



# **Working for the future of Greece: Is a “Greek Tiger” possible?**

**Fred McMahon  
Fraser Institute**

# Thanks!



**Liberty Forum**

**Nicos Rompapas**

**Atlas Network**

**Alexander Skouras**

# My job

- Introduce economic freedom—the “best available measure” of free markets
- But first let’s clear up some popular misconceptions
  - Greece is not “free market”
  - Greece has not tried “neo-liberalism”
- Greece’s weak growth and the depth and length of the crisis are due to lack of functioning free markets

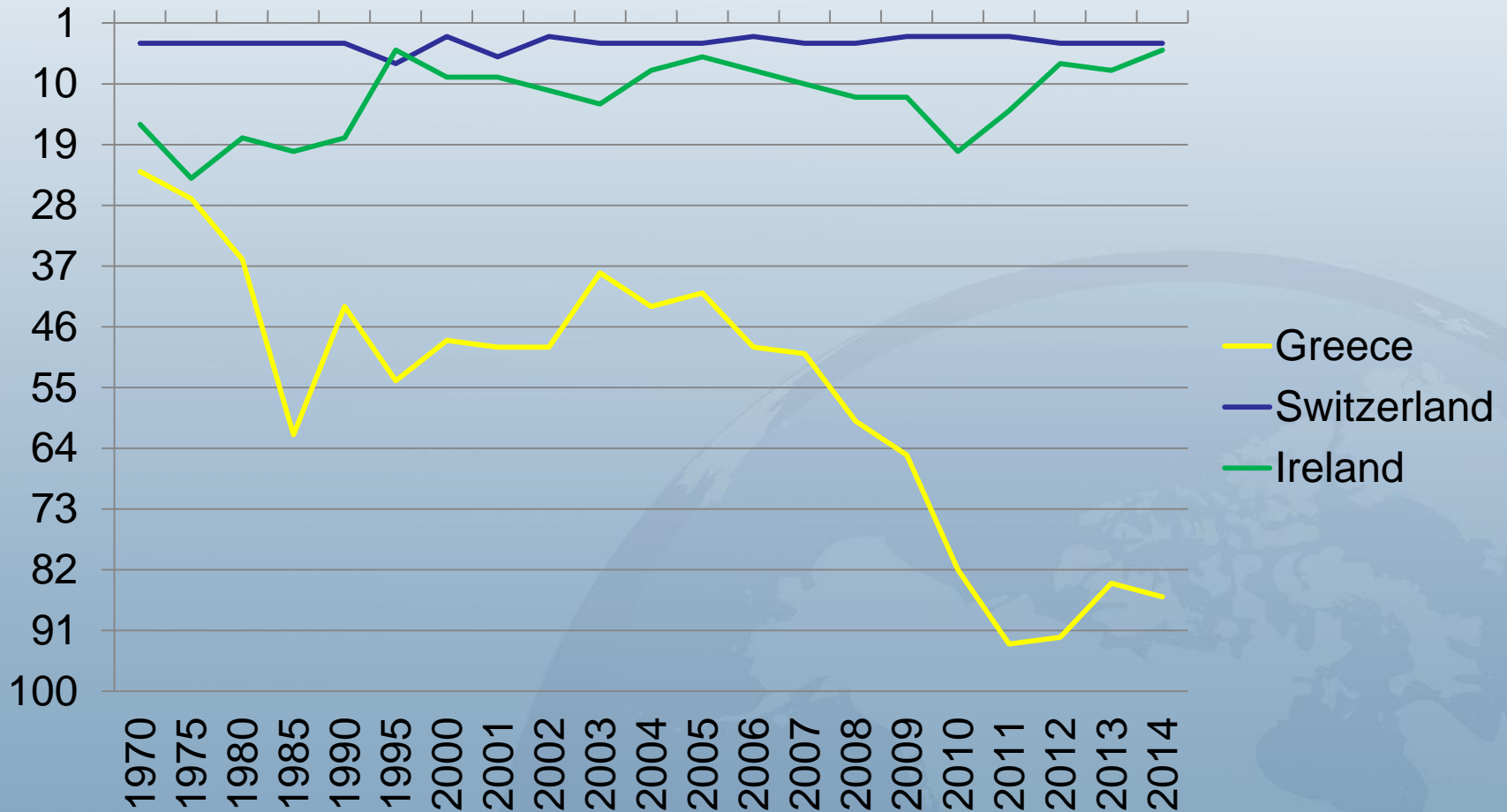
# Reforms could be a huge opportunity to create a Greek Tiger



- \* Work ethic
- \* Entrepreneurship

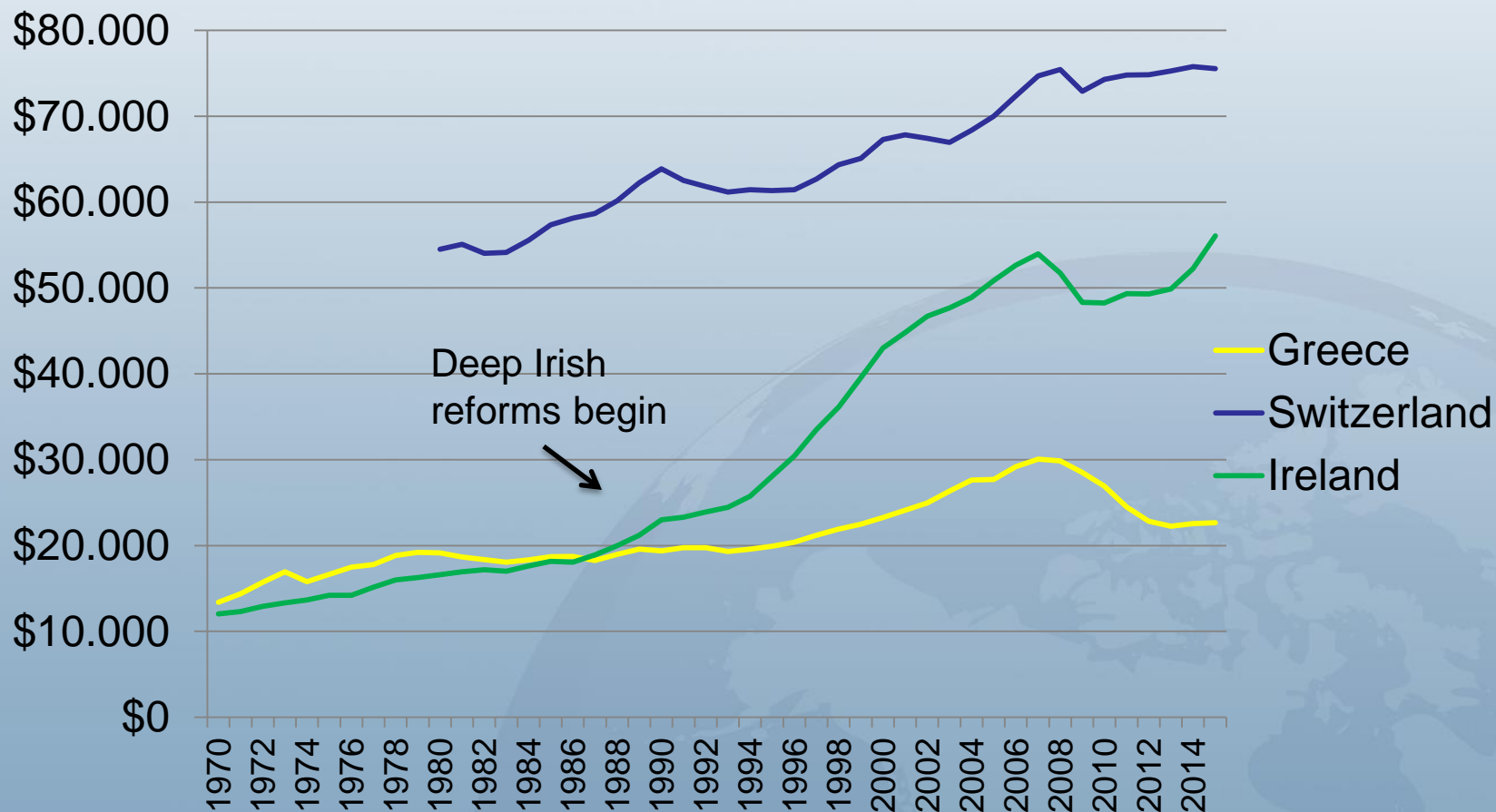
EU approach muddled though  
with wrong emphasis

