



Leo A. Krasnozhan

Who in the world is freest of all?

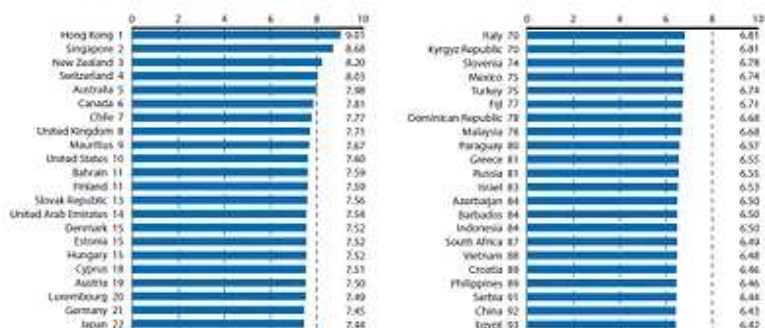
Today at 11:28 | Leo A. Krasnozhan

The long-awaited annual edition of [the Economic Freedom of the World](#) has been released by the CATO Institute, American public policy think tank.

The CATO team of researchers, led by Dr. James Gwartney (Florida State University), Dr. Robert Lawson (Southern Methodist University), and Dr. Joshua Hall (Beloit College), measure a degree of economic freedom with respect to five areas of economic activity: size of government, rule of law, monetary system, international openness, and government regulation.

Hong Kong still remains the freest economy of the world, followed by Singapore, New Zealand, Switzerland, Chile, Australia, Canada, Chile, the U.K., Mauritius, and the U.S. This is basically the top 10 of the Economic Freedom of the World report.

Exhibit 1.3: Summary Economic Freedom Ratings, 2009



(Click the image to enlarge)

Zimbabwe is the least free economy of the world, representing the poverty-stricken region of Sub-Saharan Africa.

The bottom 10 of the economic freedom rankings also includes Myanmar, Venezuela, Angola, Democratic Republic of Congo, Central African Republic, Guinea-Bissau, Republic of Congo, Burundi, and Chad. Let us hope that [the new Miss of the Universe from Angola, Leila Lopez](#), can attract more international attention as well as foreign investors to her country.



(Click the image to enlarge)

Where is Ukraine? Ukraine with the level of economic freedom measured at 5.7 out of 10 is actually in the bottom 20 economies. While the economic freedom grew during the Yushchenko presidency, Ukraine could not catch up with Russia.

The CATO Institute ranks economic freedom in Russia (6.55 out of 10) much higher than in Ukraine by placing the former in the top 80 economies. Due to obvious political reason, Belarus is not in the rankings. If the Yanukovych administration does not stop a self-destructive public policy, [Ukraine may stop showing up](#) in the Economic Freedom of the World rankings as well.

Ukraine

	1980	1985	1990	1995	2000	2005	2008	2009
Chain-Linked								
Summary Rating (Rank)				3.72 (121)	4.79 (118)	5.60 (100)	5.80 (101)	5.69 (100)
Area 1. Size of Government				4.00 (121)	4.00 (121)	4.06 (120)	3.87 (101)	5.21 (70)
Area 2. Legal Structure and Security of Property Rights				3.78 (119)	4.81 (79)	5.28 (71)	5.09 (101)	4.74 (105)
Area 3. Access to Sound Money		2.00 (143)		2.12 (125)	2.24 (123)	4.02 (118)	4.65 (112)	5.01 (121)
Area 4. Freedom to Trade Internationally				6.68 (61)	7.05 (55)	6.60 (66)	6.51 (71)	6.68 (59)
Area 5. Regulation of Credit, Labor, and Business			2.80 (113)	3.34 (115)	4.79 (109)	6.28 (82)	6.01 (101)	5.26 (101)

Russia

	1980	1985	1990	1995	2000	2005	2008	2009
Chain-Linked								
Summary Rating (Rank)				6.49 (112)	6.27 (100)	6.37 (82)	6.37 (76)	6.10 (75)
Area 1. Size of Government	1.25 (100)	3.15 (113)	1.24 (114)	6.79 (33)	6.27 (100)	7.24 (32)	7.27 (33)	6.78 (44)
Area 2. Legal Structure and Security of Property Rights				3.14 (118)	4.40 (88)	5.60 (68)	5.79 (66)	5.71 (83)
Area 3. Access to Sound Money	6.38 (44)	6.52 (43)	5.95 (74)	1.25 (117)	1.68 (111)	4.68 (94)	4.68 (100)	5.20 (100)
Area 4. Freedom to Trade Internationally				6.68 (59)	6.85 (54)	6.20 (67)	5.77 (84)	5.82 (82)
Area 5. Regulation of Credit, Labor, and Business	2.83 (110)	2.83 (110)	2.82 (111)	4.20 (113)	4.83 (106)	6.12 (85)	5.68 (103)	5.86 (88)

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Overall, the CATO Institute points out that economic freedom of the world fell for the second consecutive year: “The average economic freedom score rose from 5.53 (out of 10) in 1980 to 6.74 in 2007, but fell back to 6.64 in 2009, the most recent year for which data are available.”

Leo A. Krasnozhan is a visiting assistant professor of economics at the University of Texas at Arlington. He is also a fellow at the Property and Environment Research Center in Bozeman, Montana, and Institute for Humane Studies in Arlington, Virginia. His blog can be found [here](#).

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