

**Economic Freedom of the World  
2004 Annual Report**



# **Economic Freedom of the World**

## **2004 Annual Report**

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James Gwartney  
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## About the Authors

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**Robert A. Lawson** is Professor of Economics and George H. Moor Chair in the School of Management at Capital University in Columbus, Ohio. 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. Lawson has professional publications in *Public Choice*, *Cato Journal*, *Journal of Labor Research*, *Journal of Institutional and Theoretical Economics*, and the *European Journal of Political Economy*. He is a senior fellow with the Buckeye Institute for Public Policy Solutions and currently the President of the Association of Private Enterprise Education.

## 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 activities. In addition to providing policy-makers and academics with applied economic research, it works to build public understanding of economic development issues.

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### **Alternate Solutions Institute, Pakistan**

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.

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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 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.

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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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#### **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 ear-

lier 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 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.

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#### **Center for Politiske Studier, Denmark**

The Center for Politiske Studier (Center for Political Studies, CEPOS) 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.

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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 savings and 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 deteriora-

tion 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, Serbia**

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, 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.

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#### **The Free Market Foundation of Southern Africa, South 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.

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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 think-tanks that promote the free market 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, Panamá**

Fundación Libertad, Panamá 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.

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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 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.

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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.

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#### **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.

E-mail: [tthh@hi.is](mailto:tthh@hi.is); website: [www.ioes.hi.is](http://www.ioes.hi.is)

### **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.

E-mail: [zbaletic@eizg.hr](mailto:zbaletic@eizg.hr); website: [www.eizg.hr/?Eizge.htm](http://www.eizg.hr/?Eizge.htm)

### **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.

E-mail: [ipa@ipa.org.au](mailto:ipa@ipa.org.au); website: [ipa.org.au](http://ipa.org.au)

### **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.

E-mail: [info@ippanigeria.org](mailto:info@ippanigeria.org); website: [www.ippanigeria.org](http://www.ippanigeria.org); mail: P.O. Box 6434 Shomolu, Lagos-Nigeria

### **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 socioeconomic and political issues. The IEEP's funding comes from voluntary donations, membership subscriptions, and income from sales of its publications.

E-mail: [dampuero@ecua.net.ec](mailto:dampuero@ecua.net.ec); website: [www.his.com/~ieep/](http://www.his.com/~ieep/)

### **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.

E-mail: [ilrj@ibl.com.br](mailto:ilrj@ibl.com.br); website: [www.institutoliberal.org.br](http://www.institutoliberal.org.br)

### **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.

E-mail: [ega@chilesat.net](mailto:ega@chilesat.net); website: [www.lyd.com](http://www.lyd.com)

### **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.

E-mail: [inlap@inlap.org](mailto:inlap@inlap.org); website: [www.inlap.org](http://www.inlap.org)

#### **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: [LibInst@fnst.org](mailto:LibInst@fnst.org); website: [www.fnst.de](http://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](mailto:libinst@bluewin.ch); website: [www.libinst.ch](http://www.libinst.ch)

#### **Liberální Institut, Czech Republic**

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: [michal.uryc@libinst.cz](mailto:michal.uryc@libinst.cz); website: [www.libinst.cz](http://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 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: [LFMI@FreeMa.Org](mailto:LFMI@FreeMa.Org); website: [www.FreeMa.org](http://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 Ahmad.

E-mail: [drmanzur@citechco.net](mailto:drmanzur@citechco.net); website: <http://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](mailto:joanmt@coralwave.com) or [info@nassauinstitute.org](mailto:info@nassauinstitute.org); website: [www.nassauinstitute.org](http://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](mailto:nzbr@nzbr.org.nz); website: [www.nzbr.org.nz](http://www.nzbr.org.nz)

### **Open Republic Institute, Ireland**

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](mailto:pmacdonnell@openrepublic.org); website: [www.openrepublic.org](http://www.openrepublic.org)

### **The Pathfinder Foundation, Sri Lanka**

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: [amm@pathfinder.mmbgroup.com](mailto:amm@pathfinder.mmbgroup.com)

### **Romania Think Tank, Romania**

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: [mark@thinktankromania.com](mailto:mark@thinktankromania.com); website: [www.rtt.ro](http://www.rtt.ro)