# Economic Freedom Rank

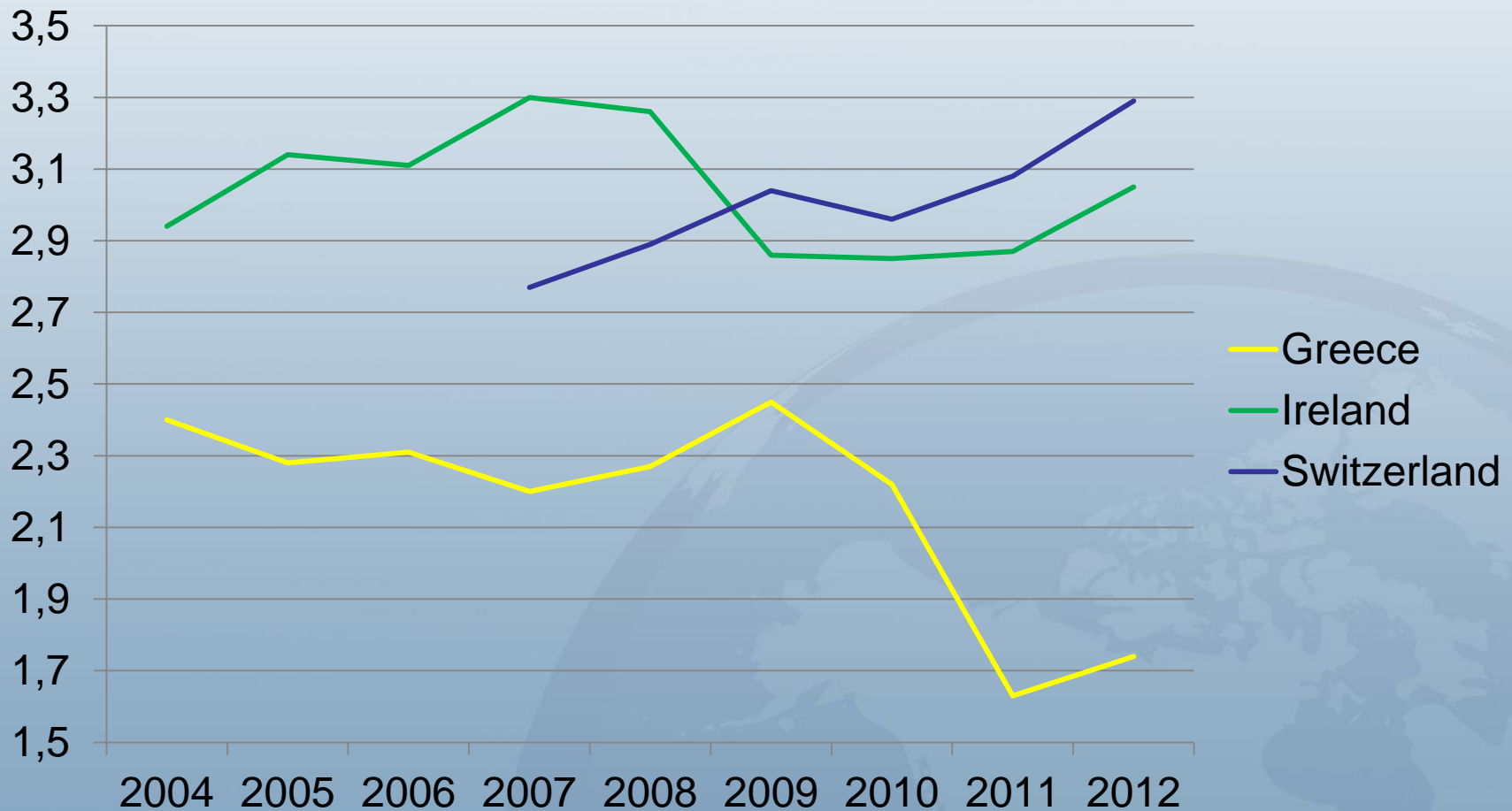


# Per capita GDP

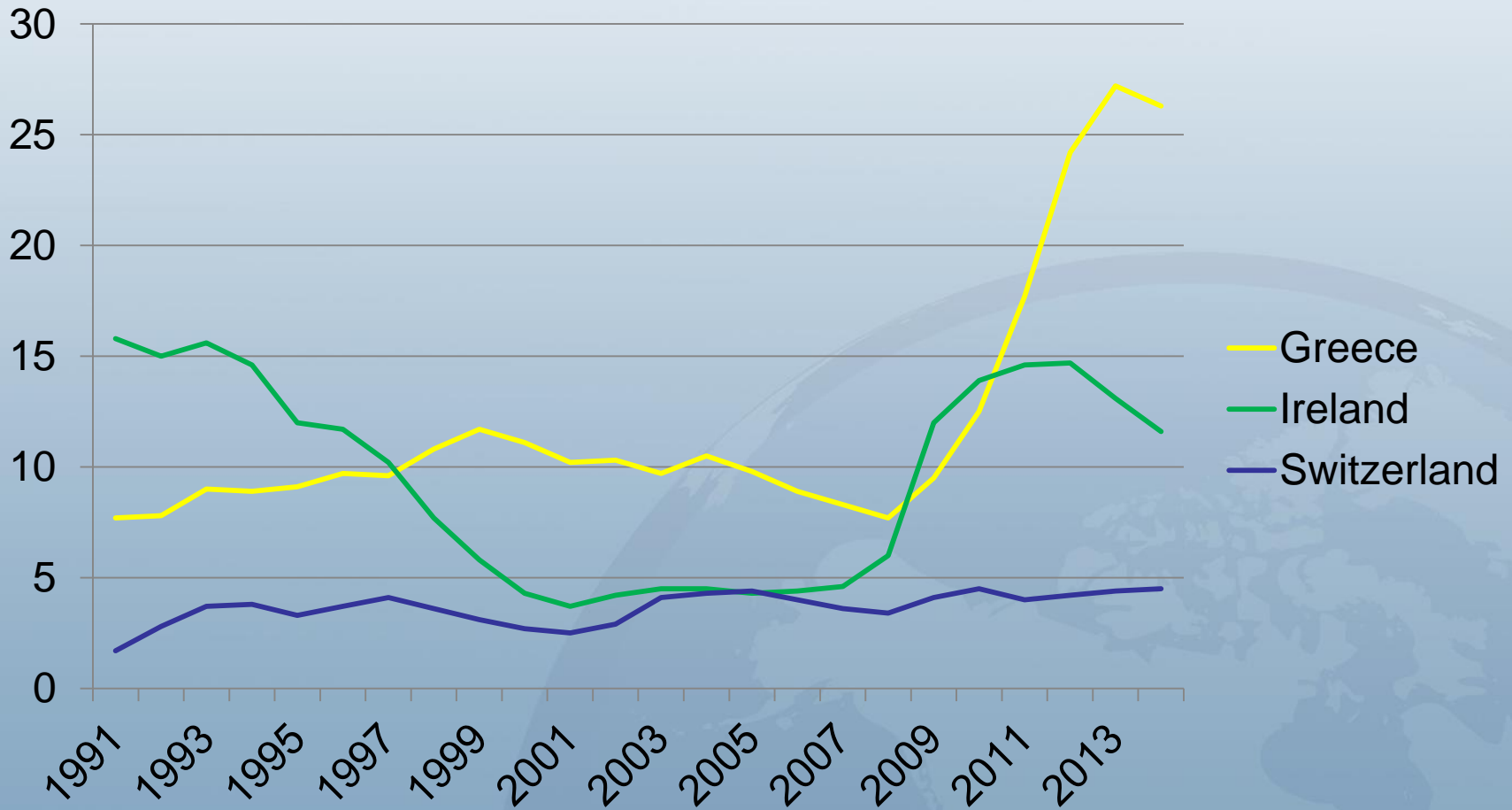
