

NEWS RELEASE

Global economic freedom drops slightly; Italy ranks 79 (last year was 83) among 152 jurisdictions

Turin, October 7, 2014

Italy ranks 79 out of 151 countries and Hong Kong included in the *Economic Freedom of the World: 2014 Annual Report*, released today by Fraser Institute/Centro Einaudi.

Last year, Italy ranked 83.

Hong Kong again topped the rankings, followed by **Singapore, New Zealand and Switzerland**. Globally, the average economic freedom score dropped slightly to 6.84 out of 10 from 6.87 last year.

The **United States**, once considered a bastion of economic freedom, now ranks 12th in the world, tied with the **United Kingdom**. Due to a weakening rule of law, increasing regulation, and the ramifications of wars on terrorism and drugs, the United States has seen its economic freedom score plummet in recent years, compared to 2000 when it ranked second globally.

Once again, **Venezuela** has the lowest level of economic freedom worldwide, with the **Republic of Congo, Zimbabwe, Argentina and Algeria** rounding out the bottom five countries. Some despotic countries such as **North Korea and Cuba** could not be ranked due to lack of data.

According to fact-based research in top peer-reviewed journals, people living in countries with high levels of economic freedom enjoy greater prosperity, more political and civil liberties, and longer life spans. The cornerstones of economic freedom include personal choice, voluntary exchange, freedom to compete, and security of private property.

“The link between economic freedom and prosperity is undeniable. The most economically free countries offer the highest quality of life and personal freedoms while the lowest-ranked countries are usually burdened by oppressive regimes that limit the freedom and opportunity of their citizens,” said Fred McMahon, Dr. Michael A. Walker Research Chair in Economic Freedom with the Fraser Institute.

*“**Hong Kong**’s number one rating based on 2012 data and the **ongoing protests** this year highlight how much HK stands to lose if the rule of law or fair treatment of all is undermined,”* McMahon added. *“This is threatened by encroaching mainland Chinese influence in Hong Kong’s legal system and attempts to impose government control on judges and their decisions—potentially turning the rule of law into a political instrument. This is an attack on Hong Kong’s future prosperity and international standing.”*

Countries in the top quartile of economic freedom had an average per capita GDP of US\$39,899 in 2012, compared to US\$6,253 for bottom quartile nations.

Moreover, the average income of **the poorest 10 per cent** in the most economically free countries in 2012, US\$11,610, was almost double the overall average income in the least free countries. And life expectancy is 79.9 years in the top quartile compared to 63.2 years in the bottom quartile.

The **Fraser Institute** produces the annual **Economic Freedom of the World report** in cooperation with the **Economic Freedom Network**, a group of independent research and educational institutes in nearly 90 nations and territories. It’s the world’s premier measurement of economic freedom, using 42 distinct variables to create an index, ranking countries based on economic freedom, which is measured in five areas: size of government, legal structure and security of property rights, access to sound money, freedom to trade internationally, and regulation of credit, labour and business. See the full report at www.freetheworld.com.

Italy scores in key components of economic freedom (from 1 to 10 where a higher value indicates a higher level of economic freedom):

- Size of government: changed to **4.1** from **3.7** in the last year's report
- Legal system and property rights: **5.9** (no changes from last year's report)
- Access to sound money: **9.7** (no changes from last year's report)
- Freedom to trade internationally: changed to **7.6** from **7.8**
- Regulation of credit, labour and business: changed to **7.3** from **7.2**

A slight improvement in regulation of credit, a slight drop (showing the same trend since 2000) in freedom to trade internationally, no changes in access to sound money and legal system. The better score is due to the improvement in the first area analyzed: size of government.

International Rankings

Hong Kong has the highest level of economic freedom worldwide, with a score of 8.98 out of 10, followed by Singapore (8.54), New Zealand (8.25), Switzerland (8.19), Mauritius (8.09), United Arab Emirates (8.05), Canada (8.00), Australia (7.87), Jordan (7.86) and (tied for 10th) Chile and Finland (7.84).

Other notable countries include the United States and the United Kingdom (each at 7.81 out of 10), Japan (7.60), Germany (7.55), Russia (6.65), India (6.49) and China (6.39).

Italy reaches a **score of 6.92** out of 10 (last year was 6.85).

About the Economic Freedom Index

Economic Freedom of the World measures the degree to which the policies and institutions of countries support economic freedom. The 2014 report was prepared by James Gwartney, Florida State University; Robert A. Lawson, Southern Methodist University; and Joshua Hall, West Virginia University.

This year's publication ranks 151 countries and Hong Kong. The report also updates data in earlier reports in instances where data has been revised.

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