

Economic Freedom of the World

2008 Annual Report

James Gwartney
Florida State University

Robert Lawson
Capital University

with the assistance of Joshua Hall
Beloit College

with

Seth Norton
Wheaton College

Economic Freedom Network
2008

Copyright ©2008 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 supporters, trustees, or other staff of the Fraser Institute. This publication in no way implies that the Fraser Institute, its trustees, or staff are in favor of, or oppose the passage of, any bill; or that they support or oppose any particular political party or candidate.

Editing, design, and typesetting by Lindsey Thomas Martin

Cover design by Bill Ray

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 downloading the data, please feel free to contact us via e-mail to freetheworld@fraserinstitute.org or via telephone at +1.604.714.4563.

Cite this Publication

Authors: James D. Gwartney and Robert Lawson; with Seth Norton

Title: *Economic Freedom of the World: 2008 Annual Report*

Publisher: Economic Freedom Network

Date of publication: 2008

Digital copy available from <www.fraserinstitute.org>, <www.freetheworld.com>

Cataloguing Information

Gwartney, James D.

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

Annual.

Description based on: 1997

2008 issue by James D. Gwartney and Robert Lawson, with Joshua Hall, with Seth Norton.

Issued also online.

ISSN 1482-471X

ISBN 978-0-88975-240-5 (2008 edition)

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

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

Table of Contents

	Acknowledgments	/	iv
	About the Authors	/	v
	About the Contributor	/	vi
	About the Members of the Economic Freedom Network	/	vi
	Executive Summary	/	xxi
Chapter 1	Economic Freedom of the World, 2006	/	3
Chapter 2	Economic Freedom and World Poverty	/	23
	<i>by Seth W. Norton & James D. Gwartney</i>		
Chapter 3	Country Data Tables	/	41
Appendix 1	Explanatory Notes and Data Sources	/	183
Appendix 2	Selected Publications Using Ratings from <i>Economic Freedom of the World</i>	/	195

Acknowledgments

As always, we are grateful for the intellectual and financial assistance of the Fraser Institute including Executive Director Mark Mullins, who has continued and strengthened the Fraser Institute's commitment to this project. Without the assistance and guidance of both Michael Walker, former Executive Director of the Fraser Institute, and the late Milton Friedman, this project would never have gotten off the ground.

The members of the Economic Freedom Network again provided valuable support for this report; we thank especially Salem al Ismaily, Chris Edwards, Rick Lowe, Ralph Massey, Petar Ganev, and Ian Vasquez. Our thanks also go to Kathy Makinen and Joe Connors at Florida State University, and James Barth at Auburn University. We are grateful for the hard work of the many people on staff at the Fraser Institute who help with the project: Fred McMahon and Amela Karabegović, who continue to provide tremendous support in managing the overall project and in keeping us on top of our deadlines; and Darlene Savoy, who did the programming for the country tables.

Dahlia Khalifa (IFC-World Bank), César Chaparro Yedro (IFC-World Bank), Steve Knack (World Bank), Chris McKee (PRS Group), and Irene Mia (World Economic Forum) were instrumental in helping secure data from their respective organizations.

Very special thanks go to Joshua Hall of Beloit College for his valuable assistance again with this year's data revisions and updates. We are pleased to have Josh involved with the project.

James Gwartney & Robert Lawson

About the Authors

James D. Gwartney

James Gwartney holds the Gus A. Stavros Eminent Scholar Chair at Florida State University, where he directs the Stavros Center for the Advancement of Free Enterprise and Economic Education. He is a coauthor of *Economics: Private and Public Choice* (Cengage/South-Western Press), a widely used text on the principles of economics that is now in its twelfth edition. He is also a coauthor of an economics primer, *Common Sense Economics: What Everyone Should Know about Wealth and Prosperity* (St. Martin's Press, 2005). His publications have appeared in both professional journals and popular media such as the *Wall Street Journal* and the *New York Times*. He served as Chief Economist of the Joint Economic Committee of the US Congress during 1999/2000. He was invited by the incoming Putin Administration in March 2000 to make presentations and have discussions with leading Russian economists concerning the future of the Russian economy. In 2004, he was the recipient of the Adam Smith Award of the Association of Private Enterprise Education for his contribution to the advancement of free-market ideals. He is the current President of the Southern Economic Association. His Ph.D. in economics is from the University of Washington.

