13.3)	7.3 (15.2)	7.1 (15.8)	7.5 (14.6)	6.7 (17.1)	6.2 (18.9)	6.4 (18.2)
B. Transfers and Subsidies	9.6 (1.8)	9.4 (2.8)	9.5 (2.5)	8.8 (5.0)	8.6 (5.8)	8.6 (5.8)	8.5 (6.0)	8.7 (5.4)
C. Government Enterprises and Investment	2.0 (42.5)	0.0 (60.7)	2.0 (51.1)	4.0 (33.5)	4.0 (35.8)	4.0 (35.8)	4.0 (35.8)	4.0 (35.8)
D. Top Marginal Tax Rate	8.0	10.0	9.5	10.0	10.0	10.0	10.0	10.0
(i) Top Marginal Income Tax Rate	8.0 (30)	10.0 (10)	10.0 (13)	10.0 (13)	10.0 (13)	10.0 (13)	10.0 (13)	10.0 (13)
(ii) Top Marginal Income and Payroll Tax Rate		10.0 (16)	9.0 (22)		10.0 (13)	10.0 (13)	10.0 (13)	10.0 (13)
<b>2. Legal Structure and Security of Property Rights</b>	1.7	3.2	5.4	3.4	3.0	2.8	3.1	3.2
A. Judicial Independence				2.2	1.4	1.2	2.0	2.0
B. Impartial Courts			4.9	3.3	2.1	1.8	2.0	2.4
C. Protection of Intellectual Property				1.7	1.3	1.2	1.7	1.5
D. Military Interference			5.9	5.0	5.0	5.0	5.0	5.0
E. Integrity of Legal System			7.0	5.0	5.0	5.0	5.0	5.0
<b>3. Access to Sound Money</b>	0.0	4.8	8.1	9.3	9.5	9.7	9.3	9.2
A. Growth of Money Supply	0.0 (566.0)	2.4 (38.0)	6.3 (18.6)	9.5 (2.3)	9.5 (2.3)	9.8 (0.9)	8.8 (6.1)	8.9 (5.3)
B. Inflation Variability	0.0 (4769.2)	0.0 (85.9)	8.4 (4.0)	8.7 (3.3)	9.0 (2.6)	9.0 (2.5)	9.2 (2.0)	8.8 (3.0)
C. Recent Annual Inflation	0.0 (12336.7)	6.7 (16.3)	7.7 (11.4)	9.1 (4.6)	9.7 (1.6)	9.8 (0.9)	9.3 (3.3)	9.1 (4.4)
D. Freedom to Own Foreign Currency	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	5.8	6.5	7.4	7.3	7.1	7.2	7.3	7.1
A. Taxes on International Trade	5.7	7.6	8.7	8.6	8.7	8.8	8.8	8.8
(i) Taxes as Percentage of Exports and Imports	5.3 (7.0)	8.5 (2.3)	8.6 (2.1)	8.4 (2.4)	8.6 (2.1)	8.8 (1.8)	9.0 (1.5)	8.7 (2.0)
(ii) Mean Tariff Rate	6.0 (19.8)	6.7 (16.7)	8.1 (9.7)	8.1 (9.5)	8.1 (9.4)	8.1 (9.4)	8.1 (9.4)	8.5 (7.5)
(iii) Variability of Tariff Rates			9.6 (1.1)	9.4 (1.6)	9.4 (1.6)	9.4 (1.6)	9.4 (1.6)	9.4 (1.6)
B. Regulatory Trade Barriers				5.5	4.9	5.6	5.8	4.8
(i) Hidden Import Barriers				4.8	3.6	4.7	4.7	4.2
(ii) Costs of Importing				6.2	6.1	6.6	7.0	5.4
C. Size of Trade Sector	5.1	5.4	5.4	4.6	4.3	4.9	4.8	5.6
D. Official versus Black Market Exchange Rates	8.2	9.4	9.8	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	5.0	7.8	7.8	6.9	6.9	6.2
(i) Access to Foreign Capital				8.6	8.6	6.8	6.8	5.5
(ii) Restrictions on Capital Transactions	2.0	2.0	5.0	6.9	6.9	6.9	6.9	6.9
<b>5. Regulation of Credit, Labor and Business</b>		6.2	6.2	6.0	5.5	5.6	5.7	5.9
A. Regulation of Credit Markets	0.0	9.3	8.5	7.8	8.0	7.9	7.9	8.1
(i) Private Ownership of Banks		10.0	8.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks				5.1	5.1	5.1	5.1	5.1
(iii) Extension of Credit to Private Sector		10.0	9.6	9.6	9.4	9.3	9.3	9.2
(iv) Avoidance of Negative Real Interest Rates	0.0	8.0	8.0	8.0	9.0	9.0	9.0	10.0
(v) Controls on Interest Rates				6.3	6.3	6.3	6.3	6.3
B. Regulation of Labor Markets				4.7	4.3	4.6	4.6	4.8
(i) Impact of Minimum Wage				3.1	3.1	3.1	3.1	4.8
(ii) Flexibility in Hiring and Firing				4.9	3.8	3.5	3.8	3.4
(iii) Collective Bargaining				7.1	6.2	7.8	7.7	7.4
(iv) Incentives from Unemployment Benefits				5.5	5.5	5.5	5.5	5.5
(v) Military Conscription	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business				5.5	4.1	4.3	4.5	4.8
(i) Price Controls		6.0	8.0	9.0	8.0	8.0	8.0	8.0
(ii) Burden of Regulation				5.5	1.7	2.2	2.2	2.3
(iii) Time Spent with Government Bureaucracy				3.9	4.3	4.3	5.0	5.3
(iv) Ease of Starting a New Business				3.9	2.8	3.3	2.7	3.9
(v) Irregular Payments to Government Officials				5.1	3.7	4.0	4.7	4.5

## Botswana

	1985		1990		1995		2000		2001		2002		2003		2004			
Summary Ratings (Rank) ▶	5.8 (40)		5.8 (46)		6.4 (45)		7.2 (27)		7.3 (19)		7.4 (17)		7.1 (33)		7.1 (35)			
<b>1. Size of Government</b>	3.3		3.7		4.8		5.3		5.3		5.3		5.0		5.0			
A. Government Consumption	1.0	(36.7)	1.6	(34.4)	0.0	(45.9)	0.0	(49.0)	0.0	(51.5)	0.0	(53.1)	0.0	(54.1)	0.0	(54.4)		
B. Transfers and Subsidies	8.1	(7.3)	8.3	(6.6)	8.2	(7.2)	8.0	(7.7)	8.0	(7.7)	8.0	(7.7)	7.2	(10.9)	7.2	(10.9)		
C. Government Enterprises and Investment	2.0	(53.2)	2.0		4.0		4.0		4.0		4.0		4.0		4.0			
D. Top Marginal Tax Rate	2.0		3.0		7.0		9.0		9.0		9.0		9.0		9.0			
(i) Top Marginal Income Tax Rate	2.0	(60)	3.0	(50)	7.0	(35)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)		
(ii) Top Marginal Income and Payroll Tax Rate	3.0		5.0		7.0		25		25		25		25		25			
<b>2. Legal Structure and Security of Property Rights</b>	6.3		6.3		6.4		6.8		7.0		7.3		6.8		6.8			
A. Judicial Independence									7.7		8.2		7.0		7.2			
B. Impartial Courts					6.4		6.8		6.8		7.7		6.3		6.5			
C. Protection of Intellectual Property									4.9		3.8		4.2		4.4			
D. Military Interference					8.3		10.0		10.0		10.0		10.0		10.0			
E. Integrity of Legal System					7.0		6.7		5.8		6.7		6.7		6.0			
<b>3. Access to Sound Money</b>	5.3		5.6		7.9		9.1		9.2		9.2		9.1		9.4			
A. Growth of Money Supply	9.2	(4.1)	6.9	(15.3)	10.0	(-0.1)	9.9	(0.7)	9.3	(3.3)	9.2	(-3.8)	9.0	(-5.2)	9.8	(-1.1)		
B. Inflation Variability	6.5	(8.9)	6.6	(8.6)	8.3	(4.3)	8.3	(4.2)	8.9	(2.6)	9.3	(1.7)	9.3	(1.7)	9.0	(2.4)		
C. Recent Annual Inflation	5.5	(22.7)	8.8	(6.0)	8.1	(9.3)	8.3	(8.6)	8.7	(6.6)	8.4	(8.0)	8.2	(9.2)	8.6	(6.9)		
D. Freedom to Own Foreign Currency	0.0		0.0		5.0		10.0		10.0		10.0		10.0		10.0			
<b>4. Freedom to Exchange with Foreigners</b>	7.2		7.4		6.8		7.8		7.7		7.9		7.5		7.2			
A. Taxes on International Trade	7.0		6.3		4.2		6.8		7.0		7.0		7.0		7.0			
(i) Taxes as Percentage of Exports and Imports	5.3	(7.1)	5.6	(6.6)	5.2	(7.1)	6.0	(6.1)	6.0	(6.1)	6.0	(6.1)	6.0	(6.1)	6.0	(6.1)		
(ii) Mean Tariff Rate	8.8	(6.0)	7.8	(11.0)	6.1	(19.7)	8.6	(7.2)	9.0	(5.0)	9.0	(5.0)	9.0	(5.0)	9.0	(5.0)		
(iii) Variability of Tariff Rates			5.5		11.3		1.2		21.9		6.0		10.0		6.0		10.0	
B. Regulatory Trade Barriers									7.8		8.0		7.1		6.6			
(i) Hidden Import Barriers									7.1		7.3		6.2		6.8			
(ii) Costs of Importing									8.5		8.8		8.0		6.4			
C. Size of Trade Sector	10.0		8.8		7.1		7.2		6.5		6.3		5.8		5.2			
D. Official versus Black Market Exchange Rates	5.6		8.6		9.6		10.0		10.0		10.0		10.0		10.0			
E. Restrictions on Capital Markets	5.0		5.0		5.0		6.9		6.9		8.0		7.6		7.1			
(i) Access to Foreign Capital											9.0		8.2		7.3			
(ii) Restrictions on Capital Transactions	5.0		5.0		5.0		6.9		6.9		6.9		6.9		6.9			
<b>5. Regulation of Credit, Labor and Business</b>	6.9		5.9		6.1		7.0		7.3		7.2		7.3		7.0			
A. Regulation of Credit Markets	8.1		5.9		6.6		9.7		9.7		9.8		9.8		9.9			
(i) Private Ownership of Banks			5.0		5.0		10.0		10.0		10.0		10.0		10.0			
(ii) Competition from Foreign Banks															10.0			
(iii) Extension of Credit to Private Sector	8.1		8.8		8.8		9.0		9.1		9.3		9.5		9.5			
(iv) Avoidance of Negative Real Interest Rates	8.0		4.0		6.0		10.0		10.0		10.0		10.0		10.0			
(v) Controls on Interest Rates																		
B. Regulation of Labor Markets									6.8		6.6		6.9		6.5			
(i) Impact of Minimum Wage															4.6			
(ii) Flexibility in Hiring and Firing									3.7		3.3		4.2		4.5			
(iii) Collective Bargaining									6.7		6.5		6.5		6.8			
(iv) Incentives from Unemployment Benefits																		
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
C. Regulation of Business									5.3		5.2		5.1		4.7			
(i) Price Controls			6.0		6.0		6.0		6.0		6.0		6.0		6.0			
(ii) Burden of Regulation									4.0		3.5		4.3		4.1			
(iii) Time Spent with Government Bureaucracy									4.0		4.3		4.0		4.4			
(iv) Ease of Starting a New Business									5.8		5.2		4.7		2.3			
(v) Irregular Payments to Government Officials									6.9		7.3		6.7		6.8			



# Brazil

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	3.6 (103)	4.2 (100)	4.4 (109)	5.9 (80)	5.9 (84)	6.1 (76)	6.0 (85)	5.9 (88)
<b>1. Size of Government</b>	5.1	5.8	5.6	5.9	6.3	6.5	6.3	6.3
A. Government Consumption	7.9 (13.0)	4.5 (24.5)	4.5 (24.7)	4.4 (24.9)	4.4 (24.9)	4.5 (24.5)	4.1 (26.0)	4.3 (25.4)
B. Transfers and Subsidies	7.4 (10.0)	7.2 (10.7)	6.5 (13.3)	6.0 (15.3)	6.0 (15.3)	6.0 (15.3)	6.0 (15.3)	6.0 (15.3)
C. Government Enterprises and Investment	4.0 (36.0)	6.0 (24.9)	6.0 (17.8)	8.0 (17.1)	10.0 (13.8)	10.0 (13.8)	10.0 (13.8)	10.0 (13.8)
D. Top Marginal Tax Rate	1.0	5.5	5.5	5.0	5.0	5.5	5.0	5.0
(i) Top Marginal Income Tax Rate	1.0 (60)	9.0 (25)	8.0 (35)	8.0 (28)	8.0 (28)	8.0 (28)	8.0 (28)	8.0 (28)
(ii) Top Marginal Income and Payroll Tax Rate		2.0 (53)	3.0 (60)	2.0 (55)	2.0 (55)	3.0 (50)	2.0 (55)	2.0 (55)
<b>2. Legal Structure and Security of Property Rights</b>	5.7	6.2	5.8	5.4	4.9	4.9	4.9	4.2
A. Judicial Independence			5.6	5.5	5.3	4.8	5.2	3.3
B. Impartial Courts			6.7	6.2	4.6	4.8	4.7	3.6
C. Protection of Intellectual Property			4.1	5.1	4.8	4.7	4.5	3.7
D. Military Interference			5.5	6.7	6.7	6.7	6.7	6.7
E. Integrity of Legal System			7.0	3.3	3.3	3.3	3.3	3.5
<b>3. Access to Sound Money</b>	0.0	0.0	0.0	6.1	6.6	7.5	7.2	7.7
A. Growth of Money Supply	0.0 (137.8)	0.0 (648.7)	0.0 (479.0)	8.1 (9.6)	8.5 (7.6)	7.6 (11.9)	7.9 (10.3)	7.9 (10.3)
B. Inflation Variability	0.0 (53.1)	0.0 (878.9)	0.0 (851.5)	7.9 (5.2)	9.1 (2.2)	8.9 (2.6)	8.8 (3.1)	9.2 (2.0)
C. Recent Annual Inflation	0.0 (231.7)	0.0 (2509.5)	0.0 (77.6)	8.6 (7.0)	8.6 (6.8)	8.3 (8.5)	7.1 (14.7)	8.7 (6.6)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	3.0	4.6	5.7	6.1	6.5	6.7	6.6	6.4
A. Taxes on International Trade	2.6	4.8	7.7	7.2	7.3	7.1	7.1	7.2
(i) Taxes as Percentage of Exports and Imports	7.9 (3.2)	7.5 (3.7)	8.1 (2.8)	7.2 (4.2)	7.2 (4.2)	7.2 (4.2)	7.2 (4.2)	7.2 (4.2)
(ii) Mean Tariff Rate	0.0 (55.6)	4.0 (30.0)	7.6 (12.0)	7.1 (14.4)	7.4 (12.9)	7.0 (14.9)	7.0 (14.9)	7.4 (13.1)
(iii) Variability of Tariff Rates	0.0 (26.2)	3.0 (17.5)	7.2 (6.9)	7.2 (7.0)	7.1 (7.2)	7.1 (7.2)	7.1 (7.2)	7.1 (7.2)
B. Regulatory Trade Barriers			5.3	5.3	6.0	5.7	5.5	5.0
(i) Hidden Import Barriers			5.3	4.0	5.7	5.7	4.7	4.8
(ii) Costs of Importing				6.7	6.3	5.8	6.3	5.2
C. Size of Trade Sector	3.9	1.8	2.3	4.0	4.9	5.1	5.1	5.2
D. Official versus Black Market Exchange Rates	0.2	8.0	9.4	10.0	10.0	9.2	9.2	9.0
E. Restrictions on Capital Markets	0.0	0.0	3.6	4.2	4.2	6.6	6.3	5.5
(i) Access to Foreign Capital			7.3	7.6	7.6	8.6	8.0	6.4
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.8	0.8	4.6	4.6	4.6
<b>5. Regulation of Credit, Labor and Business</b>	4.3	4.7	5.1	5.9	5.3	4.9	4.8	4.8
A. Regulation of Credit Markets	3.4	3.9	4.7	6.4	5.7	5.5	5.5	5.6
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks			6.5	7.1	7.1	6.0	6.0	6.0
(iii) Extension of Credit to Private Sector	5.3	6.8	8.2	5.9	5.7	5.9	5.8	6.0
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	0.0	8.0	5.0	5.0	5.0	5.0
(v) Controls on Interest Rates			3.8	5.8	5.8	5.8	5.8	5.8
B. Regulation of Labor Markets		4.8	5.3	4.6	4.7	4.5	4.4	5.0
(i) Impact of Minimum Wage			6.7	3.5	3.5	3.5	3.5	7.2
(ii) Flexibility in Hiring and Firing		6.2	6.2	5.3	5.5	5.0	4.3	3.5
(iii) Collective Bargaining	5.2	5.2	5.2	5.5	5.3	5.3	5.2	5.2
(iv) Incentives from Unemployment Benefits			5.5	6.0	6.0	5.9	6.3	6.3
(v) Military Conscription	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business			5.2	6.7	5.4	4.7	4.5	3.9
(i) Price Controls		0.0	6.0	7.0	7.0	5.0	6.0	5.0
(ii) Burden of Regulation				7.7	2.8	3.0	2.0	1.7
(iii) Time Spent with Government Bureaucracy			5.6	7.4	6.3	5.8	4.8	5.4
(iv) Ease of Starting a New Business			6.0	5.7	4.6	4.3	3.0	1.5
(v) Irregular Payments to Government Officials			3.3	5.7	6.2	5.6	6.5	5.7

## Bulgaria

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.6 (46)		4.3 (97)		4.6 (103)		5.1 (106)		5.7 (92)		6.0 (80)		6.3 (69)		6.3 (68)	
<b>1. Size of Government</b>	4.5		2.5		4.0		4.0		4.6		4.6		4.4		4.5	
A. Government Consumption	8.1	(12.4)	4.9	(23.3)	6.5	(17.8)	5.2	(22.2)	5.8	(20.2)	5.7	(20.6)	5.4	(21.6)	5.4	(21.5)
B. Transfers and Subsidies	5.4	(17.5)	2.7	(27.2)	6.6	(13.0)	5.8	(15.9)	5.5	(16.8)	5.5	(16.8)	5.3	(17.6)	5.5	(16.9)
C. Government Enterprises and Investment	0.0		0.0	(96.4)	0.0	(55.6)	2.0	(44.8)	2.0	(49.8)	2.0	(49.8)	2.0	(49.8)	2.0	(49.8)
D. Top Marginal Tax Rate					3.0		3.0		5.0		5.0		5.0		5.0	
(i) Top Marginal Income Tax Rate					3.0		(50)		5.0		(38)		8.0		(29)	
(ii) Top Marginal Income and Payroll Tax Rate							1.0		(56)		2.0		(53)		2.0	
(ii) Top Marginal Income and Payroll Tax Rate							1.0		(56)		2.0		(52)		2.0	
(ii) Top Marginal Income and Payroll Tax Rate							1.0		(56)		2.0		(55)		2.0	
<b>2. Legal Structure and Security of Property Rights</b>	7.2		7.2		5.9		5.4		4.8		4.7		4.7		4.6	
A. Judicial Independence							4.2		3.2		2.8		2.8		2.6	
B. Impartial Courts					5.3		4.5		2.9		2.7		2.7		2.6	
C. Protection of Intellectual Property							3.4		3.1		2.8		3.0		2.6	
D. Military Interference					7.5		8.3		8.3		8.3		8.3		8.3	
E. Integrity of Legal System					7.0		6.7		6.7		6.7		6.7		6.7	
<b>3. Access to Sound Money</b>	6.5		4.4		2.0		3.2		6.3		8.2		9.0		8.7	
A. Growth of Money Supply			7.4		(13.1)		3.0		(35.1)		0.0		(76.7)		6.7	
B. Inflation Variability	9.4	(1.4)	5.6	(10.9)	0.0	(66.4)	0.0	(409.7)	0.0	(419.7)	6.6	(8.4)	9.2	(2.0)	8.8	(2.9)
C. Recent Annual Inflation	10.0	(0.2)	4.8	(26.2)	0.0	(62.9)	7.9	(10.3)	8.5	(7.4)	8.8	(5.8)	9.6	(2.2)	8.7	(6.4)
D. Freedom to Own Foreign Currency	0.0		0.0		5.0		5.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	4.2		4.3		6.9		7.3		7.1		6.8		7.3		7.4	
A. Taxes on International Trade	6.4		8.4		6.4		7.8		7.4		7.5		7.4		7.7	
(i) Taxes as Percentage of Exports and Imports	6.4	(5.4)	9.1	(1.3)	7.9	(3.2)	9.5	(0.7)	9.6	(0.6)	9.7	(0.5)	9.6	(0.6)	9.6	(0.7)
(ii) Mean Tariff Rate			7.7		(11.4)		6.6		(17.2)		7.3		(13.7)		7.2	
(ii) Mean Tariff Rate			7.7		(11.4)		6.6		(17.2)		7.3		(13.8)		7.2	
(ii) Mean Tariff Rate			7.7		(11.4)		6.6		(17.2)		7.3		(13.8)		7.2	
(iii) Variability of Tariff Rates					4.7		(13.3)		6.8		(8.1)		5.5		(11.3)	
B. Regulatory Trade Barriers					6.4		6.4		6.4		6.4		6.4		6.7	
(i) Hidden Import Barriers					4.4		4.4		4.4		4.3		4.3		5.9	
(ii) Costs of Importing					8.5		8.4		8.4		8.4		8.5		7.5	
C. Size of Trade Sector	6.3		4.8		5.9		7.1		7.2		6.6		6.7		7.1	
D. Official versus Black Market Exchange Rates	0.0		0.0		9.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		5.0		5.0		4.7		3.7		6.0		5.3	
(i) Access to Foreign Capital					7.0		7.0		5.8		5.8		6.6		5.2	
(ii) Restrictions on Capital Transactions	0.0		0.0		5.0		3.1		2.3		1.5		5.4		5.4	
<b>5. Regulation of Credit, Labor and Business</b>			3.0		4.3		5.4		5.4		5.8		6.0		6.2	
A. Regulation of Credit Markets	0.0		1.7		4.3		5.9		6.9		7.9		8.1		8.2	
(i) Private Ownership of Banks	0.0		0.0		2.0		8.0		8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks							5.2		5.2		9.0		9.0		9.0	
(iii) Extension of Credit to Private Sector			1.0		3.0		7.1		7.3		7.3		8.2		8.6	
(iv) Avoidance of Negative Real Interest Rates			4.0		8.0		4.0		9.0		10.0		10.0		10.0	
(v) Controls on Interest Rates							5.3		5.3		5.3		5.3		5.3	
B. Regulation of Labor Markets							4.9		4.9		5.1		5.0		6.0	
(i) Impact of Minimum Wage							2.6		2.6		2.6		2.6		6.7	
(ii) Flexibility in Hiring and Firing							4.3		4.6		5.3		5.0		5.8	
(iii) Collective Bargaining							7.9		7.6		7.8		7.8		7.7	
(iv) Incentives from Unemployment Benefits							6.8		6.8		6.8		6.8		6.8	
(v) Military Conscription	0.0		0.0		1.0		3.0		3.0		3.0		3.0		3.0	
C. Regulation of Business							5.4		4.5		4.3		4.7		4.3	
(i) Price Controls			0.0		4.0		6.0		6.0		6.0		6.0		3.0	
(ii) Burden of Regulation							6.1		2.8		2.5		2.8		2.9	
(iii) Time Spent with Government Bureaucracy							6.0		4.0		4.0		4.8		3.7	
(iv) Ease of Starting a New Business							2.5		2.2		2.2		2.5		4.7	
(v) Irregular Payments to Government Officials							6.6		7.4		6.8		7.5		7.2	

# Burundi

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.7 (83)	4.7 (90)	4.7 (100)	5.1 (106)	5.3 (106)	5.2 (112)	4.6 (120)	4.7 (123)
<b>1. Size of Government</b>	4.7	4.4	5.8	6.5	6.1	6.3	6.0	5.7
A. Government Consumption	9.4 (8.2)	8.7 (10.3)	8.1 (12.5)	8.0 (12.9)	6.9 (16.6)	7.6 (14.2)	6.6 (17.7)	5.8 (20.4)
B. Transfers and Subsidies			9.3 (3.2)	9.4 (2.6)	9.4 (2.6)	9.4 (2.6)	9.4 (2.6)	9.4 (2.6)
C. Government Enterprises and Investment	0.0 (82.4)	0.0 (82.5)	0.0	2.0	2.0	2.0	2.0	2.0
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	4.2	4.4	4.5	3.3	3.3	3.3	1.6	1.6
A. Judicial Independence								
B. Impartial Courts			4.0	3.7	3.7	3.7	2.9	2.9
C. Protection of Intellectual Property								
D. Military Interference				2.2	2.2	2.2	0.9	0.9
E. Integrity of Legal System			5.2					
<b>3. Access to Sound Money</b>	6.1	6.5	5.8	6.1	6.8	6.7	6.4	7.6
A. Growth of Money Supply	8.5 (7.3)	9.9 (0.8)	8.3 (8.6)	7.7 (11.7)	7.5 (12.6)	6.7 (16.6)	7.5 (12.4)	6.6 (16.8)
B. Inflation Variability	7.1 (7.4)	7.2 (6.9)	8.1 (4.9)	6.6 (8.5)	6.7 (8.3)	6.2 (9.5)	6.2 (9.6)	6.4 (8.9)
C. Recent Annual Inflation	9.0 (5.1)	8.8 (6.0)	7.0 (15.2)	5.1 (24.3)	8.2 (9.2)	8.8 (-5.8)	6.8 (16.0)	7.5 (12.6)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	5.0	5.0	5.0	5.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	3.0	3.9	2.6	4.3	4.3	3.7	3.2	2.8
A. Taxes on International Trade	1.2	1.3	2.1	1.1	1.1	3.6	3.6	3.6
(i) Taxes as Percentage of Exports and Imports	0.0 (17.0)	0.0 (22.9)	1.6 (12.6)	1.1 (13.3)	1.1 (13.3)	1.1 (13.3)	1.1 (13.3)	1.1 (13.3)
(ii) Mean Tariff Rate	2.4 (37.9)	2.6 (37.0)	2.6 (36.9)			6.0 (20.0)	6.0 (20.0)	6.0 (20.0)
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers								0.0
(i) Hidden Import Barriers								0.0
(ii) Costs of Importing								0.0
C. Size of Trade Sector	0.4	0.9	1.4	0.0	0.0	0.0	0.0	0.0
D. Official versus Black Market Exchange Rates	5.0	8.8	1.2	10.0	10.0	4.5	4.5	4.9
E. Restrictions on Capital Markets	0.0	0.0	0.0	2.3	2.3	2.3	2.3	2.3
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	2.3	2.3	2.3	2.3	2.3
<b>5. Regulation of Credit, Labor and Business</b>	5.2	4.5	4.9	5.5	5.8	5.8	5.9	5.7
A. Regulation of Credit Markets	4.0	3.3	3.9	5.2	6.4	6.4	6.5	6.0
(i) Private Ownership of Banks	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) Competition from Foreign Banks								5.0
(iii) Extension of Credit to Private Sector	3.9	5.8	7.8	9.7	9.3	9.3	9.4	9.0
(iv) Avoidance of Negative Real Interest Rates	6.0	4.0	4.0	6.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								7.1
(i) Impact of Minimum Wage								7.1
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		0.0	2.0	4.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								5.9
(v) Irregular Payments to Government Officials								

## Cameroon

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.8 (40)		5.7 (50)		5.2 (88)		5.5 (99)		5.7 (92)		5.6 (97)		5.6 (99)		5.6 (102)	
<b>1. Size of Government</b>	5.5		5.2		5.6		5.5		5.3		5.4		5.4		5.5	
A. Government Consumption	8.2	(12.3)	7.0	(16.1)	8.6	(10.7)	8.5	(11.0)	7.6	(14.1)	8.1	(12.4)	8.1	(12.4)	8.1	(12.4)
B. Transfers and Subsidies	10.0	(0.6)	9.4	(2.7)	9.7	(1.6)	9.7	(1.7)	9.6	(2.1)	9.6	(2.1)	9.6	(2.1)	9.6	(2.1)
C. Government Enterprises and Investment	2.0	(41.7)	4.0	(32.0)	4.0		4.0		4.0		4.0		4.0		4.0	
D. Top Marginal Tax Rate	2.0		0.5		0.0		0.0		0.0		0.0		0.0		0.5	
(i) Top Marginal Income Tax Rate	2.0	(60)	1.0	(60)	0.0	(66)	0.0	(65)	0.0	(65)	0.0	(65)	0.0	(65)	1.0	(60)
(ii) Top Marginal Income and Payroll Tax Rate			0.0	(63)	0.0	(69)	0.0	(68)	0.0	(68)	0.0	(68)	0.0	(68)	0.0	(68)
<b>2. Legal Structure and Security of Property Rights</b>	5.8		5.8		4.8		4.4		4.4		4.2		4.2		3.9	
A. Judicial Independence											3.3		3.3		2.0	
B. Impartial Courts					3.8		3.8		3.8		3.5		3.8		3.3	
C. Protection of Intellectual Property											4.0		4.0		4.1	
D. Military Interference					4.4		6.7		6.7		6.7		6.7		6.7	
E. Integrity of Legal System					7.0		3.3		3.3		3.3		3.3		3.3	
<b>3. Access to Sound Money</b>	6.4		7.1		5.8		6.6		6.8		6.8		6.9		6.9	
A. Growth of Money Supply	8.5	(7.7)	9.2	(-4.1)	9.4	(-3.0)	7.4	(13.2)	8.3	(8.3)	8.5	(7.5)	8.5	(7.5)	8.5	(7.5)
B. Inflation Variability	9.3	(1.7)	9.4	(1.6)	7.3	(6.6)	9.3	(1.8)	9.6	(1.1)	9.4	(1.4)	9.4	(1.5)	9.4	(1.5)
C. Recent Annual Inflation	7.8	(11.2)	9.7	(1.6)	6.6	(17.0)	9.6	(-2.1)	9.1	(4.5)	9.4	(2.8)	9.8	(1.0)	9.8	(1.0)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.1		5.4		5.2		5.8		6.0		5.8		5.5		5.7	
A. Taxes on International Trade	5.9		6.4		3.7		5.1		5.5		5.5		5.5		5.5	
(i) Taxes as Percentage of Exports and Imports	5.9	(6.1)	6.4	(5.4)	4.9	(7.7)	3.8	(9.2)	3.8	(9.2)	3.8	(9.2)	3.8	(9.2)	3.8	(9.2)
(ii) Mean Tariff Rate					6.3		(18.7)		6.3		(18.0)		6.4		(18.1)	
(iii) Variability of Tariff Rates					0.0		(29.6)		6.2		(9.6)		6.2		(9.6)	
B. Regulatory Trade Barriers											4.0		3.2		4.7	
(i) Hidden Import Barriers											3.3		3.3		6.2	
(ii) Costs of Importing											4.8		3.0		3.1	
C. Size of Trade Sector	6.3		3.1		4.1		5.1		5.3		4.7		4.2		4.2	
D. Official versus Black Market Exchange Rates	9.8		9.2		9.8		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		0.0		0.8		0.8		4.6		4.6		4.0	
(i) Access to Foreign Capital											8.4		8.4		7.3	
(ii) Restrictions on Capital Transactions	0.0		0.0		0.0		0.8		0.8		0.8		0.8		0.8	
<b>5. Regulation of Credit, Labor and Business</b>	5.2		5.1		4.7		5.0		6.0		5.9		5.9		5.7	
A. Regulation of Credit Markets	3.0		5.2		4.0		4.9		7.0		7.1		7.2		6.9	
(i) Private Ownership of Banks	0.0		0.0		2.0		2.0		5.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks																
(iii) Extension of Credit to Private Sector			7.7		6.1		6.8		7.0		7.4		7.6		7.8	
(iv) Avoidance of Negative Real Interest Rates	6.0		8.0		4.0		6.0		9.0		9.0		9.0		8.0	
(v) Controls on Interest Rates											6.8		6.8		6.6	
B. Regulation of Labor Markets																
(i) Impact of Minimum Wage															5.7	
(ii) Flexibility in Hiring and Firing											4.3		4.3		4.3	
(iii) Collective Bargaining											6.0		6.0		6.4	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business											3.8		3.8		3.7	
(i) Price Controls			0.0		0.0		0.0		4.0		4.0		4.0		4.0	
(ii) Burden of Regulation											2.2		2.2		2.2	
(iii) Time Spent with Government Bureaucracy											3.8		3.8		3.1	
(iv) Ease of Starting a New Business											5.7		5.7		6.1	
(v) Irregular Payments to Government Officials											3.5		3.5		3.1	

# Canada

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	7.2 (6)	7.5 (5)	7.8 (8)	8.1 (7)	8.1 (7)	7.9 (7)	8.0 (7)	8.0 (8)
<b>1. Size of Government</b>	4.7	5.3	5.3	6.0	6.5	6.6	6.6	6.6
A. Government Consumption	3.3 (28.8)	3.3 (28.6)	3.7 (27.5)	4.5 (24.6)	4.5 (24.8)	4.4 (25.0)	4.4 (25.1)	4.2 (25.7)
B. Transfers and Subsidies	5.7 (16.3)	5.9 (15.6)	5.5 (16.9)	6.3 (13.9)	6.4 (13.6)	7.2 (10.9)	7.2 (10.8)	7.3 (10.5)
C. Government Enterprises and Investment	8.0 (14.8)	8.0 (13.7)	8.0 (14.8)	10.0 (10.6)	10.0 (10.6)	10.0 (10.6)	10.0 (10.6)	10.0 (10.6)
D. Top Marginal Tax Rate	2.0	4.0	4.0	3.0	5.0	5.0	5.0	5.0
(i) Top Marginal Income Tax Rate	2.0 (50-63)	4.0 (44-54)	4.0 (44-54)	3.0 (44-51)	5.0 (39-49)	5.0 (39-49)	5.0 (39-49)	5.0 (39-49)
(ii) Top Marginal Income and Payroll Tax Rate		4.0 (44-54)	4.0 (44-54)	3.0 (44-51)	5.0 (39-49)	5.0 (39-49)	5.0 (39-49)	5.0 (39-49)
<b>2. Legal Structure and Security of Property Rights</b>	7.9	8.3	8.9	9.3	9.0	8.3	8.7	8.4
A. Judicial Independence			9.5	9.2	8.8	7.5	8.2	7.6
B. Impartial Courts			8.9	9.2	8.0	6.5	7.3	6.9
C. Protection of Intellectual Property			7.3	8.0	8.0	7.3	7.8	7.5
D. Military Interference			9.0	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	9.0	9.6	9.6	9.5	9.4	9.5	9.5	9.6
A. Growth of Money Supply	7.6 (11.9)	9.2 (3.9)	9.1 (4.4)	9.1 (4.6)	9.0 (5.2)	9.0 (5.1)	9.1 (4.4)	9.2 (3.8)
B. Inflation Variability	8.7 (3.2)	9.6 (0.9)	9.7 (0.7)	9.4 (1.6)	9.3 (1.6)	9.3 (1.7)	9.4 (1.4)	9.4 (1.4)
C. Recent Annual Inflation	9.5 (2.4)	9.4 (3.1)	9.5 (2.7)	9.5 (2.8)	9.5 (2.5)	9.6 (2.3)	9.4 (2.8)	9.6 (1.8)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.7	7.5	7.3	8.3	8.2	8.0	8.0	7.8
A. Taxes on International Trade	8.4	7.9	5.9	8.8	8.7	8.7	8.8	8.8
(i) Taxes as Percentage of Exports and Imports	8.9 (1.7)	9.2 (1.2)	9.5 (0.7)	9.8 (0.3)	9.8 (0.3)	9.8 (0.4)	9.8 (0.3)	9.8 (0.3)
(ii) Mean Tariff Rate	7.9 (10.5)	8.1 (9.4)	8.0 (10.1)	9.2 (3.9)	9.1 (4.5)	9.0 (5.1)	9.2 (3.9)	9.3 (3.7)
(iii) Variability of Tariff Rates		6.5 (8.8)	0.3 (24.2)	7.3 (6.7)	7.3 (6.7)	7.3 (6.7)	7.3 (6.7)	7.3 (6.7)
B. Regulatory Trade Barriers			7.2	8.5	8.2	8.2	8.2	8.0
(i) Hidden Import Barriers			7.2	7.5	7.4	7.3	7.2	7.3
(ii) Costs of Importing				9.5	9.0	9.0	9.2	8.7
C. Size of Trade Sector	4.2	3.5	5.0	5.6	5.2	4.9	4.3	4.2
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	8.0	8.0	8.4	8.6	8.6	8.3	8.8	8.1
(i) Access to Foreign Capital			8.8	8.8	8.8	8.2	9.2	7.7
(ii) Restrictions on Capital Transactions	8.0	8.0	8.0	8.5	8.5	8.5	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	6.7	6.7	7.7	7.6	7.3	7.3	7.3	7.8
A. Regulation of Credit Markets	9.7	9.7	8.3	8.4	8.4	9.0	9.0	9.0
(i) Private Ownership of Banks	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			5.5	5.1	5.1	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	9.2	9.2	8.3	8.8	8.7	8.7	8.7	8.9
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			7.8	8.2	8.2	8.2	8.2	8.2
B. Regulation of Labor Markets	7.2	7.1	7.1	6.4	6.5	6.5	6.5	7.1
(i) Impact of Minimum Wage			6.1	4.3	4.3	4.3	4.3	6.7
(ii) Flexibility in Hiring and Firing		6.5	6.5	5.1	5.6	5.5	5.3	5.4
(iii) Collective Bargaining	7.2	7.2	7.2	7.8	7.9	7.7	7.2	7.6
(iv) Incentives from Unemployment Benefits	4.5	4.5	5.8	4.8	4.8	5.1	5.6	5.6
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			7.7	8.0	6.9	6.4	6.5	7.3
(i) Price Controls		9.0	7.0	9.0	8.0	8.0	8.0	8.0
(ii) Burden of Regulation				7.2	4.2	3.3	4.0	4.0
(iii) Time Spent with Government Bureaucracy			7.1	7.2	6.0	5.8	5.3	7.7
(iv) Ease of Starting a New Business			7.8	7.6	7.5	7.3	6.8	8.3
(v) Irregular Payments to Government Officials			8.8	9.1	8.6	7.7	8.5	8.4



# Chad

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.5 (89)	5.3 (62)	5.3 (84)	5.4 (101)	5.6 (97)	5.4 (106)	5.4 (106)	5.2 (118)
<b>1. Size of Government</b>	4.3	6.2	6.3	6.5	6.7	6.8	6.8	6.8
A. Government Consumption	8.6 (10.8)	8.7 (10.5)	9.1 (9.1)	8.9 (9.7)	9.4 (8.0)	9.5 (7.6)	9.5 (7.6)	9.5 (7.6)
B. Transfers and Subsidies		9.9 (0.9)	9.9 (0.8)					
C. Government Enterprises and Investment	0.0 (95.7)	0.0 (94.0)	0.0 (54.5)	4.0 (37.5)	4.0 (37.5)	4.0 (37.5)	4.0 (37.5)	4.0 (37.5)
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	4.2	4.4	4.4	4.2	4.2	2.7	2.8	2.8
A. Judicial Independence						1.3	1.7	1.5
B. Impartial Courts			4.1	4.0	4.0	2.2	2.2	2.0
C. Protection of Intellectual Property						1.5	1.7	1.6
D. Military Interference			4.4	4.7	4.7	4.7	4.7	4.7
E. Integrity of Legal System			5.2	4.0	4.0	4.0	4.0	4.0
<b>3. Access to Sound Money</b>	5.3	5.8	5.2	6.6	6.1	6.3	6.4	6.2
A. Growth of Money Supply	5.8 (20.9)	9.3 (-3.7)	9.6 (2.2)	9.7 (-1.7)	9.3 (3.3)	8.5 (7.7)	8.5 (7.7)	8.5 (7.7)
B. Inflation Variability	6.0 (10.0)	6.2 (9.5)	2.8 (17.9)	7.6 (5.9)	7.6 (6.1)	7.6 (6.0)	7.5 (6.3)	7.3 (6.9)
C. Recent Annual Inflation	9.3 (3.8)	7.7 (11.4)	8.2 (8.9)	9.2 (3.8)	7.5 (12.4)	9.0 (5.2)	9.6 (-1.9)	8.9 (-5.4)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>		5.8	6.4	5.8	6.2	6.0	6.1	5.9
A. Taxes on International Trade		7.4	8.5	6.2	6.4	6.4	6.4	6.4
(i) Taxes as Percentage of Exports and Imports		7.4 (3.9)	8.5 (2.2)					
(ii) Mean Tariff Rate				6.8 (15.8)	6.6 (17.0)	6.6 (17.1)	6.6 (17.1)	6.6 (17.1)
(iii) Variability of Tariff Rates				5.6 (10.9)	6.2 (9.4)	6.2 (9.4)	6.2 (9.4)	6.2 (9.4)
B. Regulatory Trade Barriers						3.9	4.2	3.4
(i) Hidden Import Barriers						1.8	2.5	4.0
(ii) Costs of Importing						5.9	5.8	2.9
C. Size of Trade Sector	4.8	4.2	5.6	4.6	6.3	7.1	6.7	6.7
D. Official versus Black Market Exchange Rates	9.8	9.2	9.8	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.0	0.0	2.8	3.2	2.8
(i) Access to Foreign Capital						5.6	6.4	5.6
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>	4.2	4.3	3.9	3.9	4.6	5.2	5.0	4.5
A. Regulation of Credit Markets	5.0	4.8	3.5	3.3	5.7	5.8	5.7	5.8
(i) Private Ownership of Banks	2.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector		6.3	6.4	6.0	6.0	6.4	6.2	6.3
(iv) Avoidance of Negative Real Interest Rates	8.0	8.0	4.0	4.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						5.9	5.1	3.7
(i) Impact of Minimum Wage								0.0
(ii) Flexibility in Hiring and Firing						6.3	4.8	4.4
(iii) Collective Bargaining						8.3	7.5	7.4
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0	0.0	0.0	0.0	0.0	3.0	3.0	3.0
C. Regulation of Business						3.8	4.2	3.9
(i) Price Controls		4.0	4.0	4.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation						3.2	3.3	2.7
(iii) Time Spent with Government Bureaucracy						6.0	6.3	6.4
(iv) Ease of Starting a New Business						3.5	4.7	3.7
(v) Irregular Payments to Government Officials						2.3	2.8	2.8

## Chile

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.9 (35)		6.6 (26)		7.5 (13)		7.5 (16)		7.3 (19)		7.3 (21)		7.4 (20)		7.4 (20)	
<b>1. Size of Government</b>	5.7		6.5		7.3		7.1		6.1		6.1		6.3		6.3	
A. Government Consumption	6.9	(16.7)	7.8	(13.6)	7.8	(13.6)	7.0	(16.1)	6.9	(16.5)	6.9	(16.7)	6.8	(16.8)	6.8	(16.7)
B. Transfers and Subsidies	6.0	(15.3)	7.3	(10.5)	7.4	(10.0)	6.5	(13.4)	6.5	(13.3)	6.5	(13.3)	7.3	(10.4)	7.5	(9.6)
C. Government Enterprises and Investment	8.0	(16.1)	7.0	(20.5)	8.0	(16.6)	10.0	(12.3)	6.0	(28.2)	6.0	(28.2)	6.0	(28.2)	6.0	(28.2)
D. Top Marginal Tax Rate	2.0		4.0		6.0		5.0		5.0		5.0		5.0		5.0	
(i) Top Marginal Income Tax Rate	2.0	(56)	4.0	(50)	6.0	(45)	5.0	(45)	5.0	(43)	5.0	(40)	5.0	(40)	5.0	(40)
(ii) Top Marginal Income and Payroll Tax Rate	4.0		5.0		6.0		5.0		5.0		5.0		5.0		5.0	
<b>2. Legal Structure and Security of Property Rights</b>	5.0		6.2		6.8		6.5		6.2		6.4		6.5		6.1	
A. Judicial Independence					6.6		5.8		5.4		6.0		6.3		5.2	
B. Impartial Courts					7.1		6.5		5.4		5.7		6.2		5.6	
C. Protection of Intellectual Property					5.6		5.3		5.0		5.2		4.8		4.6	
D. Military Interference					7.5		6.7		6.7		6.7		6.7		6.7	
E. Integrity of Legal System					7.0		8.3		8.3		8.3		8.3		8.3	
<b>3. Access to Sound Money</b>	7.0		7.2		8.7		9.3		9.4		9.2		9.4		9.5	
A. Growth of Money Supply	7.9	(10.7)	4.8	(25.9)	8.1	(9.7)	9.6	(2.1)	10.0	(0.2)	8.9	(5.6)	9.6	(2.0)	9.1	(4.6)
B. Inflation Variability	6.2	(9.6)	8.3	(4.2)	8.4	(4.0)	8.4	(4.0)	8.4	(4.1)	8.3	(4.2)	8.4	(3.9)	9.0	(2.4)
C. Recent Annual Inflation	3.9	(30.7)	5.8	(21.2)	8.1	(9.3)	9.2	(3.8)	9.3	(3.6)	9.5	(2.5)	9.4	(2.8)	9.8	(1.1)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	5.8		7.2		7.6		7.5		8.3		8.4		8.5		8.4	
A. Taxes on International Trade	6.7		8.2		8.5		8.9		9.1		9.1		9.4		9.5	
(i) Taxes as Percentage of Exports and Imports	6.2	(5.7)	7.5	(3.7)	7.7	(3.5)	8.5	(2.3)	8.8	(1.8)	8.8	(1.8)	9.4	(0.9)	9.6	(0.7)
(ii) Mean Tariff Rate	4.0	(30.0)	7.0	(15.0)	7.8	(11.0)	8.2	(9.0)	8.4	(8.0)	8.6	(7.0)	8.8	(6.0)	9.0	(4.9)
(iii) Variability of Tariff Rates	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)
B. Regulatory Trade Barriers					7.1		8.4		8.8		8.9		9.1		7.9	
(i) Hidden Import Barriers					7.1		8.3		8.7		8.5		8.5		7.7	
(ii) Costs of Importing							8.5		8.9		9.3		9.7		8.1	
C. Size of Trade Sector	6.5		7.5		6.3		5.9		6.7		6.7		6.6		6.8	
D. Official versus Black Market Exchange Rates	5.6		10.0		9.6		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		6.5		4.3		7.0		7.5		7.7		7.7	
(i) Access to Foreign Capital					8.0		8.6		8.6		9.6		10.0		8.6	
(ii) Restrictions on Capital Transactions	2.0		2.0		5.0		0.0		5.4		5.4		5.4		6.9	
<b>5. Regulation of Credit, Labor and Business</b>	5.7		5.8		7.1		7.0		6.4		6.3		6.5		6.9	
A. Regulation of Credit Markets	8.2		8.4		8.6		8.3		8.3		8.3		8.3		8.1	
(i) Private Ownership of Banks	8.0		8.0		8.0		8.0		8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks					8.2		6.0		6.0		6.0		6.0		6.0	
(iii) Extension of Credit to Private Sector	8.6		9.3		9.9		9.8		9.8		9.8		9.9		9.6	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		10.0		10.0		10.0		10.0		10.0		9.0	
(v) Controls on Interest Rates					7.0		7.8		7.8		7.8		7.8		7.8	
B. Regulation of Labor Markets			4.9		5.3		4.9		4.2		4.2		4.7		5.3	
(i) Impact of Minimum Wage					5.7		3.4		3.4		3.4		3.4		7.3	
(ii) Flexibility in Hiring and Firing			6.9		6.9		5.6		3.2		2.8		4.5		4.0	
(iii) Collective Bargaining	7.9		7.9		7.9		8.9		8.0		8.2		8.5		8.6	
(iv) Incentives from Unemployment Benefits					5.9		6.5		6.5		6.5		6.9		6.9	
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business					7.3		7.8		6.6		6.3		6.5		7.3	
(i) Price Controls					10.0		9.0		10.0		9.0		8.0		10.0	
(ii) Burden of Regulation							7.9		3.7		3.5		4.5		4.4	
(iii) Time Spent with Government Bureaucracy					6.2		7.9		6.3		6.5		6.8		7.9	
(iv) Ease of Starting a New Business					6.5		5.7		4.9		5.0		4.8		6.1	
(v) Irregular Payments to Government Officials					6.6		8.5		8.1		7.6		8.2		8.0	



# China

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.0 (72)	4.8 (84)	5.2 (88)	5.8 (85)	5.9 (84)	5.8 (89)	5.9 (89)	5.7 (95)
<b>1. Size of Government</b>	3.9	3.6	4.0	3.8	3.8	3.7	3.8	3.8
A. Government Consumption	5.7 (20.5)	5.9 (19.8)	6.1 (19.4)	5.5 (21.2)	5.3 (22.1)	5.2 (22.2)	5.3 (21.9)	5.4 (21.8)
B. Transfers and Subsidies								
C. Government Enterprises and Investment	0.0 (66.1)	0.0 (66.2)	0.0 (54.4)	0.0 (54.1)	0.0 (53.4)	0.0 (53.4)	0.0 (53.4)	0.0 (53.4)
D. Top Marginal Tax Rate	6.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
(i) Top Marginal Income Tax Rate	6.0 (45)	5.0 (45)	6.0 (45)	6.0 (45)	6.0 (45)	6.0 (45)	6.0 (45)	6.0 (45)
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	6.8	5.8	5.5	4.9	5.1	5.2	5.3	4.9
A. Judicial Independence			3.8	3.3	5.6	4.0	4.5	3.9
B. Impartial Courts			4.9	4.2	5.7	4.8	4.5	4.3
C. Protection of Intellectual Property			4.2	3.2	4.4	4.0	4.3	3.7
D. Military Interference			7.6	7.3	3.3	5.0	5.0	5.0
E. Integrity of Legal System			7.0	6.7	6.7	8.3	8.3	7.5
<b>3. Access to Sound Money</b>	6.0	6.5	5.8	8.1	8.4	8.3	8.3	8.0
A. Growth of Money Supply	7.3 (13.3)	8.1 (9.3)	7.6 (11.8)	8.9 (5.5)	9.3 (3.7)	8.9 (5.5)	8.9 (5.3)	9.0 (5.1)
B. Inflation Variability	8.6 (3.4)	8.9 (2.8)	8.1 (4.8)	8.7 (3.4)	9.3 (1.8)	9.3 (1.7)	9.3 (1.7)	8.9 (2.7)
C. Recent Annual Inflation	8.0 (10.1)	8.9 (5.7)	7.4 (13.2)	9.9 (0.3)	9.9 (0.5)	9.8 (-0.8)	9.8 (1.2)	9.2 (4.0)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	5.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	5.5	4.9	6.4	7.2	7.5	7.5	7.5	7.4
A. Taxes on International Trade	2.7	3.2	3.9	7.2	7.3	7.3	7.3	7.6
(i) Taxes as Percentage of Exports and Imports	3.3 (10.0)	7.5 (3.7)	9.2 (1.2)	9.0 (1.5)	8.8 (1.8)	8.8 (1.8)	8.8 (1.8)	8.8 (1.8)
(ii) Mean Tariff Rate	2.1 (39.5)	1.9 (40.3)	2.5 (37.5)	6.7 (16.3)	7.0 (15.1)	7.0 (15.1)	7.0 (15.1)	8.0 (9.8)
(iii) Variability of Tariff Rates		0.0 (32.1)	0.0 (28.0)	5.7 (10.7)	6.0 (10.0)	6.0 (10.0)	6.0 (10.0)	6.0 (10.0)
B. Regulatory Trade Barriers			4.6	6.0	7.5	6.2	6.4	6.1
(i) Hidden Import Barriers			4.6	4.4	6.5	5.0	4.8	5.0
(ii) Costs of Importing				7.7	8.4	7.4	8.0	7.3
C. Size of Trade Sector	6.6	8.1	10.0	10.0	10.0	10.0	10.0	10.0
D. Official versus Black Market Exchange Rates	7.8	0.0	8.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	5.0	4.9	2.7	2.7	3.9	4.0	3.5
(i) Access to Foreign Capital			4.8	4.7	4.7	7.0	7.2	6.2
(ii) Restrictions on Capital Transactions	2.0	5.0	5.0	0.8	0.8	0.8	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>	3.0	3.3	4.3	5.0	4.7	4.4	4.6	4.2
A. Regulation of Credit Markets	0.0	0.0	4.0	4.7	4.7	4.7	4.7	4.5
(i) Private Ownership of Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) Competition from Foreign Banks			4.6	2.3	2.3	2.3	2.3	2.3
(iii) Extension of Credit to Private Sector			9.8	9.4	9.2	9.2	9.3	9.2
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	4.0	10.0	10.0	10.0	10.0	9.0
(v) Controls on Interest Rates			1.7	1.8	1.8	1.8	1.8	1.8
B. Regulation of Labor Markets		3.2	4.5	4.7	4.6	4.5	4.4	4.7
(i) Impact of Minimum Wage			5.8	4.4	4.4	4.4	4.4	5.1
(ii) Flexibility in Hiring and Firing		4.3	4.3	5.1	5.1	5.3	5.2	5.8
(iii) Collective Bargaining	4.5	5.2	6.2	7.7	7.1	7.3	7.0	7.0
(iv) Incentives from Unemployment Benefits			6.4	6.2	6.2	5.3	5.4	5.4
(v) Military Conscription	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Regulation of Business			4.4	5.6	4.8	4.2	4.6	3.5
(i) Price Controls			4.0	3.0	3.0	3.0	2.0	1.0
(ii) Burden of Regulation				7.6	3.9	3.8	4.7	4.0
(iii) Time Spent with Government Bureaucracy			4.8	5.4	5.0	2.8	4.5	0.4
(iv) Ease of Starting a New Business			6.1	6.5	5.4	5.3	5.8	5.6
(v) Irregular Payments to Government Officials			2.9	5.5	6.7	6.1	6.0	6.4

## Colombia

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.1 (66)		5.0 (75)		5.4 (80)		5.4 (101)		5.5 (99)		5.3 (110)		5.5 (104)		5.5 (109)	
<b>1. Size of Government</b>	5.9		6.7		6.8		5.1		4.8		4.7		4.7		4.7	
A. Government Consumption	7.8	(13.4)	7.8	(13.6)	6.3	(18.5)	4.4	(25.2)	4.9	(23.3)	4.7	(24.0)	4.7	(24.0)	4.7	(24.0)
B. Transfers and Subsidies	8.9	(4.4)	9.1	(3.7)	9.0	(4.1)	8.7	(5.2)	8.7	(5.2)	8.7	(5.2)	8.7	(5.2)	8.7	(5.2)
C. Government Enterprises and Investment	2.0	(53.9)	2.0	(43.9)	4.0	(34.1)	2.0	(40.2)	0.0	(51.9)	0.0	(51.9)	0.0	(51.9)	0.0	(51.9)
D. Top Marginal Tax Rate	5.0		8.0		8.0		5.5		5.5		5.5		5.5		5.5	
(i) Top Marginal Income Tax Rate	5.0	(49)	8.0	(30)	8.0	(30)	7.0	(35)	7.0	(35)	7.0	(35)	7.0	(35)	7.0	(35)
(ii) Top Marginal Income and Payroll Tax Rate	8.0		8.0		8.0		4.0		4.0		4.0		4.0		4.0	
<b>2. Legal Structure and Security of Property Rights</b>	3.4		3.4		2.8		3.5		3.4		3.3		3.2		3.4	
A. Judicial Independence					3.7		3.5		3.9		3.5		3.3		3.9	
B. Impartial Courts					3.5		5.8		4.0		4.2		3.8		4.2	
C. Protection of Intellectual Property					4.1		3.3		4.3		4.0		3.8		4.0	
D. Military Interference					2.9		3.3		3.3		3.3		3.3		3.3	
E. Integrity of Legal System					0.0		1.7		1.7		1.7		1.7		1.7	
<b>3. Access to Sound Money</b>	6.5		4.5		5.3		6.3		7.6		7.4		7.5		7.7	
A. Growth of Money Supply	6.6	(17.0)	4.4	(27.8)	6.1	(19.6)	8.3	(8.6)	8.5	(7.3)	7.4	(13.0)	7.6	(11.8)	8.0	(10.0)
B. Inflation Variability	9.3	(1.7)	9.1	(2.3)	9.2	(2.1)	8.8	(3.0)	8.3	(4.3)	8.3	(4.2)	8.8	(2.9)	8.9	(2.7)
C. Recent Annual Inflation	5.0	(24.9)	4.3	(28.6)	6.0	(19.8)	8.2	(9.2)	8.4	(8.0)	8.7	(6.4)	8.6	(7.1)	8.8	(5.9)
D. Freedom to Own Foreign Currency	5.0		0.0		0.0		0.0		5.0		5.0		5.0		5.0	
<b>4. Freedom to Exchange with Foreigners</b>	4.7		4.9		6.3		6.5		6.4		6.1		6.5		5.9	
A. Taxes on International Trade	4.1		5.5		7.8		7.8		7.7		7.7		7.8		7.9	
(i) Taxes as Percentage of Exports and Imports	5.0	(7.5)	6.0	(6.0)	8.0	(2.9)	8.4	(2.5)	8.2	(2.7)	8.2	(2.7)	8.5	(2.3)	8.5	(2.3)
(ii) Mean Tariff Rate	3.3	(33.6)	3.9	(30.4)	7.3	(13.3)	7.7	(11.7)	7.4	(12.8)	7.4	(12.8)	7.4	(12.8)	7.7	(11.3)
(iii) Variability of Tariff Rates			6.7		8.0		7.5		7.5		7.5		7.5		7.5	
B. Regulatory Trade Barriers					5.2		6.1		6.1		6.4		6.4		5.7	
(i) Hidden Import Barriers					5.2		4.9		5.0		5.3		5.3		5.4	
(ii) Costs of Importing							7.3		7.2		7.4		7.5		5.9	
C. Size of Trade Sector	2.9		4.4		4.1		4.4		4.2		4.4		4.7		4.1	
D. Official versus Black Market Exchange Rates	8.2		6.6		8.6		10.0		10.0		8.6		8.6		8.1	
E. Restrictions on Capital Markets	0.0		0.0		6.0		3.9		3.9		3.5		4.8		3.6	
(i) Access to Foreign Capital					7.0		7.9		7.9		7.0		8.0		6.4	
(ii) Restrictions on Capital Transactions	0.0		0.0		5.0		0.0		0.0		0.0		1.5		0.8	
<b>5. Regulation of Credit, Labor and Business</b>	5.2		5.5		5.5		5.5		5.2		5.2		5.4		5.6	
A. Regulation of Credit Markets	8.0		8.2		7.6		6.9		7.0		7.2		7.1		7.1	
(i) Private Ownership of Banks	8.0		8.0		8.0		8.0		8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks					7.7		5.6		5.6		5.6		5.6		5.6	
(iii) Extension of Credit to Private Sector			8.6		8.1		8.1		7.6		7.3		7.2		6.9	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		8.0		8.0		9.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					6.0		5.0		5.0		5.0		5.0		5.0	
B. Regulation of Labor Markets					4.8		3.9		3.7		3.7		4.0		4.3	
(i) Impact of Minimum Wage					6.8		2.8		2.8		2.8		2.8		3.2	
(ii) Flexibility in Hiring and Firing			5.5		5.5		4.2		2.9		2.8		4.3		4.7	
(iii) Collective Bargaining					5.9		6.3		6.3		7.0		7.0		7.6	
(iv) Incentives from Unemployment Benefits					5.7		5.5		5.5		5.4		5.9		5.9	
(v) Military Conscription	0.0		0.0		1.0		1.0		1.0		1.0		0.0		0.0	
C. Regulation of Business					4.1		5.8		4.7		4.7		5.0		5.5	
(i) Price Controls					5.0		6.0		6.0		5.0		5.0		6.0	
(ii) Burden of Regulation							6.4		2.1		2.7		3.0		3.0	
(iii) Time Spent with Government Bureaucracy					6.2		6.8		6.0		6.3		6.8		6.3	
(iv) Ease of Starting a New Business					2.6		3.8		3.4		3.5		3.7		4.8	
(v) Irregular Payments to Government Officials					2.4		5.9		6.2		6.0		6.8		7.4	

# Congo, Democratic Republic of

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	3.8 (100)	3.6 (106)	3.8 (118)	3.4 (123)	3.7 (121)	4.7 (118)	4.5 (122)	4.1 (127)
<b>1. Size of Government</b>	3.4	5.2	5.6	4.9	4.9	5.4	5.6	5.3
A. Government Consumption	9.1 (9.0)	8.0 (12.7)	10.0 (5.7)	9.3 (8.4)	10.0 (5.3)	10.0 (5.9)	9.7 (7.0)	8.8 (9.9)
B. Transfers and Subsidies		9.9 (0.8)	10.0 (0.5)	10.0 (0.0)	9.3 (3.1)	9.3 (3.1)	10.0 (0.3)	10.0 (0.3)
C. Government Enterprises and Investment	0.0 (45.5)	2.0 (31.1)	2.0	0.0	0.0	0.0	0.0	0.0
D. Top Marginal Tax Rate	1.0	1.0	0.5	0.5	0.5	2.5	2.5	2.5
(i) Top Marginal Income Tax Rate	1.0 (60)	1.0 (60)	1.0 (60)	1.0 (60)	1.0 (60)	3.0 (50)	3.0 (50)	3.0 (50)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (60)	0.0 (63)	0.0 (63)	0.0 (63)	2.0 (54)	2.0 (54)	2.0 (54)
<b>2. Legal Structure and Security of Property Rights</b>	2.5	2.4	2.2	2.4	2.4	2.4	1.1	1.1
A. Judicial Independence								
B. Impartial Courts			3.0	3.6	3.6	3.6	2.5	2.5
C. Protection of Intellectual Property								
D. Military Interference			1.5	0.0	0.0	0.0	0.0	0.0
E. Integrity of Legal System			0.0	1.7	1.7	1.7	1.7	1.7
<b>3. Access to Sound Money</b>	1.2	0.0	0.0	1.3	2.5	3.4	4.4	4.8
A. Growth of Money Supply	0.0 (52.5)	0.0 (99.5)	0.0 (1631.8)	0.0 (2290.0)	0.0 (2290.0)	0.0 (2290.0)	0.0 (2290.0)	0.0 (2290.0)
B. Inflation Variability	0.0 (25.3)	0.0 (30.2)	0.0 (9932.5)	0.0 (248.4)	0.0 (198.1)	0.0 (207.9)	0.0 (236.8)	0.0 (237.0)
C. Recent Annual Inflation	4.8 (25.8)	0.0 (109.0)	0.0 (466.4)	0.0 (513.9)	0.0 (359.9)	3.7 (31.5)	7.4 (13.0)	9.2 (4.0)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	5.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	6.3	5.8	6.8	4.5	4.0	6.5	6.5	5.9
A. Taxes on International Trade	5.0	4.9	7.8	5.7	3.3	6.3	6.9	6.9
(i) Taxes as Percentage of Exports and Imports	4.4 (8.4)	3.9 (9.1)	7.8 (3.3)	5.7 (6.4)	3.3 (10.1)	6.3 (5.5)	6.3 (5.5)	6.3 (5.5)
(ii) Mean Tariff Rate	5.5 (22.4)	5.9 (20.7)					7.4 (13.0)	7.4 (13.0)
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers								0.0
(i) Hidden Import Barriers								
(ii) Costs of Importing								0.0
C. Size of Trade Sector	7.6	7.9	6.7	4.7	4.1	4.8	4.7	8.4
D. Official versus Black Market Exchange Rates	8.8	6.0	9.2	1.4	1.4	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	2.0	2.3	3.1	3.1	3.1	2.3
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	2.3	3.1	3.1	3.1	2.3
<b>5. Regulation of Credit, Labor and Business</b>	5.7	4.6	4.6	4.0	4.6	5.6	5.2	3.6
A. Regulation of Credit Markets	4.7	2.9	3.1	0.0	2.9	6.3	5.2	2.3
(i) Private Ownership of Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	9.5	8.6	9.3		8.7	8.9	5.5	6.9
(iv) Avoidance of Negative Real Interest Rates		0.0	0.0	0.0	0.0	10.0	10.0	0.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								0.0
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		2.0	2.0	2.0	2.0	2.0	2.0	2.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								0.0
(v) Irregular Payments to Government Officials								

# Congo, Republic of

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.6 (85)		4.7 (90)		4.9 (93)		4.4 (118)		4.6 (119)		4.5 (119)		4.4 (123)		4.1 (127)	
<b>1. Size of Government</b>	2.4		3.5		4.7		3.5		3.9		3.9		4.1		4.2	
A. Government Consumption	4.7	(23.9)	6.4	(18.2)	6.5	(17.9)	1.6	(34.6)	3.1	(29.3)	4.0	(26.5)	4.6	(24.4)	5.3	(21.9)
B. Transfers and Subsidies					9.3	(3.1)	9.5	(2.3)	9.6	(2.2)	8.6	(5.6)	8.6	(5.6)	8.6	(5.6)
C. Government Enterprises and Investment	0.0	(59.4)	0.0		0.0		0.0		0.0		0.0		0.0		0.0	
D. Top Marginal Tax Rate			4.0		3.0		3.0		3.0		3.0		3.0		3.0	
(i) Top Marginal Income Tax Rate			4.0	(50)	3.0	(50)	3.0	(50)	3.0	(50)	3.0	(50)	3.0	(50)	3.0	(50)
(ii) Top Marginal Income and Payroll Tax Rate																
<b>2. Legal Structure and Security of Property Rights</b>	3.1		3.0		3.2		2.4		2.4		2.4		1.9		1.9	
A. Judicial Independence																
B. Impartial Courts					1.8		1.9		1.9		1.9		3.5		3.5	
C. Protection of Intellectual Property																
D. Military Interference					0.0		0.0		0.0		0.0		0.0		0.0	
E. Integrity of Legal System					7.0		3.3		3.3		3.3		3.3		3.3	
<b>3. Access to Sound Money</b>	6.1		5.8		5.7		4.3		4.7		4.2		4.4		4.4	
A. Growth of Money Supply	8.3	(8.4)	9.3	(-3.6)	9.4	(3.0)	7.2	(13.8)	8.8	(6.1)	7.7	(11.7)	7.7	(11.7)	7.7	(11.7)
B. Inflation Variability	6.4	(9.0)	4.2	(14.5)	4.0	(14.9)	0.2	(24.5)	0.0	(27.8)	0.0	(28.2)	0.0	(25.4)	0.0	(25.4)
C. Recent Annual Inflation	9.5	(2.5)	9.8	(-0.8)	9.3	(3.4)	9.8	(-0.9)	10.0	(0.1)	9.1	(4.6)	9.8	(-0.9)	9.8	(-0.9)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.1		5.8		6.8		6.8		6.9		6.8		6.7		5.5	
A. Taxes on International Trade	3.6		4.5		6.7		7.4		7.1		7.1		7.1		7.1	
(i) Taxes as Percentage of Exports and Imports			4.5	(8.2)	7.6	(3.6)	9.2	(1.1)	8.9	(1.7)	9.0	(1.6)	8.9	(1.6)	8.9	(1.6)
(ii) Mean Tariff Rate	3.6	(32.0)			6.3	(18.6)	6.5	(17.6)	6.3	(18.6)	6.1	(19.6)	6.1	(19.6)	6.1	(19.6)
(iii) Variability of Tariff Rates					6.2	(9.5)	6.6	(8.6)	6.2	(9.6)	6.2	(9.6)	6.2	(9.6)	6.2	(9.6)
B. Regulatory Trade Barriers															0.6	
(i) Hidden Import Barriers																
(ii) Costs of Importing															0.6	
C. Size of Trade Sector	8.9		7.2		9.1		8.5		9.1		8.7		8.7		7.8	
D. Official versus Black Market Exchange Rates	9.8		9.2		9.8		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
(i) Access to Foreign Capital																
(ii) Restrictions on Capital Transactions	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>5. Regulation of Credit, Labor and Business</b>	5.5		5.1		4.3		4.8		5.2		5.1		5.2		4.7	
A. Regulation of Credit Markets	4.0		5.5		2.9		4.5		5.7		5.3		5.6		5.0	
(i) Private Ownership of Banks	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
(ii) Competition from Foreign Banks																
(iii) Extension of Credit to Private Sector			6.4		6.6		7.5		8.2		6.8		7.8		6.9	
(iv) Avoidance of Negative Real Interest Rates	8.0		10.0		2.0		6.0		9.0		9.0		9.0		8.0	
(v) Controls on Interest Rates																
B. Regulation of Labor Markets																
(i) Impact of Minimum Wage																3.2
(ii) Flexibility in Hiring and Firing																
(iii) Collective Bargaining																
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business																
(i) Price Controls			0.0		0.0		0.0		0.0		0.0		0.0		0.0	
(ii) Burden of Regulation																
(iii) Time Spent with Government Bureaucracy																
(iv) Ease of Starting a New Business																3.6
(v) Irregular Payments to Government Officials																

# Costa Rica

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.4 (55)	6.8 (17)	6.9 (34)	7.3 (22)	7.2 (23)	7.1 (29)	7.4 (20)	7.2 (30)
<b>1. Size of Government</b>	5.2	7.0	6.3	7.1	7.3	7.0	7.3	7.3
A. Government Consumption	5.7 (20.8)	5.0 (22.9)	5.0 (22.9)	6.9 (16.4)	6.7 (17.2)	6.5 (17.9)	6.5 (17.9)	6.6 (17.6)
B. Transfers and Subsidies	8.2 (7.2)	8.8 (5.0)	8.2 (7.0)	8.6 (5.7)	8.4 (6.4)	8.4 (6.4)	8.8 (4.9)	8.8 (4.9)
C. Government Enterprises and Investment	4.0 (34.1)	6.0 (21.0)	4.0 (27.1)	6.0 (23.2)	7.0 (23.2)	7.0 (23.2)	7.0 (23.2)	7.0 (23.2)
D. Top Marginal Tax Rate	3.0	8.0	8.0	7.0	7.0	6.0	7.0	7.0
(i) Top Marginal Income Tax Rate	3.0 (50)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)	8.0 (30)	9.0 (18-30)	9.0 (18-30)
(ii) Top Marginal Income and Payroll Tax Rate		7.0 (33)	7.0 (33)	5.0 (39)	5.0 (39)	4.0 (41)	5.0 (27-45)	5.0 (27-45)
<b>2. Legal Structure and Security of Property Rights</b>	5.3	5.5	5.8	6.9	6.5	6.1	6.6	6.7
A. Judicial Independence				6.3	5.9	4.7	6.5	6.7
B. Impartial Courts			6.5	6.8	5.5	4.8	5.3	5.5
C. Protection of Intellectual Property				4.5	4.5	4.5	4.7	4.4
D. Military Interference			8.7	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			4.1	6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	4.9	8.1	7.9	7.9	8.5	8.6	8.8	8.9
A. Growth of Money Supply	3.6 (32.1)	7.4 (13.0)	8.1 (9.3)	5.2 (24.2)	7.8 (11.2)	7.7 (11.4)	8.2 (8.8)	8.7 (6.4)
B. Inflation Variability	0.2 (24.4)	8.7 (3.3)	7.6 (6.0)	8.5 (3.6)	8.5 (3.6)	8.7 (3.2)	8.7 (3.2)	9.5 (1.3)
C. Recent Annual Inflation	5.9 (20.5)	6.3 (18.6)	5.7 (21.3)	7.8 (11.0)	7.8 (11.2)	8.2 (9.2)	8.1 (9.5)	7.5 (12.3)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	4.9	6.7	7.6	8.0	7.9	7.8	8.0	7.4
A. Taxes on International Trade	1.8	5.6	7.3	8.4	8.3	8.2	8.3	8.4
(i) Taxes as Percentage of Exports and Imports	5.4 (6.9)	5.3 (7.0)	6.9 (4.6)	9.3 (1.1)	9.2 (1.2)	9.1 (1.4)	9.3 (1.1)	9.3 (1.1)
(ii) Mean Tariff Rate	0.0 (53.0)	6.7 (16.4)	8.0 (10.2)	8.9 (5.4)	8.7 (6.6)	8.7 (6.6)	8.7 (6.6)	8.9 (5.7)
(iii) Variability of Tariff Rates	0.0 (61.8)	4.8 (12.9)	6.9 (7.7)	7.0 (7.5)	7.0 (7.5)	7.0 (7.5)	7.0 (7.5)	7.0 (7.5)
B. Regulatory Trade Barriers				6.6	6.5	6.5	6.8	5.1
(i) Hidden Import Barriers				5.2	5.0	5.2	5.8	3.9
(ii) Costs of Importing				8.0	8.0	7.8	7.8	6.3
C. Size of Trade Sector	4.2	4.9	4.8	5.6	5.1	5.0	5.4	5.3
D. Official versus Black Market Exchange Rates	5.2	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	5.0	8.0	9.6	9.6	9.4	9.6	8.0
(i) Access to Foreign Capital				9.3	9.3	8.8	9.2	7.9
(ii) Restrictions on Capital Transactions	5.0	5.0	8.0	10.0	10.0	10.0	10.0	8.2
<b>5. Regulation of Credit, Labor and Business</b>	6.8	6.7	6.8	6.6	5.9	6.0	6.1	5.8
A. Regulation of Credit Markets	8.1	8.5	8.9	7.5	6.7	6.6	6.6	6.5
(i) Private Ownership of Banks	10.0	10.0	10.0	10.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks				6.2	6.2	6.2	6.2	6.2
(iii) Extension of Credit to Private Sector	8.3	7.5	8.8	8.6	8.6	8.3	8.3	7.7
(iv) Avoidance of Negative Real Interest Rates	6.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates				4.6	4.6	4.6	4.6	4.6
B. Regulation of Labor Markets				6.0	6.1	5.7	6.2	6.1
(i) Impact of Minimum Wage				3.5	3.5	3.5	3.5	3.1
(ii) Flexibility in Hiring and Firing				5.0	5.5	3.2	5.3	5.2
(iii) Collective Bargaining				5.0	5.1	5.5	5.8	5.7
(iv) Incentives from Unemployment Benefits				6.5	6.5	6.5	6.5	6.5
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business				6.3	5.0	5.7	5.5	4.9
(i) Price Controls		6.0	6.0	8.0	8.0	8.0	8.0	8.0
(ii) Burden of Regulation				6.8	1.9	3.5	3.3	2.7
(iii) Time Spent with Government Bureaucracy				6.2	5.3	6.3	5.8	4.7
(iv) Ease of Starting a New Business				4.7	4.0	4.8	4.2	3.4
(v) Irregular Payments to Government Officials				5.9	5.6	5.9	6.5	5.8



# Croatia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>			4.4 (109)	5.8 (85)	6.0 (80)	5.9 (85)	6.0 (85)	6.2 (74)
<b>1. Size of Government</b>			2.6	2.8	4.1	4.1	4.2	4.0
A. Government Consumption			1.9 (33.4)	2.5 (31.7)	3.2 (29.3)	4.0 (26.5)	4.1 (26.0)	4.0 (26.3)
B. Transfers and Subsidies			5.9 (15.5)	4.7 (20.1)	4.4 (20.9)	4.4 (20.9)	4.6 (20.4)	4.0 (22.6)
C. Government Enterprises and Investment			0.0	2.0	7.0 (21.6)	7.0 (21.6)	7.0 (21.6)	7.0 (21.6)
D. Top Marginal Tax Rate				2.0	2.0	1.0	1.0	1.0
(i) Top Marginal Income Tax Rate				4.0 (35-53)	4.0 (35-53)	2.0 (45-63)	2.0 (45-63)	2.0 (45-63)
(ii) Top Marginal Income and Payroll Tax Rate				0.0 (56-68)	0.0 (56-68)	0.0 (62-75)	0.0 (53-71)	0.0 (53-71)
<b>2. Legal Structure and Security of Property Rights</b>			5.9	6.6	5.2	5.1	5.0	5.4
A. Judicial Independence					3.1	2.8	2.3	3.1
B. Impartial Courts			5.8	6.1	2.8	3.0	3.0	3.4
C. Protection of Intellectual Property					3.3	3.0	3.2	3.7
D. Military Interference			7.4	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System				8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	2.5		3.4	7.8	7.9	7.8	7.9	8.1
A. Growth of Money Supply			0.0 (62.4)	8.3 (8.6)	8.2 (8.8)	7.3 (13.7)	6.9 (15.7)	7.9 (10.3)
B. Inflation Variability			0.0 (573.3)	9.2 (2.1)	9.2 (2.0)	9.2 (2.1)	9.7 (0.7)	9.7 (0.8)
C. Recent Annual Inflation	0.0 (500.0)		8.4 (8.0)	8.9 (5.3)	9.0 (4.8)	9.7 (1.7)	10.0 (0.1)	9.6 (2.1)
D. Freedom to Own Foreign Currency	5.0		5.0	5.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>			6.0	6.3	6.5	6.5	6.7	6.7
A. Taxes on International Trade			7.0	8.5	7.7	7.7	7.7	8.6
(i) Taxes as Percentage of Exports and Imports			7.0 (4.6)	8.3 (2.6)	8.3 (2.5)	8.3 (2.5)	8.3 (2.5)	9.5 (0.7)
(ii) Mean Tariff Rate				8.7 (6.7)	7.6 (12.0)	7.6 (12.0)	7.6 (12.0)	9.2 (4.1)
(iii) Variability of Tariff Rates					7.0 (7.4)	7.0 (7.4)	7.0 (7.4)	7.0 (7.4)
B. Regulatory Trade Barriers					7.2	6.6	7.0	6.4
(i) Hidden Import Barriers					5.9	5.2	5.5	6.1
(ii) Costs of Importing					8.6	8.0	8.5	6.6
C. Size of Trade Sector			4.5	4.6	4.7	4.7	4.7	5.0
D. Official versus Black Market Exchange Rates		0.0	8.4	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets		0.0	2.0	0.0	0.8	3.4	4.0	3.8
(i) Access to Foreign Capital						6.0	6.4	6.0
(ii) Restrictions on Capital Transactions		0.0	2.0	0.0	0.8	0.8	1.5	1.5
<b>5. Regulation of Credit, Labor and Business</b>			4.0	5.5	6.1	6.2	6.3	6.6
A. Regulation of Credit Markets		0.0	3.4	7.7	9.1	8.9	9.0	9.3
(i) Private Ownership of Banks		0.0	0.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks								10.0
(iii) Extension of Credit to Private Sector			6.1	7.2	7.4	7.7	8.0	8.1
(iv) Avoidance of Negative Real Interest Rates			4.0	6.0	10.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets					4.9	5.0	5.3	5.5
(i) Impact of Minimum Wage								5.6
(ii) Flexibility in Hiring and Firing					3.4	3.8	4.2	4.7
(iii) Collective Bargaining					6.5	6.2	6.7	6.9
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription			3.0	3.0	5.0	5.0	5.0	5.0
C. Regulation of Business					4.3	4.6	4.6	5.1
(i) Price Controls	0.0		2.0	4.0	4.0	4.0	4.0	3.0
(ii) Burden of Regulation					1.9	2.0	2.0	2.4
(iii) Time Spent with Government Bureaucracy						7.0	7.3	9.4
(iv) Ease of Starting a New Business					5.5	4.7	4.5	4.9
(v) Irregular Payments to Government Officials					5.7	5.4	5.4	5.6

