

**Economic Freedom of the World
2003 Annual Report**

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2003 Annual Report

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and

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with

Neil Emerick

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Table of Contents

Acknowledgments / iv

About the Authors & Contributor / v

About the Participating Institutes / vi

Executive Summary / 3

Chapter 1: Economic Freedom of the World, 2001 / 5

Appendix: Explanatory Notes and Data Sources / 24

Chapter 2: Using Software in the Econometric Equation / 33

by Neil Emerick

Chapter 3: Country Data Tables / 37

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About the Authors

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About the Contributor

Neil Emerick worked in London as a foreign exchange trader before moving to South Africa, where he subsequently opened his own IT business. Later he joined the Free Market Foundation of Southern Africa as a council member and now monitors public policy in macro-economic affairs (inflation, money supply, foreign exchange controls) and legislation or regulation affecting IT/Telecommunications for the Foundation. He is currently involved in the development and marketing of software versions of the Economic Freedom of the World indexes.

About the Participating Institutes

Co-publishers of *Economic Freedom of the World*

African Research Center for Public Policy and Market Process, Kenya

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.

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Albanian Center for Economic Research (ACER), Albania

The Albanian Center for Economic Research is a public-policy institute that focuses on research and advocacy. In addition to providing policy-makers and academics with applied economic research, it works to build public understanding of issues surrounding economic development. ACER seeks to promote economic reform in Albania by conducting independent research on economic growth and assisting in the creation of an adequate institutional framework for reform; encouraging public debate on several transition issues; drafting laws; influencing the country's policy and decision-makers. ACER carries out its research projects on a multi- and inter-disciplinary basis, using a team of sociologists, social workers, economists, political scientists, statisticians, and market analysts. Research methods and techniques include field surveys, focus groups, interviews, content analysis, participant observations, case studies, public polls, and so on.

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Association for Liberal Thinking, Turkey

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.

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Association pour la Liberté Economique et le Progrès Social (ALEPS), France

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 have 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 in-

equality, and a loss of moral virtues and spiritual values. ALEPS provides the political and intellectual push towards this necessary revival.

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Cato Institute, United States of America

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.

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Center for the Dissemination of Economic Knowledge (CEDICE), Venezuela

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.

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Center for Entrepreneurship and Economic Development (CEED), Montenegro

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.

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Center for Free Enterprise, Korea

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.

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Center for Policy Research, Sri Lanka

The Center for Policy Research (CPR) is a non-partisan advocacy and policy-research institute dedicated to fostering democracy and promoting free enterprise. As part of its philosophy, CPR actively takes positions on the reform of critical policies and aggressively lobbies key decision-makers in the country.

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The Center for Research and Communication, Philippines

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.

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Centre for Civil Society, India

The Centre for Civil Society 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.

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Centre for the New Europe, Belgium

The Center 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 Center 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.

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Centro Einaudi, Italy

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 the savings and the savers in Italy); and *Rapporto sulla distribuzione in Italia* (Report on the retail trade in Italy—published also in English).

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Centro de Investigación para el Desarrollo A.C., Mexico

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.

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Centro de Investigación y Estudios Legales (CITEL), Peru

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.

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Centro de Investigaciones Económicas Nacionales, Guatemala

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.

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Centrum im. Adama Smitha, Poland

The Centrum im. Adama Smitha, Poland (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.

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The Estonian Institute for Open Society Research, Estonia

The Estonian Institute for Open Society Research was established in 1993 as an independent non-profit public-policy research institute. EIOSR's research and public-communication programs focus on the key issues of Estonian social and political development: building a free-market economy and open civil society; enhancing social stability and integration of minority groups; and promoting Estonia's integration into European and world structures. EIOSR's first effort was the Estonian translation of Milton Friedman's *Capitalism and Freedom* in early 1994. Current EIOSR projects include promoting the idea of philanthropy to local businesses and elaborating future scenarios concerning the integration of the Russian minority into Estonian society.

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The F.A. Hayek Foundation, Slovak Republic

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.

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The Fraser Institute, Canada

The Fraser Institute is an independent Canadian economic and social research and educational organization. It has as its objective the redirection of public attention to the role of competitive markets in providing for the well-being of Canadians. Where markets work, the Institute's interest lies in trying to discover prospects for improvement. Where markets do not work, its interest lies in finding the reasons. Where competitive markets have been replaced by government control, the interest of the Institute lies in documenting objectively the nature of the improvement or deterioration resulting from government intervention. The work of the Institute is assisted by an Editorial Advisory Board of internationally renowned economists. The Fraser Institute is a national, federally chartered, non-profit organization financed by the sale of its publications and the tax-deductible contributions of its members.

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Free Market Centre, Yugoslavia

Free Market Center (FMC) is a non-profit, non-governmental organization founded in 2001. It is the only free market think tank in Yugoslavia. The Center promotes the understanding and acceptance of ideas like individual liberty, free market economy, limited government, and peaceful cooperation. To that end, the FMC strives to achieve greater involvement in redirecting the attention of not only 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.

