



# CENTRE FOR CIVIL SOCIETY

## NEWS RELEASE

### Economic freedom on the decline worldwide; India ranked 94<sup>th</sup> overall

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September 22, 2011  
For Immediate Release

**NEW DELHI, INDIA** — India is ranked 94th in the *Economic Freedom of the World: 2011 Annual Report*, released this week by Centre for Civil Society.

Last year, India ranked 90<sup>th</sup>.

Parth Shah, President of Centre for Civil Society, said, “It is disappointing, if not surprising, to see that India has become less free, rather than more free, over the past year. Widespread corruption and the difficulties of the license raj have made it more difficult for Indians to pursue livelihoods and live up to their potential.”

Overall, levels of economic freedom decreased around the globe. This year’s report shows that the average economic freedom score fell to 6.64 in 2009, the lowest in nearly three decades, from 6.67 in 2008.

“Greater economic freedom was of essence in India's growth acceleration. This new evidence is a source of concern : we are failing on tending to our foundations,” said Professor Ajay Shah, of the National Institute of Public Finance and Policy.

Hong Kong again ranked number one for economic freedom, followed by Singapore and New Zealand.

The United States experienced one of the largest drops in economic freedom, falling to 10<sup>th</sup> place overall from sixth in 2010. Much of this decline is a result of higher spending and borrowing on the part of the U.S. government, and lower scores for legal structure and property rights.

Zimbabwe once again received the worst score among the 141 jurisdictions included in the study, followed by Myanmar, Venezuela, and Angola.

Dr. Parth Shah observes, “The link between economic freedom and prosperity is undeniable: the countries that score highly in terms of economic freedom also offer their people the best quality of life...The political uprisings sweeping across the Arab World are the result of people wanting the outcomes of economic freedom – prosperity, job growth, political freedoms, and poverty reduction.”

The annual peer-reviewed *Economic Freedom of the World* report is produced by the Fraser Institute, Canada’s leading public policy think-tank, in cooperation with independent institutes in 85 nations and territories.

The *Economic Freedom of the World* report uses 42 different measures to create an index ranking countries around the world based on policies that encourage economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to compete, and security of private property. Economic freedom is measured in five different areas: (1) size of government, (2) legal structure and security of property rights, (3) access to sound money, (4) freedom to trade internationally, and (5) regulation of credit, labor, and business.

Research shows that individuals living in countries with high levels of economic freedom enjoy higher levels of prosperity, greater individual freedoms, and longer life spans.

The full report is available at [www.freetheworld.com](http://www.freetheworld.com)

India's 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 6.69 from 6.67 in the last year's report
- Legal structures and security of property rights: changed to 5.72 from 5.93
- Access to sound money: changed to 6.55 from 6.69
- Freedom to trade internationally: changed to 6.54 from 6.82
- Regulation of credit, labour and business: changed to 6.50 from 6.31

Arbind Singh, Coordinator, National Association of Street Vendors of India (NASVI) and a CCS partner, commented, "Street Vending is the management school for poor entrepreneurs. They learn all the needed skills for running a business. However their economic freedom, much needed for the growth, is nipped in the bud by lack of access to financial services, exploitative middlemen and extortionist Municipal and Police authorities. A profession which could enable millions of poor to escape poverty remains a profession without dignity and with heaps of insult because of the lack of economic freedom."

### **International Rankings**

Hong Kong offers the highest level of economic freedom worldwide, with a score of 9.01 out of 10. The other top scorers are Singapore (8.68), New Zealand (8.20), Switzerland (8.03), Australia (7.98), Canada (7.81), Chile (7.77), the United Kingdom (7.71), Mauritius (7.67), and the United States (7.60).

The rankings and scores of other large economies: Germany, 21<sup>st</sup> (7.45); Japan, 22<sup>nd</sup> (7.44); France, 42<sup>nd</sup> (7.16); Italy, 70<sup>th</sup> (6.81); Mexico, 75<sup>th</sup> (6.74); Russia, 81<sup>st</sup> (6.55); China, 92<sup>nd</sup> (6.43); India, 94<sup>th</sup> (6.40); and Brazil, 102<sup>nd</sup> (6.19).

Zimbabwe maintains the lowest level of economic freedom among the 141 jurisdictions measured. Myanmar, Venezuela, Angola, and Democratic Republic of Congo round out the bottom five nations.

Several countries have substantially increased their economic freedom scores since 1990. Uganda saw the biggest improvement, climbing to 7.10 this year from 3.00 in 1990, followed by Zambia, which rose to 7.35 from 3.52; Nicaragua, which jumped to 6.76 from 2.96; Albania, which climbed to 7.54 from 4.24; and Peru, which increased to 7.29 from 4.13.

Over the same period, economic freedom has steadily regressed in Venezuela, whose score fell to 4.23 from 5.45; Zimbabwe, which dropped to 4.06 from 5.05; the United States, which slipped to 7.58 from 8.43; and Malaysia, which fell to 6.68 from 7.49.

The report notes that among the highest-ranked countries, the average income of the poorest 10 per cent of people was \$8,735 (in constant 2005 international dollars), compared to a meagre \$1,061 for those living in the least economically free countries. On average, the poorest 10 per cent of people in the most economically free countries are nearly twice as rich as the average population of the least economically free nations.

### **About the Economic Freedom Index**

*Economic Freedom of the World* measures the degree to which the policies and institutions of countries are supportive of economic freedom. The 2011 report was prepared by James Gwartney, Gus A. Stavros Eminent Scholar Chair at Florida State University; Robert A. Lawson, Southern Methodist University; and Joshua Hall, Beloit College.

This year's publication ranks 141 nations representing 95% of the world's population for 2009, the most recent year for which data is available. The report also updates data in earlier reports in instances where data have been revised.

For more information on the Economic Freedom Network, data sets, and previous *Economic Freedom of the World* reports, visit [www.freetheworld.com](http://www.freetheworld.com)

**Centre for Civil Society (CCS)**

CCS is an independent, non-profit, research and advocacy organization devoted to improving the quality of life for all citizens of India by reviving and reinvigorating civil society. But we don't run primary schools, or health clinics, or garbage collection programs. We do it differently: we try to change people's ideas, opinions, and mode of thinking by research, seminars, and publications. We champion limited government, rule of law, free trade, and individual rights. We are a resource for innovative community and market based ideas for critical public policy issues facing India today, particularly in areas of education, livelihood, governance and environment. By bringing these ideas to current and future leaders, CCS is advancing opportunity and prosperity for all Indians.

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