## Constant US\$



# Income share held by poorest 10%

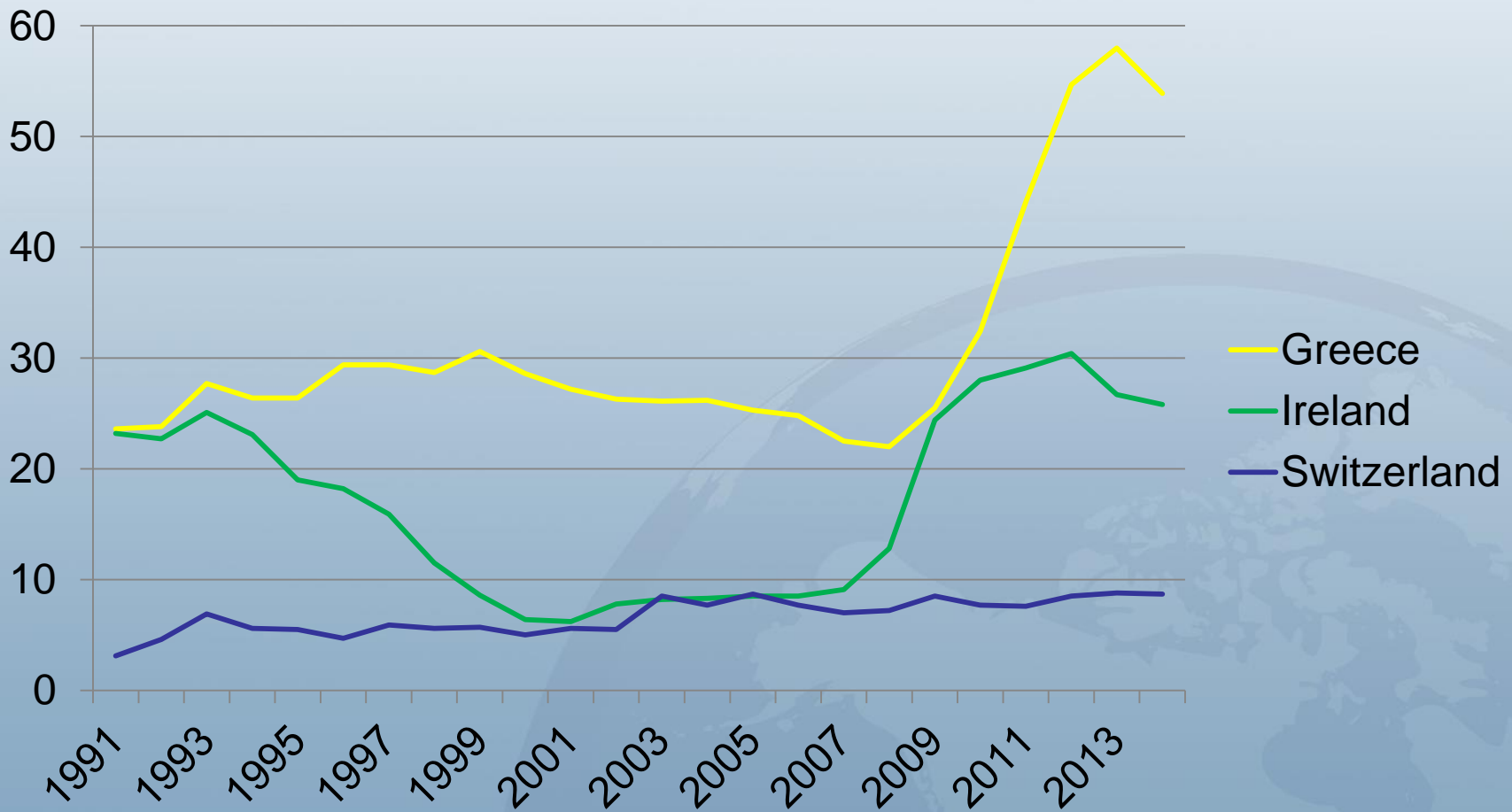