# Cyprus

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	5.6 (46)	5.9 (42)	6.2 (56)	6.2 (71)	6.2 (70)	6.7 (50)	6.9 (37)	7.4 (20)
<b>1. Size of Government</b>	5.8	5.4	6.2	6.2	5.7	6.9	6.9	7.0
A. Government Consumption	6.5 (18.1)	5.2 (22.4)	5.5 (21.2)	6.0 (19.5)	4.0 (26.3)	5.2 (22.3)	4.8 (23.8)	5.3 (22.1)
B. Transfers and Subsidies	7.9 (8.1)	7.9 (8.3)	7.3 (10.3)	6.9 (11.9)	6.9 (11.9)	6.7 (12.5)	6.7 (12.5)	6.7 (12.5)
C. Government Enterprises and Investment	8.0 (17.4)	8.0	8.0	8.0	8.0	8.0	8.0	8.0
D. Top Marginal Tax Rate	1.0	0.5	4.0	4.0	4.0	7.5	8.0	8.0
(i) Top Marginal Income Tax Rate	1.0 (60)	1.0 (60)	5.0 (40)	5.0 (40)	5.0 (40)	8.0 (30)	8.0 (30)	8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate		0.0 (62)	3.0 (48)	3.0 (48)	3.0 (49)	7.0 (34)	8.0 (30)	8.0 (30)
<b>2. Legal Structure and Security of Property Rights</b>	4.0	6.7	6.3	6.9	6.9	6.9	7.0	7.2
A. Judicial Independence							7.0	7.4
B. Impartial Courts			7.2	7.3	7.3	7.3	6.3	6.6
C. Protection of Intellectual Property							4.8	5.4
D. Military Interference			7.3	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			7.0	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	6.7	7.0	7.3	6.9	7.1	8.3	8.3	9.6
A. Growth of Money Supply	9.1 (4.6)	9.5 (2.3)	9.9 (0.4)	8.6 (6.8)	8.9 (5.4)	9.1 (4.7)	9.4 (3.2)	9.2 (3.9)
B. Inflation Variability	8.9 (2.8)	9.7 (0.7)	9.6 (0.9)	9.7 (0.8)	9.7 (0.7)	9.7 (0.7)	9.6 (0.9)	9.6 (0.9)
C. Recent Annual Inflation	8.9 (5.7)	8.9 (5.3)	9.5 (2.6)	9.2 (4.1)	9.6 (2.0)	9.4 (2.8)	9.2 (4.1)	9.5 (2.3)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	5.0	5.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	5.9	5.4	5.6	5.8	6.0	5.9	6.3	7.0
A. Taxes on International Trade	6.8	5.5	7.7	7.9	7.9	7.9	7.9	7.9
(i) Taxes as Percentage of Exports and Imports	7.1 (4.4)	7.2 (4.2)	8.3 (2.6)	9.2 (1.3)	9.2 (1.3)	9.2 (1.3)	9.2 (1.3)	9.2 (1.3)
(ii) Mean Tariff Rate	6.5 (17.6)	6.7 (16.5)	7.2 (14.0)	6.7 (16.4)	6.7 (16.4)	6.7 (16.4)	6.7 (16.4)	6.7 (16.4)
(iii) Variability of Tariff Rates		2.5 (18.7)						
B. Regulatory Trade Barriers							8.1	8.4
(i) Hidden Import Barriers							7.2	7.7
(ii) Costs of Importing							9.0	9.0
C. Size of Trade Sector	4.6	4.2	3.2	2.8	3.7	3.1	2.3	2.5
D. Official versus Black Market Exchange Rates	9.8	9.0	9.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	2.9	6.4
(i) Access to Foreign Capital							5.8	5.8
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9
<b>5. Regulation of Credit, Labor and Business</b>	5.6	5.1	5.4	5.4	5.5	5.7	6.0	6.1
A. Regulation of Credit Markets	8.3	8.8	8.9	8.9	8.8	9.5	9.4	9.1
(i) Private Ownership of Banks	8.0	8.0	8.0	8.0	8.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks								8.0
(iii) Extension of Credit to Private Sector	8.9	8.5	8.7	8.7	8.4	8.5	8.2	8.4
(iv) Avoidance of Negative Real Interest Rates	8.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets							3.0	3.1
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing							4.0	3.9
(iii) Collective Bargaining							5.0	5.3
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Regulation of Business							5.7	6.2
(i) Price Controls		0.0	2.0	2.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation							4.7	4.4
(iii) Time Spent with Government Bureaucracy							6.5	8.5
(iv) Ease of Starting a New Business							6.5	6.5
(v) Irregular Payments to Government Officials							7.0	7.6



# Czech Republic

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>			5.8 (68)	6.7 (46)	6.8 (42)	6.7 (50)	6.9 (37)	6.9 (45)
<b>1. Size of Government</b>			3.1	4.3	4.2	4.2	4.5	4.4
A. Government Consumption			3.0 (29.7)	3.0 (29.7)	2.9 (30.1)	2.6 (31.0)	2.3 (32.1)	2.7 (30.9)
B. Transfers and Subsidies	0.0	(37.2)	2.4 (28.4)	2.4 (28.6)	2.0 (29.9)	2.0 (29.9)	3.7 (23.6)	2.9 (26.4)
C. Government Enterprises and Investment			4.0	8.0	8.0 (18.0)	8.0 (18.0)	8.0 (18.0)	8.0
D. Top Marginal Tax Rate			3.0	4.0	4.0	4.0	4.0	4.0
(i) Top Marginal Income Tax Rate			5.0 (43)	7.0 (32)	7.0 (32)	7.0 (32)	7.0 (32)	7.0 (32)
(ii) Top Marginal Income and Payroll Tax Rate			1.0 (64)	1.0 (56)	1.0 (56)	1.0 (56)	1.0 (58)	1.0 (58)
<b>2. Legal Structure and Security of Property Rights</b>	6.8	7.2	6.5	6.9	6.6	6.4	6.5	6.6
A. Judicial Independence			6.2	6.0	4.9	5.3	5.8	5.6
B. Impartial Courts			3.6	4.5	3.8	3.8	3.7	4.4
C. Protection of Intellectual Property			4.5	5.6	5.7	4.3	4.8	4.6
D. Military Interference			8.5	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>			6.0	8.1	9.1	8.9	9.1	9.0
A. Growth of Money Supply			6.0 (20.0)	9.9 (0.7)	9.0 (5.1)	7.3 (13.5)	7.1 (14.6)	7.3 (13.6)
B. Inflation Variability			4.9 (12.8)	8.4 (4.0)	8.5 (3.8)	8.5 (3.6)	9.4 (1.4)	9.4 (1.4)
C. Recent Annual Inflation			7.9 (10.4)	9.2 (3.9)	9.1 (4.7)	9.6 (1.8)	10.0 (0.1)	9.4 (2.8)
D. Freedom to Own Foreign Currency			5.0	5.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>			7.8	8.5	8.4	8.4	8.2	8.3
A. Taxes on International Trade			8.4	8.2	8.3	8.4	8.3	8.4
(i) Taxes as Percentage of Exports and Imports			9.2 (1.1)	9.7 (0.5)	9.8 (0.3)	9.8 (0.3)	9.8 (0.3)	9.9 (0.1)
(ii) Mean Tariff Rate			8.7 (6.7)	8.7 (6.5)	8.7 (6.5)	9.0 (5.0)	9.0 (5.1)	9.0 (5.1)
(iii) Variability of Tariff Rates			7.4 (6.4)	6.3 (9.3)	6.3 (9.3)	6.3 (9.3)	6.3 (9.3)	6.3 (9.3)
B. Regulatory Trade Barriers			7.4	7.9	7.7	7.8	7.3	7.5
(i) Hidden Import Barriers			7.4	7.3	6.4	6.7	6.0	7.1
(ii) Costs of Importing				8.5	9.0	8.9	8.7	7.9
C. Size of Trade Sector	6.2		7.6	9.1	9.1	8.3	7.7	8.5
D. Official versus Black Market Exchange Rates			10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	5.7	7.0	7.0	7.5	7.4	7.0
(i) Access to Foreign Capital			6.4	7.9	7.9	8.8	8.6	7.8
(ii) Restrictions on Capital Transactions	0.0	0.0	5.0	6.2	6.2	6.2	6.2	6.2
<b>5. Regulation of Credit, Labor and Business</b>		3.2	5.4	5.7	5.7	6.0	6.0	6.4
A. Regulation of Credit Markets	0.0	0.0	5.7	5.8	6.8	8.1	8.0	8.2
(i) Private Ownership of Banks	0.0	0.0	5.0	2.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks			5.1	4.9	4.9	10.0	10.0	10.0
(iii) Extension of Credit to Private Sector			6.5	8.0	7.7	6.1	5.9	6.6
(iv) Avoidance of Negative Real Interest Rates			6.0	8.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			6.1	6.3	6.3	6.3	6.3	6.3
B. Regulation of Labor Markets			5.0	5.2	5.4	4.7	4.9	5.0
(i) Impact of Minimum Wage			6.6	5.1	5.1	5.1	5.1	7.3
(ii) Flexibility in Hiring and Firing		5.6	5.6	5.3	6.3	5.0	6.2	4.1
(iii) Collective Bargaining			5.2	7.7	7.4	7.5	7.2	7.4
(iv) Incentives from Unemployment Benefits			4.8	5.0	5.0	3.1	3.0	3.0
(v) Military Conscription	0.0	0.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business			5.4	6.1	5.1	5.1	5.2	6.0
(i) Price Controls	0.0	0.0	6.0	4.0	7.0	7.0	7.0	7.0
(ii) Burden of Regulation				7.8	2.7	2.8	2.8	3.1
(iii) Time Spent with Government Bureaucracy			5.9	8.1	6.0	5.8	6.3	8.8
(iv) Ease of Starting a New Business			6.0	5.5	4.5	4.2	3.8	5.0
(v) Irregular Payments to Government Officials			3.9	4.9	5.1	5.8	6.0	6.3

# Denmark

	1985		1990		1995		2000		2001		2002		2003		2004			
Summary Ratings (Rank) ▶	6.1 (28)		6.7 (20)		7.5 (13)		7.7 (12)		7.6 (14)		7.6 (14)		7.7 (13)		7.6 (17)			
<b>1. Size of Government</b>	3.1		2.9		3.1		3.6		3.9		3.9		4.2		4.2			
A. Government Consumption	2.0	(33.2)	1.7	(34.3)	1.9	(33.6)	1.7	(34.1)	1.4	(35.2)	1.2	(35.8)	1.2	(36.1)	1.4	(35.4)		
B. Transfers and Subsidies	4.6	(20.4)	4.0	(22.6)	2.9	(26.5)	4.3	(21.6)	3.7	(23.7)	3.7	(23.7)	4.0	(22.7)	3.9	(22.8)		
C. Government Enterprises and Investment	6.0	(26.0)	6.0	(20.3)	7.0	(24.9)	7.0		10.0	(8.3)	10.0	(8.3)	10.0	(8.3)	10.0	(9.5)		
D. Top Marginal Tax Rate	0.0		0.0		0.5		1.5		0.5		0.5		1.5		1.5			
(i) Top Marginal Income Tax Rate	0.0	(73)	0.0	(68)	1.0	(64)	2.0	(59)	1.0	(59)	1.0	(59)	2.0	(59)	2.0	(59)		
(ii) Top Marginal Income and Payroll Tax Rate	0.0		0.0		0.0		1.0		0.0		0.0		1.0		1.0			
<b>2. Legal Structure and Security of Property Rights</b>	7.9		8.3		9.1		9.5		9.2		9.3		9.5		9.2			
A. Judicial Independence					8.8		9.4		9.3		9.0		9.3		8.7			
B. Impartial Courts					9.5		9.5		8.6		8.7		9.2		8.9			
C. Protection of Intellectual Property					7.4		8.8		8.3		8.7		8.8		8.2			
D. Military Interference					9.7		10.0		10.0		10.0		10.0		10.0			
E. Integrity of Legal System					10.0		10.0		10.0		10.0		10.0		10.0			
<b>3. Access to Sound Money</b>	6.4		9.4		9.8		9.7		9.7		9.7		9.7		9.6			
A. Growth of Money Supply	7.5	(12.5)	8.5	(7.4)	9.7	(1.3)	9.7	(1.3)	9.7	(1.6)	9.8	(1.2)	9.6	(2.2)	9.0	(4.9)		
B. Inflation Variability	9.0	(2.4)	9.7	(0.7)	9.8	(0.6)	9.7	(0.8)	9.7	(0.8)	9.7	(0.8)	9.8	(0.5)	9.8	(0.6)		
C. Recent Annual Inflation	9.1	(4.3)	9.3	(3.4)	9.6	(2.1)	9.4	(2.9)	9.5	(2.4)	9.5	(2.4)	9.6	(2.1)	9.8	(1.2)		
D. Freedom to Own Foreign Currency	0.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
<b>4. Freedom to Exchange with Foreigners</b>	7.3		6.9		7.9		8.3		8.2		8.2		8.1		7.9			
A. Taxes on International Trade	9.1		8.5		8.7		9.2		9.0		9.1		9.2		9.2			
(i) Taxes as Percentage of Exports and Imports	9.7	(0.4)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)	9.9	(0.2)	9.9	(0.2)	9.9	(0.2)		
(ii) Mean Tariff Rate	8.5	(7.5)	8.5	(7.4)	8.7	(6.7)	9.5	(2.4)	9.2	(3.9)	9.4	(3.1)	9.7	(1.4)	9.6	(1.8)		
(iii) Variability of Tariff Rates			7.1		(7.2)		7.6		(4.4)		8.0		(4.9)		8.0		(4.9)	
B. Regulatory Trade Barriers					9.1		9.4		9.2		9.2		9.0		8.7			
(i) Hidden Import Barriers					9.1		9.0		8.5		8.8		8.3		7.9			
(ii) Costs of Importing							9.8		9.8		9.6		9.7		9.5			
C. Size of Trade Sector	4.0		3.1		2.8		3.8		3.9		3.8		3.3		3.6			
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
E. Restrictions on Capital Markets	5.0		5.0		8.8		9.0		9.0		8.8		9.1		8.1			
(i) Access to Foreign Capital					9.5		9.5		9.5		9.2		9.8		7.7			
(ii) Restrictions on Capital Transactions	5.0		5.0		8.0		8.5		8.5		8.5		8.5		8.5			
<b>5. Regulation of Credit, Labor and Business</b>	5.6		6.0		7.5		7.2		6.9		6.8		6.8		7.2			
A. Regulation of Credit Markets	9.1		9.3		9.1		9.4		9.4		9.4		9.4		9.4			
(i) Private Ownership of Banks	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
(ii) Competition from Foreign Banks					8.8		8.2		8.2		8.2		8.2		8.2			
(iii) Extension of Credit to Private Sector	7.2		8.0		8.2		9.2		9.2		9.2		9.2		9.4			
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
(v) Controls on Interest Rates					8.7		9.5		9.5		9.5		9.5		9.5			
B. Regulation of Labor Markets	3.5		4.7		4.8		4.6		4.7		4.6		4.6		5.1			
(i) Impact of Minimum Wage					3.7		4.8		4.8		4.8		4.8		6.1			
(ii) Flexibility in Hiring and Firing			8.1		8.1		6.5		7.0		7.2		6.7		7.3			
(iii) Collective Bargaining	5.2		5.2		5.2		4.9		4.8		5.3		4.7		5.3			
(iv) Incentives from Unemployment Benefits	2.3		2.4		4.2		4.0		4.0		3.0		3.8		3.8			
(v) Military Conscription	3.0		3.0		3.0		3.0		3.0		3.0		3.0		3.0			
C. Regulation of Business					8.5		7.6		6.6		6.4		6.5		7.2			
(i) Price Controls			7.0		9.0		7.0		7.0		6.0		7.0		7.0			
(ii) Burden of Regulation							7.1		3.5		4.3		3.3		4.9			
(iii) Time Spent with Government Bureaucracy					8.9		8.2		7.3		6.0		6.5		7.0			
(iv) Ease of Starting a New Business					6.3		6.5		5.8		6.2		6.2		7.8			
(v) Irregular Payments to Government Officials					10.0		9.3		9.4		9.5		9.7		9.1			

# Dominican Republic

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.5 (51)	4.6 (94)	6.2 (56)	6.5 (57)	6.6 (51)	6.6 (54)	6.2 (73)	5.4 (111)
<b>1. Size of Government</b>	6.2	6.4	8.6	8.6	8.5	8.2	8.2	8.2
A. Government Consumption	9.4 (8.2)	10.0 (6.0)	9.9 (6.4)	9.0 (9.6)	8.6 (10.9)	8.4 (11.3)	8.3 (11.7)	8.3 (11.8)
B. Transfers and Subsidies	9.5 (2.5)	9.7 (1.5)	9.7 (1.7)	9.3 (3.2)	9.5 (2.4)	9.5 (2.3)	9.6 (2.1)	9.6 (2.1)
C. Government Enterprises and Investment	6.0 (29.3)	6.0 (26.9)	6.0 (29.8)	7.0 (22.2)	7.0 (24.8)	7.0 (24.8)	7.0 (24.8)	7.0 (24.8)
D. Top Marginal Tax Rate	0.0	0.0	9.0	9.0	9.0	8.0	8.0	8.0
(i) Top Marginal Income Tax Rate	0.0 (73)	0.0 (73)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)
(ii) Top Marginal Income and Payroll Tax Rate		0.0 (73)	9.0 (25)	9.0 (25)	9.0 (25)	7.0 (32)	7.0 (32)	7.0 (32)
<b>2. Legal Structure and Security of Property Rights</b>	5.4	5.3	5.2	4.5	3.8	4.2	3.9	3.2
A. Judicial Independence					3.8	4.3	4.0	2.3
B. Impartial Courts			6.2	5.6	3.3	4.0	3.2	2.4
C. Protection of Intellectual Property				2.9	3.8	4.3	4.0	3.0
D. Military Interference			6.6	5.0	5.0	5.0	5.0	5.0
E. Integrity of Legal System			4.1	5.0	3.3	3.3	3.3	3.3
<b>3. Access to Sound Money</b>	3.8	1.5	4.5	6.8	8.0	8.1	6.0	3.7
A. Growth of Money Supply	7.3 (13.5)	2.7 (36.6)	8.4 (7.8)	9.4 (3.1)	9.4 (3.1)	9.4 (2.9)	7.9 (10.3)	7.6 (12.1)
B. Inflation Variability	3.0 (17.5)	3.5 (16.3)	2.0 (20.0)	9.4 (1.6)	9.3 (1.8)	9.2 (2.0)	6.4 (9.1)	2.2 (19.4)
C. Recent Annual Inflation	0.0 (50.5)	0.0 (51.1)	7.5 (12.6)	8.5 (7.7)	8.2 (8.9)	9.0 (5.2)	4.5 (27.5)	0.0 (51.5)
D. Freedom to Own Foreign Currency	5.0	0.0	0.0	0.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	5.6	4.2	5.8	5.9	6.4	6.7	7.0	6.3
A. Taxes on International Trade	5.7	5.1	5.0	5.8	6.8	6.8	6.8	6.8
(i) Taxes as Percentage of Exports and Imports	5.7 (6.5)	5.8 (6.3)	4.0 (9.0)	5.2 (7.2)	5.8 (6.3)	5.6 (6.5)	5.6 (6.5)	5.6 (6.5)
(ii) Mean Tariff Rate		4.4 (28.0)	6.0 (20.0)	6.1 (19.5)	8.0 (10.1)	8.0 (10.1)	8.0 (10.1)	7.9 (10.3)
(iii) Variability of Tariff Rates				6.0 (10.0)	6.8 (8.1)	6.8 (8.1)	6.8 (8.1)	6.8 (8.1)
B. Regulatory Trade Barriers				3.3	5.8	6.7	5.1	5.0
(i) Hidden Import Barriers				3.3	4.2	5.3	3.7	3.1
(ii) Costs of Importing					7.5	8.0	6.5	6.9
C. Size of Trade Sector	5.0	5.6	4.4	4.1	3.1	3.5	6.6	4.3
D. Official versus Black Market Exchange Rates	7.2	0.0	9.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	2.0	6.5	6.5	6.5	6.6	5.5
(i) Access to Foreign Capital				8.4	8.4	9.2	9.4	7.2
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	4.6	4.6	3.8	3.8	3.8
<b>5. Regulation of Credit, Labor and Business</b>	6.6	5.7	6.8	6.5	6.1	5.9	6.1	5.7
A. Regulation of Credit Markets	7.3	6.0	9.0	7.8	7.5	7.5	7.5	6.4
(i) Private Ownership of Banks	8.0	10.0	10.0	10.0	8.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks				5.8	5.8	5.8	5.8	5.8
(iii) Extension of Credit to Private Sector	6.7	8.0	8.9	9.2	8.8	8.8	8.8	8.5
(iv) Avoidance of Negative Real Interest Rates		0.0	8.0	8.0	9.0	9.0	9.0	4.0
(v) Controls on Interest Rates				5.8	5.8	5.8	5.8	5.8
B. Regulation of Labor Markets				5.9	6.2	5.5	6.4	6.0
(i) Impact of Minimum Wage				2.9	2.9	2.9	2.9	2.4
(ii) Flexibility in Hiring and Firing				5.2	4.6	3.2	5.8	4.8
(iii) Collective Bargaining				5.6	7.1	5.8	6.7	6.8
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business				6.0	4.7	4.6	4.4	4.6
(i) Price Controls		4.0	6.0	6.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation				7.4	3.4	3.2	3.0	3.6
(iii) Time Spent with Government Bureaucracy				5.2	5.8	5.8	5.3	8.1
(iv) Ease of Starting a New Business				5.5	4.8	5.3	4.3	3.6
(v) Irregular Payments to Government Officials				5.7	5.5	4.7	5.5	4.0

# Ecuador

	1985		1990		1995		2000		2001		2002		2003		2004			
Summary Ratings (Rank) ▶	4.9 (75)		5.5 (52)		6.3 (48)		5.6 (96)		5.5 (99)		5.9 (85)		5.8 (91)		5.7 (95)			
<b>1. Size of Government</b>	5.1		8.2		8.2		8.4		9.0		8.9		9.0		8.1			
A. Government Consumption	7.3	(15.1)	8.5	(11.2)	7.2	(15.7)	7.9	(13.3)	8.1	(12.4)	7.9	(13.2)	8.2	(12.3)	7.6	(14.3)		
B. Transfers and Subsidies	9.0	(4.0)	9.5	(2.3)	9.7	(1.5)	9.9	(1.0)	9.9	(1.0)	9.9	(1.0)	9.9	(1.0)	9.9	(1.0)		
C. Government Enterprises and Investment	2.0	(41.3)	7.0	(21.7)	8.0	(18.3)	8.0	(18.1)	10.0	(3.1)	10.0	(3.1)	10.0	(3.1)	7.0	(20.1)		
D. Top Marginal Tax Rate	2.0		8.0		8.0		8.0		8.0		8.0		8.0		8.0			
(i) Top Marginal Income Tax Rate	2.0	(58)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)		
(ii) Top Marginal Income and Payroll Tax Rate	7.0		(32)		7.0		(32)		7.0		(32)		7.0		(32)			
<b>2. Legal Structure and Security of Property Rights</b>	5.3		5.2		4.4		3.3		2.5		2.9		2.7		2.4			
A. Judicial Independence							2.7		1.0		1.5		1.3		0.4			
B. Impartial Courts					4.3		2.5		1.3		2.0		1.7		1.5			
C. Protection of Intellectual Property							3.0		1.9		2.8		2.2		2.4			
D. Military Interference					5.1		3.3		3.3		3.3		3.3		2.5			
E. Integrity of Legal System					4.1		5.0		5.0		5.0		5.0		5.0			
<b>3. Access to Sound Money</b>	6.4		3.8		6.5		4.9		4.8		6.1		5.9		6.7			
A. Growth of Money Supply	6.0	(19.9)	1.9	(40.5)	4.8	(26.2)	4.3	(28.7)	4.1	(29.6)	4.7	(26.4)	2.9	(35.7)	7.2	(13.8)		
B. Inflation Variability	5.9	(10.4)	3.3	(16.8)	5.8	(10.5)	5.4	(11.6)	2.7	(18.2)	2.3	(19.2)	2.2	(19.5)	5.3	(11.8)		
C. Recent Annual Inflation	3.8	(30.9)	0.0	(54.0)	5.4	(23.2)	0.0	(96.1)	2.5	(37.7)	7.5	(12.5)	8.4	(7.9)	9.5	(2.7)		
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		5.0			
<b>4. Freedom to Exchange with Foreigners</b>	3.9		5.8		6.7		7.2		7.0		6.7		6.6		6.6			
A. Taxes on International Trade	4.2		3.3		7.7		7.1		7.1		7.2		7.2		7.2			
(i) Taxes as Percentage of Exports and Imports	5.9	(6.2)	7.3	(4.0)	7.7	(3.5)	6.5	(5.2)	6.5	(5.2)	6.5	(5.2)	6.5	(5.2)	6.5	(5.2)		
(ii) Mean Tariff Rate	2.5	(37.7)	2.6	(37.1)	7.5	(12.3)	7.4	(12.9)	7.4	(12.9)	7.5	(12.5)	7.5	(12.5)	7.7	(11.5)		
(iii) Variability of Tariff Rates			0.0		(27.0)		7.8		(5.6)		7.5		(6.3)		7.5		(6.3)	
B. Regulatory Trade Barriers							4.7		4.8		5.5		5.4		5.0			
(i) Hidden Import Barriers							3.1		3.4		4.0		3.7		3.5			
(ii) Costs of Importing							6.3		6.3		7.0		7.2		6.4			
C. Size of Trade Sector	4.6		5.6		5.1		6.2		5.5		4.5		4.1		4.3			
D. Official versus Black Market Exchange Rates	0.4		10.0		7.6		10.0		10.0		10.0		10.0		10.0			
E. Restrictions on Capital Markets	2.0		2.0		5.0		7.7		7.7		6.1		6.5		6.7			
(i) Access to Foreign Capital							9.2		9.2		6.0		5.4		4.9			
(ii) Restrictions on Capital Transactions	2.0		2.0		5.0		6.2		6.2		6.2		7.7		8.5			
<b>5. Regulation of Credit, Labor and Business</b>	3.9		4.5		5.5		4.2		4.1		4.8		5.0		4.9			
A. Regulation of Credit Markets	3.7		5.8		7.8		4.4		4.7		6.5		6.7		6.8			
(i) Private Ownership of Banks	5.0		8.0		8.0		2.0		2.0		8.0		8.0		8.0			
(ii) Competition from Foreign Banks							3.8		3.8		3.8		3.8		3.8			
(iii) Extension of Credit to Private Sector	6.2		9.4		9.3		7.9		9.2		9.1		9.4		9.6			
(iv) Avoidance of Negative Real Interest Rates	0.0		0.0		6.0		6.0		6.0		9.0		10.0		10.0			
(v) Controls on Interest Rates							2.5		2.5		2.5		2.5		2.5			
B. Regulation of Labor Markets							3.6		3.7		3.6		3.8		4.2			
(i) Impact of Minimum Wage							3.5		3.5		3.5		3.5		5.1			
(ii) Flexibility in Hiring and Firing							3.4		2.9		2.2		2.7		3.4			
(iii) Collective Bargaining							4.3		5.3		5.8		6.2		5.8			
(iv) Incentives from Unemployment Benefits							3.7		3.7		3.7		3.7		3.7			
(v) Military Conscription	0.0		3.0		3.0		3.0		3.0		3.0		3.0		3.0			
C. Regulation of Business							4.7		3.9		4.4		4.4		3.8			
(i) Price Controls			0.0		4.0		4.0		6.0		6.0		6.0		6.0			
(ii) Burden of Regulation							5.3		1.3		2.0		2.3		2.2			
(iii) Time Spent with Government Bureaucracy							5.3		5.5		6.0		6.0		4.2			
(iv) Ease of Starting a New Business							4.0		2.9		3.5		2.8		3.1			
(v) Irregular Payments to Government Officials							4.9		3.9		4.4		5.0		3.5			

# Egypt

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.3 (62)	4.9 (80)	5.8 (68)	6.7 (46)	6.5 (55)	6.2 (73)	6.1 (80)	6.1 (80)
<b>1. Size of Government</b>	4.0	4.9	5.2	6.5	7.1	6.9	6.8	6.1
A. Government Consumption	5.8 (20.2)	7.8 (13.6)	8.1 (12.4)	8.3 (11.8)	8.4 (11.5)	7.7 (13.7)	7.4 (14.9)	7.4 (14.8)
B. Transfers and Subsidies	6.3 (13.9)	7.7 (8.9)	7.8 (8.5)	8.9 (4.6)	8.9 (4.6)	8.9 (4.6)	8.9 (4.6)	8.9 (4.6)
C. Government Enterprises and Investment	2.0 (30.7)	2.0 (37.8)	2.0 (34.0)	2.0 (32.5)	4.0 (34.8)	4.0 (34.8)	4.0 (34.8)	4.0 (34.8)
D. Top Marginal Tax Rate	2.0	2.0	3.0	7.0	7.0	7.0	7.0	7.0
(i) Top Marginal Income Tax Rate	2.0 (65)	2.0 (65)	3.0 (50)	7.0 (34)	7.0 (34)	7.0 (34)	7.0 (34)	7.0 (34)
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	5.4	3.5	4.9	5.9	4.6	4.9	4.7	4.4
A. Judicial Independence			5.9	6.8	2.7	4.5	1.7	1.7
B. Impartial Courts			3.3	5.7	5.7	4.0	4.8	4.6
C. Protection of Intellectual Property			4.9	5.2	3.0	4.5	5.2	4.0
D. Military Interference			6.1	5.0	5.0	5.0	5.0	5.0
E. Integrity of Legal System			4.1	6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	8.8	8.1	7.6	9.5	9.6	9.6	9.3	8.7
A. Growth of Money Supply	8.3 (8.5)	8.6 (6.8)	9.1 (4.4)	9.5 (2.7)	9.5 (2.5)	9.8 (1.2)	8.9 (5.6)	8.4 (7.8)
B. Inflation Variability	8.6 (3.4)	7.4 (6.6)	8.2 (4.5)	9.1 (2.2)	9.2 (2.0)	9.3 (1.7)	9.3 (1.7)	8.6 (3.5)
C. Recent Annual Inflation	8.2 (9.0)	6.3 (18.4)	8.1 (9.4)	9.5 (2.7)	9.5 (2.3)	9.5 (2.7)	9.1 (4.5)	7.7 (11.3)
D. Freedom to Own Foreign Currency	10.0	10.0	5.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	3.3	3.5	5.9	6.1	6.2	5.0	5.1	6.4
A. Taxes on International Trade	1.7	3.1	3.1	3.7	3.9	4.1	4.1	4.1
(i) Taxes as Percentage of Exports and Imports	1.9 (12.1)	6.1 (5.9)	4.8 (7.8)	5.3 (7.0)	5.7 (6.4)	6.0 (6.0)	6.0 (6.0)	6.0 (6.0)
(ii) Mean Tariff Rate	1.4 (42.8)	3.3 (33.5)	4.3 (28.3)	5.9 (20.5)	5.9 (20.5)	6.2 (18.9)	6.2 (18.9)	6.2 (18.9)
(iii) Variability of Tariff Rates		0.0 (425.8)	0.0 (28.9)	0.0 (39.5)	0.0 (39.5)	0.0 (39.5)	0.0 (39.5)	0.0 (39.5)
B. Regulatory Trade Barriers			4.5	5.6	5.6	5.5	5.3	5.3
(i) Hidden Import Barriers			4.5	4.5	4.5	4.5	3.7	4.1
(ii) Costs of Importing				6.7	6.7	6.5	7.0	6.5
C. Size of Trade Sector	6.5	6.3	5.7	4.1	4.2	3.9	4.6	6.9
D. Official versus Black Market Exchange Rates	0.0	0.0	9.4	10.0	10.0	5.2	5.2	10.0
E. Restrictions on Capital Markets	0.0	0.0	7.1	7.3	7.3	6.4	6.2	5.8
(i) Access to Foreign Capital			9.2	9.2	9.2	7.4	7.0	6.2
(ii) Restrictions on Capital Transactions	0.0	0.0	5.0	5.4	5.4	5.4	5.4	5.4
<b>5. Regulation of Credit, Labor and Business</b>	4.8	4.8	5.3	5.2	5.0	4.6	4.7	4.9
A. Regulation of Credit Markets	5.2	5.1	6.4	6.6	5.9	5.3	5.3	5.2
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	2.0	2.0	2.0	2.0
(ii) Competition from Foreign Banks			6.7	5.8	5.8	3.0	3.0	3.0
(iii) Extension of Credit to Private Sector	4.6	4.3	4.7	6.8	6.8	6.4	6.3	6.1
(iv) Avoidance of Negative Real Interest Rates	6.0	6.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			5.5	5.1	5.1	5.1	5.1	5.1
B. Regulation of Labor Markets		4.0	5.6	4.0	4.0	4.2	4.7	5.3
(i) Impact of Minimum Wage			8.3	4.2	4.2	4.2	4.2	7.9
(ii) Flexibility in Hiring and Firing		4.0	4.0	3.1	3.1	4.5	5.5	4.8
(iii) Collective Bargaining	7.9	7.9	7.9	7.5	7.5	7.0	8.7	8.2
(iv) Incentives from Unemployment Benefits			7.6	5.3	5.3	5.3	5.3	5.3
(v) Military Conscription	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Regulation of Business			4.1	5.2	5.2	4.2	4.1	4.3
(i) Price Controls		2.0	2.0	4.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation				7.5	7.5	3.0	2.3	3.2
(iii) Time Spent with Government Bureaucracy			4.7	2.8	2.8	3.8	4.0	2.5
(iv) Ease of Starting a New Business			6.0	5.8	5.8	4.5	4.3	5.5
(v) Irregular Payments to Government Officials			3.7	5.8	5.8	5.6	6.0	6.2

## El Salvador

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.6 (85)		4.8 (84)		7.0 (28)		7.3 (22)		7.2 (23)		7.2 (25)		7.2 (29)		7.2 (30)	
<b>1. Size of Government</b>	6.4		7.1		8.6		8.4		8.7		8.7		8.7		9.2	
A. Government Consumption	7.1	(16.0)	8.8	(10.0)	9.1	(9.0)	8.7	(10.4)	8.8	(10.2)	8.9	(9.7)	8.7	(10.4)	8.7	(10.4)
B. Transfers and Subsidies	9.6	(2.0)	9.8	(1.4)	9.2	(3.3)	10.0	(0.3)	10.0	(0.4)	10.0	(0.4)	10.0	(0.3)	10.0	(0.3)
C. Government Enterprises and Investment	6.0	(28.4)	8.0	(20.0)	8.0	(19.0)	7.0	(23.4)	8.0	(19.9)	8.0	(19.9)	8.0	(19.9)	10.0	(1.9)
D. Top Marginal Tax Rate	3.0		2.0		8.0		8.0		8.0		8.0		8.0		8.0	
(i) Top Marginal Income Tax Rate	3.0	(48)	2.0	(60)	8.0	(30)	8.0	(30)	8.0	(30)	8.0	(30)	8.0	(30)	8.0	(30)
(ii) Top Marginal Income and Payroll Tax Rate																
<b>2. Legal Structure and Security of Property Rights</b>	2.0		2.0		5.4		4.5		4.4		4.3		4.3		4.1	
A. Judicial Independence							4.3		3.3		3.2		3.5		3.5	
B. Impartial Courts					4.4		4.2		3.9		4.0		3.5		3.5	
C. Protection of Intellectual Property							4.1		4.7		4.5		4.5		4.0	
D. Military Interference					6.3		5.0		5.0		5.0		5.0		5.0	
E. Integrity of Legal System					7.0		5.0		5.0		5.0		5.0		4.8	
<b>3. Access to Sound Money</b>	5.5		5.0		8.9		9.4		9.6		9.5		9.6		9.6	
A. Growth of Money Supply	7.8	(10.9)	7.5	(12.7)	8.2	(9.0)	9.0	(-4.8)	9.6	(-2.0)	9.2	(-4.1)	9.3	(-3.4)	9.9	(0.6)
B. Inflation Variability	8.2	(4.4)	7.0	(7.5)	9.4	(1.5)	9.1	(2.3)	9.4	(1.4)	9.4	(1.5)	9.5	(1.3)	9.5	(1.2)
C. Recent Annual Inflation	6.0	(20.2)	5.5	(22.5)	7.9	(10.4)	9.5	(2.3)	9.3	(3.8)	9.6	(1.9)	9.6	(2.1)	9.1	(4.5)
D. Freedom to Own Foreign Currency	0.0		0.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	3.7		4.8		6.7		7.6		7.5		7.4		7.4		7.1	
A. Taxes on International Trade	5.3		6.5		7.5		8.0		8.0		8.0		8.0		8.2	
(i) Taxes as Percentage of Exports and Imports	5.3	(7.1)	7.3	(4.1)	7.6	(3.6)	9.0	(1.5)	8.9	(1.6)	8.9	(1.6)	8.8	(1.7)	9.0	(1.6)
(ii) Mean Tariff Rate			5.8	(21.1)	8.0	(10.2)	8.5	(7.4)	8.5	(7.5)	8.5	(7.5)	8.5	(7.5)	8.9	(5.4)
(iii) Variability of Tariff Rates					7.0	(7.6)	6.6	(8.6)	6.6	(8.4)	6.6	(8.4)	6.6	(8.4)	6.6	(8.4)
B. Regulatory Trade Barriers							7.1		7.3		7.4		7.6		6.3	
(i) Hidden Import Barriers							5.7		6.1		6.2		6.3		6.4	
(ii) Costs of Importing							8.5		8.4		8.6		8.8		6.1	
C. Size of Trade Sector	2.8		2.0		3.0		3.8		3.9		3.5		3.4		3.5	
D. Official versus Black Market Exchange Rates	0.0		5.2		9.8		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		5.0		8.9		8.2		8.0		8.0		7.4	
(i) Access to Foreign Capital							8.6		8.6		8.4		8.4		7.1	
(ii) Restrictions on Capital Transactions	2.0		2.0		5.0		9.2		7.7		7.7		7.7		7.7	
<b>5. Regulation of Credit, Labor and Business</b>	5.4		5.2		5.7		6.4		6.1		6.1		6.0		6.2	
A. Regulation of Credit Markets	8.7		8.6		9.7		7.8		7.2		7.3		7.3		7.2	
(i) Private Ownership of Banks									5.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks							4.6		4.6		4.6		4.6		4.6	
(iii) Extension of Credit to Private Sector	9.3		9.3		9.5		9.4		9.1		9.4		9.4		9.2	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates							7.4		7.4		7.4		7.4		7.4	
B. Regulation of Labor Markets							4.8		5.2		4.7		5.2		5.5	
(i) Impact of Minimum Wage							3.1		3.1		3.1		3.1		5.1	
(ii) Flexibility in Hiring and Firing							4.9		6.4		4.0		5.8		6.5	
(iii) Collective Bargaining							7.7		7.9		8.0		8.3		7.6	
(iv) Incentives from Unemployment Benefits							5.5		5.5		5.5		5.5		5.5	
(v) Military Conscription	0.0		0.0		0.0		3.0		3.0		3.0		3.0		3.0	
C. Regulation of Business							6.4		6.0		6.2		5.6		5.9	
(i) Price Controls			4.0		6.0		8.0		8.0		8.0		8.0		8.0	
(ii) Burden of Regulation							7.3		4.0		3.5		4.0		3.5	
(iii) Time Spent with Government Bureaucracy							5.4		7.0		7.0		5.3		6.7	
(iv) Ease of Starting a New Business							5.8		5.2		5.5		4.2		5.2	
(v) Irregular Payments to Government Officials							5.6		5.9		6.9		6.8		6.2	

# Estonia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>			5.6 (75)	7.1 (32)	7.6 (14)	7.7 (10)	7.8 (9)	7.7 (12)
<b>1. Size of Government</b>			4.4	5.4	6.5	6.5	6.5	6.7
A. Government Consumption		5.7 (20.5)	3.2 (29.1)	3.7 (27.3)	3.9 (26.6)	4.2 (25.6)	4.4 (25.1)	4.3 (25.3)
B. Transfers and Subsidies			6.4 (13.6)	6.0 (15.3)	6.2 (14.5)	6.0 (15.4)	6.0 (15.4)	6.0 (15.4)
C. Government Enterprises and Investment			2.0	6.0	10.0 (14.3)	10.0 (14.3)	10.0 (14.3)	10.0 (14.3)
D. Top Marginal Tax Rate			6.0	6.0	6.0	6.0	5.5	6.5
(i) Top Marginal Income Tax Rate			8.0 (26)	8.0 (26)	8.0 (26)	8.0 (26)	8.0 (26)	9.0 (24)
(ii) Top Marginal Income and Payroll Tax Rate			4.0 (44)	4.0 (44)	4.0 (45)	4.0 (45)	3.0 (47)	4.0 (45)
<b>2. Legal Structure and Security of Property Rights</b>			6.5	6.0	6.5	6.9	7.0	6.5
A. Judicial Independence					6.1	7.2	7.5	6.2
B. Impartial Courts			6.5	6.9	5.9	6.2	6.5	5.9
C. Protection of Intellectual Property				5.0	5.7	6.0	6.2	5.5
D. Military Interference			8.4	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System				6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	8.8	4.5	2.3	8.6	9.2	9.3	9.7	9.6
A. Growth of Money Supply			0.0 (67.4)	8.3 (8.4)	9.1 (4.5)	8.7 (6.4)	9.6 (2.1)	9.8 (1.2)
B. Inflation Variability	8.7 (3.4)	5.2 (12.1)	0.0 (323.0)	7.0 (7.6)	8.8 (3.0)	9.1 (2.2)	9.5 (1.3)	9.4 (1.4)
C. Recent Annual Inflation	8.9 (-5.6)	3.3 (33.7)	4.2 (29.0)	9.2 (4.0)	8.9 (5.7)	9.3 (3.6)	9.7 (1.3)	9.4 (3.1)
D. Freedom to Own Foreign Currency		5.0	5.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>			8.6	8.9	8.9	8.7	8.6	8.5
A. Taxes on International Trade		9.8	9.8	10.0	10.0	10.0	9.9	9.9
(i) Taxes as Percentage of Exports and Imports		9.8 (0.3)	9.9 (0.1)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)
(ii) Mean Tariff Rate			10.0 (0.1)		10.0 (0.0)	10.0 (0.0)	9.8 (1.0)	9.8 (1.0)
(iii) Variability of Tariff Rates			9.5 (1.2)					
B. Regulatory Trade Barriers				8.3	8.8	8.7	8.5	8.4
(i) Hidden Import Barriers				8.3	8.0	7.8	7.8	8.2
(ii) Costs of Importing					9.6	9.6	9.2	8.6
C. Size of Trade Sector			6.9	8.2	7.8	7.4	6.4	6.6
D. Official versus Black Market Exchange Rates		0.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets		0.0	8.0	7.8	7.8	7.6	8.1	7.4
(i) Access to Foreign Capital				9.5	9.5	9.0	9.2	8.0
(ii) Restrictions on Capital Transactions		0.0	8.0	6.2	6.2	6.2	6.9	6.9
<b>5. Regulation of Credit, Labor and Business</b>		2.5	6.2	6.6	6.8	7.0	7.0	7.3
A. Regulation of Credit Markets		0.0	4.3	7.8	9.0	9.0	9.0	9.0
(i) Private Ownership of Banks		0.0	5.0	8.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks				6.6	6.6	6.6	6.6	6.6
(iii) Extension of Credit to Private Sector			7.9	9.6	9.6	9.5	9.6	9.6
(iv) Avoidance of Negative Real Interest Rates			0.0	6.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates				8.9	8.9	8.9	8.9	8.9
B. Regulation of Labor Markets				4.7	5.1	5.1	5.2	6.1
(i) Impact of Minimum Wage				2.9	2.9	2.9	2.9	7.1
(ii) Flexibility in Hiring and Firing				4.6	5.8	5.3	6.2	5.7
(iii) Collective Bargaining				8.5	8.6	8.7	8.2	8.7
(iv) Incentives from Unemployment Benefits						5.5	5.8	5.8
(v) Military Conscription		0.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business			8.1	7.1	6.4	6.8	6.8	6.7
(i) Price Controls		0.0	6.0	6.0	7.0	8.0	7.0	6.0
(ii) Burden of Regulation				7.6	5.1	5.3	5.5	5.2
(iii) Time Spent with Government Bureaucracy			8.5	7.2	4.8	5.5	6.0	7.3
(iv) Ease of Starting a New Business			8.5	8.0	7.6	8.0	7.5	7.1
(v) Irregular Payments to Government Officials			9.6	6.9	7.3	7.4	7.9	7.8

	1985		1990		1995		2000		2001		2002		2003		2004					
Summary Ratings (Rank) ▶	5.9 (35)		5.9 (42)		6.1 (60)		6.1 (75)		6.0 (80)		6.1 (76)		6.0 (85)		5.8 (90)					
<b>1. Size of Government</b>	4.7		5.2		5.9		6.1		5.8		5.8		5.8		4.7					
A. Government Consumption	5.0	(23.1)	5.9	(19.9)	5.5	(21.4)	5.9	(20.0)	5.0	(23.0)	5.0	(23.0)	5.0	(23.0)	5.0	(23.0)				
B. Transfers and Subsidies	8.9	(4.5)	9.9	(1.0)	9.2	(3.5)	9.3	(2.9)	9.3	(2.9)	9.3	(2.9)	9.3	(2.9)						
C. Government Enterprises and Investment	2.0	(37.0)	2.0	(62.0)	2.0		2.0		2.0		2.0		2.0		2.0					
D. Top Marginal Tax Rate	3.0		3.0		7.0		7.0		7.0		7.0		7.0		7.0					
(i) Top Marginal Income Tax Rate	3.0	(50)	3.0	(50)	7.0	(35)	7.0	(34)	7.0	(32)	7.0	(32)	7.0	(31)	7.0	(31)				
(ii) Top Marginal Income and Payroll Tax Rate			3.0	(50)	7.0	(35)	7.0	(34)	7.0	(32)	7.0	(32)	7.0	(31)	7.0	(31)				
<b>2. Legal Structure and Security of Property Rights</b>					5.1		5.5		5.5		5.5		5.4		5.4					
A. Judicial Independence																				
B. Impartial Courts					4.7		4.6		4.6		4.6		5.2		5.2					
C. Protection of Intellectual Property																				
D. Military Interference					6.3		7.3		7.3		7.3		6.6		6.6					
E. Integrity of Legal System																				
<b>3. Access to Sound Money</b>	6.5		6.3		6.9		7.0		6.8		6.9		6.8		6.9					
A. Growth of Money Supply	9.1	(4.5)	7.5	(12.3)	9.0	(4.9)	9.4	(2.9)	9.1	(4.6)	9.0	(5.2)	9.0	(5.2)	9.0	(5.2)				
B. Inflation Variability	8.4	(3.9)	9.2	(2.1)	9.1	(2.4)	9.0	(2.6)	8.9	(2.7)	8.9	(2.7)	9.2	(1.9)	9.3	(1.7)				
C. Recent Annual Inflation	8.5	(7.5)	8.6	(7.1)	9.7	(1.6)	9.8	(1.1)	9.1	(4.3)	9.8	(0.8)	9.2	(4.2)	9.4	(2.8)				
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0					
<b>4. Freedom to Exchange with Foreigners</b>	6.3		6.4		6.5		6.2		6.2		6.3		6.1		6.3					
A. Taxes on International Trade	4.7		5.7		6.6		7.3		6.8		6.8		6.8		6.8					
(i) Taxes as Percentage of Exports and Imports	4.7	(7.9)	5.7	(6.4)	6.6	(5.1)	7.0	(4.5)	7.0	(4.5)	7.0	(4.5)	7.0	(4.5)	7.0	(4.5)				
(ii) Mean Tariff Rate							7.5		(12.4)		7.5		(12.4)		7.5		(12.4)			
(iii) Variability of Tariff Rates									5.9		(10.3)		5.9		(10.3)		5.9		(10.3)	
B. Regulatory Trade Barriers																	6.8			
(i) Hidden Import Barriers																				
(ii) Costs of Importing																	6.8			
C. Size of Trade Sector	5.2		7.0		5.8		6.0		6.4		6.4		6.4		6.4					
D. Official versus Black Market Exchange Rates	8.4		9.2		9.8		9.4		9.4		10.0		10.0		10.0					
E. Restrictions on Capital Markets	5.0		2.0		2.0		0.0		0.0		0.0		0.0		0.0					
(i) Access to Foreign Capital																				
(ii) Restrictions on Capital Transactions	5.0		2.0		2.0		0.0		0.0		0.0		0.0		0.0					
<b>5. Regulation of Credit, Labor and Business</b>	6.0		5.7		5.9		5.9		5.8		5.9		6.0		5.5					
A. Regulation of Credit Markets	5.9		5.4		6.2		6.1		6.4		6.7		6.7		6.3					
(i) Private Ownership of Banks	2.0		2.0		2.0		2.0		2.0		2.0		2.0		2.0					
(ii) Competition from Foreign Banks															5.0					
(iii) Extension of Credit to Private Sector	7.7		8.3		8.5		8.3		8.1		8.1		8.0		8.3					
(iv) Avoidance of Negative Real Interest Rates	8.0		6.0		8.0		8.0		9.0		10.0		10.0		10.0					
(v) Controls on Interest Rates																				
B. Regulation of Labor Markets																				
(i) Impact of Minimum Wage																				
(ii) Flexibility in Hiring and Firing																				
(iii) Collective Bargaining																				
(iv) Incentives from Unemployment Benefits																				
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0					
C. Regulation of Business																				
(i) Price Controls			6.0		6.0		6.0		4.0		4.0		4.0		4.0					
(ii) Burden of Regulation																				
(iii) Time Spent with Government Bureaucracy																				
(iv) Ease of Starting a New Business															5.6					
(v) Irregular Payments to Government Officials																				



# Finland

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.5 (19)	6.7 (20)	7.6 (12)	7.7 (12)	7.7 (10)	7.7 (10)	7.6 (17)	7.7 (12)
<b>1. Size of Government</b>	4.4	4.2	3.7	4.1	4.5	4.6	4.5	4.9
A. Government Consumption	3.8 (27.0)	3.3 (28.7)	3.3 (28.7)	3.1 (29.5)	3.0 (29.7)	2.9 (30.0)	3.0 (29.7)	2.9 (30.2)
B. Transfers and Subsidies	5.8 (15.8)	5.8 (16.0)	3.9 (22.8)	5.2 (18.2)	4.9 (19.1)	4.9 (19.1)	4.3 (21.4)	4.3 (21.4)
C. Government Enterprises and Investment	7.0 (24.2)	6.0 (29.3)	6.0 (42.2)	6.0	8.0 (15.5)	8.0 (15.5)	8.0 (15.5)	10.0 (12.3)
D. Top Marginal Tax Rate	1.0	1.5	1.5	2.0	2.0	2.5	2.5	2.5
(i) Top Marginal Income Tax Rate	1.0 (64-70)	2.0 (57-63)	2.0 (54-59)	3.0 (51-57)	3.0 (51-57)	3.0 (51-56)	3.0 (50-56)	3.0 (50-56)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (61-69)	1.0 (60-66)	1.0 (54-61)	1.0 (54-61)	2.0 (55-60)	2.0 (54-60)	2.0 (54-60)
<b>2. Legal Structure and Security of Property Rights</b>	7.9	8.3	9.3	9.5	9.3	9.3	9.3	8.8
A. Judicial Independence			9.8	9.7	8.9	9.3	9.3	8.1
B. Impartial Courts			9.4	8.9	8.7	8.8	8.7	8.1
C. Protection of Intellectual Property			7.2	8.9	8.6	8.5	8.5	8.0
D. Military Interference			10.0	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	7.8	9.3	9.6	9.5	9.6	9.6	9.6	9.7
A. Growth of Money Supply	7.9 (10.3)	8.6 (6.8)	9.0 (5.1)	9.5 (2.6)	9.5 (2.3)	9.4 (3.0)	9.3 (3.3)	9.3 (3.7)
B. Inflation Variability	9.3 (1.9)	9.6 (0.9)	9.7 (0.7)	9.3 (1.7)	9.4 (1.4)	9.4 (1.5)	9.4 (1.5)	9.5 (1.3)
C. Recent Annual Inflation	8.9 (5.3)	8.8 (5.8)	9.5 (2.4)	9.3 (3.4)	9.5 (2.6)	9.7 (1.6)	9.8 (0.9)	10.0 (0.2)
D. Freedom to Own Foreign Currency	5.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	6.7	6.1	8.2	8.4	8.2	8.1	8.1	7.9
A. Taxes on International Trade	9.2	8.0	8.7	9.2	9.0	9.1	9.2	9.2
(i) Taxes as Percentage of Exports and Imports	9.7 (0.4)	9.6 (0.6)	9.9 (0.2)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	8.6 (7.0)	8.5 (7.7)	8.7 (6.7)	9.5 (2.4)	9.2 (3.9)	9.4 (3.1)	9.7 (1.4)	9.6 (1.8)
(iii) Variability of Tariff Rates		6.0 (10.1)	7.6 (5.9)	8.2 (4.4)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)
B. Regulatory Trade Barriers			9.3	9.8	9.4	9.5	9.3	9.0
(i) Hidden Import Barriers			9.3	9.7	9.1	9.3	9.0	8.6
(ii) Costs of Importing				9.8	9.6	9.6	9.7	9.4
C. Size of Trade Sector	4.2	2.4	4.3	4.8	4.4	4.1	3.7	3.9
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	8.7	8.1	8.1	8.1	8.1	7.4
(i) Access to Foreign Capital			9.4	10.0	10.0	10.0	10.0	8.7
(ii) Restrictions on Capital Transactions	2.0	2.0	8.0	6.2	6.2	6.2	6.2	6.2
<b>5. Regulation of Credit, Labor and Business</b>	5.8	5.8	7.1	7.1	6.9	6.8	6.7	7.2
A. Regulation of Credit Markets	9.3	9.3	8.9	9.2	9.1	9.2	9.1	9.3
(i) Private Ownership of Banks	8.0	8.0	8.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			8.9	8.1	8.1	8.1	8.1	8.1
(iii) Extension of Credit to Private Sector	9.9	10.0	9.0	9.0	8.6	8.9	8.2	9.4
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			8.8	8.9	8.9	8.9	8.9	8.9
B. Regulation of Labor Markets	3.8	3.7	3.5	3.3	3.6	3.8	3.7	3.9
(i) Impact of Minimum Wage			4.1	4.7	4.7	4.7	4.7	6.3
(ii) Flexibility in Hiring and Firing		3.9	3.9	3.2	4.4	5.2	4.7	4.4
(iii) Collective Bargaining	4.5	4.5	4.5	2.9	2.9	2.2	2.7	2.5
(iv) Incentives from Unemployment Benefits	3.9	3.5	2.0	2.8	2.8	3.8	3.4	3.4
(v) Military Conscription	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business			8.9	8.8	7.9	7.5	7.4	8.4
(i) Price Controls		6.0	9.0	9.0	9.0	9.0	8.0	9.0
(ii) Burden of Regulation				8.0	5.7	6.2	5.8	5.8
(iii) Time Spent with Government Bureaucracy			8.5	8.5	7.3	5.3	6.3	9.7
(iv) Ease of Starting a New Business			8.5	8.8	8.0	7.7	7.7	8.2
(v) Irregular Payments to Government Officials			9.6	9.6	9.7	9.3	9.4	9.1

## France

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.9 (35)		6.7 (20)		6.8 (37)		7.0 (37)		6.7 (47)		6.8 (44)		6.9 (37)		7.3 (24)	
<b>1. Size of Government</b>	3.1		3.5		3.2		2.3		2.8		2.8		3.1		4.7	
A. Government Consumption	4.7	(24.1)	4.8	(23.5)	2.9	(30.3)	1.9	(33.7)	2.9	(30.0)	2.8	(30.3)	2.7	(30.7)	3.0	(29.9)
B. Transfers and Subsidies	2.8	(26.8)	3.3	(25.2)	2.5	(27.9)	2.3	(28.8)	3.4	(24.7)	3.4	(24.7)	3.0	(26.1)	3.3	(25.2)
C. Government Enterprises and Investment	4.0	(33.2)	4.0	(35.0)	4.0	(30.0)	4.0		4.0		4.0	(30.0)	4.0		10.0	(12.4)
D. Top Marginal Tax Rate	1.0		2.0		3.5		1.0		1.0		1.0		2.5		2.5	
(i) Top Marginal Income Tax Rate	1.0	(65)	3.0	(53)	4.0	(51)	2.0	(54)	2.0	(53)	2.0	(54)	4.0	(48)	4.0	(48)
(ii) Top Marginal Income and Payroll Tax Rate			1.0	(61)	3.0	(60)	0.0	(62-65)	0.0	(61-64)	0.0	(61-64)	1.0	(62-65)	1.0	(62-65)
<b>2. Legal Structure and Security of Property Rights</b>	7.2		7.7		7.5		8.1		7.1		7.4		7.6		7.7	
A. Judicial Independence					6.6		6.3		5.5		5.7		6.5		6.9	
B. Impartial Courts					5.6		8.0		5.8		6.5		6.8		6.9	
C. Protection of Intellectual Property					7.3		9.4		7.6		8.0		7.8		7.9	
D. Military Interference					8.0		8.3		8.3		8.3		8.3		8.3	
E. Integrity of Legal System					10.0		8.3		8.3		8.3		8.3		8.3	
<b>3. Access to Sound Money</b>	6.6		9.6		9.8		9.6		9.6		9.6		9.6		9.6	
A. Growth of Money Supply	8.4	(8.1)	9.4	(2.8)	9.9	(0.6)	8.8	(5.8)	9.1	(4.7)	9.1	(4.4)	9.1	(4.7)	9.0	(5.0)
B. Inflation Variability	9.1	(2.3)	9.6	(0.9)	9.7	(0.7)	9.9	(0.4)	9.8	(0.5)	9.7	(0.7)	9.7	(0.7)	9.8	(0.5)
C. Recent Annual Inflation	8.8	(5.8)	9.4	(3.1)	9.7	(1.6)	9.7	(1.7)	9.7	(1.7)	9.6	(1.9)	9.6	(2.1)	9.6	(2.1)
D. Freedom to Own Foreign Currency	0.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.7		7.1		7.4		8.2		7.9		8.1		8.0		7.8	
A. Taxes on International Trade	9.1		8.5		8.7		9.2		9.0		9.1		9.2		9.2	
(i) Taxes as Percentage of Exports and Imports	9.7	(0.4)	9.7	(0.4)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)	9.9	(0.2)	9.9	(0.2)	9.9	(0.2)
(ii) Mean Tariff Rate	8.5	(7.5)	8.5	(7.4)	8.7	(6.7)	9.5	(2.4)	9.2	(3.9)	9.4	(3.1)	9.7	(1.4)	9.6	(1.8)
(iii) Variability of Tariff Rates			7.1	(7.2)	7.6	(5.9)	8.2	(4.4)	8.0	(4.9)	8.0	(4.9)	8.0	(4.9)	8.0	(4.9)
B. Regulatory Trade Barriers					7.7		8.8		8.1		8.4		8.0		7.9	
(i) Hidden Import Barriers					7.7		8.4		6.9		7.7		7.0		7.9	
(ii) Costs of Importing							9.2		9.4		9.1		9.0		7.9	
C. Size of Trade Sector	4.8		4.1		3.8		4.9		4.7		4.4		4.0		4.1	
D. Official versus Black Market Exchange Rates	9.2		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		5.0		6.8		8.0		7.6		8.8		8.6		7.9	
(i) Access to Foreign Capital					8.6		9.1		9.1		9.2		8.8		7.4	
(ii) Restrictions on Capital Transactions	2.0		5.0		5.0		6.9		6.2		8.5		8.5		8.5	
<b>5. Regulation of Credit, Labor and Business</b>	5.7		5.7		6.0		6.8		6.2		6.2		6.3		6.7	
A. Regulation of Credit Markets	8.8		9.0		8.4		8.2		8.2		8.1		8.1		8.2	
(i) Private Ownership of Banks	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks					6.8		6.7		6.7		6.7		6.7		6.7	
(iii) Extension of Credit to Private Sector	8.5		9.0		8.4		8.2		7.9		7.9		7.9		8.0	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					6.8		6.2		6.2		6.2		6.2		6.2	
B. Regulation of Labor Markets	3.8		3.8		3.4		5.0		5.0		5.1		5.0		5.7	
(i) Impact of Minimum Wage					2.6		4.5		4.5		4.5		4.5		6.8	
(ii) Flexibility in Hiring and Firing			4.2		4.2		1.7		2.0		2.0		2.0		2.4	
(iii) Collective Bargaining	4.5		4.5		4.5		5.5		5.5		6.0		5.3		6.1	
(iv) Incentives from Unemployment Benefits	4.0		3.7		2.6		3.2		3.2		3.0		3.0		3.0	
(v) Military Conscription	3.0		3.0		3.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business					6.1		7.3		5.3		5.4		5.9		6.3	
(i) Price Controls			6.0		8.0		8.0		7.0		7.0		7.0		6.0	
(ii) Burden of Regulation							7.7		2.3		1.8		2.0		3.1	
(iii) Time Spent with Government Bureaucracy					6.3		8.1		6.3		6.5		7.8		7.4	
(iv) Ease of Starting a New Business					3.4		5.2		3.5		3.7		4.5		6.9	
(v) Irregular Payments to Government Officials					6.8		7.7		7.4		7.8		8.2		8.2	

# Gabon

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	5.4 (55)	5.3 (62)	5.3 (84)	5.0 (110)	5.3 (106)	5.1 (114)	5.1 (116)	5.4 (111)
<b>1. Size of Government</b>	4.6	5.1	4.8	3.7	4.5	4.2	4.2	4.2
A. Government Consumption	0.4 (38.7)	5.5 (21.2)	4.3 (25.3)	4.1 (26.2)	7.6 (14.0)	7.6 (14.0)	7.6 (14.0)	7.6 (14.0)
B. Transfers and Subsidies	9.4 (2.7)	9.8 (1.2)	9.8 (1.2)					
C. Government Enterprises and Investment	4.0 (35.3)	4.0	4.0	4.0	4.0	4.0	4.0	4.0
D. Top Marginal Tax Rate		1.0	1.0	3.0	2.0	1.0	1.0	1.0
(i) Top Marginal Income Tax Rate		1.0 (60)	1.0 (60)	3.0 (50)	3.0 (56)	1.0 (56)	1.0 (56)	1.0 (56)
(ii) Top Marginal Income and Payroll Tax Rate					1.0 (65)	1.0 (56)	1.0 (56)	1.0 (56)
<b>2. Legal Structure and Security of Property Rights</b>	4.5	5.0	5.1	4.3	4.3	4.3	3.9	3.9
A. Judicial Independence								
B. Impartial Courts			4.6	4.8	4.8	4.8	4.7	4.7
C. Protection of Intellectual Property								
D. Military Interference			4.8	3.3	3.3	3.3	3.3	3.3
E. Integrity of Legal System			7.0	5.0	5.0	5.0	5.0	5.0
<b>3. Access to Sound Money</b>	6.1	5.4	5.4	5.8	5.6	5.3	5.5	6.9
A. Growth of Money Supply	7.4 (13.0)	9.7 (-1.5)	10.0 (0.1)	9.7 (1.3)	10.0 (-0.2)	8.3 (8.6)	8.3 (8.6)	8.3 (8.6)
B. Inflation Variability	7.4 (6.5)	5.2 (12.1)	1.9 (20.3)	3.5 (16.1)	3.0 (17.4)	2.9 (17.7)	4.1 (14.8)	9.6 (1.0)
C. Recent Annual Inflation	9.7 (-1.3)	6.9 (15.4)	9.9 (-0.5)	9.9 (0.5)	9.6 (2.1)	10.0 (0.0)	9.6 (2.2)	9.9 (0.4)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	6.2	5.8	5.9	5.6	6.0	6.0	5.9	5.9
A. Taxes on International Trade	4.9	6.8	5.8	6.0	6.2	6.2	6.2	6.2
(i) Taxes as Percentage of Exports and Imports	5.7 (6.4)	6.8 (4.8)	5.8 (6.3)					
(ii) Mean Tariff Rate	4.1 (29.6)			5.9 (20.4)	6.2 (18.8)	6.3 (18.6)	6.3 (18.6)	6.3 (18.6)
(iii) Variability of Tariff Rates				6.1 (9.8)	6.1 (9.7)	6.1 (9.7)	6.1 (9.7)	6.1 (9.7)
B. Regulatory Trade Barriers								
(i) Hidden Import Barriers								
(ii) Costs of Importing								
C. Size of Trade Sector	8.2	4.9	5.5	4.0	5.8	5.6	5.8	5.8
D. Official versus Black Market Exchange Rates	9.8	9.2	9.8	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>	5.5	5.1	5.1	5.5	5.9	5.9	6.0	6.0
A. Regulation of Credit Markets	4.0	5.4	4.7	6.2	7.3	7.3	7.3	7.3
(i) Private Ownership of Banks	0.0	2.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector		6.3	5.2	7.6	7.8	7.9	7.8	7.8
(iv) Avoidance of Negative Real Interest Rates	8.0	8.0	4.0	6.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		0.0	2.0	2.0	2.0	2.0	2.0	2.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								
(v) Irregular Payments to Government Officials								

# Georgia

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶							6.5 (57)	6.7 (53)
<b>1. Size of Government</b>							8.3	8.3
A. Government Consumption							8.9 (9.6)	8.9 (9.6)
B. Transfers and Subsidies							8.7 (5.2)	8.7 (5.2)
C. Government Enterprises and Investment							8.0	8.0
D. Top Marginal Tax Rate							7.5	7.5
(i) Top Marginal Income Tax Rate							10.0 (20)	10.0 (20)
(ii) Top Marginal Income and Payroll Tax Rate							5.0 (40)	5.0 (40)
<b>2. Legal Structure and Security of Property Rights</b>							2.6	2.5
A. Judicial Independence							2.3	2.3
B. Impartial Courts							2.8	2.4
C. Protection of Intellectual Property							2.2	2.3
D. Military Interference							3.0	3.0
E. Integrity of Legal System								
<b>3. Access to Sound Money</b>							9.1	9.2
A. Growth of Money Supply							8.1 (9.5)	8.1 (9.5)
B. Inflation Variability							9.1 (2.2)	9.7 (0.7)
C. Recent Annual Inflation							9.0 (4.8)	8.9 (5.7)
D. Freedom to Own Foreign Currency							10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>							7.3	7.1
A. Taxes on International Trade							9.0	8.9
(i) Taxes as Percentage of Exports and Imports							9.3 (1.0)	9.3 (1.0)
(ii) Mean Tariff Rate								8.5 (7.3)
(iii) Variability of Tariff Rates							8.7 (3.2)	8.7 (3.2)
B. Regulatory Trade Barriers							5.5	5.0
(i) Hidden Import Barriers							4.0	5.8
(ii) Costs of Importing							7.0	4.1
C. Size of Trade Sector							4.2	4.2
D. Official versus Black Market Exchange Rates							10.0	10.0
E. Restrictions on Capital Markets							7.9	7.4
(i) Access to Foreign Capital							7.4	6.5
(ii) Restrictions on Capital Transactions							8.3	8.3
<b>5. Regulation of Credit, Labor and Business</b>							5.2	6.4
A. Regulation of Credit Markets							7.0	7.5
(i) Private Ownership of Banks							10.0	10.0
(ii) Competition from Foreign Banks							3.0	4.0
(iii) Extension of Credit to Private Sector							8.9	9.6
(iv) Avoidance of Negative Real Interest Rates							6.0	4.0
(v) Controls on Interest Rates								10.0
B. Regulation of Labor Markets							5.0	6.5
(i) Impact of Minimum Wage								10.0
(ii) Flexibility in Hiring and Firing							5.3	6.4
(iii) Collective Bargaining							8.7	8.4
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription							1.0	1.0
C. Regulation of Business							3.8	5.1
(i) Price Controls								8.0
(ii) Burden of Regulation							2.7	2.8
(iii) Time Spent with Government Bureaucracy							5.0	4.5
(iv) Ease of Starting a New Business							3.7	5.8
(v) Irregular Payments to Government Officials							3.7	4.7

# Germany

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	7.0 (11)	7.2 (14)	7.5 (13)	7.6 (15)	7.3 (19)	7.4 (17)	7.5 (18)	7.6 (17)
<b>1. Size of Government</b>	4.3	4.9	4.4	4.5	4.2	4.2	4.4	5.8
A. Government Consumption	4.1 (26.1)	4.4 (25.2)	4.2 (25.8)	4.6 (24.5)	4.6 (24.4)	4.6 (24.5)	4.5 (24.8)	4.7 (23.9)
B. Transfers and Subsidies	5.0 (19.0)	5.3 (17.9)	4.3 (21.6)	4.5 (20.8)	2.3 (28.8)	2.3 (28.8)	2.0 (29.8)	2.3 (28.6)
C. Government Enterprises and Investment	7.0 (24.4)	6.0 (24.0)	6.0 (25.5)	6.0	6.0	6.0 (25.5)	6.0	10.0 (9.2)
D. Top Marginal Tax Rate	1.0	4.0	3.0	3.0	4.0	4.0	5.0	6.0
(i) Top Marginal Income Tax Rate	1.0 (65)	4.0 (53)	3.0 (57)	3.0 (56)	4.0 (51)	4.0 (51)	5.0 (47)	6.0 (44)
(ii) Top Marginal Income and Payroll Tax Rate		4.0 (53)	3.0 (57)	3.0 (56)	4.0 (51)	4.0 (51)	5.0 (47)	6.0 (44)
<b>2. Legal Structure and Security of Property Rights</b>	7.5	8.3	9.1	9.1	8.7	8.7	8.9	8.8
A. Judicial Independence			9.3	9.4	8.7	8.5	9.0	8.8
B. Impartial Courts			8.6	9.2	8.4	8.3	8.7	8.2
C. Protection of Intellectual Property			8.0	8.8	8.2	8.5	8.7	8.8
D. Military Interference			9.8	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	9.6	9.3	9.6	9.6	9.6	9.6	9.6	9.6
A. Growth of Money Supply	9.5 (2.6)	8.1 (9.7)	9.1 (4.4)	8.8 (6.1)	9.0 (5.2)	9.0 (5.0)	8.9 (5.4)	8.8 (5.8)
B. Inflation Variability	9.5 (1.2)	9.5 (1.2)	9.5 (1.2)	9.8 (0.5)	9.8 (0.6)	9.7 (0.7)	9.7 (0.7)	9.7 (0.7)
C. Recent Annual Inflation	9.6 (2.2)	9.5 (2.7)	9.6 (2.1)	9.7 (1.5)	9.6 (2.0)	9.7 (1.4)	9.8 (1.1)	9.7 (1.7)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	8.4	8.2	8.2	8.7	8.6	8.6	8.6	8.2
A. Taxes on International Trade	9.1	8.4	8.7	9.2	9.0	9.1	9.2	9.2
(i) Taxes as Percentage of Exports and Imports	9.7 (0.5)	9.7 (0.5)	9.7 (0.5)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	8.5 (7.5)	8.5 (7.4)	8.7 (6.7)	9.5 (2.4)	9.2 (3.9)	9.4 (3.1)	9.7 (1.4)	9.6 (1.8)
(iii) Variability of Tariff Rates		7.1 (7.2)	7.6 (5.9)	8.2 (4.4)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)
B. Regulatory Trade Barriers			8.3	8.9	8.6	8.8	8.8	8.6
(i) Hidden Import Barriers			8.3	8.5	7.9	8.2	8.0	7.8
(ii) Costs of Importing				9.3	9.4	9.4	9.5	9.3
C. Size of Trade Sector	4.6	4.3	4.7	6.1	6.1	5.9	5.8	6.0
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	10.0	10.0	9.6	9.5	9.5	9.4	9.5	7.5
(i) Access to Foreign Capital			9.2	9.7	9.7	9.6	9.8	8.0
(ii) Restrictions on Capital Transactions	10.0	10.0	10.0	9.2	9.2	9.2	9.2	6.9
<b>5. Regulation of Credit, Labor and Business</b>	5.2	5.3	6.1	6.1	5.4	5.6	5.7	5.8
A. Regulation of Credit Markets	7.6	7.6	7.8	7.8	7.7	7.9	7.9	7.9
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks			7.8	7.2	7.2	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	7.7	7.9	7.6	8.0	7.9	7.9	7.9	7.8
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			8.4	8.6	8.6	8.6	8.6	8.6
B. Regulation of Labor Markets	3.3	3.5	3.6	2.9	2.8	2.5	2.8	3.3
(i) Impact of Minimum Wage			3.4	4.6	4.6	4.6	4.6	6.1
(ii) Flexibility in Hiring and Firing		3.9	3.9	1.8	1.4	1.3	2.0	2.2
(iii) Collective Bargaining	4.5	4.5	4.5	2.3	2.5	1.8	2.3	3.0
(iv) Incentives from Unemployment Benefits	4.5	4.5	3.0	2.5	2.5	1.7	2.2	2.2
(v) Military Conscription	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business			7.0	7.8	5.6	6.3	6.4	6.1
(i) Price Controls		9.0	9.0	8.0	6.0	7.0	7.0	6.0
(ii) Burden of Regulation				8.2	2.2	3.7	4.7	2.8
(iii) Time Spent with Government Bureaucracy			6.5	8.5	6.5	6.5	6.3	6.6
(iv) Ease of Starting a New Business			5.0	6.4	5.1	5.5	5.2	6.4
(v) Irregular Payments to Government Officials			7.7	8.0	8.2	8.8	8.8	8.5

## Ghana

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	3.2 (107)	5.0 (75)	5.6 (75)	5.9 (80)	5.7 (92)	6.2 (73)	6.2 (73)	6.3 (68)
<b>1. Size of Government</b>	4.9	5.3	6.6	6.1	5.6	5.6	5.6	5.6
A. Government Consumption	8.8 (10.1)	8.9 (9.9)	7.7 (13.8)	8.3 (11.9)	6.9 (16.5)	6.9 (16.5)	6.9 (16.5)	6.9 (16.5)
B. Transfers and Subsidies	9.8 (1.3)	9.4 (2.6)	9.2 (3.3)					
C. Government Enterprises and Investment	0.0	2.0 (25.0)	4.0	4.0	4.0	4.0	4.0	4.0
D. Top Marginal Tax Rate	1.0	1.0	5.5	6.0	6.0	6.0	6.0	6.0
(i) Top Marginal Income Tax Rate	1.0 (60)	2.0 (55)	7.0 (35)	8.0 (30)	8.0 (30)	8.0 (30)	8.0 (30)	8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate		0.0 (62)	4.0 (45)	4.0 (41)	4.0 (41)	4.0 (41)	4.0 (41)	4.0 (41)
<b>2. Legal Structure and Security of Property Rights</b>	2.7	5.8	5.6	4.4	4.2	4.5	5.0	5.1
A. Judicial Independence						5.2	6.2	6.7
B. Impartial Courts			5.5	5.4	5.4	5.0	5.8	6.4
C. Protection of Intellectual Property						3.8	4.8	4.7
D. Military Interference			6.0	5.0	4.2	5.0	5.0	4.2
E. Integrity of Legal System			7.0	3.3	3.3	3.3	3.3	3.3
<b>3. Access to Sound Money</b>	1.8	4.1	4.1	5.8	5.6	7.4	6.9	7.5
A. Growth of Money Supply	1.2 (44.2)	2.4 (37.9)	4.5 (27.4)	7.5 (12.7)	7.4 (12.9)	5.9 (20.3)	5.9 (20.3)	5.9 (20.3)
B. Inflation Variability	0.0 (38.3)	8.0 (5.0)	5.6 (10.9)	5.9 (10.4)	6.7 (8.4)	6.7 (8.2)	6.9 (7.7)	6.6 (8.5)
C. Recent Annual Inflation	5.9 (20.7)	5.9 (20.7)	1.4 (43.2)	5.0 (25.2)	3.4 (32.9)	7.0 (14.8)	4.7 (26.7)	7.5 (12.6)
D. Freedom to Own Foreign Currency	0.0	0.0	5.0	5.0	5.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	2.1	5.0	5.8	7.2	7.4	7.2	7.4	7.2
A. Taxes on International Trade	2.0	4.4	6.1	6.5	6.5	6.5	6.5	6.7
(i) Taxes as Percentage of Exports and Imports	0.0 (21.7)	2.3 (11.6)	4.6 (8.1)	6.9 (4.6)	6.9 (4.6)	6.9 (4.6)	6.9 (4.6)	6.9 (4.6)
(ii) Mean Tariff Rate	4.0 (30.0)	6.5 (17.5)	7.0 (15.0)	7.0 (15.2)	7.0 (15.2)	7.0 (15.2)	7.0 (15.2)	7.4 (13.1)
(iii) Variability of Tariff Rates			6.7 (8.3)	5.7 (10.7)	5.7 (10.7)	5.7 (10.7)	5.7 (10.7)	5.7 (10.7)
B. Regulatory Trade Barriers						5.8	6.9	6.4
(i) Hidden Import Barriers						4.7	5.7	7.3
(ii) Costs of Importing						7.0	8.2	5.6
C. Size of Trade Sector	0.0	3.8	5.2	10.0	10.0	8.2	7.6	7.6
D. Official versus Black Market Exchange Rates	0.0	8.6	9.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	1.5	2.3	5.6	6.1	5.4
(i) Access to Foreign Capital						8.8	9.8	8.5
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	1.5	2.3	2.3	2.3	2.3
<b>5. Regulation of Credit, Labor and Business</b>	4.7	4.7	5.7	5.9	5.5	6.2	6.2	6.1
A. Regulation of Credit Markets	2.5	3.9	6.0	6.0	4.6	7.0	7.0	7.6
(i) Private Ownership of Banks	2.0	2.0	5.0	5.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks						7.0	7.0	7.0
(iii) Extension of Credit to Private Sector	5.4	7.8	9.0	4.9	4.3	5.0	4.9	5.3
(iv) Avoidance of Negative Real Interest Rates	0.0	2.0	4.0	8.0	4.3	8.0	8.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						6.9	6.9	6.2
(i) Impact of Minimum Wage								4.5
(ii) Flexibility in Hiring and Firing						5.5	4.7	5.7
(iii) Collective Bargaining						5.2	6.2	4.5
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business						4.7	4.8	4.5
(i) Price Controls		0.0	4.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation						3.5	4.0	4.6
(iii) Time Spent with Government Bureaucracy						5.3	4.8	3.6
(iv) Ease of Starting a New Business						4.0	4.0	3.1
(v) Irregular Payments to Government Officials						4.8	5.4	5.3

