



China's Business Newspaper

SAR keeps top spot as freest economy

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The average score in the index ranking 184 economies fell to the second lowest level in a decade.

Conservative US think-tank the Heritage Foundation, which compiled the index with the Wall Street Journal, said economic freedom declined last year because of "reckless" spending by governments that has failed to stop the global financial crisis. The report said government spending in response to the crisis seems to be prolonging it in many countries and was the biggest factor in dragging down the global score.

Economies are ranked based on 10 measures covering rule of law, how open their markets are, regulatory efficiency and size of government.

Australia and New Zealand were third and fourth, while Switzerland was fifth. The United States slipped a notch to 10th place.

North Korea took last place.

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Cash handout helps HK economy ranking

Lana Lam

Updated on Jan 12, 2012

The government's HK\$6,000 cash handout has helped bolster Hong Kong's 18-year reign as the world's freest economy but the introduction of a statutory minimum wage put a slight dent in the ranking, according to a conservative US think tank.

According to the Index of Economic Freedom jointly published by the US-based think tank Heritage Foundation and the *Wall Street Journal* on Thursday, Hong Kong scored 89.9 out of 100.

This was well above the world average of 59.5 and 0.2 points higher than last year.

Terry Miller, director of the Heritage Foundation's Centre for International Trade and Economics, said government handouts were not generally considered a good thing for economic freedom "but in the case of Hong Kong, we saw a return to the taxpayers of some of the revenue that had been previously collected".

He said there was a question over the intent of the policy.

"I'm not sure we know what happened, but we would certainly always regard the lessening of the tax take from the population ... as a good thing."

Singapore was ranked second in the index, the position it has held since 1995, with Australia and New Zealand rounding out the top four.

The mainland came in at 138th with a rating of 51.2, down 0.8 compared to last year.

The foundation said the drop reflected a worsening performance in business freedom and government spending.

China is ranked 30th of 41 countries in the Asia Pacific region, and its overall score is lower than the global and regional averages.