# Total unemployment %

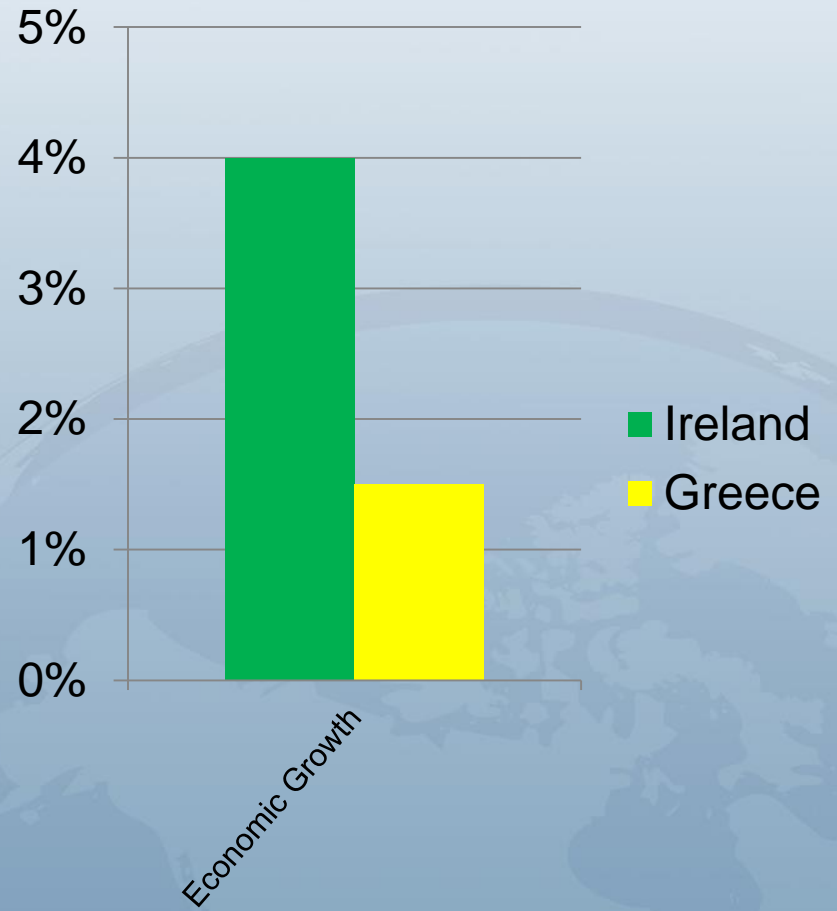
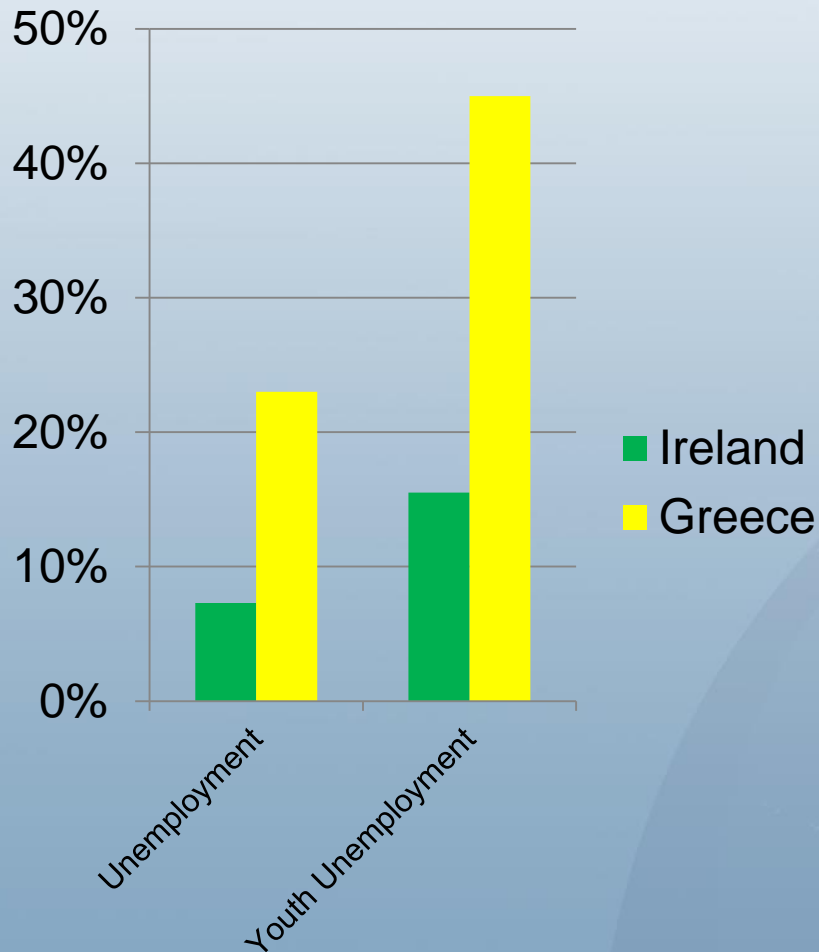




