

Malaysia ranks 58 among 157 countries in economic freedom
The Malaysian Insider
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Malaysia has moved up the ranking in the world's economic freedom index, securing the 58th spot out of 157 countries ranked in the "Economic Freedom of the World: 2015 Annual Report".

It was ranked 74 in last year's index, which measures the degree to which policies and institutions of countries support economic freedom.

The results are based on 2013 data, the latest year available for the study.

The report, released by Institute for Democracy and Economic Affairs (Ideas) in collaboration with Canada's Fraser Institute, measures a country's economic freedom in terms of levels of personal choice, ability to enter markets and security of privately owned property among others.

Malaysia scored 6.51 over 10 in terms of size of government, 6.93 for legal system and property rights, 6.6 in terms of access to sound money, 7.74 for freedom to trade internationally and 8.3 for regulation of credit, labour and business.

But while Malaysia's overall score was 7.22, Hong Kong has the highest level of economic freedom worldwide (8.97), followed by Singapore (8.52), New Zealand (8.19), Switzerland (8.16), United Arab Emirates (8.15), Mauritius (8.08), Jordan (7.93), Ireland (7.90), Canada (7.89), and the United Kingdom (7.87).

Ideas chief executive Wan Saiful Wan Jan said he was pleased with Malaysia's progress in the report moving up to 58th place from 74, saying it was a big success.

He added the results were based on 2013 data, and was a recognition of the government's efforts to make the private sector the country's engine of growth.

He also said that the initiatives in the Economic Transformation Programme such as divestment of government linked companies (GLCs) and liberalisation of service sectors could have contributed to improving Malaysia's score in this Index.

Wan Saiful (pic, left) said however that while scores in most of the indicators improved, Malaysia's score in five sub indicators declined.

"Among them, the legal enforcement of contracts has plunged.

"The legal enforcement of contracts indicator measures the efficiency of the judicial system in resolving commercial dispute," he said, adding that the decline indicated that the time, cost and the number of procedures of the settlement process were getting less efficient and costly.

As such he suggested that to keep improving, Malaysia must push ahead with liberalisation and not give in to the temptation of increasing government's role in the economy.

"The more government is involved in the economy, the smaller the space and incentive for the private sector to grow and excel."

The 10 lowest-ranked countries in the index are Angola, Central African Republic, Zimbabwe, Algeria, Argentina, Syria, Chad, Libya, Republic of Congo, and Venezuela.

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

The report also quoted research in top peer-reviewed journals, which found that 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 (RM30,082) for bottom quartile nations.

Malaysia's 58th position places it in the second quartile. – September 15, 2015.

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