# Greece

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.2 (65)	5.8 (46)	6.2 (56)	6.9 (41)	6.8 (42)	6.9 (39)	6.9 (37)	6.8 (48)
<b>1. Size of Government</b>	3.7	4.8	5.7	6.4	5.9	6.1	6.0	6.0
A. Government Consumption	6.6 (17.5)	6.7 (17.3)	6.9 (16.4)	6.6 (17.7)	6.3 (18.6)	6.2 (19.0)	6.1 (19.3)	5.9 (20.0)
B. Transfers and Subsidies	5.3 (17.7)	4.6 (20.5)	5.0 (19.0)	9.0 (4.3)	5.2 (18.0)	5.2 (18.0)	5.1 (18.6)	5.1 (18.6)
C. Government Enterprises and Investment	2.0 (41.0)	4.0 (37.5)	6.0 (35.8)	6.0	8.0 (16.1)	8.0 (16.1)	8.0 (16.1)	8.0 (16.1)
D. Top Marginal Tax Rate	1.0	4.0	5.0	4.0	4.0	5.0	5.0	5.0
(i) Top Marginal Income Tax Rate	1.0 (63)	4.0 (50)	5.0 (45)	5.0 (43)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)
(ii) Top Marginal Income and Payroll Tax Rate		4.0 (50)	5.0 (45)	3.0 (50)	3.0 (50)	5.0 (40)	5.0 (40)	5.0 (40)
<b>2. Legal Structure and Security of Property Rights</b>	5.6	6.8	6.7	5.7	5.6	6.0	6.0	5.6
A. Judicial Independence			5.5	6.3	5.9	6.2	6.0	5.2
B. Impartial Courts			5.7	5.7	5.0	5.2	5.3	4.8
C. Protection of Intellectual Property			5.4	4.8	4.7	5.2	5.5	5.1
D. Military Interference			6.9	6.7	7.5	8.3	8.3	7.5
E. Integrity of Legal System			10.0	5.0	5.0	5.0	5.0	5.4
<b>3. Access to Sound Money</b>	6.8	6.7	7.3	9.3	9.5	9.6	9.6	9.7
A. Growth of Money Supply	6.7 (16.4)	6.3 (18.4)	7.7 (11.7)	8.7 (6.5)	9.1 (4.3)	9.3 (3.6)	9.3 (3.4)	9.3 (3.6)
B. Inflation Variability	9.0 (2.5)	9.1 (2.4)	8.5 (3.8)	9.2 (2.0)	9.4 (1.6)	9.7 (0.9)	9.9 (0.3)	9.9 (0.2)
C. Recent Annual Inflation	6.5 (17.7)	6.5 (17.7)	8.2 (8.9)	9.4 (3.2)	9.3 (3.4)	9.3 (3.6)	9.3 (3.5)	9.4 (2.9)
D. Freedom to Own Foreign Currency	5.0	5.0	5.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	5.4	6.1	6.6	7.9	7.7	7.4	7.4	7.2
A. Taxes on International Trade	9.0	8.4	8.7	9.2	9.0	9.1	9.2	9.2
(i) Taxes as Percentage of Exports and Imports	9.5 (0.7)	9.6 (0.6)	9.7 (0.4)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	8.5 (7.5)	8.5 (7.4)	8.7 (6.7)	9.5 (2.4)	9.2 (3.9)	9.4 (3.1)	9.7 (1.4)	9.6 (1.8)
(iii) Variability of Tariff Rates		7.1 (7.2)	7.6 (5.9)	8.2 (4.4)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)
B. Regulatory Trade Barriers			6.3	8.7	8.1	8.2	8.3	7.4
(i) Hidden Import Barriers			6.3	8.0	6.7	7.0	7.5	7.5
(ii) Costs of Importing				9.5	9.6	9.4	9.2	7.4
C. Size of Trade Sector	3.0	2.5	1.4	3.3	2.9	1.8	1.4	1.7
D. Official versus Black Market Exchange Rates	5.0	9.4	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	6.5	8.3	8.3	7.9	7.9	7.4
(i) Access to Foreign Capital			8.0	8.9	8.9	8.2	8.2	7.1
(ii) Restrictions on Capital Transactions	2.0	2.0	5.0	7.7	7.7	7.7	7.7	7.7
<b>5. Regulation of Credit, Labor and Business</b>	4.4	4.8	4.9	5.4	5.3	5.4	5.3	5.7
A. Regulation of Credit Markets	4.1	5.6	5.9	7.1	7.2	7.7	7.8	7.9
(i) Private Ownership of Banks	2.0	5.0	5.0	5.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks			6.4	7.0	7.0	6.0	6.0	6.0
(iii) Extension of Credit to Private Sector	4.4	3.9	4.9	6.0	6.5	6.8	7.4	7.9
(iv) Avoidance of Negative Real Interest Rates	6.0	8.0	8.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			5.2	7.7	7.7	7.7	7.7	7.7
B. Regulation of Labor Markets	3.6	3.7	4.0	3.4	3.8	3.5	3.6	4.0
(i) Impact of Minimum Wage			5.2	4.1	4.1	4.1	4.1	6.2
(ii) Flexibility in Hiring and Firing		4.8	4.8	2.3	3.3	2.7	3.0	3.2
(iii) Collective Bargaining	4.5	4.5	4.5	4.2	4.3	4.2	4.2	4.0
(iv) Incentives from Unemployment Benefits	6.3	5.5	5.5	6.3	6.3	5.6	5.6	5.6
(v) Military Conscription	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
C. Regulation of Business			4.7	5.6	4.8	4.9	4.5	5.2
(i) Price Controls		0.0	6.0	5.0	6.0	6.0	4.0	5.0
(ii) Burden of Regulation				7.0	2.7	2.3	2.8	3.0
(iii) Time Spent with Government Bureaucracy			4.8	6.4	5.8	6.3	5.5	6.5
(iv) Ease of Starting a New Business			4.2	4.1	4.0	4.0	3.7	5.0
(v) Irregular Payments to Government Officials			3.7	5.7	5.8	5.9	6.3	6.2

## Guatemala

Summary Ratings (Rank) ▶	1985		1990		1995		2000		2001		2002		2003		2004	
	5.4 (55)		5.8 (46)		6.9 (34)		6.4 (62)		6.4 (62)		6.4 (60)		6.5 (57)		6.6 (60)	
<b>1. Size of Government</b>	8.1		8.3		9.1		9.1		8.5		8.6		8.5		8.6	
A. Government Consumption	9.5 (7.8)		9.6 (7.3)		10.0 (6.0)		9.7 (7.1)		9.3 (8.4)		9.5 (7.7)		9.5 (7.6)		9.9 (6.4)	
B. Transfers and Subsidies	9.8 (1.3)		9.6 (1.8)		10.0 (0.5)		9.7 (1.5)		9.7 (1.4)		9.7 (1.4)		9.4 (2.5)		9.4 (2.5)	
C. Government Enterprises and Investment	8.0 (32.1)		8.0 (21.0)		8.0 (17.3)		10.0 (13.4)		8.0 (16.4)		8.0 (16.4)		8.0 (16.4)		8.0 (16.4)	
D. Top Marginal Tax Rate	5.0		6.0		8.5		7.0		7.0		7.0		7.0		7.0	
(i) Top Marginal Income Tax Rate	5.0 (48)		7.0 (34)		9.0 (25)		7.0 (31)		7.0 (31)		7.0 (31)		7.0 (31)		7.0 (31)	
(ii) Top Marginal Income and Payroll Tax Rate			5.0 (37)		8.0 (28)		7.0 (34)		7.0 (34)		7.0 (34)		7.0 (34)		7.0 (34)	
<b>2. Legal Structure and Security of Property Rights</b>	2.0		2.4		4.7		3.4		2.6		2.6		3.0		3.3	
A. Judicial Independence									1.7		2.0		3.0		2.5	
B. Impartial Courts					3.6		3.8		1.9		2.0		2.2		2.1	
C. Protection of Intellectual Property							2.2		3.0		2.5		3.2		2.3	
D. Military Interference					4.3		3.3		3.3		3.3		3.3		7.1	
E. Integrity of Legal System					7.0		3.3		3.3		3.3		3.3		2.5	
<b>3. Access to Sound Money</b>	8.0		6.6		8.1		7.6		9.0		9.1		9.2		9.2	
A. Growth of Money Supply	8.0 (10.1)		6.3 (18.3)		7.7 (11.5)		7.5 (12.6)		8.3 (8.4)		8.5 (7.6)		8.3 (8.6)		8.8 (5.9)	
B. Inflation Variability	7.9 (5.3)		3.9 (15.2)		6.4 (9.1)		9.3 (1.8)		9.3 (1.7)		9.3 (1.6)		9.5 (1.2)		9.6 (1.1)	
C. Recent Annual Inflation	6.2 (18.8)		6.2 (18.8)		8.3 (8.7)		8.8 (6.0)		8.5 (7.6)		8.4 (8.0)		8.9 (5.5)		8.5 (7.4)	
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		5.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	3.2		6.1		7.2		6.5		6.6		6.6		6.6		6.5	
A. Taxes on International Trade	2.5		4.3		7.4		7.9		7.9		7.8		7.8		8.0	
(i) Taxes as Percentage of Exports and Imports	5.0 (7.5)		7.6 (3.6)		7.1 (4.4)		8.3 (2.5)		8.2 (2.6)		8.1 (2.8)		8.2 (2.7)		8.2 (2.7)	
(ii) Mean Tariff Rate	0.0 (50.0)		5.4 (23.0)		8.0 (10.2)		8.6 (7.2)		8.4 (7.8)		8.4 (7.8)		8.4 (7.8)		9.0 (5.1)	
(iii) Variability of Tariff Rates			0.0 (26.7)		7.0 (7.4)		6.9 (7.8)		6.9 (7.7)		6.9 (7.7)		6.9 (7.7)		6.9 (7.7)	
B. Regulatory Trade Barriers							4.1		6.0		6.2		6.0		5.3	
(i) Hidden Import Barriers							4.1		4.0		4.3		4.0		3.5	
(ii) Costs of Importing									8.1		8.0		8.0		7.2	
C. Size of Trade Sector	0.0		3.0		2.4		2.9		2.4		1.9		1.7		2.3	
D. Official versus Black Market Exchange Rates	0.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	5.0		5.0		8.0		7.5		6.7		6.9		7.5		7.0	
(i) Access to Foreign Capital							7.2		7.2		6.2		7.4		5.5	
(ii) Restrictions on Capital Transactions	5.0		5.0		8.0		7.7		6.2		7.7		7.7		8.5	
<b>5. Regulation of Credit, Labor and Business</b>	5.7		5.6		5.6		5.5		5.1		5.2		5.4		5.6	
A. Regulation of Credit Markets	8.5		8.5		8.4		6.6		7.2		7.6		7.6		7.6	
(i) Private Ownership of Banks	8.0		8.0		8.0		8.0		8.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks							5.6		5.6		5.6		5.6		5.6	
(iii) Extension of Credit to Private Sector	9.4		9.5		9.2		8.9		8.7		8.8		8.8		8.6	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		8.0		6.0		9.0		9.0		9.0		9.0	
(v) Controls on Interest Rates							4.6		4.6		4.6		4.6		4.6	
B. Regulation of Labor Markets							4.0		4.0		3.3		3.9		4.2	
(i) Impact of Minimum Wage							4.6		4.6		4.6		4.6		6.7	
(ii) Flexibility in Hiring and Firing							5.3		4.6		3.5		5.2		4.3	
(iii) Collective Bargaining							6.2		6.5		5.2		5.8		5.7	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business							5.7		4.1		4.8		4.7		4.9	
(i) Price Controls			6.0		6.0		8.0		6.0		6.0		6.0		6.0	
(ii) Burden of Regulation							6.1		1.8		2.2		2.5		2.6	
(iii) Time Spent with Government Bureaucracy							4.5		4.8		7.3		5.8		6.3	
(iv) Ease of Starting a New Business							5.1		3.8		4.5		4.3		5.3	
(v) Irregular Payments to Government Officials							4.9		4.0		4.0		5.1		4.5	



# Guinea-Bissau

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	3.2 (107)	3.0 (112)	3.5 (122)	4.4 (118)	4.8 (117)	4.8 (116)	4.6 (120)	4.6 (124)
<b>1. Size of Government</b>	4.7	4.3	5.0	4.6	4.0	3.6	3.3	3.3
A. Government Consumption	7.5 (14.6)	8.6 (10.6)	9.9 (6.3)	9.3 (8.6)	8.1 (12.5)	7.1 (15.9)	6.6 (17.5)	6.6 (17.5)
B. Transfers and Subsidies								
C. Government Enterprises and Investment	2.0	0.0 (71.9)	0.0 (68.0)	0.0	0.0 (68.0)	0.0 (68.0)	0.0 (68.0)	0.0 (68.0)
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	2.0	2.9	2.5	3.0	3.0	2.6	1.9	2.9
A. Judicial Independence								
B. Impartial Courts			2.7	2.9	2.9	2.9	3.3	3.3
C. Protection of Intellectual Property								
D. Military Interference			3.1	3.3	3.3	1.7	1.7	2.6
E. Integrity of Legal System			0.0	1.7	1.7	1.7	1.7	3.9
<b>3. Access to Sound Money</b>	2.0	0.9	1.8	3.3	5.2	5.8	5.8	5.9
A. Growth of Money Supply		0.0 (65.1)	2.7 (36.6)	1.6 (41.8)	7.4 (12.8)	5.7 (21.5)	5.7 (21.5)	5.7 (21.5)
B. Inflation Variability	2.3 (19.2)	0.0 (28.6)	3.6 (16.1)	3.1 (17.2)	4.1 (14.8)	8.0 (4.9)	8.1 (4.8)	8.2 (4.4)
C. Recent Annual Inflation	3.5 (32.3)	3.5 (32.3)	1.1 (44.7)	8.3 (8.6)	9.4 (3.2)	9.3 (3.4)	9.3 (-3.5)	9.8 (0.9)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	4.1			6.0	6.3	6.4	5.5	5.5
A. Taxes on International Trade	4.8			7.6	7.2	7.2	7.2	7.2
(i) Taxes as Percentage of Exports and Imports	4.8 (7.7)							
(ii) Mean Tariff Rate				7.6 (12.0)	7.2 (14.1)	7.3 (13.6)	7.3 (13.6)	7.2 (13.9)
(iii) Variability of Tariff Rates					7.2 (7.1)	7.2 (7.1)	7.2 (7.1)	7.2 (7.1)
B. Regulatory Trade Barriers								
(i) Hidden Import Barriers								
(ii) Costs of Importing								
C. Size of Trade Sector	3.2	0.0	0.0	4.1	5.3	5.6	2.5	2.5
D. Official versus Black Market Exchange Rates	4.2	8.2	9.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	5.0	5.0	0.0	0.8	0.8	0.8	0.8
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	5.0	5.0	0.0	0.8	0.8	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>		3.8	4.7	5.1	5.6	5.6	6.4	5.3
A. Regulation of Credit Markets		3.9	4.5	6.0	7.3	7.3	9.5	6.3
(i) Private Ownership of Banks					2.0	2.0	10.0	2.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector		7.7	8.9	10.0	10.0	10.0	8.5	6.9
(iv) Avoidance of Negative Real Interest Rates		0.0	0.0	2.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business								
(i) Price Controls		0.0	6.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								
(v) Irregular Payments to Government Officials								



# Haiti

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.6 (46)	5.3 (62)	5.8 (68)	6.4 (62)	6.0 (80)	6.0 (80)	5.9 (89)	5.8 (90)
<b>1. Size of Government</b>	7.5	8.2	7.9	7.8	7.2	7.2	7.2	7.2
A. Government Consumption	8.3 (11.9)	9.5 (7.6)	9.8 (6.8)	9.6 (7.4)	9.6 (7.4)	9.6 (7.4)	9.6 (7.4)	9.6 (7.4)
B. Transfers and Subsidies	8.1 (7.3)				9.9 (0.8)	9.9 (0.8)	9.9 (0.8)	9.9 (0.8)
C. Government Enterprises and Investment	6.0 (32.7)	6.0 (42.0)	6.0	6.0	2.0 (48.2)	2.0 (48.2)	2.0 (48.2)	2.0 (48.2)
D. Top Marginal Tax Rate		9.0						
(i) Top Marginal Income Tax Rate		9.0 (30)						
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	2.9	2.0	3.9	3.9	2.0	1.9	2.1	1.6
A. Judicial Independence					0.5	0.2	0.2	0.2
B. Impartial Courts			2.9	3.0	0.9	1.3	2.6	2.6
C. Protection of Intellectual Property					0.9	1.2	1.2	1.2
D. Military Interference			1.8	5.0	4.2	3.3	3.3	0.4
E. Integrity of Legal System			7.0	3.3	3.3	3.3	3.3	3.6
<b>3. Access to Sound Money</b>	8.7	8.3	6.3	8.4	8.6	8.6	6.7	7.5
A. Growth of Money Supply	8.3 (8.6)	8.4 (8.1)	5.3 (23.7)	7.9 (10.7)	8.1 (9.7)	7.0 (14.9)	7.4 (12.8)	7.2 (13.9)
B. Inflation Variability	8.7 (3.1)	7.0 (7.5)	6.3 (9.2)	8.3 (4.2)	9.0 (2.5)	9.2 (2.1)	7.2 (7.0)	7.2 (7.1)
C. Recent Annual Inflation	7.9 (10.4)	7.9 (10.4)	3.8 (31.0)	7.3 (13.7)	7.2 (14.2)	8.0 (9.9)	2.1 (39.3)	5.4 (22.8)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	3.3	2.8		5.8	5.5	5.5	6.6	6.3
A. Taxes on International Trade	6.2	5.5		8.0	8.0	8.0	8.0	8.0
(i) Taxes as Percentage of Exports and Imports	4.7 (8.0)	5.5 (6.7)						
(ii) Mean Tariff Rate	7.7 (11.6)			8.0 (10.0)	8.0 (10.0)	8.0 (10.0)	8.0 (10.0)	8.0 (10.0)
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers					5.4	5.7	5.1	4.1
(i) Hidden Import Barriers					4.2	5.0	5.0	5.0
(ii) Costs of Importing					6.6	6.4	5.2	3.2
C. Size of Trade Sector	2.1	0.0	0.1	1.0	0.9	1.3	3.1	2.2
D. Official versus Black Market Exchange Rates	0.0	0.0	0.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	2.0	2.0	0.0	2.8	7.0	7.3
(i) Access to Foreign Capital						5.6	5.6	5.6
(ii) Restrictions on Capital Transactions	0.0	0.0	2.0	2.0	0.0	0.0	8.3	9.1
<b>5. Regulation of Credit, Labor and Business</b>		5.2	5.0	6.0	7.0	6.8	6.8	6.2
A. Regulation of Credit Markets	9.7	5.0	5.0	7.9	9.5	9.0	9.0	9.0
(i) Private Ownership of Banks								
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	9.7	9.9	10.0	9.9	9.9	10.0	10.0	10.0
(iv) Avoidance of Negative Real Interest Rates		0.0	0.0	6.0	9.0	8.0	8.0	8.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets					8.2	8.1	8.1	7.3
(i) Impact of Minimum Wage								5.1
(ii) Flexibility in Hiring and Firing					5.7	6.2	6.2	6.2
(iii) Collective Bargaining					8.9	8.0	8.0	8.0
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business					3.4	3.5	3.5	2.3
(i) Price Controls		2.0	0.0	2.0	2.0	2.0	2.0	2.0
(ii) Burden of Regulation					2.4	2.8	2.8	2.8
(iii) Time Spent with Government Bureaucracy					7.3	6.8	6.8	
(iv) Ease of Starting a New Business					2.6	3.0	3.0	1.5
(v) Irregular Payments to Government Officials					2.8	2.8	2.8	2.8

## Honduras

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	6.2 (25)		5.9 (42)		6.6 (41)		6.4 (62)		6.2 (70)		6.4 (60)		6.5 (57)		6.5 (63)	
<b>1. Size of Government</b>	7.0		6.9		7.5		7.5		7.4		7.4		7.4		7.4	
A. Government Consumption	7.4	(14.8)	7.0	(16.2)	8.0	(12.8)	7.4	(14.8)	7.1	(16.0)	7.1	(15.7)	7.3	(15.0)	7.3	(15.3)
B. Transfers and Subsidies	9.5	(2.3)	9.5	(2.2)	9.0	(4.0)										
C. Government Enterprises and Investment	6.0	(62.6)	6.0	(32.0)	6.0	(37.2)	6.0		6.0		6.0	(37.2)	6.0		6.0	
D. Top Marginal Tax Rate	5.0		5.0		7.0		9.0		9.0		9.0		9.0		9.0	
(i) Top Marginal Income Tax Rate	5.0	(46)	5.0	(46)	7.0	(40)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)
(ii) Top Marginal Income and Payroll Tax Rate			5.0	(46)	7.0	(40)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)
<b>2. Legal Structure and Security of Property Rights</b>	3.1		3.5		5.1		3.7		2.6		2.9		3.1		3.1	
A. Judicial Independence									1.7		1.5		2.0		2.3	
B. Impartial Courts					4.0		3.7		2.0		2.0		2.5		2.8	
C. Protection of Intellectual Property							2.3		2.5		2.5		2.7		3.1	
D. Military Interference					5.4		5.0		5.0		5.0		5.0		5.0	
E. Integrity of Legal System					7.0		3.3		1.7		3.3		3.3		2.5	
<b>3. Access to Sound Money</b>	9.5		8.3		7.2		8.2		8.7		9.1		9.1		9.1	
A. Growth of Money Supply	9.7	(1.5)	6.9	(15.4)	7.1	(14.6)	7.7	(11.7)	8.8	(5.8)	8.7	(6.5)	8.7	(6.6)	8.4	(8.1)
B. Inflation Variability	9.4	(1.5)	7.3	(6.6)	6.9	(7.8)	7.3	(6.6)	7.8	(5.6)	9.2	(1.9)	9.4	(1.6)	9.8	(0.6)
C. Recent Annual Inflation	9.0	(5.3)	9.0	(5.3)	4.7	(26.3)	7.8	(11.1)	8.1	(9.7)	8.5	(7.7)	8.5	(7.7)	8.4	(8.1)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>			5.9		7.4		6.8		7.1		7.1		7.2		6.9	
A. Taxes on International Trade			6.0		7.7		7.8		7.9		7.9		7.9		8.1	
(i) Taxes as Percentage of Exports and Imports							8.1	(2.9)	8.1	(2.9)	8.1	(2.9)	8.1	(2.9)	8.1	(2.9)
(ii) Mean Tariff Rate			6.0	(20.0)	8.0	(10.1)	8.4	(7.9)	8.5	(7.5)	8.5	(7.5)	8.5	(7.5)	9.0	(5.2)
(iii) Variability of Tariff Rates					7.4	(6.5)	7.0	(7.5)	7.2	(7.0)	7.2	(7.0)	7.2	(7.0)	7.2	(7.0)
B. Regulatory Trade Barriers							3.4		5.4		6.4		6.8		5.0	
(i) Hidden Import Barriers							3.4		3.7		4.5		5.3		4.1	
(ii) Costs of Importing									7.0		8.4		8.2		6.0	
C. Size of Trade Sector	3.9		5.5		6.3		6.5		6.1		5.8		5.7		6.2	
D. Official versus Black Market Exchange Rates	0.0		10.0		9.8		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		5.0		6.6		6.2		5.4		5.5		5.2	
(i) Access to Foreign Capital							8.5		8.5		7.0		7.2		6.5	
(ii) Restrictions on Capital Transactions	0.0		0.0		5.0		4.6		3.8		3.8		3.8		3.8	
<b>5. Regulation of Credit, Labor and Business</b>	5.1		4.9		5.8		5.6		5.5		5.7		5.8		5.7	
A. Regulation of Credit Markets	7.7		7.8		6.3		6.8		7.6		8.2		8.2		8.2	
(i) Private Ownership of Banks									10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks							4.7		4.7		8.0		8.0		8.0	
(iii) Extension of Credit to Private Sector	7.4		7.5		8.6		9.9		9.8		9.7		9.7		9.6	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		4.0		8.0		9.0		9.0		9.0		9.0	
(v) Controls on Interest Rates							4.5		4.5		4.5		4.5		4.5	
B. Regulation of Labor Markets							5.7		5.2		4.9		5.3		4.9	
(i) Impact of Minimum Wage							2.7		2.7		2.7		2.7		0.6	
(ii) Flexibility in Hiring and Firing							4.5		3.3		2.2		3.3		3.5	
(iii) Collective Bargaining							5.7		4.6		4.7		5.0		5.5	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	0.0		0.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business							4.4		3.8		4.1		4.0		4.1	
(i) Price Controls			4.0		4.0		4.0		6.0		6.0		6.0		6.0	
(ii) Burden of Regulation							5.8		1.5		2.3		2.7		3.0	
(iii) Time Spent with Government Bureaucracy							4.9		5.5		6.3		4.8		3.2	
(iv) Ease of Starting a New Business							2.9		2.0		2.7		2.7		3.4	
(v) Irregular Payments to Government Officials							4.4		3.9		3.3		4.1		5.1	

# Hong Kong

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	8.4 (1)	8.2 (1)	9.1 (1)	8.8 (1)	8.7 (1)	8.7 (1)	8.8 (1)	8.7 (1)
<b>1. Size of Government</b>	9.4	9.3	9.5	9.2	9.1	9.0	9.0	9.1
A. Government Consumption	8.7 (10.6)	8.4 (11.6)	8.0 (12.7)	7.6 (14.2)	7.4 (14.7)	7.4 (14.9)	7.3 (15.3)	7.6 (14.2)
B. Transfers and Subsidies	9.9 (0.9)	9.9 (0.9)	9.8 (1.1)			8.6 (5.6)	8.6 (5.7)	8.7 (5.2)
C. Government Enterprises and Investment	10.0 (17.9)	10.0 (13.2)	10.0 (14.0)	10.0	10.0	10.0 (14.0)	10.0	10.0 (1.4)
D. Top Marginal Tax Rate	9.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0
(i) Top Marginal Income Tax Rate	9.0 (25)	9.0 (25)	10.0 (20)	10.0 (17)	10.0 (17)	10.0 (17)	10.0 (19)	10.0 (20)
(ii) Top Marginal Income and Payroll Tax Rate		9.0 (25)	10.0 (20)	10.0 (17)	10.0 (17)	10.0 (17)	10.0 (19)	10.0 (20)
<b>2. Legal Structure and Security of Property Rights</b>	6.3	5.9	8.2	7.2	7.0	7.3	7.4	7.5
A. Judicial Independence			8.1	7.7	8.0	7.7	8.0	7.0
B. Impartial Courts			7.9	8.9	8.5	8.3	8.5	7.9
C. Protection of Intellectual Property			6.1	6.3	6.9	7.2	7.3	6.6
D. Military Interference			8.8	5.0	5.0	5.0	5.0	8.3
E. Integrity of Legal System			10.0	8.3	6.7	8.3	8.3	7.5
<b>3. Access to Sound Money</b>	9.3	9.0	9.4	9.1	9.4	9.3	9.2	9.2
A. Growth of Money Supply	9.5 (2.6)	8.4 (8.2)	9.3 (3.4)	9.5 (-2.7)	9.7 (1.4)	8.9 (5.6)	8.1 (9.3)	7.6 (12.0)
B. Inflation Variability	9.0 (2.6)	8.9 (2.9)	9.0 (2.6)	7.7 (5.8)	8.1 (4.9)	8.9 (2.7)	9.3 (1.8)	9.3 (1.8)
C. Recent Annual Inflation	8.9 (5.7)	8.9 (5.7)	9.5 (2.6)	9.3 (-3.8)	9.7 (-1.6)	9.4 (-3.0)	9.5 (-2.6)	9.9 (-0.4)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	9.6	9.6	9.7	9.8	9.8	9.7	9.7	9.5
A. Taxes on International Trade	9.8	9.9	9.9	9.9	9.9	10.0	10.0	10.0
(i) Taxes as Percentage of Exports and Imports	9.6 (0.6)	9.7 (0.4)	9.8 (0.3)	9.8 (0.3)	9.8 (0.3)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)
(ii) Mean Tariff Rate	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)
(iii) Variability of Tariff Rates		10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)
B. Regulatory Trade Barriers			8.8	9.4	9.2	9.3	9.4	8.6
(i) Hidden Import Barriers			8.8	8.9	8.9	8.7	9.0	8.4
(ii) Costs of Importing				9.8	9.6	9.9	9.8	8.8
C. Size of Trade Sector	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	10.0	10.0	9.7	9.6	9.6	9.2	9.2	8.8
(i) Access to Foreign Capital			9.4	9.9	9.9	10.0	10.0	9.1
(ii) Restrictions on Capital Transactions	10.0	10.0	10.0	9.2	9.2	8.5	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	7.2	7.2	8.7	8.6	8.3	8.4	8.4	8.3
A. Regulation of Credit Markets	10.0	9.9	9.1	8.8	8.8	8.9	8.9	8.9
(i) Private Ownership of Banks	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			8.6	7.3	7.3	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector			9.7	9.1	9.0	8.9	8.9	8.8
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			7.3	7.8	7.8	7.8	7.8	7.8
B. Regulation of Labor Markets		8.9	8.1	8.6	8.7	8.5	8.5	8.6
(i) Impact of Minimum Wage			7.4					10.0
(ii) Flexibility in Hiring and Firing		8.8	8.8	7.6	7.8	7.8	8.2	7.9
(iii) Collective Bargaining	7.9	7.9	7.9	9.0	9.5	9.2	9.5	9.0
(iv) Incentives from Unemployment Benefits			6.5	7.7	7.7	7.2	6.3	6.3
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			8.7	8.5	7.4	7.6	7.9	7.4
(i) Price Controls		10.0	9.0	9.0	7.0	8.0	8.0	8.0
(ii) Burden of Regulation				8.5	6.8	6.7	6.8	6.3
(iii) Time Spent with Government Bureaucracy			9.5	7.3	6.0	6.0	6.8	5.5
(iv) Ease of Starting a New Business			9.1	9.0	8.9	8.7	8.8	8.9
(v) Irregular Payments to Government Officials			7.3	8.8	8.5	8.6	9.0	8.1

## Hungary

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.9 (75)		5.1 (70)		6.3 (48)		6.7 (46)		7.1 (30)		7.2 (25)		7.3 (25)		7.4 (20)	
<b>1. Size of Government</b>	2.9		2.9		4.7		4.8		5.2		5.3		5.3		5.3	
A. Government Consumption	7.7	(13.9)	7.4	(14.7)	7.6	(14.2)	7.9	(13.3)	7.4	(14.7)	7.6	(14.1)	7.7	(13.7)	7.7	(13.7)
B. Transfers and Subsidies	1.1	(33.3)	2.3	(28.7)	3.3	(25.0)	4.7	(20.0)	5.0	(18.7)	5.0	(18.7)	4.9	(19.4)	4.9	(19.4)
C. Government Enterprises and Investment	0.0	(83.5)	0.0	(68.5)	4.0		4.0		6.0		6.0		6.0		6.0	
D. Top Marginal Tax Rate			2.0		4.0		2.5		2.5		2.5		2.5		2.5	
(i) Top Marginal Income Tax Rate			3.0 (50)		4.0 (44)		5.0 (40)		5.0 (40)		5.0 (40)		5.0 (38)		5.0 (38)	
(ii) Top Marginal Income and Payroll Tax Rate			1.0 (60)		4.0 (44)		0.0 (62)		0.0 (63)		0.0 (63)		0.0 (64)		0.0 (64)	
<b>2. Legal Structure and Security of Property Rights</b>	6.8		7.2		7.6		7.0		6.7		6.7		6.6		6.4	
A. Judicial Independence					6.7		6.5		5.7		6.5		6.0		5.6	
B. Impartial Courts					6.8		6.3		5.3		5.2		4.8		4.7	
C. Protection of Intellectual Property					4.9		5.5		6.0		5.3		5.3		5.1	
D. Military Interference					9.6		10.0		10.0		10.0		10.0		10.0	
E. Integrity of Legal System					10.0		6.7		6.7		6.7		6.7		6.7	
<b>3. Access to Sound Money</b>	6.8		5.6		6.2		7.1		8.6		9.1		9.5		9.5	
A. Growth of Money Supply	8.7	(6.7)	6.9	(15.5)	7.7	(11.7)	7.6	(11.9)	8.0	(9.9)	8.0	(9.8)	9.3	(3.5)	9.8	(1.1)
B. Inflation Variability	9.8	(0.5)	6.9	(7.8)	7.6	(5.9)	7.8	(5.5)	8.3	(4.2)	9.3	(1.7)	9.7	(0.8)	9.4	(1.5)
C. Recent Annual Inflation	8.8	(5.9)	8.8	(5.9)	4.7	(26.7)	8.0	(9.8)	8.2	(9.2)	8.9	(5.3)	9.1	(4.6)	8.6	(6.8)
D. Freedom to Own Foreign Currency	0.0		0.0		5.0		5.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	4.5		4.9		7.1		7.8		8.5		8.4		8.4		8.3	
A. Taxes on International Trade	7.5		6.1		6.7		7.3		7.4		7.3		7.3		7.3	
(i) Taxes as Percentage of Exports and Imports	7.5	(3.7)	6.6	(5.1)	6.1	(5.9)	9.4	(0.8)	9.6	(0.6)	9.6	(0.6)	9.6	(0.6)	9.6	(0.6)
(ii) Mean Tariff Rate					7.8 (11.0)		8.4 (8.2)		8.4 (8.2)		8.2 (8.9)		8.2 (8.9)		8.2 (8.9)	
(iii) Variability of Tariff Rates			5.6 (11.0)		6.1 (9.7)		4.1 (14.7)		4.1 (14.7)		4.1 (14.7)		4.1 (14.7)		4.1 (14.7)	
B. Regulatory Trade Barriers					7.1		8.5		8.3		8.1		7.6		8.0	
(i) Hidden Import Barriers					7.1		8.2		7.6		7.0		6.3		8.2	
(ii) Costs of Importing							8.8		8.9		9.3		8.8		7.8	
C. Size of Trade Sector	6.6		4.4		5.4		8.5		8.1		7.5		8.1		8.3	
D. Official versus Black Market Exchange Rates	0.0		5.6		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		6.4		4.5		8.8		8.9		9.0		8.1	
(i) Access to Foreign Capital					7.8		8.3		8.3		9.4		9.6		8.5	
(ii) Restrictions on Capital Transactions	0.0		0.0		5.0		0.8		9.2		8.5		8.5		7.7	
<b>5. Regulation of Credit, Labor and Business</b>	3.4		4.6		6.0		7.0		6.6		6.4		6.6		7.3	
A. Regulation of Credit Markets	2.7		4.4		6.8		8.1		8.1		7.9		8.1		8.2	
(i) Private Ownership of Banks	0.0		2.0		8.0		8.0		8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks					7.3		6.9		6.9		6.9		6.9		6.9	
(iii) Extension of Credit to Private Sector	5.3		5.2		6.1		7.8		7.7		7.5		7.7		8.0	
(iv) Avoidance of Negative Real Interest Rates			6.0		6.0		10.0		10.0		9.0		10.0		10.0	
(v) Controls on Interest Rates					6.4		8.0		8.0		8.0		8.0		8.0	
B. Regulation of Labor Markets					5.4		5.6		5.8		5.4		5.5		7.1	
(i) Impact of Minimum Wage					6.7		4.6		4.6		4.6		4.6		6.8	
(ii) Flexibility in Hiring and Firing			7.1		7.1		5.5		6.0		4.7		4.7		4.9	
(iii) Collective Bargaining					5.2		7.0		7.4		7.0		7.5		7.8	
(iv) Incentives from Unemployment Benefits					5.2		5.8		5.8		5.8		5.9		5.9	
(v) Military Conscription	0.0		1.0		3.0		5.0		5.0		5.0		5.0		10.0	
C. Regulation of Business					6.0		7.3		5.8		5.9		6.1		6.6	
(i) Price Controls					8.0		8.0		5.0		5.0		6.0		6.0	
(ii) Burden of Regulation							7.4		3.8		2.8		2.8		3.2	
(iii) Time Spent with Government Bureaucracy					6.1		6.2		6.5		7.8		8.3		9.7	
(iv) Ease of Starting a New Business					6.4		7.4		6.8		7.0		6.7		6.5	
(v) Irregular Payments to Government Officials					3.3		7.3		6.7		7.0		6.9		7.3	

# Iceland

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.3 (62)	6.6 (26)	7.4 (17)	7.7 (12)	7.7 (10)	7.6 (14)	7.7 (13)	7.9 (9)
<b>1. Size of Government</b>	5.3	6.0	5.7	5.9	5.9	5.4	5.4	6.7
A. Government Consumption	5.4 (21.5)	4.7 (23.9)	4.2 (25.6)	3.4 (28.3)	3.1 (29.5)	2.4 (31.7)	2.3 (32.2)	2.7 (30.9)
B. Transfers and Subsidies	6.9 (11.7)	7.4 (10.1)	7.7 (9.1)	7.7 (8.9)	8.3 (6.6)	7.8 (8.6)	7.8 (8.6)	7.8 (8.6)
C. Government Enterprises and Investment	8.0 (16.1)	7.0 (22.2)	7.0 (24.8)	7.0	7.0	7.0 (24.8)	7.0	10.0 (9.6)
D. Top Marginal Tax Rate	1.0	5.0	4.0	5.5	5.0	4.5	4.5	6.5
(i) Top Marginal Income Tax Rate	1.0 (56)	5.0 (40)	4.0 (47)	6.0 (45)	5.0 (46)	5.0 (46)	5.0 (44)	7.0 (39)
(ii) Top Marginal Income and Payroll Tax Rate				5.0 (48)	5.0 (49)	4.0 (49)	4.0 (47)	6.0 (47)
<b>2. Legal Structure and Security of Property Rights</b>	7.9	8.3	8.3	9.0	8.9	9.0	9.2	8.9
A. Judicial Independence			7.8	8.5	8.7	8.8	8.7	8.1
B. Impartial Courts			8.3	9.0	8.0	8.2	9.0	8.3
C. Protection of Intellectual Property			5.8	7.6	7.6	7.8	8.3	7.9
D. Military Interference			9.6	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	2.0	6.8	9.4	9.2	9.2	9.3	9.2	9.0
A. Growth of Money Supply	1.6 (41.8)	4.6 (26.9)	9.2 (4.1)	8.2 (9.2)	9.0 (4.8)	9.1 (4.7)	8.7 (6.4)	8.1 (9.5)
B. Inflation Variability	2.8 (18.0)	8.8 (3.0)	9.2 (2.1)	9.6 (1.0)	8.9 (2.7)	9.0 (2.6)	8.6 (3.6)	8.5 (3.7)
C. Recent Annual Inflation	3.7 (31.3)	3.7 (31.3)	9.5 (2.8)	9.0 (5.2)	8.7 (6.4)	9.0 (5.2)	9.6 (2.1)	9.4 (2.8)
D. Freedom to Own Foreign Currency	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	5.6	5.9	6.5	6.9	6.9	6.7	6.7	6.4
A. Taxes on International Trade	7.8	7.9	8.7	8.0	8.5	8.5	8.5	8.5
(i) Taxes as Percentage of Exports and Imports	6.9 (4.6)	7.3 (4.0)	9.6 (0.6)	9.6 (0.5)	9.7 (0.5)	9.7 (0.4)	9.7 (0.4)	9.7 (0.4)
(ii) Mean Tariff Rate	8.7 (6.7)	9.2 (3.8)	9.3 (3.7)	9.6 (1.9)	9.0 (5.2)	9.0 (5.2)	9.0 (5.1)	9.0 (5.1)
(iii) Variability of Tariff Rates		7.0 (7.5)	7.1 (7.3)	4.8 (13.0)	6.8 (8.1)	6.8 (8.1)	6.8 (8.1)	6.8 (8.1)
B. Regulatory Trade Barriers			6.6	8.7	7.9	8.6	8.9	7.5
(i) Hidden Import Barriers			6.6	8.3	7.5	8.2	9.0	6.6
(ii) Costs of Importing				9.2	8.3	9.1	8.8	8.4
C. Size of Trade Sector	3.1	1.2	0.9	1.5	1.9	1.4	0.8	1.3
D. Official versus Black Market Exchange Rates	6.8	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	6.3	6.2	6.2	4.9	5.3	4.7
(i) Access to Foreign Capital			7.6	8.6	8.6	6.0	6.8	5.5
(ii) Restrictions on Capital Transactions	2.0	2.0	5.0	3.8	3.8	3.8	3.8	3.8
<b>5. Regulation of Credit, Labor and Business</b>	5.5	5.8	7.0	7.6	7.5	7.8	7.9	8.5
A. Regulation of Credit Markets	5.2	6.3	6.9	7.7	7.9	8.9	8.9	9.1
(i) Private Ownership of Banks	2.0	2.0	2.0	5.0	5.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			5.8	8.1	8.1	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	9.7	8.8	9.4	9.9	9.8	9.9	9.9	10.0
(iv) Avoidance of Negative Real Interest Rates	4.0	8.0	10.0	8.0	9.0	9.0	9.0	10.0
(v) Controls on Interest Rates			7.1	7.5	7.5	7.5	7.5	7.5
B. Regulation of Labor Markets		6.8	6.4	6.7	6.9	6.8	7.0	8.0
(i) Impact of Minimum Wage			6.2	4.8	4.8	4.8	4.8	10.0
(ii) Flexibility in Hiring and Firing		5.9	5.9	6.0	7.0	6.7	8.0	7.3
(iii) Collective Bargaining	4.5	4.5	4.5	5.5	5.7	5.5	5.2	5.8
(iv) Incentives from Unemployment Benefits			5.3	7.0	7.0	7.2	7.0	7.0
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			7.8	8.3	7.8	7.7	7.9	8.4
(i) Price Controls			6.0	8.0	8.0	8.0	8.0	9.0
(ii) Burden of Regulation				7.0	5.6	5.3	6.3	5.7
(iii) Time Spent with Government Bureaucracy			8.1	8.4	7.3	7.0	7.3	9.0
(iv) Ease of Starting a New Business			7.7	8.3	8.7	8.5	8.3	8.9
(v) Irregular Payments to Government Officials			9.5	10.0	9.3	9.5	9.7	9.5

## India

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.9 (75)		4.9 (80)		5.6 (75)		6.2 (71)		6.2 (70)		6.4 (60)		6.4 (65)		6.7 (53)	
<b>1. Size of Government</b>	4.0		4.4		5.8		6.8		7.4		7.1		7.2		8.2	
A. Government Consumption	7.6	(14.1)	7.2	(15.7)	7.3	(15.2)	6.7	(17.1)	6.9	(16.5)	7.0	(16.3)	7.3	(15.0)	7.2	(15.7)
B. Transfers and Subsidies	8.4	(6.5)	8.4	(6.5)	8.7	(5.2)	8.6	(5.5)	8.6	(5.7)	8.6	(5.7)	8.6	(5.7)	8.6	(5.7)
C. Government Enterprises and Investment	0.0	(49.5)	0.0	(42.3)	2.0	(31.4)	4.0	(30.4)	6.0	(29.9)	6.0	(29.9)	6.0	(29.9)	10.0	(10.3)
D. Top Marginal Tax Rate	0.0		2.0		5.0		8.0		8.0		7.0		7.0		7.0	
(i) Top Marginal Income Tax Rate	0.0	(62)	2.0	(53)	5.0	(40)	8.0	(30)	8.0	(30)	7.0	(32)	7.0	(33)	7.0	(33)
(ii) Top Marginal Income and Payroll Tax Rate	2.0		5.0		8.0		8.0		8.0		7.0		7.0		7.0	
<b>2. Legal Structure and Security of Property Rights</b>	4.9		4.4		5.9		6.0		5.7		6.0		6.0		6.3	
A. Judicial Independence					7.3		7.0		6.9		7.0		6.7		7.2	
B. Impartial Courts					7.6		8.0		5.9		5.7		5.8		6.2	
C. Protection of Intellectual Property					4.1		3.3		4.0		4.2		4.0		5.0	
D. Military Interference					6.2		5.0		5.0		6.7		6.7		6.7	
E. Integrity of Legal System					4.1		6.7		6.7		6.7		6.7		6.7	
<b>3. Access to Sound Money</b>	6.5		6.5		6.5		6.9		6.9		6.9		7.0		7.0	
A. Growth of Money Supply	7.8	(10.8)	8.0	(9.8)	8.6	(7.2)	9.0	(4.9)	9.1	(4.4)	9.1	(4.5)	9.1	(4.3)	9.1	(4.3)
B. Inflation Variability	9.6	(1.1)	9.4	(1.5)	9.1	(2.3)	9.3	(1.7)	9.3	(1.6)	9.4	(1.6)	9.8	(0.5)	9.7	(0.7)
C. Recent Annual Inflation	8.5	(7.5)	8.5	(7.5)	8.4	(8.2)	9.2	(4.0)	9.3	(3.7)	9.1	(4.4)	9.2	(3.8)	9.2	(3.8)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	3.6		3.9		4.7		5.6		5.7		6.3		6.4		6.4	
A. Taxes on International Trade	0.0		0.0		0.9		4.3		4.3		5.0		5.0		5.2	
(i) Taxes as Percentage of Exports and Imports	0.0	(24.2)	0.0	(21.1)	2.2	(11.8)	4.4	(8.4)	4.2	(8.7)	6.0	(6.0)	6.2	(5.7)	6.2	(5.7)
(ii) Mean Tariff Rate	0.0	(98.8)	0.0	(79.2)	0.0	(55.2)	3.5	(32.5)	3.8	(31.0)	3.8	(31.0)	3.8	(31.0)	4.4	(28.1)
(iii) Variability of Tariff Rates			0.0		0.6		5.0		5.0		5.0		5.0		5.0	
B. Regulatory Trade Barriers					6.4		5.7		6.2		6.4		7.0		5.9	
(i) Hidden Import Barriers					6.4		5.4		5.5		5.5		6.2		6.1	
(ii) Costs of Importing					6.0		6.0		7.0		7.4		7.8		5.7	
C. Size of Trade Sector	2.6		3.5		5.3		6.0		5.7		5.9		5.6		7.3	
D. Official versus Black Market Exchange Rates	7.2		8.0		8.4		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		2.3		2.0		2.0		4.3		4.3		3.7	
(i) Access to Foreign Capital					4.7		4.0		4.0		8.6		8.6		7.4	
(ii) Restrictions on Capital Transactions	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>5. Regulation of Credit, Labor and Business</b>	5.7		5.3		5.2		5.8		5.2		5.4		5.5		5.4	
A. Regulation of Credit Markets	5.3		5.1		5.3		5.5		5.9		5.9		5.8		5.9	
(i) Private Ownership of Banks	0.0		0.0		2.0		2.0		2.0		2.0		2.0		2.0	
(ii) Competition from Foreign Banks					5.3		6.4		6.4		6.4		6.4		6.4	
(iii) Extension of Credit to Private Sector	7.8		7.4		6.8		6.3		6.2		6.1		5.8		6.2	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		8.0		8.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					4.3		5.0		5.0		5.0		5.0		5.0	
B. Regulation of Labor Markets			6.3		6.1		6.1		6.1		6.1		5.7		5.7	
(i) Impact of Minimum Wage					6.2		4.3		4.3		4.3		4.3		3.4	
(ii) Flexibility in Hiring and Firing			2.6		2.6		1.7		1.8		2.0		2.2		2.6	
(iii) Collective Bargaining	6.2		6.2		6.2		7.7		7.7		7.7		6.8		7.3	
(iv) Incentives from Unemployment Benefits					5.6		6.5		6.5		6.5		5.3		5.3	
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business					4.4		5.9		3.7		4.3		4.9		4.7	
(i) Price Controls			3.0		4.0		4.0		3.0		4.0		5.0		5.0	
(ii) Burden of Regulation					7.4		7.4		2.0		2.5		3.7		2.9	
(iii) Time Spent with Government Bureaucracy					6.1		7.4		4.3		5.5		5.8		5.9	
(iv) Ease of Starting a New Business					5.0		5.9		4.9		5.0		5.0		4.1	
(v) Irregular Payments to Government Officials					2.4		4.6		4.3		4.6		5.3		5.5	



# Indonesia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.1 (28)	6.4 (31)	6.4 (45)	5.9 (80)	5.5 (99)	5.7 (93)	6.2 (73)	6.0 (83)
<b>1. Size of Government</b>	6.4	7.1	8.0	7.6	6.8	6.7	6.7	6.4
A. Government Consumption	7.0 (16.4)	7.9 (13.0)	8.4 (11.3)	9.0 (9.5)	8.8 (10.0)	8.7 (10.6)	8.3 (11.7)	8.5 (11.1)
B. Transfers and Subsidies	9.5 (2.5)	9.6 (2.0)	9.9 (0.9)	8.3 (6.7)	8.3 (6.7)	8.3 (6.7)	8.3 (6.7)	7.2 (10.6)
C. Government Enterprises and Investment	2.0 (43.0)	4.0 (32.5)	7.0 (20.7)	7.0 (23.0)	4.0 (39.0)	4.0 (39.0)	4.0 (39.0)	4.0 (39.0)
D. Top Marginal Tax Rate	7.0	7.0	6.5	6.0	6.0	6.0	6.0	6.0
(i) Top Marginal Income Tax Rate	7.0 (35)	7.0 (35)	8.0 (30)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)
(ii) Top Marginal Income and Payroll Tax Rate		7.0 (35)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)
<b>2. Legal Structure and Security of Property Rights</b>	4.5	4.7	3.5	3.4	2.9	4.1	4.5	3.9
A. Judicial Independence			2.3	3.0	2.5	3.7	4.5	3.7
B. Impartial Courts			4.2	4.0	2.2	4.3	4.8	3.7
C. Protection of Intellectual Property			4.2	3.1	2.3	4.2	4.8	3.6
D. Military Interference			2.9	3.3	4.2	5.0	5.0	4.2
E. Integrity of Legal System			4.1	3.3	3.3	3.3	3.3	4.4
<b>3. Access to Sound Money</b>	9.0	8.6	9.1	6.2	6.0	6.3	7.6	7.9
A. Growth of Money Supply	8.3 (8.3)	7.5 (12.3)	9.0 (5.2)	5.6 (22.2)	6.5 (17.6)	7.2 (14.0)	7.8 (11.2)	8.5 (7.3)
B. Inflation Variability	8.6 (3.5)	7.9 (5.4)	9.4 (1.5)	0.0 (28.7)	0.0 (28.4)	0.0 (29.1)	8.8 (3.1)	9.3 (1.9)
C. Recent Annual Inflation	9.1 (4.3)	9.1 (4.3)	8.0 (9.9)	9.3 (3.7)	7.5 (12.6)	7.8 (10.8)	8.7 (6.6)	8.8 (6.2)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	6.3	6.4	6.3	7.7	7.8	7.2	7.2	7.2
A. Taxes on International Trade	7.7	5.9	6.4	7.9	8.0	8.0	8.0	7.9
(i) Taxes as Percentage of Exports and Imports	8.9 (1.6)	8.4 (2.4)	9.1 (1.3)	9.6 (0.5)	9.5 (0.8)	9.5 (0.8)	9.5 (0.8)	9.4 (1.0)
(ii) Mean Tariff Rate	6.4 (18.1)	5.9 (20.3)	6.6 (17.0)	8.3 (8.4)	8.8 (6.0)	8.8 (6.0)	8.7 (6.4)	8.7 (6.4)
(iii) Variability of Tariff Rates		3.3 (16.7)	3.6 (16.1)	5.7 (10.8)	5.7 (10.8)	5.7 (10.8)	5.7 (10.8)	5.7 (10.8)
B. Regulatory Trade Barriers			3.3	5.9	6.1	6.0	6.7	6.5
(i) Hidden Import Barriers			3.3	3.8	4.2	4.2	5.2	5.8
(ii) Costs of Importing				8.0	8.1	7.8	8.2	7.2
C. Size of Trade Sector	7.3	7.7	7.8	10.0	9.9	8.5	7.3	7.5
D. Official versus Black Market Exchange Rates	8.6	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	3.8	4.8	4.8	3.7	4.2	4.0
(i) Access to Foreign Capital			7.5	8.1	8.1	5.8	6.8	6.4
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	1.5	1.5	1.5	1.5	1.5
<b>5. Regulation of Credit, Labor and Business</b>	4.2	5.3	5.2	4.6	4.2	4.2	4.8	4.7
A. Regulation of Credit Markets	4.5	7.1	7.1	5.2	5.1	5.2	5.3	5.5
(i) Private Ownership of Banks	2.0	2.0	5.0	5.0	2.0	2.0	2.0	2.0
(ii) Competition from Foreign Banks			5.9	4.6	4.6	4.6	4.6	4.6
(iii) Extension of Credit to Private Sector	7.6	9.2	9.4	3.8	4.1	4.7	5.4	6.1
(iv) Avoidance of Negative Real Interest Rates	4.0	10.0	10.0	8.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			5.2	4.6	4.6	4.6	4.6	4.6
B. Regulation of Labor Markets			4.2	4.0	4.8	4.2	4.7	5.0
(i) Impact of Minimum Wage			5.1	4.6	4.6	4.6	4.6	6.7
(ii) Flexibility in Hiring and Firing		5.6	5.6	3.2	3.1	4.5	5.0	4.3
(iii) Collective Bargaining				6.2	5.2	4.5	5.2	5.3
(iv) Incentives from Unemployment Benefits			6.2	5.8	5.8	2.5	3.6	3.6
(v) Military Conscription	0.0	0.0	0.0	0.0	5.0	5.0	5.0	5.0
C. Regulation of Business			4.4	4.8	2.7	3.3	4.6	3.8
(i) Price Controls		7.0	3.0	2.0	2.0	0.0	2.0	2.0
(ii) Burden of Regulation				7.0	1.4	4.3	4.7	3.5
(iii) Time Spent with Government Bureaucracy			6.3	5.3	1.5	3.5	4.8	6.3
(iv) Ease of Starting a New Business			5.2	5.6	5.9	4.3	5.8	2.9
(v) Irregular Payments to Government Officials			2.9	3.9	2.8	4.4	5.5	4.1



# Ireland

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.3 (22)	6.7 (20)	8.2 (5)	8.1 (7)	7.9 (8)	7.8 (9)	7.9 (8)	8.1 (6)
<b>1. Size of Government</b>	4.3	5.6	5.8	6.1	6.1	6.0	5.9	6.4
A. Government Consumption	5.2 (22.5)	5.8 (20.3)	5.4 (21.5)	5.3 (21.9)	5.8 (20.4)	5.2 (22.4)	4.9 (23.4)	4.7 (24.0)
B. Transfers and Subsidies	4.9 (19.3)	5.4 (17.3)	5.1 (18.5)	4.2 (21.8)	4.2 (21.8)	4.2 (21.8)	4.2 (21.8)	4.2 (21.8)
C. Government Enterprises and Investment	7.0 (24.7)	10.0 (11.1)	10.0 (14.3)	10.0	10.0 (11.3)	10.0 (11.3)	10.0 (11.3)	10.0 (11.3)
D. Top Marginal Tax Rate	0.0	1.0	2.5	5.0	4.5	4.5	4.5	4.5
(i) Top Marginal Income Tax Rate	0.0 (65)	1.0 (56)	3.0 (48)	5.0 (42)	5.0 (42)	5.0 (42)	5.0 (42)	5.0 (42)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (57)	2.0 (51)	5.0 (42)	4.0 (50)	4.0 (49)	4.0 (50)	4.0 (50)
<b>2. Legal Structure and Security of Property Rights</b>	6.7	7.7	9.1	9.0	8.4	7.9	8.3	8.8
A. Judicial Independence			9.3	8.7	8.4	7.0	7.8	8.4
B. Impartial Courts			8.9	9.2	7.2	6.3	6.7	7.7
C. Protection of Intellectual Property			7.3	7.0	6.5	6.2	7.0	7.7
D. Military Interference			10.0	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	6.6	6.8	9.6	9.4	9.6	9.6	9.6	9.7
A. Growth of Money Supply	9.5 (2.8)	9.1 (4.3)	9.0 (4.9)	9.4 (-3.0)	9.6 (2.1)	9.8 (-1.2)	9.8 (-0.9)	10.0 (0.0)
B. Inflation Variability	8.1 (4.8)	9.0 (2.6)	9.5 (1.3)	9.5 (1.3)	9.7 (0.8)	9.7 (0.8)	9.4 (1.5)	9.4 (1.5)
C. Recent Annual Inflation	9.0 (5.2)	9.0 (5.2)	9.9 (0.4)	8.9 (5.6)	9.0 (4.9)	9.1 (4.7)	9.3 (3.5)	9.6 (2.2)
D. Freedom to Own Foreign Currency	0.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.5	7.4	8.6	9.1	9.0	9.0	8.8	8.6
A. Taxes on International Trade	8.3	7.9	8.4	9.2	9.0	9.1	9.2	9.2
(i) Taxes as Percentage of Exports and Imports	8.0 (3.0)	8.0 (3.0)	8.8 (1.8)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	8.5 (7.5)	8.5 (7.4)	8.7 (6.7)	9.5 (2.4)	9.2 (3.9)	9.4 (3.1)	9.7 (1.4)	9.6 (1.8)
(iii) Variability of Tariff Rates		7.1 (7.2)	7.6 (5.9)	8.2 (4.4)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)
B. Regulatory Trade Barriers			8.9	8.9	8.8	8.5	8.4	8.2
(i) Hidden Import Barriers			8.9	8.2	8.3	7.7	7.5	7.8
(ii) Costs of Importing				9.7	9.2	9.4	9.3	8.6
C. Size of Trade Sector	6.5	5.9	7.3	8.8	8.7	8.2	7.2	6.8
D. Official versus Black Market Exchange Rates	9.4	9.8	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	5.0	8.5	8.6	8.6	9.2	9.2	8.7
(i) Access to Foreign Capital			8.9	8.8	8.8	10.0	10.0	8.9
(ii) Restrictions on Capital Transactions	5.0	5.0	8.0	8.5	8.5	8.5	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	6.3	6.3	7.8	7.0	6.6	6.7	6.7	7.0
A. Regulation of Credit Markets	8.5	8.8	8.4	7.8	8.0	8.2	8.3	8.1
(i) Private Ownership of Banks	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks			8.1	7.0	7.0	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	7.4	8.3	8.6	8.2	8.1	8.1	7.7	7.7
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	8.0	9.0	9.0	10.0	9.0
(v) Controls on Interest Rates			7.5	8.0	8.0	8.0	8.0	8.0
B. Regulation of Labor Markets	6.6	6.5	6.7	5.3	5.5	5.7	5.4	5.8
(i) Impact of Minimum Wage			7.0	4.7	4.7	4.7	4.7	5.9
(ii) Flexibility in Hiring and Firing		5.5	5.5	3.8	4.2	4.5	3.8	4.0
(iii) Collective Bargaining	5.2	6.2	6.2	2.9	3.3	3.5	3.2	3.7
(iv) Incentives from Unemployment Benefits	4.6	4.4	4.7	5.3	5.3	6.0	5.3	5.3
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			8.3	7.8	6.3	6.0	6.3	7.1
(i) Price Controls		7.0	9.0	9.0	7.0	6.0	5.0	7.0
(ii) Burden of Regulation				7.2	4.5	4.0	4.8	4.6
(iii) Time Spent with Government Bureaucracy			7.6	7.9	5.3	6.5	7.3	8.3
(iv) Ease of Starting a New Business			7.6	6.9	6.4	6.2	6.0	6.8
(v) Irregular Payments to Government Officials			8.9	8.2	8.3	7.6	8.4	8.5

## Israel

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.1 (93)		4.3 (97)		5.7 (72)		6.5 (57)		6.5 (55)		6.8 (44)		6.7 (47)		7.1 (35)	
<b>1. Size of Government</b>	2.6		3.3		2.8		2.7		2.6		3.3		3.6		5.8	
A. Government Consumption	0.4	(38.5)	2.1	(32.9)	2.2	(32.4)	2.2	(32.6)	1.9	(33.6)	1.6	(34.7)	1.8	(33.9)	2.2	(32.6)
B. Transfers and Subsidies	4.8	(19.7)	5.6	(16.7)	5.1	(18.6)	3.9	(22.8)	4.0	(22.7)	6.6	(13.2)	6.6	(13.2)	7.0	(11.7)
C. Government Enterprises and Investment	2.0		2.0		2.0		2.0		2.0		2.0		2.0		10.0	(8.5)
D. Top Marginal Tax Rate	3.0		3.5		2.0		2.5		2.5		3.0		4.0		4.0	
(i) Top Marginal Income Tax Rate	3.0	(60)	5.0	(48)	4.0	(50)	4.0	(50)	4.0	(51)	4.0	(50)	4.0	(49)	4.0	(49)
(ii) Top Marginal Income and Payroll Tax Rate			2.0	(64)	0.0	(66)	1.0	(62)	1.0	(57)	2.0	(58)	4.0	(49)	4.0	(49)
<b>2. Legal Structure and Security of Property Rights</b>	6.8		4.4		7.0		8.0		7.4		7.6		6.8		6.7	
A. Judicial Independence					8.7		9.2		8.1		9.2		7.5		7.8	
B. Impartial Courts					7.0		9.4		8.5		8.0		6.3		6.6	
C. Protection of Intellectual Property					7.2		6.5		6.9		7.5		6.7		6.8	
D. Military Interference					5.1		6.7		5.0		5.0		5.0		4.2	
E. Integrity of Legal System					7.0		8.3		8.3		8.3		8.3		8.3	
<b>3. Access to Sound Money</b>	1.3		3.0		7.4		8.1		9.2		9.2		9.5		9.4	
A. Growth of Money Supply	0.0	(169.3)	1.5	(42.6)	7.8	(11.0)	9.1	(4.6)	8.5	(7.3)	8.9	(5.7)	9.1	(4.7)	8.2	(9.0)
B. Inflation Variability	0.0	(103.7)	5.3	(11.7)	8.6	(3.5)	8.5	(3.7)	8.7	(3.3)	9.0	(2.4)	9.0	(2.6)	9.3	(1.7)
C. Recent Annual Inflation	0.0	(260.0)	0.0	(260.0)	8.3	(8.4)	9.8	(1.1)	9.8	(1.1)	8.9	(5.6)	9.9	(0.7)	9.9	(-0.4)
D. Freedom to Own Foreign Currency	5.0		5.0		5.0		5.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.6		6.7		6.3		7.9		7.7		8.2		8.2		7.9	
A. Taxes on International Trade	8.1		9.4		8.0		9.7		9.7		9.7		9.7		9.4	
(i) Taxes as Percentage of Exports and Imports	8.1	(2.9)	9.4	(0.9)	9.8	(0.2)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)	9.8	(0.4)
(ii) Mean Tariff Rate					8.3		(8.3)		9.6		(2.0)		9.6		(2.0)	
(iii) Variability of Tariff Rates					5.7		(10.8)									
B. Regulatory Trade Barriers					5.4		8.1		7.9		8.2		8.3		7.8	
(i) Hidden Import Barriers					5.4		6.9		7.5		7.7		7.7		7.0	
(ii) Costs of Importing							9.3		8.4		8.8		9.0		8.6	
C. Size of Trade Sector	6.4		4.7		4.2		4.7		4.1		4.3		4.0		4.4	
D. Official versus Black Market Exchange Rates	8.6		9.2		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		4.2		7.0		7.0		8.8		9.1		8.0	
(i) Access to Foreign Capital					6.4		9.4		9.4		9.2		9.8		7.6	
(ii) Restrictions on Capital Transactions	2.0		2.0		2.0		4.6		4.6		8.5		8.5		8.5	
<b>5. Regulation of Credit, Labor and Business</b>	3.3		4.3		5.0		5.9		5.4		5.5		5.6		5.9	
A. Regulation of Credit Markets	1.1		3.8		4.9		6.1		6.5		7.2		7.2		7.2	
(i) Private Ownership of Banks	0.0		0.0		0.0		0.0		2.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks					4.2		5.4		5.4		6.0		6.0		6.0	
(iii) Extension of Credit to Private Sector	3.4		5.4		8.1		9.0		9.1		9.1		9.0		9.0	
(iv) Avoidance of Negative Real Interest Rates	0.0		6.0		8.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					4.0		5.9		5.9		5.9		5.9		5.9	
B. Regulation of Labor Markets			3.3		3.8		4.3		4.3		3.6		3.7		4.8	
(i) Impact of Minimum Wage					4.8		4.2		4.2		4.2		4.2		7.5	
(ii) Flexibility in Hiring and Firing					4.9		5.4		5.7		4.8		4.7		5.6	
(iii) Collective Bargaining	5.2		5.2		5.2		6.2		6.2		5.7		5.7		6.9	
(iv) Incentives from Unemployment Benefits					4.4		5.5		5.5		3.1		4.2		4.2	
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business					6.2		7.4		5.5		5.9		6.0		5.8	
(i) Price Controls					5.0		6.0		6.0		5.0		6.0		5.0	
(ii) Burden of Regulation							8.2		3.2		3.3		3.3		3.7	
(iii) Time Spent with Government Bureaucracy					6.3		7.7		3.5		5.8		6.0		6.0	
(iv) Ease of Starting a New Business					5.8		7.7		7.0		6.8		6.3		6.5	
(v) Irregular Payments to Government Officials					7.7		8.4		7.9		8.5		8.4		7.6	

# Italy

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.7 (44)	6.5 (29)	6.5 (43)	7.1 (32)	7.0 (34)	7.0 (34)	6.7 (47)	6.9 (45)
<b>1. Size of Government</b>	3.0	3.3	3.7	4.6	4.6	4.7	5.6	5.6
A. Government Consumption	5.5 (21.4)	5.2 (22.3)	5.7 (20.7)	4.8 (23.5)	4.7 (24.0)	4.8 (23.7)	4.6 (24.4)	4.6 (24.2)
B. Transfers and Subsidies	2.4 (28.5)	3.1 (25.8)	2.3 (28.7)	4.4 (20.9)	4.6 (20.2)	4.6 (20.2)	4.2 (21.8)	4.2 (21.8)
C. Government Enterprises and Investment	4.0 (33.2)	4.0 (30.3)	6.0 (28.3)	6.0	6.0	6.0 (28.3)	10.0 (6.7)	10.0 (6.7)
D. Top Marginal Tax Rate	0.0	1.0	1.0	3.0	3.0	3.5	3.5	3.5
(i) Top Marginal Income Tax Rate	0.0 (81)	1.0 (66)	1.0 (67)	3.0 (51)	4.0 (46-50)	4.0 (47)	4.0 (47)	4.0 (47)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (66)	1.0 (67)	3.0 (52)	2.0 (55-58)	3.0 (52)	3.0 (52)	3.0 (52)
<b>2. Legal Structure and Security of Property Rights</b>	6.8	7.7	6.5	7.7	7.4	7.4	5.6	5.8
A. Judicial Independence			5.1	4.8	5.9	5.7	4.3	4.2
B. Impartial Courts			5.4	5.7	4.6	5.3	3.7	3.6
C. Protection of Intellectual Property			5.4	7.8	6.3	6.0	4.8	5.5
D. Military Interference			9.4	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			7.0	10.0	10.0	10.0	5.0	6.0
<b>3. Access to Sound Money</b>	6.2	9.2	9.6	9.5	9.6	9.6	9.6	9.6
A. Growth of Money Supply	8.1 (9.7)	8.8 (6.3)	9.9 (0.6)	8.9 (5.3)	9.0 (5.2)	9.1 (4.7)	9.0 (5.1)	8.9 (5.6)
B. Inflation Variability	8.5 (3.7)	9.7 (0.7)	9.4 (1.4)	9.4 (1.4)	9.8 (0.4)	9.8 (0.5)	9.8 (0.6)	9.9 (0.3)
C. Recent Annual Inflation	8.2 (9.0)	8.2 (9.0)	9.0 (5.1)	9.5 (2.5)	9.4 (2.8)	9.5 (2.5)	9.5 (2.7)	9.6 (2.2)
D. Freedom to Own Foreign Currency	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.4	7.1	7.7	8.2	8.2	7.9	7.7	7.5
A. Taxes on International Trade	9.2	8.5	8.7	9.2	9.0	9.1	9.2	9.2
(i) Taxes as Percentage of Exports and Imports	9.8 (0.3)	9.8 (0.3)	9.8 (0.3)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	8.5 (7.5)	8.5 (7.4)	8.7 (6.7)	9.5 (2.4)	9.2 (3.9)	9.4 (3.1)	9.7 (1.4)	9.6 (1.8)
(iii) Variability of Tariff Rates		7.1 (7.2)	7.6 (5.9)	8.2 (4.4)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)
B. Regulatory Trade Barriers			7.0	8.5	8.2	7.8	7.7	7.3
(i) Hidden Import Barriers			7.0	7.7	7.0	6.7	6.2	7.5
(ii) Costs of Importing				9.3	9.5	9.0	9.2	7.1
C. Size of Trade Sector	4.9	3.8	4.8	5.0	4.9	4.6	4.1	4.1
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	5.0	8.0	8.4	8.7	7.9	7.4	7.0
(i) Access to Foreign Capital			8.0	9.0	9.0	7.4	6.4	5.5
(ii) Restrictions on Capital Transactions	5.0	5.0	8.0	7.7	8.5	8.5	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	4.9	5.3	4.8	5.5	5.1	5.3	5.3	6.2
A. Regulation of Credit Markets	5.6	6.9	6.6	6.7	6.8	7.5	7.5	7.5
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks			4.8	5.7	5.7	6.0	6.0	6.0
(iii) Extension of Credit to Private Sector	5.7	5.8	6.5	7.7	8.3	8.4	8.3	8.4
(iv) Avoidance of Negative Real Interest Rates	6.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			6.5	5.2	5.2	5.2	5.2	5.2
B. Regulation of Labor Markets	4.1	4.2	3.5	3.5	3.6	3.6	3.6	5.5
(i) Impact of Minimum Wage			3.4	4.0	4.0	4.0	4.0	6.3
(ii) Flexibility in Hiring and Firing		2.6	2.6	2.1	2.3	3.0	2.2	2.7
(iii) Collective Bargaining	4.5	4.5	4.5	3.7	3.8	3.0	4.2	3.9
(iv) Incentives from Unemployment Benefits	6.9	6.7	4.0	4.8	4.8	4.8	4.4	4.4
(v) Military Conscription	1.0	3.0	3.0	3.0	3.0	3.0	3.0	10.0
C. Regulation of Business			4.4	6.3	5.0	4.9	5.0	5.7
(i) Price Controls		5.0	6.0	6.0	5.0	5.0	5.0	5.0
(ii) Burden of Regulation				6.9	2.0	2.3	1.7	1.8
(iii) Time Spent with Government Bureaucracy			4.7	6.1	6.8	6.8	7.3	8.0
(iv) Ease of Starting a New Business			4.1	5.1	4.4	4.2	3.8	6.3
(v) Irregular Payments to Government Officials			2.9	7.4	6.8	6.0	7.2	7.5

# Jamaica

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.9 (75)		5.5 (52)		6.5 (43)		7.0 (37)		7.0 (34)		6.9 (39)		6.9 (37)		7.0 (40)	
<b>1. Size of Government</b>	5.4		7.0		7.4		7.5		7.6		7.7		7.7		7.7	
A. Government Consumption	6.6	(17.4)	6.4	(18.4)	6.4	(18.3)	6.1	(19.3)	6.3	(18.5)	6.3	(18.5)	6.7	(17.1)	6.7	(17.1)
B. Transfers and Subsidies	10.0	(0.5)	9.6	(2.0)	9.1	(3.9)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.6)	10.0	(0.6)
C. Government Enterprises and Investment	4.0	(13.4)	6.0	(21.3)	6.0		6.0		6.0		6.0		6.0		6.0	
D. Top Marginal Tax Rate	1.0		6.0		8.0		8.0		8.0		8.5		8.0		8.0	
(i) Top Marginal Income Tax Rate	1.0	(58)	7.0	(33)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)
(ii) Top Marginal Income and Payroll Tax Rate			5.0	(37)	7.0	(31)	7.0	(31)	7.0	(31)	8.0	(29)	7.0	(33)	7.0	(33)
<b>2. Legal Structure and Security of Property Rights</b>	3.5		4.2		5.1		5.2		5.6		5.0		5.1		5.4	
A. Judicial Independence									5.7		5.3		5.2		5.1	
B. Impartial Courts					4.3		4.9		5.0		4.5		4.5		4.9	
C. Protection of Intellectual Property							4.1		3.9		3.5		4.2		4.5	
D. Military Interference					5.4		10.0		10.0		10.0		10.0		10.0	
E. Integrity of Legal System					7.0		3.3		3.3		1.7		1.7		2.5	
<b>3. Access to Sound Money</b>	4.0		4.6		6.1		8.7		9.0		9.0		8.9		8.7	
A. Growth of Money Supply	6.4	(17.8)	6.2	(19.0)	4.7	(26.7)	8.6	(6.9)	8.2	(9.0)	8.1	(9.7)	8.7	(6.4)	8.7	(6.4)
B. Inflation Variability	5.6	(11.0)	8.2	(4.5)	5.3	(11.7)	7.9	(5.3)	9.1	(2.1)	9.2	(1.9)	9.1	(2.1)	8.9	(2.8)
C. Recent Annual Inflation	3.9	(30.7)	3.9	(30.7)	4.4	(27.9)	8.4	(8.2)	8.6	(7.0)	8.6	(7.1)	7.9	(10.3)	7.3	(13.6)
D. Freedom to Own Foreign Currency	0.0		0.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.2		5.3		7.5		7.2		7.3		7.2		6.9		7.0	
A. Taxes on International Trade	7.7		6.6		6.9		7.3		7.4		7.3		7.2		7.2	
(i) Taxes as Percentage of Exports and Imports	8.9	(1.7)			8.5	(2.2)	8.5	(2.2)	8.4	(2.4)	8.2	(2.7)	8.0	(3.0)	8.0	(3.0)
(ii) Mean Tariff Rate	6.6	(17.0)	6.6	(17.0)	7.2	(14.0)	7.9	(10.6)	8.2	(9.1)	8.2	(9.1)	8.1	(9.4)	8.1	(9.4)
(iii) Variability of Tariff Rates					5.0	(12.5)	5.5	(11.3)	5.6	(11.0)	5.6	(11.0)	5.6	(11.0)	5.6	(11.0)
B. Regulatory Trade Barriers							5.7		6.2		6.3		5.7		6.6	
(i) Hidden Import Barriers							5.7		4.8		5.2		4.7		6.5	
(ii) Costs of Importing									7.7		7.5		6.7		6.7	
C. Size of Trade Sector	6.9		5.3		5.7		4.8		4.5		4.6		4.4		4.4	
D. Official versus Black Market Exchange Rates	6.2		4.6		8.6		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		8.0		8.2		8.2		7.7		7.1		6.5	
(i) Access to Foreign Capital							8.7		8.7		9.2		8.8		7.7	
(ii) Restrictions on Capital Transactions	2.0		2.0		8.0		7.7		7.7		6.2		5.4		5.4	
<b>5. Regulation of Credit, Labor and Business</b>	5.6		6.5		6.2		6.4		5.6		5.8		6.0		6.2	
A. Regulation of Credit Markets	5.0		8.7		7.8		6.7		6.4		6.6		6.7		6.6	
(i) Private Ownership of Banks	5.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks							5.7		5.7		5.7		5.7		5.7	
(iii) Extension of Credit to Private Sector	6.0		8.2		7.3		7.3		3.0		3.7		4.2		4.0	
(iv) Avoidance of Negative Real Interest Rates	4.0		8.0		6.0		6.0		9.0		9.0		9.0		9.0	
(v) Controls on Interest Rates							4.4		4.4		4.4		4.4		4.4	
B. Regulation of Labor Markets							6.5		6.2		6.5		6.5		6.6	
(i) Impact of Minimum Wage							4.0		4.0		4.0		4.0		4.1	
(ii) Flexibility in Hiring and Firing							4.8		3.7		4.8		4.7		5.0	
(iii) Collective Bargaining							7.1		7.1		7.3		7.2		7.4	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business							5.9		4.3		4.3		4.8		5.5	
(i) Price Controls			4.0		4.0		4.0		4.0		4.0		4.0		4.0	
(ii) Burden of Regulation							6.8		2.1		1.8		2.7		2.6	
(iii) Time Spent with Government Bureaucracy							6.9		5.5		6.5		6.5		7.7	
(iv) Ease of Starting a New Business							5.7		3.6		4.2		4.7		6.9	
(v) Irregular Payments to Government Officials							6.3		6.1		5.0		6.0		6.3	

# Japan

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	7.1 (8)	7.4 (7)	7.0 (28)	7.3 (22)	7.0 (34)	7.0 (34)	7.4 (20)	7.5 (19)
<b>1. Size of Government</b>	6.0	6.1	5.0	5.3	5.6	5.6	6.6	6.6
A. Government Consumption	7.7 (14.0)	7.8 (13.5)	5.5 (21.3)	5.0 (22.9)	4.8 (23.7)	4.8 (23.7)	4.8 (23.5)	4.8 (23.8)
B. Transfers and Subsidies	7.2 (10.9)	7.0 (11.5)	6.8 (12.2)				6.6 (12.8)	6.6 (12.8)
C. Government Enterprises and Investment	8.0 (17.9)	8.0 (20.4)	6.0 (28.5)	6.0	7.0 (21.5)	7.0 (21.5)	10.0 (11.5)	10.0 (11.5)
D. Top Marginal Tax Rate	1.0	1.5	1.5	5.0	5.0	5.0	5.0	5.0
(i) Top Marginal Income Tax Rate	1.0 (70)	2.0 (65)	2.0 (65)	5.0 (50)	5.0 (50)	5.0 (50)	5.0 (50)	5.0 (50)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (69)	1.0 (69)	5.0 (50)	5.0 (50)	5.0 (50)	5.0 (50)	5.0 (50)
<b>2. Legal Structure and Security of Property Rights</b>	7.2	7.7	8.1	8.2	7.2	7.1	7.8	7.5
A. Judicial Independence			8.3	8.0	6.5	6.2	7.3	7.2
B. Impartial Courts			6.1	7.0	5.3	4.8	6.3	6.4
C. Protection of Intellectual Property			6.8	7.6	5.7	6.2	7.2	7.2
D. Military Interference			9.4	10.0	10.0	10.0	10.0	8.5
E. Integrity of Legal System			10.0	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	8.5	9.7	9.7	9.6	9.6	9.4	9.6	9.6
A. Growth of Money Supply	9.8 (1.2)	9.6 (2.1)	9.5 (2.7)	9.1 (4.6)	8.9 (5.7)	8.2 (9.2)	8.5 (7.6)	8.5 (7.5)
B. Inflation Variability	9.7 (0.9)	9.6 (0.8)	9.5 (1.2)	9.6 (1.0)	9.6 (1.0)	9.7 (0.7)	9.8 (0.5)	9.8 (0.5)
C. Recent Annual Inflation	9.6 (2.1)	9.6 (2.1)	9.9 (-0.6)	9.9 (-0.7)	9.9 (-0.7)	9.8 (-0.9)	10.0 (-0.3)	10.0 (0.0)
D. Freedom to Own Foreign Currency	5.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.1	7.0	5.9	6.8	6.8	6.5	6.8	6.7
A. Taxes on International Trade	9.1	8.2	8.1	8.4	8.3	8.5	8.5	8.5
(i) Taxes as Percentage of Exports and Imports	9.5 (0.8)	9.4 (0.9)	8.9 (1.6)	9.0 (1.5)	9.0 (1.5)	9.0 (1.5)	9.0 (1.5)	9.0 (1.5)
(ii) Mean Tariff Rate	8.7 (6.7)	8.6 (6.9)	8.7 (6.3)	9.1 (4.5)	9.0 (5.1)	9.4 (2.9)	9.4 (2.9)	9.4 (2.9)
(iii) Variability of Tariff Rates		6.7 (8.3)	6.6 (8.4)	7.2 (7.0)	7.0 (7.5)	7.0 (7.5)	7.0 (7.5)	7.0 (7.5)
B. Regulatory Trade Barriers			3.7	7.4	7.1	6.9	7.6	7.3
(i) Hidden Import Barriers			3.7	5.4	5.0	4.5	5.7	5.8
(ii) Costs of Importing				9.3	9.2	9.3	9.5	8.9
C. Size of Trade Sector	3.3	0.8	0.0	0.0	0.0	0.0	0.0	0.4
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	8.0	7.7	8.4	8.4	7.1	8.0	7.3
(i) Access to Foreign Capital			7.4	9.1	9.1	6.6	7.6	6.2
(ii) Restrictions on Capital Transactions	5.0	8.0	8.0	7.7	7.7	7.7	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	6.5	6.3	6.5	6.6	6.1	6.2	6.4	7.0
A. Regulation of Credit Markets	7.9	8.0	6.9	6.2	6.5	7.3	7.2	7.1
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks			4.9	4.2	4.2	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	8.6	8.9	8.9	8.1	8.0	7.9	7.3	7.1
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	8.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			5.6	5.6	5.6	5.6	5.6	5.6
B. Regulation of Labor Markets	8.1	7.2	7.5	6.5	6.4	6.0	6.3	7.0
(i) Impact of Minimum Wage			7.6	4.0	4.0	4.0	4.0	7.1
(ii) Flexibility in Hiring and Firing		4.8	4.8	4.2	3.0	2.5	3.7	4.4
(iii) Collective Bargaining	7.9	7.9	7.9	7.4	8.1	8.0	8.5	8.2
(iv) Incentives from Unemployment Benefits	6.2	6.1	7.0	6.8	6.8	5.4	5.4	5.4
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			5.0	7.2	5.4	5.5	5.8	6.8
(i) Price Controls		6.0	5.0	6.0	5.0	6.0	5.0	6.0
(ii) Burden of Regulation				6.5	2.2	3.0	3.0	4.0
(iii) Time Spent with Government Bureaucracy			5.9	9.1	7.5	7.3	6.5	9.0
(iv) Ease of Starting a New Business			4.7	5.9	4.7	3.5	5.5	6.3
(v) Irregular Payments to Government Officials			4.6	8.5	7.6	7.5	8.8	8.7