Robert A. Lawson

Robert Lawson is Associate Professor in the Department of Finance at Auburn University where he is Co-Director of the Center for International Finance and Global Competitiveness and Director of the Economic Freedom Initiative. Previously, he taught at Capital University, where he held the George H. Moor Chair, and Shawnee State University. Professor Lawson has numerous professional publications in journals such as *Public Choice*, *Cato Journal*, *Kyklos*, *Journal of Labor Research*, *Journal of Institutional and Theoretical Economics*, and *European Journal of Political Economy*. He has served as president of the Association of Private Enterprise Education and is a member of the Mont Pelerin Society. He writes regularly for <www.divisionoflabour.com>. 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.

Joshua C. Hall

Joshua Hall is an assistant professor in the Department of Economics and Management at Beloit College in Beloit, Wisconsin. He earned his B.A. and M.A. in economics from Ohio University and his Ph.D. from West Virginia University. Formerly an economist for the Joint Economic Committee of the US Congress, he has published numerous policy studies and professional publications. Professor Hall's research has appeared in journals such as the *Atlantic Economic Journal*, *Cato Journal*, *Journal of Economic Education*, and *Journal of Labor Research*.

About the Contributor

Seth Norton

Seth Norton is Aldeen Professor of Business at Wheaton College. He holds a B.A. in history from Northwestern University, an M.B.A. in finance and industrial relations, and a Ph.D. in economics from the University of Chicago. Professor Norton has held teaching positions at Washington University, Illinois State University, and the University of Michigan. He has a broad teaching background, including economics, finance, marketing and strategy. Professor Norton's research record is also diverse: he has published in comparative economic systems, development economics, industrial organization, finance, marketing, and strategic management. Publications include works in the *Cato Journal*, *Economic Inquiry*, *Journal of Business*, *Journal of Corporate Finance*, *Journal of Economics & Management Strategy*, *Journal of Institutional and Theoretical Economics*, *Journal of Law & Economics*, *Marketing Science*, and *Strategic Management Journal*. Professor Norton was recently elected to the Board of Directors of the Western Economics Association International. He is currently studying the links between economic institutions and human well-being across countries, the role of culture in framing economic institutions, the role of information in firm performance, and alternative theories of competition.

About the Members of the Economic Freedom Network

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: zpreci@icc-al.org.

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 Francoise 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; website: <http://www.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: bagirov.sabit@gmail.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@nassauinstitute.org; website: <<http://www.nassauinstitute.org>>.

Bangladesh ♦ Making Our Economy Right (MOER)

MOER, 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.

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: mises@mail.by; 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 (FULIDE)

The Fundación Libertad y Democracia 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@fulide.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; 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: mail@ime.bg; website: <http://www.ime.bg>.

Burkina Faso ♦ Le Centre des Affaires Humaines (CEDAH)

Le Centre des Affaires Humaines (CEDAH) is a free-market educational and research public-policy think tank founded in December 2007 in Burkina Faso. The CEDAH is an independent, non-profit organization with no affiliations to any political party. It is financed entirely from contributions from individuals, organizations, and foundations. In order to protect its research independence, it does not accept grants from the government of Burkina Faso or political parties. The mission of CEDAH is to propose original and innovative solutions for the crafting of efficient public policies, using successful reforms applied elsewhere as models. The CEDAH studies how markets function with the aim of identifying the mechanisms and institutions that foster the prosperity and long-term welfare of all the individuals that make up our society. ♦ E-mail: info@cedahburkina.com; website: <http://www.cedahburkina.com>.

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.

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 locations throughout North America 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.org; website: <http://www.fraserinstitute.org>, <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; 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: andresmejia@cable.net.co; website: <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; 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: ssvaljek@eizg.hr; website: <http://www.eizg.hr/>.

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: miroslav.sevcik@libinst.cz; website: <http://www.libinst.cz>.

Denmark ♦ Center for Politiske Studier (CEPOS)

The Center for Politiske Studier (Center for Political Studies) 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; 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.

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; website: <http://www.ieep.org.ec>.

Estonia ♦ International University Audentes

The International University 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@audentes.eu; website: <http://www.audentes.eu>.

France ♦ Association pour la Liberté Économique 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; website: <http://www.libres.org>.

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; 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; 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@ieaghana.org; 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: cien@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; website: <<http://home.indo.net.id/~indef/>>.

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 ♦ **Jerusalem Institute for Market Studies**

The Jerusalem Institute for Market Studies (JIMS) was founded in 2003 in Jerusalem, Israel, as an independent non-profit, economic policy think tank. JIMS' mission is to promote market solutions and limited government in Israel and the region. In order to spread free-market ideas, JIMS conducts original research and publishes public-policy papers and editorials. JIMS also runs a wide range of educational programs that targets elementary school students, high school students, college students and young professionals. ♦ E-mail: corinnesauer@gmail.com; website: <<http://www.jims-israel.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: segreteria@centroeinaudi.it; website: <<http://www.centroeinaudi.it>>.

