



Economic Freedom in the World by Fraser Institute



Hong Kong is again first in the rankings of 141 nations and jurisdictions for economic freedom, according to a new study released today by the Fraser Institute, Canada's leading economic think tank. Hong Kong is followed by Singapore, New Zealand, Switzerland, and Chile. The 2009 report is based on data from 2007, the most recent year for which comprehensive data are available.

According to the Economic Freedom of the World, report executed by the Canadian Fraser Institute, Republic of Macedonia is ranked on the 89th place of 141 countries. The overall assessment of Republic of Macedonia is 6, 40 on the one to ten scale. From the countries in the region, Bulgaria is on the 57th place, Croatia on the 95th place, Serbia 84th and Montenegro on the 81st place.

This year's report also includes new research that examines the likely impact of the global recession on levels of economic freedom. It suggests that economic freedom may decline in the short term in response to crises, but over a longer time, economic freedom has a tendency to increase after a banking crisis. The opponents of economic freedom are blaming the global recession on the operation of markets and hoping to use it as an excuse for a vast expansion in government. But even in recession, the quality of life in nations with free and open markets is vastly superior to that of nations with government managed economies.

In order to successfully navigate the global financial crisis, nations must focus on policies that support the principles of economic freedom. By choosing this path, the current crisis will be reversed and fade into history. But if we learn the wrong lessons and choose reforms and policies inconsistent with economic freedom, our destiny will be like the generation of 1930; the world will face a decade of stagnation and decline.

The annual peer-reviewed Economic Freedom of the World report is produced by the Fraser Institute in cooperation with independent institutes in 75 nations and territories. The Economic Freedom of the World report uses 42 different measures to create an index ranking countries around the world based on policies that encourage economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to compete, and security of private property. Economic freedom is measured in five different areas: (1) size of government; (2) legal structure and security of property rights; (3) access to sound money; (4) freedom to trade internationally; and (5) regulation of credit, labor and



business. Research shows that individuals living in countries with high levels of economic freedom enjoy higher levels of prosperity, greater individual freedoms, and longer life spans. Economic freedom is the key building block of the most prosperous nations around the world. Countries with high levels of economic freedom are those in which people enjoy high standards of living and personal freedoms. Countries at the bottom of the index face the opposite situation; their citizens are often mired in poverty, are governed by totalitarian regimes and have few if any, individual rights or freedoms.

In this year's main index, Hong Kong retains the highest rating for economic freedom, 8.97 out of 10. The other top scorers are: Singapore (8.66), New Zealand (8.30), Switzerland (8.19), Chile (8.14), United States (8.06), Ireland (7.98), Canada (7.91), Australia tied with the United Kingdom (7.89), and Estonia (7.81).

The short-term response of governments will almost surely reduce economic freedom but history shows that this need not be the case over the long term. Several countries that have experienced financial crises have moved toward greater economic freedom in subsequent years. The impact on economic freedom depends on what we learn from the crisis. Will we move toward institutions and policies more consistent with economic freedom? Or will we politicize, micromanage, and expand the size and role of government?" About the Economic Freedom Index Economic Freedom of the World measures the degree to which the policies and institutions of countries are supportive of economic freedom.

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