## Jordan

	1985		1990		1995		2000		2001		2002		2003		2004			
Summary Ratings (Rank) ▶	5.8 (40)		5.4 (58)		6.1 (60)		7.0 (37)		6.8 (42)		7.0 (34)		6.9 (37)		6.8 (48)			
<b>1. Size of Government</b>	4.6		4.6		4.4		5.0		5.0		4.9		4.8		4.8			
A. Government Consumption	5.0	(22.9)	4.4	(25.1)	3.7	(27.4)	4.8	(23.8)	4.8	(23.6)	5.0	(22.9)	5.0	(22.9)	5.0	(22.9)		
B. Transfers and Subsidies	8.7	(5.1)	9.1	(3.7)	9.4	(2.7)	9.6	(2.1)	9.5	(2.3)	9.5	(2.3)	9.1	(3.7)	9.1	(3.7)		
C. Government Enterprises and Investment	0.0	(52.7)	0.0		0.0		0.0		0.0		0.0		0.0		0.0			
D. Top Marginal Tax Rate			5.0				5.5		5.5		5.0		5.0		5.0			
(i) Top Marginal Income Tax Rate			5.0		(45)		8.0		(30)		7.0		(35)		7.0		(35)	
(ii) Top Marginal Income and Payroll Tax Rate							3.0		(46)		3.0		(46)		3.0		(46)	
<b>2. Legal Structure and Security of Property Rights</b>	3.5		4.0		6.0		7.2		6.1		6.9		6.6		6.5			
A. Judicial Independence					6.5		8.2		5.4		7.0		6.0		6.1			
B. Impartial Courts					5.9		6.8		4.8		6.2		5.7		5.9			
C. Protection of Intellectual Property					4.3		6.1		5.1		6.5		6.3		5.8			
D. Military Interference					6.2		8.3		8.3		8.3		8.3		8.3			
E. Integrity of Legal System					7.0		6.7		6.7		6.7		6.7		6.7			
<b>3. Access to Sound Money</b>	7.8		6.2		7.2		9.7		9.6		9.5		9.4		9.4			
A. Growth of Money Supply	9.5	(-2.5)	8.2	(9.0)	9.8	(-1.1)	9.8	(0.8)	9.7	(1.7)	9.3	(3.6)	8.7	(6.5)	8.7	(6.5)		
B. Inflation Variability	7.1	(7.3)	6.7	(8.1)	9.5	(1.2)	9.0	(2.5)	9.0	(2.6)	9.0	(2.6)	9.6	(1.1)	9.6	(1.0)		
C. Recent Annual Inflation	9.7	(-1.5)	9.7	(-1.5)	9.3	(3.4)	9.9	(0.7)	9.6	(1.8)	9.6	(1.8)	9.5	(2.3)	9.3	(3.4)		
D. Freedom to Own Foreign Currency	5.0		0.0		0.0		10.0		10.0		10.0		10.0		10.0			
<b>4. Freedom to Exchange with Foreigners</b>	6.7		6.4		6.8		7.1		7.3		7.6		7.6		7.4			
A. Taxes on International Trade	6.6		4.6		6.2		4.3		6.0		6.0		6.3		6.3			
(i) Taxes as Percentage of Exports and Imports	5.9	(6.1)	6.7	(5.0)	6.2	(5.7)	7.0	(4.6)	7.5	(3.8)	7.5	(3.7)	7.9	(3.1)	7.9	(3.1)		
(ii) Mean Tariff Rate	7.2	(13.8)					5.2	(24.0)	6.8	(16.2)	6.8	(16.2)	7.1	(14.4)	7.1	(14.4)		
(iii) Variability of Tariff Rates			2.6		(18.5)		0.9		(22.8)		3.8		(15.6)		3.8		(15.6)	
B. Regulatory Trade Barriers					5.1		6.3		5.9		7.5		7.3		6.3			
(i) Hidden Import Barriers					5.1		5.4		5.3		7.0		6.7		5.7			
(ii) Costs of Importing							7.3		6.4		8.0		7.8		7.0			
C. Size of Trade Sector	7.2		9.3		7.4		6.4		6.5		6.4		6.4		6.4			
D. Official versus Black Market Exchange Rates	9.4		7.8		9.8		10.0		10.0		10.0		10.0		10.0			
E. Restrictions on Capital Markets	2.0		2.0		5.4		8.2		8.2		8.0		8.1		7.9			
(i) Access to Foreign Capital					8.9		8.7		8.7		8.4		8.6		8.1			
(ii) Restrictions on Capital Transactions	2.0		2.0		2.0		7.7		7.7		7.7		7.7		7.7			
<b>5. Regulation of Credit, Labor and Business</b>	6.4		5.9		6.1		6.2		5.8		6.1		6.2		6.0			
A. Regulation of Credit Markets	6.7		5.7		6.2		6.8		6.8		6.4		6.5		6.3			
(i) Private Ownership of Banks	5.0		5.0		5.0		5.0		5.0		5.0		5.0		5.0			
(ii) Competition from Foreign Banks					6.1		5.9		5.9		4.0		4.0		4.0			
(iii) Extension of Credit to Private Sector	8.4		8.2		9.3		8.4		8.4		8.2		8.5		7.9			
(iv) Avoidance of Negative Real Interest Rates			4.0		6.0		10.0		10.0		10.0		10.0		10.0			
(v) Controls on Interest Rates					4.7		4.8		4.8		4.8		4.8		4.8			
B. Regulation of Labor Markets			8.1		7.3		6.5		6.4		6.2		6.5		6.6			
(i) Impact of Minimum Wage					6.6		3.7		3.7		3.7		3.7		4.8			
(ii) Flexibility in Hiring and Firing			6.3		6.3		4.5		4.5		4.5		5.0		4.0			
(iii) Collective Bargaining	7.9		7.9		7.9		7.8		7.4		7.5		7.8		8.2			
(iv) Incentives from Unemployment Benefits					5.9		6.5		6.5		5.4		6.0		6.0			
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
C. Regulation of Business					4.6		5.4		4.3		5.7		5.7		5.0			
(i) Price Controls			2.0		2.0		2.0		4.0		4.0		5.0		4.0			
(ii) Burden of Regulation							7.6		3.0		4.8		4.7		4.7			
(iii) Time Spent with Government Bureaucracy					5.4		4.6		3.5		4.8		5.5		2.9			
(iv) Ease of Starting a New Business					6.6		6.3		5.1		7.2		6.0		6.3			
(v) Irregular Payments to Government Officials					4.5		6.4		5.9		7.5		7.5		7.3			



# Kenya

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	5.5 (51)	5.4 (58)	5.8 (68)	6.5 (57)	6.6 (51)	6.4 (60)	6.5 (57)	6.3 (68)
<b>1. Size of Government</b>	3.9	4.3	5.2	6.6	6.7	6.7	7.0	7.1
A. Government Consumption	4.9 (23.3)	5.0 (23.1)	6.6 (17.6)	6.1 (19.1)	6.5 (17.8)	5.6 (20.8)	6.0 (19.5)	6.3 (18.5)
B. Transfers and Subsidies	8.9 (4.7)	9.4 (2.8)	9.2 (3.4)	9.2 (3.4)	9.2 (3.4)	9.2 (3.4)	9.9 (0.9)	9.9 (0.9)
C. Government Enterprises and Investment	2.0 (49.5)	0.0 (58.3)	2.0 (43.3)	4.0 (41.2)	4.0 (32.9)	4.0 (32.9)	4.0 (32.9)	4.0 (32.9)
D. Top Marginal Tax Rate	0.0	3.0	3.0	7.0	7.0	8.0	8.0	8.0
(i) Top Marginal Income Tax Rate	0.0 (65)	3.0 (50)	3.0 (50)	7.0 (32)	7.0 (32)	8.0 (30)	8.0 (30)	8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate		3.0 (50)	3.0 (50)	7.0 (32)	7.0 (32)	8.0 (30)	8.0 (30)	8.0 (30)
<b>2. Legal Structure and Security of Property Rights</b>	5.3	5.3	3.8	4.0	4.0	3.2	4.2	3.9
A. Judicial Independence						2.3	3.7	3.2
B. Impartial Courts			3.4	3.4	3.4	2.7	4.0	3.1
C. Protection of Intellectual Property						2.8	3.5	3.1
D. Military Interference			3.4	5.0	5.0	5.0	6.7	6.7
E. Integrity of Legal System			4.1	3.3	3.3	3.3	3.3	3.3
<b>3. Access to Sound Money</b>	6.7	6.3	6.8	8.8	9.1	9.4	8.8	8.7
A. Growth of Money Supply	9.1 (4.5)	7.5 (12.3)	7.2 (14.1)	8.6 (7.0)	9.0 (5.0)	8.4 (7.9)	7.9 (10.3)	7.9 (10.3)
B. Inflation Variability	9.5 (1.3)	9.4 (1.4)	7.3 (6.7)	8.5 (3.7)	8.5 (3.7)	9.4 (1.4)	9.2 (2.1)	9.3 (1.8)
C. Recent Annual Inflation	8.4 (8.2)	8.4 (8.2)	7.7 (11.3)	8.0 (10.0)	8.9 (5.7)	9.6 (2.0)	8.0 (9.8)	7.7 (11.6)
D. Freedom to Own Foreign Currency	0.0	0.0	5.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	5.5	5.2	7.6	7.0	7.0	6.6	6.6	6.4
A. Taxes on International Trade	3.6	2.8	4.7	5.3	5.2	5.2	5.2	5.4
(i) Taxes as Percentage of Exports and Imports	5.1 (7.4)	5.8 (6.3)	6.3 (5.6)	5.0 (7.5)	5.0 (7.5)	5.0 (7.5)	5.0 (7.5)	5.0 (7.5)
(ii) Mean Tariff Rate	2.2 (39.2)	1.3 (43.7)	3.2 (34.0)	6.1 (19.3)	6.0 (20.0)	6.0 (20.0)	6.0 (20.0)	6.8 (16.2)
(iii) Variability of Tariff Rates		1.4 (21.6)	4.7 (13.3)	4.9 (12.7)	4.6 (13.6)	4.6 (13.6)	4.6 (13.6)	4.6 (13.6)
B. Regulatory Trade Barriers						5.3	5.5	4.7
(i) Hidden Import Barriers						4.3	4.0	4.7
(ii) Costs of Importing						6.3	7.0	4.7
C. Size of Trade Sector	6.0	6.3	7.5	6.3	6.1	5.6	5.2	6.2
D. Official versus Black Market Exchange Rates	9.6	8.8	9.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	8.0	5.4	5.4	6.9	6.9	5.8
(i) Access to Foreign Capital						8.4	8.4	7.0
(ii) Restrictions on Capital Transactions	0.0	0.0	8.0	5.4	5.4	5.4	5.4	4.6
<b>5. Regulation of Credit, Labor and Business</b>	6.3	5.9	5.5	6.2	6.2	5.9	6.0	5.4
A. Regulation of Credit Markets	6.7	7.3	5.4	6.9	7.1	6.0	5.9	6.1
(i) Private Ownership of Banks	2.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks						3.0	3.0	3.0
(iii) Extension of Credit to Private Sector	8.1	7.0	7.3	7.7	7.3	7.2	6.6	7.4
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	4.0	8.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						7.4	7.2	5.8
(i) Impact of Minimum Wage								0.0
(ii) Flexibility in Hiring and Firing						5.8	5.7	6.4
(iii) Collective Bargaining						6.3	6.0	6.7
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business						4.2	4.7	4.4
(i) Price Controls		2.0	4.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation						2.7	2.8	3.1
(iii) Time Spent with Government Bureaucracy						5.0	5.0	4.0
(iv) Ease of Starting a New Business						3.8	4.5	4.7
(v) Irregular Payments to Government Officials						3.5	5.4	4.4

# Kuwait

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.6 (46)		4.7 (90)		6.2 (56)		6.7 (46)		7.0 (34)		7.0 (34)		7.1 (33)		7.3 (24)	
<b>1. Size of Government</b>	1.2		3.2		3.8		6.1		6.1		6.3		6.2		6.1	
A. Government Consumption	2.4	(31.9)	0.0	(40.6)	0.0	(44.4)	1.4	(35.2)	1.3	(35.5)	2.3	(32.2)	1.7	(34.3)	1.2	(35.8)
B. Transfers and Subsidies			7.5	(9.8)	7.5	(9.7)	7.1	(11.2)	7.1	(11.2)	7.1	(11.2)	7.0	(11.5)	7.0	(11.5)
C. Government Enterprises and Investment	0.0	(61.3)	2.0	(46.0)	4.0	(21.8)	6.0	(20.5)	6.0	(16.3)	6.0	(16.3)	6.0	(16.3)	6.0	
D. Top Marginal Tax Rate							10.0		10.0		10.0		10.0		10.0	
(i) Top Marginal Income Tax Rate							10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)
(ii) Top Marginal Income and Payroll Tax Rate							10.0	(0)	10.0	(0)	10.0	(14)	10.0	(0)	10.0	(0)
<b>2. Legal Structure and Security of Property Rights</b>	5.8		2.7		6.5		6.9		6.9		6.9		7.3		6.8	
A. Judicial Independence															7.0	
B. Impartial Courts					7.2		7.5		7.5		7.5		6.7		6.4	
C. Protection of Intellectual Property															4.0	
D. Military Interference					8.1		8.3		8.3		8.3		8.3		8.3	
E. Integrity of Legal System					7.0		8.3		8.3		8.3		8.3		8.3	
<b>3. Access to Sound Money</b>	8.6		7.1		8.9		8.1		8.1		7.7		8.2		9.3	
A. Growth of Money Supply	8.2	(9.0)	8.6	(7.0)	9.3	(-3.6)	9.9	(-0.5)	9.8	(1.1)	7.8	(11.1)	7.6	(12.2)	7.6	(12.2)
B. Inflation Variability	7.0	(7.4)	4.6	(13.6)	7.5	(6.2)	2.8	(18.1)	3.0	(17.4)	3.2	(17.0)	5.3	(11.9)	9.9	(0.3)
C. Recent Annual Inflation	9.0	(4.9)	8.0	(9.8)	8.7	(6.3)	9.6	(1.8)	9.7	(1.7)	9.7	(1.4)	9.8	(1.0)	9.8	(1.3)
D. Freedom to Own Foreign Currency	10.0				10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.9		7.0		6.8		7.2		7.2		7.1		6.9		6.7	
A. Taxes on International Trade	9.2		9.2		9.4		9.3		9.3		9.3		9.2		9.2	
(i) Taxes as Percentage of Exports and Imports			9.2	(1.2)	9.4	(0.9)	9.3	(1.1)	9.3	(1.1)	9.3	(1.1)	9.1	(1.3)	9.1	(1.3)
(ii) Mean Tariff Rate	9.2	(4.0)									9.3	(3.5)	9.3	(3.5)	9.3	(3.5)
(iii) Variability of Tariff Rates																
B. Regulatory Trade Barriers															6.0	
(i) Hidden Import Barriers															6.9	
(ii) Costs of Importing															5.1	
C. Size of Trade Sector	5.3		5.4		4.4		4.1		4.1		3.7		2.6		4.0	
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		2.0		4.6		4.6		4.6		4.6		4.2	
(i) Access to Foreign Capital															3.8	
(ii) Restrictions on Capital Transactions	2.0		2.0		2.0		4.6		4.6		4.6		4.6		4.6	
<b>5. Regulation of Credit, Labor and Business</b>	5.5		3.5		4.9		5.1		6.5		6.7		6.9		7.6	
A. Regulation of Credit Markets	7.7		3.0		6.0		6.8		8.0		8.8		8.6		9.1	
(i) Private Ownership of Banks	5.0		5.0		5.0		5.0		8.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks																
(iii) Extension of Credit to Private Sector	8.0		1.1		3.0		5.5		6.0		6.3		6.8		7.2	
(iv) Avoidance of Negative Real Interest Rates	10.0				10.0		10.0		10.0		10.0		9.0		10.0	
(v) Controls on Interest Rates																
B. Regulation of Labor Markets															8.6	
(i) Impact of Minimum Wage															10.0	
(ii) Flexibility in Hiring and Firing															5.9	
(iii) Collective Bargaining															8.5	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	1.0		0.0		0.0		0.0		10.0		10.0		10.0		10.0	
C. Regulation of Business															5.1	
(i) Price Controls					6.0		6.0		6.0		6.0		6.0		6.0	
(ii) Burden of Regulation															2.9	
(iii) Time Spent with Government Bureaucracy															3.2	
(iv) Ease of Starting a New Business															6.6	
(v) Irregular Payments to Government Officials															6.8	

# Latvia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ►</b>			5.1 (91)	6.6 (53)	6.8 (42)	7.1 (29)	6.9 (37)	7.1 (35)
<b>1. Size of Government</b>			4.1	5.2	5.7	5.8	5.9	6.5
A. Government Consumption		7.6 (14.0)	4.1 (26.2)	4.9 (23.2)	4.6 (24.3)	4.8 (23.6)	4.5 (24.8)	4.6 (24.2)
B. Transfers and Subsidies			5.2 (18.2)	5.8 (15.9)	6.2 (14.3)	6.2 (14.3)	7.2 (10.9)	7.5 (9.8)
C. Government Enterprises and Investment			0.0	4.0	6.0	6.0	6.0	8.0
D. Top Marginal Tax Rate			7.0	6.0	6.0	6.0	6.0	6.0
(i) Top Marginal Income Tax Rate			7.0 (35)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)
(ii) Top Marginal Income and Payroll Tax Rate				3.0 (48)	3.0 (48)	3.0 (48)	3.0 (48)	3.0 (48)
<b>2. Legal Structure and Security of Property Rights</b>			6.0	5.9	5.7	6.4	5.6	5.8
A. Judicial Independence					4.1	5.3	4.0	4.2
B. Impartial Courts			5.8	6.2	4.1	5.0	3.8	4.1
C. Protection of Intellectual Property				3.8	3.7	5.0	3.5	3.8
D. Military Interference			7.5	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System				8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>		6.4	3.0	8.6	9.3	9.3	9.0	9.0
A. Growth of Money Supply			0.1 (49.5)	6.8 (16.0)	8.5 (7.4)	8.4 (8.1)	7.9 (10.5)	8.1 (9.3)
B. Inflation Variability	8.9 (2.7)	7.4 (6.4)	0.0 (365.3)	8.1 (4.8)	9.2 (1.9)	9.1 (2.3)	8.7 (3.2)	9.0 (2.4)
C. Recent Annual Inflation		6.9 (15.7)	6.8 (16.0)	9.5 (2.7)	9.5 (2.5)	9.6 (1.9)	9.4 (2.9)	8.8 (6.2)
D. Freedom to Own Foreign Currency		5.0	5.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>			8.0	7.2	7.6	7.6	7.6	7.4
A. Taxes on International Trade			9.5	8.3	8.7	8.7	8.7	8.8
(i) Taxes as Percentage of Exports and Imports			9.5 (0.8)	9.8 (0.3)	9.8 (0.3)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)
(ii) Mean Tariff Rate				8.9 (5.6)	9.4 (3.2)	9.4 (3.2)	9.4 (3.2)	9.4 (3.2)
(iii) Variability of Tariff Rates				6.3 (9.2)	7.0 (7.4)	7.0 (7.4)	7.0 (7.4)	7.0 (7.4)
B. Regulatory Trade Barriers				5.3	7.0	7.0	7.1	6.9
(i) Hidden Import Barriers				5.3	5.6	6.2	5.8	6.2
(ii) Costs of Importing					8.5	7.8	8.3	7.6
C. Size of Trade Sector		5.2	4.9	4.8	4.7	4.7	4.7	4.6
D. Official versus Black Market Exchange Rates		0.0	9.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets		0.0	8.0	7.6	7.5	7.7	7.7	7.0
(i) Access to Foreign Capital				8.3	8.3	8.4	8.4	7.2
(ii) Restrictions on Capital Transactions		0.0	8.0	6.9	6.7	6.9	6.9	6.9
<b>5. Regulation of Credit, Labor and Business</b>			4.3	6.1	5.9	6.2	6.2	6.7
A. Regulation of Credit Markets			3.7	7.9	8.3	8.4	8.4	8.5
(i) Private Ownership of Banks				10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks				5.1	5.1	5.1	5.1	5.1
(iii) Extension of Credit to Private Sector			5.4	8.0	8.1	8.4	8.5	9.0
(iv) Avoidance of Negative Real Interest Rates			2.0	8.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates				8.3	8.3	8.3	8.3	8.3
B. Regulation of Labor Markets				4.5	4.7	4.9	4.9	5.8
(i) Impact of Minimum Wage				3.3	3.3	3.3	3.3	7.3
(ii) Flexibility in Hiring and Firing				3.9	5.1	5.7	5.2	4.8
(iii) Collective Bargaining				7.9	7.3	7.7	8.0	7.9
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription		0.0	1.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business				5.8	4.7	5.4	5.3	5.9
(i) Price Controls		0.0	6.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation				7.2	3.3	4.5	3.3	3.8
(iii) Time Spent with Government Bureaucracy				4.7	4.0	4.5	5.8	6.9
(iv) Ease of Starting a New Business				5.0	4.6	6.0	5.3	6.8
(v) Irregular Payments to Government Officials				5.8	5.4	6.0	6.0	5.8

## Lithuania

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶			4.9 (93)	6.3 (67)	6.4 (62)	6.8 (44)	6.8 (45)	7.0 (40)
<b>1. Size of Government</b>			4.2	5.6	5.7	5.5	5.6	6.6
A. Government Consumption	4.3	(25.2)	5.1 (22.6)	4.4 (24.9)	4.7 (23.9)	4.5 (24.7)	5.3 (22.1)	5.4 (21.6)
B. Transfers and Subsidies			7.3 (10.4)	6.9 (11.8)	7.2 (11.0)	7.2 (11.0)	6.6 (13.2)	6.4 (13.7)
C. Government Enterprises and Investment			0.0	6.0	6.0	6.0 (36.4)	6.0 (36.4)	10.0 (5.0)
D. Top Marginal Tax Rate			4.5	5.0	5.0	4.5	4.5	4.5
(i) Top Marginal Income Tax Rate			7.0 (35)	7.0 (33)	7.0 (33)	7.0 (33)	7.0 (33)	7.0 (33)
(ii) Top Marginal Income and Payroll Tax Rate			2.0 (51)	3.0 (50)	3.0 (50)	2.0 (51)	2.0 (51)	2.0 (51)
<b>2. Legal Structure and Security of Property Rights</b>			5.9	5.8	5.1	5.3	5.4	5.0
A. Judicial Independence					3.5	3.8	3.8	3.0
B. Impartial Courts			5.9	6.1	3.1	3.8	4.0	3.6
C. Protection of Intellectual Property				3.2	3.7	4.0	4.0	3.6
D. Military Interference			7.2	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System				8.3	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	7.5		1.8	7.1	7.9	9.4	9.3	9.2
A. Growth of Money Supply			0.0 (53.0)	7.5 (12.6)	8.8 (6.0)	8.8 (6.2)	7.9 (10.7)	7.5 (12.6)
B. Inflation Variability			0.0 (329.2)	6.1 (9.7)	7.9 (5.4)	8.9 (2.9)	9.5 (1.4)	9.4 (1.4)
C. Recent Annual Inflation	10.0	(-0.2)	2.4 (38.1)	9.8 (1.0)	9.7 (1.3)	9.9 (0.3)	9.8 (-1.2)	9.8 (1.2)
D. Freedom to Own Foreign Currency	5.0		5.0	5.0	5.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>			8.2	7.3	7.8	7.9	7.8	7.6
A. Taxes on International Trade			8.4	8.5	8.8	8.8	8.8	8.8
(i) Taxes as Percentage of Exports and Imports			9.6 (0.7)	9.8 (0.3)	9.8 (0.3)	9.8 (0.2)	9.8 (0.2)	9.9 (0.1)
(ii) Mean Tariff Rate			9.1 (4.5)	8.9 (5.4)	9.8 (1.1)	9.9 (0.7)	9.8 (1.2)	9.8 (1.2)
(iii) Variability of Tariff Rates			6.4 (9.0)	6.8 (8.0)	6.8 (8.0)	6.8 (8.0)	6.8 (8.0)	6.8 (8.0)
B. Regulatory Trade Barriers				5.2	7.2	7.5	7.4	7.3
(i) Hidden Import Barriers				5.2	5.3	5.8	6.0	6.2
(ii) Costs of Importing					9.0	9.3	8.8	8.4
C. Size of Trade Sector	6.3		6.3	5.0	5.3	5.6	5.4	5.3
D. Official versus Black Market Exchange Rates	0.0		10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0		8.0	7.8	7.8	7.4	7.2	6.5
(i) Access to Foreign Capital				8.1	8.1	7.8	8.2	6.9
(ii) Restrictions on Capital Transactions	0.0		8.0	7.5	7.5	6.9	6.2	6.2
<b>5. Regulation of Credit, Labor and Business</b>	2.5		4.5	5.6	5.5	5.8	5.8	6.4
A. Regulation of Credit Markets	0.0		4.4	6.4	6.8	7.9	8.1	8.1
(i) Private Ownership of Banks	0.0		5.0	5.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks				5.2	5.2	7.0	7.0	7.0
(iii) Extension of Credit to Private Sector			8.3	6.6	6.7	7.0	8.0	8.5
(iv) Avoidance of Negative Real Interest Rates			0.0	8.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates				7.3	7.3	7.3	7.3	7.3
B. Regulation of Labor Markets				4.2	4.5	4.5	4.3	5.4
(i) Impact of Minimum Wage				3.0	3.0	3.0	3.0	7.0
(ii) Flexibility in Hiring and Firing				2.8	3.6	3.7	3.5	3.6
(iii) Collective Bargaining				8.2	8.2	8.2	7.7	8.0
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0		3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business				6.2	5.3	5.1	5.1	5.6
(i) Price Controls	0.0		4.0	4.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation				7.3	3.0	3.0	3.3	3.1
(iii) Time Spent with Government Bureaucracy				7.5	5.5	5.8	5.0	6.3
(iv) Ease of Starting a New Business				4.2	3.8	4.2	4.2	5.8
(v) Irregular Payments to Government Officials				8.3	8.0	6.7	6.8	6.9

# Luxembourg

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	8.2 (2)	7.5 (5)	7.7 (11)	7.8 (11)	7.7 (10)	7.7 (10)	7.8 (9)	7.9 (9)
<b>1. Size of Government</b>	7.4	4.7	4.4	4.5	4.6	4.3	4.2	5.0
A. Government Consumption	6.8 (16.9)	6.5 (17.8)	3.8 (26.9)	3.1 (29.3)	3.1 (29.6)	2.3 (32.3)	2.8 (30.6)	2.6 (31.1)
B. Transfers and Subsidies		2.9 (26.6)	3.3 (25.2)	3.4 (24.8)	4.5 (20.8)	4.5 (20.8)	3.6 (24.0)	3.7 (23.7)
C. Government Enterprises and Investment	8.0 (18.2)	8.0 (19.2)	8.0	8.0 (23.7)	7.0 (23.7)	7.0 (23.7)	7.0 (23.7)	10.0 (10.0)
D. Top Marginal Tax Rate		1.5	2.5	3.5	4.0	3.5	3.5	3.5
(i) Top Marginal Income Tax Rate		1.0 (56)	3.0 (50)	4.0 (49)	4.0 (41)	4.0 (41)	4.0 (41)	4.0 (41)
(ii) Top Marginal Income and Payroll Tax Rate		2.0 (58)	2.0 (60)	3.0 (54)	4.0 (41)	3.0 (47)	3.0 (47)	3.0 (47)
<b>2. Legal Structure and Security of Property Rights</b>	8.3	8.3	9.1	8.6	8.6	8.4	8.9	8.7
A. Judicial Independence			9.5	7.3	7.3	7.5	8.3	8.3
B. Impartial Courts			8.6	8.2	8.2	7.5	8.3	8.1
C. Protection of Intellectual Property			7.4	7.6	7.6	7.0	7.7	7.0
D. Military Interference			10.0	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	9.5	9.3	9.7	9.7	9.7	9.6	9.6	9.6
A. Growth of Money Supply	9.8 (0.8)	8.4 (7.8)	9.8 (0.9)	9.8 (1.0)	9.6 (1.9)	9.5 (2.6)	9.4 (2.8)	9.4 (3.1)
B. Inflation Variability	8.9 (2.7)	9.5 (1.2)	9.2 (1.9)	9.7 (0.9)	9.7 (0.9)	9.5 (1.2)	9.5 (1.2)	9.5 (1.2)
C. Recent Annual Inflation	9.4 (3.0)	9.3 (3.4)	9.9 (0.7)	9.4 (3.2)	9.5 (2.7)	9.6 (2.1)	9.6 (2.1)	9.6 (2.2)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	8.8	8.5	8.4	9.0	9.0	8.9	8.9	8.8
A. Taxes on International Trade	9.2	8.5	8.7	9.2	9.1	9.1	9.2	9.2
(i) Taxes as Percentage of Exports and Imports	9.9 (0.1)	9.9 (0.1)	9.9 (0.1)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	8.5 (7.5)	8.5 (7.4)	8.7 (6.7)	9.5 (2.4)	9.5 (2.7)	9.4 (3.1)	9.7 (1.4)	9.6 (1.8)
(iii) Variability of Tariff Rates		7.1 (7.2)	7.6 (5.9)	8.2 (4.4)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)
B. Regulatory Trade Barriers			8.7	9.1	9.1	9.0	9.2	9.5
(i) Hidden Import Barriers			8.7	8.2	8.2	8.2	8.5	9.1
(ii) Costs of Importing				10.0	10.0	9.9	9.8	9.8
C. Size of Trade Sector	6.6	5.9	5.4	7.4	7.2	6.8	6.3	6.4
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	10.0	10.0	9.4	9.6	9.6	9.6	9.6	9.2
(i) Access to Foreign Capital			8.9	9.9	9.9	10.0	10.0	9.1
(ii) Restrictions on Capital Transactions	10.0	10.0	10.0	9.2	9.2	9.2	9.2	9.2
<b>5. Regulation of Credit, Labor and Business</b>	6.9	6.6	6.8	6.9	6.8	7.4	7.2	7.3
A. Regulation of Credit Markets	10.0	10.0	8.4	8.9	9.0	9.2	9.1	9.1
(i) Private Ownership of Banks	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			8.6			10.0	10.0	10.0
(iii) Extension of Credit to Private Sector			6.3	6.8	6.9	6.8	6.4	6.2
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			7.0					
B. Regulation of Labor Markets		6.5	5.4			6.3	6.0	5.7
(i) Impact of Minimum Wage			3.6					
(ii) Flexibility in Hiring and Firing		4.3	4.3			4.2	4.8	3.7
(iii) Collective Bargaining	5.2	5.2	5.2			5.7	5.8	5.5
(iv) Incentives from Unemployment Benefits			4.2			5.3	3.5	3.5
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			6.5			6.6	6.5	7.0
(i) Price Controls		2.0	5.0	7.0	6.0	6.0	6.0	7.0
(ii) Burden of Regulation						4.3	4.3	3.8
(iii) Time Spent with Government Bureaucracy			7.2			6.8	6.5	8.6
(iv) Ease of Starting a New Business			7.0			7.3	7.0	7.0
(v) Irregular Payments to Government Officials			6.9			8.5	8.5	8.8

## Macedonia

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶							5.6 (99)	5.6 (102)
<b>1. Size of Government</b>							4.8	5.2
A. Government Consumption							5.5 (21.1)	5.5 (21.1)
B. Transfers and Subsidies								
C. Government Enterprises and Investment							4.0	4.0
D. Top Marginal Tax Rate							5.0	6.0
(i) Top Marginal Income Tax Rate							7.0 (35)	9.0 (24)
(ii) Top Marginal Income and Payroll Tax Rate							3.0 (50)	3.0 (47)
<b>2. Legal Structure and Security of Property Rights</b>							2.6	2.6
A. Judicial Independence							2.2	2.1
B. Impartial Courts							2.3	2.3
C. Protection of Intellectual Property							2.5	2.4
D. Military Interference							3.5	3.5
E. Integrity of Legal System								
<b>3. Access to Sound Money</b>							8.2	8.2
A. Growth of Money Supply							9.0 (5.2)	9.0 (5.2)
B. Inflation Variability							9.0 (2.5)	9.0 (2.5)
C. Recent Annual Inflation							9.8 (1.1)	9.8 (1.1)
D. Freedom to Own Foreign Currency							5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>							6.3	5.9
A. Taxes on International Trade							6.7	6.7
(i) Taxes as Percentage of Exports and Imports								
(ii) Mean Tariff Rate							8.0 (10.2)	8.0 (10.2)
(iii) Variability of Tariff Rates							5.4 (11.6)	5.4 (11.6)
B. Regulatory Trade Barriers							5.9	5.7
(i) Hidden Import Barriers							4.3	5.0
(ii) Costs of Importing							7.5	6.4
C. Size of Trade Sector							4.2	4.2
D. Official versus Black Market Exchange Rates							10.0	10.0
E. Restrictions on Capital Markets							4.8	2.9
(i) Access to Foreign Capital							5.8	5.1
(ii) Restrictions on Capital Transactions							3.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>							6.0	6.2
A. Regulation of Credit Markets							7.9	8.5
(i) Private Ownership of Banks							8.0	8.0
(ii) Competition from Foreign Banks							7.0	7.0
(iii) Extension of Credit to Private Sector							8.7	8.9
(iv) Avoidance of Negative Real Interest Rates							8.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets							5.7	5.8
(i) Impact of Minimum Wage								6.7
(ii) Flexibility in Hiring and Firing							4.5	3.9
(iii) Collective Bargaining							7.7	7.5
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription							5.0	5.0
C. Regulation of Business							4.2	4.4
(i) Price Controls								
(ii) Burden of Regulation							2.8	3.0
(iii) Time Spent with Government Bureaucracy							7.0	6.1
(iv) Ease of Starting a New Business							2.3	3.9
(v) Irregular Payments to Government Officials							4.8	4.9

# Madagascar

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.6 (85)	4.6 (94)	4.7 (100)	5.8 (85)	6.2 (70)	5.6 (97)	6.0 (85)	5.8 (90)
<b>1. Size of Government</b>	4.4	6.3	6.5	6.5	7.0	7.0	6.8	6.9
A. Government Consumption	8.9 (9.9)	9.3 (8.5)	9.7 (6.9)	9.8 (6.8)	9.0 (9.4)	9.0 (9.2)	8.6 (10.8)	8.9 (9.8)
B. Transfers and Subsidies		9.8 (1.4)	9.8 (1.1)	9.9 (1.0)	9.9 (1.0)	9.9 (1.0)	9.9 (1.0)	9.8 (1.4)
C. Government Enterprises and Investment	0.0 (79.9)	0.0 (53.5)	0.0 (54.8)	0.0 (58.7)	2.0 (49.0)	2.0 (49.0)	2.0 (49.0)	2.0 (49.0)
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	4.3	3.1	4.8	4.6	4.6	3.0	3.2	3.1
A. Judicial Independence						2.3	2.8	3.1
B. Impartial Courts			4.1	4.4	4.4	3.0	3.2	3.2
C. Protection of Intellectual Property						3.0	3.5	3.5
D. Military Interference			4.2	5.0	5.0	1.7	1.7	1.7
E. Integrity of Legal System			7.0	5.0	5.0	5.0	5.0	4.2
<b>3. Access to Sound Money</b>	5.7	5.5	2.8	7.2	7.7	7.0	7.8	7.1
A. Growth of Money Supply	8.1 (9.7)	6.3 (18.7)	6.3 (18.7)	7.9 (10.7)	7.7 (11.6)	7.5 (12.5)	8.3 (8.3)	8.2 (9.2)
B. Inflation Variability	6.9 (7.8)	8.1 (4.8)	4.0 (14.9)	8.2 (4.4)	9.6 (1.1)	8.7 (3.4)	8.2 (4.6)	7.9 (5.3)
C. Recent Annual Inflation	7.9 (10.4)	7.7 (11.5)	1.0 (45.2)	7.6 (12.0)	8.6 (6.9)	6.8 (15.9)	9.8 (-1.2)	7.2 (13.8)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	5.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	4.1	4.6	5.7	6.2	6.7	5.9	6.4	6.5
A. Taxes on International Trade	0.8	1.7	5.1	3.2	6.8	6.5	6.5	6.0
(i) Taxes as Percentage of Exports and Imports		0.7 (14.0)	4.3 (8.5)	3.2 (10.2)	4.7 (7.9)	4.0 (9.0)	4.0 (9.0)	3.1 (10.3)
(ii) Mean Tariff Rate	0.8 (46.0)	2.8 (36.0)	4.0 (30.0)		9.0 (5.2)	9.0 (5.2)	9.0 (5.2)	9.0 (5.2)
(iii) Variability of Tariff Rates			6.9 (7.7)					
B. Regulatory Trade Barriers						4.4	5.4	5.0
(i) Hidden Import Barriers						3.8	4.2	5.3
(ii) Costs of Importing						4.9	6.7	4.7
C. Size of Trade Sector	3.1	4.6	5.5	6.4	5.6	3.4	4.7	6.9
D. Official versus Black Market Exchange Rates	8.2	8.6	9.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	3.0	3.0	5.2	5.4	4.6
(i) Access to Foreign Capital						7.4	7.8	6.3
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	3.0	3.0	3.0	3.0	3.0
<b>5. Regulation of Credit, Labor and Business</b>	4.3	3.5	3.7	4.4	5.1	5.1	5.5	5.2
A. Regulation of Credit Markets	4.9	3.1	3.7	6.0	6.9	7.7	7.7	8.2
(i) Private Ownership of Banks	0.0	0.0	2.0	2.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	9.7	9.3	9.0	7.9	6.8	6.2	6.2	7.5
(iv) Avoidance of Negative Real Interest Rates		0.0	0.0	8.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						4.2	4.4	3.1
(i) Impact of Minimum Wage								0.0
(ii) Flexibility in Hiring and Firing						4.5	5.0	4.4
(iii) Collective Bargaining						7.0	7.3	7.2
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
C. Regulation of Business						3.5	4.2	4.4
(i) Price Controls		0.0	0.0	0.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation						1.3	2.5	2.6
(iii) Time Spent with Government Bureaucracy						4.5	5.8	6.0
(iv) Ease of Starting a New Business						4.0	5.2	5.8
(v) Irregular Payments to Government Officials						3.5	3.8	3.8

# Malawi

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	5.1 (66)	5.1 (70)	4.4 (109)	4.7 (116)	5.3 (106)	5.7 (93)	5.6 (99)	5.3 (116)
<b>1. Size of Government</b>	4.6	4.8	4.3	3.9	3.9	4.2	4.1	4.0
A. Government Consumption	5.8 (20.3)	6.7 (17.4)	5.9 (19.8)	6.8 (16.8)	6.6 (17.5)	7.7 (13.9)	7.4 (14.8)	7.0 (16.2)
B. Transfers and Subsidies	9.5 (2.3)	9.5 (2.4)						
C. Government Enterprises and Investment	0.0 (62.0)	0.0 (48.2)	0.0 (65.2)	0.0 (79.0)	0.0 (70.8)	0.0 (70.8)	0.0 (70.8)	0.0 (70.8)
D. Top Marginal Tax Rate	3.0	3.0	7.0	5.0	5.0	5.0	5.0	5.0
(i) Top Marginal Income Tax Rate	3.0 (50)	3.0 (50)	7.0 (35)	5.0 (38)	5.0 (38)	5.0 (38)	5.0 (38)	5.0 (38)
(ii) Top Marginal Income and Payroll Tax Rate		3.0 (50)	7.0 (35)	5.0 (38)	5.0 (38)	5.0 (38)	5.0 (38)	5.0 (38)
<b>2. Legal Structure and Security of Property Rights</b>	4.0	4.5	5.4	5.5	5.3	5.6	5.6	4.8
A. Judicial Independence			6.7	6.2		6.0	6.3	5.5
B. Impartial Courts			4.8	4.9	4.9	6.7	5.7	4.2
C. Protection of Intellectual Property			4.8	3.2		3.8	4.2	2.4
D. Military Interference			6.4	6.7	6.7	6.7	6.7	6.7
E. Integrity of Legal System			4.1	6.7	5.8	5.0	5.0	5.0
<b>3. Access to Sound Money</b>	6.4	5.2	1.2	2.9	5.3	6.1	6.3	6.6
A. Growth of Money Supply	8.4 (8.0)	5.7 (21.4)	4.9 (25.7)	5.1 (24.7)	5.5 (22.4)	6.4 (18.1)	7.0 (15.1)	6.5 (17.5)
B. Inflation Variability	8.9 (2.7)	7.3 (6.6)	0.0 (28.5)	2.3 (19.3)	5.1 (12.2)	6.1 (9.7)	5.2 (12.1)	7.0 (7.4)
C. Recent Annual Inflation	8.2 (8.9)	7.8 (10.9)	0.0 (90.4)	4.1 (29.6)	5.5 (22.7)	7.1 (14.7)	8.1 (9.6)	7.7 (11.4)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	5.0	5.9	6.3	5.9	6.1	6.5	6.4	6.2
A. Taxes on International Trade	5.4	6.6	4.6	5.0	5.9	5.9	5.9	5.9
(i) Taxes as Percentage of Exports and Imports	4.1 (8.8)	6.2 (5.7)	6.2 (5.7)	4.6 (8.1)	4.6 (8.1)	4.6 (8.1)	4.6 (8.1)	4.6 (8.1)
(ii) Mean Tariff Rate	6.7 (16.7)	7.0 (15.2)	3.8 (30.8)	6.1 (19.6)	7.4 (12.9)	7.4 (12.9)	7.4 (12.9)	7.4 (12.9)
(iii) Variability of Tariff Rates			3.8 (15.5)	4.2 (14.5)	5.8 (10.5)	5.8 (10.5)	5.8 (10.5)	5.8 (10.5)
B. Regulatory Trade Barriers						6.1	6.1	5.1
(i) Hidden Import Barriers						6.3	5.3	5.3
(ii) Costs of Importing						5.9	6.8	5.0
C. Size of Trade Sector	5.4	5.4	6.8	5.5	5.4	5.6	5.5	5.9
D. Official versus Black Market Exchange Rates	4.0	7.2	9.8	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	2.0	0.8	0.8	5.1	4.7	4.0
(i) Access to Foreign Capital						9.2	8.6	7.2
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	0.8	0.8	0.9	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>	5.7	5.1	5.0	5.1	5.7	5.9	5.7	5.2
A. Regulation of Credit Markets	5.3	5.3	3.8	4.0	5.5	5.1	4.9	5.2
(i) Private Ownership of Banks	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	6.0	8.0	5.5	5.9	6.4	5.2	4.7	5.6
(iv) Avoidance of Negative Real Interest Rates	8.0	6.0	4.0	4.0	8.0	8.0	8.0	8.0
(v) Controls on Interest Rates						7.6	7.5	5.7
B. Regulation of Labor Markets								
(i) Impact of Minimum Wage								2.1
(ii) Flexibility in Hiring and Firing						5.3	4.8	4.1
(iii) Collective Bargaining						7.3	7.7	6.6
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business						5.2	4.7	4.8
(i) Price Controls		0.0	4.0	4.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation						4.0	4.2	3.6
(iii) Time Spent with Government Bureaucracy						4.0	3.3	3.3
(iv) Ease of Starting a New Business						5.3	4.8	5.7
(v) Irregular Payments to Government Officials						6.5	5.3	5.4



# Malaysia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	7.0 (11)	7.3 (9)	7.4 (17)	6.8 (43)	6.4 (62)	6.5 (57)	6.5 (57)	6.7 (53)
<b>1. Size of Government</b>	5.6	6.3	6.4	6.7	5.6	5.4	5.3	5.3
A. Government Consumption	5.1 (22.7)	5.6 (21.0)	5.6 (20.9)	5.9 (20.1)	5.2 (22.2)	4.7 (23.9)	4.7 (24.2)	4.8 (23.5)
B. Transfers and Subsidies	9.2 (3.6)	9.5 (2.4)	9.0 (4.0)	9.0 (4.1)	9.0 (4.1)	9.0 (4.1)	8.4 (6.4)	8.4 (6.4)
C. Government Enterprises and Investment	2.0 (46.8)	4.0 (35.5)	4.0 (29.2)	4.0 (34.6)	0.0 (50.8)	0.0 (50.8)	0.0 (50.8)	0.0 (50.8)
D. Top Marginal Tax Rate	6.0	6.0	7.0	8.0	8.0	8.0	8.0	8.0
(i) Top Marginal Income Tax Rate	6.0 (45)	6.0 (45)	7.0 (32)	8.0 (29)	8.0 (28)	8.0 (28)	8.0 (28)	8.0 (28)
(ii) Top Marginal Income and Payroll Tax Rate		6.0 (45)	7.0 (32)	8.0 (29)	8.0 (28)	8.0 (28)	8.0 (28)	8.0 (28)
<b>2. Legal Structure and Security of Property Rights</b>	6.3	6.5	6.6	5.6	6.1	6.6	6.6	7.2
A. Judicial Independence			6.2	4.5	5.4	5.8	6.7	7.3
B. Impartial Courts			6.1	6.0	6.4	7.2	6.7	7.5
C. Protection of Intellectual Property			6.1	4.2	5.6	6.5	6.3	6.9
D. Military Interference			7.8	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			7.0	5.0	5.0	5.0	5.0	6.1
<b>3. Access to Sound Money</b>	8.4	9.0	9.1	8.2	6.7	6.7	7.0	6.9
A. Growth of Money Supply	9.8 (0.9)	8.7 (6.5)	8.0 (9.9)	9.1 (-4.4)	9.0 (-5.0)	9.0 (4.8)	9.6 (2.2)	9.4 (2.8)
B. Inflation Variability	8.9 (2.6)	7.9 (5.2)	9.4 (1.5)	8.8 (3.0)	8.2 (4.4)	8.2 (4.4)	8.7 (3.2)	8.6 (3.5)
C. Recent Annual Inflation	9.7 (-1.5)	9.4 (3.0)	9.0 (5.0)	9.7 (1.5)	9.7 (1.4)	9.6 (1.8)	9.8 (1.1)	9.7 (1.5)
D. Freedom to Own Foreign Currency	5.0	10.0	10.0	5.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	8.0	8.0	8.0	7.5	7.4	7.6	7.6	7.5
A. Taxes on International Trade	6.7	6.8	6.9	5.7	6.0	6.0	6.0	6.0
(i) Taxes as Percentage of Exports and Imports	6.2 (5.7)	7.9 (3.2)	8.9 (1.6)	9.0 (1.6)	9.6 (0.6)	9.6 (0.6)	9.6 (0.6)	9.6 (0.6)
(ii) Mean Tariff Rate	7.3 (13.6)	7.4 (13.0)	7.4 (12.8)	8.2 (9.2)	8.5 (7.5)	8.5 (7.5)	8.5 (7.4)	8.5 (7.4)
(iii) Variability of Tariff Rates		5.0 (12.5)	4.4 (14.0)	0.0 (33.3)	0.0 (33.3)	0.0 (33.3)	0.0 (33.3)	0.0 (33.3)
B. Regulatory Trade Barriers			6.7	7.9	7.5	7.8	7.3	7.2
(i) Hidden Import Barriers			6.7	6.7	6.3	6.7	5.8	6.6
(ii) Costs of Importing				9.2	8.6	9.0	8.7	7.7
C. Size of Trade Sector	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	5.0	6.2	3.7	3.7	4.2	4.6	4.1
(i) Access to Foreign Capital			7.3	6.6	6.6	7.6	8.4	7.4
(ii) Restrictions on Capital Transactions	5.0	5.0	5.0	0.8	0.8	0.8	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>	6.6	6.5	6.7	6.3	6.1	6.1	6.1	6.4
A. Regulation of Credit Markets	7.7	7.8	6.3	6.0	6.0	5.8	6.0	6.0
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks			3.2	2.1	2.1	2.1	2.1	2.1
(iii) Extension of Credit to Private Sector	8.0	8.4	8.7	9.3	9.4	9.4	9.3	9.3
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	9.0	10.0	10.0
(v) Controls on Interest Rates			4.8	3.7	3.7	3.7	3.7	3.7
B. Regulation of Labor Markets		8.2	7.6	6.6	6.6	6.6	6.8	7.9
(i) Impact of Minimum Wage			6.7	4.5	4.5	4.5	4.5	10.0
(ii) Flexibility in Hiring and Firing		6.7	6.7	4.0	4.0	3.8	5.8	5.0
(iii) Collective Bargaining	7.9	7.9	7.9	7.5	7.4	7.7	7.0	7.7
(iv) Incentives from Unemployment Benefits			6.5	7.0	7.0	7.2	6.8	6.8
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			6.1	6.2	5.6	5.9	5.6	5.2
(i) Price Controls		5.0	4.0	3.0	4.0	5.0	4.0	3.0
(ii) Burden of Regulation				7.1	4.1	4.3	5.3	6.0
(iii) Time Spent with Government Bureaucracy			8.1	8.4	5.8	5.8	5.0	3.1
(iv) Ease of Starting a New Business			7.2	6.3	7.3	7.5	6.7	6.9
(v) Irregular Payments to Government Officials			5.4	6.1	6.7	6.7	7.0	7.2

## Mali

Summary Ratings (Rank) ▶	1985		1990		1995		2000		2001		2002		2003		2004	
	5.5 (51)		5.5 (52)		5.3 (84)		6.0 (78)		5.7 (92)		5.5 (101)		5.5 (104)		5.6 (102)	
<b>1. Size of Government</b>	7.1		7.1		5.2		5.7		5.1		5.1		5.1		5.1	
A. Government Consumption	7.9	(13.1)	7.3	(15.1)	6.5	(18.0)	7.5	(14.6)	6.3	(18.7)	6.1	(19.2)	6.2	(18.8)	6.2	(18.8)
B. Transfers and Subsidies	9.5	(2.3)	10.0	(0.6)												
C. Government Enterprises and Investment	4.0	(22.4)	4.0		4.0		4.0		4.0		4.0		4.0		4.0	
D. Top Marginal Tax Rate																
(i) Top Marginal Income Tax Rate																
(ii) Top Marginal Income and Payroll Tax Rate																
<b>2. Legal Structure and Security of Property Rights</b>	3.1		3.0		5.3		5.0		5.0		4.3		4.5		4.7	
A. Judicial Independence											4.0		3.3		4.7	
B. Impartial Courts					4.7		4.4		4.4		3.7		3.5		4.4	
C. Protection of Intellectual Property											2.3		3.8		3.7	
D. Military Interference					5.5		6.7		6.7		6.7		6.7		5.8	
E. Integrity of Legal System					7.0		5.0		5.0		5.0		5.0		5.0	
<b>3. Access to Sound Money</b>	6.4		7.0		5.1		8.4		6.7		6.1		6.3		6.5	
A. Growth of Money Supply	7.7	(11.4)	9.0	(-5.0)	7.9	(10.6)	10.0	(0.0)	9.0	(4.8)	8.2	(8.8)	8.2	(8.8)	8.2	(8.8)
B. Inflation Variability	8.3	(4.3)	9.4	(1.6)	5.2	(12.0)	8.7	(3.2)	8.8	(3.1)	7.2	(6.9)	7.2	(7.0)	8.5	(3.8)
C. Recent Annual Inflation	9.7	(1.3)	9.5	(2.7)	7.5	(12.5)	9.9	(-0.7)	9.0	(5.2)	9.0	(5.0)	9.7	(-1.4)	9.4	(-3.1)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		5.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.0		5.8		6.0		6.4		6.6		6.7		6.5		6.1	
A. Taxes on International Trade	4.8		6.0		6.2		7.6		7.3		7.3		7.3		7.3	
(i) Taxes as Percentage of Exports and Imports	6.7	(5.0)	6.9	(4.6)	6.8	(4.8)										
(ii) Mean Tariff Rate	3.0	(35.0)	5.0	(25.0)	6.7	(16.3)	7.6	(12.0)	7.4	(12.9)	7.4	(12.9)	7.4	(12.9)	7.4	(12.8)
(iii) Variability of Tariff Rates					5.0	(12.6)			7.2	(6.9)	7.2	(6.9)	7.2	(6.9)	7.2	(6.9)
B. Regulatory Trade Barriers											5.0		5.8		4.6	
(i) Hidden Import Barriers											3.3		4.8		5.8	
(ii) Costs of Importing											6.8		6.8		3.4	
C. Size of Trade Sector	7.1		5.7		6.1		6.4		7.4		7.2		5.5		5.5	
D. Official versus Black Market Exchange Rates	9.8		9.2		9.8		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		0.0		0.0		0.0		4.1		3.9		3.3	
(i) Access to Foreign Capital											8.2		7.8		6.6	
(ii) Restrictions on Capital Transactions	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>5. Regulation of Credit, Labor and Business</b>	4.7		4.4		4.6		4.6		5.1		5.1		5.1		5.3	
A. Regulation of Credit Markets	5.9		6.5		5.6		5.8		6.8		7.5		7.6		7.6	
(i) Private Ownership of Banks	2.0		2.0		2.0		2.0		2.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks																
(iii) Extension of Credit to Private Sector	9.7		9.6		8.7		9.4		9.3		9.5		9.7		9.7	
(iv) Avoidance of Negative Real Interest Rates	6.0		8.0		6.0		6.0		9.3		8.0		8.0		8.0	
(v) Controls on Interest Rates																
B. Regulation of Labor Markets											3.3		3.2		3.6	
(i) Impact of Minimum Wage															4.6	
(ii) Flexibility in Hiring and Firing											4.7		4.3		4.0	
(iii) Collective Bargaining											5.2		5.2		5.9	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business											4.5		4.6		4.7	
(i) Price Controls			0.0		4.0		4.0		6.0		6.0		6.0		6.0	
(ii) Burden of Regulation											2.8		3.5		3.6	
(iii) Time Spent with Government Bureaucracy											5.8		5.3		4.5	
(iv) Ease of Starting a New Business											4.8		4.3		5.1	
(v) Irregular Payments to Government Officials											3.0		4.0		4.4	

# Malta

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.3 (62)	5.4 (58)	6.6 (41)	6.5 (57)	6.5 (55)	6.8 (44)	6.5 (57)	7.1 (35)
<b>1. Size of Government</b>	4.4	4.3	6.0	6.0	5.9	5.8	5.6	5.7
A. Government Consumption	5.8 (20.2)	5.3 (21.9)	4.4 (25.1)	5.1 (22.7)	4.7 (24.0)	4.7 (24.0)	4.2 (25.8)	4.2 (25.6)
B. Transfers and Subsidies	5.9 (15.7)	5.9 (15.6)	6.5 (13.4)	5.9 (15.5)	5.9 (15.5)	5.4 (17.3)	5.4 (17.3)	5.4 (17.3)
C. Government Enterprises and Investment	6.0 (20.0)	6.0 (28.8)	6.0	6.0	6.0	6.0	6.0	6.0
D. Top Marginal Tax Rate	0.0	0.0	7.0	7.0	7.0	7.0	7.0	7.0
(i) Top Marginal Income Tax Rate	0.0 (65)	0.0 (65)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)
(ii) Top Marginal Income and Payroll Tax Rate		0.0 (65)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)
<b>2. Legal Structure and Security of Property Rights</b>	3.5	4.5	7.6	7.2	7.2	7.0	7.0	7.0
A. Judicial Independence						7.2	7.2	6.8
B. Impartial Courts			7.1	6.8	6.8	5.8	5.2	5.3
C. Protection of Intellectual Property						3.8	4.5	4.8
D. Military Interference			9.8	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	7.1	7.3	7.1	7.3	7.1	7.1	6.5	8.8
A. Growth of Money Supply	9.6 (-2.1)	10.0 (-0.2)	9.8 (-1.2)	9.9 (-0.3)	9.7 (1.6)	9.6 (1.9)	7.1 (14.6)	6.8 (16.1)
B. Inflation Variability	8.8 (3.1)	9.7 (0.6)	9.6 (0.9)	9.6 (0.9)	9.3 (1.9)	9.2 (2.0)	9.1 (2.3)	9.1 (2.3)
C. Recent Annual Inflation	9.9 (0.6)	9.4 (3.2)	8.9 (5.6)	9.5 (2.4)	9.4 (2.9)	9.6 (2.2)	9.9 (0.5)	9.4 (2.8)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	6.0	6.3	6.8	6.4	6.0	7.0	6.7	7.3
A. Taxes on International Trade	7.0	6.7	9.5	8.5	8.5	8.5	8.5	8.5
(i) Taxes as Percentage of Exports and Imports	7.0 (4.5)	6.7 (4.9)	9.5 (0.8)	9.6 (0.6)	9.5 (0.7)	9.5 (0.7)	9.5 (0.7)	9.5 (0.7)
(ii) Mean Tariff Rate				8.2 (8.8)	8.2 (8.8)	8.2 (8.8)	8.2 (8.8)	8.2 (8.8)
(iii) Variability of Tariff Rates				7.7 (5.7)	7.7 (5.7)	7.7 (5.7)	7.7 (5.7)	7.7 (5.7)
B. Regulatory Trade Barriers						7.9	7.5	8.3
(i) Hidden Import Barriers						6.8	6.2	7.8
(ii) Costs of Importing						8.9	8.8	8.8
C. Size of Trade Sector	4.4	4.8	5.0	5.2	4.1	3.9	3.2	3.0
D. Official versus Black Market Exchange Rates	8.6	9.6	9.2	9.4	9.4	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	2.0	0.8	0.0	4.8	4.3	6.9
(i) Access to Foreign Capital						8.8	7.8	7.7
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	0.8	0.0	0.8	0.8	6.2
<b>5. Regulation of Credit, Labor and Business</b>	5.6	4.9	5.6	5.7	6.2	7.0	6.8	6.9
A. Regulation of Credit Markets	5.1	4.8	6.2	6.6	7.6	8.7	8.7	8.5
(i) Private Ownership of Banks	0.0	0.0	0.0	2.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks						9.0	9.0	9.0
(iii) Extension of Credit to Private Sector	9.2	8.4	8.6	7.9	7.8	7.9	7.9	7.1
(iv) Avoidance of Negative Real Interest Rates	6.0	6.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						6.7	6.6	6.8
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing						3.3	3.5	3.4
(iii) Collective Bargaining						6.7	6.2	6.9
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business						5.6	5.1	5.4
(i) Price Controls		0.0	2.0	2.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation						3.2	2.7	2.4
(iii) Time Spent with Government Bureaucracy						6.5	6.0	8.2
(iv) Ease of Starting a New Business						6.3	5.2	5.2
(v) Irregular Payments to Government Officials						7.9	7.5	7.1

## Mauritius

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	6.5 (19)		6.2 (34)		7.4 (17)		7.3 (22)		7.3 (19)		7.2 (25)		7.0 (35)		7.0 (40)	
<b>1. Size of Government</b>	6.8		6.8		6.9		6.9		7.6		7.6		7.6		7.5	
A. Government Consumption	7.4	(14.7)	7.2	(15.4)	7.1	(15.7)	7.0	(16.2)	6.7	(17.1)	6.8	(17.0)	6.7	(17.2)	6.4	(18.4)
B. Transfers and Subsidies	8.7	(5.2)	9.0	(4.2)	8.9	(4.4)	8.5	(6.1)	8.5	(5.9)	8.5	(5.9)	8.6	(5.6)	8.7	(5.4)
C. Government Enterprises and Investment	4.0	(32.4)	4.0	(36.8)	4.0	(33.0)	4.0	(30.5)	7.0	(24.4)	7.0	(24.4)	7.0	(24.4)	7.0	(24.4)
D. Top Marginal Tax Rate	7.0		7.0		7.5		8.0		8.0		8.0		8.0		8.0	
(i) Top Marginal Income Tax Rate	7.0	(35)	7.0	(35)	8.0	(30)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)	9.0	(25)
(ii) Top Marginal Income and Payroll Tax Rate	7.0		7.0		7.0		7.0		7.0		7.0		7.0		7.0	
<b>2. Legal Structure and Security of Property Rights</b>	6.3		6.3		6.9		6.9		6.7		6.5		6.1		6.0	
A. Judicial Independence							6.2		6.5		5.7		4.8		3.9	
B. Impartial Courts					7.8		7.0		5.9		5.8		4.8		4.9	
C. Protection of Intellectual Property							4.8		4.2		4.5		4.2		4.5	
D. Military Interference					9.4		10.0		10.0		10.0		10.0		10.0	
E. Integrity of Legal System					7.0		6.7		6.7		6.7		6.7		6.7	
<b>3. Access to Sound Money</b>	6.9		6.0		9.5		9.6		9.6		9.5		9.6		9.5	
A. Growth of Money Supply	9.7	(-1.4)	6.7	(16.3)	9.5	(2.3)	9.6	(-1.8)	9.9	(-0.3)	9.7	(1.4)	9.4	(3.1)	9.2	(4.1)
B. Inflation Variability	9.5	(1.1)	9.4	(1.6)	9.5	(1.4)	9.6	(0.9)	9.5	(1.2)	9.7	(0.7)	9.7	(0.7)	9.6	(0.9)
C. Recent Annual Inflation	8.4	(8.2)	8.0	(10.1)	9.1	(4.7)	9.2	(4.2)	8.9	(5.4)	8.7	(6.4)	9.2	(3.9)	9.1	(4.7)
D. Freedom to Own Foreign Currency	0.0		0.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	5.7		5.6		7.2		6.8		7.0		6.6		6.4		6.1	
A. Taxes on International Trade	3.3		3.1		4.4		3.6		5.1		4.3		4.3		4.3	
(i) Taxes as Percentage of Exports and Imports	3.6	(9.6)	4.9	(7.6)	6.1	(5.9)	6.9	(4.6)	7.6	(3.7)	7.7	(3.4)	7.5	(3.7)	7.6	(3.6)
(ii) Mean Tariff Rate	3.0	(34.9)	4.5	(27.6)	2.8	(36.2)	3.8	(31.0)	7.8	(11.1)	5.3	(23.5)	5.3	(23.5)	5.3	(23.5)
(iii) Variability of Tariff Rates			0.0		(91.5)		0.0		(27.8)		0.0		(27.8)		0.0	
B. Regulatory Trade Barriers							7.4		7.0		6.9		6.3		5.7	
(i) Hidden Import Barriers							7.9		6.6		6.2		5.3		4.0	
(ii) Costs of Importing							7.0		7.4		7.6		7.2		7.4	
C. Size of Trade Sector	5.2		6.2		5.2		5.3		5.1		5.2		4.5		4.1	
D. Official versus Black Market Exchange Rates	9.8		8.4		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		8.0		7.8		7.8		6.7		7.1		6.5	
(i) Access to Foreign Capital							8.7		8.7		6.4		7.2		6.1	
(ii) Restrictions on Capital Transactions	2.0		2.0		8.0		6.9		6.9		6.9		6.9		6.9	
<b>5. Regulation of Credit, Labor and Business</b>	6.9		6.3		6.6		6.1		5.7		5.6		5.5		6.1	
A. Regulation of Credit Markets	8.5		8.1		9.0		7.3		7.4		7.3		7.3		7.2	
(i) Private Ownership of Banks	8.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks							4.3		4.3		4.3		4.3		4.3	
(iii) Extension of Credit to Private Sector	7.4		6.4		6.9		8.3		8.1		7.5		7.4		7.2	
(iv) Avoidance of Negative Real Interest Rates	10.0		8.0		10.0		8.0		9.0		9.0		9.0		9.0	
(v) Controls on Interest Rates							5.7		5.7		5.7		5.7		5.7	
B. Regulation of Labor Markets							4.9		5.0		5.1		5.1		6.7	
(i) Impact of Minimum Wage							3.1		3.1		3.1		3.1		10.0	
(ii) Flexibility in Hiring and Firing							2.0		2.3		2.7		3.0		4.3	
(iii) Collective Bargaining							3.6		3.6		3.7		3.5		3.5	
(iv) Incentives from Unemployment Benefits							5.8		5.8		5.8		5.8		5.8	
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business							6.2		4.7		4.6		4.2		4.4	
(i) Price Controls			4.0		4.0		6.0		4.0		4.0		4.0		4.0	
(ii) Burden of Regulation							5.9		1.9		2.0		2.5		1.9	
(iii) Time Spent with Government Bureaucracy							7.5		5.8		5.3		5.0		5.0	
(iv) Ease of Starting a New Business							5.4		5.8		5.8		4.5		5.0	
(v) Irregular Payments to Government Officials							6.0		6.3		5.8		5.2		5.9	

# Mexico

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.7 (83)	6.0 (40)	6.4 (45)	6.3 (67)	6.3 (67)	6.5 (57)	6.5 (57)	6.6 (60)
<b>1. Size of Government</b>	5.7	7.2	7.2	7.1	7.9	8.1	8.0	8.1
A. Government Consumption	8.1 (12.5)	8.6 (10.8)	7.8 (13.5)	7.7 (14.0)	7.6 (14.2)	7.5 (14.4)	7.3 (15.3)	7.4 (14.8)
B. Transfers and Subsidies	8.7 (5.4)	9.3 (3.2)	8.1 (7.5)	7.7 (8.8)	7.9 (8.1)	7.9 (8.1)	7.9 (8.1)	7.9 (8.1)
C. Government Enterprises and Investment	2.0 (38.0)	4.0 (23.2)	6.0 (19.6)	8.0	10.0 (10.5)	10.0 (10.5)	10.0 (10.5)	10.0 (10.5)
D. Top Marginal Tax Rate	4.0	7.0	7.0	5.0	6.0	7.0	7.0	7.0
(i) Top Marginal Income Tax Rate	4.0 (55)	7.0 (40)	7.0 (35)	7.0 (40)	7.0 (40)	7.0 (35)	7.0 (33)	7.0 (32)
(ii) Top Marginal Income and Payroll Tax Rate				3.0 (47)	5.0 (40)	7.0 (35)	7.0 (33)	7.0 (32)
<b>2. Legal Structure and Security of Property Rights</b>	5.4	6.8	5.3	4.2	3.6	4.2	3.9	4.5
A. Judicial Independence			3.9	3.3	3.0	3.8	4.0	4.2
B. Impartial Courts			5.1	5.2	3.4	4.0	3.3	4.1
C. Protection of Intellectual Property			5.2	4.4	3.4	4.7	3.8	3.8
D. Military Interference			5.4	5.0	5.0	5.0	5.0	5.4
E. Integrity of Legal System			7.0	3.3	3.3	3.3	3.3	4.9
<b>3. Access to Sound Money</b>	3.3	3.6	5.5	6.9	7.4	7.4	7.6	7.9
A. Growth of Money Supply	1.1 (44.3)	0.0 (67.4)	9.0 (5.2)	7.2 (13.9)	7.6 (11.9)	7.5 (12.4)	8.0 (10.0)	8.4 (7.8)
B. Inflation Variability	1.9 (20.3)	0.0 (43.9)	5.6 (11.0)	7.1 (7.3)	8.2 (4.6)	8.2 (4.5)	8.3 (4.1)	9.0 (2.6)
C. Recent Annual Inflation	0.0 (54.0)	4.4 (28.1)	2.4 (37.9)	8.1 (9.5)	8.7 (6.4)	9.0 (5.0)	9.1 (4.6)	9.1 (4.7)
D. Freedom to Own Foreign Currency	10.0	10.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	5.0	7.3	7.8	7.6	7.3	7.5	7.4	7.2
A. Taxes on International Trade	6.1	7.9	8.2	7.5	7.5	7.5	7.5	7.6
(i) Taxes as Percentage of Exports and Imports	8.3 (2.6)	8.7 (2.0)	9.3 (1.1)	9.3 (1.0)	9.3 (1.0)	9.3 (1.0)	9.3 (1.0)	9.3 (1.0)
(ii) Mean Tariff Rate	4.0 (30.0)	7.8 (11.1)	7.5 (12.6)	6.8 (16.2)	6.8 (16.2)	6.8 (16.2)	6.8 (16.2)	7.1 (14.6)
(iii) Variability of Tariff Rates		7.2 (7.0)	7.8 (5.4)	6.3 (9.2)	6.3 (9.3)	6.3 (9.3)	6.3 (9.3)	6.3 (9.3)
B. Regulatory Trade Barriers			6.3	7.3	6.7	7.2	7.3	6.7
(i) Hidden Import Barriers			6.3	6.4	5.4	6.0	6.0	5.8
(ii) Costs of Importing				8.2	8.0	8.4	8.5	7.6
C. Size of Trade Sector	3.6	5.5	7.9	8.2	7.3	7.0	7.1	7.4
D. Official versus Black Market Exchange Rates	5.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	5.0	6.4	5.1	5.1	5.7	5.4	4.4
(i) Access to Foreign Capital			7.8	8.7	8.7	9.0	8.4	7.2
(ii) Restrictions on Capital Transactions	2.0	5.0	5.0	1.5	1.5	2.3	2.3	1.5
<b>5. Regulation of Credit, Labor and Business</b>	4.0	5.1	6.1	5.6	5.3	5.2	5.3	5.5
A. Regulation of Credit Markets	2.4	4.7	7.5	6.1	7.0	7.2	7.3	7.3
(i) Private Ownership of Banks	0.0	0.0	8.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			7.3	5.9	5.9	5.9	5.9	5.9
(iii) Extension of Credit to Private Sector	3.1	6.0	8.3	4.1	3.7	3.8	4.0	4.2
(iv) Avoidance of Negative Real Interest Rates	4.0	8.0	8.0	4.0	9.0	10.0	10.0	10.0
(v) Controls on Interest Rates			5.7	6.5	6.5	6.5	6.5	6.5
B. Regulation of Labor Markets		5.7	6.3	4.8	4.7	4.4	4.6	5.5
(i) Impact of Minimum Wage			7.9	2.7	2.7	2.7	2.7	8.2
(ii) Flexibility in Hiring and Firing		5.0	5.0	4.1	3.1	3.0	4.2	3.3
(iii) Collective Bargaining		7.2	7.2	5.7	6.0	6.5	6.3	6.6
(iv) Incentives from Unemployment Benefits			6.2	6.5	6.5	4.6	4.6	4.6
(v) Military Conscription	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
C. Regulation of Business			4.6	5.9	4.2	4.2	4.0	3.6
(i) Price Controls		0.0	5.0	7.0	6.0	4.0	4.0	3.0
(ii) Burden of Regulation				6.7	2.1	2.2	2.3	2.4
(iii) Time Spent with Government Bureaucracy			6.1	6.3	4.3	5.0	4.5	3.1
(iv) Ease of Starting a New Business			4.2	3.7	3.0	3.5	3.2	3.8
(v) Irregular Payments to Government Officials			3.4	5.7	5.7	6.1	6.0	5.6

# Mongolia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ►</b>								6.2 (74)
<b>1. Size of Government</b>								6.5
A. Government Consumption								
B. Transfers and Subsidies								7.6 (9.3)
C. Government Enterprises and Investment								6.0
D. Top Marginal Tax Rate								6.0
(i) Top Marginal Income Tax Rate								8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate								4.0 (49)
<b>2. Legal Structure and Security of Property Rights</b>								2.2
A. Judicial Independence								2.3
B. Impartial Courts								2.0
C. Protection of Intellectual Property								2.3
D. Military Interference								
E. Integrity of Legal System								
<b>3. Access to Sound Money</b>								8.8
A. Growth of Money Supply								8.5 (7.5)
B. Inflation Variability								8.4 (3.9)
C. Recent Annual Inflation								8.4 (8.2)
D. Freedom to Own Foreign Currency								10.0
<b>4. Freedom to Exchange with Foreigners</b>								7.1
A. Taxes on International Trade								9.0
(i) Taxes as Percentage of Exports and Imports								9.0 (1.5)
(ii) Mean Tariff Rate								
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers								2.4
(i) Hidden Import Barriers								4.2
(ii) Costs of Importing								0.5
C. Size of Trade Sector								10.0
D. Official versus Black Market Exchange Rates								10.0
E. Restrictions on Capital Markets								4.2
(i) Access to Foreign Capital								5.3
(ii) Restrictions on Capital Transactions								3.1
<b>5. Regulation of Credit, Labor and Business</b>								6.3
A. Regulation of Credit Markets								8.7
(i) Private Ownership of Banks								
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector								9.3
(iv) Avoidance of Negative Real Interest Rates								8.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								5.4
(i) Impact of Minimum Wage								4.5
(ii) Flexibility in Hiring and Firing								6.1
(iii) Collective Bargaining								8.2
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription								3.0
C. Regulation of Business								4.9
(i) Price Controls								
(ii) Burden of Regulation								2.7
(iii) Time Spent with Government Bureaucracy								4.8
(iv) Ease of Starting a New Business								8.1
(v) Irregular Payments to Government Officials								4.1

# Morocco

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	5.1 (66)	5.0 (75)	5.9 (67)	6.0 (78)	5.9 (84)	5.9 (85)	6.1 (80)	5.7 (95)
<b>1. Size of Government</b>	4.2	4.9	5.0	5.8	5.3	5.3	5.2	5.2
A. Government Consumption	6.1 (19.4)	6.1 (19.2)	6.0 (19.6)	5.1 (22.7)	5.2 (22.3)	4.9 (23.2)	4.6 (24.3)	4.8 (23.8)
B. Transfers and Subsidies	8.9 (4.6)	9.5 (2.3)	9.1 (3.9)	8.2 (7.3)	8.2 (7.3)	8.2 (7.3)	8.2 (7.3)	8.2 (7.3)
C. Government Enterprises and Investment	2.0 (47.5)	4.0 (31.7)	2.0 (41.7)	6.0 (29.3)	4.0 (35.4)	4.0 (35.4)	4.0 (35.4)	4.0 (35.4)
D. Top Marginal Tax Rate	0.0	0.0	3.0	4.0	4.0	4.0	4.0	4.0
(i) Top Marginal Income Tax Rate	0.0 (87)	0.0 (87)	3.0 (46)	4.0 (44)	4.0 (44)	4.0 (44)	4.0 (44)	4.0 (44)
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	4.0	4.0	6.7	6.7	5.9	5.9	6.2	5.3
A. Judicial Independence					3.8	3.5	5.3	3.5
B. Impartial Courts			6.8	6.4	4.9	4.7	5.5	4.3
C. Protection of Intellectual Property					4.0	4.8	5.0	3.5
D. Military Interference			6.5	6.7	6.7	6.7	6.7	6.7
E. Integrity of Legal System			10.0	10.0	10.0	10.0	8.3	8.3
<b>3. Access to Sound Money</b>	6.7	6.3	6.7	7.0	7.1	7.0	7.1	7.1
A. Growth of Money Supply	9.0 (4.9)	7.2 (13.8)	9.3 (3.7)	8.6 (7.0)	8.8 (5.8)	8.9 (5.6)	8.9 (5.7)	9.0 (5.1)
B. Inflation Variability	9.6 (0.9)	9.1 (2.4)	9.1 (2.2)	9.7 (0.7)	9.7 (0.7)	9.7 (0.6)	9.7 (0.7)	9.7 (0.7)
C. Recent Annual Inflation	8.3 (8.4)	8.9 (5.7)	8.4 (8.0)	9.6 (1.9)	9.9 (0.6)	9.4 (2.8)	9.8 (1.2)	9.7 (1.5)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	6.1	5.6	6.2	5.5	5.8	5.7	5.8	5.5
A. Taxes on International Trade	5.5	4.8	5.2	3.2	3.5	3.8	3.7	3.7
(i) Taxes as Percentage of Exports and Imports	5.7 (6.4)	4.3 (8.6)	5.5 (6.8)	5.1 (7.4)	5.1 (7.4)	5.1 (7.4)	5.1 (7.4)	5.1 (7.4)
(ii) Mean Tariff Rate	5.3 (23.5)	5.3 (23.5)	5.4 (22.8)	3.3 (33.6)	3.5 (32.6)	4.5 (27.7)	4.3 (28.3)	4.3 (28.3)
(iii) Variability of Tariff Rates			4.7 (13.2)	1.2 (22.0)	1.8 (20.5)	1.8 (20.5)	1.8 (20.5)	1.8 (20.5)
B. Regulatory Trade Barriers					5.8	5.6	6.4	5.2
(i) Hidden Import Barriers					5.2	4.5	5.5	4.2
(ii) Costs of Importing					6.4	6.8	7.3	6.2
C. Size of Trade Sector	6.0	5.6	5.6	6.0	5.7	5.9	5.7	5.2
D. Official versus Black Market Exchange Rates	8.6	7.4	9.8	10.0	10.0	7.9	7.9	9.4
E. Restrictions on Capital Markets	2.0	2.0	2.0	0.0	0.8	5.3	5.1	3.8
(i) Access to Foreign Capital						9.0	8.6	6.9
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	0.0	0.8	1.5	1.5	0.8
<b>5. Regulation of Credit, Labor and Business</b>	4.7	4.4	4.9	5.1	5.3	5.6	6.1	5.5
A. Regulation of Credit Markets	5.6	6.1	6.4	7.0	7.2	7.2	7.3	7.8
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								8.0
(iii) Extension of Credit to Private Sector	5.7	5.3	6.2	8.0	7.7	7.7	7.8	8.0
(iv) Avoidance of Negative Real Interest Rates	6.0	8.0	8.0	8.0	9.0	9.0	9.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets					4.3	5.1	5.7	4.1
(i) Impact of Minimum Wage								0.0
(ii) Flexibility in Hiring and Firing					4.5	3.2	5.0	4.6
(iii) Collective Bargaining					7.4	7.2	7.2	6.8
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	1.0	1.0	1.0	1.0	1.0	5.0	5.0	5.0
C. Regulation of Business					4.4	4.3	5.2	4.7
(i) Price Controls		0.0	4.0	4.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation					3.4	3.3	3.3	3.1
(iii) Time Spent with Government Bureaucracy					5.5	5.5	7.3	5.1
(iv) Ease of Starting a New Business					4.3	4.5	5.0	7.0
(v) Irregular Payments to Government Officials					4.6	4.4	6.3	4.1

## Mozambique

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>							5.4 (106)	5.4 (111)
<b>1. Size of Government</b>							5.2	5.2
A. Government Consumption							5.7 (20.6)	5.7 (20.6)
B. Transfers and Subsidies								
C. Government Enterprises and Investment							4.0	4.0
D. Top Marginal Tax Rate							6.0	6.0
(i) Top Marginal Income Tax Rate							7.0 (32)	7.0 (32)
(ii) Top Marginal Income and Payroll Tax Rate							5.0 (38)	5.0 (37)
<b>2. Legal Structure and Security of Property Rights</b>							3.2	3.3
A. Judicial Independence							2.5	2.5
B. Impartial Courts							2.8	2.6
C. Protection of Intellectual Property							2.5	2.9
D. Military Interference							3.3	3.3
E. Integrity of Legal System							5.0	5.0
<b>3. Access to Sound Money</b>							8.5	8.7
A. Growth of Money Supply							8.3 (8.4)	8.3 (8.4)
B. Inflation Variability							8.5 (3.9)	8.9 (2.7)
C. Recent Annual Inflation							7.3 (13.4)	7.5 (12.7)
D. Freedom to Own Foreign Currency							10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>							6.2	6.1
A. Taxes on International Trade							6.5	6.5
(i) Taxes as Percentage of Exports and Imports								
(ii) Mean Tariff Rate							7.5 (12.7)	7.5 (12.7)
(iii) Variability of Tariff Rates							5.5 (11.3)	5.5 (11.3)
B. Regulatory Trade Barriers							4.8	5.2
(i) Hidden Import Barriers							3.2	5.0
(ii) Costs of Importing							6.5	5.3
C. Size of Trade Sector							5.8	5.8
D. Official versus Black Market Exchange Rates							10.0	10.0
E. Restrictions on Capital Markets							3.9	3.2
(i) Access to Foreign Capital							7.8	6.4
(ii) Restrictions on Capital Transactions							0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>							3.7	3.7
A. Regulation of Credit Markets							4.6	4.6
(i) Private Ownership of Banks								
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector							1.2	1.3
(iv) Avoidance of Negative Real Interest Rates							8.0	8.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets							2.8	2.5
(i) Impact of Minimum Wage								0.0
(ii) Flexibility in Hiring and Firing							3.7	4.3
(iii) Collective Bargaining							4.8	5.7
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription							0.0	0.0
C. Regulation of Business							3.5	4.1
(i) Price Controls								
(ii) Burden of Regulation							2.2	3.6
(iii) Time Spent with Government Bureaucracy							5.5	7.2
(iv) Ease of Starting a New Business							2.3	1.2
(v) Irregular Payments to Government Officials							4.1	4.5