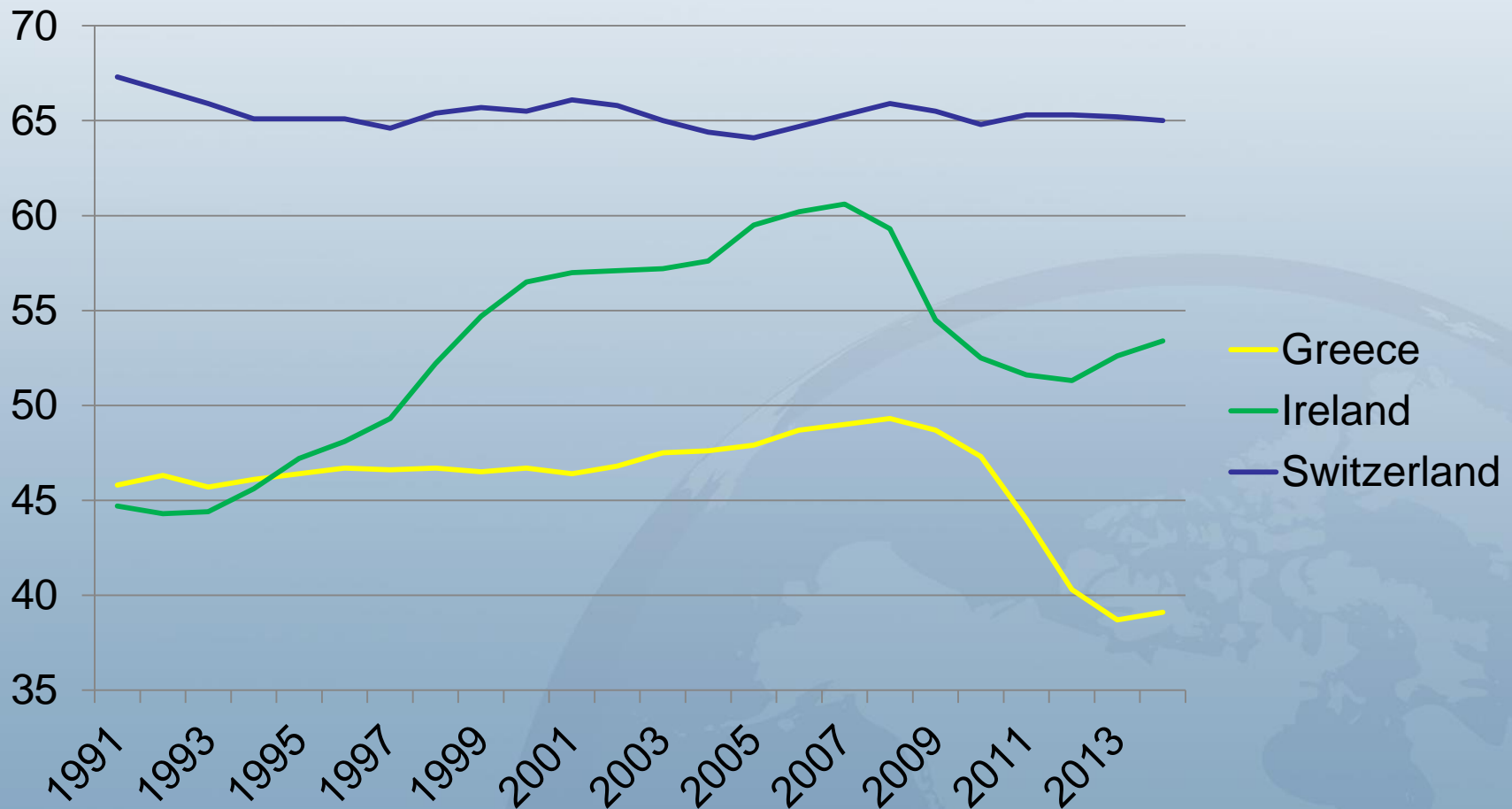
# Youth unemployment %



# Most recent 2016 data

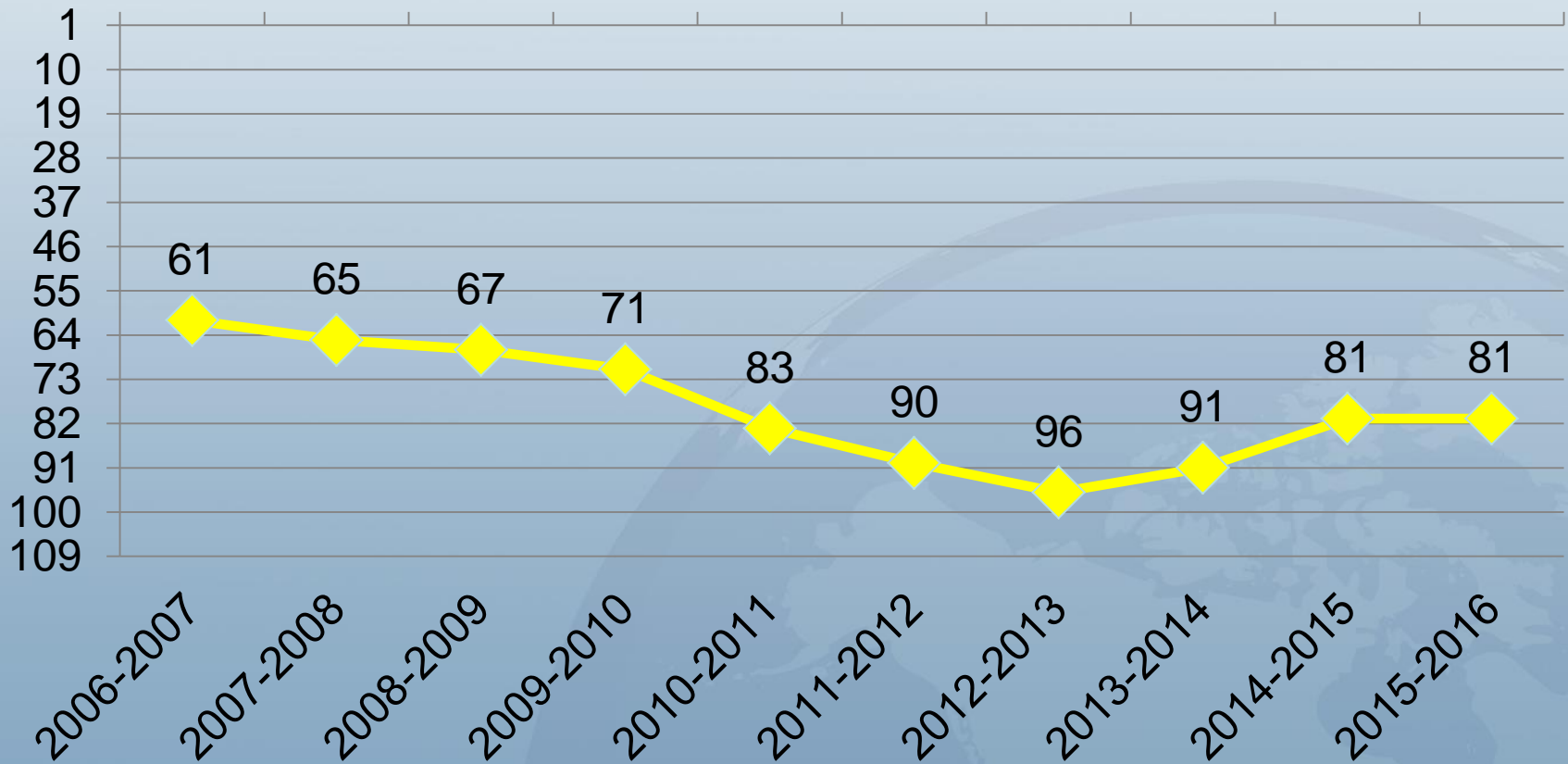


# Employment to population ratio, 15+



# World Competitive Rank

## Greece



# But it is also a time of peril

- Reforms can get perverted by powerful interests:
  - Egypt, Tunisia
- For successful reforms three elements are needed
  - A government truly committed to free market reform or a strong civil society to keep it honest
  - Good institutions or at least a commitment to build them: Georgia

**Most importantly: People must understand and support reform**

***Advantage of meetings like this***

# What is the Economic Freedom of the World Index?



- An annual compilation of data representing factors which make a country economically free
- Authors: James Gwartney, Robert Lawson, and Joshua Hall
- A compendium of 42 government policies affecting economic freedom based on objective data or independent surveys
- A ranking of 156 countries plus Hong Kong, representing 95% of the world's population, according to the extent to which they permit their citizens to be economically free
- Now a collaboration of Institutes in 90 nations and territories

# What is Economic Freedom



Individuals have economic freedom when property they acquire without the use of force, fraud, or theft is protected from physical invasions by others and they are free to use, exchange, or give their property as long as their actions do not violate the identical rights of others. An index of economic freedom should measure the extent to which rightly acquired property is protected and individuals are engaged in voluntary transactions.

