

# South Africa falls further in Economic Freedom rankings

The Economic Freedom of the World: 2015 Annual Report, released on 14 September 2015 by The Free Market Foundation (FMF) in conjunction with Canada's Fraser Institute shows that South Africa has dropped further, now ranking 96 out of the 157 countries and territories included in the report. Last year, South Africa ranked 89.

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The report, which is based on data from 2013 (the most recent year available), measures the economic freedom (levels of personal choice, ability to enter markets, security of privately owned property, rule of law, etc.) by analysing the policies and institutions of 157 countries and territories.

"The persistent decline in South Africa's ranking and rating from 42nd in 2000 to 96th in 2013 is distressing and reflects what people can see happening around them," said, FMF director, Temba Nolutshungu. "The decline in economic freedom is the result of government's insistence on dominating the economy and crowding out the private sector, which has a negative impact on growth, employment, poverty reduction and individual liberty."

"There were declines in South Africa's ratings for four of the five key components of economic freedom and one positive change, which was in the area of sound money", said Leon Louw, Executive director of the FMF. "In order to achieve economic growth and reduce the massive unemployment in the country, the government and the trade unions will have to relent and allow the unemployed to start earning a living."

## International rankings

Hong Kong again tops the index, continuing its streak of number one rankings, followed by Singapore, New Zealand, Switzerland, United Arab Emirates, Mauritius, Jordan, Ireland, Canada, and the United Kingdom and Chile tied for 10th.

"Hong Kong's still number one but, as democracy is the best safeguard of freedom, if China, which ranks low in economic freedom, encroaches on Hong Kong, we can expect Hong Kong's ranking to fall," said Fred McMahon, Dr Michael A. Walker Research Chair in Economic Freedom with the Fraser Institute.

"Economic freedom breeds prosperity, and the most economically free countries offer the highest quality of life while the lowest-ranked countries are usually burdened by oppressive regimes that limit the freedom and opportunity of their citizens."

Other notable rankings include Japan (26), Germany (29), Russia (99), China (111) and India (114).

The 10 lowest-ranked countries are Angola, Central African Republic, Zimbabwe, Algeria, Argentina, Syria, Chad, Libya, Republic of Congo and Venezuela. Some despotic countries such as North Korea and Cuba cannot be ranked due to lack of data.

## **Economic freedom reflects in citizen's lives**

Globally, the average economic freedom score rose slightly to 6.86 out of 10 from 6.84 last year.

According to 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 lives.

For example, countries in the top quartile of economic freedom had an average per-capita GDP of US \$38,601 in 2013, compared to US \$6,986 for bottom quartile nations.

Moreover, the average income in 2013 of the poorest 10% in the most economically free countries (US \$9,881) dwarfed the overall average income in the least free countries (US \$1,629). Moreover, life expectancy is 80.1 years, in the top quartile of countries, compared to 63.1 years in the bottom quartile.

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