# Myanmar

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.2 (92)	3.2 (110)	3.8 (118)	3.6 (122)	3.6 (122)	3.2 (123)	3.0 (127)	3.3 (129)
<b>1. Size of Government</b>				3.5	3.5	3.5	3.5	3.5
A. Government Consumption								
B. Transfers and Subsidies								
C. Government Enterprises and Investment	0.0	0.0 (45.0)	2.0	2.0	2.0	2.0	2.0	2.0
D. Top Marginal Tax Rate				5.0	5.0	5.0	5.0	5.0
(i) Top Marginal Income Tax Rate				5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)
(ii) Top Marginal Income and Payroll Tax Rate				5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)
<b>2. Legal Structure and Security of Property Rights</b>	4.0	3.5	4.7	3.2	3.2	3.2	2.2	2.2
A. Judicial Independence								
B. Impartial Courts			4.1	3.8	3.8	3.8	2.7	2.7
C. Protection of Intellectual Property								
D. Military Interference			3.7	0.0	0.0	0.0	0.0	0.0
E. Integrity of Legal System			7.0	5.0	5.0	5.0	5.0	5.0
<b>3. Access to Sound Money</b>	7.2	3.9	4.8	5.4	4.2	2.4	3.3	3.9
A. Growth of Money Supply	9.5 (2.3)	6.0 (20.2)	5.6 (21.8)	6.9 (15.4)	6.2 (18.9)	5.8 (21.2)	6.1 (19.5)	6.1 (19.5)
B. Inflation Variability	9.6 (1.0)	3.2 (17.1)	7.6 (6.0)	4.6 (13.4)	4.6 (13.4)	3.9 (15.3)	4.5 (13.8)	0.6 (23.6)
C. Recent Annual Inflation	9.7 (1.6)	6.3 (18.5)	6.1 (19.4)	10.0 (-0.1)	5.8 (21.1)	0.0 (57.1)	2.7 (36.6)	9.1 (4.5)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	1.7	1.7	1.7	1.7	2.6	2.6	1.9	1.9
A. Taxes on International Trade	0.0	0.0	0.0	0.0	4.5	4.5	4.5	4.6
(i) Taxes as Percentage of Exports and Imports	0.0 (17.6)	0.0 (19.4)	0.0 (24.7)	0.0 (19.8)	0.0 (18.1)	0.0 (15.2)	0.0 (15.2)	0.0 (15.2)
(ii) Mean Tariff Rate					9.1 (4.7)	9.1 (4.7)	9.0 (4.8)	9.1 (4.4)
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers								
(i) Hidden Import Barriers								
(ii) Costs of Importing								
C. Size of Trade Sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Official versus Black Market Exchange Rates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>	3.8	3.6	3.8	4.0	4.5	4.3	4.3	5.0
A. Regulation of Credit Markets	0.2	0.5	1.1	1.7	3.4	2.8	3.0	5.2
(i) Private Ownership of Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) Competition from Foreign Banks								9.0
(iii) Extension of Credit to Private Sector	0.6	1.5	3.2	3.2	3.3	3.5	2.0	1.9
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	0.0	2.0	7.0	5.0	7.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								
(v) Irregular Payments to Government Officials								

# Namibia

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶			5.1 (70)		6.3 (48)		6.2 (71)		6.5 (55)		6.4 (60)		6.7 (47)		6.4 (65)	
<b>1. Size of Government</b>	0.7		4.9		4.8		4.0		4.5		4.5		5.1		5.1	
A. Government Consumption	1.3	(35.6)	1.5	(34.9)	1.1	(36.3)	2.2	(32.4)	2.3	(32.3)	2.3	(32.3)	2.3	(32.3)	2.3	(32.3)
B. Transfers and Subsidies			9.3	(3.2)	9.2	(3.4)	8.6	(5.5)	8.6	(5.5)	8.6	(5.5)	9.2	(3.3)	9.2	(3.3)
C. Government Enterprises and Investment	0.0	(64.5)	4.0	(38.3)	4.0	(35.1)	0.0	(51.4)	2.0	(44.6)	2.0	(44.6)	2.0	(44.6)	2.0	(44.6)
D. Top Marginal Tax Rate							5.0		5.0		5.0		7.0		7.0	
(i) Top Marginal Income Tax Rate							5.0 (36)		5.0 (36)		5.0 (36)		7.0 (35)		7.0 (35)	
(ii) Top Marginal Income and Payroll Tax Rate							5.0 (36)		5.0 (36)		5.0 (36)		7.0 (35)		7.0 (35)	
<b>2. Legal Structure and Security of Property Rights</b>			2.3		7.8		8.1		7.9		7.5		8.1		6.9	
A. Judicial Independence					7.2		7.2		7.0		6.3		7.2		6.4	
B. Impartial Courts					7.2		7.7		6.9		6.2		7.5		5.2	
C. Protection of Intellectual Property					6.5		5.8		5.6		4.8		5.8		3.7	
D. Military Interference					8.2		10.0		10.0		10.0		10.0		10.0	
E. Integrity of Legal System					10.0		10.0		10.0		10.0		10.0		9.3	
<b>3. Access to Sound Money</b>	4.0		5.4		6.0		6.1		6.0		6.2		6.1		6.6	
A. Growth of Money Supply					7.2 (14.0)		7.6 (12.2)		7.2 (13.9)		8.1 (9.3)		8.1 (9.3)		8.1 (9.3)	
B. Inflation Variability	7.0	(7.6)	8.0	(5.0)	8.3	(4.2)	8.7	(3.3)	8.8	(3.1)	8.9	(2.9)	7.6	(6.0)	8.9	(2.7)
C. Recent Annual Inflation	5.0	(24.8)	8.3	(8.3)	8.6	(7.2)	8.2	(9.0)	8.1	(9.5)	7.7	(11.4)	8.6	(7.2)	9.2	(4.2)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>			6.7		6.4		6.2		6.7		6.7		6.7		6.4	
A. Taxes on International Trade	8.8		6.1		3.9		5.4		6.2		6.5		6.5		6.5	
(i) Taxes as Percentage of Exports and Imports			5.1 (7.3)		4.3 (8.6)		1.7 (12.5)		3.4 (9.9)		4.3 (8.5)		4.3 (8.5)		4.3 (8.5)	
(ii) Mean Tariff Rate	8.8	(6.0)	7.8	(11.0)	6.1	(19.7)	8.6	(7.2)	9.1	(4.5)	9.1	(4.5)	9.1	(4.5)	9.1	(4.5)
(iii) Variability of Tariff Rates			5.5 (11.3)		1.2 (21.9)		6.0 (10.0)		6.0 (10.0)		6.0 (10.0)		6.0 (10.0)		6.0 (10.0)	
B. Regulatory Trade Barriers									7.2		6.6		7.1		6.4	
(i) Hidden Import Barriers									6.4		5.5		6.5		6.1	
(ii) Costs of Importing									8.1		7.6		7.7		6.7	
C. Size of Trade Sector	9.4		7.9		8.1		7.6		8.4		6.7		5.9		5.9	
D. Official versus Black Market Exchange Rates	5.0		9.4		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets			2.0		2.0		0.0		0.0		3.7		4.0		3.0	
(i) Access to Foreign Capital											7.4		8.0		6.0	
(ii) Restrictions on Capital Transactions			2.0		2.0		0.0		0.0		0.0		0.0		0.0	
<b>5. Regulation of Credit, Labor and Business</b>			5.9		6.4		6.8		7.3		7.1		7.4		7.1	
A. Regulation of Credit Markets			7.7		8.6		9.6		9.7		9.7		9.6		9.6	
(i) Private Ownership of Banks							10.0		10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks																
(iii) Extension of Credit to Private Sector			9.4		9.2		8.8		9.1		9.0		8.9		8.9	
(iv) Avoidance of Negative Real Interest Rates			6.0		8.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates																
B. Regulation of Labor Markets									6.7		6.5		6.8		7.2	
(i) Impact of Minimum Wage															10.0	
(ii) Flexibility in Hiring and Firing									3.4		3.2		4.0		3.3	
(iii) Collective Bargaining									6.7		6.3		6.3		5.5	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription			10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business									5.5		5.2		5.8		4.5	
(i) Price Controls			2.0		4.0		4.0		6.0		6.0		6.0		6.0	
(ii) Burden of Regulation									4.1		3.3		5.2		3.5	
(iii) Time Spent with Government Bureaucracy									5.3		5.0		5.3		3.4	
(iv) Ease of Starting a New Business									6.3		6.0		6.2		3.5	
(v) Irregular Payments to Government Officials									5.9		5.7		6.5		5.8	

# Nepal

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.4 (55)	5.3 (62)	5.3 (84)	5.8 (85)	5.8 (87)	5.7 (93)	5.2 (114)	5.2 (118)
<b>1. Size of Government</b>	5.3	5.5	5.3	5.3	5.2	5.1	5.2	5.2
A. Government Consumption	8.6 (10.8)	9.0 (9.4)	8.7 (10.6)	8.6 (10.8)	8.3 (11.7)	8.2 (12.2)	8.4 (11.6)	8.4 (11.6)
B. Transfers and Subsidies								
C. Government Enterprises and Investment	2.0 (45.8)	2.0 (43.2)	2.0	2.0	2.0	2.0	2.0	2.0
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>			4.4	4.8	4.8	4.8	2.5	2.5
A. Judicial Independence								
B. Impartial Courts			4.6	4.4	4.4	4.4	4.1	4.1
C. Protection of Intellectual Property								
D. Military Interference				5.6	5.6	5.6	1.7	1.7
E. Integrity of Legal System								
<b>3. Access to Sound Money</b>	6.2	6.1	6.3	7.0	7.0	6.9	6.7	6.9
A. Growth of Money Supply	7.8 (10.8)	6.9 (15.7)	8.1 (9.3)	9.2 (-4.0)	9.4 (-2.9)	9.0 (-5.1)	8.8 (-6.1)	8.7 (-6.4)
B. Inflation Variability	9.1 (2.2)	9.5 (1.3)	8.2 (4.6)	9.2 (2.0)	9.0 (2.5)	9.0 (2.4)	9.0 (2.4)	9.6 (1.0)
C. Recent Annual Inflation	7.7 (11.4)	7.9 (10.7)	8.7 (6.3)	9.5 (2.5)	9.5 (2.7)	9.4 (3.0)	8.9 (5.7)	9.4 (2.8)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	4.8	4.4	5.1	6.2	6.2	6.0	5.7	5.4
A. Taxes on International Trade	5.2	4.8	5.6	6.1	6.0	6.0	5.8	5.7
(i) Taxes as Percentage of Exports and Imports	4.9 (7.7)	4.1 (8.8)	6.4 (5.4)	6.6 (5.1)	6.2 (5.7)	5.9 (6.2)	5.4 (7.0)	5.4 (6.9)
(ii) Mean Tariff Rate	5.5 (22.6)	5.5 (22.6)	6.8 (16.1)	7.1 (14.7)	7.1 (14.7)	7.4 (13.1)	7.4 (13.1)	7.0 (14.8)
(iii) Variability of Tariff Rates			3.6 (15.9)	4.6 (13.4)	4.6 (13.4)	4.6 (13.4)	4.6 (13.4)	4.6 (13.4)
B. Regulatory Trade Barriers								3.8
(i) Hidden Import Barriers								
(ii) Costs of Importing								3.8
C. Size of Trade Sector	2.8	2.2	5.5	5.0	4.8	3.9	3.5	3.9
D. Official versus Black Market Exchange Rates	7.8	6.8	6.2	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	1.8	1.8	1.8	1.8	1.8
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	1.8	1.8	1.8	1.8	1.8
<b>5. Regulation of Credit, Labor and Business</b>	5.2	5.4	5.3	5.6	5.9	5.9	6.0	5.7
A. Regulation of Credit Markets	3.8	5.6	5.5	6.3	6.7	6.8	6.8	6.8
(i) Private Ownership of Banks	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	5.5	6.7	8.5	8.8	8.2	8.5	8.5	8.5
(iv) Avoidance of Negative Real Interest Rates	6.0	10.0	8.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								1.7
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		2.0	2.0	2.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								8.0
(v) Irregular Payments to Government Officials								

## Netherlands

	1985		1990		1995		2000		2001		2002		2003		2004			
Summary Ratings (Rank) ▶	7.1 (8)		7.3 (9)		7.8 (8)		8.0 (9)		7.7 (10)		7.7 (10)		7.7 (13)		7.7 (12)			
<b>1. Size of Government</b>	3.8		4.9		4.8		4.5		4.6		4.6		4.6		4.8			
A. Government Consumption	5.6	(21.0)	5.9	(19.9)	6.1	(19.3)	2.5	(31.4)	2.4	(31.9)	2.1	(33.0)	1.8	(34.0)	2.0	(33.1)		
B. Transfers and Subsidies	1.5	(31.6)	2.3	(28.7)	2.0	(29.7)	2.8	(27.0)	4.2	(21.9)	4.2	(21.9)	3.7	(23.5)	4.0	(22.6)		
C. Government Enterprises and Investment	8.0	(14.7)	10.0	(12.7)	10.0	(13.8)	10.0		10.0		10.0	(13.8)	10.0		10.0	(12.2)		
D. Top Marginal Tax Rate	0.0		1.5		1.0		2.5		2.0		2.0		3.0		3.0			
(i) Top Marginal Income Tax Rate	0.0	(72)	3.0	(60)	2.0	(60)	3.0	(52)	2.0	(52)	2.0	(52)	3.0	(52)	3.0	(52)		
(ii) Top Marginal Income and Payroll Tax Rate	0.0		(63)		0.0		(63)		2.0		(52)		3.0		(52)			
<b>2. Legal Structure and Security of Property Rights</b>	8.3		8.3		9.1		9.6		9.1		9.1		9.1		9.0			
A. Judicial Independence					9.4		9.5		9.0		8.8		8.8		8.4			
B. Impartial Courts					8.7		9.5		8.2		8.3		8.3		8.2			
C. Protection of Intellectual Property					7.5		9.1		8.4		8.2		8.3		8.2			
D. Military Interference					10.0		10.0		10.0		10.0		10.0		10.0			
E. Integrity of Legal System					10.0		10.0		10.0		10.0		10.0		10.0			
<b>3. Access to Sound Money</b>	9.5		9.6		9.7		9.6		9.4		9.5		9.6		9.6			
A. Growth of Money Supply	9.0	(4.8)	9.2	(4.2)	9.3	(3.7)	9.3	(3.7)	9.3	(3.5)	9.3	(3.5)	9.2	(4.0)	9.1	(4.5)		
B. Inflation Variability	9.3	(1.8)	9.6	(1.0)	9.9	(0.4)	9.6	(1.1)	9.3	(1.6)	9.4	(1.6)	9.5	(1.3)	9.4	(1.5)		
C. Recent Annual Inflation	9.6	(1.8)	9.5	(2.3)	9.7	(1.6)	9.5	(2.5)	9.1	(4.5)	9.3	(3.5)	9.6	(2.1)	9.8	(1.3)		
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
<b>4. Freedom to Exchange with Foreigners</b>	8.5		8.1		8.6		9.0		8.8		8.6		8.6		8.4			
A. Taxes on International Trade	9.1		8.4		8.7		9.2		9.0		9.1		9.2		9.2			
(i) Taxes as Percentage of Exports and Imports	9.7	(0.4)	9.7	(0.5)	9.7	(0.5)	9.8	(0.3)	9.8	(0.3)	9.9	(0.2)	9.9	(0.2)	9.9	(0.2)		
(ii) Mean Tariff Rate	8.5	(7.5)	8.5	(7.4)	8.7	(6.7)	9.5	(2.4)	9.2	(3.9)	9.4	(3.1)	9.7	(1.4)	9.6	(1.8)		
(iii) Variability of Tariff Rates			7.1		(7.2)		7.6		(4.4)		8.0		(4.9)		8.0		(4.9)	
B. Regulatory Trade Barriers					8.9		9.5		8.8		8.8		8.8		8.1			
(i) Hidden Import Barriers					8.9		9.3		8.5		8.2		8.5		7.2			
(ii) Costs of Importing							9.8		9.2		9.5		9.2		9.0			
C. Size of Trade Sector	7.1		5.9		5.9		6.8		6.4		6.1		5.8		6.0			
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
E. Restrictions on Capital Markets	8.0		8.0		9.6		9.5		9.5		9.1		9.3		8.5			
(i) Access to Foreign Capital					9.1		9.9		9.9		9.0		9.4		7.8			
(ii) Restrictions on Capital Transactions	8.0		8.0		10.0		9.2		9.2		9.2		9.2		9.2			
<b>5. Regulation of Credit, Labor and Business</b>	5.3		5.5		6.9		7.6		6.8		6.7		6.8		7.0			
A. Regulation of Credit Markets	8.6		9.3		9.0		9.2		9.1		9.1		9.1		9.1			
(i) Private Ownership of Banks	8.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
(ii) Competition from Foreign Banks					8.2		8.2		8.2		8.0		8.0		8.0			
(iii) Extension of Credit to Private Sector	7.8		7.8		8.2		9.1		8.6		8.5		8.5		8.6			
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
(v) Controls on Interest Rates					8.6		8.9		8.9		8.9		8.9		8.9			
B. Regulation of Labor Markets	2.6		2.8		4.1		5.2		5.2		5.0		5.1		5.4			
(i) Impact of Minimum Wage					4.5		4.5		4.5		4.5		4.5		6.5			
(ii) Flexibility in Hiring and Firing			3.4		3.4		2.6		3.0		2.7		3.2		3.1			
(iii) Collective Bargaining	4.5		4.5		4.5		4.4		4.0		4.2		4.0		3.5			
(iv) Incentives from Unemployment Benefits	2.4		2.5		5.1		4.5		4.5		3.5		4.1		4.1			
(v) Military Conscription	1.0		1.0		3.0		10.0		10.0		10.0		10.0		10.0			
C. Regulation of Business					7.6		8.3		6.0		6.1		6.0		6.4			
(i) Price Controls			7.0		7.0		8.0		7.0		6.0		6.0		7.0			
(ii) Burden of Regulation							7.7		2.9		2.8		3.3		3.4			
(iii) Time Spent with Government Bureaucracy					7.4		9.1		5.5		6.3		6.0		5.8			
(iv) Ease of Starting a New Business					7.5		7.6		6.1		6.7		6.2		7.6			
(v) Irregular Payments to Government Officials					8.5		8.9		8.5		8.6		8.7		8.4			

# New Zealand

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.1 (28)	7.1 (15)	8.6 (3)	8.4 (4)	8.2 (4)	8.2 (4)	8.2 (3)	8.2 (3)
<b>1. Size of Government</b>	3.5	5.5	7.5	6.7	6.7	6.7	6.8	6.7
A. Government Consumption	5.6 (20.9)	5.5 (21.2)	6.2 (18.9)	4.8 (23.6)	4.9 (23.3)	4.8 (23.6)	5.0 (23.0)	4.9 (23.2)
B. Transfers and Subsidies	4.5 (20.6)	2.6 (27.5)	6.6 (12.8)	6.9 (11.9)	7.1 (11.2)	7.1 (11.2)	7.3 (10.4)	7.0 (11.5)
C. Government Enterprises and Investment	4.0 (31.4)	7.0 (25.3)	10.0 (12.0)	10.0	10.0 (13.3)	10.0 (13.3)	10.0 (13.3)	10.0 (7.9)
D. Top Marginal Tax Rate	0.0	7.0	7.0	5.0	5.0	5.0	5.0	5.0
(i) Top Marginal Income Tax Rate	0.0 (66)	7.0 (33)	7.0 (33)	5.0 (39)	5.0 (39)	5.0 (39)	5.0 (39)	5.0 (39)
(ii) Top Marginal Income and Payroll Tax Rate		7.0 (33)	7.0 (33)	5.0 (40)	5.0 (40)	5.0 (39)	5.0 (39)	5.0 (39)
<b>2. Legal Structure and Security of Property Rights</b>	7.9	8.3	9.2	9.1	8.9	9.0	8.9	8.9
A. Judicial Independence			9.5	9.2	9.1	8.8	8.3	8.4
B. Impartial Courts			9.1	9.2	8.3	8.3	8.2	8.3
C. Protection of Intellectual Property			7.3	7.2	7.2	7.7	8.2	7.8
D. Military Interference			10.0	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	6.0	7.3	9.7	9.6	9.4	9.4	9.5	9.6
A. Growth of Money Supply	8.3 (8.5)	1.8 (40.9)	9.6 (2.1)	9.2 (4.1)	8.9 (5.3)	8.9 (5.6)	9.2 (4.0)	9.3 (3.4)
B. Inflation Variability	8.7 (3.3)	7.8 (5.4)	9.9 (0.3)	9.6 (1.1)	9.3 (1.8)	9.3 (1.9)	9.3 (1.9)	9.4 (1.5)
C. Recent Annual Inflation	7.2 (14.2)	9.5 (2.7)	9.5 (2.3)	9.5 (2.6)	9.5 (2.6)	9.5 (2.7)	9.7 (1.8)	9.5 (2.3)
D. Freedom to Own Foreign Currency	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.2	7.9	8.1	8.5	8.4	8.4	8.2	8.0
A. Taxes on International Trade	7.7	6.6	7.7	9.0	8.8	8.8	8.7	8.8
(i) Taxes as Percentage of Exports and Imports	8.7 (2.0)	8.9 (1.7)	9.1 (1.4)	9.5 (0.8)	8.9 (1.7)	8.9 (1.6)	8.8 (1.9)	8.9 (1.6)
(ii) Mean Tariff Rate	6.8 (16.0)	7.1 (14.5)	8.3 (8.5)	9.3 (3.4)	9.3 (3.4)	9.1 (4.3)	9.1 (4.3)	9.3 (3.7)
(iii) Variability of Tariff Rates		3.7 (15.7)	5.8 (10.4)	8.2 (4.4)	8.2 (4.4)	8.2 (4.4)	8.2 (4.4)	8.2 (4.4)
B. Regulatory Trade Barriers			8.5	9.4	9.1	9.2	9.2	8.9
(i) Hidden Import Barriers			8.5	9.1	8.5	8.8	8.7	8.8
(ii) Costs of Importing				9.7	9.6	9.6	9.7	9.0
C. Size of Trade Sector	5.9	4.7	4.6	5.5	5.1	4.8	4.1	4.0
D. Official versus Black Market Exchange Rates	9.2	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	10.0	9.6	8.9	8.9	9.1	9.1	8.4
(i) Access to Foreign Capital			9.2	9.3	9.3	9.8	9.8	8.3
(ii) Restrictions on Capital Transactions	5.0	10.0	10.0	8.5	8.5	8.5	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	5.8	6.6	8.8	7.9	7.6	7.6	7.6	7.9
A. Regulation of Credit Markets	6.6	9.6	9.4	9.3	9.3	9.7	9.7	9.8
(i) Private Ownership of Banks	5.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			9.1	7.9	7.9	10.0	10.0	10.0
(iii) Extension of Credit to Private Sector	6.9	8.8	9.6	9.5	9.6	9.5	9.5	9.7
(iv) Avoidance of Negative Real Interest Rates	8.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			8.2	9.1	9.1	9.1	9.1	9.1
B. Regulation of Labor Markets	6.5	6.8	7.5	5.9	6.1	5.9	5.7	6.5
(i) Impact of Minimum Wage			6.5	3.6	3.6	3.6	3.6	6.5
(ii) Flexibility in Hiring and Firing		7.6	7.6	3.1	4.0	4.0	3.5	4.7
(iii) Collective Bargaining	5.2	5.2	7.9	8.1	8.0	8.0	8.0	8.0
(iv) Incentives from Unemployment Benefits	4.3	4.3	5.3	4.8	4.8	3.8	3.6	3.6
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			9.4	8.5	7.4	7.3	7.5	7.4
(i) Price Controls		9.0	10.0	10.0	10.0	10.0	10.0	8.0
(ii) Burden of Regulation				7.5	3.6	2.8	3.3	3.7
(iii) Time Spent with Government Bureaucracy			9.3	7.8	6.8	6.8	6.5	7.6
(iv) Ease of Starting a New Business			8.5	7.9	7.5	7.3	8.0	8.4
(v) Irregular Payments to Government Officials			9.9	9.2	9.3	9.4	9.5	9.5

## Nicaragua

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	2.3 (111)		3.2 (110)		5.7 (72)		6.4 (62)		6.2 (70)		6.3 (68)		6.3 (69)		6.2 (74)	
<b>1. Size of Government</b>	3.4		3.4		5.6		6.3		5.8		5.9		6.1		6.1	
A. Government Consumption	0.0	(42.6)	0.0	(42.6)	8.0	(12.7)	6.7	(17.1)	6.5	(18.0)	7.2	(15.4)	6.8	(16.8)	6.5	(17.7)
B. Transfers and Subsidies	8.4	(6.2)	8.3	(6.8)	8.5	(6.0)	8.5	(5.9)	8.5	(5.9)	8.5	(5.9)	9.5	(2.2)	9.5	(2.2)
C. Government Enterprises and Investment	0.0		2.0	(45.3)	0.0	(55.9)	4.0	(32.1)	2.0	(48.3)	2.0	(48.3)	2.0	(48.3)	2.0	(48.3)
D. Top Marginal Tax Rate	5.0		6.0		6.0		6.0		6.0		6.0		6.0		6.5	
(i) Top Marginal Income Tax Rate	5.0	(50)			8.0	(30)	8.0	(30)	8.0	(30)	8.0	(30)	8.0	(30)	9.0	(25)
(ii) Top Marginal Income and Payroll Tax Rate					4.0	(41)	4.0	(44)	4.0	(44)	4.0	(44)	4.0	(44)	4.0	(44)
<b>2. Legal Structure and Security of Property Rights</b>	2.6		4.0		4.5		4.1		3.2		3.1		2.9		2.9	
A. Judicial Independence									1.5		1.0		0.7		0.4	
B. Impartial Courts					4.3		4.2		2.2		1.8		1.5		1.4	
C. Protection of Intellectual Property							2.1		2.3		2.8		2.3		2.6	
D. Military Interference					5.4		3.3		3.3		3.3		3.3		3.3	
E. Integrity of Legal System					4.1		6.7		6.7		6.7		6.7		6.7	
<b>3. Access to Sound Money</b>	0.0		0.0		5.2		8.6		8.7		9.0		9.0		8.8	
A. Growth of Money Supply	0.0	(69.6)	0.0	(2072.1)	7.8	(11.2)	7.6	(12.1)	7.3	(13.3)	8.2	(9.0)	8.1	(9.3)	7.9	(10.4)
B. Inflation Variability	0.0	(60.1)	0.0	(4792.5)	0.0	(1852.1)	9.3	(1.8)	8.7	(3.1)	8.5	(3.8)	8.8	(2.9)	9.0	(2.6)
C. Recent Annual Inflation	0.0	(168.1)	0.0	(5012.7)	8.0	(9.8)	7.7	(11.6)	8.5	(7.4)	9.2	(4.0)	9.0	(5.2)	8.3	(8.4)
D. Freedom to Own Foreign Currency	0.0		0.0		5.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	2.3		5.5		7.1		7.1		7.4		7.3		7.4		7.3	
A. Taxes on International Trade	2.5		6.1		7.9		8.8		8.5		8.6		8.6		8.6	
(i) Taxes as Percentage of Exports and Imports	5.1	(7.4)	7.1	(4.3)	6.1	(5.9)	8.8	(1.8)	8.7	(1.9)	9.0	(1.6)	9.1	(1.3)	9.1	(1.3)
(ii) Mean Tariff Rate	0.0	(54.0)	5.0	(24.8)	7.9	(10.7)	9.4	(3.2)	9.2	(3.8)	9.1	(4.4)	9.1	(4.4)	9.0	(4.9)
(iii) Variability of Tariff Rates					9.7	(25.7)	8.1	(4.7)	7.6	(5.9)	7.6	(5.9)	7.6	(5.9)	7.6	(5.9)
B. Regulatory Trade Barriers							3.8		5.7		5.9		5.9		4.9	
(i) Hidden Import Barriers							3.8		3.2		4.0		4.7		3.7	
(ii) Costs of Importing									8.2		7.9		7.2		6.2	
C. Size of Trade Sector	0.8		5.0		6.1		4.8		4.6		4.5		4.6		5.8	
D. Official versus Black Market Exchange Rates	0.0		8.0		8.4		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		5.0		8.0		8.0		7.7		7.9		7.0	
(i) Access to Foreign Capital							8.3		8.3		7.8		8.2		6.3	
(ii) Restrictions on Capital Transactions	0.0		0.0		5.0		7.7		7.7		7.7		7.7		7.7	
<b>5. Regulation of Credit, Labor and Business</b>	3.2		2.9		6.2		6.1		6.2		6.0		6.0		6.1	
A. Regulation of Credit Markets	2.2		1.8		8.0		7.0		7.4		7.2		7.2		7.2	
(i) Private Ownership of Banks									8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks							5.5		5.5		5.5		5.5		5.5	
(iii) Extension of Credit to Private Sector	4.4		3.5		10.0		9.0		8.9		8.2		8.0		7.8	
(iv) Avoidance of Negative Real Interest Rates	0.0		0.0		6.0		8.0		9.0		9.0		9.0		9.0	
(v) Controls on Interest Rates							5.5		5.5		5.5		5.5		5.5	
B. Regulation of Labor Markets							6.6		6.4		6.4		6.5		6.8	
(i) Impact of Minimum Wage							3.6		3.6		3.6		3.6		5.2	
(ii) Flexibility in Hiring and Firing							6.1		5.9		3.8		5.0		4.4	
(iii) Collective Bargaining							6.7		6.0		8.2		7.3		7.4	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	0.0		0.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business							4.8		4.9		4.2		4.5		4.4	
(i) Price Controls			0.0		4.0		4.0		6.0		6.0		6.0		6.0	
(ii) Burden of Regulation							6.0		2.4		2.2		2.5		3.1	
(iii) Time Spent with Government Bureaucracy							5.2		7.0		5.0		5.3		3.3	
(iv) Ease of Starting a New Business							4.1		4.0		3.3		3.3		4.6	
(v) Irregular Payments to Government Officials							4.4		5.3		4.6		5.3		5.0	

# Niger

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.4 (55)	5.1 (70)	4.9 (93)	5.8 (85)	5.6 (97)	5.4 (106)	5.3 (112)	5.3 (116)
<b>1. Size of Government</b>	6.3	3.8	5.8	5.9	5.5	5.5	5.2	5.2
A. Government Consumption	8.6 (10.9)	7.6 (14.1)	7.6 (14.1)	7.8 (13.4)	6.9 (16.5)	6.9 (16.4)	6.3 (18.5)	6.3 (18.5)
B. Transfers and Subsidies								
C. Government Enterprises and Investment	4.0 (29.4)	0.0 (76.5)	4.0	4.0	4.0	4.0	4.0	4.0
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	4.8	5.3	3.0	4.4	4.4	4.0	3.7	3.7
A. Judicial Independence								
B. Impartial Courts			3.5	3.5	3.5	3.5	3.9	3.9
C. Protection of Intellectual Property								
D. Military Interference			4.3	6.7	6.7	5.0	5.0	5.0
E. Integrity of Legal System			0.0	3.3	3.3	3.3	3.3	3.3
<b>3. Access to Sound Money</b>	6.4	7.1	5.7	8.3	7.0	6.9	7.1	7.2
A. Growth of Money Supply	9.3 (3.3)	9.9 (-0.6)	9.3 (3.6)	9.0 (-4.8)	9.1 (4.3)	8.6 (6.8)	9.7 (-1.7)	9.7 (-1.7)
B. Inflation Variability	7.4 (6.6)	8.9 (2.9)	4.6 (13.4)	9.5 (1.1)	9.6 (1.0)	9.6 (1.0)	9.2 (1.9)	9.1 (2.3)
C. Recent Annual Inflation	8.8 (-5.9)	9.7 (-1.6)	8.9 (5.4)	9.4 (2.9)	9.2 (4.0)	9.5 (2.6)	9.7 (-1.6)	9.9 (0.3)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	5.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	5.6	4.9	5.0	6.0	5.9	5.8	5.6	5.6
A. Taxes on International Trade	3.7	3.5	2.8	7.6	7.2	7.2	7.2	7.4
(i) Taxes as Percentage of Exports and Imports	3.7 (9.5)	3.5 (9.8)	2.8 (10.8)					
(ii) Mean Tariff Rate				7.6 (12.0)	7.1 (14.6)	7.1 (14.5)	7.1 (14.5)	7.4 (12.8)
(iii) Variability of Tariff Rates					7.3 (6.7)	7.3 (6.7)	7.3 (6.7)	7.3 (6.7)
B. Regulatory Trade Barriers								
(i) Hidden Import Barriers								
(ii) Costs of Importing								
C. Size of Trade Sector	6.1	3.7	4.2	4.2	3.9	3.7	3.6	3.6
D. Official versus Black Market Exchange Rates	9.8	9.2	9.8	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>	4.2	4.3	4.8	4.6	5.1	5.0	4.9	4.7
A. Regulation of Credit Markets	5.1	6.1	6.2	5.7	7.4	6.9	6.9	7.0
(i) Private Ownership of Banks	2.0	2.0	5.0	5.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	8.2	8.4	7.7	8.0	8.6	8.8	8.8	9.1
(iv) Avoidance of Negative Real Interest Rates		8.0	6.0	4.0	8.6	4.0	4.0	4.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								
(i) Impact of Minimum Wage								0.0
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Regulation of Business								
(i) Price Controls		0.0	4.0	4.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								6.6
(v) Irregular Payments to Government Officials								

## Nigeria

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	4.5 (89)	3.9 (103)	4.0 (116)	5.3 (105)	5.5 (99)	5.6 (97)	5.8 (91)	5.6 (102)
<b>1. Size of Government</b>	5.0	2.5	4.9	5.5	6.2	5.9	6.2	6.2
A. Government Consumption	7.2 (15.5)	5.5 (21.4)	7.8 (13.6)	7.6 (14.3)	9.6 (7.5)	8.6 (10.6)	9.5 (7.6)	9.7 (7.1)
B. Transfers and Subsidies	9.8 (1.3)							
C. Government Enterprises and Investment	0.0 (49.8)	0.0 (88.1)	0.0	0.0	0.0	0.0	0.0	0.0
D. Top Marginal Tax Rate	3.0	2.0	7.0	9.0	9.0	9.0	9.0	9.0
(i) Top Marginal Income Tax Rate	3.0 (55)	2.0 (55)	7.0 (35)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)
(ii) Top Marginal Income and Payroll Tax Rate				9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)	9.0 (25)
<b>2. Legal Structure and Security of Property Rights</b>	2.5	2.9	4.5	3.7	3.1	3.4	3.4	3.5
A. Judicial Independence					3.4	4.2	3.7	4.8
B. Impartial Courts			3.6	3.6	3.3	3.5	3.5	3.6
C. Protection of Intellectual Property				2.5	2.3	2.7	3.3	3.4
D. Military Interference			3.5	3.3	3.3	3.3	3.3	3.3
E. Integrity of Legal System			7.0	5.0	3.3	3.3	3.3	2.5
<b>3. Access to Sound Money</b>	6.3	4.1	1.3	5.2	5.6	5.7	6.0	6.4
A. Growth of Money Supply	8.6 (7.1)	6.0 (20.1)	4.0 (30.0)	5.9 (20.4)	5.6 (22.1)	5.7 (21.7)	5.4 (22.8)	5.4 (22.8)
B. Inflation Variability	7.4 (6.5)	1.9 (20.2)	1.1 (22.4)	2.9 (17.8)	4.5 (13.7)	4.7 (13.3)	6.3 (9.3)	8.9 (2.7)
C. Recent Annual Inflation	9.3 (3.7)	8.6 (7.2)	0.0 (55.8)	7.1 (14.5)	7.4 (13.0)	7.4 (12.9)	7.2 (14.0)	6.1 (19.4)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	5.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	3.4	5.4	4.6	5.9	6.6	7.0	6.9	6.4
A. Taxes on International Trade	4.6	3.5	4.7	3.8	4.9	4.4	4.4	4.4
(i) Taxes as Percentage of Exports and Imports	6.6 (5.1)	7.3 (4.0)						
(ii) Mean Tariff Rate	2.6 (37.0)	3.1 (34.3)	5.6 (21.8)		6.0 (20.0)	5.0 (24.8)	5.0 (24.8)	5.0 (24.8)
(iii) Variability of Tariff Rates		0.0 (30.8)	3.7 (15.7)	3.8 (15.6)	3.8 (15.6)	3.8 (15.6)	3.8 (15.6)	3.8 (15.6)
B. Regulatory Trade Barriers				3.2	5.3	4.5	4.9	3.8
(i) Hidden Import Barriers				3.2	3.4	3.2	4.2	4.5
(ii) Costs of Importing					7.1	5.9	5.7	3.1
C. Size of Trade Sector	4.1	10.0	10.0	10.0	10.0	10.0	10.0	10.0
D. Official versus Black Market Exchange Rates	0.0	5.4	0.0	5.7	5.7	8.6	8.6	7.9
E. Restrictions on Capital Markets	0.0	0.0	0.0	7.0	7.0	7.3	6.8	6.1
(i) Access to Foreign Capital				8.7	8.7	9.2	8.2	6.9
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	5.4	5.4	5.4	5.4	5.4
<b>5. Regulation of Credit, Labor and Business</b>	5.2	4.6	4.9	6.1	6.0	6.1	6.4	5.7
A. Regulation of Credit Markets	3.0	3.6	4.6	5.9	7.3	7.5	7.6	7.6
(i) Private Ownership of Banks	2.0	2.0	5.0	5.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks				7.6	7.6	7.6	7.6	7.6
(iii) Extension of Credit to Private Sector		8.7	8.7	6.6	8.0	6.6	7.5	7.0
(iv) Avoidance of Negative Real Interest Rates	4.0	0.0	0.0	4.0	10.0	9.0	9.0	9.0
(v) Controls on Interest Rates				6.2	6.2	6.2	6.2	6.2
B. Regulation of Labor Markets				7.2	7.1	7.0	7.0	5.5
(i) Impact of Minimum Wage				4.8	4.8	4.8	4.8	0.0
(ii) Flexibility in Hiring and Firing				7.2	6.8	6.8	6.5	5.9
(iii) Collective Bargaining				6.9	6.9	6.5	6.8	6.0
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business				5.2	3.5	3.7	4.4	3.9
(i) Price Controls		0.0	0.0	4.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation				7.8	1.5	2.2	3.5	3.7
(iii) Time Spent with Government Bureaucracy				6.0	3.0	3.5	5.0	1.0
(iv) Ease of Starting a New Business				5.1	4.2	3.8	3.8	4.9
(v) Irregular Payments to Government Officials				3.0	2.9	3.2	3.7	4.1



# Norway

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.1 (28)	6.7 (20)	7.5 (13)	7.2 (27)	7.1 (30)	7.0 (34)	7.3 (25)	7.2 (30)
<b>1. Size of Government</b>	3.2	2.9	3.7	3.7	4.7	4.6	4.5	4.6
A. Government Consumption	3.7 (27.5)	3.1 (29.6)	3.0 (29.8)	2.8 (30.6)	2.5 (31.6)	2.2 (32.7)	2.0 (33.1)	2.1 (32.8)
B. Transfers and Subsidies	4.3 (21.4)	2.7 (27.3)	4.2 (21.8)	4.5 (20.7)	4.8 (19.7)	4.8 (19.7)	4.3 (21.4)	4.6 (20.3)
C. Government Enterprises and Investment	4.0 (34.2)	4.0 (37.4)	4.0 (43.1)	4.0	8.0 (16.2)	8.0 (16.2)	8.0 (16.2)	8.0 (16.2)
D. Top Marginal Tax Rate	1.0	2.0	3.5	3.5	3.5	3.5	3.5	3.5
(i) Top Marginal Income Tax Rate	1.0 (64)	3.0 (51)	5.0 (42)	5.0 (48)	5.0 (48)	5.0 (48)	5.0 (48)	5.0 (48)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (64)	2.0 (56)	2.0 (64)	2.0 (65)	2.0 (65)	2.0 (65)	2.0 (65)
<b>2. Legal Structure and Security of Property Rights</b>	8.1	8.3	9.2	8.8	8.3	8.3	9.2	8.7
A. Judicial Independence			9.5	8.4	7.9	7.7	9.0	8.3
B. Impartial Courts			8.9	8.7	7.2	7.2	8.8	7.7
C. Protection of Intellectual Property			7.6	7.2	6.6	6.7	8.3	7.3
D. Military Interference			10.0	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	6.3	8.7	9.5	9.0	8.9	9.0	8.9	9.0
A. Growth of Money Supply	7.5 (12.7)	6.6 (16.8)	9.1 (4.7)	9.1 (4.5)	8.7 (6.7)	9.0 (4.8)	9.0 (5.1)	9.0 (5.1)
B. Inflation Variability	8.9 (2.8)	8.9 (2.7)	9.4 (1.4)	7.5 (6.2)	7.4 (6.5)	7.1 (7.2)	7.3 (6.8)	7.3 (6.8)
C. Recent Annual Inflation	9.0 (5.2)	9.2 (3.9)	9.4 (3.1)	9.4 (3.1)	9.4 (3.0)	9.7 (1.3)	9.5 (2.5)	9.9 (0.5)
D. Freedom to Own Foreign Currency	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.6	7.9	8.0	7.6	7.5	7.0	7.4	7.1
A. Taxes on International Trade	9.3	8.6	8.1	7.5	7.9	8.0	8.1	8.1
(i) Taxes as Percentage of Exports and Imports	9.8 (0.3)	9.8 (0.3)	9.7 (0.4)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	8.9 (5.7)	8.9 (5.7)	8.8 (5.9)	9.4 (2.9)	9.3 (3.3)	9.8 (0.8)	9.9 (0.5)	9.9 (0.5)
(iii) Variability of Tariff Rates		7.2 (6.9)	5.7 (10.7)	3.4 (16.6)	4.4 (14.0)	4.4 (14.0)	4.4 (14.0)	4.4 (14.0)
B. Regulatory Trade Barriers			9.2	8.3	7.9	7.1	8.6	7.0
(i) Hidden Import Barriers			9.2	7.8	7.2	6.2	8.0	4.9
(ii) Costs of Importing				8.8	8.7	8.1	9.2	9.0
C. Size of Trade Sector	5.3	4.7	4.1	4.3	4.0	3.5	3.3	3.6
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	8.0	8.6	7.8	7.8	6.5	7.2	6.8
(i) Access to Foreign Capital			9.3	8.8	8.8	7.6	8.2	7.4
(ii) Restrictions on Capital Transactions	5.0	8.0	8.0	6.9	6.9	5.4	6.2	6.2
<b>5. Regulation of Credit, Labor and Business</b>	5.5	5.5	6.9	6.7	6.3	6.3	6.4	6.7
A. Regulation of Credit Markets	8.8	8.5	8.6	8.5	8.6	9.0	9.0	8.8
(i) Private Ownership of Banks	10.0	8.0	8.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			8.3	6.2	6.2	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	6.4	7.5	8.1	9.4	9.7	9.8	9.8	9.7
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0
(v) Controls on Interest Rates			8.6	7.1	7.1	7.1	7.1	7.1
B. Regulation of Labor Markets	3.2	3.6	4.3	3.8	4.0	3.6	3.7	4.2
(i) Impact of Minimum Wage			4.5	5.0	5.0	5.0	5.0	6.2
(ii) Flexibility in Hiring and Firing		4.9	4.9	2.1	3.0	2.2	2.7	3.3
(iii) Collective Bargaining	5.2	5.2	5.2	4.0	4.1	3.5	4.0	4.9
(iv) Incentives from Unemployment Benefits	3.5	3.5	4.2	4.8	4.8	4.3	3.8	3.8
(v) Military Conscription	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business			7.8	7.7	6.2	6.3	6.6	7.3
(i) Price Controls		6.0	7.0	8.0	6.0	7.0	6.0	8.0
(ii) Burden of Regulation				6.1	2.8	3.3	4.2	4.2
(iii) Time Spent with Government Bureaucracy			8.1	8.7	7.3	7.0	7.5	7.6
(iv) Ease of Starting a New Business			7.2	6.8	6.4	6.0	6.3	7.5
(v) Irregular Payments to Government Officials			9.0	8.7	8.7	8.3	9.1	9.0

# Oman

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	6.9 (14)		6.3 (32)		7.0 (28)		7.1 (32)		7.2 (23)		7.1 (29)		7.4 (20)		7.3 (24)	
<b>1. Size of Government</b>	5.3		5.3		5.7		5.8		5.8		5.8		5.8		5.9	
A. Government Consumption	0.0	(45.5)	0.0	(58.8)	1.2	(36.0)	1.6	(34.4)	1.4	(35.3)	1.5	(34.8)	1.9	(33.7)	2.4	(31.9)
B. Transfers and Subsidies	9.3	(3.1)	9.3	(2.9)	9.8	(1.3)	9.6	(1.9)	9.7	(1.7)	9.7	(1.7)	9.4	(2.7)	9.4	(2.7)
C. Government Enterprises and Investment	2.0		2.0		2.0		2.0		2.0		2.0		2.0		2.0	
D. Top Marginal Tax Rate	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(i) Top Marginal Income Tax Rate	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)
(ii) Top Marginal Income and Payroll Tax Rate	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>2. Legal Structure and Security of Property Rights</b>	5.8		5.2		6.7		6.9		6.9		6.9		7.5		7.5	
A. Judicial Independence																
B. Impartial Courts					7.5		7.4		7.4		7.4		7.3		7.3	
C. Protection of Intellectual Property																
D. Military Interference					8.7		8.3		8.3		8.3		8.3		8.3	
E. Integrity of Legal System					7.0		8.3		8.3		8.3		8.3		8.3	
<b>3. Access to Sound Money</b>	9.2		7.5		9.1		8.3		8.5		8.3		8.6		8.6	
A. Growth of Money Supply	8.8	(6.1)	8.9	(-5.4)	9.8	(-1.2)	9.6	(-1.9)	9.8	(1.1)	8.9	(5.6)	8.7	(6.5)	8.5	(7.3)
B. Inflation Variability	8.1	(4.8)	4.5	(13.7)	7.6	(6.1)	3.9	(15.3)	4.4	(13.9)	4.5	(13.8)	5.8	(10.6)	5.9	(10.2)
C. Recent Annual Inflation	9.9	(-0.5)	6.7	(16.6)	9.3	(3.7)	9.8	(-1.1)	9.8	(-1.1)	9.9	(-0.7)	9.9	(-0.4)	9.9	(0.4)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	7.1		7.0		6.8		7.9		7.9		7.8		7.9		7.8	
A. Taxes on International Trade	9.2		9.3		8.1		9.3		9.3		9.1		9.1		9.1	
(i) Taxes as Percentage of Exports and Imports	9.1	(1.4)	9.3	(1.0)	9.3	(1.1)	9.4	(0.9)	9.4	(0.8)	9.4	(0.8)	9.4	(0.8)	9.4	(0.8)
(ii) Mean Tariff Rate	9.4	(3.0)			8.9	(5.7)	9.1	(4.7)	9.1	(4.7)	8.4	(8.0)	8.4	(8.0)	8.4	(8.0)
(iii) Variability of Tariff Rates					6.3	(9.2)	9.5	(1.2)	9.5	(1.2)	9.5	(1.2)	9.5	(1.2)	9.5	(1.2)
B. Regulatory Trade Barriers															6.1	
(i) Hidden Import Barriers																
(ii) Costs of Importing															6.1	
C. Size of Trade Sector	5.9		5.3		5.5		5.2		5.3		5.2		5.2		6.2	
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		2.0		6.7		6.7		6.7		6.7		6.7	
(i) Access to Foreign Capital																
(ii) Restrictions on Capital Transactions	2.0		2.0		2.0		6.7		6.7		6.7		6.7		6.7	
<b>5. Regulation of Credit, Labor and Business</b>	7.1		6.6		6.6		6.8		6.8		6.8		7.0		6.6	
A. Regulation of Credit Markets	9.0		9.1		9.1		9.6		9.6		9.6		9.5		8.9	
(i) Private Ownership of Banks	8.0		8.0		8.0		10.0		10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks															8.0	
(iii) Extension of Credit to Private Sector	9.1		9.3		9.4		8.9		8.7		8.8		8.6		8.6	
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		9.0	
(v) Controls on Interest Rates																
B. Regulation of Labor Markets															6.7	
(i) Impact of Minimum Wage																
(ii) Flexibility in Hiring and Firing																
(iii) Collective Bargaining																
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business																
(i) Price Controls			4.0		4.0		4.0		4.0		4.0		4.0		4.0	
(ii) Burden of Regulation																
(iii) Time Spent with Government Bureaucracy																
(iv) Ease of Starting a New Business															6.7	
(v) Irregular Payments to Government Officials																

# Pakistan

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	5.1 (66)	5.0 (75)	5.6 (75)	5.4 (101)	5.5 (99)	5.8 (89)	5.6 (99)	5.7 (95)
<b>1. Size of Government</b>	4.7	4.6	5.3	6.7	7.3	7.7	7.3	7.2
A. Government Consumption	8.0 (12.9)	6.6 (17.5)	7.7 (13.8)	7.9 (13.1)	8.2 (12.1)	7.9 (13.2)	8.5 (11.0)	8.8 (10.2)
B. Transfers and Subsidies	9.9 (0.7)	8.9 (4.4)	9.7 (1.8)	9.8 (1.1)	9.9 (0.9)	9.9 (0.9)	9.7 (1.4)	9.1 (3.8)
C. Government Enterprises and Investment	0.0 (53.9)	0.0 (49.4)	0.0 (46.8)	2.0 (33.8)	4.0 (35.3)	6.0 (26.0)	4.0 (30.9)	4.0 (30.9)
D. Top Marginal Tax Rate	1.0	3.0	4.0	7.0	7.0	7.0	7.0	7.0
(i) Top Marginal Income Tax Rate	1.0 (60)	3.0 (50)	4.0 (45)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)
(ii) Top Marginal Income and Payroll Tax Rate		3.0 (50)	4.0 (45)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)	7.0 (35)
<b>2. Legal Structure and Security of Property Rights</b>	3.5	2.7	4.9	4.6	3.4	2.7	2.3	2.5
A. Judicial Independence						3.0	2.3	2.6
B. Impartial Courts			4.2	4.3	4.3	2.8	2.2	2.3
C. Protection of Intellectual Property						2.5	2.0	2.7
D. Military Interference			4.6	5.3	0.0	0.0	0.0	0.0
E. Integrity of Legal System			7.0	5.0	5.0	5.0	5.0	5.0
<b>3. Access to Sound Money</b>	6.7	7.7	7.6	6.5	6.8	6.8	6.8	6.4
A. Growth of Money Supply	8.7 (6.6)	8.1 (9.4)	9.0 (5.2)	8.5 (7.3)	9.3 (3.7)	8.8 (5.9)	8.3 (8.6)	7.8 (10.8)
B. Inflation Variability	9.1 (2.3)	9.0 (2.4)	9.2 (2.0)	8.4 (3.9)	8.4 (3.9)	9.2 (2.1)	9.4 (1.5)	9.3 (1.8)
C. Recent Annual Inflation	9.1 (4.5)	8.7 (6.5)	7.2 (13.8)	9.1 (4.4)	9.4 (3.2)	9.3 (3.3)	9.4 (2.9)	8.5 (7.4)
D. Freedom to Own Foreign Currency	0.0	5.0	5.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	4.9	4.5	5.1	4.2	4.7	5.9	5.8	5.8
A. Taxes on International Trade	0.1	0.0	1.3	2.8	4.9	5.5	5.3	5.5
(i) Taxes as Percentage of Exports and Imports	0.2 (14.7)	0.0 (15.2)	2.6 (11.1)	6.3 (5.6)	6.6 (5.1)	7.5 (3.7)	7.1 (4.3)	7.4 (3.9)
(ii) Mean Tariff Rate	0.0 (78.0)	0.0 (58.8)	0.0 (61.1)	0.7 (46.6)	5.9 (20.6)	6.6 (16.9)	6.6 (16.9)	6.8 (16.1)
(iii) Variability of Tariff Rates		0.0 (34.0)	1.2 (21.9)	1.5 (21.2)	2.3 (19.2)	2.3 (19.2)	2.3 (19.2)	2.3 (19.2)
B. Regulatory Trade Barriers						6.9	6.3	5.7
(i) Hidden Import Barriers						6.0	4.7	5.1
(ii) Costs of Importing						7.9	8.0	6.3
C. Size of Trade Sector	4.8	5.3	4.5	3.9	4.4	4.0	4.6	4.5
D. Official versus Black Market Exchange Rates	9.2	7.2	9.4	5.0	5.0	8.3	8.3	8.9
E. Restrictions on Capital Markets	2.0	2.0	2.0	0.8	0.8	4.6	4.5	4.2
(i) Access to Foreign Capital						8.4	8.2	7.6
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	0.8	0.8	0.8	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>	5.7	5.4	5.1	5.2	5.6	6.0	5.8	6.5
A. Regulation of Credit Markets	5.3	4.4	4.1	4.4	5.6	7.1	7.1	7.6
(i) Private Ownership of Banks	0.0	0.0	0.0	0.0	2.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								8.0
(iii) Extension of Credit to Private Sector	7.9	7.2	6.4	7.1	7.4	6.2	6.4	7.4
(iv) Avoidance of Negative Real Interest Rates	8.0	6.0	6.0	6.0	7.4	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						7.1	6.6	7.8
(i) Impact of Minimum Wage								7.6
(ii) Flexibility in Hiring and Firing						4.2	4.7	5.8
(iii) Collective Bargaining						7.2	5.0	7.9
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business						3.9	3.8	4.2
(i) Price Controls			4.0	4.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation						2.2	2.0	2.6
(iii) Time Spent with Government Bureaucracy						4.3	6.0	4.7
(iv) Ease of Starting a New Business						4.0	4.0	5.8
(v) Irregular Payments to Government Officials						4.9	2.8	3.8

# Panama

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	6.6 (18)		6.6 (26)		7.4 (17)		7.1 (32)		7.2 (23)		7.2 (25)		7.2 (29)		7.2 (30)	
<b>1. Size of Government</b>	5.0		5.6		7.4		7.3		8.1		8.1		8.2		8.3	
A. Government Consumption	4.2	(25.8)	4.7	(24.2)	5.1	(22.5)	5.3	(22.1)	6.3	(18.4)	6.3	(18.7)	6.1	(19.2)	6.6	(17.6)
B. Transfers and Subsidies	8.8	(4.8)	8.1	(7.4)	8.3	(6.7)	8.3	(6.6)	8.6	(5.8)	8.6	(5.8)	8.6	(5.8)	8.6	(5.8)
C. Government Enterprises and Investment	4.0	(31.4)	7.0	(22.1)	8.0	(16.1)	8.0	(17.1)	10.0	(11.9)	10.0	(11.9)	10.0	(11.9)	10.0	(11.9)
D. Top Marginal Tax Rate	3.0		2.5		8.0		7.5		7.5		7.5		8.0		8.0	
(i) Top Marginal Income Tax Rate	3.0	(56)	3.0	(56)	9.0	(30)	8.0	(31)	8.0	(31)	8.0	(31)	9.0	(30)	9.0	(30)
(ii) Top Marginal Income and Payroll Tax Rate	2.0		(64)		7.0		(38)		7.0		(38)		7.0		(36)	
<b>2. Legal Structure and Security of Property Rights</b>	3.5		3.7		5.6		5.2		4.7		4.6		4.5		4.6	
A. Judicial Independence									2.5		2.0		1.8		2.5	
B. Impartial Courts					4.9		5.4		3.2		2.7		2.7		3.2	
C. Protection of Intellectual Property							4.1		4.3		4.8		4.8		4.0	
D. Military Interference					6.7		8.3		8.3		8.3		8.3		8.3	
E. Integrity of Legal System					7.0		5.0		5.0		5.0		5.0		5.0	
<b>3. Access to Sound Money</b>	9.7		9.8		9.5		9.6		9.7		9.7		9.7		9.7	
A. Growth of Money Supply	9.9	(0.6)	10.0	(-0.3)	8.8	(5.9)	9.3	(3.4)	9.5	(2.7)	9.8	(1.0)	9.5	(2.5)	9.3	(3.6)
B. Inflation Variability	9.0	(2.4)	9.5	(1.2)	9.3	(1.9)	9.3	(1.8)	9.3	(1.8)	9.3	(1.7)	9.6	(1.1)	9.5	(1.3)
C. Recent Annual Inflation	9.8	(0.8)	9.9	(0.6)	9.9	(0.5)	9.7	(1.5)	9.9	(0.3)	9.8	(1.0)	9.7	(1.4)	9.9	(0.4)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	7.6		7.2		8.0		7.1		7.6		7.3		7.4		6.9	
A. Taxes on International Trade	7.3		5.4		7.3		7.5		8.2		8.2		8.2		8.2	
(i) Taxes as Percentage of Exports and Imports	7.3	(4.1)	8.8	(1.8)	9.1	(1.4)	7.3	(4.0)	8.9	(1.6)	8.9	(1.6)	8.9	(1.6)	8.9	(1.6)
(ii) Mean Tariff Rate			2.0		(40.0)		5.6		(22.0)		8.1		(9.5)		8.4	
(iii) Variability of Tariff Rates							7.0		(7.4)		7.1		(7.2)		7.1	
B. Regulatory Trade Barriers							5.0		6.9		6.6		6.8		6.5	
(i) Hidden Import Barriers							5.0		5.4		5.2		5.2		5.8	
(ii) Costs of Importing									8.5		8.0		8.5		7.2	
C. Size of Trade Sector	4.7		4.7		4.6		4.1		3.7		2.4		2.3		2.3	
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	8.0		8.0		10.0		9.1		9.1		9.2		9.5		7.7	
(i) Access to Foreign Capital							8.2		8.2		8.4		9.0		5.5	
(ii) Restrictions on Capital Transactions	8.0		8.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>5. Regulation of Credit, Labor and Business</b>	6.9		6.4		6.7		6.5		6.2		6.3		6.4		6.3	
A. Regulation of Credit Markets	8.3		9.1		9.3		8.4		8.4		8.7		8.7		8.7	
(i) Private Ownership of Banks	8.0		8.0		8.0		8.0		8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks							7.1		7.1		9.0		9.0		9.0	
(iii) Extension of Credit to Private Sector	8.7		9.3		9.9		9.9		9.9		9.8		9.7		9.7	
(iv) Avoidance of Negative Real Interest Rates			10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates							6.9		6.9		6.9		6.9		6.9	
B. Regulation of Labor Markets							5.9		5.6		5.4		5.9		5.6	
(i) Impact of Minimum Wage							3.8		3.8		3.8		3.8		4.0	
(ii) Flexibility in Hiring and Firing							4.2		2.5		2.2		3.0		3.4	
(iii) Collective Bargaining							5.9		6.0		5.8		6.8		4.9	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business							5.1		4.5		4.6		4.6		4.7	
(i) Price Controls			2.0		4.0		4.0		4.0		4.0		4.0		4.0	
(ii) Burden of Regulation							6.9		2.5		2.3		2.5		3.2	
(iii) Time Spent with Government Bureaucracy							3.9		6.0		7.3		6.0		5.2	
(iv) Ease of Starting a New Business							5.5		4.9		4.8		4.5		6.3	
(v) Irregular Payments to Government Officials							5.3		5.3		4.7		6.1		4.7	

# Papua New Guinea

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.3 (22)	6.3 (32)	6.1 (60)	5.8 (85)	5.8 (87)	5.7 (93)	5.7 (96)	5.6 (102)
<b>1. Size of Government</b>	5.9	5.8	7.3	5.9	6.1	6.4	6.0	6.1
A. Government Consumption	4.1 (25.9)	3.1 (29.6)	6.0 (19.6)	3.8 (27.1)	4.3 (25.4)	5.8 (20.2)	5.1 (22.7)	5.3 (22.0)
B. Transfers and Subsidies	9.5 (2.5)	9.1 (3.8)		9.9 (0.8)	9.9 (0.8)	9.9 (0.8)	9.1 (3.7)	9.1 (3.7)
C. Government Enterprises and Investment	4.0 (34.0)	7.0 (20.3)	8.0 (18.7)	7.0 (23.1)	7.0 (22.9)	7.0 (22.9)	7.0 (22.9)	7.0 (22.9)
D. Top Marginal Tax Rate		4.0	8.0	3.0	3.0	3.0	3.0	3.0
(i) Top Marginal Income Tax Rate		4.0 (45)	8.0 (28)	3.0 (47)	3.0 (47)	3.0 (47)	3.0 (47)	3.0 (47)
(ii) Top Marginal Income and Payroll Tax Rate		4.0 (45)	8.0 (28)	3.0 (47)	3.0 (47)	3.0 (47)	3.0 (47)	3.0 (47)
<b>2. Legal Structure and Security of Property Rights</b>	5.7	6.3	5.3	4.4	4.4	4.0	3.7	3.7
A. Judicial Independence								
B. Impartial Courts			5.0	5.1	5.1	5.1	4.1	4.1
C. Protection of Intellectual Property								
D. Military Interference			5.3	5.0	5.0	3.3	5.0	5.0
E. Integrity of Legal System			7.0	3.3	3.3	3.3	3.3	3.3
<b>3. Access to Sound Money</b>	6.6	6.6	5.6	6.3	6.4	6.1	6.1	6.5
A. Growth of Money Supply	9.5 (2.7)	8.8 (5.8)	8.7 (6.6)	9.7 (1.4)	9.0 (4.9)	8.5 (7.6)	8.6 (7.0)	7.9 (10.4)
B. Inflation Variability	7.2 (6.9)	8.4 (4.0)	7.5 (6.2)	8.5 (3.8)	8.5 (3.9)	8.4 (4.1)	8.7 (3.2)	8.6 (3.4)
C. Recent Annual Inflation	9.7 (1.6)	9.2 (4.1)	6.1 (19.7)	6.9 (15.6)	8.1 (9.3)	7.6 (11.8)	7.1 (14.7)	9.6 (2.1)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	6.7	6.3	6.4	6.2	6.1	6.1	6.5	6.4
A. Taxes on International Trade	7.3	6.9	6.5	4.5	4.9	5.7	5.7	5.7
(i) Taxes as Percentage of Exports and Imports	6.1 (5.9)	5.3 (7.1)	6.0 (6.0)	5.1 (7.3)	6.4 (5.4)	5.9 (6.1)	5.9 (6.1)	5.9 (6.1)
(ii) Mean Tariff Rate	8.6 (7.0)	8.6 (7.0)		5.8 (21.1)	5.8 (21.1)	8.7 (6.3)	8.7 (6.3)	8.7 (6.4)
(iii) Variability of Tariff Rates			7.0 (7.5)	2.6 (18.5)	2.6 (18.5)	2.6 (18.5)	2.6 (18.5)	2.6 (18.5)
B. Regulatory Trade Barriers								5.8
(i) Hidden Import Barriers								
(ii) Costs of Importing								5.8
C. Size of Trade Sector	8.9	7.9	8.7	6.7	7.3	6.6	9.0	8.8
D. Official versus Black Market Exchange Rates	9.2	8.6	8.6	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>	6.5	6.5	6.2	6.4	6.0	5.9	5.9	5.4
A. Regulation of Credit Markets	6.9	6.9	6.4	7.0	6.9	6.6	6.4	6.2
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	8.8	8.9	6.3	5.9	5.7	5.7	5.3	4.6
(iv) Avoidance of Negative Real Interest Rates			8.0	10.0	10.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								3.1
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls					4.0	4.0	4.0	4.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								4.6
(v) Irregular Payments to Government Officials								

## Paraguay

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	5.9 (35)	6.1 (39)	7.0 (28)	6.4 (62)	6.4 (62)	6.2 (73)	6.2 (73)	6.2 (74)
<b>1. Size of Government</b>	7.8	8.8	8.7	8.0	8.1	8.1	8.1	8.1
A. Government Consumption	9.5 (7.9)	9.6 (7.4)	8.5 (11.2)	8.7 (10.4)	9.1 (9.2)	9.3 (8.2)	9.5 (7.6)	9.5 (7.6)
B. Transfers and Subsidies	9.6 (2.1)	9.6 (1.8)	9.3 (3.0)	9.3 (3.2)	9.2 (3.4)	9.2 (3.4)	9.0 (4.0)	9.0 (4.0)
C. Government Enterprises and Investment	4.0 (31.4)	8.0 (13.3)	7.0 (23.2)	4.0 (34.9)	4.0 (35.7)	4.0 (35.7)	4.0 (35.7)	4.0 (35.7)
D. Top Marginal Tax Rate	8.0	8.0	10.0	10.0	10.0	10.0	10.0	10.0
(i) Top Marginal Income Tax Rate	8.0 (30)	8.0 (30)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)
(ii) Top Marginal Income and Payroll Tax Rate					10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)
<b>2. Legal Structure and Security of Property Rights</b>	4.0	4.5	4.3	3.8	2.8	2.1	2.4	1.9
A. Judicial Independence					1.7	0.7	1.7	0.7
B. Impartial Courts			4.3	4.1	1.9	1.3	1.8	1.5
C. Protection of Intellectual Property				2.3	2.2	1.8	2.0	1.6
D. Military Interference			4.8	3.3	3.3	3.3	3.3	2.5
E. Integrity of Legal System			4.1	5.0	5.0	3.3	3.3	3.3
<b>3. Access to Sound Money</b>	7.5	6.2	8.2	8.7	8.8	8.5	8.0	8.9
A. Growth of Money Supply	8.3 (8.7)	3.6 (32.1)	7.1 (14.6)	8.7 (6.7)	8.8 (6.0)	8.9 (5.7)	7.9 (10.7)	7.9 (10.7)
B. Inflation Variability	6.8 (7.9)	8.6 (3.6)	8.3 (4.3)	8.0 (4.9)	7.9 (5.3)	7.4 (6.5)	6.9 (7.7)	8.5 (3.7)
C. Recent Annual Inflation	5.0 (25.2)	2.7 (36.3)	7.4 (13.0)	8.2 (9.0)	8.5 (7.3)	7.9 (10.5)	7.2 (14.2)	9.1 (4.3)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	4.5	6.3	8.3	6.4	7.2	7.6	7.8	7.6
A. Taxes on International Trade	4.3	6.5	8.0	7.6	7.6	7.8	7.8	8.1
(i) Taxes as Percentage of Exports and Imports	8.5 (2.2)	7.8 (3.3)	8.6 (2.1)	7.8 (3.4)	8.0 (3.0)	8.6 (2.1)	8.6 (2.2)	8.6 (2.2)
(ii) Mean Tariff Rate	0.0 (71.7)	6.8 (16.0)	8.1 (9.3)	7.8 (10.9)	7.2 (13.9)	7.2 (13.9)	7.2 (13.9)	8.3 (8.5)
(iii) Variability of Tariff Rates		4.9 (12.7)	7.2 (6.9)	7.3 (6.7)	7.5 (6.2)	7.5 (6.2)	7.5 (6.2)	7.5 (6.2)
B. Regulatory Trade Barriers				2.4	6.0	5.9	6.3	5.7
(i) Hidden Import Barriers				2.4	4.7	4.3	5.0	5.1
(ii) Costs of Importing					7.3	7.4	7.5	6.4
C. Size of Trade Sector	5.0	7.2	8.0	5.0	5.5	6.4	6.8	6.8
D. Official versus Black Market Exchange Rates	0.0	4.8	7.4	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	5.0	10.0	7.1	7.1	7.7	8.1	7.2
(i) Access to Foreign Capital				5.7	5.7	7.0	7.0	5.1
(ii) Restrictions on Capital Transactions	5.0	5.0	10.0	8.5	8.5	8.5	9.2	9.2
<b>5. Regulation of Credit, Labor and Business</b>		4.5	5.5	4.9	4.9	4.8	4.8	4.5
A. Regulation of Credit Markets		6.0	8.9	6.7	6.8	6.5	6.2	6.1
(i) Private Ownership of Banks				8.0	8.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks				4.1	4.1	4.1	4.1	4.1
(iii) Extension of Credit to Private Sector		9.9	9.8	9.5	9.6	9.3	8.9	9.1
(iv) Avoidance of Negative Real Interest Rates		2.0	8.0	8.0	8.0	7.0	6.0	5.0
(v) Controls on Interest Rates				4.1	4.1	4.1	4.1	4.1
B. Regulation of Labor Markets				3.3	3.4	3.2	3.6	2.9
(i) Impact of Minimum Wage				4.7	4.7	4.7	4.7	3.0
(ii) Flexibility in Hiring and Firing				4.7	2.2	2.3	3.2	2.8
(iii) Collective Bargaining				4.0	5.6	4.7	5.5	4.6
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
C. Regulation of Business				4.6	4.6	4.8	4.5	4.6
(i) Price Controls		4.0	6.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation				4.9	2.9	3.2	3.0	3.1
(iii) Time Spent with Government Bureaucracy				5.0	6.0	7.0	5.5	6.9
(iv) Ease of Starting a New Business				4.0	4.2	3.8	3.7	3.3
(v) Irregular Payments to Government Officials				3.1	3.7	3.9	4.5	4.0

# Peru

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	2.9 (109)	4.0 (101)	6.3 (48)	6.9 (41)	6.9 (40)	6.8 (44)	6.8 (45)	6.8 (48)
<b>1. Size of Government</b>	5.4	7.4	8.2	8.1	7.6	7.4	7.5	7.6
A. Government Consumption	8.0 (12.7)	8.7 (10.5)	8.8 (10.2)	7.7 (13.7)	7.8 (13.4)	7.9 (13.2)	8.1 (12.5)	8.0 (12.8)
B. Transfers and Subsidies	9.6 (1.8)	9.3 (3.0)	9.1 (3.9)	9.0 (4.0)	9.2 (3.6)	9.2 (3.6)	9.3 (3.2)	9.2 (3.3)
C. Government Enterprises and Investment	4.0 (33.9)	8.0 (16.9)	8.0 (17.0)	8.0 (15.9)	7.0 (20.8)	7.0 (20.8)	7.0 (20.8)	7.0 (20.8)
D. Top Marginal Tax Rate	0.0	3.5	7.0	7.5	6.5	5.5	5.5	6.0
(i) Top Marginal Income Tax Rate	0.0 (65)	4.0 (45)	8.0 (30)	10.0 (20)	8.0 (27)	8.0 (30)	8.0 (30)	8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate		3.0 (48)	6.0 (39)	5.0 (41)	5.0 (46)	3.0 (49)	3.0 (50)	4.0 (50)
<b>2. Legal Structure and Security of Property Rights</b>	2.2	2.9	4.8	3.9	4.2	4.0	4.0	4.0
A. Judicial Independence			2.8	1.5	2.2	1.5	2.0	1.7
B. Impartial Courts			4.3	3.2	3.0	2.3	2.3	2.3
C. Protection of Intellectual Property			4.8	3.3	2.6	2.7	2.3	2.8
D. Military Interference			4.9	6.7	8.3	8.3	8.3	8.3
E. Integrity of Legal System			7.0	5.0	5.0	5.0	5.0	5.0
<b>3. Access to Sound Money</b>	0.0	1.3	5.1	8.8	9.5	9.7	9.6	9.6
A. Growth of Money Supply	0.0 (98.5)	0.0 (690.3)	2.9 (35.3)	7.0 (14.9)	9.3 (3.3)	9.8 (-1.0)	9.2 (-3.8)	9.9 (-0.3)
B. Inflation Variability	0.0 (37.9)	0.0 (2341.4)	0.0 (127.5)	8.9 (2.8)	9.0 (2.5)	9.1 (2.3)	9.4 (1.4)	9.3 (1.9)
C. Recent Annual Inflation	0.0 (167.8)	0.0 (6134.8)	7.6 (12.2)	9.2 (3.8)	9.6 (2.0)	10.0 (0.2)	9.5 (2.3)	9.3 (3.7)
D. Freedom to Own Foreign Currency	0.0	5.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	3.5	4.7	6.9	7.3	7.3	7.3	7.3	7.2
A. Taxes on International Trade	1.9	3.4	7.0	7.7	7.8	7.9	8.0	8.2
(i) Taxes as Percentage of Exports and Imports	4.5 (8.3)	7.4 (3.9)	6.3 (5.5)	7.0 (4.5)	7.1 (4.3)	7.6 (3.7)	7.8 (3.4)	7.8 (3.4)
(ii) Mean Tariff Rate	0.0 (64.0)	2.8 (36.0)	6.5 (17.6)	7.3 (13.4)	7.3 (13.4)	7.3 (13.4)	7.3 (13.4)	8.1 (9.6)
(iii) Variability of Tariff Rates	1.2 (22.0)	0.0 (25.0)	8.2 (4.4)	8.8 (2.9)	8.8 (2.9)	8.8 (2.9)	8.8 (2.9)	8.8 (2.9)
B. Regulatory Trade Barriers			6.0	6.7	6.7	6.9	7.1	6.1
(i) Hidden Import Barriers			6.0	6.8	6.1	6.2	6.0	5.3
(ii) Costs of Importing				6.7	7.4	7.6	8.2	6.9
C. Size of Trade Sector	5.2	3.2	3.0	3.4	3.1	3.2	3.3	3.9
D. Official versus Black Market Exchange Rates	0.0	6.8	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	8.6	8.9	8.9	8.3	8.3	7.7
(i) Access to Foreign Capital			9.2	9.3	9.3	8.2	8.2	6.9
(ii) Restrictions on Capital Transactions	2.0	2.0	8.0	8.5	8.5	8.5	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	3.4	3.8	6.5	6.6	5.7	5.8	5.8	5.7
A. Regulation of Credit Markets	2.7	2.1	8.0	8.5	8.5	8.5	8.5	8.5
(i) Private Ownership of Banks				10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			8.1	6.6	6.6	6.6	6.6	6.6
(iii) Extension of Credit to Private Sector	5.4	4.2	9.4	9.5	8.6	8.6	8.6	8.7
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	6.0	8.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates			8.4	8.3	8.3	8.3	8.3	8.3
B. Regulation of Labor Markets			5.4	4.7	4.2	4.0	4.1	4.3
(i) Impact of Minimum Wage			6.5	3.1	3.1	3.1	3.1	4.6
(ii) Flexibility in Hiring and Firing		6.8	6.8	7.2	4.9	3.2	4.0	3.8
(iii) Collective Bargaining			7.9	7.9	7.7	8.3	8.0	7.8
(iv) Incentives from Unemployment Benefits			5.7	5.5	5.5	5.5	5.5	5.5
(v) Military Conscription	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Regulation of Business			6.1	6.5	4.5	4.8	4.7	4.4
(i) Price Controls		2.0	6.0	8.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation				6.8	2.1	1.8	2.2	1.8
(iii) Time Spent with Government Bureaucracy			7.0	7.5	5.8	6.5	5.8	6.1
(iv) Ease of Starting a New Business			6.4	3.6	2.9	3.8	3.2	1.7
(v) Irregular Payments to Government Officials			5.0	6.8	5.5	5.8	6.2	6.3

## Philippines

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.1 (66)		5.5 (52)		7.1 (26)		7.1 (32)		6.7 (47)		6.6 (54)		6.6 (55)		6.3 (68)	
<b>1. Size of Government</b>	7.0		8.3		8.2		7.6		6.9		6.9		7.0		7.0	
A. Government Consumption	9.0 (9.4)		8.1 (12.4)		7.8 (13.3)		7.3 (15.3)		7.4 (14.8)		7.3 (15.1)		7.8 (13.6)		8.0 (12.9)	
B. Transfers and Subsidies	10.0 (0.2)		9.9 (0.9)		9.9 (0.7)		9.2 (3.4)		9.2 (3.5)		9.2 (3.5)		9.2 (3.5)		9.2 (3.5)	
C. Government Enterprises and Investment	8.0 (19.5)		8.0 (18.2)		8.0 (19.7)		7.0 (24.0)		4.0 (30.8)		4.0 (30.8)		4.0 (30.8)		4.0 (30.8)	
D. Top Marginal Tax Rate	1.0		7.0		7.0		7.0		7.0		7.0		7.0		7.0	
(i) Top Marginal Income Tax Rate	1.0 (60)		7.0 (35)		7.0 (35)		7.0 (32)		7.0 (32)		7.0 (32)		7.0 (32)		7.0 (32)	
(ii) Top Marginal Income and Payroll Tax Rate			7.0 (35)		7.0 (35)		7.0 (32)		7.0 (32)		7.0 (32)		7.0 (32)		7.0 (32)	
<b>2. Legal Structure and Security of Property Rights</b>	2.5		2.4		4.8		4.6		3.9		3.7		3.8		3.7	
A. Judicial Independence					3.7		4.5		3.9		3.2		3.3		2.8	
B. Impartial Courts					5.3		5.5		3.0		2.5		2.8		2.8	
C. Protection of Intellectual Property					4.0		3.2		2.8		3.0		2.8		3.0	
D. Military Interference					7.0		6.7		6.7		6.7		6.7		6.5	
E. Integrity of Legal System					4.1		3.3		3.3		3.3		3.3		3.3	
<b>3. Access to Sound Money</b>	4.6		4.0		8.8		9.2		9.3		9.3		9.6		8.1	
A. Growth of Money Supply	8.4 (7.9)		0.0 (118.7)		8.1 (9.5)		8.4 (8.0)		9.0 (4.8)		8.5 (7.4)		9.6 (2.1)		9.2 (4.2)	
B. Inflation Variability	3.5 (16.4)		8.7 (3.3)		8.6 (3.5)		9.3 (1.7)		9.3 (1.8)		9.1 (2.1)		9.3 (1.7)		9.4 (1.4)	
C. Recent Annual Inflation	6.5 (17.6)		7.4 (13.0)		8.5 (7.6)		9.1 (4.4)		8.8 (6.1)		9.4 (3.0)		9.4 (3.0)		8.8 (6.0)	
D. Freedom to Own Foreign Currency	0.0		0.0		10.0		10.0		10.0		10.0		10.0		5.0	
<b>4. Freedom to Exchange with Foreigners</b>	5.9		6.2		7.3		7.7		7.5		7.4		7.3		7.5	
A. Taxes on International Trade	5.2		5.7		6.1		7.8		7.9		8.2		8.2		8.2	
(i) Taxes as Percentage of Exports and Imports	5.9 (6.2)		5.6 (6.6)		5.7 (6.4)		8.2 (2.7)		8.1 (2.8)		8.4 (2.4)		8.4 (2.5)		8.4 (2.5)	
(ii) Mean Tariff Rate	4.5 (27.6)		5.1 (24.3)		4.5 (27.6)		8.5 (7.6)		8.6 (7.0)		9.0 (4.8)		9.1 (4.4)		9.1 (4.4)	
(iii) Variability of Tariff Rates			6.3 (9.2)		8.0 (4.9)		6.8 (7.9)		7.1 (7.3)		7.1 (7.3)		7.1 (7.3)		7.1 (7.3)	
B. Regulatory Trade Barriers					5.7		5.9		5.8		6.3		5.7		6.8	
(i) Hidden Import Barriers					5.7		4.0		4.0		4.2		3.7		6.3	
(ii) Costs of Importing							7.8		7.7		8.5		7.7		7.3	
C. Size of Trade Sector	5.4		6.6		8.0		10.0		9.0		8.9		8.8		9.7	
D. Official versus Black Market Exchange Rates	8.6		8.6		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		6.6		4.6		4.6		3.7		3.6		2.9	
(i) Access to Foreign Capital					8.2		8.4		8.4		6.6		6.4		5.0	
(ii) Restrictions on Capital Transactions	2.0		2.0		5.0		0.8		0.8		0.8		0.8		0.8	
<b>5. Regulation of Credit, Labor and Business</b>	5.8		6.3		6.5		6.4		5.7		5.8		5.6		5.4	
A. Regulation of Credit Markets	5.5		7.7		8.1		7.7		7.6		7.6		7.5		7.4	
(i) Private Ownership of Banks	5.0		8.0		8.0		8.0		8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks					7.5		5.7		5.7		5.7		5.7		5.7	
(iii) Extension of Credit to Private Sector	7.5		7.1		7.6		7.5		7.0		6.8		6.5		6.1	
(iv) Avoidance of Negative Real Interest Rates	4.0		8.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					7.4		7.5		7.5		7.5		7.5		7.5	
B. Regulation of Labor Markets			7.6		6.8		6.1		5.7		5.6		5.5		5.0	
(i) Impact of Minimum Wage					5.1		4.4		4.4		4.4		4.4		1.5	
(ii) Flexibility in Hiring and Firing			5.7		5.7		3.3		2.8		3.2		2.8		2.7	
(iii) Collective Bargaining			7.2		7.2		6.9		5.7		5.2		5.2		5.6	
(iv) Incentives from Unemployment Benefits					6.1		5.7		5.7		5.5		5.1		5.1	
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business					4.5		5.6		3.7		4.2		3.8		3.6	
(i) Price Controls					4.0		4.0		4.0		4.0		3.0		3.0	
(ii) Burden of Regulation							7.2		1.6		1.7		2.0		2.4	
(iii) Time Spent with Government Bureaucracy					5.5		6.7		5.0		6.8		5.5		4.4	
(iv) Ease of Starting a New Business					6.1		5.6		4.6		5.2		5.0		5.2	
(v) Irregular Payments to Government Officials					2.3		4.3		3.1		3.6		3.5		3.2	