**James Gwartney et al. 1996**

# Components of the Economic Freedom of the World Index

- Size of government and taxation
- Private property and the rule of law
- Sound money
- Trade regulation and tariffs
- Regulation of business, labour and capital markets



# **Talk about making a difference ...**



# Member Institutes of Economic Freedom of The World Network

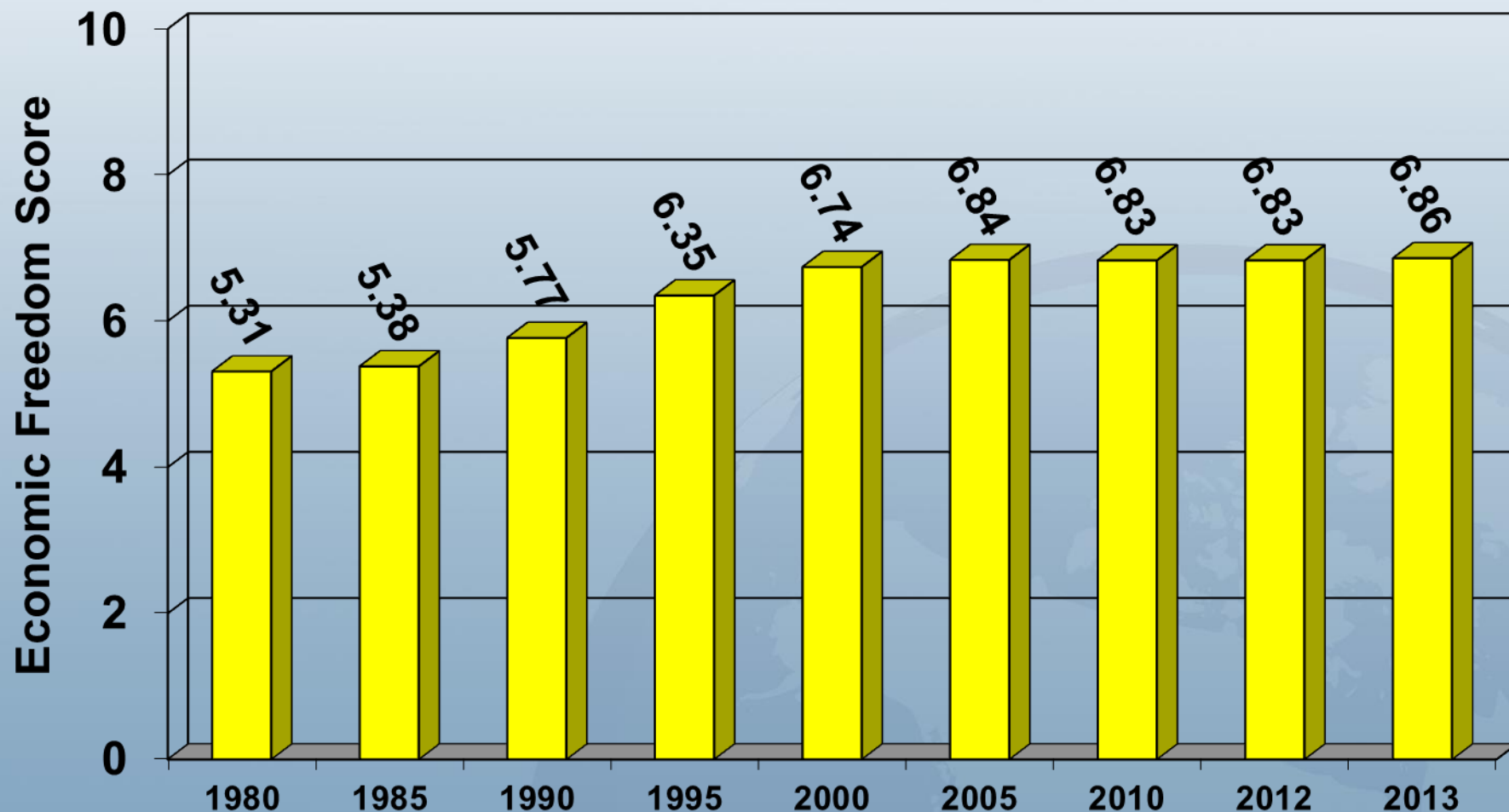


**Afghanistan Economic and Legal Studies Organization (AELSO), Afghanistan**  
**Albanian Center for Economic Research (ACER), Albania**  
**Fundación Libertad, Argentina**  
**Centre of Political, Legal and Economic Researches and Forecasting (PLERF), Armenia**  
**Institute of Public Affairs, Australia**  
**TIGRA®, Austria**  
**Center for Economic and Political Research, Azerbaijan**  
**The Nassau Institute, Bahamas**  
**Making Our Economy Right (MOER), Bangladesh**  
**Scientific Research Mises Center, Belarus**  
**Centre for the New Europe, Belgium**  
**Políticas Publicas para la Libertad (POPULI), Bolivia**  
**Instituto Liberal do Rio de Janeiro, Brazil**  
**Institute for Market Economics, Bulgaria**  
**Le Centre des Affaires Humaines (CEDAH), Burkina Faso**  
**The Cambodia Institute of Development Study, Cambodia**  
**Instituto Libertad y Desarrollo, Chile**  
**Center for China & Globalization, China**  
**Instituto de Ciencia Política, Colombia**  
**Instituto para la Libertad y el Análisis de Políticas, Costa Rica**  
**Audace Institut Afrique, Côte d'Ivoire**  
**The Institute of Economics, Croatia**  
**Liberální Institut, Czech Republic**  
**Center for Politiske Studier (CEPOS), Denmark**  
**Fundación Economía y Desarrollo Inc, Dominican Republic**  
**Instituto Ecuatoriano de Economía Política, Ecuador**  
**Institut Economique Molinari, France**  
**Society for Disseminating Economic Knowledge: New Economic School, Georgia**

**Liberales Institut, Germany**  
**The Institute of Economic Affairs, Ghana**  
**Centro de Investigaciones Económicas Nacionales, Guatemala**  
**InafEcon-Institute of African Economics, Guinea**  
**Institut de Recherche pour la Liberté Economique et la Prospérité (IRLEP), Haiti**  
**Centro de Investigaciones Economicas y Sociales (CIES), Honduras**  
**Hong Kong Centre for Economic Research, Hong Kong**  
**Szazadveg Foundation, Hungary**  
**Centre for Social and Economic Research (RSE), Iceland**  
**Centre for Civil Society, India**  
**The Institute for Development of Economics and Finance, Indonesia**  
**Open Republic Institute, Ireland**  
**Jerusalem Institute for Market Studies, Israel**  
**Centro Einaudi, Italy**  
**Young Entrepreneurs Association, Jordan**  
**Central Asian Free Market Institute, Kazakhstan**  
**African Research Center for Public Policy and Market Process, Kenya**  
**Center for Free Enterprise, Korea**  
**Group for Legal and Political Studies, Kosovo**  
**Economic Policy Institute-Bishkek Consensus, Kyrgyz Republic**  
**Lithuanian Free Market Institute, Lithuania**  
**D'Letzeburger Land, Luxembourg**  
**Institute for Democracy and Economic Affairs (IDEAS), Malaysia**  
**Centro de Investigación para el Desarrollo A.C., Mexico**  
**Open Society Forum, Mongolia**  
**The Center for Entrepreneurship and Economic Development, Montenegro**  
**The Prosperity Foundation, Nepal**  
**The New Zealand Business Roundtable, New Zealand**