### **Scientific Research Mises Center, Belarus**

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: [liberty@belsonet.net](mailto:liberty@belsonet.net); website: [www.liberty-belarus.org](http://www.liberty-belarus.org)

#### **Society for Disseminating Economic Knowledge: “New Economic School—Georgia,” 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](mailto:nesgeorgia@yahoo.com); website: [www.economics.ge](http://www.economics.ge)

#### **Szazadveg Policy Research Center, Hungary**

The Szazadveg Policy Research Center 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](mailto:gazso@szazadveg.hu); website: [www.szazadveg.hu](http://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 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](mailto:bendl@erwin.tc); website: [www.tigra.at](http://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, which has as its principals a large number of Swedish companies and organizations.

E-mail: [mattiasb@timbro.se](mailto:mattiasb@timbro.se); website: [www.timbro.se](http://www.timbro.se)

#### **The Ukrainian Center for Independent Political Research, Ukraine**

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: [kam@political.kiev.ua](mailto:kam@political.kiev.ua); website: [www.ucipr.kiev.ua](http://www.ucipr.kiev.ua)

#### **D’Letzeburger Land, Luxembourg**

E-mail: [info@mmp.lu](mailto:info@mmp.lu)

#### **The Institute for Development of Economics and Finance, Indonesia**

E-mail: [Indef@indo.net.id](mailto:Indef@indo.net.id)

#### **Bureau d’Analyse d’Ingenierie et de Logiciels (BAILO), Ivory Coast**

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**Economic Freedom of the World  
2004 Annual Report**

## Executive Summary

- ◆ 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. Thirty-eight components and sub-components are used to construct a summary index and to measure the degree of economic freedom in five areas: (1) size of government; (2) legal structure and protection of property rights; (3) access to sound money; (4) international exchange; and (5) regulation.
- ◆ Hong Kong retains the highest rating for economic freedom, 8.7 of 10, closely followed by Singapore at 8.6. New Zealand, Switzerland, United Kingdom, and United States tied for third with ratings of 8.2. The other top 10 nations are Australia, Canada, Ireland, and Luxembourg. The rankings of other large economies are Germany, 22; Japan and Italy, 36; France, 44; Mexico, 58; India, 68; Brazil, 74; China, 90; and Russia, 114.
- ◆ Most of the lowest-ranking nations are African, Latin American, or former communist states. Botswana's ranking of 18 is by far the best among continental sub-Saharan African nations. Chile, with the best record in Latin America, was tied with four other nations at 22. The bottom five nations were Venezuela, Central African Republic, the Democratic Republic of Congo, Zimbabwe, 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 chain-link EFW index (exhibit 1.4) makes it possible to identify the countries that have moved substantially toward economic liberalization and to pinpoint the time period during which the changes occur. The following countries have registered substantial gains in economic freedom during the last couple of decades: Australia, Botswana, Chile, China, El Salvador, Ghana, Iceland, India, Ireland, Mauritius, New Zealand, Trinidad and Tobago, Uganda, and the United Kingdom. In addition a number of former centrally planned economies have registered large recent improvements. Estonia, Hungary, Czech Republic, Latvia, and Lithuania were all in the top 45 in 2002. In contrast, the ratings of Venezuela, Zimbabwe, Indonesia, Argentina, and Malaysia have declined significantly in recent years.
- ◆ Chapter 2 analyzes the impact of economic freedom on investment, growth, and income from 1980 to 2000. The major findings of this analysis were:
  - (1) economically free countries grow more rapidly (exhibit 2.1),
  - (2) countries with more economic freedom both attract more investment and generate a higher productivity from that investment than countries with less economic freedom (exhibits 2.2, 2.3, and 2.4),
  - (3) increases in economic freedom during the 1980s and 1990s enhanced growth during the period from 1980 to 2000 (exhibit 2.5).
  - (4) long-term differences in economic freedom explain approximately two-thirds of the variation in cross-country per-capita GDP (exhibit 2.6).
  - (5) a legal structure that provides for secure property rights, even-handed enforcement of contracts, and rule of law is essential if a country is going to grow and achieve a high level of income.