

Economic freedom in francophone countries

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Francophone nations have some of the lowest levels of economic freedom in the world, according to the 2009 *Economic Freedom of the World* report. This is bad news for Francophones because economic freedom not only drives economic growth and prosperity, but it also contributes to the emergence of civil liberties and political rights, two pillars of liberal democracy, in less free nations (Gwartney and Lawson, 2009: 22; Al Ismaily et al., 2008: 13).

For these reasons, the developing countries of the Francophonie—defined as the global community of French-speaking people living in countries where French is an official language or is commonly used by the population¹—should increase their levels of economic freedom in order to ensure economic growth, reduce poverty, and develop political freedom.

Francophones lack economic freedom

According to James Gwartney and Robert Lawson (2009: 3), authors of the 2009 *Economic Freedom of the World* report, 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.

In the report, economic freedom is measured 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 is measured on a scale of zero to 10 where a higher value indicates a higher level of economic freedom.

Francophone countries can be divided into two groups, industrialized and developing, which face completely different realities. Apart from a few exceptions like Switzerland (ranked 4th out of 141 countries in 2007, the latest year for which data are available), Canada (8th), Luxembourg (14th), and Mauritius (16th), the majority of French-speaking countries have low levels of economic freedom.

Two French-speaking industrialized countries have relatively low levels of economic freedom. France, which was 33rd in the rankings for 2007, had an average score of 6.79 out of 10 for the last 37 years. Belgium, another poor performer, was 47th in this year's ranking, with an average score of 7.31 for the last 37 years. Both countries have similar problems with state intervention in the economy, heavy taxes, and rigid labour markets. However, France has improved recently. In 2007, France's score was 7.43, its highest in 37 years.

All of the francophone developing countries, except Haiti, are in Africa. With the exception of Mauritius, they all have low levels of economic freedom. Out of the 21 developing francophone countries, eight had a rating between 6 and 6.5 in 2007, 11 had a rating between 5 and 6, and two had a rating of less than 5. By comparison, Hong Kong, the world's top country for economic freedom, had a rating of 8.97.

The best performer among the developing francophone nations was Haiti, with a rating of 6.44; the worst was the Republic of Congo, with a rating of 4.44. Three





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oil-producing countries—Gabon, Algeria, and the Republic of Congo—were among the worst countries in the world for economic freedom, ranking 122nd, 131st, and 137th, respectively. However, Algeria has shown some improvement recently; its score, which was as low as 3.79 in 1990, was 5.44 in 2005 before decreasing slightly to 5.33 in 2007.

These are undoubtedly disappointing results. However, some countries, such as Madagascar, Mauritius, and Togo, have made substantial progress and have become economically freer over the last three decades.

A missed opportunity

The low level of economic freedom in developing francophone countries is a problem because numerous studies have shown that countries with more economic freedom grow more rapidly and achieve higher levels of per capita income than those that are less free (Norton and Gwartney, 2008: 27).

According to the World Bank's (2009) *Country Classification*, 14 francophone countries are low-income and five are lower-middle-income. Consequently, the most urgent goal of these countries should be to reduce poverty. Thus far, the solution adopted by these countries has been "official foreign aid" (ODA), a system in which wealthy nations subsidize poor ones. Jeffrey Sachs, the author of *The End of Poverty* who also played a key role in the UN Millennium Project,² argues that a significant increase in foreign aid is needed to help poor countries escape the "poverty trap" which, according to his view,

prevents poor nations from experiencing economic growth (Easterly, 2006: 33).

However, as William Easterly (2006: 34) notes, Africa has received \$568 billion in aid over the past four decades, and the results have been far from impressive in terms of poverty reduction and economic development. As China has demonstrated over the past two decades, during which 300 million Chinese people were lifted out of extreme poverty, increasing economic growth by increasing economic freedom is a more efficient and successful way to reduce poverty in developing countries (Norton and Gwartney, 2008: 33). That is why increasing economic freedom in African countries is so important.

Economic freedom also contributes to the emergence of civil liberties and political freedom, both of which are essential to human rights and liberal democracy. Academic research has shown that economic freedom is a necessary, though not sufficient, condition for liberal democracy (Berger, 1992: 11). It liberates people from dependence on government and allows them to make their own economic and political choices. According to the *Freedom in the World* survey by Freedom House (2008a), which measures individual freedom in terms of political rights and civil liberties,³ nine francophone developing countries are "not free," and 10 are only "partly free." Just two low-income countries, Mali and Benin, which have low levels of economic freedom (with scores of 6.28 and 5.89, respectively), are defined as "free." Unfortunately, Mauritius is the only Francophone developing country that has enough economic freedom to maintain a functioning liberal democracy.

The way forward

The goal for francophone developing countries should be to increase their levels of economic freedom in order to ensure economic growth and poverty reduction and to develop political freedom.

Because gains from trade, entrepreneurship, and investment are at the core of economic growth and are the result of institutions and policies that support economic freedom (Norton and Gwartney, 2008: 33), the best strategy for developing countries would be to create an institutional and policy environment that is conducive to the smooth operation of markets and the realization of gains from trade and entrepreneurial activities (Gwartney and Lawson, 2004: 28).

According to Norton and Gwartney (2008: 35), “Africa needs institutional reforms that will reduce trade barriers, provide legal protection for property rights, and reduce business regulation. Until such reforms are instituted, doubling or tripling of foreign aid will not have much impact on the poverty rates of Africa.”

Francophone developing countries can follow the example of Mauritius, which has experienced relative economic and political development since its independence in 1968. As mentioned above, Mauritius has one of the freest economies in the world, having a higher economic freedom rating than industrialized countries like France and Belgium.

Mauritius has developed from a low-income, agrarian economy, dependent on sugar cane, to an upper-middle-income country that has created for itself niches in the textile, tourism, and financial services industries (Ng Ping Cheun, 2007: 1). The country has been a liberal democracy since its independence and is defined as a “free country” by Freedom House (2008a). Its economic freedom rating, which was 5.23 in 1975, is now 7.70. This high level of economic freedom has allowed Mauritius to grow much faster than other developing nations while also enjoying political freedom.

Since becoming independent, francophone developing countries have suffered from poor economic policy and governance. However, Mauritius has shown that there is an alternate path towards liberal democracy and relative economic prosperity. That is why francophone developing countries should follow Mauritius’ example and create an institutional and policy environment that allows economic and political freedom to flourish. Developed countries can and should help by opening their markets and supporting policies that encourage competition, entrepreneurship, investments, civil liberties, and political rights.

Notes

1 According to this definition, the list of francophone countries is as follows: Switzerland, Canada, Luxembourg, Mauritius, France, Belgium, Haiti, Tunisia, Madagascar, Mali, Rwanda, Morocco, Côte d’Ivoire, Mauritania, Togo, Benin, Burkina Faso, Gabon, Cameroon, Senegal, Burundi, Algeria, Niger, Chad, Congo (Dem. Republic), Central African Republic, and Congo (Republic of).

2 In 2002, the Millennium Project was commissioned by the United Nations Secretary-General “to develop a concrete ac-

tion plan for the world to achieve the Millennium Development Goals and to reverse the grinding poverty, hunger and disease affecting billions of people” (Millennium Project, 2006).

3 According to Freedom House (2008b), “Political rights enable people to participate freely in the political process, including the right to vote freely for distinct alternatives in legitimate elections, compete for public office, join political parties and organizations, and elect representatives who have a decisive impact on public policies and are accountable to the electorate. Civil liberties allow for the freedoms of expression and belief, associational and organizational rights, rule of law, and personal autonomy without interference from the state.”

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