**Initiative for Public Policy Analysis, Nigeria**  
**Center for Business and Society Incorporated (Civita), Norway**  
**International Research Foundation (IRF), Oman**  
**Alternate Solutions Institute, Pakistan**  
**Pal-Think for Strategic Studies, Palestine**  
**Fundación Libertad, Panama**  
**Centro de Investigación y Estudios Legales (CITEL), Peru**  
**The Center for Research and Communication, Philippines**  
**Centrum im. Adama Smitha, Poland**  
**Causa Liberal, Portugal**  
**Romania Think Tank, Romania**  
**Institute of Economic Analysis, Russia**  
**Free Market Center (FMC), Serbia**  
**The F.A. Hayek Foundation, Slovak Republic**  
**The Free Market Foundation of Southern Africa, South Africa**  
**Fundacio Catalunya, Spain**  
**Pathfinder Foundation, Sri Lanka**  
**Nile Institute of Economic Studies, Sudan**  
**Timbro, Sweden**  
**Liberales Institut, Switzerland**  
**Tajikistan Free Market Centre, Tajikistan**  
**Arthur Lok Jack Graduate School of Business, The University of the West Indies, Trinidad and Tobago**  
**Association for Liberal Thinking, Turkey**  
**The Ukrainian Center for Independent Political Research, Ukraine**  
**The Institute of Economic Affairs (IEA), United Kingdom**  
**CATO Institute, USA**  
**The Centre for the Dissemination of Economic Knowledge (CEDICE), Venezuela**  
**Research Center for Entrepreneurship Development, Vietnam**  
**Zambia Institute for Public Policy Analysis (ZIPPA), Zambia**

# World Average Economic Freedom Over Time



Source: The Fraser Institute.

# Why is Economic Freedom Important?

- They are a prerequisite for growth and development
- They are a prerequisite for broader human development

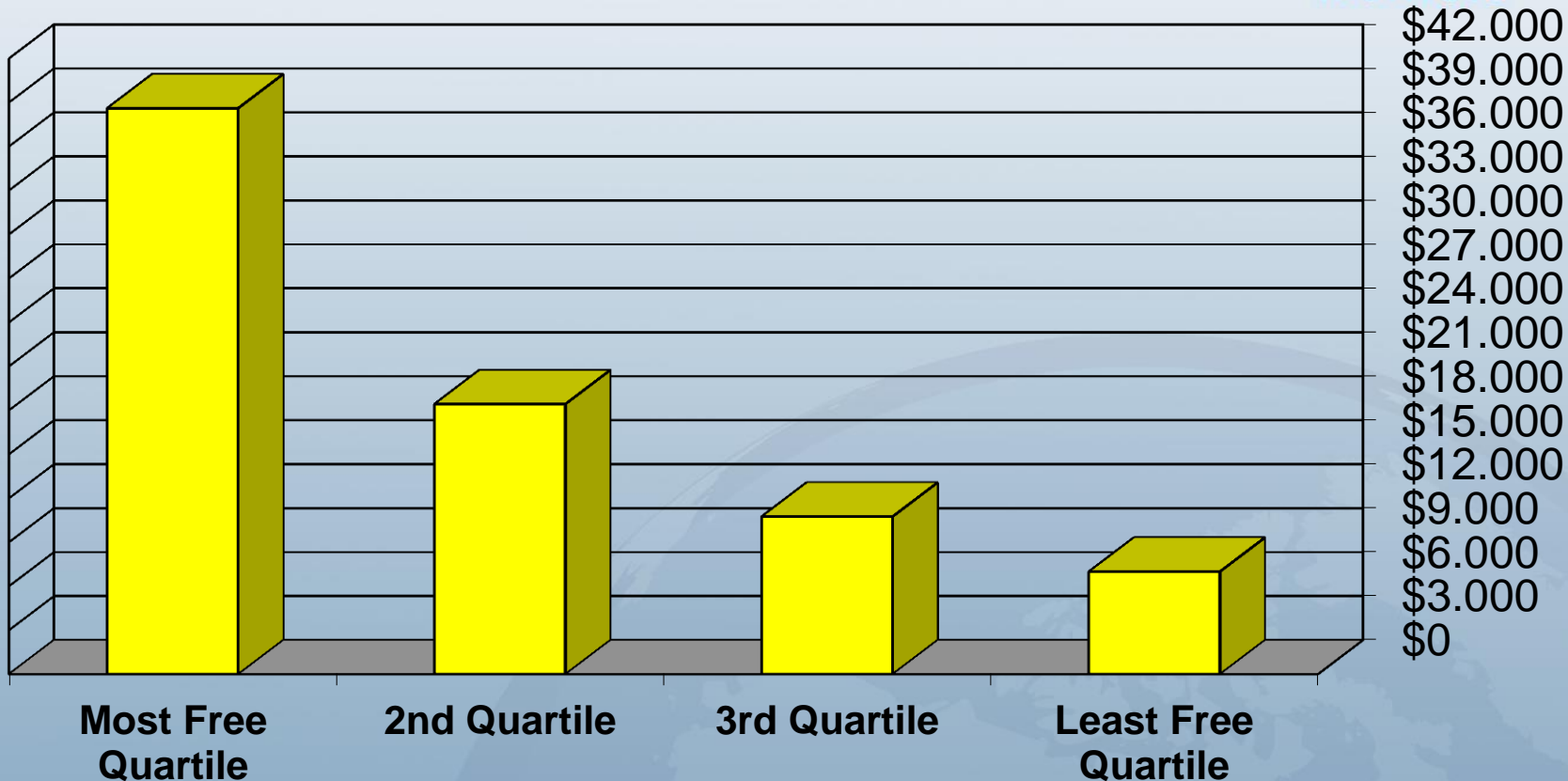
# **The impact on prosperity and development**

A faint, light blue world map is visible in the background, centered on the Atlantic Ocean, showing the continents of North and South America.