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The Free Market Foundation of Southern Africa, South Africa

The Free Market Foundation of Southern Africa was established in 1975 to promote economic freedom. The FMF sponsors and conducts research, conferences, lectures, training programs and lobbying efforts in support of the free market. Its funding comes from membership subscriptions, project sponsorships, and income from sales and fees.

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Fundación DL, Colombia

Fundación DL is a private, non-profit research and educational institution based in Bogotá, Colombia. Its mission is to help improve the levels of economic, political and human development of Colombia through the promotion of policies based on the principles of economic and political freedom. Fundación DL was created in April 2000 by its General Director Andrés Mejía-Vergnaud. From its very beginning, Fundación DL has been closely associated with Atlas Economic Research Foundation and some of the main free-market-oriented think-tanks around the world. Fundación DL has a special unit devoted to economic affairs (Center for the Analysis of Colombian Economy). This unit, which has been very successful, works in identifying the main trends of the Colombian economy and producing policy recommendations from a free-market point of view. Fundación DL publishes *Política Económica* (Economic Policy), a monthly magazine about economic trends, strategy, and policy recommendations, including the section *War and Peace Watch* that deals with trends of Colombian political situation and economic consequences of internal conflict. It also publishes *Colombian Economic Watch*, a bi-weekly e-commentary by Director General Andrés Mejía-Vergnaud.

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Fundación Economía y Desarrollo, Inc., Dominican Republic

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.

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Fundación Libertad, Argentina

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.

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Fundación Libertad, Panama

Fundación Libertad, Panama, is a recently formed, non-profit foundation engaged in the promotion and development of liberty, individual choice, and voluntary cooperation and in the reduction of government. Fundación Libertad was founded by members of professional and business organizations promoting free enterprise and democracy because the existing organizations could not fully address issues affecting the freedom of the common citizen, particularly 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.

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Fundación Libertad, Democracia y Desarrollo, Bolivia

The Fundación Libertad, Democracia y Desarrollo (FULIDED) 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, FULIDED seeks to reflect Bolivia's participation in the global economy.

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Hong Kong Centre for Economic Research, Hong Kong

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.

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Institute for Advanced Strategic and Political Studies, Israel

The mission of the Institute for Advanced Strategic and Political Studies is to develop policies in economics, strategic studies, and politics that will bring about limited government in domestic affairs and the balance of power in strategic planning. The Institute's Division for Economic Policy Research (DEPR) publishes Policy Studies in both English and Hebrew, while the Division for Research in Strategy and Politics produces a series of documents in strategic studies and another in politics.

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Institute for Market Economics, Bulgaria

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.

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Institute of Business, Trinidad and Tobago

The Institute of Business (The University of West Indies) 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 is 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.

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The Institute of Economic Affairs, Ghana

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.

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The Institute of Economic Affairs, United Kingdom

The IEA's mission 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: www.iea.org.uk

Institute of Economic Analysis, Russia

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.

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Institute of Economic Studies, Iceland

The Institute of Economic Studies was founded in 1989. It operates within the Department of Economics in the Faculty of Economics and Business Administration at the University of Iceland. From the outset, the Institute has been active in carrying out applied research projects commissioned by private and public clients ranging from small Icelandic interest groups to the Nordic Investment Bank to the governments of Iceland, Denmark, and the Faroe Islands. More recently, funded by research grants, the Institute has taken on large-scale applied research projects with substantial analytical content and economic research.

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The Institute of Economics, Croatia

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.

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Institute of Public Affairs, Australia

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.

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Institute of Public Policy Analysis, Nigeria

PPA 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.

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Instituto Ecuatoriano de Economía Política, Ecuador

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 socio-economic and political issues. The IEEP's funding comes from voluntary donations, membership subscriptions, and income from sales of its publications.

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Instituto Liberal do Rio de Janeiro, Brazil

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.

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Instituto Libertad y Desarrollo, Chile

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.

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Instituto para la Libertad y el Análisis de Políticas, Costa Rica

The Institute for Liberty and Public Policy Analysis (INLAP) 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 (1) 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 (2) 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.

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Liberales Institut, Germany

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: Liblnst@fnst.org; website: www.fnst.de

Liberales Institut, Switzerland

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, the Institute seeks to develop and disseminate classical liberal ideas.

E-mail: libinst@bluewin.ch; website: www.libinst.ch

Liberalní Institut, Czech Republic

Liberalní 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: michal.uryc@libinst.cz; website: www.libinst.cz

Lithuanian Free Market Institute, Lithuania

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. LFMI led the creation of the legal and institutional framework for the securities market and contributed significantly to the country's privatization legislation. LFMI 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 de-bureaucratization 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: LFMI@FreeMa.Org; website: www.FreeMa.org

Making Our Economy Right (MOER), Bangladesh

MOER (Making Our Economy Right), 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.

