



PRESS RELEASE

The place of Republic of Macedonia in the Index of Economic Freedom 2009

13th of January, 2009, Skopje

Republic of Macedonia has 61.2% Economic Freedom

World Rank: 78th

Regional Rank: 33rd of 43 countries

The OHRID Institute for Economic Strategies and International Affairs has the honor to announce the Index of Economic Freedom 2009. The Index is prepared by the Heritage Foundation, and the OHRID Institute as Macedonian partner translated the analyses for Republic of Macedonia.



For 15 years, The Wall Street Journal and The Heritage Foundation have been measuring countries' commitment to free-market capitalism in the "Index of Economic Freedom." The Heritage foundation is conservative think tank situated in Washington. The Heritage is founded in 1978, and is very influential in the US conservative circles. Its mission is to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense.

The 2009 Index, published this week, provides strong evidence that the countries that maintain the freest economies do the best job of promoting prosperity for all citizens.

This year, for the first time, the Index also correlates economic freedom with important societal values like poverty reduction, human development, political freedom and environmental protection. The linkages are robust, with economically freer countries performing significantly better on every indicator of well-being. Covering 183 countries across 10 specific freedoms, the 2009 Index of Economic Freedom tracks the link between economic opportunity and prosperity. Dr. Ed Feulner, President of the Heritage Foundation and US Ambassador Terry Miller, Editor of the 2009 Index of Economic Freedom and Director of the Center for International Trade and Economics (CITE) released this year's findings in Hong Kong - which has held the first place for the past several years in the *Index's* global rankings. The *Index of Economic Freedom* offers a time-tested formula for sustained economic growth.



Macedonia's economic freedom score is 61.2, making its economy partly free. The rank of Republic of Macedonia in the 2009 Index is 78th out of 183 countries. Its score remains almost unchanged from last year, reflecting a decline in business freedom that offset an improvement in freedom from corruption. Macedonia is ranked 33rd out of 43 countries in the Europe region.

As previous years this year too the leading position has Hong Kong, which has 90 points, following Singapore (87, 1), Australia (82, 6), Ireland (82,2) and New Zealand (82).

From the countries in the region, Bulgaria has the best score and it's ranked on the 56th place. Afterwards follow Albania (62), Slovenia (68), Macedonia (78), Greece (81), Montenegro (94), Serbia (109), Croatia (116) and Bosnia and Herzegovina which is on the 134 place.

In the research Macedonia received high scores in the fiscal freedom (89, 4) monetary freedom (85, 4) and trade freedom (81, 6). Low scores which mean bad signal for business, Macedonia received in the part for property protection (30) and the level of corruption (33).

Macedonia received middle scores in the part for investment freedom (50), doing business (58,2), labor rights (59,8), financial freedom (60) and economic growth of the government (65,2). From the analyses it can be seen that Republic of Macedonia in general has higher economic freedom than Greece, namely in the field of Fiscal freedom Republic of Macedonia has 20, 5% more than Greece. Analyzing separately Republic of Macedonia has higher freedom in the part for trade freedom, government size, monetary freedom and financial freedom.

On the bottom of the list are Eritrea, Burma, Cuba, Zimbabwe, and the lowest economic freedom in the world has North Korea.

Macedonia's economic transformation into a market economy continues. In recent years, the country has achieved steady annual economic growth of around 3 percent. Macedonia enjoys high degrees of trade freedom, fiscal freedom, and monetary freedom. Personal and corporate income tax rates are very competitive, and monetary stability is relatively well maintained. With its moderate tariff and non-tariff barriers, Macedonia is generally open to global trade. But, Macedonia lacks institutional capacity in protecting property rights and fighting corruption. However, creating an environment that is truly conducive to vibrant economic development remains challenging.

Annual data for the economic freedom in Republic of Macedonia through the years:

Year	2009	2008	2007	2006	2005	2004	2003	2002
Macedonia	61.2	61.1	60.6	59.2	56.1	56.8	60.1	58.0



The OHRID Institute for Economic Strategies and International Affairs since its forming tracks the place of Republic of Macedonia in the Index of Economic Freedom. Republic of Macedonia has made significant progress in the development of the economic freedom and in all its constituents.

"The 15 years of data measured in the Index of Economic Freedom should encourage economic reformers everywhere. It is clear that steps to improve economic performance are available to countries at all stages of development. It starts with the basics: freedom from corruption and respect for property rights. The poorest countries score far below the world average in these two categories. The richest countries need to pay particular attention to government size and tax rates; the redistributionist temptations of utopian socialism kill economic growth. All countries need to ensure a regulatory environment in which businesses and workers have the right to compete freely on a level playing field. They need to maintain realistic and stable currency levels and low inflation to preserve the value of assets and income. They need to keep their economies open to flows of trade and investment to insure productivity growth and innovation. Economic freedom is not a plan or an ideology. Indeed, it is the antithesis of centralized planning and government control. Economic freedom is a threat only to elite privilege and special interests. It is the revolutionary economic counterpart to democratic political pluralism. It empowers the poor and builds the middle class."

US Ambassador Terry Miller

Editor, *2009 Index of Economic Freedom* - The 15th Anniversary Edition

Director, Center for International Trade and Economics, the Heritage Foundation

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The Mission of OHRID Institute is to provide the Macedonian public and political institutions with alternative perspectives on economic and foreign policy issues for achieving free and prosperous society. The work of the OHRID Institute is based on the universal ideals of democracy, individual responsibility, free markets and entrepreneurship.