# Poland

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	3.8 (100)	3.9 (103)	5.2 (88)	6.3 (67)	6.1 (78)	6.3 (68)	6.2 (73)	6.7 (53)
<b>1. Size of Government</b>	3.5	2.0	2.6	4.7	5.2	5.4	5.8	5.8
A. Government Consumption	8.0 (13.0)	3.3 (28.7)	5.0 (23.0)	5.0 (23.0)	5.0 (23.1)	5.0 (22.9)	4.9 (23.2)	4.9 (23.3)
B. Transfers and Subsidies	2.7 (27.4)	2.7 (27.4)	3.5 (24.4)	4.5 (20.7)	4.3 (21.4)	5.0 (18.7)	4.9 (19.0)	4.9 (19.0)
C. Government Enterprises and Investment	0.0	0.0 (58.8)	0.0 (55.8)	6.0	8.0	8.0 (36.6)	10.0 (9.0)	10.0 (9.0)
D. Top Marginal Tax Rate			2.0	3.5	3.5	3.5	3.5	3.5
(i) Top Marginal Income Tax Rate			4.0 (45)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)
(ii) Top Marginal Income and Payroll Tax Rate			0.0 (63)	2.0 (53)	2.0 (52)	2.0 (52)	2.0 (52)	2.0 (52)
<b>2. Legal Structure and Security of Property Rights</b>	4.8	6.2	6.8	6.5	5.8	5.9	5.2	5.8
A. Judicial Independence			6.5	5.3	4.5	4.8	3.5	4.0
B. Impartial Courts			5.6	5.8	3.8	3.8	3.0	3.9
C. Protection of Intellectual Property			3.6	4.6	3.9	4.2	3.0	4.3
D. Military Interference			8.5	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	4.4	2.5	6.0	7.5	7.7	7.9	8.2	9.2
A. Growth of Money Supply	5.9 (20.5)	0.0 (110.4)	3.8 (30.9)	9.0 (5.1)	9.1 (4.6)	8.9 (5.5)	9.0 (4.8)	8.3 (8.4)
B. Inflation Variability	0.0 (37.4)	0.0 (167.6)	5.9 (10.2)	7.9 (5.1)	8.0 (5.1)	8.2 (4.4)	8.8 (3.1)	9.0 (2.4)
C. Recent Annual Inflation	6.8 (15.8)	0.0 (435.7)	4.4 (28.2)	8.0 (10.1)	8.9 (5.5)	9.6 (1.9)	9.9 (0.7)	9.3 (3.6)
D. Freedom to Own Foreign Currency	5.0	10.0	10.0	5.0	5.0	5.0	5.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	3.3	5.5	6.3	6.9	6.7	7.0	6.5	7.0
A. Taxes on International Trade	5.8	6.7	6.4	7.8	7.8	7.9	8.2	8.2
(i) Taxes as Percentage of Exports and Imports	4.3 (8.6)	6.0 (6.0)	5.9 (6.1)	9.2 (1.2)	9.4 (0.9)	9.5 (0.8)	9.4 (1.0)	9.4 (1.0)
(ii) Mean Tariff Rate	7.3 (13.6)	7.7 (11.7)	6.3 (18.4)	8.0 (10.0)	8.0 (10.0)	8.0 (10.0)	9.1 (4.3)	9.1 (4.3)
(iii) Variability of Tariff Rates		6.4 (8.9)	6.9 (7.8)	6.1 (9.8)	6.1 (9.8)	6.1 (9.8)	6.1 (9.8)	6.1 (9.8)
B. Regulatory Trade Barriers			5.7	7.4	6.6	6.9	6.3	6.7
(i) Hidden Import Barriers			5.7	6.2	5.1	5.5	5.0	6.2
(ii) Costs of Importing				8.7	8.1	8.3	7.7	7.2
C. Size of Trade Sector	2.6	4.5	4.1	5.4	5.1	5.1	3.2	6.1
D. Official versus Black Market Exchange Rates	0.0	8.2	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	5.2	3.8	3.8	5.4	4.8	4.2
(i) Access to Foreign Capital			5.4	6.8	6.8	8.4	7.2	6.8
(ii) Restrictions on Capital Transactions	0.0	0.0	5.0	0.8	0.8	2.3	2.3	1.5
<b>5. Regulation of Credit, Labor and Business</b>	3.1	3.5	4.5	5.9	5.4	5.5	5.3	5.9
A. Regulation of Credit Markets	0.4	0.4	4.0	7.1	7.7	8.1	8.1	8.1
(i) Private Ownership of Banks	0.0	0.0	2.0	5.0	8.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks			4.2	6.7	6.7	9.0	9.0	9.0
(iii) Extension of Credit to Private Sector	0.8	1.3	3.8	7.8	7.6	7.4	7.1	7.1
(iv) Avoidance of Negative Real Interest Rates		0.0	6.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			3.9	6.2	6.2	6.2	6.2	6.2
B. Regulation of Labor Markets		3.6	4.4	4.2	4.3	4.1	4.3	4.8
(i) Impact of Minimum Wage			5.4	3.4	3.4	3.4	3.4	6.8
(ii) Flexibility in Hiring and Firing		5.7	5.7	2.7	3.7	4.0	4.5	4.2
(iii) Collective Bargaining	4.5	5.2	5.2	7.0	6.4	7.0	7.5	6.7
(iv) Incentives from Unemployment Benefits			5.0	4.8	4.8	3.2	3.0	3.0
(v) Military Conscription	0.0	0.0	1.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business			5.0	6.2	4.1	4.1	3.5	4.8
(i) Price Controls			7.0	4.0	3.0	2.0	1.0	3.0
(ii) Burden of Regulation				7.4	2.4	3.0	2.0	2.8
(iii) Time Spent with Government Bureaucracy			5.1	7.1	6.0	5.5	5.5	7.0
(iv) Ease of Starting a New Business			4.4	7.0	4.4	4.7	3.8	5.4
(v) Irregular Payments to Government Officials			3.3	5.6	4.7	5.5	5.2	5.5

## Portugal

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.4 (55)		6.0 (40)		7.2 (23)		7.3 (22)		7.2 (23)		7.4 (17)		7.3 (25)		7.4 (20)	
<b>1. Size of Government</b>	3.9		4.7		5.2		5.1		5.1		5.9		5.9		6.0	
A. Government Consumption	6.6	(17.6)	6.0	(19.8)	5.5	(21.4)	4.2	(25.8)	4.4	(25.2)	4.1	(26.0)	4.2	(25.6)	4.7	(24.0)
B. Transfers and Subsidies	4.8	(19.5)	5.9	(15.5)	6.5	(13.4)	6.1	(14.8)	5.9	(15.6)	5.6	(16.7)	5.2	(18.3)	5.2	(18.3)
C. Government Enterprises and Investment	4.0	(30.5)	4.0	(29.9)	6.0	(23.2)	6.0		6.0		10.0	(8.0)	10.0	(8.0)	10.0	(8.0)
D. Top Marginal Tax Rate	0.0		3.0		3.0		4.0		4.0		4.0		4.0		4.0	
(i) Top Marginal Income Tax Rate	0.0	(69)	5.0	(40)	5.0	(40)	6.0	(40)	6.0	(40)	6.0	(40)	6.0	(40)	6.0	(40)
(ii) Top Marginal Income and Payroll Tax Rate			1.0	(57)	1.0	(57)	2.0	(57)	2.0	(57)	2.0	(57)	2.0	(58)	2.0	(58)
<b>2. Legal Structure and Security of Property Rights</b>	6.1		7.7		8.0		7.6		7.6		7.6		7.4		7.6	
A. Judicial Independence					8.2		7.0		8.3		7.8		7.7		7.7	
B. Impartial Courts					7.0		6.3		5.4		5.5		5.2		5.1	
C. Protection of Intellectual Property					5.1		6.5		6.1		6.2		6.0		6.7	
D. Military Interference					10.0		10.0		10.0		10.0		10.0		10.0	
E. Integrity of Legal System					10.0		8.3		8.3		8.3		8.3		8.3	
<b>3. Access to Sound Money</b>	5.5		5.7		9.2		9.5		9.5		9.6		9.5		9.5	
A. Growth of Money Supply	7.6	(12.2)	6.8	(16.0)	8.8	(6.0)	8.8	(6.1)	9.0	(4.9)	9.3	(3.4)	9.2	(3.9)	9.1	(4.5)
B. Inflation Variability	8.9	(2.6)	8.5	(3.7)	9.0	(2.6)	9.9	(0.3)	9.8	(0.5)	9.7	(0.8)	9.6	(1.1)	9.5	(1.2)
C. Recent Annual Inflation	5.7	(21.7)	7.4	(12.8)	9.0	(5.2)	9.4	(2.9)	9.1	(4.4)	9.3	(3.6)	9.3	(3.3)	9.5	(2.4)
D. Freedom to Own Foreign Currency	0.0		0.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.9		7.2		7.9		8.1		8.1		7.8		7.9		7.7	
A. Taxes on International Trade	9.2		8.3		8.7		9.2		9.0		9.1		9.2		9.2	
(i) Taxes as Percentage of Exports and Imports	9.2	(1.2)	9.1	(1.3)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)	9.9	(0.2)	9.9	(0.2)	9.9	(0.2)
(ii) Mean Tariff Rate			8.5	(7.4)	8.7	(6.7)	9.5	(2.4)	9.2	(3.9)	9.4	(3.1)	9.7	(1.4)	9.6	(1.8)
(iii) Variability of Tariff Rates			7.1	(7.2)	7.6	(5.9)	8.2	(4.4)	8.0	(4.9)	8.0	(4.9)	8.0	(4.9)	8.0	(4.9)
B. Regulatory Trade Barriers					8.2		8.6		9.1		8.7		8.8		8.3	
(i) Hidden Import Barriers					8.2		7.7		8.9		8.0		8.2		8.2	
(ii) Costs of Importing							9.5		9.3		9.4		9.5		8.5	
C. Size of Trade Sector	5.3		5.3		4.5		4.9		4.6		4.1		3.9		4.0	
D. Official versus Black Market Exchange Rates	9.6		9.4		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		5.0		8.3		8.0		7.6		7.2		7.5		6.7	
(i) Access to Foreign Capital					8.6		9.1		9.1		8.2		8.8		7.3	
(ii) Restrictions on Capital Transactions	2.0		5.0		8.0		6.9		6.2		6.2		6.2		6.2	
<b>5. Regulation of Credit, Labor and Business</b>	4.9		4.7		5.7		6.4		5.9		6.0		6.0		6.5	
A. Regulation of Credit Markets	6.2		5.8		7.0		8.0		8.0		8.4		8.4		8.4	
(i) Private Ownership of Banks	0.0		2.0		2.0		5.0		5.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks					7.9		7.3		7.3		6.0		6.0		6.0	
(iii) Extension of Credit to Private Sector	8.5		7.3		7.3		9.5		9.5		9.5		9.5		9.5	
(iv) Avoidance of Negative Real Interest Rates	10.0		8.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					8.0		8.3		8.3		8.3		8.3		8.3	
B. Regulation of Labor Markets	3.5		3.1		4.6		4.5		4.6		4.3		4.3		5.9	
(i) Impact of Minimum Wage					6.4		4.0		4.0		4.0		4.0		6.9	
(ii) Flexibility in Hiring and Firing			3.4		3.4		2.8		2.3		2.8		3.0		3.1	
(iii) Collective Bargaining	5.2		5.2		5.2		4.9		6.0		5.7		6.0		5.7	
(iv) Incentives from Unemployment Benefits	5.2		4.0		5.2		5.5		5.5		3.9		3.7		3.7	
(v) Military Conscription	0.0		0.0		3.0		5.0		5.0		5.0		5.0		10.0	
C. Regulation of Business					5.4		6.7		5.2		5.2		5.3		5.3	
(i) Price Controls			5.0		6.0		6.0		6.0		6.0		6.0		5.0	
(ii) Burden of Regulation							7.6		2.9		3.0		3.2		4.0	
(iii) Time Spent with Government Bureaucracy					5.5		7.2		4.8		5.8		5.0		4.6	
(iv) Ease of Starting a New Business					4.3		5.7		5.1		3.8		4.3		4.6	
(v) Irregular Payments to Government Officials					5.8		7.0		7.4		7.6		8.2		8.3	

# Romania

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.8 (79)	4.8 (84)	3.8 (118)	4.9 (112)	5.1 (113)	5.5 (101)	5.7 (96)	5.7 (95)
<b>1. Size of Government</b>	5.9	4.0	3.4	4.0	4.6	4.7	4.6	4.3
A. Government Consumption	9.9 (6.5)	6.8 (16.8)	6.8 (16.8)	7.5 (14.5)	6.7 (17.3)	6.2 (18.9)	6.7 (17.2)	5.4 (21.8)
B. Transfers and Subsidies	8.0 (7.9)	5.1 (18.6)	6.2 (14.6)	6.1 (14.8)	6.4 (13.7)	7.0 (11.6)	6.3 (13.9)	6.3 (13.9)
C. Government Enterprises and Investment	0.0	0.0	0.0 (60.7)	0.0 (56.7)	2.0 (48.6)	2.0 (48.6)	2.0 (48.6)	2.0 (48.6)
D. Top Marginal Tax Rate			0.5	2.5	3.5	3.5	3.5	3.5
(i) Top Marginal Income Tax Rate			1.0 (60)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)	5.0 (40)
(ii) Top Marginal Income and Payroll Tax Rate			0.0 (72)	0.0 (68)	2.0 (55)	2.0 (54)	2.0 (55)	2.0 (55)
<b>2. Legal Structure and Security of Property Rights</b>	4.0	6.3	5.6	5.6	4.6	4.5	5.2	4.8
A. Judicial Independence					2.9	2.3	3.3	2.6
B. Impartial Courts			5.4	5.5	2.6	2.3	3.7	3.0
C. Protection of Intellectual Property				4.1	2.7	3.0	3.8	3.3
D. Military Interference			6.4	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			7.0	6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	6.9	7.1	0.7	2.7	4.2	6.2	6.6	6.5
A. Growth of Money Supply	9.8 (1.2)	8.3 (8.7)	0.0 (58.1)	10.0 (-0.1)	8.6 (-6.8)	9.3 (-3.4)	9.0 (-4.8)	8.2 (-8.8)
B. Inflation Variability	8.1 (4.7)	7.9 (5.3)	0.0 (68.3)	0.0 (44.2)	0.0 (45.2)	5.2 (12.1)	5.3 (11.8)	5.1 (12.3)
C. Recent Annual Inflation	9.9 (0.4)	7.3 (13.7)	2.9 (35.3)	0.9 (45.7)	3.1 (34.5)	5.5 (22.5)	6.9 (15.3)	7.6 (11.9)
D. Freedom to Own Foreign Currency	0.0	5.0	0.0	0.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>		4.2	6.0	6.5	6.6	6.8	6.9	6.9
A. Taxes on International Trade		9.7	7.2	6.8	6.9	6.9	6.9	6.8
(i) Taxes as Percentage of Exports and Imports		9.7 (0.4)	8.2 (2.7)	8.9 (1.6)	9.3 (1.1)	9.4 (0.9)	9.4 (0.9)	9.4 (0.9)
(ii) Mean Tariff Rate			6.2 (18.8)	7.0 (15.2)	7.7 (11.4)	7.7 (11.4)	7.7 (11.4)	7.3 (13.3)
(iii) Variability of Tariff Rates				4.4 (14.1)	3.6 (15.9)	3.6 (15.9)	3.6 (15.9)	3.6 (15.9)
B. Regulatory Trade Barriers				5.5	5.4	5.5	5.8	6.0
(i) Hidden Import Barriers				5.5	3.8	3.8	4.2	5.5
(ii) Costs of Importing					7.0	7.1	7.3	6.5
C. Size of Trade Sector	3.4	3.2	4.9	5.5	5.7	5.7	5.1	5.7
D. Official versus Black Market Exchange Rates	0.0	0.0	9.4	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	4.5	4.9	5.9	6.6	6.0
(i) Access to Foreign Capital				7.5	7.5	7.2	7.0	5.8
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	1.5	2.3	4.6	6.2	6.2
<b>5. Regulation of Credit, Labor and Business</b>	2.5	2.5	3.4	5.5	5.3	5.2	5.4	5.9
A. Regulation of Credit Markets	0.0	0.0	0.7	4.6	6.7	7.2	7.4	7.5
(i) Private Ownership of Banks	0.0	0.0	2.0	0.0	2.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks				8.1	8.1	7.0	7.0	7.0
(iii) Extension of Credit to Private Sector	0.0	0.0	0.0	6.0	6.5	7.0	8.3	8.8
(iv) Avoidance of Negative Real Interest Rates		0.0	0.0	0.0	8.0	8.0	8.0	8.0
(v) Controls on Interest Rates				8.8	8.8	8.8	8.8	8.8
B. Regulation of Labor Markets				6.3	5.0	5.0	4.6	5.0
(i) Impact of Minimum Wage				4.7	4.7	4.7	4.7	6.9
(ii) Flexibility in Hiring and Firing				8.8	5.1	4.5	3.5	3.5
(iii) Collective Bargaining				8.7	7.4	8.0	7.8	7.6
(iv) Incentives from Unemployment Benefits						4.8	4.1	4.1
(v) Military Conscription	0.0	0.0	1.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business				5.8	4.3	3.4	4.2	5.2
(i) Price Controls		0.0	6.0	6.0	6.0	2.0	1.0	1.0
(ii) Burden of Regulation				6.6	1.1	1.7	3.7	3.3
(iii) Time Spent with Government Bureaucracy				7.5	8.0	7.0	7.5	10.0
(iv) Ease of Starting a New Business				3.6	2.6	3.0	4.0	6.5
(v) Irregular Payments to Government Officials				5.2	3.8	3.5	4.8	5.0

## Russia

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶					4.0 (116)		4.9 (112)		4.9 (116)		5.1 (114)		5.2 (114)		5.6 (102)	
<b>1. Size of Government</b>	1.2		1.2		4.8		5.3		5.5		5.6		5.4		5.6	
A. Government Consumption	2.6	(31.0)	3.0	(29.8)	3.7	(27.3)	5.0	(23.0)	5.3	(21.9)	4.5	(24.8)	4.2	(25.7)	4.3	(25.2)
B. Transfers and Subsidies	2.0	(30.0)	2.0	(30.0)	7.9	(8.2)	6.6	(13.1)	6.3	(14.2)	6.3	(14.2)	5.9	(15.4)	6.7	(12.5)
C. Government Enterprises and Investment	0.0		0.0	(90.0)	2.0	(45.0)	4.0		4.0	(35.0)	4.0	(35.0)	4.0	(35.0)	4.0	
D. Top Marginal Tax Rate	0.0		0.0		5.5		5.5		6.5		7.5		7.5		7.5	
(i) Top Marginal Income Tax Rate	0.0	(100)	0.0	(80)	8.0	(30)	8.0	(30)	10.0	(13)	10.0	(13)	10.0	(13)	10.0	(13)
(ii) Top Marginal Income and Payroll Tax Rate					3.0	(51)	3.0	(50)	3.0	(49)	5.0	(39)	5.0	(39)	5.0	(39)
<b>2. Legal Structure and Security of Property Rights</b>					3.4		4.4		3.8		4.4		4.7		4.3	
A. Judicial Independence					3.5		3.5		2.6		2.5		2.5		2.2	
B. Impartial Courts					4.2		5.2		2.6		2.5		3.0		2.7	
C. Protection of Intellectual Property					1.6		1.9		2.4		2.2		2.8		2.3	
D. Military Interference					4.5		6.7		6.7		8.3		8.3		7.5	
E. Integrity of Legal System					5.0		5.0		5.0		6.7		6.7		6.7	
<b>3. Access to Sound Money</b>	6.5		6.0		1.3		3.7		3.8		4.1		4.2		6.0	
A. Growth of Money Supply	8.1	(9.6)	8.1	(9.7)	0.0	(401.4)	2.2	(39.1)	3.3	(33.5)	3.1	(34.5)	3.1	(34.5)	3.1	(34.5)
B. Inflation Variability	9.4	(1.4)	8.9	(2.7)	0.0	(522.9)	1.6	(21.0)	1.3	(21.8)	1.4	(21.6)	1.3	(21.9)	8.2	(4.6)
C. Recent Annual Inflation	8.5	(7.3)	6.8	(15.9)	0.0	(170.7)	5.8	(20.8)	5.7	(21.5)	6.8	(15.8)	7.3	(13.7)	7.8	(10.9)
D. Freedom to Own Foreign Currency	0.0		0.0		5.0		5.0		5.0		5.0		5.0		5.0	
<b>4. Freedom to Exchange with Foreigners</b>					6.5		6.9		6.8		7.0		6.9		6.7	
A. Taxes on International Trade					6.6		7.0		7.2		7.5		7.3		6.4	
(i) Taxes as Percentage of Exports and Imports					7.1	(4.4)	6.9	(4.6)	6.0	(6.1)	6.6	(5.1)	6.1	(5.8)	3.5	(9.8)
(ii) Mean Tariff Rate					7.7	(11.5)	7.5	(12.6)	7.8	(11.1)	7.9	(10.3)	7.9	(10.3)	7.9	(10.3)
(iii) Variability of Tariff Rates					5.0	(12.4)	6.6	(8.5)	7.8	(5.4)	7.8	(5.4)	7.8	(5.4)	7.8	(5.4)
B. Regulatory Trade Barriers					4.3		5.1		5.1		5.7		5.6		5.6	
(i) Hidden Import Barriers					4.3		3.8		4.0		4.3		3.7		4.7	
(ii) Costs of Importing							6.3		6.2		7.0		7.5		6.5	
C. Size of Trade Sector			6.0		8.0		9.8		8.6		8.1		7.1		7.6	
D. Official versus Black Market Exchange Rates	0.0		0.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		3.5		2.9		3.2		3.9		4.5		4.1	
(i) Access to Foreign Capital					5.1		5.7		5.7		5.4		6.0		4.4	
(ii) Restrictions on Capital Transactions	0.0		0.0		2.0		0.0		0.8		2.3		3.1		3.8	
<b>5. Regulation of Credit, Labor and Business</b>	2.5		3.0		4.1		4.4		4.3		4.5		4.8		5.3	
A. Regulation of Credit Markets	0.0		0.2		4.7		3.7		5.1		6.0		6.2		6.7	
(i) Private Ownership of Banks	0.0		0.0		2.0		2.0		2.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks					3.9		4.3		4.3		6.0		6.0		6.0	
(iii) Extension of Credit to Private Sector			0.5		5.0		5.9		6.8		7.0		7.6		8.2	
(iv) Avoidance of Negative Real Interest Rates	0.0		0.0		8.0		2.0		8.0		8.0		8.0		10.0	
(v) Controls on Interest Rates					4.4		4.2		4.2		4.2		4.2		4.2	
B. Regulation of Labor Markets			1.8		4.0		4.5		4.5		4.3		4.6		5.8	
(i) Impact of Minimum Wage					6.0		2.6		2.6		2.6		2.6		9.3	
(ii) Flexibility in Hiring and Firing			1.0		1.0		6.1		6.2		6.2		7.3		6.7	
(iii) Collective Bargaining			4.5		7.2		8.3		8.1		8.0		8.0		7.6	
(iv) Incentives from Unemployment Benefits					5.7		5.5		5.5		4.9		5.3		5.3	
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business					3.7		5.1		3.4		3.1		3.7		3.5	
(i) Price Controls			0.0		5.0		5.0		2.0		2.0		3.0		1.0	
(ii) Burden of Regulation					6.2		6.2		2.6		1.5		2.5		2.0	
(iii) Time Spent with Government Bureaucracy					4.8		5.0		3.8		4.0		4.8		4.1	
(iv) Ease of Starting a New Business					3.5		4.0		3.6		3.3		3.7		5.2	
(v) Irregular Payments to Government Officials					1.4		5.4		5.0		4.5		4.7		5.1	

# Rwanda

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>		5.3 (62)	4.3 (113)	5.1 (106)	5.2 (111)	5.4 (106)	5.1 (116)	4.8 (121)
<b>1. Size of Government</b>	6.1	7.3	7.7	5.5	5.5	5.6	5.6	5.5
A. Government Consumption	8.2 (12.3)	8.6 (10.8)	9.4 (8.0)	9.0 (9.5)	9.0 (9.5)	9.2 (8.8)	9.2 (8.7)	9.1 (9.1)
B. Transfers and Subsidies		9.2 (3.5)	9.5 (2.2)					
C. Government Enterprises and Investment	4.0 (42.4)	4.0	4.0	2.0	2.0	2.0	2.0	2.0
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>			2.4	2.0	2.0	2.0	1.0	1.0
A. Judicial Independence								
B. Impartial Courts			3.4	3.5	3.5	3.5	4.0	4.0
C. Protection of Intellectual Property								
D. Military Interference				0.0	0.0	0.0	0.0	0.0
E. Integrity of Legal System			0.0	0.0	0.0	0.0	0.0	0.0
<b>3. Access to Sound Money</b>	6.6	6.1	3.5	7.5	7.4	7.9	7.3	7.1
A. Growth of Money Supply	9.5 (-2.4)	9.9 (0.8)	5.6 (21.9)	9.1 (-4.7)	8.2 (-8.9)	8.3 (-8.7)	6.9 (-15.3)	6.9 (-15.3)
B. Inflation Variability	8.0 (5.1)	7.3 (6.7)	3.3 (16.8)	7.0 (7.6)	7.1 (7.2)	8.9 (2.7)	8.7 (3.3)	8.8 (3.1)
C. Recent Annual Inflation	9.1 (4.6)	7.3 (13.5)	0.0 (54.2)	9.1 (4.3)	9.4 (3.0)	9.5 (2.5)	8.6 (6.9)	7.7 (11.7)
D. Freedom to Own Foreign Currency	0.0	0.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>		2.6	3.8		5.4	5.6	5.4	4.8
A. Taxes on International Trade		0.5	1.1		7.5	7.5	7.7	7.7
(i) Taxes as Percentage of Exports and Imports		0.5 (14.2)	0.3 (14.6)					
(ii) Mean Tariff Rate			3.0 (34.8)		8.0 (10.0)	8.0 (10.0)	8.3 (8.3)	8.3 (8.3)
(iii) Variability of Tariff Rates			0.0 (33.1)		7.0 (7.6)	7.0 (7.6)	7.0 (7.6)	7.0 (7.6)
B. Regulatory Trade Barriers								0.0
(i) Hidden Import Barriers								
(ii) Costs of Importing								0.0
C. Size of Trade Sector	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Official versus Black Market Exchange Rates	0.2	4.4	9.4	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	1.5	1.5	2.3	2.3	3.8
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	1.5	1.5	2.3	2.3	3.8
<b>5. Regulation of Credit, Labor and Business</b>	5.7	5.1	4.3	5.2	5.9	6.0	6.1	5.7
A. Regulation of Credit Markets	5.3	5.5	2.8	5.6	6.7	7.1	7.1	6.1
(i) Private Ownership of Banks	0.0	0.0	0.0	0.0	2.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								3.0
(iii) Extension of Credit to Private Sector	7.8	6.5	8.5	8.9	9.0	8.2	8.3	8.3
(iv) Avoidance of Negative Real Interest Rates	8.0	10.0	0.0	8.0	9.0	8.0	8.0	8.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								3.6
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		0.0	0.0	0.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								8.0
(v) Irregular Payments to Government Officials								

# Senegal

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.0 (72)		5.2 (68)		4.6 (103)		5.9 (80)		5.8 (87)		5.8 (89)		5.8 (91)		5.8 (90)	
<b>1. Size of Government</b>	4.0		5.7		4.6		6.7		6.5		6.5		6.2		6.2	
A. Government Consumption	7.0	(16.3)	7.0	(16.1)	7.7	(13.9)	7.9	(13.0)	7.1	(15.9)	7.1	(15.9)	7.1	(15.9)	7.1	(15.9)
B. Transfers and Subsidies							9.8 (1.3)		10.0 (0.4)		10.0 (0.4)		8.7 (5.2)		8.7 (5.2)	
C. Government Enterprises and Investment	4.0	(36.2)	6.0	(30.1)	6.0		6.0		6.0		6.0		6.0		6.0	
D. Top Marginal Tax Rate	1.0		4.0		0.0		3.0		3.0		3.0		3.0		3.0	
(i) Top Marginal Income Tax Rate	1.0	(65)	4.0	(48)	0.0	(64)	3.0	(50)	3.0	(50)	3.0	(50)	3.0	(50)	3.0	(50)
(ii) Top Marginal Income and Payroll Tax Rate	4.0		4.0		0.0		3.0		3.0		3.0		3.0		3.0	
<b>2. Legal Structure and Security of Property Rights</b>	4.0		4.0		3.4		4.4		4.4		4.1		4.3		4.3	
A. Judicial Independence											3.5		3.5		3.5	
B. Impartial Courts					5.4		5.3		5.3		4.0		5.2		5.2	
C. Protection of Intellectual Property											4.5		4.5		4.5	
D. Military Interference					4.0		3.3		3.3		3.3		3.3		3.3	
E. Integrity of Legal System					0.0		5.0		5.0		5.0		5.0		5.0	
<b>3. Access to Sound Money</b>	6.6		7.1		5.8		7.3		7.0		7.1		7.2		7.1	
A. Growth of Money Supply	9.0	(5.0)	9.6	(-2.0)	8.7	(6.3)	9.5	(2.7)	8.9	(5.4)	9.4	(3.1)	9.2	(4.2)	9.2	(4.2)
B. Inflation Variability	9.4	(1.6)	9.0	(2.5)	5.7	(10.9)	9.8	(0.5)	9.7	(0.8)	9.6	(0.9)	9.6	(1.0)	9.5	(1.3)
C. Recent Annual Inflation	8.1	(9.3)	9.8	(1.2)	8.8	(5.9)	9.9	(0.7)	9.4	(3.1)	9.6	(2.2)	10.0	(0.0)	9.9	(0.5)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	5.5		4.9		5.2		6.4		5.9		6.2		6.1		6.1	
A. Taxes on International Trade	3.3		2.6		2.2		6.0		6.1		6.1		6.1		6.1	
(i) Taxes as Percentage of Exports and Imports	4.5	(8.3)	2.1	(11.8)	1.3	(13.0)	4.4	(8.3)	3.8	(9.3)	3.8	(9.3)	3.8	(9.3)	3.8	(9.3)
(ii) Mean Tariff Rate	2.2	(39.0)	3.0	(35.0)	3.2	(34.2)	7.6	(12.0)	7.2	(14.0)	7.2	(13.9)	7.2	(13.9)	7.3	(13.4)
(iii) Variability of Tariff Rates									7.3 (6.8)		7.3 (6.8)		7.3 (6.8)		7.3 (6.8)	
B. Regulatory Trade Barriers											5.6		5.1		5.4	
(i) Hidden Import Barriers											4.3		4.3		4.3	
(ii) Costs of Importing											6.9		5.8		6.5	
C. Size of Trade Sector	6.1		4.5		5.8		5.3		5.0		5.3		4.9		4.9	
D. Official versus Black Market Exchange Rates	9.8		9.2		9.8		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		0.0		2.3		0.0		4.2		4.2		4.2	
(i) Access to Foreign Capital											8.4		8.4		8.4	
(ii) Restrictions on Capital Transactions	0.0		0.0		0.0		2.3		0.0		0.0		0.0		0.0	
<b>5. Regulation of Credit, Labor and Business</b>	4.7		4.4		4.1		4.6		5.1		5.0		5.0		5.0	
A. Regulation of Credit Markets	5.9		6.5		4.8		5.6		7.4		8.4		8.4		8.4	
(i) Private Ownership of Banks	2.0		2.0		2.0		2.0		5.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks																
(iii) Extension of Credit to Private Sector	9.6		9.6		8.5		8.7		8.7		9.2		9.3		9.2	
(iv) Avoidance of Negative Real Interest Rates	6.0		8.0		4.0		6.0		8.7		8.0		8.0		8.0	
(v) Controls on Interest Rates											2.4		2.4		2.8	
B. Regulation of Labor Markets																
(i) Impact of Minimum Wage															4.2	
(ii) Flexibility in Hiring and Firing											2.8		2.8		2.8	
(iii) Collective Bargaining											4.3		4.3		4.3	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business																
(i) Price Controls			0.0		2.0		4.0		4.0		4.3		4.3		3.8	
(ii) Burden of Regulation											2.0		2.0		2.0	
(iii) Time Spent with Government Bureaucracy											5.8		5.8		4.9	
(iv) Ease of Starting a New Business											5.3		5.3		4.9	
(v) Irregular Payments to Government Officials											4.4		4.4		4.4	

# Sierra Leone

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	3.7 (102)	3.9 (103)	4.3 (113)	5.1 (106)	5.1 (113)	5.5 (101)	5.4 (106)	5.6 (102)
<b>1. Size of Government</b>	6.4	6.0	5.6	5.9	5.7	5.5	5.5	5.5
A. Government Consumption	9.1 (8.9)	8.3 (11.8)	7.7 (13.8)	7.8 (13.5)	7.3 (15.3)	6.6 (17.5)	6.7 (17.1)	6.7 (17.1)
B. Transfers and Subsidies	10.0 (0.6)	9.7 (1.6)	9.0 (4.3)	9.8 (1.2)	9.8 (1.2)	9.8 (1.2)	9.8 (1.2)	9.8 (1.2)
C. Government Enterprises and Investment	0.0 (81.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	5.3	5.3	2.6	3.5	3.5	4.7	4.1	4.0
A. Judicial Independence								
B. Impartial Courts			4.0	4.9	4.9	4.9	3.6	3.6
C. Protection of Intellectual Property								
D. Military Interference			2.3	0.0	0.0	5.0	5.0	4.2
E. Integrity of Legal System			0.0	5.0	5.0	5.0	5.0	5.4
<b>3. Access to Sound Money</b>	0.4	0.0	3.8	6.5	6.5	6.1	6.4	7.7
A. Growth of Money Supply	1.6 (41.8)	0.0 (73.0)	6.9 (15.4)	4.4 (28.2)	5.4 (23.1)	4.5 (27.3)	5.6 (22.2)	5.4 (23.2)
B. Inflation Variability	0.0 (26.1)	0.0 (29.2)	0.0 (26.1)	6.7 (8.2)	6.1 (9.7)	5.5 (11.2)	6.6 (8.6)	8.1 (4.7)
C. Recent Annual Inflation	0.0 (85.1)	0.0 (89.2)	3.3 (33.5)	9.8 (-0.8)	9.6 (2.1)	9.3 (-3.3)	8.5 (7.6)	7.2 (14.2)
D. Freedom to Own Foreign Currency	0.0	0.0	5.0	5.0	5.0	5.0	5.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	2.3	3.6	4.7	4.7	4.6	5.7	5.7	5.6
A. Taxes on International Trade	3.5	7.4	4.5	3.3	3.3	3.3	3.3	3.3
(i) Taxes as Percentage of Exports and Imports	2.1 (11.9)	7.4 (4.0)	4.1 (8.8)	3.3 (10.0)	3.3 (10.0)	3.3 (10.0)	3.3 (10.0)	3.3 (10.0)
(ii) Mean Tariff Rate	4.8 (25.8)		4.8 (25.8)					
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers								4.4
(i) Hidden Import Barriers								4.4
(ii) Costs of Importing								4.4
C. Size of Trade Sector	0.0	2.3	1.0	2.2	2.7	3.1	4.2	4.2
D. Official versus Black Market Exchange Rates	0.0	0.0	9.6	5.0	5.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	4.6	3.8	3.8	3.8	3.8
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	4.6	3.8	3.8	3.8	3.8
<b>5. Regulation of Credit, Labor and Business</b>	4.3	4.6	5.1	4.8	5.2	5.3	5.5	5.4
A. Regulation of Credit Markets	1.5	2.9	3.3	2.5	4.4	4.8	5.2	5.3
(i) Private Ownership of Banks	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	2.4	6.8	5.8	3.4	3.1	3.4	4.6	4.9
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	2.0	2.0	8.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								3.4
(i) Impact of Minimum Wage								3.4
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		2.0	6.0	6.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								7.5
(v) Irregular Payments to Government Officials								

# Singapore

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	7.7 (4)		8.1 (2)		8.8 (2)		8.5 (3)		8.5 (2)		8.6 (2)		8.5 (2)		8.5 (2)	
<b>1. Size of Government</b>	7.1		8.2		8.4		8.0		7.8		8.1		8.1		8.2	
A. Government Consumption	4.7	(24.0)	6.5	(18.1)	6.9	(16.5)	5.6	(20.8)	5.4	(21.6)	5.6	(20.9)	5.7	(20.5)	6.0	(19.7)
B. Transfers and Subsidies	9.6	(1.8)	9.4	(2.6)	9.6	(1.8)	9.2	(3.3)	8.8	(4.9)	8.8	(4.9)	8.6	(5.6)	8.7	(5.2)
C. Government Enterprises and Investment	6.0	(34.7)	8.0	(18.6)	8.0		8.0		8.0		8.0		8.0		8.0	
D. Top Marginal Tax Rate	8.0		9.0		9.0		9.0		9.0		10.0		10.0		10.0	
(i) Top Marginal Income Tax Rate	8.0	(40)	9.0	(33)	9.0	(30)	9.0	(28)	9.0	(26)	10.0	(22)	10.0	(22)	10.0	(22)
(ii) Top Marginal Income and Payroll Tax Rate			9.0	(33)	9.0	(30)	9.0	(28)	9.0	(26)	10.0	(22)	10.0	(22)	10.0	(22)
<b>2. Legal Structure and Security of Property Rights</b>	7.2		7.2		8.3		8.5		8.5		8.6		8.2		8.1	
A. Judicial Independence					7.2		7.3		6.8		7.0		7.2		7.3	
B. Impartial Courts					7.1		7.7		7.9		8.0		7.8		8.1	
C. Protection of Intellectual Property					7.3		7.6		7.8		8.2		7.8		8.4	
D. Military Interference					10.0		10.0		10.0		10.0		10.0		8.3	
E. Integrity of Legal System					10.0		10.0		10.0		10.0		8.3		8.3	
<b>3. Access to Sound Money</b>	8.4		9.3		9.7		9.4		9.6		9.6		9.6		9.6	
A. Growth of Money Supply	9.9	(0.3)	9.1	(4.4)	9.9	(0.5)	9.4	(-2.9)	9.9	(-0.6)	9.9	(0.4)	9.9	(0.3)	9.7	(1.6)
B. Inflation Variability	8.9	(2.8)	8.9	(2.7)	9.4	(1.5)	8.6	(3.5)	8.6	(3.4)	8.6	(3.4)	8.7	(3.4)	9.0	(2.5)
C. Recent Annual Inflation	9.8	(-1.1)	9.0	(4.9)	9.5	(2.7)	9.7	(1.4)	9.8	(1.0)	9.9	(-0.4)	9.9	(0.5)	9.7	(1.7)
D. Freedom to Own Foreign Currency	5.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	9.6		9.6		9.6		9.3		9.4		9.5		9.5		9.3	
A. Taxes on International Trade	9.9		9.7		9.6		9.9		10.0		10.0		10.0		10.0	
(i) Taxes as Percentage of Exports and Imports	9.8	(0.3)	9.9	(0.1)	9.9	(0.1)	9.9	(0.1)	9.9	(0.1)	9.9	(0.1)	9.9	(0.1)	10.0	(0.0)
(ii) Mean Tariff Rate	9.9	(0.3)	9.9	(0.4)	9.9	(0.4)	9.9	(0.4)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)
(iii) Variability of Tariff Rates			9.3	(1.8)	8.9	(2.7)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)	10.0	(0.0)
B. Regulatory Trade Barriers					8.9		9.4		9.2		9.3		9.3		9.0	
(i) Hidden Import Barriers					8.9		8.8		8.7		8.7		8.8		8.7	
(ii) Costs of Importing							10.0		9.8		9.9		9.8		9.3	
C. Size of Trade Sector	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	10.0		10.0		9.3		7.2		7.6		8.1		8.1		7.5	
(i) Access to Foreign Capital					8.7		9.1		9.1		10.0		10.0		8.9	
(ii) Restrictions on Capital Transactions	10.0		10.0		10.0		5.4		6.2		6.2		6.2		6.2	
<b>5. Regulation of Credit, Labor and Business</b>	6.2		6.3		7.9		7.3		7.0		7.0		7.0		7.6	
A. Regulation of Credit Markets	9.7		9.6		8.3		7.9		7.9		7.9		7.9		7.9	
(i) Private Ownership of Banks	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks					6.1		4.6		4.6		4.6		4.6		4.6	
(iii) Extension of Credit to Private Sector	9.0		8.8		8.8		8.3		8.2		8.0		8.0		8.1	
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					6.7		6.8		6.8		6.8		6.8		6.8	
B. Regulation of Labor Markets			5.5		6.2		5.5		5.6		5.7		5.7		6.9	
(i) Impact of Minimum Wage					7.1		4.6		4.6		4.6		4.6		10.0	
(ii) Flexibility in Hiring and Firing					8.5		8.5		7.2		7.7		7.7		8.2	
(iii) Collective Bargaining	7.9		7.9		7.9		8.4		8.1		8.0		8.0		8.3	
(iv) Incentives from Unemployment Benefits					7.3		7.5		7.5		8.5		8.1		8.1	
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business					9.4		8.4		7.7		7.5		7.6		7.9	
(i) Price Controls			8.0		9.0		9.0		8.0		7.0		7.0		6.0	
(ii) Burden of Regulation							7.7		6.6		6.8		7.2		7.3	
(iii) Time Spent with Government Bureaucracy					9.7		8.1		6.5		6.5		6.8		8.2	
(iv) Ease of Starting a New Business					9.1		8.0		8.1		7.7		7.8		8.6	
(v) Irregular Payments to Government Officials					9.7		9.1		9.1		9.3		9.1		9.2	



# Slovak Republic

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ►</b>			5.4 (80)	6.3 (67)	6.3 (67)	6.3 (68)	6.4 (65)	6.9 (45)
<b>1. Size of Government</b>			2.4	3.5	4.0	3.7	3.9	4.9
A. Government Consumption	3.3	(28.9)	3.2 (29.2)	4.0 (26.3)	4.1 (26.1)	4.1 (26.2)	4.1 (26.1)	4.3 (25.5)
B. Transfers and Subsidies			3.9 (23.0)	4.3 (21.5)	4.3 (21.5)	4.3 (21.5)	4.9 (19.2)	4.9 (19.2)
C. Government Enterprises and Investment			0.0 (75.1)	2.0	4.0	4.0 (75.1)	4.0	4.0
D. Top Marginal Tax Rate			4.0	4.0	3.5	2.5	2.5	6.5
(i) Top Marginal Income Tax Rate			4.0 (42)	4.0 (42)	5.0 (38)	5.0 (38)	5.0 (38)	10.0 (19)
(ii) Top Marginal Income and Payroll Tax Rate			4.0 (42)	4.0 (44)	2.0 (55)	0.0 (64)	0.0 (64)	3.0 (48)
<b>2. Legal Structure and Security of Property Rights</b>			6.5	6.3	5.6	5.7	6.0	5.8
A. Judicial Independence			5.1	5.0	3.7	3.7	4.3	3.9
B. Impartial Courts			5.4	5.2	3.4	3.5	4.2	3.9
C. Protection of Intellectual Property			4.0	4.7	4.4	4.5	4.7	4.6
D. Military Interference			8.0	10.0	10.0	10.0	10.0	10.0
E. Integrity of Legal System			10.0	6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	8.8		6.7	7.9	8.1	8.1	7.4	8.8
A. Growth of Money Supply			7.3 (13.4)	9.8 (-0.9)	9.4 (3.0)	8.7 (6.5)	7.2 (14.1)	7.4 (12.8)
B. Inflation Variability	9.0	(2.5)	6.4 (9.0)	9.4 (1.5)	9.4 (1.6)	9.3 (1.8)	9.1 (2.3)	9.1 (2.2)
C. Recent Annual Inflation	8.6	(6.9)	8.1 (9.7)	7.6 (12.0)	8.5 (7.3)	9.3 (3.3)	8.3 (8.6)	8.5 (7.6)
D. Freedom to Own Foreign Currency			5.0	5.0	5.0	5.0	5.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>			6.8	8.0	8.4	8.4	8.5	8.4
A. Taxes on International Trade			8.8	9.1	9.3	7.7	7.7	7.7
(i) Taxes as Percentage of Exports and Imports				9.3 (1.0)	9.8 (0.3)	9.8 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate			8.8 (6.1)	8.8 (6.0)	8.8 (6.0)	5.6 (22.1)	5.6 (22.1)	5.6 (22.1)
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers			4.8	7.2	7.6	8.1	7.7	8.0
(i) Hidden Import Barriers			4.8	6.7	6.3	7.2	6.2	8.0
(ii) Costs of Importing				7.7	8.9	9.1	9.2	8.0
C. Size of Trade Sector			6.6	8.2	8.6	8.3	8.3	8.1
D. Official versus Black Market Exchange Rates			10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets			3.6	5.5	6.2	7.8	8.8	8.3
(i) Access to Foreign Capital			5.3	7.8	7.8	9.4	10.0	8.8
(ii) Restrictions on Capital Transactions			2.0	3.1	4.6	6.2	7.7	7.7
<b>5. Regulation of Credit, Labor and Business</b>			4.8	5.8	5.5	5.8	6.4	6.8
A. Regulation of Credit Markets			5.7	7.4	7.4	7.9	7.9	7.9
(i) Private Ownership of Banks			5.0	5.0	8.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			6.1	5.3	5.3	5.3	5.3	5.3
(iii) Extension of Credit to Private Sector			5.3	8.1	5.6	6.0	5.9	5.8
(iv) Avoidance of Negative Real Interest Rates			6.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			6.1	8.3	8.3	8.3	8.3	8.3
B. Regulation of Labor Markets			4.4	4.9	4.7	4.4	5.9	6.6
(i) Impact of Minimum Wage			6.1	4.2	4.2	4.2	4.2	7.1
(ii) Flexibility in Hiring and Firing	4.9		4.9	3.0	4.3	4.2	5.7	6.3
(iii) Collective Bargaining			5.2	7.7	7.1	7.7	7.8	7.7
(iv) Incentives from Unemployment Benefits			4.7	4.8	4.8	3.2	6.9	6.9
(v) Military Conscription			1.0	5.0	3.0	3.0	5.0	5.0
C. Regulation of Business			4.2	5.2	4.5	5.2	5.3	5.9
(i) Price Controls			4.0	4.0	4.0	6.0	5.0	6.0
(ii) Burden of Regulation				8.0	1.9	2.0	2.8	2.9
(iii) Time Spent with Government Bureaucracy			4.7	4.5	7.0	7.0	6.8	7.4
(iv) Ease of Starting a New Business			4.3	3.0	4.7	5.2	6.0	6.8
(v) Irregular Payments to Government Officials			3.7	6.5	5.1	5.6	6.0	6.3

## Slovenia

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶			4.9 (93)	5.9 (80)	6.2 (70)	6.1 (76)	6.1 (80)	6.2 (74)
<b>1. Size of Government</b>			1.8	2.9	2.5	2.6	2.5	2.5
A. Government Consumption		4.1 (25.9)	4.2 (25.8)	3.7 (27.5)	3.4 (28.5)	3.7 (27.3)	3.8 (27.2)	4.3 (25.5)
B. Transfers and Subsidies			1.1 (33.2)	4.0 (22.4)	4.7 (20.0)	4.7 (20.0)	4.7 (20.0)	4.4 (21.0)
C. Government Enterprises and Investment			0.0 (75.1)	2.0	0.0	0.0 (75.1)	0.0	0.0
D. Top Marginal Tax Rate				2.0	2.0	2.0	1.5	1.5
(i) Top Marginal Income Tax Rate				4.0 (50)	4.0 (50)	4.0 (50)	3.0 (50)	3.0 (50)
(ii) Top Marginal Income and Payroll Tax Rate				0.0 (70)	0.0 (66)	0.0 (70)	0.0 (70)	0.0 (70)
<b>2. Legal Structure and Security of Property Rights</b>			7.4	6.4	7.0	6.7	6.5	6.2
A. Judicial Independence					6.7	5.5	4.8	5.0
B. Impartial Courts			7.0	7.1	5.4	5.3	5.2	4.7
C. Protection of Intellectual Property				5.4	6.3	6.0	5.8	5.7
D. Military Interference			9.2	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			10.0	8.3	8.3	8.3	8.3	7.5
<b>3. Access to Sound Money</b>			3.1	7.5	8.9	8.7	8.7	8.5
A. Growth of Money Supply			0.0 (57.5)	7.6 (11.9)	7.7 (11.4)	7.0 (15.1)	7.5 (12.7)	6.6 (17.1)
B. Inflation Variability			0.0 (79.6)	9.2 (1.9)	9.4 (1.5)	9.4 (1.5)	8.5 (3.8)	8.3 (4.2)
C. Recent Annual Inflation			7.5 (12.6)	8.2 (8.9)	8.3 (8.4)	8.5 (7.5)	8.9 (5.6)	9.3 (3.6)
D. Freedom to Own Foreign Currency		5.0	5.0	5.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>			7.1	7.1	7.3	7.2	7.3	7.3
A. Taxes on International Trade			7.5	8.1	8.2	8.2	8.7	8.7
(i) Taxes as Percentage of Exports and Imports			7.5 (3.7)	9.5 (0.8)	9.6 (0.5)	9.7 (0.5)	9.6 (0.5)	9.8 (0.3)
(ii) Mean Tariff Rate				7.6 (11.8)	7.7 (11.6)	7.7 (11.6)	9.2 (3.9)	9.2 (3.9)
(iii) Variability of Tariff Rates				7.0 (7.4)	7.2 (7.0)	7.2 (7.0)	7.2 (7.0)	7.2 (7.0)
B. Regulatory Trade Barriers				7.4	8.3	8.1	8.2	7.7
(i) Hidden Import Barriers				7.4	7.3	7.2	7.0	7.5
(ii) Costs of Importing					9.3	9.0	9.3	7.9
C. Size of Trade Sector			4.7	4.8	4.5	4.3	4.4	4.4
D. Official versus Black Market Exchange Rates		0.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	5.0	5.3	5.3	5.3	5.2	5.9
(i) Access to Foreign Capital				6.8	6.8	6.0	5.8	5.5
(ii) Restrictions on Capital Transactions	0.0	0.0	5.0	3.8	3.8	4.6	4.6	6.2
<b>5. Regulation of Credit, Labor and Business</b>			5.3	5.7	5.1	5.4	5.6	6.3
A. Regulation of Credit Markets			6.5	6.5	6.7	8.0	8.0	8.0
(i) Private Ownership of Banks			5.0	5.0	5.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks				4.8	4.8	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector			6.5	7.7	7.8	7.8	8.0	8.0
(iv) Avoidance of Negative Real Interest Rates			8.0	9.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates				6.1	6.1	6.1	6.1	6.1
B. Regulation of Labor Markets				3.6	3.8	3.6	3.6	5.6
(i) Impact of Minimum Wage				4.0	4.0	4.0	4.0	5.9
(ii) Flexibility in Hiring and Firing				2.3	2.7	2.7	2.7	3.1
(iii) Collective Bargaining				5.1	5.3	5.2	5.3	6.0
(iv) Incentives from Unemployment Benefits						3.1	2.9	2.9
(v) Military Conscription			3.0	3.0	3.0	3.0	3.0	10.0
C. Regulation of Business				7.0	4.9	4.7	5.2	5.2
(i) Price Controls			6.0	8.0	2.0	2.0	4.0	4.0
(ii) Burden of Regulation				7.0	3.0	3.0	3.0	2.9
(iii) Time Spent with Government Bureaucracy				7.8	6.3	5.8	5.5	6.3
(iv) Ease of Starting a New Business				5.7	6.0	5.3	5.5	4.9
(v) Irregular Payments to Government Officials				6.6	7.4	7.4	7.8	7.8

## South Africa

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.4 (55)	5.3 (62)	6.3 (48)	6.8 (43)	6.7 (47)	6.8 (44)	6.9 (37)	6.7 (53)
<b>1. Size of Government</b>	4.9	5.6	5.8	5.4	5.5	5.6	5.6	5.5
A. Government Consumption	4.6 (24.4)	4.5 (24.8)	4.5 (24.7)	5.2 (22.4)	5.2 (22.4)	4.8 (23.7)	4.9 (23.3)	4.7 (23.9)
B. Transfers and Subsidies	8.8 (4.8)	8.8 (4.8)	8.7 (5.3)	8.6 (5.5)	8.9 (4.5)	8.9 (4.5)	8.8 (4.9)	8.7 (5.2)
C. Government Enterprises and Investment	2.0 (42.2)	4.0 (34.2)	6.0 (26.2)	4.0 (32.7)	4.0 (31.0)	4.0 (31.0)	4.0 (31.0)	4.0 (31.0)
D. Top Marginal Tax Rate	4.0	5.0	4.0	4.0	4.0	4.5	4.5	4.5
(i) Top Marginal Income Tax Rate	4.0 (50)	5.0 (45)	4.0 (43)	4.0 (45)	4.0 (42)	5.0 (40)	5.0 (40)	5.0 (40)
(ii) Top Marginal Income and Payroll Tax Rate		5.0 (45)	4.0 (43)	4.0 (45)	4.0 (42)	4.0 (41)	4.0 (41)	4.0 (41)
<b>2. Legal Structure and Security of Property Rights</b>	4.5	2.9	6.1	6.5	6.6	6.5	7.1	6.6
A. Judicial Independence			7.2	7.2	7.6	7.7	8.0	6.5
B. Impartial Courts			7.9	8.0	7.3	7.0	7.3	7.4
C. Protection of Intellectual Property			6.5	5.8	6.7	6.2	6.7	6.7
D. Military Interference			4.9	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			4.1	3.3	3.3	3.3	5.0	4.2
<b>3. Access to Sound Money</b>	5.3	5.8	6.4	7.9	7.9	7.8	8.0	8.2
A. Growth of Money Supply	6.3 (18.6)	6.5 (17.3)	8.2 (8.9)	7.9 (10.7)	8.0 (10.2)	8.4 (7.9)	9.0 (5.2)	8.7 (6.7)
B. Inflation Variability	8.5 (3.7)	9.5 (1.3)	9.3 (1.8)	9.7 (0.8)	9.7 (0.7)	9.4 (1.4)	9.3 (1.6)	9.3 (1.7)
C. Recent Annual Inflation	6.4 (18.1)	7.0 (15.1)	8.2 (8.8)	8.9 (5.3)	8.9 (5.7)	8.2 (9.2)	8.8 (5.9)	9.7 (1.4)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	5.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	6.4	6.5	6.3	7.2	7.2	7.6	7.3	6.9
A. Taxes on International Trade	8.9	7.3	5.5	7.7	7.6	7.6	7.6	7.5
(i) Taxes as Percentage of Exports and Imports	9.1 (1.4)	8.5 (2.2)	9.3 (1.0)	9.0 (1.5)	9.1 (1.4)	9.2 (1.2)	9.3 (1.1)	8.9 (1.6)
(ii) Mean Tariff Rate	8.8 (6.0)	7.8 (11.0)	6.1 (19.7)	8.3 (8.5)	8.3 (8.5)	8.3 (8.5)	8.3 (8.5)	8.3 (8.5)
(iii) Variability of Tariff Rates		5.5 (11.3)	1.2 (21.9)	5.9 (10.2)	5.3 (11.7)	5.3 (11.7)	5.3 (11.7)	5.3 (11.7)
B. Regulatory Trade Barriers			6.4	7.6	7.7	7.7	7.7	6.6
(i) Hidden Import Barriers			6.4	6.6	6.9	6.8	6.7	6.0
(ii) Costs of Importing				8.5	8.6	8.5	8.7	7.1
C. Size of Trade Sector	7.7	5.9	5.8	6.7	6.4	7.7	6.4	6.2
D. Official versus Black Market Exchange Rates	5.0	9.4	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	4.0	4.1	4.1	4.9	5.1	4.2
(i) Access to Foreign Capital			6.0	7.5	7.5	9.0	9.4	7.6
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	0.8	0.8	0.8	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>	5.9	5.7	6.8	6.9	6.5	6.5	6.6	6.3
A. Regulation of Credit Markets	9.1	9.1	8.5	8.5	8.5	8.8	8.8	8.8
(i) Private Ownership of Banks	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			7.9	6.8	6.8	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	9.2	9.2	9.3	9.2	9.3	9.2	9.2	9.2
(iv) Avoidance of Negative Real Interest Rates	8.0	8.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			5.3	6.5	6.5	6.5	6.5	6.5
B. Regulation of Labor Markets		3.9	6.1	5.5	5.4	5.5	5.6	5.1
(i) Impact of Minimum Wage			2.9	4.6	4.6	4.6	4.6	3.4
(ii) Flexibility in Hiring and Firing		5.6	5.6	2.1	2.2	2.2	2.5	2.1
(iii) Collective Bargaining		6.2	6.2	4.5	4.2	4.7	4.7	4.0
(iv) Incentives from Unemployment Benefits			5.9	6.2	6.2	5.9	6.0	6.0
(v) Military Conscription	0.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			5.9	6.6	5.4	5.2	5.6	5.2
(i) Price Controls			6.0	7.0	6.0	5.0	6.0	5.0
(ii) Burden of Regulation				6.9	3.3	3.2	3.5	3.1
(iii) Time Spent with Government Bureaucracy			6.4	6.5	5.3	5.8	5.5	5.4
(iv) Ease of Starting a New Business			6.4	5.9	5.8	5.7	5.5	5.9
(v) Irregular Payments to Government Officials			4.6	6.8	6.9	6.3	7.5	6.5

## South Korea

	1985		1990		1995		2000		2001		2002		2003		2004			
Summary Ratings (Rank) ▶	5.8 (40)		6.2 (34)		6.3 (48)		6.6 (53)		7.0 (34)		6.9 (39)		7.0 (35)		7.1 (35)			
<b>1. Size of Government</b>	6.5		6.2		6.4		6.5		6.6		6.6		6.6		6.5			
A. Government Consumption	7.4	(14.7)	7.1	(15.9)	7.0	(16.2)	6.4	(18.3)	6.2	(19.0)	6.2	(18.8)	5.9	(19.8)	5.7	(20.8)		
B. Transfers and Subsidies	9.5	(2.2)	9.3	(2.9)	7.7	(9.0)	7.7	(9.0)	7.7	(9.0)	7.3	(10.4)	7.3	(10.4)	7.3	(10.4)		
C. Government Enterprises and Investment	7.0	(25.4)	7.0	(19.2)	6.0	(25.5)	7.0	(20.5)	7.0	(21.3)	7.0	(21.3)	7.0	(21.3)	7.0	(21.3)		
D. Top Marginal Tax Rate	2.0		1.5		5.0		5.0		5.5		6.0		6.0		6.0			
(i) Top Marginal Income Tax Rate	2.0	(65)	2.0	(64)	5.0	(48)	5.0	(44)	6.0	(40)	6.0	(40)	6.0	(40)	6.0	(40)		
(ii) Top Marginal Income and Payroll Tax Rate	1.0		(66)		5.0		(48)		5.0		(44)		5.0		(40)			
<b>2. Legal Structure and Security of Property Rights</b>	4.2		5.4		5.6		6.0		6.4		6.2		6.4		6.3			
A. Judicial Independence					4.9		4.7		5.5		5.2		5.3		5.3			
B. Impartial Courts					5.3		5.2		5.5		5.2		4.5		5.3			
C. Protection of Intellectual Property					4.3		5.0		5.8		5.8		5.3		5.8			
D. Military Interference					6.7		8.3		8.3		8.3		8.3		6.9			
E. Integrity of Legal System					7.0		6.7		6.7		6.7		8.3		8.3			
<b>3. Access to Sound Money</b>	6.4		6.5		8.0		8.3		9.3		9.2		9.4		9.5			
A. Growth of Money Supply	8.6	(7.1)	8.6	(7.0)	9.0	(5.0)	9.7	(-1.7)	9.2	(3.9)	8.6	(7.1)	9.3	(3.5)	9.3	(3.7)		
B. Inflation Variability	8.0	(4.9)	9.2	(1.9)	9.3	(1.9)	8.9	(2.8)	8.9	(2.8)	8.9	(2.8)	9.1	(2.2)	9.6	(1.0)		
C. Recent Annual Inflation	9.1	(4.6)	8.0	(9.9)	8.9	(5.6)	9.6	(2.3)	9.2	(4.1)	9.5	(2.7)	9.3	(3.6)	9.3	(3.6)		
D. Freedom to Own Foreign Currency	0.0		0.0		5.0		5.0		10.0		10.0		10.0		10.0			
<b>4. Freedom to Exchange with Foreigners</b>	6.3		7.2		6.8		7.1		7.4		7.3		7.1		7.2			
A. Taxes on International Trade	6.5		7.5		7.9		8.3		8.3		8.3		8.3		8.3			
(i) Taxes as Percentage of Exports and Imports	7.6	(3.6)	7.7	(3.4)	8.7	(2.0)	9.1	(1.3)	9.1	(1.3)	9.1	(1.3)	9.1	(1.3)	9.1	(1.3)		
(ii) Mean Tariff Rate	5.4	(23.0)	7.3	(13.3)	7.7	(11.5)	8.3	(8.7)	8.3	(8.7)	8.1	(9.3)	8.1	(9.3)	8.1	(9.3)		
(iii) Variability of Tariff Rates			7.3		(6.7)		7.4		(5.9)		7.6		(5.9)		7.6		(5.9)	
B. Regulatory Trade Barriers					6.0		6.8		7.5		7.4		7.2		7.4			
(i) Hidden Import Barriers					6.0		5.2		6.3		6.2		5.7		6.4			
(ii) Costs of Importing							8.5		8.8		8.6		8.7		8.3			
C. Size of Trade Sector	6.8		5.7		5.3		6.9		6.6		6.1		5.5		6.2			
D. Official versus Black Market Exchange Rates	7.8		9.8		10.0		10.0		10.0		10.0		10.0		10.0			
E. Restrictions on Capital Markets	2.0		5.0		4.8		3.6		4.3		4.6		4.6		4.1			
(i) Access to Foreign Capital					4.7		7.2		7.2		7.6		7.6		6.7			
(ii) Restrictions on Capital Transactions	2.0		5.0		5.0		0.0		1.5		1.5		1.5		1.5			
<b>5. Regulation of Credit, Labor and Business</b>	5.7		5.4		4.8		5.3		5.2		5.3		5.3		5.8			
A. Regulation of Credit Markets	8.1		8.2		6.8		6.4		6.4		7.4		7.4		7.4			
(i) Private Ownership of Banks	5.0		5.0		5.0		5.0		5.0		5.0		5.0		5.0			
(ii) Competition from Foreign Banks					4.9		3.2		3.2		8.0		8.0		8.0			
(iii) Extension of Credit to Private Sector	9.3		9.5		9.7		9.5		9.6		9.6		9.6		9.5			
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0			
(v) Controls on Interest Rates					4.6		4.5		4.5		4.5		4.5		4.5			
B. Regulation of Labor Markets			3.6		4.4		4.2		4.3		3.9		4.1		4.9			
(i) Impact of Minimum Wage					5.8		4.1		4.1		4.1		4.1		6.7			
(ii) Flexibility in Hiring and Firing					3.5		4.7		4.4		4.0		3.8		5.1			
(iii) Collective Bargaining	7.2		7.2		7.2		6.2		6.8		6.3		7.3		7.4			
(iv) Incentives from Unemployment Benefits					5.5		6.0		6.0		4.9		5.3		5.3			
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0			
C. Regulation of Business					3.1		5.2		5.0		4.6		4.3		5.1			
(i) Price Controls			0.0		0.0		1.0		3.0		1.0		1.0		1.0			
(ii) Burden of Regulation							6.5		3.4		3.7		2.8		4.6			
(iii) Time Spent with Government Bureaucracy					5.4		7.7		6.3		6.3		6.5		6.6			
(iv) Ease of Starting a New Business					3.7		5.4		5.8		5.3		5.2		6.5			
(v) Irregular Payments to Government Officials					3.3		5.4		6.4		6.8		6.2		6.5			

# Spain

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.9 (35)	6.2 (34)	7.0 (28)	7.4 (19)	7.0 (34)	7.1 (29)	7.2 (29)	7.2 (30)
<b>1. Size of Government</b>	4.2	4.7	4.2	4.6	5.0	4.9	5.2	5.2
A. Government Consumption	6.3 (18.7)	5.9 (20.0)	5.5 (21.2)	5.2 (22.2)	5.1 (22.7)	4.9 (23.3)	4.8 (23.6)	4.8 (23.6)
B. Transfers and Subsidies	5.5 (16.9)	5.8 (16.0)	5.1 (18.5)	5.2 (18.0)	5.8 (16.1)	5.9 (15.6)	6.1 (14.8)	6.1 (14.8)
C. Government Enterprises and Investment	4.0 (30.2)	4.0 (33.5)	4.0	4.0	4.0	4.0	4.0	4.0
D. Top Marginal Tax Rate	1.0	3.0	2.0	4.0	5.0	5.0	6.0	6.0
(i) Top Marginal Income Tax Rate	1.0 (66)	3.0 (56)	2.0 (56)	4.0 (48)	5.0 (38-48)	5.0 (35-45)	6.0 (35-45)	6.0 (35-45)
(ii) Top Marginal Income and Payroll Tax Rate		3.0 (56)	2.0 (56)	4.0 (48)	5.0 (38-48)	5.0 (35-45)	6.0 (35-45)	6.0 (35-45)
<b>2. Legal Structure and Security of Property Rights</b>	6.4	7.2	7.5	7.5	6.3	6.5	6.5	6.4
A. Judicial Independence			6.8	7.5	5.1	4.7	5.2	4.7
B. Impartial Courts			6.6	8.0	5.3	5.0	5.0	5.3
C. Protection of Intellectual Property			6.1	7.2	5.9	6.2	5.8	5.6
D. Military Interference			7.9	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			10.0	6.7	6.7	8.3	8.3	8.0
<b>3. Access to Sound Money</b>	6.5	6.1	9.6	9.4	9.5	9.6	9.6	9.6
A. Growth of Money Supply	8.3 (8.3)	6.8 (16.0)	9.9 (-0.4)	8.7 (6.7)	9.0 (5.0)	9.3 (3.5)	9.3 (3.6)	9.2 (4.0)
B. Inflation Variability	9.2 (2.1)	9.2 (2.0)	9.5 (1.3)	9.8 (0.6)	9.7 (0.8)	9.7 (0.9)	9.7 (0.7)	9.9 (0.4)
C. Recent Annual Inflation	8.5 (7.7)	8.5 (7.3)	9.0 (4.8)	9.3 (3.4)	9.3 (3.6)	9.4 (3.1)	9.4 (3.0)	9.4 (3.0)
D. Freedom to Own Foreign Currency	0.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.1	7.4	7.8	8.3	8.0	8.0	8.2	8.0
A. Taxes on International Trade	8.3	8.2	8.7	9.2	9.0	9.1	9.2	9.2
(i) Taxes as Percentage of Exports and Imports	8.0 (3.0)	9.0 (1.5)	9.9 (0.2)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	8.5 (7.5)	8.5 (7.4)	8.7 (6.7)	9.5 (2.4)	9.2 (3.9)	9.4 (3.1)	9.7 (1.4)	9.6 (1.8)
(iii) Variability of Tariff Rates		7.1 (7.2)	7.6 (5.9)	8.2 (4.4)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)
B. Regulatory Trade Barriers			7.6	8.7	8.7	8.4	8.3	7.7
(i) Hidden Import Barriers			7.6	7.6	7.9	7.3	7.3	6.5
(ii) Costs of Importing				9.8	9.6	9.4	9.2	8.9
C. Size of Trade Sector	4.5	3.2	4.3	5.7	5.5	5.1	4.9	4.9
D. Official versus Black Market Exchange Rates	9.6	9.6	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	8.0	8.3	8.0	6.9	7.6	8.8	8.0
(i) Access to Foreign Capital			8.6	9.1	9.1	9.0	9.2	7.6
(ii) Restrictions on Capital Transactions	5.0	8.0	8.0	6.9	4.6	6.2	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	5.4	5.5	5.9	6.9	6.5	6.4	6.2	6.7
A. Regulation of Credit Markets	8.3	8.3	7.9	8.5	8.5	8.3	8.3	8.6
(i) Private Ownership of Banks	8.0	8.0	8.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			7.7	6.1	6.1	6.0	6.0	6.0
(iii) Extension of Credit to Private Sector	6.8	6.8	6.7	8.3	8.3	8.3	8.3	8.7
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	9.0	9.0	10.0
(v) Controls on Interest Rates			7.3	8.1	8.1	8.1	8.1	8.1
B. Regulation of Labor Markets	3.4	3.7	4.1	5.3	5.0	5.1	5.1	6.2
(i) Impact of Minimum Wage			5.8	3.1	3.1	3.1	3.1	7.2
(ii) Flexibility in Hiring and Firing		2.6	2.6	3.7	2.5	2.2	2.8	3.2
(iii) Collective Bargaining	5.2	5.2	5.2	4.9	4.6	5.7	5.3	6.4
(iv) Incentives from Unemployment Benefits	4.1	4.0	3.8	5.0	5.0	4.6	4.3	4.3
(v) Military Conscription	1.0	3.0	3.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			5.7	6.9	5.8	5.8	5.2	5.4
(i) Price Controls		7.0	6.0	6.0	6.0	6.0	5.0	3.0
(ii) Burden of Regulation				7.4	3.8	2.8	3.3	4.1
(iii) Time Spent with Government Bureaucracy			6.4	7.9	7.0	7.3	6.3	7.4
(iv) Ease of Starting a New Business			5.3	5.7	4.6	5.2	4.2	4.8
(v) Irregular Payments to Government Officials			5.1	7.6	7.7	7.8	7.5	7.7

## Sri Lanka

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	5.1 (66)		5.0 (75)		6.1 (60)		6.1 (75)		6.2 (70)		6.0 (80)		6.2 (73)		6.0 (83)	
<b>1. Size of Government</b>	4.8		7.0		6.8		7.0		7.0		7.4		7.4		7.4	
A. Government Consumption	8.4	(11.4)	8.4	(11.4)	7.8	(13.5)	8.0	(12.7)	8.2	(12.1)	8.6	(10.8)	9.0	(9.4)	8.9	(9.7)
B. Transfers and Subsidies	8.7	(5.1)	8.5	(6.0)	8.5	(5.9)	9.0	(4.1)	8.9	(4.6)	8.9	(4.6)	8.8	(5.0)	8.8	(5.0)
C. Government Enterprises and Investment	2.0	(54.3)	4.0	(39.2)	4.0		4.0		4.0		4.0		4.0		4.0	
D. Top Marginal Tax Rate	0.0				7.0		7.0		7.0		8.0		8.0		8.0	
(i) Top Marginal Income Tax Rate	0.0	(61)			7.0	(35)	7.0	(35)	7.0	(35)	8.0	(30)	8.0	(30)	8.0	(30)
(ii) Top Marginal Income and Payroll Tax Rate					7.0	(35)	7.0	(35)	7.0	(35)	8.0	(30)	8.0	(30)	8.0	(30)
<b>2. Legal Structure and Security of Property Rights</b>	3.4		2.3		4.5		4.2		5.2		3.8		4.1		3.8	
A. Judicial Independence									6.6		3.7		4.2		3.3	
B. Impartial Courts					4.9		5.0		6.1		3.7		4.2		3.9	
C. Protection of Intellectual Property							3.5		5.0		3.5		3.8		3.6	
D. Military Interference					2.0		3.3		3.3		3.3		3.3		3.3	
E. Integrity of Legal System					7.0		5.0		5.0		5.0		5.0		5.0	
<b>3. Access to Sound Money</b>	6.2		5.4		6.7		6.7		6.3		6.5		6.6		6.5	
A. Growth of Money Supply	8.0	(9.8)	7.6	(12.1)	8.8	(6.1)	9.2	(3.9)	9.4	(3.2)	9.2	(3.8)	9.1	(4.4)	8.8	(5.9)
B. Inflation Variability	7.0	(7.5)	8.0	(5.0)	9.8	(0.5)	9.0	(2.5)	8.6	(3.4)	8.6	(3.4)	8.5	(3.7)	8.7	(3.2)
C. Recent Annual Inflation	9.9	(0.6)	5.9	(20.3)	8.1	(9.3)	8.8	(6.2)	7.2	(14.2)	8.1	(9.6)	8.7	(6.3)	8.5	(7.6)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	4.8		4.5		6.3		6.5		6.4		6.7		6.9		6.5	
A. Taxes on International Trade	3.6		2.9		4.8		7.6		7.7		7.6		7.6		7.5	
(i) Taxes as Percentage of Exports and Imports	2.9	(10.6)	4.1	(8.8)	7.0	(4.5)	8.6	(2.1)	8.4	(2.3)	8.3	(2.5)	8.3	(2.5)	8.3	(2.5)
(ii) Mean Tariff Rate	4.2	(29.0)	4.6	(26.9)	4.8	(26.1)	8.0	(9.9)	8.3	(8.4)	8.3	(8.4)	8.3	(8.4)	8.0	(9.8)
(iii) Variability of Tariff Rates			0.0 (25.5)		2.8 (18.1)		6.3 (9.3)		6.3 (9.3)		6.3 (9.3)		6.3 (9.3)		6.3 (9.3)	
B. Regulatory Trade Barriers							4.8		5.3		5.9		7.0		5.6	
(i) Hidden Import Barriers							4.8		5.0		5.0		6.5		4.7	
(ii) Costs of Importing									5.6		6.9		7.5		6.6	
C. Size of Trade Sector	6.2		5.9		6.7		7.0		6.2		5.9		5.7		5.9	
D. Official versus Black Market Exchange Rates	6.0		5.2		9.6		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		2.0		3.0		3.0		4.1		4.2		3.6	
(i) Access to Foreign Capital							6.0		6.0		8.2		8.4		7.2	
(ii) Restrictions on Capital Transactions	0.0		0.0		2.0		0.0		0.0		0.0		0.0		0.0	
<b>5. Regulation of Credit, Labor and Business</b>	6.4		5.9		6.2		6.0		5.9		5.7		5.7		5.7	
A. Regulation of Credit Markets	7.0		6.6		7.8		6.1		6.4		6.7		6.8		6.9	
(i) Private Ownership of Banks	5.0		5.0		5.0		5.0		5.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks							6.1		6.1		6.1		6.1		6.1	
(iii) Extension of Credit to Private Sector	7.9		6.7		8.4		8.3		6.8		7.3		7.6		7.9	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		10.0		6.0		9.0		10.0		10.0		10.0	
(v) Controls on Interest Rates							5.3		5.3		5.3		5.3		5.3	
B. Regulation of Labor Markets							5.9		6.2		5.9		5.5		6.4	
(i) Impact of Minimum Wage							4.1		4.1		4.1		4.1		6.8	
(ii) Flexibility in Hiring and Firing							2.9		4.6		3.2		2.0		2.8	
(iii) Collective Bargaining							6.5		6.1		6.3		5.8		5.8	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business							6.0		5.2		4.4		4.9		3.9	
(i) Price Controls			4.0		4.0		4.0		4.0		4.0		4.0		4.0	
(ii) Burden of Regulation							7.3		6.1		3.2		3.5		2.8	
(iii) Time Spent with Government Bureaucracy							7.2		4.0		4.8		5.5		3.2	
(iv) Ease of Starting a New Business							6.5		6.1		5.5		6.2		5.7	
(v) Irregular Payments to Government Officials							5.3		5.7		4.4		5.3		4.1	

# Sweden

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.2 (25)	6.5 (29)	7.2 (23)	7.4 (19)	7.2 (23)	7.3 (21)	7.5 (18)	7.3 (24)
<b>1. Size of Government</b>	2.6	2.4	2.6	3.0	3.0	3.1	3.9	4.0
A. Government Consumption	1.4 (35.3)	1.5 (34.9)	2.1 (33.0)	1.7 (34.3)	1.5 (34.8)	1.0 (36.5)	1.0 (36.6)	1.1 (36.2)
B. Transfers and Subsidies	3.1 (26.0)	2.0 (29.9)	0.8 (34.1)	3.4 (24.9)	4.0 (22.6)	4.0 (22.7)	3.7 (23.5)	3.7 (23.5)
C. Government Enterprises and Investment	6.0 (28.0)	6.0 (22.8)	6.0 (28.3)	6.0	6.0	6.0 (28.3)	10.0 (14.4)	10.0 (14.4)
D. Top Marginal Tax Rate	0.0	0.0	1.5	1.0	0.5	1.5	1.0	1.0
(i) Top Marginal Income Tax Rate	0.0 (80)	0.0 (61-68)	3.0 (46-53)	2.0 (51-58)	1.0 (52-59)	3.0 (52-59)	2.0 (54-62)	2.0 (54-62)
(ii) Top Marginal Income and Payroll Tax Rate		0.0 (79-86)	0.0 (66-73)	0.0 (68-75)	0.0 (64-69)	0.0 (64-69)	0.0 (68)	0.0 (68)
<b>2. Legal Structure and Security of Property Rights</b>	7.4	8.3	8.9	9.0	8.6	8.9	9.3	8.1
A. Judicial Independence			8.8	8.7	7.6	8.3	8.5	6.3
B. Impartial Courts			8.9	8.4	7.9	7.8	9.0	7.2
C. Protection of Intellectual Property			6.6	8.1	8.3	8.3	8.8	7.7
D. Military Interference			10.0	10.0	9.2	10.0	10.0	9.2
E. Integrity of Legal System			10.0	10.0	10.0	10.0	10.0	10.0
<b>3. Access to Sound Money</b>	8.0	7.8	9.5	9.8	9.7	9.6	9.7	9.8
A. Growth of Money Supply	8.9 (5.5)	8.7 (6.6)	9.8 (1.0)	9.7 (1.5)	9.6 (2.2)	9.2 (3.9)	9.5 (2.6)	9.5 (2.4)
B. Inflation Variability	9.5 (1.3)	9.4 (1.4)	9.1 (2.2)	9.8 (0.4)	9.7 (0.7)	9.7 (0.6)	9.7 (0.7)	9.7 (0.7)
C. Recent Annual Inflation	8.7 (6.6)	8.2 (8.8)	9.3 (3.7)	9.8 (0.9)	9.5 (2.4)	9.6 (2.2)	9.6 (1.9)	9.9 (0.4)
D. Freedom to Own Foreign Currency	5.0	5.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.6	8.3	8.5	8.3	8.2	8.3	8.3	8.0
A. Taxes on International Trade	9.5	9.0	8.7	9.2	9.0	9.1	9.2	9.2
(i) Taxes as Percentage of Exports and Imports	9.8 (0.3)	9.7 (0.4)	9.7 (0.4)	9.8 (0.3)	9.8 (0.3)	9.9 (0.2)	9.9 (0.2)	9.9 (0.2)
(ii) Mean Tariff Rate	9.2 (4.1)	9.1 (4.7)	8.7 (6.7)	9.5 (2.4)	9.2 (3.9)	9.4 (3.1)	9.7 (1.4)	9.6 (1.8)
(iii) Variability of Tariff Rates		8.1 (4.8)	7.6 (5.9)	8.2 (4.4)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)	8.0 (4.9)
B. Regulatory Trade Barriers			9.1	9.2	8.9	9.2	9.3	8.7
(i) Hidden Import Barriers			9.1	8.8	8.3	8.8	8.8	7.9
(ii) Costs of Importing				9.5	9.5	9.6	9.8	9.5
C. Size of Trade Sector	5.5	4.4	5.4	6.1	5.9	5.4	5.2	5.3
D. Official versus Black Market Exchange Rates	9.8	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	10.0	9.3	7.2	7.2	7.7	7.5	6.8
(i) Access to Foreign Capital			8.6	9.0	9.0	10.0	9.6	8.2
(ii) Restrictions on Capital Transactions	5.0	10.0	10.0	5.4	5.4	5.4	5.4	5.4
<b>5. Regulation of Credit, Labor and Business</b>	5.5	5.6	6.4	6.8	6.3	6.5	6.5	6.7
A. Regulation of Credit Markets	8.1	8.4	8.6	8.8	8.8	9.2	9.2	9.2
(i) Private Ownership of Banks	8.0	8.0	8.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			8.3	6.5	6.5	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	6.2	7.2	8.6	9.1	9.2	9.3	9.4	9.4
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			8.3	8.6	8.6	8.6	8.6	8.6
B. Regulation of Labor Markets	4.0	4.0	3.0	3.4	3.4	3.3	3.2	3.5
(i) Impact of Minimum Wage			1.8	4.4	4.4	4.4	4.4	5.5
(ii) Flexibility in Hiring and Firing		3.9	3.9	2.2	1.9	2.5	2.7	2.3
(iii) Collective Bargaining	4.5	4.5	4.5	3.8	4.2	4.3	3.5	3.9
(iv) Incentives from Unemployment Benefits	4.5	4.4	1.9	3.5	3.5	2.4	2.6	2.6
(v) Military Conscription	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business			7.7	8.3	6.5	7.1	7.0	7.4
(i) Price Controls		6.0	8.0	9.0	9.0	8.0	7.0	7.0
(ii) Burden of Regulation				7.3	3.1	4.7	5.0	4.1
(iii) Time Spent with Government Bureaucracy			8.3	8.3	5.8	6.8	6.5	9.2
(iv) Ease of Starting a New Business			5.1	7.9	5.8	6.8	7.3	7.9
(v) Irregular Payments to Government Officials			9.3	9.1	9.0	9.0	9.3	8.7