E-mail: drmanzur@citechco.net; website: www.moer.org

The Nassau Institute, Bahamas

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: joanmt@coralwave.com or info@nassauinstitute.org; website: www.nassauinstitute.org

The New Zealand Business Roundtable, New Zealand

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: www.nzbr.org.nz

Open Republic Institute, Ireland

Open Republic Institute proposes open markets, individual freedom, voluntary action, the rule of law and religion as the means to make Ireland and all other countries better places to live and work. It opposes state control of industry and services and believes that state direction of economies and societies is the prime cause of corruption, poverty, and tyranny in the world. Open Republic Institute is Ireland's only source of policy and analysis oriented towards individual rights and open markets. It evaluates public policy and proposes open-market, open-society solutions to Ireland's economic and social problems.

E-mail: pmacdonnell@openrepublic.org; website: www.openrepublic.org

Szazadveg Policy Research Center, Hungary

The Szazadveg Policy Research Center is a non-profit organization performing political and economic research, 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: www.szazadveg.hu

TIGRA®, Austria

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, 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: www.tigra.at

Timbro, Sweden

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.

E-mail: mattiasb@timbro.se; website: www.timbro.com

The Ukrainian Center for Independent Political Research, Ukraine

The Ukrainian Center for Independent Political Research 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: kam@political.kiev.ua; website: www.ucipr.kiev.ua

Other Members of the Economic Freedom Network

D'Letzeburger Land, Luxembourg. E-mail: info@mmp.lu

The Institute for Development of Economics and Finance, Indonesia. E-mail: Indef@indo.net.id

Liberty Network (LINE), Denmark. E-mail: palle@line.dk

Liberty Institute, Romania

Bureau d'Analyse d'Ingenierie et de Logiciels (BAILO), Ivory Coast. E-mail: bailo@GLOBEACCESS.NET

**Economic Freedom of the World
2003 Annual Report**

Executive Summary

- ▶ This is the seventh edition of *Economic Freedom of the World*. It rates and ranks 123 nations for 2001, the most recent year for which data are available. The report also updates data in earlier reports in instances where data have been revised.
- ▶ Economic freedom continues to gain ground around the world. Based on the 10-point scale of this index, the average economic freedom rating was 6.35 for 2001, up slightly from 2000's average rating of 6.34. However, this compares well with the average rating of 5.96 in 1995. Economic freedom decreased through the 1970s, falling from 6.07 in 1970 to 5.36 in 1980. It has been on the rise since then.
- ▶ Hong Kong retains the highest rating for economic freedom, 8.6 of 10, closely followed by Singapore at 8.5, the United States at 8.3 and New Zealand and the United Kingdom, both at 8.2. The other top 10 nations are Canada, Switzerland, Ireland, Australia, and the Netherlands. The rankings of other large economies are Japan, 26; Germany, 20; Italy, 35; France, 44; Mexico, 69; China, 100; India, 73; Brazil, 82; and Russia, 112.
- ▶ Most of the lowest-ranking nations are African, Latin American or former communist states. Botswana has the best record among continental sub-Saharan African nations, ranked 26 and tied with 8 other nations, including advanced nations like Japan and Norway. Chile, with the best record in Latin America, was tied with two other nations at 20. The bottom five nations were Guinea-Bissau, Zimbabwe, Algeria, the Democratic Republic of the Congo, and Myanmar. However, a number of other nations for which data are not available, such as North Korea and Cuba, may have even less economic freedom.
- ▶ The index now contains 38 variables, including 18 survey-based variables obtained from survey data published in the *International Country Risk Guide* and the *Global Competitiveness Report*. While survey data have weaknesses, they provide insight into the important areas of legal structure and regulation and, to a lesser extent, of international trade. Unfortunately, these data are only available for about two thirds of the nations. While statistical adjustments are made to enable comparisons between the nations with and without the survey data, such comparisons should be made with caution.
- ▶ Economic freedom is highly correlated with per-capita income, economic growth, and life expectancy. Increased economic freedom does not lead to greater income inequality. The lowest 10% of income earners in nations in the bottom quintile of economic freedom receive 2.27% of total income in their nations; in nations in the fourth quintile, the bottom 10% receive 2.66% of total income; in the third quintile, 2.25%; in the second quintile, 2.83%; and in the top quintile, 2.68%. The actual income of poor people increases as nations gain in economic freedom because of the increased wealth economic freedom generates. The average per-capita income of the poorest 10% of people in nations in the bottom quintile is US\$873 compared to US\$6,681 for those in the top quintile.
- ▶ The country reports of Chapter 3 provide the detailed information underlying the EFW ratings for 1970, 1975, 1980, 1985, 1990, 1995, 2000, and 2001. All data may be down-loaded from www.freethe world.com.

