Despite slight increase in global levels of economic freedom, U.S. sinks to 18th in international ranking; Hong Kong again tops world for economic freedom

September 18, 2012
For Immediate Release

TORONTO, ON— The United States, long considered a champion of economic freedom among large industrial nations, dropped to its lowest position ever in to the Fraser Institute’s annual Economic Freedom of the World report.

This year, the U.S. plunged to 18th, a sharp decline from the second overall position it held in 2000. Much of this decline is a result of high spending on the part of the U.S. government.


“The United States, like many nations, embraced heavy-handed regulation and extensive over-spending in response to the global recession and debt crises. Consequently, its level of economic freedom has dropped,” said Fred McMahon, Fraser Institute vice-president of international policy research.

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

The U.S. decline is even more startling, given that globally, the average economic freedom score rose slightly to 6.83 in 2010, the most recent year available. Global levels of economic freedom reached their lowest level in nearly three decades with a score of 6.79 in 2009.

The annual Economic Freedom of the World report is the premier measurement of economic freedom, using 42 distinct variables to create an index ranking 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. The full report is available at www.freetheworld.com.

International rankings

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

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

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

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

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

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

About the Economic Freedom Index

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

MEDIA CONTACT:

Fred McMahon  
Vice-President International Policy Research, Fraser Institute  
Tel: (416) 363-6575, ext. 226  
Cell: (416) 727-7138  
E-mail: fred.mcmahon@fraserinstitute.org

Follow the Fraser Institute on Twitter | Like us on Facebook

The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of more than 85 think-tanks. Its mission is to measure, study, and communicate the impact of competitive markets and government intervention on the welfare of individuals. To protect the Institute’s independence, it does not accept grants from governments or contracts for research. Visit [www.fraserinstitute.org](http://www.fraserinstitute.org)

For further information, contact:  
Dean Pelkey  
Director of Communications, Fraser Institute  
Tel: (604) 714-4582  
E-mail: dean.pelkey@fraserinstitute.org