

NEWS RELEASE

Canada lags behind U.S. in economic freedom, China threatens Hong Kong's top rank in annual report

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For immediate release

TORONTO—Canadians are less economically free than Americans for the second straight year, according to the Fraser Institute's annual *Economic Freedom of the World* report released today.

The United States ranks 6th in this year's report compared to Canada, which ranks 9th.

“Due partly to higher taxes and increased regulation in Ottawa and among provinces, Canadians are less economically free than their American cousins, which means slower economic growth and less investment in Canada,” said Fred McMahon, Dr. Michael A. Walker Research Chair in Economic Freedom at the Fraser Institute.

The report measures the economic freedom—the ability of individuals to make their own economic decisions—by analyzing the policies and institutions of 162 countries and territories. Indicators include regulation, freedom to trade internationally, size of government, property rights, government spending and taxation. The 2020 report is based on data from 2018, the latest year of comparable statistics.

According to this year's report, Hong Kong again ranks 1st followed by Singapore, New Zealand, Switzerland, Australia, the United States, Mauritius, Georgia, Canada and Ireland.

However, China's heavy hand threatens Hong Kong's top ranking.

“While Hong Kong remains the most economically-free jurisdiction in the world, interference from China, including the violent crackdown on pro-democracy protests, severely undermines Hong Kong’s rule of law, which helps ensure equal freedom for all,” said McMahon, adding that there's a two-year data lag for the annual report, so he expects Hong Kong's score to decline in future years.

The rankings of other major countries include Japan (20), Germany (21), Italy (51), France (58), Mexico (68), India (105), Russia (89), China (124) and Brazil (105).

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\$44,198 in 2018 compared to US\$5,754 for bottom quartile countries. And poverty rates are lower. In the top quartile, 1.7 per cent of the population experienced extreme poverty (US\$1.90 a day) compared to 31.5 per cent in the lowest quartile.

Finally, life expectancy is 80.3 years in the top quartile of countries compared to 65.6 years in the bottom quartile.

“Where people are free to pursue their own opportunities and make their own choices, they lead more prosperous, happier and healthier lives,” McMahon said.

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 100 countries and territories. It's the world's premier measurement of economic freedom.

The report was prepared by James Gwartney, Florida State University; Robert A. Lawson and Ryan Murphy of Southern Methodist University; and Joshua Hall, West Virginia University.

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