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

E-mail: bailo@afribone.net.ml.

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.

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; website: <http://www.cfе.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.

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: 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>>.

Nepal ♦ The Prosperity Foundation

E-mail: robsitoula@gmail.com.

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 ♦ Initiative of Public Policy Analysis

The Initiative 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: azzan@ociped.com; website: www.irfoman.org.

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>.

Palestine ♦ Pal-Think for Strategic Studies

Pal-Think for Strategic Studies is an independent, non-profit, institute in Gaza, Palestine. It was established in March 2007. Pal-Think's mission is to promote peace, freedom, and prosperity through debate on public issues, producing policy recommendations for the decision-makers in Palestine and the Middle East. The main objective of Pal-Think is to conduct research on thematic issues that serve as a basis for policy debates on matters that are important to the Palestinians, the region, and the international community.

To achieve its vision of being a leading think tank in Palestine and the Middle East, Pal-Think also organizes conferences, workshops, round-table discussions, and other events on specific issues in Palestine and the region to deepen the understanding by the various constituencies and to provide appropriate policy solutions. ♦ E-mail: omar@palthink.org; website: <http://www.palthink.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: diablo@diablopty.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: enrique@ghersi.com.

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: crcfi@info.com.ph; website: <http://www.crc.org.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.thinktankromania.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; 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; website: <<http://www.hayek.sk>>.

Slovenia ♦ Free Society Institute

The Free Society Institute (FSI) is a Slovenian non-partisan, economic-policy and research think-tank founded in 2006. Its mission is to promote in Slovenia the principles of a free society such as economic and individual freedom, self-initiative, and limited government with low public spending and taxes in order to abolish privileges of interest groups and strengthen private property and, thus, make Slovenia a more people friendly, competitive, and less administrative nation. The FSI believes in the power of freedom, individual reason, and their self-initiative, which leads to happiness and prosperity for everyone. Only free people are able to think productively. The FSI achieves its mission through the *Tribunal*, a biweekly, free-of-charge, newspaper. Email: contact@fsi-institute.si; website: <<http://www.fsi-institute.si>>.

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; 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: info@pathfinderfoundation.org.

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: fredrik.erixon@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@libinst.ch; website: <<http://www.libinst.ch/>>.

Trinidad and Tobago ♦ Arthur Lok Jack Graduate School of Business, The University of the West Indies

The Arthur Lok Jack Graduate School of Business 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 competitiveness 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: r.balgobin@gsb.tt; website: <<http://www.gsb.tt>>.

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: info@liberal-dt.org.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; 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; 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; 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; website: <http://www.cedice.org.ve>.

Vietnam ♦ Research Center for Entrepreneurship Development

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@gmail.com; website: <http://www.rced.com.vn>.

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: zippamail@gmail.com.

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. Forty-two variables are used to construct a summary index and to measure the degree of economic freedom in five broad 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.

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 5.46 (out of 10) in 1980 to 6.65 in the most recent year for which data are available.
- ◆ Of the 102 nations with chain-linked scores going back to 1980, 89 saw an improved score and 13 saw a decrease.
- ◆ Ten nations increased their score by more than 2.5 points since 1980: Ghana (4.12), Uganda (3.37), Israel (3.26), Peru (2.92), Jamaica (2.89), Iran (2.87), Hungary (2.80), El Salvador (2.74), Nicaragua (2.56), and Turkey (2.53).
- ◆ Only three nations decreased their score by more than one point: Zimbabwe (-1.93), Venezuela (-1.83), and Myanmar (-1.16).
- ◆ In this year's index, Hong Kong retains the highest rating for economic freedom, 8.94 out of 10. The other top-10 nations are Singapore (8.57), New Zealand (8.28), Switzerland (8.20), United Kingdom (8.07), Chile (8.06), Canada (8.05), United States (8.04), Australia (8.04), and Ireland (7.92).
- ◆ The rankings of other large economies are Germany, 17 (7.64); Japan, 27 (7.48); France, 45 (7.19); Italy, 49 (7.15); Mexico, 58 (6.98); India, 77 (6.59); China, 93 (6.29); Brazil, 96 (6.16); and Russia, 101 (6.12).
- ◆ Eight of the nations in the bottom 11 are African. The other two nations are Venezuela and Myanmar. The bottom-10 nations are Burundi (5.23), Rwanda (5.23), Chad (5.12), Central African Republic (5.01), Guinea-Bissau (5.01), Venezuela (4.76), Niger (4.67), Republic of Congo (4.64), Myanmar (4.19), Angola (4.10), and Zimbabwe (2.67).