## Switzerland

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	7.8 (3)		7.8 (4)		8.0 (7)		8.4 (4)		8.2 (4)		8.3 (3)		8.2 (3)		8.2 (3)	
<b>1. Size of Government</b>	7.0		6.8		6.8		7.2		7.2		7.4		7.4		7.4	
A. Government Consumption	6.5	(17.8)	6.0	(19.6)	6.1	(19.2)	7.2	(15.6)	7.0	(16.1)	6.9	(16.4)	6.9	(16.5)	6.9	(16.4)
B. Transfers and Subsidies	6.5	(13.2)	5.8	(16.0)	5.0	(18.9)	5.7	(16.2)	5.8	(15.7)	6.5	(13.2)	6.5	(13.2)	6.5	(13.2)
C. Government Enterprises and Investment	8.0		8.0		8.0		8.0		8.0		8.0		8.0		8.0	
D. Top Marginal Tax Rate	7.0		7.5		8.0		8.0		8.0		8.0		8.0		8.0	
(i) Top Marginal Income Tax Rate	7.0	(33-46)	8.0	(33-43)	8.0	(35-39)	9.0	(31-40)	9.0	(31-40)	9.0	(31-40)	9.0	(26-44)	9.0	(26-44)
(ii) Top Marginal Income and Payroll Tax Rate	7.0		7.0		8.0		7.0		7.0		7.0		7.0		7.0	
<b>2. Legal Structure and Security of Property Rights</b>	8.3		8.3		9.1		9.3		8.6		8.6		8.7		8.7	
A. Judicial Independence					9.4		8.7		7.9		8.2		8.5		8.4	
B. Impartial Courts					7.9		8.5		8.4		8.3		8.5		8.2	
C. Protection of Intellectual Property					8.4		9.2		8.4		8.2		8.3		8.5	
D. Military Interference					10.0		10.0		10.0		10.0		10.0		10.0	
E. Integrity of Legal System					10.0		10.0		8.3		8.3		8.3		8.3	
<b>3. Access to Sound Money</b>	9.7		9.7		9.6		9.7		9.7		9.7		9.6		9.7	
A. Growth of Money Supply	9.8	(1.0)	9.9	(0.6)	9.4	(2.8)	9.3	(3.6)	9.3	(3.3)	9.2	(3.9)	8.7	(6.7)	8.8	(5.8)
B. Inflation Variability	9.3	(1.8)	9.8	(0.6)	9.3	(1.7)	9.8	(0.4)	9.8	(0.5)	9.8	(0.4)	9.9	(0.2)	9.9	(0.1)
C. Recent Annual Inflation	9.5	(2.4)	9.1	(4.3)	9.8	(1.1)	9.7	(1.5)	9.8	(1.0)	9.9	(0.6)	9.9	(0.6)	9.8	(0.8)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	8.4		8.3		7.4		8.6		8.4		8.3		8.1		7.7	
A. Taxes on International Trade	8.9		9.3		7.7		9.9		9.7		9.7		9.7		9.7	
(i) Taxes as Percentage of Exports and Imports	8.7	(2.0)	8.7	(1.9)	8.5	(2.3)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)	9.8	(0.3)
(ii) Mean Tariff Rate	9.1	(4.4)	9.1	(4.4)	9.3	(3.6)	10.0	(0.0)	9.4	(3.2)	9.4	(3.2)	9.4	(3.2)	9.4	(3.2)
(iii) Variability of Tariff Rates			10.0		5.4		10.0		10.0		10.0		10.0		10.0	
B. Regulatory Trade Barriers					6.4		8.9		8.3		8.7		8.2		6.2	
(i) Hidden Import Barriers					6.4		8.2		7.2		7.8		7.2		4.4	
(ii) Costs of Importing							9.7		9.3		9.5		9.2		7.9	
C. Size of Trade Sector	4.8		4.3		3.5		4.9		4.7		4.3		3.9		4.6	
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	10.0		10.0		9.6		9.1		9.1		8.6		8.8		8.1	
(i) Access to Foreign Capital					9.2		9.7		9.7		8.8		9.2		7.6	
(ii) Restrictions on Capital Transactions	10.0		10.0		10.0		8.5		8.5		8.5		8.5		8.5	
<b>5. Regulation of Credit, Labor and Business</b>	5.7		5.9		7.1		7.4		7.0		7.4		7.3		7.7	
A. Regulation of Credit Markets	8.1		8.2		8.1		8.7		8.7		8.9		8.9		8.9	
(i) Private Ownership of Banks	5.0		5.0		5.0		8.0		8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks					7.8		7.0		7.0		8.0		8.0		8.0	
(iii) Extension of Credit to Private Sector	9.2		9.5		9.2		9.2		9.2		9.2		9.2		9.3	
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					8.7		9.1		9.1		9.1		9.1		9.1	
B. Regulation of Labor Markets	4.8		5.5		5.8		5.7		5.7		6.3		6.4		7.4	
(i) Impact of Minimum Wage					7.1		4.6		4.6		4.6		4.6		10.0	
(ii) Flexibility in Hiring and Firing			7.7		7.7		5.6		5.8		7.5		7.8		7.3	
(iii) Collective Bargaining	6.2		6.2		6.2		7.8		7.7		7.8		7.8		8.0	
(iv) Incentives from Unemployment Benefits	5.1		5.0		5.0		5.5		5.5		6.5		6.5		6.5	
(v) Military Conscription	3.0		3.0		3.0		5.0		5.0		5.0		5.0		5.0	
C. Regulation of Business					7.4		7.8		6.5		7.2		6.6		7.0	
(i) Price Controls			7.0		6.0		7.0		6.0		7.0		5.0		6.0	
(ii) Burden of Regulation							7.3		4.3		5.3		5.0		4.6	
(iii) Time Spent with Government Bureaucracy					8.3		9.1		7.3		7.3		6.8		8.1	
(iv) Ease of Starting a New Business					6.6		7.7		6.2		7.5		7.2		7.6	
(v) Irregular Payments to Government Officials					8.6		8.2		8.5		8.9		9.0		8.6	



# Syria

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	3.4 (106)	3.6 (106)	4.4 (109)	4.8 (115)	5.3 (106)	5.4 (106)	5.3 (112)	5.4 (111)
<b>1. Size of Government</b>	1.9	3.4	3.6	3.7	3.6	4.9	4.9	4.9
A. Government Consumption	3.9 (26.8)	6.8 (17.0)	7.1 (15.7)	7.5 (14.5)	7.3 (15.2)	6.7 (17.4)	6.7 (17.4)	6.7 (17.4)
B. Transfers and Subsidies								
C. Government Enterprises and Investment	0.0 (66.3)	0.0 (55.6)	0.0	0.0	0.0	0.0	0.0	0.0
D. Top Marginal Tax Rate						8.0	8.0	8.0
(i) Top Marginal Income Tax Rate						8.0 (28)	8.0 (28)	8.0 (28)
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	3.1	3.0	4.9	5.1	5.1	5.1	5.1	5.1
A. Judicial Independence								
B. Impartial Courts			5.0	4.6	4.6	4.6	4.9	4.9
C. Protection of Intellectual Property								
D. Military Interference			6.5	3.3	3.3	3.3	3.3	3.3
E. Integrity of Legal System			4.1	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	6.0	5.5	6.6	6.5	7.8	7.8	7.7	7.7
A. Growth of Money Supply	6.9 (15.5)	7.1 (14.5)	8.8 (5.8)	9.2 (4.2)	8.7 (6.7)	8.2 (8.8)	8.2 (8.8)	8.2 (8.8)
B. Inflation Variability	7.9 (5.2)	8.7 (3.1)	8.6 (3.5)	7.5 (6.3)	8.3 (4.2)	8.3 (4.3)	8.7 (3.3)	8.7 (3.3)
C. Recent Annual Inflation	9.2 (4.1)	6.1 (19.3)	8.9 (5.4)	9.2 (-3.9)	9.4 (3.0)	9.8 (1.0)	9.0 (5.1)	9.0 (5.1)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	5.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	3.2	3.5	4.1	6.2	6.2	5.1	4.9	5.2
A. Taxes on International Trade	5.4	4.7	7.1	7.6	7.6	7.3	7.3	7.3
(i) Taxes as Percentage of Exports and Imports	6.3 (5.6)	8.1 (2.9)	7.1 (4.3)	7.6 (3.7)	7.6 (3.7)	7.6 (3.7)	7.6 (3.7)	7.6 (3.7)
(ii) Mean Tariff Rate	4.6 (27.0)	5.9 (20.4)	7.0 (14.8)			7.1 (14.6)	7.1 (14.6)	7.1 (14.6)
(iii) Variability of Tariff Rates		0.0 (27.7)						
B. Regulatory Trade Barriers								0.5
(i) Hidden Import Barriers								
(ii) Costs of Importing								0.5
C. Size of Trade Sector	2.1	4.4	5.3	5.0	5.0	4.7	5.2	5.2
D. Official versus Black Market Exchange Rates	0.0	0.0	0.0	10.0	10.0	5.3	5.3	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
<b>5. Regulation of Credit, Labor and Business</b>	2.8	2.7	2.8	2.7	3.9	3.9	3.7	4.2
A. Regulation of Credit Markets	0.9	0.8	0.9	0.8	4.0	4.1	4.2	4.2
(i) Private Ownership of Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	2.6	2.3	2.8	2.4	2.1	2.3	2.5	2.5
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	0.0	0.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								6.3
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Regulation of Business								
(i) Price Controls		0.0	0.0	0.0	2.0	2.0	2.0	2.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								5.5
(v) Irregular Payments to Government Officials								

## Taiwan

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	6.7 (17)		6.9 (16)		7.3 (22)		7.2 (27)		7.1 (30)		7.3 (21)		7.3 (25)		7.3 (24)	
<b>1. Size of Government</b>	4.9		5.4		6.1		6.2		6.2		6.2		6.2		6.2	
A. Government Consumption	4.7	(24.0)	4.7	(23.9)	6.0	(19.5)	6.7	(17.3)	6.8	(17.0)	6.9	(16.7)	6.7	(17.2)	6.9	(16.5)
B. Transfers and Subsidies	10.0	(0.7)	9.9	(1.0)	9.4	(2.8)	9.2	(3.4)	9.0	(4.1)	9.1	(3.9)	9.1	(3.9)	9.1	(3.9)
C. Government Enterprises and Investment	2.0	(43.0)	2.0	(44.3)	2.0	(47.2)	2.0		2.0		2.0	(47.2)	2.0		2.0	
D. Top Marginal Tax Rate	3.0		5.0		7.0		7.0		7.0		7.0		7.0		7.0	
(i) Top Marginal Income Tax Rate	3.0	(60)	5.0	(50)	7.0	(40)	7.0	(40)	7.0	(40)	7.0	(40)	7.0	(40)	7.0	(40)
(ii) Top Marginal Income and Payroll Tax Rate	5.0		5.0		7.0		7.0		7.0		7.0		7.0		7.0	
<b>2. Legal Structure and Security of Property Rights</b>	7.2		7.2		6.7		6.1		5.9		6.4		6.5		6.4	
A. Judicial Independence					5.5		5.3		5.0		6.2		6.3		5.5	
B. Impartial Courts					6.5		5.7		5.1		6.0		6.2		6.1	
C. Protection of Intellectual Property					5.9		6.1		6.0		6.7		6.5		6.5	
D. Military Interference					8.8		6.7		6.7		6.7		6.7		6.7	
E. Integrity of Legal System					7.0		6.7		6.7		6.7		6.7		7.4	
<b>3. Access to Sound Money</b>	9.4		9.0		9.7		9.5		9.6		9.6		9.7		9.7	
A. Growth of Money Supply	10.0	(-0.2)	7.4	(12.8)	9.6	(-2.0)	9.2	(-4.0)	9.2	(-4.0)	9.2	(-4.0)	9.2	(-4.0)	9.2	(-4.0)
B. Inflation Variability	7.5	(6.2)	9.3	(1.7)	9.8	(0.5)	9.1	(2.3)	9.2	(1.9)	9.3	(1.8)	9.6	(1.0)	9.7	(0.7)
C. Recent Annual Inflation	10.0	(-0.2)	9.2	(4.1)	9.4	(3.0)	9.7	(1.3)	10.0	(0.0)	10.0	(-0.2)	9.9	(-0.3)	9.9	(-0.3)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	7.2		7.7		7.6		8.1		8.0		8.3		8.3		8.0	
A. Taxes on International Trade	8.1		8.3		8.6		8.0		8.2		8.3		8.3		8.3	
(i) Taxes as Percentage of Exports and Imports	8.1	(2.8)	8.6	(2.1)	8.9	(1.7)	9.0	(1.5)	9.3	(1.0)	9.4	(0.9)	9.5	(0.8)	9.5	(0.8)
(ii) Mean Tariff Rate	8.1		8.1		8.4		8.2		8.5		8.6		8.6		8.6	
(iii) Variability of Tariff Rates							6.7		6.8		6.8		6.8		6.8	
B. Regulatory Trade Barriers					7.3		8.2		8.0		8.5		8.2		7.8	
(i) Hidden Import Barriers					7.3		7.1		6.8		7.5		7.0		7.2	
(ii) Costs of Importing							9.3		9.2		9.5		9.3		8.4	
C. Size of Trade Sector	8.2		7.0		6.6		6.9		6.2		6.4		6.6		6.6	
D. Official versus Black Market Exchange Rates	9.4		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		5.0		5.7		7.6		7.6		8.2		8.6		7.6	
(i) Access to Foreign Capital					6.4		7.6		7.6		8.2		8.6		7.6	
(ii) Restrictions on Capital Transactions	2.0		5.0		5.0											
<b>5. Regulation of Credit, Labor and Business</b>	5.0		5.4		6.1		6.1		5.8		5.8		5.9		6.0	
A. Regulation of Credit Markets	6.7		6.9		7.0		6.3		6.3		6.3		6.3		6.3	
(i) Private Ownership of Banks	2.0		2.0		2.0		2.0		2.0		2.0		2.0		2.0	
(ii) Competition from Foreign Banks					7.3		5.6		5.6		5.6		5.6		5.6	
(iii) Extension of Credit to Private Sector	8.2		8.6		8.5		8.1		8.0		8.0		7.9		7.9	
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					6.9		5.8		5.8		5.8		5.8		5.8	
B. Regulation of Labor Markets			4.7		5.2		4.5		4.9		4.8		4.8		5.3	
(i) Impact of Minimum Wage					6.5		3.8		3.8		3.8		3.8		6.3	
(ii) Flexibility in Hiring and Firing			6.3		6.3		4.6		6.1		6.8		6.2		6.0	
(iii) Collective Bargaining			7.9		7.9		8.0		8.5		8.2		8.5		8.7	
(iv) Incentives from Unemployment Benefits					5.4		6.2		6.2		5.1		5.8		5.8	
(v) Military Conscription	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business					6.2		7.3		6.1		6.3		6.5		6.5	
(i) Price Controls			6.0		6.0		6.0		6.0		5.0		6.0		5.0	
(ii) Burden of Regulation							7.6		4.1		5.2		5.7		5.9	
(iii) Time Spent with Government Bureaucracy					6.9		7.4		5.8		6.0		5.5		7.3	
(iv) Ease of Starting a New Business					7.5		7.6		7.1		7.3		7.0		6.2	
(v) Irregular Payments to Government Officials					4.5		8.1		7.6		8.0		8.1		8.0	

# Tanzania

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.0 (95)	4.0 (101)	4.9 (93)	5.8 (85)	6.3 (67)	6.3 (68)	6.3 (69)	6.4 (65)
<b>1. Size of Government</b>	3.8	2.9	4.3	4.9	4.9	4.9	5.2	5.1
A. Government Consumption	6.4 (18.1)	6.7 (17.1)	7.0 (16.1)	9.6 (7.2)	9.7 (6.9)	9.6 (7.4)	9.6 (7.4)	9.4 (7.9)
B. Transfers and Subsidies	8.7 (5.2)							
C. Government Enterprises and Investment	0.0 (53.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Top Marginal Tax Rate	0.0	2.0	6.0	5.0	5.0	5.0	6.0	6.0
(i) Top Marginal Income Tax Rate	0.0 (95)	3.0 (50)	8.0 (30)	7.0 (31)	7.0 (31)	7.0 (31)	8.0 (30)	8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (57)	4.0 (45)	3.0 (46)	3.0 (46)	3.0 (46)	4.0 (45)	4.0 (45)
<b>2. Legal Structure and Security of Property Rights</b>	5.8	5.2	5.4	6.1	6.1	5.9	5.3	5.9
A. Judicial Independence						6.0	4.5	6.4
B. Impartial Courts			5.8	5.8	5.8	5.0	3.7	5.0
C. Protection of Intellectual Property						3.3	3.3	3.2
D. Military Interference			7.8	6.7	6.7	6.7	6.7	6.7
E. Integrity of Legal System			4.1	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	4.9	4.6	5.0	8.8	8.9	9.2	9.2	9.4
A. Growth of Money Supply	7.9 (10.4)	4.0 (30.0)	4.5 (27.6)	8.7 (6.4)	8.8 (5.9)	8.4 (8.2)	8.4 (7.8)	8.2 (9.2)
B. Inflation Variability	8.4 (3.9)	8.7 (3.3)	6.4 (9.1)	7.8 (5.4)	7.8 (5.5)	8.7 (3.4)	9.1 (2.3)	9.6 (0.9)
C. Recent Annual Inflation	3.3 (33.3)	5.6 (21.8)	4.2 (28.9)	8.8 (5.9)	9.0 (5.1)	9.8 (1.0)	9.3 (3.5)	10.0 (0.0)
D. Freedom to Own Foreign Currency	0.0	0.0	5.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	2.9	3.7	6.0	5.6	5.6	5.7	5.9	5.7
A. Taxes on International Trade	4.7	4.5	5.3	5.0	5.0	5.0	5.3	5.3
(i) Taxes as Percentage of Exports and Imports	5.8 (6.3)	5.0 (7.5)	4.6 (8.1)	2.1 (11.9)	2.1 (11.9)	2.1 (11.9)	2.1 (11.9)	2.1 (11.9)
(ii) Mean Tariff Rate	3.6 (32.0)	4.1 (29.7)	6.1 (19.5)	6.2 (19.1)	6.2 (19.1)	6.2 (19.1)	7.2 (14.1)	7.2 (14.1)
(iii) Variability of Tariff Rates			5.1 (12.3)	6.6 (8.4)	6.6 (8.4)	6.6 (8.4)	6.6 (8.4)	6.6 (8.4)
B. Regulatory Trade Barriers						5.3	5.7	5.2
(i) Hidden Import Barriers						4.3	3.8	4.6
(ii) Costs of Importing						6.3	7.5	5.8
C. Size of Trade Sector	1.5	5.9	6.7	3.8	4.1	4.1	4.6	4.8
D. Official versus Black Market Exchange Rates	0.0	0.0	9.8	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.8	0.8	4.2	4.0	3.2
(i) Access to Foreign Capital						8.4	8.0	6.4
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.8	0.8	0.0	0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>	2.6	3.6	3.8	3.7	5.8	5.7	6.1	5.5
A. Regulation of Credit Markets	0.3	3.7	2.9	2.8	5.6	5.7	6.1	6.2
(i) Private Ownership of Banks	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	0.9	7.2	4.7	4.5	5.8	6.1	7.2	7.6
(iv) Avoidance of Negative Real Interest Rates	0.0	4.0	4.0	4.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						6.8	7.3	5.1
(i) Impact of Minimum Wage								0.0
(ii) Flexibility in Hiring and Firing						4.0	5.3	4.5
(iii) Collective Bargaining						6.3	6.5	5.9
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0	0.0	0.0	0.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		0.0	4.0	4.0	6.0	4.5	5.0	5.3
(ii) Burden of Regulation						6.0	6.0	6.0
(iii) Time Spent with Government Bureaucracy						3.3	4.3	4.2
(iv) Ease of Starting a New Business						4.3	6.0	6.0
(v) Irregular Payments to Government Officials						4.0	4.7	5.7
						5.0	4.0	4.8

# Thailand

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	6.1 (28)		6.7 (20)		7.1 (26)		6.7 (46)		6.7 (47)		6.7 (50)		6.6 (55)		6.6 (60)	
<b>1. Size of Government</b>	5.6		7.1		7.8		6.8		6.8		6.6		6.7		6.8	
A. Government Consumption	6.5	(17.9)	7.6	(14.3)	7.2	(15.6)	6.8	(17.0)	6.8	(17.0)	6.9	(16.6)	7.1	(15.8)	7.0	(16.4)
B. Transfers and Subsidies	9.8	(1.2)	9.9	(1.0)	9.8	(1.1)	9.6	(2.0)	9.3	(2.9)	9.3	(2.9)	9.5	(2.3)	9.1	(3.8)
C. Government Enterprises and Investment	4.0	(31.4)	7.0	(15.1)	7.0	(20.3)	4.0	(33.8)	4.0	(30.6)	4.0	(30.6)	4.0	(30.6)	4.0	(30.6)
D. Top Marginal Tax Rate	2.0		4.0		7.0		7.0		7.0		6.0		6.0		7.0	
(i) Top Marginal Income Tax Rate	2.0	(65)	4.0	(55)	7.0	(37)	7.0	(37)	7.0	(37)	6.0	(37)	6.0	(37)	7.0	(37)
(ii) Top Marginal Income and Payroll Tax Rate	4.0		4.0		7.0		7.0		7.0		6.0		6.0		7.0	
<b>2. Legal Structure and Security of Property Rights</b>	5.8		6.4		5.4		6.0		6.2		6.5		5.7		5.5	
A. Judicial Independence					5.8		5.8		6.0		6.3		5.8		5.7	
B. Impartial Courts					3.8		4.7		4.9		5.8		5.8		5.6	
C. Protection of Intellectual Property					3.6		4.4		4.9		5.3		5.0		5.2	
D. Military Interference					7.0		6.7		6.7		6.7		6.7		6.7	
E. Integrity of Legal System					7.0		8.3		8.3		8.3		5.0		4.2	
<b>3. Access to Sound Money</b>	7.0		7.8		9.5		6.6		6.7		6.7		7.1		7.0	
A. Growth of Money Supply	9.4	(-3.0)	8.0	(10.0)	9.4	(2.9)	8.7	(6.5)	8.9	(5.3)	8.9	(5.3)	9.9	(0.4)	9.2	(4.2)
B. Inflation Variability	9.0	(2.5)	9.3	(1.7)	9.6	(1.0)	8.1	(4.9)	8.1	(4.8)	8.1	(4.8)	9.0	(2.6)	9.4	(1.5)
C. Recent Annual Inflation	9.6	(2.2)	8.8	(5.8)	8.8	(6.0)	9.7	(1.6)	9.7	(1.7)	9.9	(0.6)	9.6	(1.8)	9.4	(2.8)
D. Freedom to Own Foreign Currency	0.0		5.0		10.0		0.0		0.0		0.0		0.0		0.0	
<b>4. Freedom to Exchange with Foreigners</b>	6.2		6.6		6.9		7.6		7.7		7.6		7.5		7.5	
A. Taxes on International Trade	4.7		3.2		4.6		6.6		6.8		6.8		6.9		6.9	
(i) Taxes as Percentage of Exports and Imports	5.7	(6.5)	6.4	(5.4)	7.7	(3.5)	9.1	(1.4)	9.0	(1.4)	9.0	(1.5)	9.0	(1.5)	9.1	(1.3)
(ii) Mean Tariff Rate	3.8	(31.2)	1.8	(40.8)	2.8	(36.0)	6.6	(17.0)	7.1	(14.7)	7.1	(14.7)	7.3	(13.3)	7.3	(13.3)
(iii) Variability of Tariff Rates			1.4		(21.5)		3.2		(16.9)		4.3		(14.3)		4.3	
B. Regulatory Trade Barriers					5.1		7.2		7.3		7.0		6.7		6.5	
(i) Hidden Import Barriers					5.1		5.7		5.8		5.7		5.0		5.8	
(ii) Costs of Importing							8.7		8.8		8.3		8.3		7.2	
C. Size of Trade Sector	6.7		9.5		10.0		10.0		10.0		10.0		10.0		10.0	
D. Official versus Black Market Exchange Rates	9.4		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	2.0		2.0		4.6		4.3		4.3		4.4		3.8		4.0	
(i) Access to Foreign Capital					7.3		7.0		7.0		7.2		6.0		6.5	
(ii) Restrictions on Capital Transactions	2.0		2.0		2.0		1.5		1.5		1.5		1.5		1.5	
<b>5. Regulation of Credit, Labor and Business</b>	5.9		5.8		6.0		6.2		6.1		5.9		6.1		6.3	
A. Regulation of Credit Markets	8.7		8.3		7.3		7.0		7.0		7.0		7.0		7.0	
(i) Private Ownership of Banks	8.0		8.0		8.0		5.0		5.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks					5.6		3.8		3.8		3.8		3.8		3.8	
(iii) Extension of Credit to Private Sector	8.0		8.8		9.2		9.2		9.1		9.0		9.2		9.2	
(iv) Avoidance of Negative Real Interest Rates	10.0		8.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					3.6		7.3		7.3		7.3		7.3		7.3	
B. Regulation of Labor Markets			5.0		5.4		6.3		6.6		6.2		6.2		7.0	
(i) Impact of Minimum Wage					5.8		3.9		3.9		3.9		3.9		7.6	
(ii) Flexibility in Hiring and Firing			7.0		7.0		4.6		5.4		5.5		5.5		5.3	
(iii) Collective Bargaining	7.9		7.9		7.9		6.5		6.9		5.8		5.7		6.2	
(iv) Incentives from Unemployment Benefits					6.3		6.5		6.5		5.7		5.8		5.8	
(v) Military Conscription	0.0		0.0		0.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business					5.4		5.3		4.7		4.6		5.0		4.8	
(i) Price Controls			4.0		5.0		3.0		4.0		2.0		4.0		2.0	
(ii) Burden of Regulation							6.9		3.4		3.7		4.5		4.7	
(iii) Time Spent with Government Bureaucracy					6.8		4.0		3.0		4.8		4.0		4.0	
(iv) Ease of Starting a New Business					6.5		7.3		6.8		6.3		6.2		6.5	
(v) Irregular Payments to Government Officials					3.1		5.3		6.1		6.4		6.3		6.8	

# Togo

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	5.6 (46)	4.9 (80)	4.6 (103)	5.0 (110)	5.2 (111)	5.2 (112)	5.1 (116)	5.0 (120)
<b>1. Size of Government</b>	6.4	3.4	3.9	4.4	4.4	4.4	4.3	4.3
A. Government Consumption	7.6 (14.2)	6.9 (16.6)	7.7 (13.8)	8.9 (9.8)	8.8 (10.0)	8.8 (10.1)	8.6 (10.7)	8.6 (10.7)
B. Transfers and Subsidies	9.5 (2.4)							
C. Government Enterprises and Investment	2.0 (40.0)	0.0 (54.8)	0.0 (51.7)	0.0	0.0	0.0 (51.7)	0.0	0.0
D. Top Marginal Tax Rate								
(i) Top Marginal Income Tax Rate								
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	4.2	4.5	4.7	3.7	3.7	3.7	3.1	3.1
A. Judicial Independence								
B. Impartial Courts			4.1	4.1	4.1	4.1	3.8	3.8
C. Protection of Intellectual Property								
D. Military Interference			3.9	1.7	1.7	1.7	1.7	1.7
E. Integrity of Legal System			7.0	5.0	5.0	5.0	5.0	5.0
<b>3. Access to Sound Money</b>	6.5	7.0	5.0	6.5	6.5	7.0	7.1	7.2
A. Growth of Money Supply	8.8 (6.2)	9.4 (-2.9)	8.1 (9.7)	8.7 (6.7)	9.3 (3.7)	9.7 (-1.6)	9.7 (-1.6)	9.7 (-1.6)
B. Inflation Variability	8.0 (4.9)	9.4 (1.6)	4.5 (13.7)	7.7 (5.9)	7.7 (5.7)	9.0 (2.5)	8.9 (2.7)	9.2 (2.0)
C. Recent Annual Inflation	9.3 (3.4)	9.4 (3.0)	7.6 (12.2)	9.6 (1.9)	9.2 (3.9)	9.4 (3.1)	9.8 (-1.0)	9.9 (0.4)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	5.9	5.3		6.2	6.1	6.1	5.8	5.7
A. Taxes on International Trade	4.3	3.9		7.6	7.2	7.2	7.2	7.2
(i) Taxes as Percentage of Exports and Imports	4.3 (8.6)	3.9 (9.2)						
(ii) Mean Tariff Rate				7.6 (12.0)	7.1 (14.5)	7.1 (14.5)	7.1 (14.5)	7.1 (14.4)
(iii) Variability of Tariff Rates					7.3 (6.7)	7.3 (6.7)	7.3 (6.7)	7.3 (6.7)
B. Regulatory Trade Barriers								4.5
(i) Hidden Import Barriers								
(ii) Costs of Importing								4.5
C. Size of Trade Sector	7.4	5.2	4.3	5.0	4.9	4.9	4.7	4.7
D. Official versus Black Market Exchange Rates	9.8	9.2	9.8	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(i) Access to Foreign Capital								
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>	5.0	4.5	4.6	4.4	5.0	4.9	4.9	4.7
A. Regulation of Credit Markets	6.6	6.6	6.4	5.8	7.0	6.8	6.9	6.6
(i) Private Ownership of Banks	2.0	2.0	2.0	2.0	2.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	9.8	9.8	9.1	9.3	9.5	9.5	9.6	8.8
(iv) Avoidance of Negative Real Interest Rates	8.0	8.0	8.0	6.0	9.5	6.0	6.0	6.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets								3.7
(i) Impact of Minimum Wage								
(ii) Flexibility in Hiring and Firing								
(iii) Collective Bargaining								
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Regulation of Business								
(i) Price Controls		0.0	2.0	2.0	4.0	4.0	4.0	4.0
(ii) Burden of Regulation								
(iii) Time Spent with Government Bureaucracy								
(iv) Ease of Starting a New Business								4.9
(v) Irregular Payments to Government Officials								

## Trinidad &amp; Tobago

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	5.0 (72)	5.7 (50)	6.7 (39)	7.0 (37)	7.1 (30)	6.9 (39)	6.7 (47)	6.7 (53)
<b>1. Size of Government</b>	3.8	6.3	6.0	5.9	6.6	6.5	6.2	6.6
A. Government Consumption	3.1 (29.5)	6.8 (16.8)	6.7 (17.1)	5.6 (20.8)	6.7 (17.2)	5.6 (20.9)	4.7 (24.0)	5.7 (20.7)
B. Transfers and Subsidies	6.1 (14.9)	7.4 (10.0)	8.4 (6.2)	6.8				
C. Government Enterprises and Investment	2.0 (40.6)	4.0 (34.6)	4.0	4.0	6.0 (25.1)	6.0 (25.1)	6.0 (25.1)	6.0 (25.1)
D. Top Marginal Tax Rate	4.0	7.0	5.0	7.0	7.0	8.0	8.0	8.0
(i) Top Marginal Income Tax Rate	4.0 (50)	7.0 (35)	5.0 (38)	7.0 (35)	7.0 (35)	8.0 (30)	8.0 (30)	8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate		7.0 (35)	5.0 (38)	7.0 (35)	7.0 (35)	8.0 (30)	8.0 (30)	8.0 (30)
<b>2. Legal Structure and Security of Property Rights</b>	4.8	6.2	5.4	5.9	6.5	5.8	5.4	4.8
A. Judicial Independence					7.1	7.0	6.3	4.7
B. Impartial Courts			6.5	6.3	5.9	5.0	5.3	4.6
C. Protection of Intellectual Property				5.3	4.6	3.8	3.7	3.2
D. Military Interference			7.1	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			4.1	6.7	6.7	5.0	3.3	3.3
<b>3. Access to Sound Money</b>	5.9	6.0	8.6	9.1	9.0	8.8	9.0	9.0
A. Growth of Money Supply	8.8 (5.8)	9.5 (2.7)	8.8 (6.2)	8.8 (5.9)	9.0 (4.9)	8.7 (6.4)	9.5 (2.7)	9.4 (2.8)
B. Inflation Variability	6.7 (8.3)	7.8 (5.5)	6.4 (9.0)	8.2 (4.5)	8.2 (4.5)	7.5 (6.3)	7.5 (6.3)	7.5 (6.3)
C. Recent Annual Inflation	8.0 (10.1)	6.9 (15.5)	9.3 (3.8)	9.3 (3.6)	8.9 (5.5)	9.2 (4.1)	9.2 (3.8)	9.3 (3.7)
D. Freedom to Own Foreign Currency	0.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	3.7	3.8	7.3	6.7	6.9	6.7	6.6	6.8
A. Taxes on International Trade	6.4	6.1	7.0	5.4	5.6	5.7	5.7	5.7
(i) Taxes as Percentage of Exports and Imports	6.2 (5.7)	8.2 (2.7)	8.9 (1.7)	3.2 (10.2)	3.2 (10.2)	3.2 (10.2)	3.2 (10.2)	3.2 (10.2)
(ii) Mean Tariff Rate	6.6 (17.0)	6.3 (18.6)	7.2 (14.1)	6.3 (18.4)	7.8 (11.2)	8.1 (9.6)	8.1 (9.7)	8.1 (9.7)
(iii) Variability of Tariff Rates		3.9 (15.3)	4.9 (12.7)	6.7 (8.3)	5.8 (10.6)	5.8 (10.6)	5.8 (10.6)	5.8 (10.6)
B. Regulatory Trade Barriers				6.2	7.4	7.1	6.8	7.1
(i) Hidden Import Barriers				6.2	6.6	6.0	5.8	6.3
(ii) Costs of Importing					8.2	8.1	7.8	7.8
C. Size of Trade Sector	1.8	2.8	3.9	4.4	3.9	3.2	3.1	4.1
D. Official versus Black Market Exchange Rates	2.2	2.0	9.4	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	8.0	7.5	7.5	7.4	7.5	7.0
(i) Access to Foreign Capital				8.1	8.1	7.8	8.0	7.1
(ii) Restrictions on Capital Transactions	0.0	0.0	8.0	6.9	6.9	6.9	6.9	6.9
<b>5. Regulation of Credit, Labor and Business</b>	6.8	6.1	6.3	7.2	6.3	6.4	6.3	6.5
A. Regulation of Credit Markets	8.0	7.2	7.3	7.5	7.2	7.4	7.2	7.4
(i) Private Ownership of Banks	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks				4.0	4.0	4.0	4.0	4.0
(iii) Extension of Credit to Private Sector	8.1	7.7	7.8	8.6	8.1	8.0	8.1	8.3
(iv) Avoidance of Negative Real Interest Rates	8.0	6.0	6.0	10.0	9.0	10.0	9.0	10.0
(v) Controls on Interest Rates				6.8	6.8	6.8	6.8	6.8
B. Regulation of Labor Markets				7.2	6.7	6.7	6.5	7.1
(i) Impact of Minimum Wage				5.3	5.3	5.3	5.3	
(ii) Flexibility in Hiring and Firing				5.8	4.7	4.7	4.5	5.0
(iii) Collective Bargaining				7.5	6.9	6.7	6.3	6.4
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business				6.9	5.1	5.2	5.2	4.9
(i) Price Controls		4.0	6.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation				7.5	2.9	3.2	3.5	2.9
(iii) Time Spent with Government Bureaucracy				7.7	4.8	5.8	5.8	6.0
(iv) Ease of Starting a New Business				6.6	5.9	5.7	5.0	5.0
(v) Irregular Payments to Government Officials				6.6	6.1	5.5	5.8	4.9

# Tunisia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.8 (79)	5.4 (58)	6.0 (65)	6.1 (75)	6.4 (62)	6.3 (68)	6.3 (69)	6.3 (68)
<b>1. Size of Government</b>	4.4	5.1	5.2	5.3	5.3	5.3	5.2	5.2
A. Government Consumption	5.2 (22.5)	5.7 (20.5)	5.6 (21.1)	5.7 (20.5)	5.7 (20.6)	5.7 (20.8)	5.8 (20.4)	5.8 (20.2)
B. Transfers and Subsidies	8.3 (6.8)	7.7 (9.0)	8.1 (7.3)	8.1 (7.5)	8.1 (7.5)	8.1 (7.5)	7.4 (10.0)	7.4 (10.0)
C. Government Enterprises and Investment	2.0 (48.6)	2.0 (49.5)	2.0 (49.3)	2.0 (48.8)	2.0 (47.8)	2.0 (47.8)	2.0 (47.8)	2.0 (47.8)
D. Top Marginal Tax Rate	2.0					5.5	5.5	5.5
(i) Top Marginal Income Tax Rate	2.0 (62)					7.0 (35)	7.0 (35)	7.0 (35)
(ii) Top Marginal Income and Payroll Tax Rate						4.0 (51)	4.0 (51)	4.0 (51)
<b>2. Legal Structure and Security of Property Rights</b>	3.5	3.5	5.7	6.4	6.9	6.9	6.8	6.7
A. Judicial Independence					6.6	6.3	6.3	6.3
B. Impartial Courts			6.7	7.0	6.7	6.8	6.5	6.5
C. Protection of Intellectual Property					6.4	6.2	6.3	5.7
D. Military Interference			8.1	6.7	6.7	6.7	6.7	6.7
E. Integrity of Legal System			4.1	8.3	8.3	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	6.3	7.0	7.0	7.1	7.1	7.2	7.3	7.3
A. Growth of Money Supply	7.7 (11.5)	9.6 (1.8)	9.5 (2.6)	9.0 (4.8)	9.1 (4.5)	9.5 (2.7)	9.9 (0.4)	10.0 (0.1)
B. Inflation Variability	8.3 (4.4)	9.2 (2.0)	9.6 (0.9)	9.8 (0.6)	9.8 (0.5)	9.8 (0.6)	9.7 (0.7)	9.8 (0.5)
C. Recent Annual Inflation	9.3 (3.6)	9.1 (4.5)	9.0 (5.2)	9.4 (2.9)	9.6 (2.0)	9.5 (2.7)	9.5 (2.7)	9.3 (3.6)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>	4.8	6.0	6.2	6.1	6.5	6.2	6.1	6.2
A. Taxes on International Trade	3.2	4.7	4.6	5.5	5.5	5.7	5.8	6.1
(i) Taxes as Percentage of Exports and Imports	1.1 (13.3)	3.7 (9.5)	4.0 (9.0)	7.6 (3.6)	7.6 (3.6)	8.3 (2.6)	8.3 (2.5)	8.4 (2.4)
(ii) Mean Tariff Rate	5.2 (24.0)	4.5 (27.5)	4.5 (27.5)	3.9 (30.6)	3.9 (30.6)	4.0 (30.2)	4.0 (30.2)	4.9 (25.3)
(iii) Variability of Tariff Rates		6.0 (10.1)	5.3 (11.7)	5.0 (12.6)	5.0 (12.6)	5.0 (12.6)	5.0 (12.6)	5.0 (12.6)
B. Regulatory Trade Barriers					7.5	7.1	6.8	6.3
(i) Hidden Import Barriers					6.5	6.0	5.7	5.8
(ii) Costs of Importing					8.5	8.1	7.8	6.8
C. Size of Trade Sector	5.1	6.6	6.3	5.9	6.4	5.9	5.6	5.9
D. Official versus Black Market Exchange Rates	7.6	8.4	9.8	10.0	10.0	7.8	7.8	8.8
E. Restrictions on Capital Markets	0.0	2.0	2.0	0.8	0.8	4.7	4.8	3.9
(i) Access to Foreign Capital						8.6	8.8	6.9
(ii) Restrictions on Capital Transactions	0.0	2.0	2.0	0.8	0.8	0.8	0.8	0.8
<b>5. Regulation of Credit, Labor and Business</b>	5.0	5.4	5.7	5.6	6.1	6.0	6.1	6.3
A. Regulation of Credit Markets	5.6	7.3	7.6	7.4	8.1	8.1	8.1	8.0
(i) Private Ownership of Banks	2.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								8.0
(iii) Extension of Credit to Private Sector	8.7	8.9	9.7	9.1	9.2	9.2	9.2	9.1
(iv) Avoidance of Negative Real Interest Rates	6.0	8.0	8.0	8.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets					3.8	3.9	4.0	4.3
(i) Impact of Minimum Wage								4.4
(ii) Flexibility in Hiring and Firing					5.2	5.0	4.8	5.3
(iii) Collective Bargaining					3.2	3.7	4.2	4.5
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
C. Regulation of Business					6.4	6.1	6.2	6.5
(i) Price Controls		4.0	6.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation					5.3	4.7	4.5	4.9
(iii) Time Spent with Government Bureaucracy					6.8	5.8	6.5	7.1
(iv) Ease of Starting a New Business					7.1	7.3	7.2	7.9
(v) Irregular Payments to Government Officials					7.0	6.8	7.0	6.6

# Turkey

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.8 (79)		4.8 (84)		5.7 (72)		5.8 (85)		5.3 (106)		5.5 (101)		5.8 (91)		6.0 (83)	
<b>1. Size of Government</b>	4.9		5.8		6.9		7.1		6.7		7.0		7.0		7.3	
A. Government Consumption	8.4	(11.4)	7.7	(13.8)	7.9	(13.3)	6.9	(16.4)	6.9	(16.5)	6.6	(17.5)	6.8	(17.0)	6.9	(16.7)
B. Transfers and Subsidies	7.3	(10.4)	9.1	(3.9)	7.9	(8.4)	9.4	(2.8)	9.4	(2.8)	9.4	(2.8)	9.4	(2.8)	9.4	(2.8)
C. Government Enterprises and Investment	2.0	(45.5)	4.0	(31.8)	8.0	(17.5)	7.0	(23.7)	6.0	(28.7)	6.0	(28.7)	6.0	(28.7)	6.0	(28.7)
D. Top Marginal Tax Rate	2.0		2.5		4.0		5.0		4.5		6.0		6.0		7.0	
(i) Top Marginal Income Tax Rate	2.0	(63)	4.0	(50)	4.0	(55)	6.0	(45)	5.0	(45)	6.0	(40)	6.0	(40)	7.0	(40)
(ii) Top Marginal Income and Payroll Tax Rate			1.0	(57)	4.0	(55)	4.0	(46)	4.0	(47)	6.0	(40)	6.0	(40)	7.0	(40)
<b>2. Legal Structure and Security of Property Rights</b>	5.8		4.5		4.8		5.4		4.1		4.5		5.3		5.2	
A. Judicial Independence					5.5		5.3		3.3		4.5		4.5		4.3	
B. Impartial Courts					6.6		6.5		2.8		3.5		3.8		3.9	
C. Protection of Intellectual Property					4.3		3.4		2.8		3.0		3.0		3.4	
D. Military Interference					3.8		5.0		5.0		5.0		6.7		6.7	
E. Integrity of Legal System					4.1		6.7		6.7		6.7		8.3		7.5	
<b>3. Access to Sound Money</b>	2.3		3.3		3.2		3.6		3.6		4.1		4.8		5.1	
A. Growth of Money Supply	3.7	(31.7)	0.2	(49.0)	0.0	(50.4)	0.0	(81.9)	0.0	(78.5)	0.0	(73.4)	0.0	(64.1)	0.0	(58.2)
B. Inflation Variability	5.7	(10.7)	3.1	(17.2)	2.8	(17.9)	4.3	(14.3)	4.4	(14.1)	5.2	(11.9)	4.4	(14.1)	2.1	(19.8)
C. Recent Annual Inflation	0.0	(52.2)	0.0	(58.2)	0.0	(87.0)	0.0	(54.9)	0.0	(54.4)	1.0	(45.0)	4.9	(25.3)	8.3	(8.6)
D. Freedom to Own Foreign Currency	0.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	5.6		5.0		7.2		7.2		7.2		6.9		7.0		7.0	
A. Taxes on International Trade	6.3		4.5		8.3		7.4		7.5		7.5		7.8		7.8	
(i) Taxes as Percentage of Exports and Imports	8.0	(3.0)	8.1	(2.8)	9.0	(1.5)	9.6	(0.7)	9.7	(0.4)	9.7	(0.4)	9.7	(0.4)	9.7	(0.4)
(ii) Mean Tariff Rate	4.7	(26.6)	5.5	(22.7)	8.2	(9.0)	8.6	(7.1)	8.6	(7.1)	8.6	(7.1)	9.5	(2.6)	9.5	(2.6)
(iii) Variability of Tariff Rates			0.0	(35.7)	7.7	(5.7)	4.1	(14.7)	4.1	(14.7)	4.1	(14.7)	4.1	(14.7)	4.1	(14.7)
B. Regulatory Trade Barriers					7.6		7.0		5.9		6.4		6.9		6.7	
(i) Hidden Import Barriers					7.6		5.6		4.8		5.3		5.3		6.3	
(ii) Costs of Importing							8.3		7.1		7.4		8.5		7.2	
C. Size of Trade Sector	4.0		2.8		4.8		5.8		6.6		5.9		5.7		6.2	
D. Official versus Black Market Exchange Rates	9.4		9.6		9.6		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		5.5		5.8		5.8		5.0		4.6		4.2	
(i) Access to Foreign Capital					9.0		9.3		9.3		7.6		6.8		6.1	
(ii) Restrictions on Capital Transactions	0.0		0.0		2.0		2.3		2.3		2.3		2.3		2.3	
<b>5. Regulation of Credit, Labor and Business</b>	5.2		5.1		6.1		5.7		4.9		5.0		5.1		5.3	
A. Regulation of Credit Markets	6.7		5.4		7.6		6.7		6.0		6.1		6.2		5.9	
(i) Private Ownership of Banks	8.0		8.0		8.0		8.0		5.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks					7.8		5.1		5.1		6.0		6.0		6.0	
(iii) Extension of Credit to Private Sector	4.0		6.2		7.3		4.3		3.6		3.4		3.7		4.4	
(iv) Avoidance of Negative Real Interest Rates	8.0		2.0		8.0		8.0		8.0		8.0		8.0		6.0	
(v) Controls on Interest Rates					6.8		8.2		8.2		8.2		8.2		8.2	
B. Regulation of Labor Markets			5.2		5.4		4.5		4.4		4.4		4.5		4.3	
(i) Impact of Minimum Wage					6.4		3.4		3.4		3.4		3.4		4.0	
(ii) Flexibility in Hiring and Firing					7.2		5.3		4.8		4.8		5.5		4.2	
(iii) Collective Bargaining	7.2		7.2		7.2		6.6		6.5		7.0		6.8		6.8	
(iv) Incentives from Unemployment Benefits					4.9		6.2		6.2		5.9		5.6		5.6	
(v) Military Conscription	0.0		1.0		1.0		1.0		1.0		1.0		1.0		1.0	
C. Regulation of Business					5.5		5.9		4.3		4.6		4.7		5.5	
(i) Price Controls			8.0		5.0		6.0		5.0		6.0		5.0		7.0	
(ii) Burden of Regulation							7.4		1.7		2.5		2.5		3.1	
(iii) Time Spent with Government Bureaucracy					6.2		5.2		6.5		5.3		5.3		4.8	
(iv) Ease of Starting a New Business					7.6		5.2		4.8		4.3		5.2		7.2	
(v) Irregular Payments to Government Officials					3.2		5.5		3.7		4.7		5.3		5.6	



# Uganda

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	2.9 (109)	2.9 (113)	5.1 (91)	6.6 (53)	6.6 (51)	6.4 (60)	6.4 (65)	6.4 (65)
<b>1. Size of Government</b>	3.1	4.5	6.5	6.3	6.2	6.0	6.0	6.0
A. Government Consumption	7.2 (15.5)	9.6 (7.5)	8.7 (10.5)	7.5 (14.5)	7.2 (15.4)	6.9 (16.7)	7.5 (14.6)	7.5 (14.6)
B. Transfers and Subsidies			9.2 (3.4)	9.2 (3.4)	9.2 (3.4)	9.2 (3.4)	8.4 (6.4)	8.4 (6.4)
C. Government Enterprises and Investment	2.0 (26.4)	2.0 (47.6)	2.0	2.0	2.0	2.0	2.0	2.0
D. Top Marginal Tax Rate	0.0	2.0	6.0	6.5	6.5	6.0	6.0	6.0
(i) Top Marginal Income Tax Rate	0.0 (70)	3.0 (50)	8.0 (30)	8.0 (30)	8.0 (30)	8.0 (30)	8.0 (30)	8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate		1.0 (59)	4.0 (41)	5.0 (40)	5.0 (40)	4.0 (41)	4.0 (41)	4.0 (41)
<b>2. Legal Structure and Security of Property Rights</b>	2.9	2.4	4.3	4.6	4.6	4.3	4.5	4.2
A. Judicial Independence						4.5	5.0	4.7
B. Impartial Courts			5.5	4.4	4.4	4.3	4.7	3.8
C. Protection of Intellectual Property						2.8	2.8	2.6
D. Military Interference			3.7	3.3	3.3	3.3	3.3	3.3
E. Integrity of Legal System			4.1	6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	0.0	0.3	4.6	9.3	9.3	9.2	8.8	9.1
A. Growth of Money Supply	0.0 (76.2)	0.0 (410.0)	6.0 (20.2)	8.7 (6.3)	8.8 (6.0)	8.7 (6.5)	8.7 (6.5)	8.9 (5.4)
B. Inflation Variability	0.0 (40.8)	0.0 (52.4)	4.4 (14.1)	9.0 (2.4)	9.0 (2.6)	8.2 (4.5)	7.9 (5.3)	8.0 (5.1)
C. Recent Annual Inflation	0.0 (120.4)	1.1 (44.4)	8.2 (9.2)	9.4 (2.8)	9.6 (2.0)	9.9 (-0.3)	8.4 (7.8)	9.3 (3.3)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	3.8	3.0	5.1	6.9	7.2	6.8	6.8	6.4
A. Taxes on International Trade	3.1	3.4	5.4	5.4	6.4	6.5	6.5	6.6
(i) Taxes as Percentage of Exports and Imports	2.3 (11.6)	2.8 (10.8)	3.2 (10.2)	2.4 (11.4)	3.0 (10.5)	3.5 (9.8)	3.5 (9.8)	3.5 (9.8)
(ii) Mean Tariff Rate	4.0 (30.0)	4.0 (30.1)	6.6 (17.1)	8.3 (8.3)	8.4 (8.2)	8.4 (8.0)	8.4 (8.0)	8.7 (6.7)
(iii) Variability of Tariff Rates			6.4 (9.1)		7.7 (5.7)	7.7 (5.7)	7.7 (5.7)	7.7 (5.7)
B. Regulatory Trade Barriers						5.3	5.5	4.1
(i) Hidden Import Barriers						4.3	4.7	4.8
(ii) Costs of Importing						6.3	6.3	3.5
C. Size of Trade Sector	2.4	1.3	2.5	2.7	3.1	3.3	3.1	3.1
D. Official versus Black Market Exchange Rates	5.0	2.0	9.4	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	0.0	0.0	0.0	8.5	8.5	8.7	9.0	8.0
(i) Access to Foreign Capital						9.0	9.6	7.5
(ii) Restrictions on Capital Transactions	0.0	0.0	0.0	8.5	8.5	8.5	8.5	8.5
<b>5. Regulation of Credit, Labor and Business</b>	4.7	4.5	5.2	5.6	5.6	5.8	6.1	6.2
A. Regulation of Credit Markets	2.6	3.2	4.3	5.0	5.0	4.9	5.0	5.0
(i) Private Ownership of Banks	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	5.7	7.7	6.9	5.1	4.1	3.6	4.1	4.1
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	4.0	8.0	9.0	9.0	9.0	9.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						8.3	8.4	8.6
(i) Impact of Minimum Wage								9.1
(ii) Flexibility in Hiring and Firing						6.7	6.8	6.6
(iii) Collective Bargaining						8.2	8.3	8.8
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business						4.3	4.9	5.0
(i) Price Controls		0.0	4.0	6.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation						3.2	4.2	3.7
(iii) Time Spent with Government Bureaucracy						3.3	4.3	5.1
(iv) Ease of Starting a New Business						5.7	5.7	6.1
(v) Irregular Payments to Government Officials						3.6	4.2	4.0

## Ukraine

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶					3.4 (123)		4.7 (116)		4.8 (117)		5.3 (110)		5.4 (106)		5.4 (111)	
<b>1. Size of Government</b>					1.8		3.4		3.1		3.8		4.8		4.6	
A. Government Consumption	4.4	(25.0)	5.2	(22.4)	3.6	(27.8)	3.6	(27.8)	3.3	(28.9)	5.6	(21.1)	5.6	(21.1)	5.6	(21.1)
B. Transfers and Subsidies							5.6	(16.6)	6.3	(14.2)	6.1	(14.9)	6.1	(14.9)	5.2	(18.0)
C. Government Enterprises and Investment					0.0		0.0		0.0		0.0		0.0		0.0	
D. Top Marginal Tax Rate							4.5		3.0		3.5		7.5		7.5	
(i) Top Marginal Income Tax Rate							5.0	(40)	5.0	(40)	5.0	(40)	10.0	(13)	10.0	(13)
(ii) Top Marginal Income and Payroll Tax Rate							4.0	(44)	1.0	(58)	2.0	(55)	5.0	(38)	5.0	(38)
<b>2. Legal Structure and Security of Property Rights</b>					4.3		4.8		4.2		4.4		4.5		4.6	
A. Judicial Independence					6.1		3.2		2.0		2.3		2.0		2.1	
B. Impartial Courts					4.3		3.5		2.1		2.5		2.7		3.2	
C. Protection of Intellectual Property					1.2		2.4		1.9		2.3		2.8		2.6	
D. Military Interference					5.7		8.3		8.3		8.3		8.3		8.3	
E. Integrity of Legal System							6.7		6.7		6.7		6.7		6.7	
<b>3. Access to Sound Money</b>			5.9		1.7		3.5		5.8		6.0		5.7		5.5	
A. Growth of Money Supply							3.2	(34.1)	3.5	(32.3)	3.0	(34.8)	3.0	(34.8)	3.0	(34.8)
B. Inflation Variability					0.0	(1158.3)	1.4	(21.4)	7.1	(7.3)	6.3	(9.4)	6.0	(10.1)	5.8	(10.5)
C. Recent Annual Inflation			6.7	(16.3)	0.0	(415.5)	4.4	(28.2)	7.6	(12.0)	9.8	(0.8)	9.0	(5.2)	8.2	(9.0)
D. Freedom to Own Foreign Currency			5.0		5.0		5.0		5.0		5.0		5.0		5.0	
<b>4. Freedom to Exchange with Foreigners</b>					6.3		7.0		6.8		7.3		7.0		7.1	
A. Taxes on International Trade							7.6		7.6		7.7		7.7		7.6	
(i) Taxes as Percentage of Exports and Imports							9.4	(1.0)	9.3	(1.1)	9.2	(1.2)	9.2	(1.2)	8.9	(1.7)
(ii) Mean Tariff Rate							7.9	(10.5)	7.9	(10.5)	8.4	(7.9)	8.4	(7.9)	8.4	(7.9)
(iii) Variability of Tariff Rates							5.6	(11.0)	5.6	(11.0)	5.6	(11.0)	5.6	(11.0)	5.6	(11.0)
B. Regulatory Trade Barriers					2.5		5.5		4.8		5.7		5.6		5.4	
(i) Hidden Import Barriers					2.5		4.0		3.2		3.8		3.5		4.7	
(ii) Costs of Importing							7.0		6.3		7.5		7.7		6.1	
C. Size of Trade Sector			5.9		9.7		10.0		10.0		9.8		8.9		9.9	
D. Official versus Black Market Exchange Rates	0.0		0.0		9.4		7.8		7.8		10.0		10.0		10.0	
E. Restrictions on Capital Markets	0.0		0.0		3.4		4.3		4.0		3.4		2.9		2.4	
(i) Access to Foreign Capital					4.9		7.1		7.1		6.0		5.0		4.1	
(ii) Restrictions on Capital Transactions	0.0		0.0		2.0		1.5		0.8		0.8		0.8		0.8	
<b>5. Regulation of Credit, Labor and Business</b>			3.5		3.2		4.6		4.2		4.8		4.9		5.4	
A. Regulation of Credit Markets			0.0		1.8		4.6		5.5		6.9		7.2		7.2	
(i) Private Ownership of Banks			0.0		0.0		0.0		2.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks					3.2		3.9		3.9		8.0		8.0		8.0	
(iii) Extension of Credit to Private Sector					1.7		8.4		8.6		8.6		8.9		9.1	
(iv) Avoidance of Negative Real Interest Rates					0.0		6.0		8.0		8.0		9.0		9.0	
(v) Controls on Interest Rates					4.0		4.9		4.9		4.9		4.9		4.9	
B. Regulation of Labor Markets					5.1		4.3		3.9		3.9		4.1		4.8	
(i) Impact of Minimum Wage					6.6		1.9		1.9		1.9		1.9		5.7	
(ii) Flexibility in Hiring and Firing			5.8		5.8		6.3		5.6		6.0		6.7		6.3	
(iii) Collective Bargaining					7.9		8.1		6.6		6.5		6.7		6.7	
(iv) Incentives from Unemployment Benefits					5.4		5.3		5.3		5.3		5.3		5.3	
(v) Military Conscription					0.0		0.0		0.0		0.0		0.0		0.0	
C. Regulation of Business					2.6		4.7		3.2		3.5		3.4		4.1	
(i) Price Controls			0.0		4.0		6.0		4.0		4.0		4.0		4.0	
(ii) Burden of Regulation							6.3		1.6		2.3		1.7		2.7	
(iii) Time Spent with Government Bureaucracy					2.2		4.8		3.3		4.8		3.5		3.4	
(iv) Ease of Starting a New Business					3.7		2.9		3.0		2.3		3.0		4.9	
(v) Irregular Payments to Government Officials					0.6		3.8		4.3		4.1		4.6		5.3	

# United Arab Emirates

	1985	1990	1995	2000	2001	2002	2003	2004
Summary Ratings (Rank) ▶	6.8 (16)	7.4 (7)	7.4 (17)	7.4 (19)	7.4 (17)	7.4 (17)	7.8 (9)	7.7 (12)
<b>1. Size of Government</b>	5.0	7.6	7.9	7.6	7.6	7.6	7.6	7.6
A. Government Consumption	0.0 (41.8)	2.9 (30.1)	3.9 (26.8)	4.7 (24.0)	4.7 (24.0)	4.7 (24.0)	4.7 (24.0)	4.7 (24.0)
B. Transfers and Subsidies		9.8 (1.2)	9.9 (1.0)	9.7 (1.6)	9.7 (1.6)	9.7 (1.6)	9.7 (1.6)	9.7 (1.6)
C. Government Enterprises and Investment				6.0	6.0	6.0	6.0	6.0
D. Top Marginal Tax Rate	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(i) Top Marginal Income Tax Rate	10.0 (0)	10.0	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)
(ii) Top Marginal Income and Payroll Tax Rate				10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)	10.0 (0)
<b>2. Legal Structure and Security of Property Rights</b>	5.8	5.8	5.8	6.6	6.6	6.6	6.8	6.2
A. Judicial Independence							6.7	5.3
B. Impartial Courts			6.9	7.5	7.5	7.5	6.2	5.2
C. Protection of Intellectual Property							6.3	5.5
D. Military Interference			8.5	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			4.1	6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	9.3	9.6	9.4	8.1	8.5	8.6	8.6	8.6
A. Growth of Money Supply	9.8 (-0.9)	9.7 (1.5)	8.9 (5.5)	8.9 (5.7)	8.8 (5.9)	8.5 (7.5)	8.5 (7.5)	8.5 (7.5)
B. Inflation Variability	8.1 (4.8)	9.3 (1.7)		6.5 (8.8)	6.0 (9.9)	6.1 (9.9)	6.1 (9.9)	6.1 (9.9)
C. Recent Annual Inflation	9.1 (4.5)	9.2 (4.1)		7.2 (13.9)	9.0 (-4.8)	9.9 (0.7)	9.9 (0.7)	9.9 (0.7)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.7	7.9		8.2	8.2	8.2	8.3	8.5
A. Taxes on International Trade	9.6	10.0		9.6	9.6	9.6	9.6	9.6
(i) Taxes as Percentage of Exports and Imports	10.0 (0.0)	10.0 (0.0)		10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)
(ii) Mean Tariff Rate	9.2 (4.0)			9.2 (4.0)	9.2 (4.0)	9.2 (4.0)	9.2 (4.0)	9.2 (4.0)
(iii) Variability of Tariff Rates								
B. Regulatory Trade Barriers							9.1	8.7
(i) Hidden Import Barriers							8.3	8.6
(ii) Costs of Importing							9.8	8.7
C. Size of Trade Sector	5.8	6.5	7.4	6.9	6.9	6.9	6.9	
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	5.0	5.0	5.0	6.2	6.2	6.2	6.0	5.7
(i) Access to Foreign Capital							5.8	5.3
(ii) Restrictions on Capital Transactions	5.0	5.0	5.0	6.2	6.2	6.2	6.2	6.2
<b>5. Regulation of Credit, Labor and Business</b>	6.2	6.4	6.3	6.5	6.2	6.2	7.7	7.7
A. Regulation of Credit Markets	6.2	6.5	6.4	6.9	7.0	6.8	7.8	7.8
(i) Private Ownership of Banks	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								8.0
(iii) Extension of Credit to Private Sector	7.3	8.0	7.7	8.7	8.9	8.7	8.3	8.2
(iv) Avoidance of Negative Real Interest Rates							10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets							8.4	8.9
(i) Impact of Minimum Wage								10.0
(ii) Flexibility in Hiring and Firing							6.5	6.7
(iii) Collective Bargaining							8.8	8.8
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business							6.8	6.3
(i) Price Controls		8.0	8.0	8.0	6.0	6.0	6.0	6.0
(ii) Burden of Regulation							6.3	5.3
(iii) Time Spent with Government Bureaucracy							5.3	5.8
(iv) Ease of Starting a New Business							7.5	6.2
(v) Irregular Payments to Government Officials							8.7	8.2

## United Kingdom

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	7.0 (11)		7.3 (9)		8.1 (6)		8.2 (6)		8.2 (4)		8.1 (6)		8.1 (6)		8.1 (6)	
<b>1. Size of Government</b>	4.4		5.6		5.4		6.0		6.4		6.6		6.5		6.7	
A. Government Consumption	4.2	(25.9)	4.5	(24.6)	4.4	(25.2)	5.2	(22.2)	5.1	(22.5)	4.9	(23.3)	4.7	(24.2)	4.6	(24.5)
B. Transfers and Subsidies	5.3	(17.9)	6.1	(14.9)	5.3	(17.7)	5.6	(16.5)	6.3	(14.1)	6.3	(14.1)	6.2	(14.6)	6.2	(14.3)
C. Government Enterprises and Investment	6.0	(23.5)	8.0	(15.3)	8.0	(16.4)	8.0		10.0	(6.4)	10.0	(6.4)	10.0	(6.4)	10.0	(5.4)
D. Top Marginal Tax Rate	2.0		4.0		4.0		5.0		4.0		5.0		5.0		6.0	
(i) Top Marginal Income Tax Rate	2.0	(60)	5.0	(40)	5.0	(40)	6.0	(40)	5.0	(40)	6.0	(40)	6.0	(40)	6.0	(40)
(ii) Top Marginal Income and Payroll Tax Rate			3.0	(46)	3.0	(46)	4.0	(46)	3.0	(46)	4.0	(47)	4.0	(48)	6.0	(40)
<b>2. Legal Structure and Security of Property Rights</b>	6.7		7.7		8.8		9.3		9.2		9.0		9.2		8.9	
A. Judicial Independence					9.5		9.0		8.7		8.3		8.5		8.3	
B. Impartial Courts					8.9		9.0		8.5		8.3		8.8		7.8	
C. Protection of Intellectual Property					7.1		8.4		9.0		8.5		8.5		8.5	
D. Military Interference					8.8		10.0		10.0		10.0		10.0		10.0	
E. Integrity of Legal System					10.0		10.0		10.0		10.0		10.0		9.7	
<b>3. Access to Sound Money</b>	8.9		8.1		9.6		9.3		9.5		9.5		9.4		9.4	
A. Growth of Money Supply	7.8	(10.9)	4.3	(28.7)	9.6	(2.1)	8.1	(9.3)	8.7	(6.4)	8.6	(7.2)	8.5	(7.3)	8.6	(7.0)
B. Inflation Variability	9.0	(2.5)	9.4	(1.4)	9.3	(1.7)	9.7	(0.7)	9.8	(0.6)	9.7	(0.7)	9.7	(0.7)	9.7	(0.8)
C. Recent Annual Inflation	8.8	(5.9)	8.7	(6.4)	9.5	(2.4)	9.4	(2.9)	9.6	(1.8)	9.7	(1.6)	9.4	(2.9)	9.4	(3.0)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	8.5		8.2		8.2		8.5		8.3		8.3		8.3		7.9	
A. Taxes on International Trade	9.1		8.4		8.6		9.2		9.0		9.1		9.2		9.2	
(i) Taxes as Percentage of Exports and Imports	9.6	(0.6)	9.6	(0.6)	9.6	(0.6)	9.8	(0.3)	9.8	(0.3)	9.9	(0.2)	9.9	(0.2)	9.9	(0.2)
(ii) Mean Tariff Rate	8.5	(7.5)	8.5	(7.4)	8.7	(6.7)	9.5	(2.4)	9.2	(3.9)	9.4	(3.1)	9.7	(1.4)	9.6	(1.8)
(iii) Variability of Tariff Rates			7.1	(7.2)	7.6	(5.9)	8.2	(4.4)	8.0	(4.9)	8.0	(4.9)	8.0	(4.9)	8.0	(4.9)
B. Regulatory Trade Barriers					8.0		9.3		8.9		8.9		9.0		7.9	
(i) Hidden Import Barriers					8.0		9.0		8.2		8.3		8.5		7.1	
(ii) Costs of Importing							9.7		9.6		9.5		9.5		8.6	
C. Size of Trade Sector	5.5		4.5		4.9		4.7		4.5		4.3		3.8		3.8	
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	10.0		10.0		9.4		9.1		9.1		9.2		9.2		8.6	
(i) Access to Foreign Capital					8.9		9.8		9.8		10.0		10.0		8.8	
(ii) Restrictions on Capital Transactions	10.0		10.0		10.0		8.5		8.5		8.5		8.5		8.5	
<b>5. Regulation of Credit, Labor and Business</b>	6.6		6.8		8.3		8.1		7.7		7.4		7.4		7.6	
A. Regulation of Credit Markets	9.7		9.9		9.3		9.2		9.2		9.2		9.2		9.2	
(i) Private Ownership of Banks	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(ii) Competition from Foreign Banks					9.3		7.4		7.4		7.4		7.4		7.4	
(iii) Extension of Credit to Private Sector	9.1		9.8		9.7		9.9		9.9		9.8		9.9		9.9	
(iv) Avoidance of Negative Real Interest Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
(v) Controls on Interest Rates					7.5		8.5		8.5		8.5		8.5		8.5	
B. Regulation of Labor Markets	6.8		7.2		7.2		6.9		7.1		6.7		6.6		6.9	
(i) Impact of Minimum Wage					6.7		4.6		4.6		4.6		4.6		6.5	
(ii) Flexibility in Hiring and Firing			7.4		7.4		4.9		6.1		5.5		5.8		5.7	
(iii) Collective Bargaining	5.2		6.2		6.2		8.6		8.2		7.8		8.2		8.2	
(iv) Incentives from Unemployment Benefits	5.2		5.4		5.9		6.5		6.5		5.4		4.3		4.3	
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business					8.4		8.1		6.8		6.2		6.5		6.8	
(i) Price Controls			9.0		9.0		8.0		6.0		6.0		5.0		6.0	
(ii) Burden of Regulation							7.9		4.4		3.3		4.2		3.3	
(iii) Time Spent with Government Bureaucracy					7.8		8.0		7.0		6.0		6.5		8.0	
(iv) Ease of Starting a New Business					8.1		7.7		7.5		7.2		7.7		8.0	
(v) Irregular Payments to Government Officials					8.7		9.0		9.0		8.7		9.0		8.8	

# United States

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	7.7 (4)	7.9 (3)	8.3 (4)	8.6 (2)	8.3 (3)	8.2 (4)	8.2 (3)	8.2 (3)
<b>1. Size of Government</b>	6.0	6.7	6.9	7.6	7.6	7.6	7.8	7.6
A. Government Consumption	5.5 (21.5)	5.7 (20.8)	6.2 (19.0)	6.6 (17.6)	6.6 (17.5)	6.5 (17.9)	6.4 (18.1)	6.4 (18.3)
B. Transfers and Subsidies	6.7 (12.5)	6.7 (12.7)	6.3 (14.0)	6.7 (12.6)	6.8 (12.3)	6.7 (12.5)	6.7 (12.5)	6.7 (12.5)
C. Government Enterprises and Investment	8.0 (17.3)	8.0 (20.0)	8.0 (14.6)	10.0	10.0 (14.2)	10.0 (14.2)	10.0 (14.2)	10.0 (6.6)
D. Top Marginal Tax Rate	4.0	6.5	7.0	7.0	7.0	7.0	8.0	7.5
(i) Top Marginal Income Tax Rate	4.0 (50-59)	7.0 (33-42)	7.0 (40-46)	7.0 (40-46)	7.0 (39-46)	7.0 (39-43)	8.0 (35-42)	8.0 (35-42)
(ii) Top Marginal Income and Payroll Tax Rate		6.0 (36-45)	7.0 (42-49)	7.0 (42-49)	7.0 (41-48)	7.0 (41-45)	8.0 (37-44)	7.0 (37-44)
<b>2. Legal Structure and Security of Property Rights</b>	8.3	8.3	8.8	9.2	8.7	8.2	7.9	7.8
A. Judicial Independence			8.3	8.0	7.9	7.8	7.0	7.5
B. Impartial Courts			8.5	9.0	8.0	7.7	7.2	7.4
C. Protection of Intellectual Property			7.8	9.1	9.1	8.7	8.7	9.0
D. Military Interference			9.2	10.0	8.3	8.3	8.3	6.9
E. Integrity of Legal System			10.0	10.0	10.0	8.3	8.3	8.3
<b>3. Access to Sound Money</b>	9.3	9.6	9.8	9.8	9.7	9.8	9.8	9.7
A. Growth of Money Supply	8.9 (5.5)	9.4 (2.9)	9.7 (1.5)	9.9 (-0.3)	9.7 (1.5)	9.7 (1.4)	10.0 (-0.1)	9.7 (1.7)
B. Inflation Variability	9.0 (2.4)	9.7 (0.7)	9.7 (0.6)	9.8 (0.4)	9.8 (0.5)	9.8 (0.5)	9.8 (0.4)	9.8 (0.4)
C. Recent Annual Inflation	9.3 (3.5)	9.1 (4.3)	9.6 (2.0)	9.3 (3.4)	9.4 (2.8)	9.7 (1.6)	9.5 (2.3)	9.5 (2.7)
D. Freedom to Own Foreign Currency	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	7.8	7.8	7.9	8.1	7.9	7.8	7.8	7.6
A. Taxes on International Trade	8.8	8.2	8.4	8.1	8.1	8.1	8.1	8.1
(i) Taxes as Percentage of Exports and Imports	8.9 (1.7)	9.0 (1.5)	9.2 (1.2)	9.4 (0.8)	9.4 (0.9)	9.5 (0.8)	9.4 (0.8)	9.4 (0.9)
(ii) Mean Tariff Rate	8.7 (6.6)	8.8 (6.2)	8.8 (5.9)	9.2 (4.0)	9.2 (4.0)	9.2 (4.1)	9.2 (4.1)	9.4 (3.2)
(iii) Variability of Tariff Rates		6.9 (7.7)	7.2 (7.0)	5.7 (10.7)	5.6 (11.1)	5.6 (11.1)	5.6 (11.1)	5.6 (11.1)
B. Regulatory Trade Barriers			7.8	8.8	8.5	8.2	8.2	8.0
(i) Hidden Import Barriers			7.8	8.1	7.7	6.8	7.2	7.2
(ii) Costs of Importing				9.5	9.4	9.6	9.2	8.9
C. Size of Trade Sector	4.0	4.6	4.9	5.2	4.7	4.5	4.3	4.5
D. Official versus Black Market Exchange Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	8.0	8.0	8.4	8.2	8.2	8.4	8.3	7.5
(i) Access to Foreign Capital			8.8	9.5	9.5	9.8	9.6	8.1
(ii) Restrictions on Capital Transactions	8.0	8.0	8.0	6.9	6.9	6.9	6.9	6.9
<b>5. Regulation of Credit, Labor and Business</b>	6.8	6.8	8.2	8.2	7.8	7.7	7.6	8.0
A. Regulation of Credit Markets	9.5	9.6	9.0	9.1	9.2	9.2	9.2	9.3
(i) Private Ownership of Banks	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(ii) Competition from Foreign Banks			8.3	7.6	7.6	8.0	8.0	8.0
(iii) Extension of Credit to Private Sector	8.4	8.9	8.8	9.4	9.5	9.4	9.6	9.6
(iv) Avoidance of Negative Real Interest Rates	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(v) Controls on Interest Rates			8.1	8.7	8.7	8.7	8.7	8.7
B. Regulation of Labor Markets	7.7	7.7	7.5	7.2	7.3	7.3	7.0	7.9
(i) Impact of Minimum Wage			5.9	3.8	3.8	3.8	3.8	7.7
(ii) Flexibility in Hiring and Firing		7.1	7.1	6.7	7.0	7.3	7.2	7.2
(iii) Collective Bargaining	7.6	7.6	7.6	8.4	8.7	8.3	8.0	8.4
(iv) Incentives from Unemployment Benefits	5.6	6.0	6.7	7.0	7.0	6.9	6.2	6.2
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business			8.2	8.3	6.9	6.7	6.6	6.9
(i) Price Controls		9.0	9.0	8.0	8.0	7.0	7.0	6.0
(ii) Burden of Regulation				7.9	4.0	4.0	3.7	4.3
(iii) Time Spent with Government Bureaucracy			7.5	8.2	6.5	6.8	6.5	7.1
(iv) Ease of Starting a New Business			8.4	8.4	8.1	8.0	7.5	8.5
(v) Irregular Payments to Government Officials			7.9	8.8	8.1	8.0	8.3	8.5

# Uruguay

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	6.0 (33)		6.2 (34)		6.1 (60)		6.6 (53)		6.8 (42)		6.9 (39)		6.7 (47)		7.0 (40)	
<b>1. Size of Government</b>	7.0		7.4		7.2		6.0		6.9		7.5		7.4		7.5	
A. Government Consumption	6.6	(17.4)	6.8	(16.8)	7.5	(14.5)	7.4	(14.8)	7.3	(15.3)	7.4	(15.0)	7.7	(13.8)	8.0	(12.8)
B. Transfers and Subsidies	7.4	(10.0)	6.9	(12.0)	5.4	(17.3)	5.2	(18.1)	5.8	(16.1)	5.8	(16.1)	4.9	(19.3)	4.9	(19.3)
C. Government Enterprises and Investment	4.0	(36.2)	6.0	(28.5)	6.0	(28.8)	4.0	(39.5)	7.0	(23.0)	7.0	(23.0)	7.0	(23.0)	7.0	(23.0)
D. Top Marginal Tax Rate	10.0		10.0		10.0		7.5		7.5		10.0		10.0		10.0	
(i) Top Marginal Income Tax Rate	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)	10.0	(0)
(ii) Top Marginal Income and Payroll Tax Rate	10.0		10.0		10.0		5.0 (36)		5.0 (36)		10.0 (0)		10.0 (0)		10.0 (0)	
<b>2. Legal Structure and Security of Property Rights</b>	5.4		6.3		6.0		5.7		5.8		5.8		5.7		5.8	
A. Judicial Independence									7.1		6.3		6.7		7.0	
B. Impartial Courts					6.0		6.7		5.2		4.8		4.3		5.2	
C. Protection of Intellectual Property							5.5		4.1		4.5		4.3		4.2	
D. Military Interference					7.2		8.3		8.3		8.3		8.3		8.3	
E. Integrity of Legal System					7.0		5.0		4.2		5.0		5.0		4.2	
<b>3. Access to Sound Money</b>	3.6		3.8		3.9		8.4		8.9		8.7		8.0		8.4	
A. Growth of Money Supply	2.6	(36.9)	0.0	(74.7)	3.0	(35.0)	8.5	(7.6)	9.1	(4.4)	9.9	(-0.3)	8.9	(5.5)	8.4	(8.1)
B. Inflation Variability	1.9	(20.4)	5.0	(12.4)	1.1	(22.3)	6.0	(9.9)	7.4	(6.4)	7.5	(6.2)	7.0	(7.6)	7.1	(7.1)
C. Recent Annual Inflation	0.0	(74.0)	0.0	(100.4)	1.6	(42.0)	9.0	(4.8)	9.1	(4.4)	7.2	(14.0)	6.1	(19.4)	8.2	(9.2)
D. Freedom to Own Foreign Currency	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
<b>4. Freedom to Exchange with Foreigners</b>	7.4		7.3		7.4		6.8		6.8		6.7		6.9		6.9	
A. Taxes on International Trade	5.0		5.9		7.8		7.7		7.6		7.6		7.6		7.8	
(i) Taxes as Percentage of Exports and Imports	6.1	(5.8)	6.3	(5.6)	8.2	(2.7)	8.7	(2.0)	8.7	(1.9)	8.7	(1.9)	8.7	(1.9)	8.7	(1.9)
(ii) Mean Tariff Rate	3.8	(31.0)	3.9	(30.5)	8.1	(9.3)	7.8	(11.1)	7.3	(13.3)	7.3	(13.3)	7.3	(13.3)	7.8	(10.8)
(iii) Variability of Tariff Rates			7.6 (5.9)		7.2 (7.1)		6.7 (8.3)		6.8 (8.0)		6.8 (8.0)		6.8 (8.0)		6.8 (8.0)	
B. Regulatory Trade Barriers							6.3		6.8		6.9		6.4		6.0	
(i) Hidden Import Barriers							6.3		5.9		6.5		5.5		5.2	
(ii) Costs of Importing									7.7		7.4		7.3		6.8	
C. Size of Trade Sector	3.9		2.5		1.1		1.3		0.6		1.1		2.3		3.3	
D. Official versus Black Market Exchange Rates	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
E. Restrictions on Capital Markets	10.0		10.0		10.0		8.7		8.7		7.9		8.2		7.4	
(i) Access to Foreign Capital							9.0		9.0		7.4		8.0		6.4	
(ii) Restrictions on Capital Transactions	10.0		10.0		10.0		8.5		8.5		8.5		8.5		8.5	
<b>5. Regulation of Credit, Labor and Business</b>	6.4		6.0		6.1		6.2		5.6		5.7		5.7		6.6	
A. Regulation of Credit Markets	7.0		7.0		6.6		6.5		6.3		6.3		6.2		7.0	
(i) Private Ownership of Banks	5.0		5.0		5.0		5.0		5.0		5.0		5.0		5.0	
(ii) Competition from Foreign Banks							6.3		6.3		7.0		7.0		7.0	
(iii) Extension of Credit to Private Sector	7.9		7.9		8.7		9.2		9.0		8.2		8.0		7.7	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		6.0		6.0		5.0		5.0		5.0		9.0	
(v) Controls on Interest Rates							6.2		6.2		6.2		6.2		6.2	
B. Regulation of Labor Markets							5.9		5.5		5.8		5.8		7.3	
(i) Impact of Minimum Wage							2.6		2.6		2.6		2.6		8.2	
(ii) Flexibility in Hiring and Firing							4.1		2.7		2.7		3.2		4.5	
(iii) Collective Bargaining							6.9		6.9		7.8		7.3		6.6	
(iv) Incentives from Unemployment Benefits																
(v) Military Conscription	10.0		10.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business							6.1		5.0		5.0		5.1		5.5	
(i) Price Controls			4.0		6.0		6.0		6.0		6.0		6.0		6.0	
(ii) Burden of Regulation							6.8		1.8		2.3		3.2		3.1	
(iii) Time Spent with Government Bureaucracy							6.5		5.8		5.5		5.3		6.6	
(iv) Ease of Starting a New Business							5.0		3.5		3.5		3.3		4.5	
(v) Irregular Payments to Government Officials							6.1		7.6		7.5		7.5		7.4	