Nations that are economically free perform better than non-free nations in indicators of well-being

- ◆ Nations in the top quartile of economic freedom have an average per-capita GDP of \$31,480 in 2006, compared to \$3,882 for those nations in the bottom quartile in constant 2005 international dollars (exhibit 1.6).

- ◆ The top quartile has an average per-capita economic growth rate of 2.31%, compared to 0.50% for the bottom quartile (exhibit 1.7).
- ◆ In nations of the top quartile, the average income of the poorest 10% of the population is US\$8,730, compared to \$961 for those in the bottom quartile, in constant 2005 international dollars averaged over the period from 1990 to 2006 (exhibit 1.12).
- ◆ Life expectancy is 79 years in the top quartile compared to 58 years in the bottom quartile (exhibit 1.13).
- ◆ Nations in the top quartile of economic freedom have an average score of 1.87 for political rights on a scale of 1 to 7, where 1 marks the highest level, while those in the bottom quartile have an average score of 4.39 (exhibit 1.15).
- ◆ Nations in the top quartile of economic freedom have an average score of 1.68 for civil liberties on a scale of 1 to 7, where 1 marks the highest level, while those in the bottom quartile have an average score of 4.06 (exhibit 1.15).
- ◆ Nations in the top quartile of economic freedom have an average score of 84.7 (out of 100 where a higher value indicates a greater environmental performance) for environmental performance, while those in the bottom quartile have an average score of 63.8 (exhibit 1.16).

Economic Freedom and Poverty

A global effort has been devoted to reducing world poverty. Some claim poverty can be best combated by foreign aid. Others point to the importance of domestic policies, such as those that support or weaken economic freedom. In chapter 2, Seth Norton and James Gwartney investigate the connection between economic freedom and poverty. Using various measures of poverty, they find a strong positive relationship between economic freedom and poverty reduction and call for more research in this area. Among their findings are the following.

- ◆ Both the \$1-per-day and the \$2-per-day poverty rates have declined since 1980. Various non-pecuniary indicators of poverty also imply that the well-being of the poor has improved during the past quarter of a century (exhibits 2.2 and 2.3).
- ◆ The average \$1-per-day poverty rate is 32.1% for nations (un-weighted by population) with levels of economic freedom (EFW scores) below five, compared to 11.7% for nations with EFW scores between six and seven (exhibit 2.4). Because data are not available for developed and many advanced developing nations on the \$1-per-day poverty rate, there are no nations in the relevant data set with EFW scores above seven.
- ◆ In an initial econometric investigation of economic freedom and poverty between 1980 and 2004, the authors found that, when the initial 1980 EFW summary rating was one unit higher, countries saw an increased reduction in the \$1-per-day poverty rate of 4.68 percentage points between 1980 and 2004. A one-unit increase in the EFW rating between 1980 and 1995 was associated with a reduction of 5.21 percentage points in the \$1-per-day poverty rate (exhibit 2.6).
- ◆ Chapter 2 investigates why the poverty rate is higher in sub-Saharan Africa than elsewhere. It finds that average EFW scores are lower for sub-Saharan Africa than for other regions: the average for sub-Saharan Africa was 5.71; for Central and South America, 6.66; for Asia, 6.26; for the former Soviet Bloc, 6.76; and for the G7, 7.66. The authors show this pattern also holds for area ratings that are key for economic growth (exhibit 2.8).

Policy implications

- ◆ Globally, developing nations need to focus on improving levels of economic freedom to reduce poverty.
- ◆ The nations of sub-Saharan Africa nations need to increase levels of economic freedom particularly by:
 - ◆ removing trade barriers so that African nations, most of which are small, can enjoy the benefits generated by division of labor, economies of scale, and specialization;
 - ◆ building the rule of law to protect property rights, encourage investment, and reduce corruption;
 - ◆ simplifying business regulations by eliminating unnecessary regulatory barriers, reducing the need for pay-offs and thus corruption, and lowering the administrative costs of business.

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 downloading the data, please feel free to contact us via e-mail to freetheworld@fraserinstitute.org or via telephone at +1.604.714.4563.

**Economic Freedom of the World
2008 Annual Report**