# Venezuela

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	6.2 (25)	5.5 (52)	4.2 (115)	5.5 (99)	5.5 (99)	4.4 (120)	4.0 (125)	4.4 (126)
<b>1. Size of Government</b>	6.9	6.0	6.1	6.0	5.9	5.7	5.3	5.5
A. Government Consumption	7.5 (14.4)	8.3 (11.9)	9.0 (9.3)	6.1 (19.4)	5.7 (20.6)	6.0 (19.5)	6.2 (19.0)	5.8 (20.3)
B. Transfers and Subsidies	8.9 (4.5)	8.6 (5.8)	8.5 (6.0)	7.7 (8.8)	7.7 (8.8)	7.7 (8.8)	6.5 (13.3)	6.5 (13.3)
C. Government Enterprises and Investment	4.0 (35.8)	0.0 (65.2)	0.0 (58.3)	2.0 (46.2)	2.0 (42.4)	2.0 (42.4)	2.0 (42.4)	2.0 (42.4)
D. Top Marginal Tax Rate	7.0	7.0	7.0	8.0	8.0	7.0	6.5	7.5
(i) Top Marginal Income Tax Rate	7.0 (45)	7.0 (45)	7.0 (34)	8.0 (35)	8.0 (34)	7.0 (34)	7.0 (34)	8.0 (34)
(ii) Top Marginal Income and Payroll Tax Rate		7.0 (45)	7.0 (34)	8.0 (35)	8.0 (35)	7.0 (35)	6.0 (36)	7.0 (36)
<b>2. Legal Structure and Security of Property Rights</b>	5.3	5.7	3.8	3.7	1.9	1.6	1.4	1.8
A. Judicial Independence			2.9	1.7	0.5	0.3	0.8	0.5
B. Impartial Courts			2.9	3.7	0.9	0.5	0.7	1.1
C. Protection of Intellectual Property			3.7	3.4	2.2	2.2	2.3	2.3
D. Military Interference			5.6	3.3	2.5	1.7	1.7	0.8
E. Integrity of Legal System			4.1	6.7	3.3	3.3	1.7	4.2
<b>3. Access to Sound Money</b>	8.3	4.4	1.9	5.6	7.6	5.8	4.8	4.9
A. Growth of Money Supply	7.3 (13.3)	6.1 (19.7)	3.9 (30.3)	5.5 (22.6)	7.4 (12.8)	6.7 (16.6)	5.0 (25.1)	4.4 (27.9)
B. Inflation Variability	7.9 (5.2)	0.0 (30.2)	3.8 (15.6)	0.0 (39.4)	5.5 (11.2)	6.1 (9.7)	5.5 (11.2)	4.3 (14.2)
C. Recent Annual Inflation	7.9 (10.4)	1.7 (41.7)	0.0 (51.9)	6.8 (16.2)	7.5 (12.5)	5.5 (22.4)	3.8 (31.1)	5.7 (21.8)
D. Freedom to Own Foreign Currency	10.0	10.0	0.0	10.0	10.0	5.0	5.0	5.0
<b>4. Freedom to Exchange with Foreigners</b>	5.3	6.8	5.2	7.2	7.0	4.5	4.6	5.8
A. Taxes on International Trade	3.7	4.2	7.8	7.6	7.5	7.7	7.9	8.0
(i) Taxes as Percentage of Exports and Imports	3.9 (9.1)	8.5 (2.2)	7.9 (3.1)	7.9 (3.1)	7.5 (3.7)	8.2 (2.7)	8.8 (1.8)	8.8 (1.8)
(ii) Mean Tariff Rate	3.4 (32.9)	3.9 (30.6)	7.3 (13.4)	7.3 (13.5)	7.3 (13.5)	7.3 (13.5)	7.3 (13.5)	7.6 (12.2)
(iii) Variability of Tariff Rates		0.2 (24.4)	8.1 (4.8)	7.6 (5.9)	7.6 (5.9)	7.6 (5.9)	7.6 (5.9)	7.6 (5.9)
B. Regulatory Trade Barriers			4.6	5.7	6.0	5.0	4.6	5.2
(i) Hidden Import Barriers			4.6	4.9	4.6	3.0	2.5	4.6
(ii) Costs of Importing				6.5	7.4	7.0	6.7	5.7
C. Size of Trade Sector	4.8	6.7	5.2	4.5	3.8	4.5	4.3	5.4
D. Official versus Black Market Exchange Rates	5.0	10.0	1.6	10.0	10.0	0.0	0.0	5.1
E. Restrictions on Capital Markets	5.0	5.0	6.9	8.1	7.8	5.1	6.1	5.5
(i) Access to Foreign Capital			8.7	9.4	9.4	7.2	6.8	5.6
(ii) Restrictions on Capital Transactions	5.0	5.0	5.0	6.9	6.2	3.1	5.4	5.4
<b>5. Regulation of Credit, Labor and Business</b>	5.4	4.6	4.0	5.2	5.1	4.4	4.0	4.3
A. Regulation of Credit Markets	6.9	4.6	4.7	6.0	7.6	7.5	6.2	7.5
(i) Private Ownership of Banks	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
(ii) Competition from Foreign Banks			7.6	6.2	6.2	6.2	6.2	6.2
(iii) Extension of Credit to Private Sector	8.8	5.7	2.7	7.7	7.8	7.1	6.9	7.1
(iv) Avoidance of Negative Real Interest Rates	4.0	0.0	0.0	2.0	10.0	10.0	4.0	10.0
(v) Controls on Interest Rates			5.4	6.0	6.0	6.0	6.0	6.0
B. Regulation of Labor Markets		3.9	4.3	4.0	3.8	2.8	3.1	3.5
(i) Impact of Minimum Wage			4.9	4.1	4.1	4.1	4.1	7.0
(ii) Flexibility in Hiring and Firing		4.4	4.4	4.6	3.2	1.0	2.2	1.5
(iii) Collective Bargaining	7.2	7.2	7.2	5.8	6.0	4.8	5.3	5.3
(iv) Incentives from Unemployment Benefits			5.0	5.7	5.7	4.3	3.8	3.8
(v) Military Conscription	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Regulation of Business			3.0	5.5	4.0	2.9	2.6	1.8
(i) Price Controls			0.0	5.0	6.0	0.0	0.0	0.0
(ii) Burden of Regulation				6.4	1.2	1.0	1.3	2.0
(iii) Time Spent with Government Bureaucracy			5.3	6.2	5.3	6.5	4.0	1.4
(iv) Ease of Starting a New Business			4.6	4.7	3.0	2.8	2.7	1.3
(v) Irregular Payments to Government Officials			2.1	5.0	4.5	4.3	4.8	4.5

## Vietnam

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ►</b>							5.6 (99)	5.9 (88)
<b>1. Size of Government</b>							4.4	5.6
A. Government Consumption							9.2	9.2 (8.7)
B. Transfers and Subsidies								
C. Government Enterprises and Investment							4.0	4.0
D. Top Marginal Tax Rate							0.0	3.5
(i) Top Marginal Income Tax Rate							0.0	5.0 (40)
(ii) Top Marginal Income and Payroll Tax Rate							0.0	2.0 (52)
<b>2. Legal Structure and Security of Property Rights</b>							4.2	4.4
A. Judicial Independence							4.5	4.0
B. Impartial Courts							4.0	4.0
C. Protection of Intellectual Property							2.3	2.6
D. Military Interference							3.3	4.7
E. Integrity of Legal System							6.7	6.7
<b>3. Access to Sound Money</b>							6.6	6.4
A. Growth of Money Supply							7.7	7.9 (10.5)
B. Inflation Variability							9.4	9.1 (2.3)
C. Recent Annual Inflation							9.4	8.4 (7.8)
D. Freedom to Own Foreign Currency							0.0	0.0
<b>4. Freedom to Exchange with Foreigners</b>							6.9	6.7
A. Taxes on International Trade							5.9	6.0
(i) Taxes as Percentage of Exports and Imports							8.2	8.2 (2.8)
(ii) Mean Tariff Rate							7.0	7.3 (13.6)
(iii) Variability of Tariff Rates							2.6	2.6 (18.5)
B. Regulatory Trade Barriers							5.8	5.3
(i) Hidden Import Barriers							3.5	4.0
(ii) Costs of Importing							8.2	6.5
C. Size of Trade Sector							10.0	10.0
D. Official versus Black Market Exchange Rates							10.0	10.0
E. Restrictions on Capital Markets							2.8	2.4
(i) Access to Foreign Capital							5.6	4.9
(ii) Restrictions on Capital Transactions							0.0	0.0
<b>5. Regulation of Credit, Labor and Business</b>							5.9	6.3
A. Regulation of Credit Markets							9.5	9.8
(i) Private Ownership of Banks								
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector							9.0	9.6
(iv) Avoidance of Negative Real Interest Rates							10.0	10.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets							4.1	4.8
(i) Impact of Minimum Wage								6.7
(ii) Flexibility in Hiring and Firing							5.0	5.3
(iii) Collective Bargaining							7.2	7.3
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription							0.0	0.0
C. Regulation of Business							4.1	4.2
(i) Price Controls								
(ii) Burden of Regulation							3.0	2.3
(iii) Time Spent with Government Bureaucracy							4.5	5.7
(iv) Ease of Starting a New Business							5.3	5.3
(v) Irregular Payments to Government Officials							3.8	3.5



# Zambia

	1985	1990	1995	2000	2001	2002	2003	2004
<b>Summary Ratings (Rank) ▶</b>	4.0 (95)	3.3 (109)	4.8 (98)	6.7 (46)	6.9 (40)	6.7 (50)	6.7 (47)	6.8 (48)
<b>1. Size of Government</b>	3.1	3.5	5.9	7.1	7.4	7.4	7.4	7.4
A. Government Consumption	3.6 (27.8)	5.0 (23.1)	7.3 (15.2)	8.4 (11.5)	7.5 (14.4)	7.5 (14.4)	7.5 (14.4)	7.5 (14.4)
B. Transfers and Subsidies	9.0 (4.2)	8.9 (4.5)	9.4 (2.6)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)	10.0 (0.0)
C. Government Enterprises and Investment	0.0 (90.7)	0.0 (44.0)	0.0	2.0	4.0	4.0	4.0	4.0
D. Top Marginal Tax Rate	0.0	0.0	7.0	8.0	8.0	8.0	8.0	8.0
(i) Top Marginal Income Tax Rate	0.0 (80)	0.0 (75)	7.0 (35)	8.0 (30)	8.0 (30)	8.0 (30)	8.0 (30)	8.0 (30)
(ii) Top Marginal Income and Payroll Tax Rate								
<b>2. Legal Structure and Security of Property Rights</b>	4.0	3.7	5.9	5.9	5.9	5.4	5.5	5.5
A. Judicial Independence			6.7	6.2	6.2	4.7	4.5	4.5
B. Impartial Courts			4.8	4.9	4.9	4.3	4.5	4.5
C. Protection of Intellectual Property			4.8	3.2	3.2	3.0	3.3	3.3
D. Military Interference			6.3	8.3	8.3	8.3	8.3	8.3
E. Integrity of Legal System			7.0	6.7	6.7	6.7	6.7	6.7
<b>3. Access to Sound Money</b>	3.3	0.1	0.7	7.2	7.4	7.2	7.2	7.5
A. Growth of Money Supply	6.3 (18.4)	0.0 (58.6)	0.0 (58.5)	5.5 (22.7)	5.5 (22.7)	4.9 (25.4)	4.9 (25.4)	4.9 (25.4)
B. Inflation Variability	5.0 (12.6)	0.4 (23.9)	0.0 (49.2)	8.4 (4.1)	8.4 (4.1)	8.3 (4.4)	8.3 (4.3)	8.8 (2.9)
C. Recent Annual Inflation	1.8 (41.1)	0.0 (106.4)	2.6 (36.9)	4.8 (26.0)	5.7 (21.4)	5.6 (22.2)	5.7 (21.4)	6.4 (18.0)
D. Freedom to Own Foreign Currency	0.0	0.0	0.0	10.0	10.0	10.0	10.0	10.0
<b>4. Freedom to Exchange with Foreigners</b>	5.1	4.8	6.7	7.8	8.0	7.7	7.2	6.9
A. Taxes on International Trade	4.4	5.8	6.0	6.2	6.2	6.3	6.3	6.3
(i) Taxes as Percentage of Exports and Imports	5.7 (6.4)	6.8 (4.8)	7.5 (3.8)	5.1 (7.3)	5.1 (7.3)	5.1 (7.3)	5.1 (7.3)	5.1 (7.3)
(ii) Mean Tariff Rate	3.0 (34.8)	4.9 (25.6)	4.9 (25.6)	7.1 (14.7)	7.1 (14.7)	7.2 (13.9)	7.2 (14.2)	7.4 (13.2)
(iii) Variability of Tariff Rates			5.8 (10.6)	6.5 (8.8)	6.5 (8.8)	6.5 (8.8)	6.5 (8.8)	6.5 (8.8)
B. Regulatory Trade Barriers						6.1	5.8	4.4
(i) Hidden Import Barriers						5.5	5.0	5.0
(ii) Costs of Importing						6.8	6.7	3.8
C. Size of Trade Sector	8.7	8.1	8.1	5.3	6.4	7.0	4.6	4.6
D. Official versus Black Market Exchange Rates	2.4	0.0	9.4	10.0	10.0	10.0	10.0	10.0
E. Restrictions on Capital Markets	2.0	2.0	2.0	9.2	9.2	9.1	9.3	9.3
(i) Access to Foreign Capital						9.0	9.4	9.4
(ii) Restrictions on Capital Transactions	2.0	2.0	2.0	9.2	9.2	9.2	9.2	9.2
<b>5. Regulation of Credit, Labor and Business</b>	4.4	4.2	4.7	5.6	5.7	5.9	6.2	6.5
A. Regulation of Credit Markets	1.7	2.4	3.3	6.2	5.9	6.0	5.7	6.1
(i) Private Ownership of Banks	2.0	2.0	5.0	5.0	5.0	5.0	5.0	5.0
(ii) Competition from Foreign Banks								
(iii) Extension of Credit to Private Sector	3.1	5.2	5.0	5.6	4.7	5.0	4.2	5.2
(iv) Avoidance of Negative Real Interest Rates	0.0	0.0	0.0	8.0	8.0	8.0	8.0	8.0
(v) Controls on Interest Rates								
B. Regulation of Labor Markets						7.4	8.2	8.6
(i) Impact of Minimum Wage								10.0
(ii) Flexibility in Hiring and Firing						5.2	6.3	6.3
(iii) Collective Bargaining						7.2	8.2	8.2
(iv) Incentives from Unemployment Benefits								
(v) Military Conscription	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Regulation of Business								
(i) Price Controls		0.0	2.0	2.0	4.0	4.3	4.8	4.7
(ii) Burden of Regulation						4.0	4.0	4.0
(iii) Time Spent with Government Bureaucracy						3.2	3.8	3.8
(iv) Ease of Starting a New Business						3.8	5.5	6.0
(v) Irregular Payments to Government Officials						5.8	5.3	5.1
						4.7	5.1	5.1

# Zimbabwe

	1985		1990		1995		2000		2001		2002		2003		2004	
Summary Ratings (Rank) ▶	4.6 (85)		4.8 (84)		5.4 (80)		4.3 (120)		3.4 (123)		3.3 (122)		3.3 (126)		2.8 (130)	
<b>1. Size of Government</b>	3.5		4.1		5.0		4.5		4.6		4.6		4.6		3.5	
A. Government Consumption	4.5	(24.6)	4.8	(23.6)	5.4	(21.6)	6.3	(18.5)	5.6	(21.1)	5.6	(21.1)	5.6	(21.1)	5.6	(21.1)
B. Transfers and Subsidies	7.4	(10.0)	8.4	(6.2)	8.6	(5.7)	7.7	(8.8)	7.7	(8.8)	7.7	(8.8)	7.7	(8.8)	7.7	(8.8)
C. Government Enterprises and Investment	2.0	(53.6)	2.0		2.0		2.0		2.0		2.0		2.0		2.0	
D. Top Marginal Tax Rate	0.0		1.0		4.0		2.0		3.0		3.0		3.0		3.0	
(i) Top Marginal Income Tax Rate	0.0	(63)	1.0	(60)	4.0	(45)	2.0	(53)	3.0	(46)	3.0	(46)	3.0	(46)	3.0	(46)
(ii) Top Marginal Income and Payroll Tax Rate			1.0	(60)	4.0	(45)	2.0	(53)	3.0	(46)	3.0	(46)	3.0	(46)	3.0	(46)
<b>2. Legal Structure and Security of Property Rights</b>	3.1		4.0		5.5		5.0		2.6		2.8		2.8		3.1	
A. Judicial Independence					6.7		6.2		1.4		1.2		1.5		1.8	
B. Impartial Courts					7.3		7.3		2.4		2.5		2.3		2.6	
C. Protection of Intellectual Property					4.8		3.2		3.4		3.5		3.5		4.0	
D. Military Interference					4.9		5.0		5.0		5.0		5.0		5.0	
E. Integrity of Legal System					4.1		3.3		0.8		1.7		1.7		2.2	
<b>3. Access to Sound Money</b>	6.2		5.6		4.9		2.8		1.8		1.3		1.3		0.0	
A. Growth of Money Supply	8.6	(7.2)	7.0	(14.9)	4.5	(27.3)	3.9	(30.4)	1.4	(42.9)	0.0	(68.0)	0.0	(68.0)	0.0	(68.0)
B. Inflation Variability	7.7	(5.8)	8.4	(4.1)	7.3	(6.8)	2.2	(19.4)	1.0	(22.6)	0.0	(28.4)	0.0	(28.4)	0.0	(28.4)
C. Recent Annual Inflation	8.7	(6.5)	7.1	(14.8)	7.9	(10.7)	0.0	(55.9)	0.0	(76.7)	0.0	(140.1)	0.0	(140.1)	0.0	(140.1)
D. Freedom to Own Foreign Currency	0.0		0.0		0.0		5.0		5.0		5.0		5.0		5.0	
<b>4. Freedom to Exchange with Foreigners</b>	4.7		5.6		6.4		3.7		3.3		3.3		3.4		3.1	
A. Taxes on International Trade	6.5		5.7		6.8		4.6		4.5		4.8		4.8		4.8	
(i) Taxes as Percentage of Exports and Imports	4.7	(8.0)	3.9	(9.2)	5.4	(6.9)	5.1	(7.3)	5.1	(7.3)	5.1	(7.3)	5.1	(7.3)	5.1	(7.3)
(ii) Mean Tariff Rate	8.3	(8.7)	8.0	(10.1)	8.2	(9.2)	5.7	(21.4)	5.9	(20.4)	6.7	(16.7)	6.8	(15.9)	6.8	(15.9)
(iii) Variability of Tariff Rates			5.3		(11.8)				2.8		(17.9)		2.6		(18.6)	
B. Regulatory Trade Barriers					3.7		5.9		5.3		5.0		5.1		3.9	
(i) Hidden Import Barriers					3.7		5.2		5.0		3.7		4.2		4.0	
(ii) Costs of Importing							6.5		5.6		6.3		6.0		3.9	
C. Size of Trade Sector	5.2		5.1		8.3		5.6		4.0		4.4		4.3		4.3	
D. Official versus Black Market Exchange Rates	1.6		7.0		9.8		0.0		0.0		0.0		0.0		0.0	
E. Restrictions on Capital Markets	2.0		2.0		3.5		2.5		2.5		2.4		2.7		2.4	
(i) Access to Foreign Capital					5.1		5.0		5.0		4.8		5.4		4.8	
(ii) Restrictions on Capital Transactions	2.0		2.0		2.0		0.0		0.0		0.0		0.0		0.0	
<b>5. Regulation of Credit, Labor and Business</b>	5.5		4.8		5.3		5.4		4.5		4.6		4.6		4.1	
A. Regulation of Credit Markets	4.7		5.6		5.8		6.0		5.2		5.5		5.3		4.7	
(i) Private Ownership of Banks	2.0		2.0		5.0		8.0		8.0		8.0		8.0		8.0	
(ii) Competition from Foreign Banks					4.8		6.8		6.8		6.8		6.8		6.8	
(iii) Extension of Credit to Private Sector	4.0		6.7		6.9		6.3		6.0		6.7		8.5		5.6	
(iv) Avoidance of Negative Real Interest Rates	8.0		8.0		8.0		6.0		2.0		3.0		0.0		0.0	
(v) Controls on Interest Rates					4.5		3.0		3.0		3.0		3.0		3.0	
B. Regulation of Labor Markets			3.6		6.0		4.9		4.8		4.9		4.8		5.2	
(i) Impact of Minimum Wage					5.9		3.5		3.5		3.5		3.5		4.3	
(ii) Flexibility in Hiring and Firing			3.4		3.4		1.6		1.3		1.3		1.7		2.0	
(iii) Collective Bargaining			4.5		4.5		2.5		2.2		3.0		2.0		3.0	
(iv) Incentives from Unemployment Benefits					6.4		6.8		6.8		6.8		6.8		6.8	
(v) Military Conscription	10.0		3.0		10.0		10.0		10.0		10.0		10.0		10.0	
C. Regulation of Business					4.0		5.2		3.7		3.5		3.8		2.4	
(i) Price Controls			2.0		4.0		4.0		2.0		2.0		2.0		0.0	
(ii) Burden of Regulation							5.1		1.7		1.8		2.5		2.4	
(iii) Time Spent with Government Bureaucracy					4.3		7.1		5.8		4.8		4.5		1.8	
(iv) Ease of Starting a New Business					3.7		5.7		4.4		4.7		3.8		2.3	
(v) Irregular Payments to Government Officials					3.9		4.1		4.7		4.3		6.0		5.5	

# Appendix 1: Explanatory Notes and Data Sources

## Area 1: Size of Government: Expenditures, Taxes, and Enterprises

### A General government consumption spending as a percentage of total consumption

The rating for this component is equal to:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10. The  $V_i$  is the country's actual government consumption as a proportion of total consumption, while the  $V_{\max}$  and  $V_{\min}$  were set at 40 and 6 respectively. Countries with a larger proportion of government expenditures received lower ratings. If the ratio of a country's government consumption to total consumption is close to the minimum value, the country's rating will be close to 10. In contrast, if this ratio is close to the maximum value, the rating will be close to zero. ♦ Sources: World Bank, *World Development Indicators* (various issues) and International Monetary Fund, *International Financial Statistics* (various issues).

### B Transfers and subsidies as a percentage of GDP

The rating for this component is equal to:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10. The  $V_i$  is the country's ratio of transfers and subsidies to GDP, while the  $V_{\max}$  and  $V_{\min}$  represent the maximum and minimum values of this component during the 1990 base year. The formula will generate lower ratings for countries with larger transfer sectors. When the size of a country's transfer sector approaches that of the country with the largest transfer sector during the base year, the rating of the country will approach zero. ♦ Sources: International Monetary Fund, *Government Finance Statistics Yearbook* (various years); World Bank, *World Development Indicators* (various issues); International Monetary Fund, *International Financial Statistics* (various issues); and Inter-American Development Bank, *Economic and Social Progress in Latin America*, 1994.

### C Government enterprises and investment as a percentage of total investment

Data on the number, composition, and share of output supplied by State-Operated Enterprises (SOEs) and government investment as a share of total investment were used to construct the zero-to-10 ratings. Countries with more government enterprises and government investment received lower ratings. When there were few SOEs and government investment was generally less than 15% of total investment, countries were given a rating of 10. When there were few SOEs other than those involved in industries where economies of scale reduce the effectiveness of competition (e.g., power generation) and government investment was between 15% and 20% of the total, countries received a rating of 8. When there were, again, few SOEs other than those involved in energy and other such industries and government investment was between 20% and 25% of the total, countries were rated at 7. When SOEs were present in the energy, transportation, and communication sectors of the economy and government investment was between 25% and 30% of the total, countries were assigned a rating of 6. When a substantial number of SOEs operated in many sectors, including manufacturing, and government investment was generally between 30% and 40% of the total, countries received a rating of 4. When numerous SOEs operated in many sectors, including retail sales, and government investment was between 40% and 50% of the total, countries were rated at 2. A rating of zero was assigned when the economy was dominated by SOEs and government investment exceeded 50% of total investment. ♦ Sources: World Bank, *World Development Indicators* (various issues); World Bank Policy Research Report, *Bureaucrats in Business* (1995); Rexford A. Ahene and Bernard S. Katz, eds., *Privatization and Investment in Sub-Saharan Africa* (1992); Manuel Sanchez and Rossana Corona, eds., *Privatization in Latin America* (1993); Iliya Harik and Denis J. Sullivan, eds., *Privatization and Liberalization*

in the Middle East (1992); OECD, *Economic Surveys* (various issues); and L. Bouten and M. Sumlinski, *Trends in Private Investment in Developing Countries: Statistics for 1970–1995*.

#### D Top marginal tax rate (and income threshold at which it applies)

- i Top marginal income tax rate (and income threshold at which it applies)
- ii Top marginal income and payroll tax rate (and income threshold at which the top marginal income-tax rate applies)  
Countries with higher marginal tax rates that take effect at lower income thresholds received lower ratings based on the matrix below. The income threshold data were converted from local currency to 1982/1984 US dollars (using beginning-of-year exchange rates and the US Consumer Price Index). These figures include sub-national rates if applicable. ♦ Source: Price Waterhouse, *Individual Taxes: A Worldwide Summary* (various issues).

Top Marginal Tax Rate	Income Threshold at Which the Top Marginal Rate Applies (1982–1984 US\$)			
	< \$25,000	\$25,000 – \$50,000	\$50,000 – \$150,000	> \$150,000
< 20%	10	10	10	10
21%–25%	9	9	10	10
26%–30%	8	8	9	9
31%–35%	7	7	8	9
36%–40%	5	6	7	8
41%–45%	4	5	6	7
46%–50%	3	4	5	5
51%–55%	2	3	4	4
56%–60%	1	2	3	3
61%–65%	0	1	2	2
66%–70%	0	0	1	1
> 70%	0	0	0	0

## Area 2: Legal Structure and Security of Property Rights

[Special Note: The ratings for Area 2 from 1970 to 1995 are the same as the Area V ratings from *Economic Freedom of the World: 2001 Annual Report*. Please see that report for methodological details.]

#### A Judicial independence—the judiciary is independent and not subject to interference by the government or parties in disputes

Source: World Economic Forum, *Global Competitiveness Report* (various issues).

#### B Impartial courts—a trusted legal framework exists for private businesses to challenge the legality of government actions or regulations.

Sources: World Economic Forum, *Global Competitiveness Report* (various issues). We have used the “Rule of Law” ratings from the World Bank’s Governance Indicators Project to fill in gaps in the data since 1995. <<http://www.worldbank.org/wbi/governance/govdata/>>.

#### C Protection of intellectual property

Source: World Economic Forum, *Global Competitiveness Report* (various issues).

**D Military interference in rule of law and the political process**

This component is based on the Political Risk Component G (Military in Politics) from the *International Country Risk Guide*. ♦ Sources: PRS Group, *International Country Risk Guide* (various issues). We have used the “Political Stability and Absence of Violence” ratings from the World Bank’s Governance Indicators Project to fill in gaps in the data since 1995. <<http://www.worldbank.org/wbi/governance/govdata/>>.

**E Integrity of the legal system**

This component is based on Political Risk Component I (Law and Order) from the *International Country Risk Guide*. ♦ Source: PRS Group, *International Country Risk Guide* (various issues).

**Area 3: Access to Sound Money****A Average annual growth of the money supply in the last five years minus average annual growth of real GDP in the last ten years**

The M1 money supply figures were used to measure the growth rate of the money supply. The rating is equal to  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the average annual growth rate of the money supply during the last five years adjusted for the growth of real GDP during the previous ten years. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 50%, respectively. Therefore, if the adjusted growth rate of the money supply during the last five years was zero, indicating that money growth was equal to the long-term growth of real output, the formula generates a rating of 10. Ratings decline as the adjusted money supply growth increases toward 50%. When the adjusted annual money growth is equal to (or greater than) 50%, a rating of zero results. ♦ Sources: World Bank, *World Development Indicators* (various issues) and International Monetary Fund, *International Financial Statistics* (various issues).

**B Standard inflation variability during the last five years**

Generally, the GDP deflator was used as the measure of inflation for this component. When these data were unavailable, the Consumer Price Index was used. The following formula was used to determine the zero-to-10 scale rating for each country:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the country’s standard deviation of the annual rate of inflation during the last five years. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 25%, respectively. This procedure will allocate the highest ratings to the countries with least variation in the annual rate of inflation. A perfect 10 results when there is no variation in the rate of inflation over the five-year period. Ratings will decline toward zero as the standard deviation of the inflation rate approaches 25% annually. ♦ Sources: World Bank, *World Development Indicators* (various issues) and International Monetary Fund, *International Financial Statistics* (various issues).

**C Recent inflation rate**

Generally, the CPI was used as the measure of inflation for this component. The zero-to-10 country ratings were derived by the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the rate of inflation during the most recent year. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 50%, respectively: the lower the rate of inflation, the higher the rating. Countries that achieve perfect price stability earn a rating of 10. As the inflation rate moves toward a 50% annual rate, the rating for this component moves toward zero. A zero rating is assigned to all countries with an inflation rate of 50% or more. ♦ Sources: World Bank, *World Development Indicators* (various issues) and International Monetary Fund, *International Financial Statistics* (various issues).

**D Freedom to own foreign currency bank accounts domestically and abroad**

When foreign currency bank accounts were permissible without restrictions both domestically and abroad, the rating was 10; when these accounts were restricted, the rating was zero. If foreign currency bank accounts were permissible domestically but not abroad (or vice versa), the rating was 5. ♦ Sources: International Monetary Fund, *Annual Report on Exchange Arrangements and Exchange Restrictions* (various issues) and Currency Data and Intelligence, Inc., *World Currency Yearbook* (various issues).

## Area 4: Freedom to Trade Internationally

### A Taxes on international trade

#### i. Revenue from taxes on international trade as a percentage of exports plus imports

The formula used to calculate the ratings for this component was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the revenue derived from taxes on international trade as a share of the trade sector. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 15%, respectively. This formula leads to lower ratings as the average tax rate on international trade increases. Countries with no specific taxes on international trade earn a perfect 10. As the revenues from these taxes rise toward 15% of international trade, ratings decline toward zero. (Note that except for two or three extreme observations, the revenues from taxes on international trade as a share of the trade sector are within the zero to 15% range.) ♦ Sources: International Monetary Fund, *Government Finance Statistics Yearbook* (various issues) and International Monetary Fund, *International Financial Statistics* (various issues).

#### ii. Mean tariff rate

The formula used to calculate the zero-to-10 rating for each country was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the country's mean tariff rate. The values for  $V_{\min}$  and  $V_{\max}$  were set at 0% and 50%, respectively. This formula will allocate a rating of 10 to countries that do not impose tariffs. As the mean tariff rate increases, countries are assigned lower ratings. The rating will decline toward zero as the mean tariff rate approaches 50%. (Note that except for two or three extreme observations, all countries have mean tariff rates within this range from 0% to 50%.) ♦ Sources: World Bank, *World Development Indicators* (various issues); OECD, *Indicators of Tariff and Non-tariff Trade Barriers* (1996); World Bank *World Development Report 2000*; J. Michael Finger, Merlinda D. Ingco, and Ulrich Reincke, *Statistics on Tariff Concessions Given and Received* (1996); Judith M. Dean, Seema Desai, and James Riedel, *Trade Policy Reform in Developing Countries since 1985: A Review of the Evidence* (1994); GATT, *The Tokyo Round of Multilateral Trade Negotiations, Vol. II: Supplementary Report* (1979); UNCTAD, *Revitalizing Development, Growth and International Trade: Assessment and Policy Options* (1987); R. Erzan and K. Kuwahara, *The Profile of Protection in Developing Countries*, *UNCTAD Review* 1 (1) (1989): 29–49; and Inter-American Development Bank (data supplied to the authors).

#### iii. Standard deviation of tariff rates

Compared to a uniform tariff, wide variation in tariff rates exerts a more restrictive impact on trade and, therefore, on economic freedom. Thus, countries with greater variation in their tariff rates should be given lower ratings. The formula used to calculate the zero-to-10 ratings for this component was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the standard deviation of the country's tariff rates. The values for  $V_{\min}$  and  $V_{\max}$  were set at 0% and 25%, respectively. This formula will allocate a rating of 10 to countries that impose a uniform tariff. As the standard deviation of tariff rates increases toward 25%, ratings decline toward zero. (Note that except for a few very extreme observations, the standard deviations of the tariff rates for the countries in our study fall within this 0% to 25% range.) ♦ Sources: World Bank, *World Development Indicators* (various issues); OECD, *Indicators of Tariff and Non-tariff Trade Barriers* (1996); World Bank, *1997 World Development Indicators CD-Rom*; Jang-Wha Lee and Phillip Swagel, *Trade Barriers and Trade Flows across Countries and Industries*, NBER Working Paper Series No. 4799 (1994); and Inter-American Development Bank (data supplied to the authors). Updates for this component have not been available from the source since 2004. The component will either be dropped or a suitable replacement will be found for the next major revisions to the EFW index planned for the 2007 report.

### B Regulatory Trade Barriers

#### i. Non-tariff trade barriers

Source: World Economic Forum, *Global Competitiveness Report* (various issues). In the edition of *Economic Freedom of the World* for 2006, this component is based on the following survey question: "In your country, tariff

and non-tariff barriers significantly reduce the ability of imported goods to compete in the domestic market.” Previously, this component was based on the following question: “Hidden import barriers—no barriers other than published tariffs and quotas.”

## ii Compliance cost of importing and exporting

Sources: In the edition of *Economic Freedom of the World* for 2006, this component is based on two sources. (1) The World Bank’s *Doing Business* data on the amount of time it takes to import or export a good based on the number of documents and signatures required to clear customs <<http://www.doingbusiness.org/>>. Countries where it takes longer to import or export are given lower ratings. The formula used to calculate the zero-to-10 ratings for this component was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the the number of days it takes to import or export. The values for  $V_{\max}$  and  $V_{\min}$  were set at 47 days (1.5 standard deviations above average) and 0 days, respectively. Countries where it takes longer than 47 days to complete the import or export process received a rating of zero. (2) World Economic Forum, *Global Competitiveness Report* (various issues) using the survey question, “Costs of importing—the combined effect of import tariffs, license fees, bank fees, and the time required for administrative red-tape raises costs of importing equipment (by 10% or less = score of 10; by more than 50% = score of 0)”. In previous years, this component was based only on the second source.

## C Actual size of trade sector compared to expected size

Regression analysis was used to derive an expected size of the trade sector based on the population and geographic size of the country and its location relative to the concentration of world GDP. The actual size of the trade sector was then compared with the expected size for the country. If the actual size of the trade sector is greater than expected, this figure will be positive. If it is less than expected, the number will be negative. The percent change of the negative numbers was adjusted to make it symmetrical with the percent change of the positive numbers. The following formula was used to place the figures on a zero-to-10 scale:  $(V_i - V_{\min}) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  is the country’s actual value for the component.  $V_{\max}$  and  $V_{\min}$  were set at 100% and minus 50%, respectively. (Note that minus 50% is symmetrical with positive 100%.) This procedure allocates higher ratings to countries with large trade sectors compared to what would be expected, given their population, geographic size, and location. On the other hand, countries with small trade sectors relative to the expected size receive lower ratings. A short paper explaining the methodology is available on our website, <<http://www.freetheworld.com/2004/TradeSectorMethodology.pdf>>. ♦ Sources: World Bank, *World Development Indicators* (various issues); International Monetary Fund, *International Financial Statistics* (various issues); and Central Intelligence Agency, *1997 World Factbook*.

## D Difference between official exchange rate and black-market rate

The formula used to calculate the zero-to-10 ratings for this component was the following:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  is the country’s black-market exchange-rate premium. The values for  $V_{\min}$  and  $V_{\max}$  were set at 0% and 50%, respectively. This formula will allocate a rating of 10 to countries without a black-market exchange rate; *i.e.*, those with a domestic currency that is fully convertible without restrictions. When exchange rate controls are present and a black market exists, the ratings will decline toward zero as the black market premium increases toward 50%. A zero rating is given when the black market premium is equal to, or greater than, 50%. ♦ Sources: *MRI Bankers’ Guide to Foreign Currency* (various issues). World Bank, *World Development Indicators* (various issues); Currency Data and Intelligence, Inc., *World Currency Yearbook* (various issues of the yearbook and the monthly report supplement) and International Monetary Fund, *International Financial Statistics* (various issues).

## E International capital market controls

### i Foreign ownership/investment restrictions

Since the edition of *Economic Freedom of the World* for 2004, this sub-component has been based on the question: “Foreign ownership of companies in your country is (1) rare, limited to minority stakes and often prohibited

in key sectors or (2) prevalent and encouraged,” from the World Economic Forum, *Global Competitiveness Report* (various issues). For earlier years, this sub-component was based on two questions about “Access of citizens to foreign capital markets and foreign access to domestic capital markets” from the World Economic Forum, *Global Competitiveness Report* (various issues).

- ii Restrictions on the freedom of citizens to engage in capital market exchange with foreigners—index of capital controls among 13 IMF categories

The IMF reports on 13 different types of capital controls. This component is based on the number of capital controls levied. The zero-to-10 rating is constructed by taking 13 minus the number of capital controls divided by 13 and multiplied by 10. ♦ Source: International Monetary Fund, *Annual Report on Exchange Arrangements and Exchange Restrictions* (various issues).

## Area 5: Regulation of Credit, Labor, and Business

### A Credit market regulations

- i. Ownership of banks—percentage of deposits held in privately owned banks

Data on the percentage of bank deposits held in privately owned banks were used to construct rating intervals. Countries with larger shares of privately held deposits received higher ratings. When privately held deposits totaled between 95% and 100%, countries were given a rating of 10. When private deposits constituted between 75% and 95% of the total, a rating of 8 was assigned. When private deposits were between 40% and 75% of the total, the rating was 5. When private deposits totaled between 10% and 40%, countries received a rating of 2. A zero rating was assigned when private deposits were 10% or less of the total. ♦ Sources: *World Bank Survey of Bank Regulation and Supervision*, <[http://www.worldbank.org/research/interest/2003\\_bank\\_survey/2003\\_bank\\_regulation\\_database.htm](http://www.worldbank.org/research/interest/2003_bank_survey/2003_bank_regulation_database.htm)>; Euromoney Publications, *The Telrate Bank Register* (various editions); World Bank, *Adjustment in Africa: Reforms, Results, and the Road Ahead* (1994); Price Waterhouse, *Doing Business In ...* publication series; H.T. Patrick and Y.C. Park, eds., *The Financial Development of Japan, Korea, and Taiwan: Growth, Repression, and Liberalization* (1994); D.C. Cole and B.F. Slade, *Building a Modern Financial System: The Indonesian Experience* (1996); and information supplied by member institutes of the Economic Freedom Network.

- ii Competition—domestic banks face competition from foreign banks

Since the edition of *Economic Freedom of the World* for 2004, data on the denial rate of foreign bank license applications and on foreign bank assets have been used to update some countries’ data. If a country approved all or most foreign bank applications and if foreign banks had a large share of the banking sector assets, then the country received a higher rating according to table below. ♦ Sources: World Economic Forum (2001), *Global Competitiveness Report 2001–2002* (Oxford: Oxford University Press). *World Bank Survey of Bank Regulation and Supervision*, <[http://www.worldbank.org/research/interest/2003\\_bank\\_survey/2003\\_bank\\_regulation\\_database.htm](http://www.worldbank.org/research/interest/2003_bank_survey/2003_bank_regulation_database.htm)>.

Foreign Bank License Denial Rate (Denials/Applications)

		0%	0%–49%	50%–100%
Foreign bank assets as a share of total banking sector assets	80%–100%	10	8	5
	40%–79%	9	7	4
	0%–39%	8	6	3



iii Extension of credit—percentage of credit extended to private sector

For this component, higher values are indicative of greater economic freedom. Thus, the formula used to derive the country ratings for this component was  $(V_i - V_{\min}) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  is the share of the country's total domestic credit allocated to the private sector.  $V_{\max}$  is the maximum value and  $V_{\min}$  the minimum value for the figure during the 1990 base year. Respectively, these figures were 99.9% and 10.0%. The formula allocates higher ratings as the share of credit extended to the private sector increases. A country's rating will be close to 10 when the private sector's share of domestic credit is near the base-year maximum (99.9%). A rating near zero results when the private sector's share of credit is close to the base-year minimum (10.0%). ♦ Source: International Monetary Fund, *International Financial Statistics* (various issues).

iv Avoidance of interest rate controls and regulations that lead to negative real interest rates

Data on credit-market controls and regulations were used to construct rating intervals. Countries with interest rates determined by the market, stable monetary policy, and positive real deposit and lending rates received higher ratings. When interest rates were determined primarily by market forces and the real rates were positive, countries were given a rating of 10. When interest rates were primarily market-determined but the real rates were sometimes slightly negative (less than 5%) or the differential between the deposit and lending rates was large (8% or more), countries received a rating of 8. When the real deposit or lending rate was persistently negative by a single-digit amount or the differential between them was regulated by the government, countries were rated at 6. When the deposit and lending rates were fixed by the government and the real rates were often negative by single-digit amounts, countries were assigned a rating of 4. When the real deposit or lending rate was persistently negative by a double-digit amount, countries received a rating of 2. A zero rating was assigned when the deposit and lending rates were fixed by the government and real rates were persistently negative by double-digit amounts or hyperinflation had virtually eliminated the credit market. ♦ Source: International Monetary Fund, *International Financial Statistics* (various issues).

v Interest rate controls—interest rates on bank deposits and/or loans are freely determined by the market

Sources: World Economic Forum, *Global Competitiveness Report* (various issues). Updates for this component have not been available from the source since 2002. The component will either be dropped or a suitable replacement will be found for the next major revisions to the EFW index planned for the 2007 report.

## B Labor market regulations

i Impact of minimum wage

Source: In the edition of *Economic Freedom of the World* for 2006, this component is based on the World Bank's *Doing Business* data for the ratio of mandated minimum wage to the average value added per worker, a component part of the "Difficulty of Hiring Index," <<http://www.doingbusiness.org/>>. Countries with higher mandated minimum wages relative to average value added per worker are given lower ratings. The formula used to calculate the zero-to-10 ratings for this component was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the minimum wage to average value added per worker ratio. The values for  $V_{\max}$  and  $V_{\min}$  were set at 79% (1.5 standard deviations above average) and 0, respectively. Countries where the minimum wage was more than 79% of the average value added per worker were given a rating of zero. Countries with no minimum wage were given a rating of 10. In earlier reports, this component was based on two survey responses obtained from the World Economic Forum's *Global Competitiveness Report* (various issues). The first question asked about the overall "impact of the minimum wage." The second question asked about the strength of enforcement of the minimum wage law. Countries received higher ratings if the survey respondents indicated the minimum wage had a small impact and/or was not strongly enforced. Countries received lower ratings if the impact was deemed to be great and/or if the law was strongly enforced. Updates for this component have not been available from the source since 2002. The component will either be dropped or a suitable replacement will be found for the next major revisions to the EFW index planned for the 2007 report.

- ii Hiring and firing practices—hiring and firing practices of companies are determined by private contract  
Source: World Economic Forum, *Global Competitiveness Report* (various issues).
- iii Share of labor force whose wages are set by centralized collective bargaining  
Source: World Economic Forum, *Global Competitiveness Report* (various issues).
- iv Unemployment benefits—the unemployment benefits system preserves the incentive to work  
Source: International Institute for Management Development (IMD), *World Competitiveness Yearbook* (various issues). Updates for this component have not been available from the source since 2002. The component will either be dropped or a suitable replacement will be found for the next major revisions to the EFW index planned for the 2007 report.
- v Use of conscripts to obtain military personnel  
Data on the use and duration of military conscription were used to construct rating intervals. Countries with longer conscription periods received lower ratings. A rating of 10 was assigned to countries without military conscription. When length of conscription was six months or less, countries were given a rating of 5. When length of conscription was more than six months but not more than 12 months, countries were rated at 3. When length of conscription was more than 12 months but not more than 18 months, countries were assigned a rating of 1. When conscription periods exceeded 18 months, countries were rated zero. ♦ Sources: International Institute for Strategic Studies, *The Military Balance* (various issues); War Resisters International, “Refusing to Bear Arms: A World Survey of Conscription and Conscientious Objection to Military Service,” <<http://www.wri-irg.org/co/rtba/index.html>>.

## C Business Regulations

- i Price controls—extent to which businesses are free to set their own prices  
The more widespread the use of price controls, the lower the rating. The survey data of the International Institute for Management Development’s (IMD) *World Competitiveness Yearbook* (various editions) were used to rate the 46 countries (mostly developed economies) covered by this report. For other countries, other sources were used to categorize countries. Countries were given a rating of 10 if no price controls or marketing boards were present. When price controls were limited to industries where economies of scale may reduce the effectiveness of competition (e.g., power generation), a country was given a rating of 8. When price controls were applied in only a few other industries, such as agriculture, a country was given a rating of 6. When price controls were levied on energy, agriculture, and many other staple products that are widely purchased by households, a rating of 4 was given. When price controls applied to a significant number of products in both agriculture and manufacturing, the rating was 2. A rating of zero was given when there was widespread use of price controls throughout various sectors of the economy. ♦ Sources: International Institute for Management Development (IMD), *World Competitiveness Yearbook* (various issues). Price Waterhouse, *Doing Business In ...* publication series; World Bank, *Adjustment in Africa: Reforms, Results, and the Road Ahead* (1994); Economist Intelligence Unit, *EIU Country Reports and Country Commerce, 2001*; and US State Department, *Country Commercial Guides and Country Reports on Economic Policy and Trade Practices* (various years).
- ii Burden of regulation  
Source: World Economic Forum, *Global Competitiveness Report* (various issues). Since the edition of *Economic Freedom of the World* for 2005, this component has been based on the question, “Complying with administrative requirements (permits, regulations, reporting) issued by the government in your country is (1 = burdensome, 7 = not burdensome).” In earlier reports, this component was based on the question, “Administrative conditions and new businesses—administrative procedures are an important obstacle to starting a new business.”

- iii Time with government bureaucracy—senior management spends a substantial amount of time dealing with government bureaucracy  
Source: World Economic Forum, *Global Competitiveness Report* (various issues).
  
- iv Starting a new business—starting a new business is generally easy  
Sources: In the edition of *Economic Freedom of the World* for 2006, this component is based on two sources. (1) The World Bank's *Doing Business* data on the amount of time it takes to start a new business, <<http://www.doingbusiness.org/>>. Countries where it takes longer to start a new business are given lower ratings. The formula used to calculate the zero-to-10 ratings for this component was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the the number of days required to start a new business. The values for  $V_{\max}$  and  $V_{\min}$  were set at 104 days (1.5 standard deviations above average) and 0 days, respectively. Countries where it takes longer than 104 days to start a business received a rating of zero. (2) World Economic Forum, *Global Competitiveness Report* (various issues), survey question, "Starting a new business—starting a new business is generally easy". In previous years, this component was based only on this source.
  
- v Irregular payments—irregular, additional payments connected with import and export permits, business licenses, exchange controls, tax assessments, police protection, or loan applications are very rare  
Source: World Economic Forum, *Global Competitiveness Report* (various issues).



## Appendix 2: Selected Publications Using Ratings from *Economic Freedom of the World*

The following are some of the articles that have used the economic freedom ratings from *Economic Freedom of the World*. In most cases, a brief abstract of the article is provided. Those interested in doing further research using the Economic Freedom index are invited to retrieve the dataset from the website of the Economic Freedom Network, <<http://www.freetheworld.com>>. The most up-to-date information on articles using the index of *Economic Freedom of the World* can be found at <<http://www.freetheworld.com/papers.html>>.

**Ali, Abdiweli M. (1997). "Economic Freedom, Democracy and Growth." *Journal of Private Enterprise* 13 (Fall): 1–20.**

"This paper takes advantage of newly constructed measures of economic freedom to show the importance of economic freedom on growth. I find that economic freedom is a more robust determinant of growth than political freedom and civil liberty." ♦ Uses summary ratings from *Economic Freedom of the World: 1975–1995* as one variable in a comparison of a number of institutional variables.

**Ali, Abdiweli M. (2003). "Institutional Differences as Sources of Growth Differences." *Atlantic Economic Journal* 31, 4 (December): 348–62.**

"Until very recently most of the studies investigating the determinants of growth fail to incorporate the importance of institutions into their empirical analysis. This paper highlights the importance of institutions on growth and development, and evaluates the empirical results on the effect of institutions on growth and investment. It provides ample evidence that the institutional environment in which an economic activity takes place is an important determinant of economic growth. This paper uses alternative measures of institutional quality to capture the role of institutions in explaining growth differences across countries. When these institutional variables are incorporated into the core regression equations as additional explanatory variables in two different sample periods; both samples yield similar results. The empirical results reveal that countries with high levels of economic growth are characterized by high levels of economic freedom and judicial efficiency; low levels of corruption, effective bureaucracy and protected private property." ♦ Summary ratings from *Economic Freedom of the World: 1975–1995* provide a key institutional variable.

**Ali, Abdiweli M., and W. Mark Crain (2002). "Institutional Distortions, Economic Freedom, and Growth." *Cato Journal* 21, 3 (Winter): 415–26.**

This paper examines the robustness of economic freedom as a predictor of growth and investment compared to political rights and civil liberties. It also examines the relation between economic freedom and input-price distortions and institutional quality. ♦ Uses summary ratings from *Economic Freedom of the World: 1975–1995* as one of a number of institutional variables.

**Ayal, Eliezer B., and Karras Georgios (1998). "Components of Economic Freedom and Growth: An Empirical Study." *Journal of Developing Areas* 32 (Spring): 327–38.**

The paper uses regression analysis to examine the effect of the components of economic freedom on growth, output and investment and finds that "economic freedom enhances growth both via increasing total factor productivity and via enhancing capital accumulation." It also identifies components that have the highest statistical effects on these variables, with the aim of informing policy makers. ♦ Uses component ratings from *Economic Freedom of the World: 1975–1995* as main data source for institutional variables.

**Bengoa, Marta, and Blanca Sanchez-Robles (2003).** "Foreign Direct Investment, Economic Freedom and Growth: New Evidence from Latin America." *European Journal of Political Economy* 19, 3: 529–45.

"This paper explores the interplay between economic freedom, foreign direct investment (FDI) and economic growth using panel data analysis for a sample of 18 Latin American countries for 1970–1999. We find that economic freedom in the host country is a positive determinant of FDI inflows. Our results also suggest that foreign direct investment is positively correlated with economic growth in the host countries. The host country requires, however, adequate human capital, economic stability and liberalized markets to benefit from long-term capital flows." ♦ Uses summary ratings from *Economic Freedom of the World: 1975–1995* as the main data source for institutional variables.

**Berggren, Niclas (1999).** "Economic Freedom and Equality: Friends or Foes?" *Public Choice* 100, 3/4 (September): 203–23.

This paper describes a theoretical model of the relationship between economic freedom and income distribution, and investigates empirical results. The results indicate that "sustained and gradual increases in economic freedom influence equality measures positively ... [but] the absolute level of economic freedom appears to be negatively related to equality in some cases." ♦ Uses summary ratings from *Economic Freedom of the World: 1975–1995* as the main data source for institutional variables.

**Berggren, Niclas, and Henrik Jordahl (2005).** "Does Free Trade Really Reduce Growth? Further Testing Using the Economic Freedom Index." *Public Choice* 22, 1–2: 99–114.

"While studies of the relationship between economic freedom and economic growth have shown it to be positive, significant and robust, it has rightly been argued that different areas of economic freedom may have quite different effects on growth. Along that line, Carlsson and Lundström (2002) present the surprising result that "International exchange: Freedom to trade with foreigners" is detrimental for growth. We find that "Taxes on international trade" seems to drive this result. However, using newer data and a more extensive sensitivity analysis, we find that it is not robust. Least Trimmed Squares-based estimation in fact renders the coefficient positive." ♦ Uses Economic Freedom of the World index as the main data source for institutional variables.

**Berggren, Niclas and Jordahl, Henrik (2006).** "Free to Trust: Economic Freedom and Social Capital." *Kyklos* 59 (May): 141–69.

"We present new evidence on how generalized trust is formed. Unlike previous studies, we look at the explanatory power of economic institutions, use newer data, incorporate more countries, and use instrumental variables in an attempt to handle the causality problem. A central result is that legal structure and security of property rights (area 2 of the Economic Freedom Index) increase trust. The idea is that a market economy, building on voluntary transactions and interactions with both friends and strangers within the predictability provided by the rule of law, entails both incentives and mechanisms for trust to emerge between people."

**Boockmann, Bernhard, and Axel Dreher (2003).** "The Contribution of the IMF and the World Bank to Economic Freedom." *European Journal of Political Economy* 19, 3: 633–49.

"We analyse the effect of IMF and World Bank policies on the composite index of economic freedom by Gwartney et al. (2000) as well as its sub-indexes, using a panel of 85 countries observed between 1970 and 1997. With respect to the Bank, we find that the number of projects has a positive impact on overall economic freedom, while the effect of the amount of World Bank credits appears to be negative. These effects are stronger during the 1990s than in earlier periods. There is no clear relationship between credits and programmes of the IMF and economic freedom as measured by the index." ♦ Uses summary ratings from *Economic Freedom of the World: 2002 Annual Report* as the main data source for institutional variables.

**Carlsson, F., and S. Lundstrom (2002).** "Economic Freedom and Growth: Decomposing the Effects." *Public Choice* 112, 3–4 (September): 335–44.

"Most studies of the relation between economic freedom and growth of GDP have found a positive relation. In this paper we investigate what specific types of economic freedom measures that are important for growth. The results show that economic freedom does matter for growth. This does not mean that increasing economic freedom, defined in general terms, is good for economic growth since some of the categories in the index are insignificant

and some of the significant variables have negative effects.” ♦ Uses summary ratings and the components from *Economic Freedom of the World: 2002 Annual Report* as the main data source for institutional variables.

**Chafuen, Alejandro (1998). “Estado y Corrupción.” In Alejandro Chafuen and Eugenio Guzmán, *Corrupción y Gobierno* (Santiago, Chile: Fundación Libertad y Desarrollo): 45–98.**

Finds that corruption is negatively related to economic freedom. ♦ *Economic Freedom of the World: 1975–1995* and *Transparency International* are the main data-source for institutional variables.

**Cole, Julio H. (2003). “The Contribution of Economic Freedom to World Economic Growth, 1980–99.” *Cato Journal* 23, 2 (Fall): 189–98.**

“The purpose of this study is not to compare different theories of economic growth, but to evaluate the impact of economic freedom on economic growth under alternative theoretical frameworks. The particular measure of economic freedom employed –the EFW index—was found to be quite robust and with respect to major changes in the model specifications. We conclude that economic freedom is significant factor in economic growth, regardless of the basic theoretical framework.” ♦ Summary ratings from *Economic Freedom of the World: 2002 Annual Report* provides a key institutional variable.

**Dawson, John W. (1998). “Institutions, Investment, and Growth: New Cross-Country and Panel Data Evidence.” *Economic Inquiry* 36 (October): 603–19.**

“This paper outlines the alternative channels through which institutions affect growth, and studies the empirical relationship between institutions, investment, and growth. The empirical results indicate that (i) free-market institutions have a positive effect on growth; (ii) economic freedom affects growth through both a direct effect on total factor productivity and an indirect effect on investment; (iii) political and civil liberties may stimulate investment; (iv) an important interaction exists between freedom and human capital investment; (v) Milton Friedman’s conjectures on the relation between political and economic freedom are correct; (vi) promoting economic freedom is an effective policy toward facilitating growth and other types of freedom.” ♦ Uses *Economic Freedom of the World: 1975–1995* as the main data source for institutional variables.

**Doucouliaqos, Chris, and Mehmet Ali Ulubasoglu (2006). “Economic Freedom and Economic Growth: Does Specification Make a Difference?” *European Journal of Political Economy* 22, 1: 60–81.**

The study analyzes the literature on the impact of economic freedom on economic growth. The authors analyzed the results of 45 different studies published over the last decade and concluded that “regardless of the sample of countries, the measure of economic freedom and the level of aggregation, there is a solid finding of a direct positive association between economic freedom and growth” (p. 19). Furthermore, they noted that studies of economic growth that fail to include a measure of economic freedom in their analysis will produce biased results. The authors also highlight the importance of including a measure of physical investment when estimating the impact of economic freedom on economic growth. They found that the exclusion of a measure of investment in physical capital increases the estimated effect economic freedom has on economic growth.

**De Haan, Jakob, and Clemens L.J. Sierman (1998). “Further Evidence on the Relationship between Economic Freedom and Economic Growth.” *Public Choice* 95: 363–80.**

Primarily investigates the robustness of the index of economic freedom devised by Gerald Scully and D.J. Slottje and determines that the robustness of results depends heavily on how freedom is measured. Finds that some specifications are robust predictors of the growth rate of real per-capita GDP (1980–1992) but few are robust for investment share of GDP. ♦ Empirical analysis on *Economic Freedom of the World: 1975–1995* is limited to correlation with the Scully and Slotje’s index. Suggests further empirical work be done on *Economic Freedom of the World*.

**De Haan, Jakob, and Jan-Egbert Sturm (2000). “On the Relationship between Economic Freedom and Economic Growth.” *European Journal of Political Economy* 16: 215–41.**

“It is often maintained that economic freedom underlies high levels of economic growth. This paper compares various indicators for economic freedom. We conclude that, although these measures differ somewhat in their

coverage, they show similar rankings for the countries covered. Some elements in these measures are, however, questionable. Our main conclusion is that greater economic freedom fosters economic growth. The level of economic freedom is, however, not related to growth.” ♦ Uses summary ratings from *Economic Freedom of the World: 1975–1995* as the main data source for institutional variables.

**De Haan, Jakob, and Jan-Egbert Sturm (2003). “Does More Democracy Lead to Greater Economic Freedom? New Evidence for Developing Countries.” *European Journal of Political Economy* 19, 3 (September): 547–63.**

“This paper examines the relationship between economic and political freedom, focusing on developing countries. We conclude that increases in economic freedom between 1975 and 1990 are to some extent caused by the level of political freedom. This result shows up for all measures of political freedom that we employ.” ♦ Uses summary ratings from *Economic Freedom of the World: 1975–1995* as the main data source for institutional variables.

**de Vanssay, Xavier, Vincent Hildebrand, and Zane A. Spindler (2005). “Constitutional Foundations of Economic Freedom: A Time-Series Cross-Section Analysis.” *Constitutional Political Economy* 16, 4 (December): 327–46.**

“Using time-series cross-section analysis, we provide additional empirical validation for the principal-agent model developed by Adserà et al. (2003). In our innovation, efficient economic policy is proxied by “economic freedom” from the Fraser Institute database and constitutional ‘political institutions’ are proxied by variables from the Database of Political Institutions. Our results suggest that the more credible the threat of removal from office, the more government officials will pursue efficient economic policies.”

**Easton, Steven T., and Michael A. Walker (1997). “Income, Growth, and Economic Freedom.” *American Economic Review* 87, 2 (May): 328–32.**

Finds that economic freedom is an important explanatory variable for steady-state levels of income. The addition of a variable for economic freedom is also shown to increase the explanatory power of a neo-classical growth model. ♦ *Economic Freedom of the World: 1975–1995* is the main data source for institutional variables.

**Farr, W. Ken, Richard A. Lord, and J. Larry Wolfenbarger (1998). “Economic Freedom, Political Freedom and Economic Well-Being: A Causality Analysis.” *Cato Journal* 18, 2 (Fall): 247–62.**

The paper uses Granger causality analysis to demonstrate that economic freedom “causes” economic well-being and economic well-being “causes” economic freedom. Additionally, the authors argue that economic well-being causes political freedom but that there is no causation flowing from political freedom to economic well-being. The paper also finds no evidence of a causal relationship in either direction between economic freedom and political freedom. Indirectly economic freedom causes political freedom through its effect on economic well-being. ♦ *Economic Freedom of the World: 1975–1995* and the Freedom House index of political rights and civil liberties are the main data sources for institutional variables.

**Graeff, P., and G. Mehlkop (2003). “The Impact of Economic Freedom on Corruption: Different Patterns for Rich and Poor Countries.” *European Journal of Political Economy* 19, 3 (September): 605–20.**

“This paper investigates the impact of various components of economic freedom on corruption. Some aspects of economic freedom appear to deter corruption while others do not. We identify a stable pattern of aspects of economic freedom influencing corruption that differs depending on whether countries are rich or poor. This implies that there is a strong relation between economic freedom and corruption. This relation depends on a country’s level of development. Contrary to expectations, we find that some types of regulation reduce corruption.” ♦ Uses ratings from *Economic Freedom of the World: 2000 Annual Report* as the main data source for institutional variables.

**Green, Sam, Andrew Melnyk, and Dennis Powers (2002). “Is Economic Freedom Necessary for Technology Diffusion?” *Applied Economics Letters* 9, 14 (November): 907–10.**

“Benhabib and Spiegel (1996) argue that human capital increases technological diffusion and, as a result, has a positive effect on economic growth. When human capital is accounted for in this way they find that other insti-



tutional variables do not affect growth. Their findings are re-examined by considering the effects of economic freedom on technology spillovers, hence on growth, and it is found that the greater the economic freedom in a country, the greater the amount of technological diffusion. More generally, this research suggests that institutional variables which are captured by economic freedom do indeed have an impact on growth, but only through technological diffusion. However, after accounting for the effects of economic freedom on technological diffusion, there is only weak evidence that human capital has a positive effect on technological diffusion.” ♦ Summary ratings from *Economic Freedom of the World: 1997 Annual Report* provides a key institutional variable.

**Grubel, Herbert G. (1998). “Economic Freedom and Human Welfare: Some Empirical Findings.” *Cato Journal* 18, 2 (Fall): 287–304.**

The paper compares economic freedom to income, growth, unemployment in the OECD, the UN Human Development Index, life expectancy, literacy, poverty, and income distribution. It finds that “economic freedom does not have a cost in terms of income levels, income growth, unemployment rates, and human development.” ♦ *Economic Freedom of the World: 1997 Annual Report* is the main data source for institutional variables.

**Gwartney, James, Randall Holcombe, and Robert Lawson (1998). “The Scope of Government and the Wealth of Nations.” *Cato Journal* 18, 2 (Fall): 163–90.**

The paper examines the effect of the size of government in OECD countries upon economic growth. This paper draws on the authors’ Joint Economic Committee Study, *The Size and Functions of Government and Economic Growth*. ♦ Makes reference to the general conclusions regarding economic freedom and income and growth as published in *Economic Freedom of the World: 1975–1995* and *Economic Freedom of the World: 1997 Annual Report*.

**Gwartney, D. James, Randall G. Holcombe, and Robert A. Lawson (2006). “Institutions and the Impact of Investment on Growth.” *Kyklos* 59, 2: 255–73.**

This paper investigates the effects of institutions on economic growth through the impact of economic institutions on both the levels and productivity of investment. That is, the authors looked at both the indirect and direct effects of economic freedom on economic growth. They found, using data for 94 countries from 1980 to 2000, that countries that have high-quality institutions, as measured by The Fraser Institute’s report, *Economic Freedom of the World*, have not only higher levels of private investment, but also higher productivity with that investment. Specifically, it was found that the productivity of private investment, measured as the impact of investment on growth, was 74% greater in countries with high-quality institutions. In addition, the authors found that a one-unit increase in institutional quality, i.e., economic freedom, increases the long-term economic growth by about 1.5 percentage points when both direct and indirect effects are included, compared to 1.0 percentage point when only the direct affect of institutions are included.

**Gwartney, James, Robert Lawson, and Randall Holcombe (1999). “Economic Freedom and the Environment for Economic Growth.” *Journal of Institutional and Theoretical Economics* 155, 4: 1–21.**

This study examines the relationship between economic freedom and economic growth. The authors find that economic freedom is a “significant determinant of economic growth, even when human and physical capital, and demographics are taken into account.” The authors also test for causality. They find that increases in economic freedom lead to higher economic growth but not that higher economic growth leads to higher economic freedom. ♦ Uses summary ratings from *Economic Freedom of the World: 1997 Annual Report* as one of a number of institutional variables.

**Hanke, Steve H., and Stephen J.K. Walters (1997). “Economic Freedom, Prosperity, and Equality: A Survey.” *Cato Journal* 17, 2 (Fall): 117–46.**

The article compares several institutional indexes for content and explanatory power: Gerald Scully’s studies, The Fraser Institute’s *Economic Freedom of the World*, Freedom House’s *Economic Freedom Indicators*, The

Heritage Foundation's *Indices of Economic Freedom*, The International Institute for Management Development's *World Competitiveness Yearbook 1996* and The World Forum's *Global Competitiveness Report 1996*. Compares liberty and prosperity, equality and foreign policy implications. They find that economic freedom is positively correlated with GNP per capita. ♦ *Economic Freedom of the World: 1975–1995* is used as one variable in a comparison of a number of institutional variables.

**Islam, Sadequil (1996). "Economic Freedom, per Capita Income and Economic Growth." *Applied Economics Letters* 3: 595–97.**

Examines the effect of economic freedom on income and growth in high-, middle-, and low-income country sets and finds that economic freedom is significant for a sample of all countries but only in some subsets. ♦ Uses the precursor to *Economic Freedom of the World*, "Measuring Economic Freedom," by James Gwartney, Walter Block and Robert Lawson, a chapter in Stephen Easton and Michael Walker (eds.), *Rating Global Economic Freedom* (Vancouver: The Fraser Institute, 1992). "Measuring Economic Freedom" is the main data source for institutional variables.

**Johnson, James P., and Tomasz Lenartowicz (1998). "Culture, Freedom and Economic Growth: Do Cultural Values Explain Economic Growth?" *Journal of World Business* 33, 4: 332–56.**

The paper discusses which cultural values are associated with economic freedom, drawing on two international quantitative cultural indexes. ♦ Uses the summary ratings from *Economic Freedom of the World: 1975–1995* as one of a number of institutional variables.

**Ludovic, Comeau (2003). "The Political Economy of Growth in Latin America and East Asia: Some Empirical Evidence." *Contemporary Economic Policy* 21, 4 (October): 476–89.**

"This article examines the historical records of poor economic performance of Latin America compared to East Asia's relative success in the 1970s and 1980s. This study shows that the respective sociopolitical and institutional environment of the two regions was also an important factor contributing to their economic outcomes. Using data for selected countries in both regions, the results confirm the hypothesis of a negative direct (efficiency) effect of sociopolitical instability on growth, with an additional indirect (accumulation) effect through investment, irrespective of a country's location. Policies adopted by governments, particularly to control inflation and foreign indebtedness and to enhance economic freedom and human capital accumulation, appear crucial for stability. Such policies influenced economic performance through both the direct and the indirect channels." ♦ Uses summary ratings from *Economic Freedom of the World: 1975–1995* as the main data source for institutional variables.

**Mahoney, P.G. (2001). "The Common Law and Economic Growth: Hayek Might Be Right." *Journal of Legal Studies* 30 (June): 503–25.**

"Recent finance scholarship finds that countries with legal systems based on the common law have more developed financial markets than civil-law countries. The present paper argues that finance is not the sole, or principal, channel through which legal origin affects growth. Instead, following Hayek, I focus on the common law's association with limited government. I present evidence that common-law countries experienced faster economic growth than civil-law countries during the period 1960–92 and then present instrumental variables results that suggest that the common law produces faster growth through greater security of property and contract rights." ♦ Uses some components of economic freedom from *Economic Freedom of the World: 1975–1995*.

**Mbaku, John Mukum (1998). "Constitutional Engineering and the Transition to Democracy in Post-Cold War Africa." *The Independent Review* 2, 4 (Spring): 501–17.**

Discusses the constitutional guarantees necessary to secure economic freedom and why such guarantees are important. Focuses on Africa. ♦ Makes reference to the general conclusions of *Economic Freedom of the World: 1975–1995* regarding economic freedom and income and growth.

**Mbaku, John Mukum, ed. (1999). *Preparing Africa for the Twenty-First Century: Strategies for Peaceful Coexistence and Sustainable Development*. Aldershot, UK and Brookfield, VT: Ashgate.**

Chapter 6, “A Balance Sheet of Structural Adjustment in Africa: Towards a Sustainable Development Agenda” (John Mukum Mbaku) and chapter 12, “Making the State Relevant to African Societies” (John Mukum Mbaku) emphasize the constitutional guarantee of economic freedoms as the single most important way both to generate the wealth that Africans need to meet the challenges of the new century and to deal more effectively with the continent’s colossal debt. ♦ Makes reference to the general conclusions of *Economic Freedom of the World: 1975–1995* regarding economic freedom and income and growth.

**Nelson, Michael A., and Ram D. Singh, (1998). “Democracy, Economic Freedom, Fiscal Policy and Growth in LDCs: A Fresh Look.” *Economic Development and Cultural Change* 46, 4 (July): 677–96.**

The study examines the effect of democracy on economic growth after controlling for a number of variables for the size of government and institutions and finds that it is not the redistributive policies of democratic governments that hinder development in developing countries but the lack of economic freedom. ♦ Uses the precursor to *Economic Freedom of the World*, “Measuring Economic Freedom,” by James Gwartney, Walter Block, and Robert Lawson, in Stephen Easton and Michael Walker (eds.), *Rating Global Economic Freedom* (The Fraser Institute, 1992). The summary ratings of “Measuring Economic Freedom” are used as one variable in a comparison of a number of variables for institutions and the size of government.

**Norton, Seth W. (1998). “Poverty, Property Rights, and Human Well-Being: A Cross-National Study.” *Cato Journal* 18, 2 (Fall): 233–45.**

The paper compares property rights to indicators of development and determines that the “well-being of the world’s poorest inhabitants [is] sensitive to the cross-national specification of property rights.” The paper shows that well-specified property rights enhance the well-being of the world’s most impoverished. ♦ *Economic Freedom of the World: 1997 Annual Report* and the Heritage Foundation’s *Indices of Economic Freedom* are the main data source for institutional variables.

**Norton, Seth W. (1998). “Property Rights, the Environment, and Economic Well-Being.” In Peter J. Hill and Roger E. Meiners (eds.), *Who Owns the Environment* (Rowman & Littlefield): 37–54.**

Investigates whether countries with better property rights have better performance on environmental measures. ♦ Uses the summary ratings of *Economic Freedom of the World: 1975–1995* as one of four measures used as proxies for property rights.

**Norton, Seth W. (2003). “Economic Institutions and Human Well-Being: A Cross-National Analysis.” *Eastern Economic Journal* 29, 1 (Winter): 23–40.**

“Economic institutions are widely thought to be important in enhancing human well-being. Other scholars emphasize geography in determining economic deprivation and development. This paper examines both types of factors and finds that property rights and economic freedom substantially reduce poverty and enhance economic development.” ♦ Summary ratings from *Economic Freedom of the World: 2001 Annual Report* provides a key institutional variable.

**Ovaska, Tomi, and Ryo Takashima (2006). “Economic Policy and the Level of Self-perceived Well-being: An International Comparison.” *Journal of Socio-Economics* 35: 308–25.**

This study examines whether economic policies and their outcomes have an effect on people’s self-perceived level of well-being. The authors used two different measures of well being, happiness and life satisfaction, both of which come from survey database managed by the Erasmus University in The Netherlands. Using data for 68 countries during the 1990s, the authors found that economic freedom, as measured by The Fraser Institute, and health, as measured by life expectancy, have consistently turned out to be statistically significant in determining people’s level of well-being. That is, both longer life expectancy and the freedom to make choices that are consistent with personal preferences increases one’s self-perceived level of well being and happiness.

**Paldam, Martin (2003). "Economic Freedom and the Success of the Asian Tigers. An Essay on Controversy." *European Journal of Political Economy* 19, 3 (September): 453–77.**

"The term 'tigers' refers to a group of four to five East Asian countries that joined the rich Western countries after less than 50 years of "miraculous" growth. Controversies surround the attempt to explain how the successes were achieved. This paper surveys the discussion and uses the index published in *Economic Freedom of the World* to address the main controversy, which is the role of the state in the rapid growth that took place. After a discussion of likely biases, the data are considered. Three of the five countries have a level of regulation much like other rich countries while two have been as close to *laissez faire* as any country in the world. All are much more "market-friendly" than the LDCs that they left behind. The extent of *laissez faire* can, however, be only one aspect of the miracle."

**Park, Walter G., and Juan Carlos Ginarte (1997). "Intellectual Property Rights and Economic Growth." *Contemporary Economic Policy* 15 (July): 51–61.**

The authors have compiled an index of intellectual property rights (IPRs), and examine its effects on growth and the factors of production (investment, schooling, and R&D). "The paper finds that IPRs affect economic growth indirectly by stimulating the accumulation of factor inputs like R&D and physical capital." ♦ Uses summary ratings of *Economic Freedom of the World: 1975–1995* as a control variable for market institutions in the analysis.

**Scully, G.W. (2002). "Economic Freedom, Government Policy and the Trade-Off between Equity and Economic Growth." *Public Choice* 113, 1–2 (October): 77–96.**

"This study investigates the role that economic freedom plays in economic growth and in the distribution of market income, the role of government policy in advancing economic progress and in promoting income equality, and the effect that the rate of economic progress has on the distribution of market income. Structural and reduced form models are estimated that reveal that economic freedom promotes both economic growth and equity, and that there is a positive but relatively small trade-off between growth and income inequality." ♦ Uses summary ratings and the components from *Economic Freedom of the World: 1975–1995* as the main data source for institutional variables.

**Spindler, Z. A., and X. de Vanssay (2002). "Constitutions and Economic Freedom: An International Comparison." *South African Journal of Economics* 70, 6 (September): 1135–47.**

"The effects of *de jure* constitution enumerations and the number of *de facto* veto players in a polity on economic freedom are empirically explored with the result that only a few constitutional characteristics, such as a bicameral legislature, religious freedom and the *de facto* veto players, seem to matter." ♦ Uses EFW index from *Economic Freedom of the World: 2000 Annual Report* as the dependent variable. This is a cross-section analysis covering 97 countries.

**Sturm, J.E., and J. De Haan (2001). "How Robust Is the Relationship between Economic Freedom and Economic Growth?" *Applied Economics* 33, 7 (June): 839–44.**

"Using various indicators for economic freedom, it is shown that increases in economic freedom are robustly related to economic growth. This conclusion holds even if the impact of outlying observations is taken into account. The level of economic freedom is not related to growth." ♦ Uses summary ratings from *Economic Freedom of the World: 1975–1995* as the main data source for institutional variables.

**Vamvakidis, Athanasios (1998). "Explaining Investment in the WAEMU [West African Economic and Monetary Union]." Working paper WP/98/99. International Monetary Fund.**

Relates differences in investment as a share of GDP within the West African Economic and Monetary Union to differences in economic freedom using fixed and random-effects models across time. ♦ *Economic Freedom of the World: 1975–1995* is the main data source for institutional variables.

**Vásquez, Ian (1998). "Official Assistance, Economic Freedom, and Policy Change: Is Foreign Aid Like Champagne?" *Cato Journal* 18, 2 (Fall): 275–86.**

Argues that foreign aid is propping up countries that are not economically free. Mr Vásquez also tests the notion that aid agencies target pro-growth policies. He finds that for the countries where economic freedom declines or does not improve, foreign aid actually increases (19 of 20 cases). As well, in over one half of these countries GDP per capita declines. ♦ Makes reference to the general conclusions of *Economic Freedom of the World: 1997 Annual Report* regarding economic freedom and income and growth.

**Vega-Gordillo, Manuel, and José L. Álvarez-Arce (2003). "Economic Growth and Freedom: A Causality Study." *Cato Journal* 23, 2 (Fall): 199–215.**

"The dynamic relationships estimated strongly suggest that economic freedom fosters economic growth. The impact of political freedoms on economic growth is much less clear. However, based on the evidence, it is plausible to say that political freedoms do not have to be postponed. Furthermore, the dynamic relationships estimated with the Kiviet method indicate that intensified democracy may result in faster growth and greater economic freedom. They also indicate that economic prosperity makes democratization easier. Our findings, therefore, are closer to Friedman's belief than to Lipset's: freedom is a key component in any attempt to improve economic and social well-being." ♦ Uses ratings from *Economic Freedom of the World: 2001 Annual Report* as the main data source for institutional variables.

**Voigt, Stefan (1998). "Making Constitutions Work: Conditions for Maintaining the Rule of Law." *Cato Journal* 18, 2 (Fall): 191–208.**

Makes reference to the general conclusions of *Economic Freedom of the World: 1975–1995* regarding economic freedom and income and growth and discusses conditions under which the rule of law can be maintained.

**Weede, Erich, and Sebastian Kampf (2002). "The Impact of Intelligence and Institutional Improvements on Economic Growth." *Kyklos* 55, 3: 361–80.**

"Standard indicators of human capital endowment—like literacy, school enrollment ratios or years of schooling—suffer from a number of defects. They are crude. Mostly, they refer to input rather than output measures of human capital formation. Occasionally, they produce implausible effects. They are not robustly significant determinants of growth. Here, they are replaced by average intelligence. This variable consistently outperforms the other human capital indicators in spite of suffering from severe defects of its own. The immediate impact of institutional improvements, i.e., more government tolerance of private enterprise or economic freedom, on growth is in the same order of magnitude as intelligence effects are." ♦ Summary ratings from *Economic Freedom of the World: 2000 Annual Report* provides a key institutional variable.

**Wu, Wenbo, and Otto A. Davis (1999). "The Two Freedoms in a Growth Model." *Journal of Private Enterprise* 14, 2: 115–43.**

The paper develops a theoretical model describing the impact that economic and political freedoms might have upon economic growth, then estimates the relative impact of the two on growth in the world as a whole and for subsets of developing and developed nations. ♦ Summary ratings from *Economic Freedom of the World: 1975–1995* provide a key institutional variable.

**Wu, Wenbo, and Otto A. Davis (1999). "Two Freedoms, Economic Growth and Development: An Empirical Study." *Public Choice* 100: 39–64.**

"The main results are: given economic freedom, the rate of economic growth is independent of political freedom and the level of income; given the level of income, political freedom is independent of economic freedom and the growth rate. The analysis suggests the fundamental effects of economic freedom in fostering economic growth and a high level of income as the condition of a high degree of political freedom." The article also uses principle component analysis to weight the results published in *Economic Freedom of the World*. ♦ *Economic Freedom of the World: 1975–1995* and Freedom House's *Economic Freedom Indicators* on political rights and civil liberties are the main data sources for institutional variables.