# Per Capita Income and Economic Freedom Quartile



GDP Per Capita  
(ppp), 2012

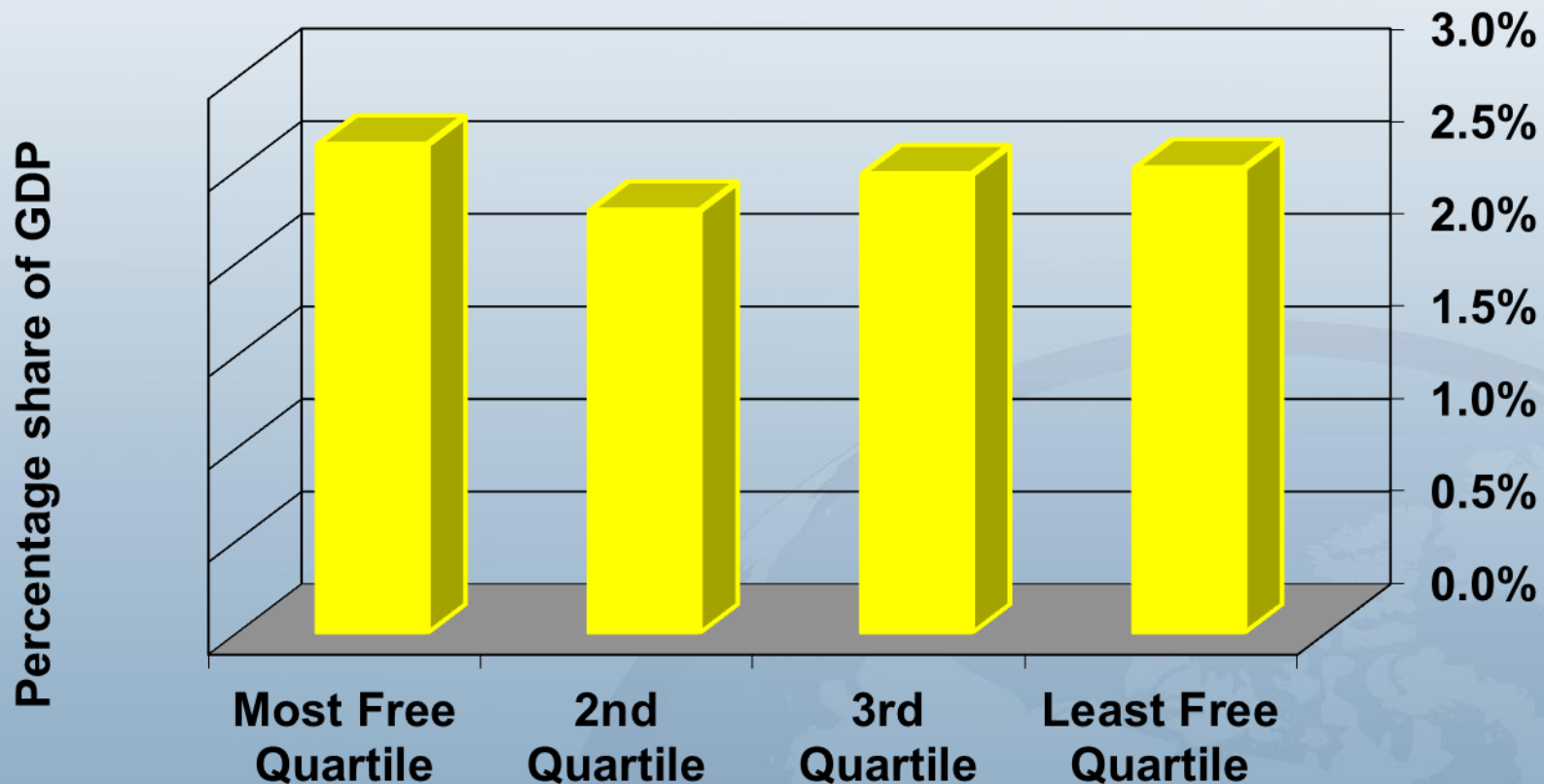


**Most Free ..... Least Free**

# **Economic Freedom, the Poor, and Inequality**

A faint, light blue world map is visible in the background, centered on the Atlantic Ocean, showing the continents of North and South America.

# Income Share of the Poorest 10% and Economic Freedom

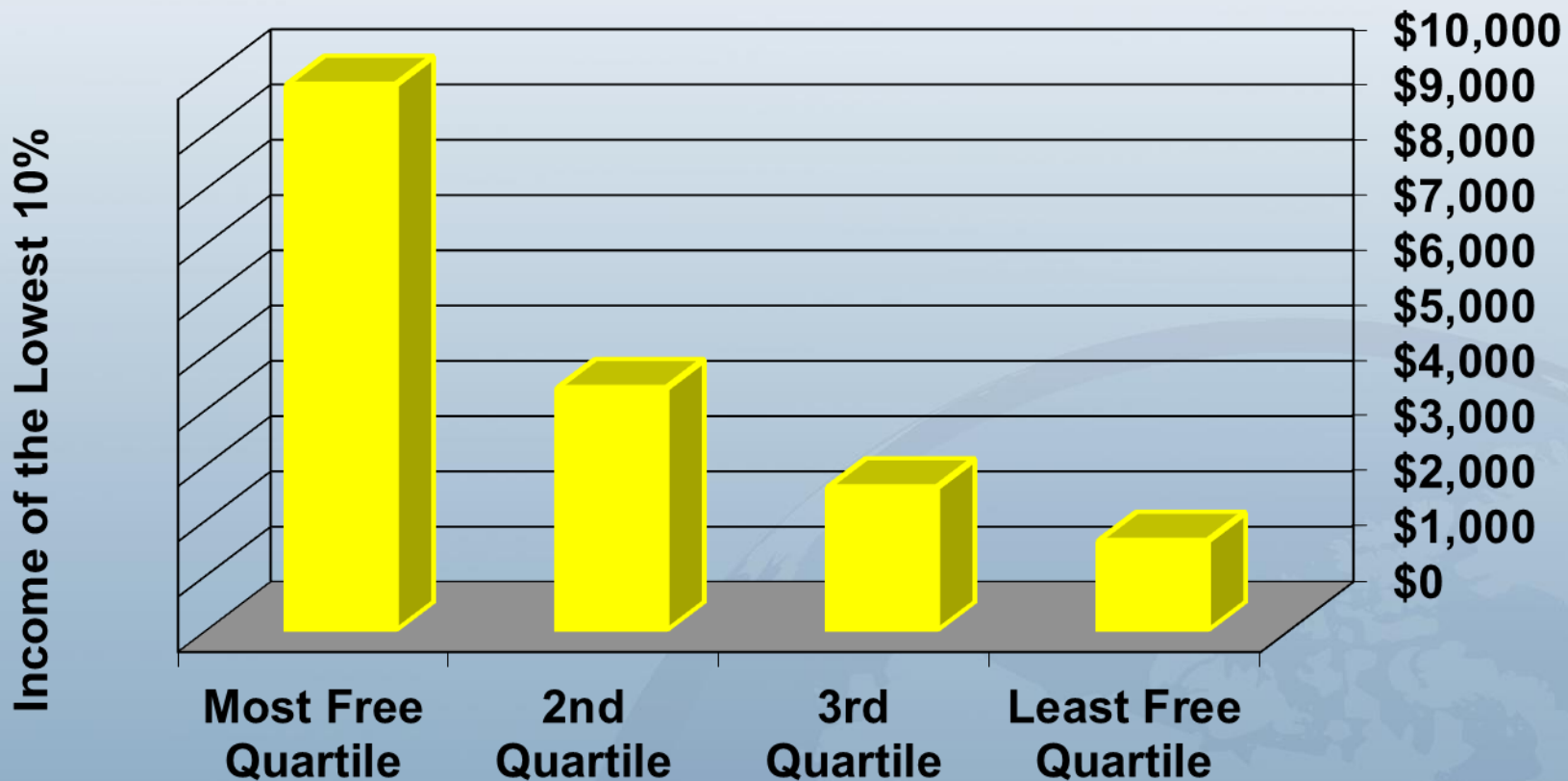


**Most Free ..... Least Free**

Sources: The Fraser Institute; The World Bank, World Development Indicators, 2013.



# Income of the Poorest 10% and Economic Freedom



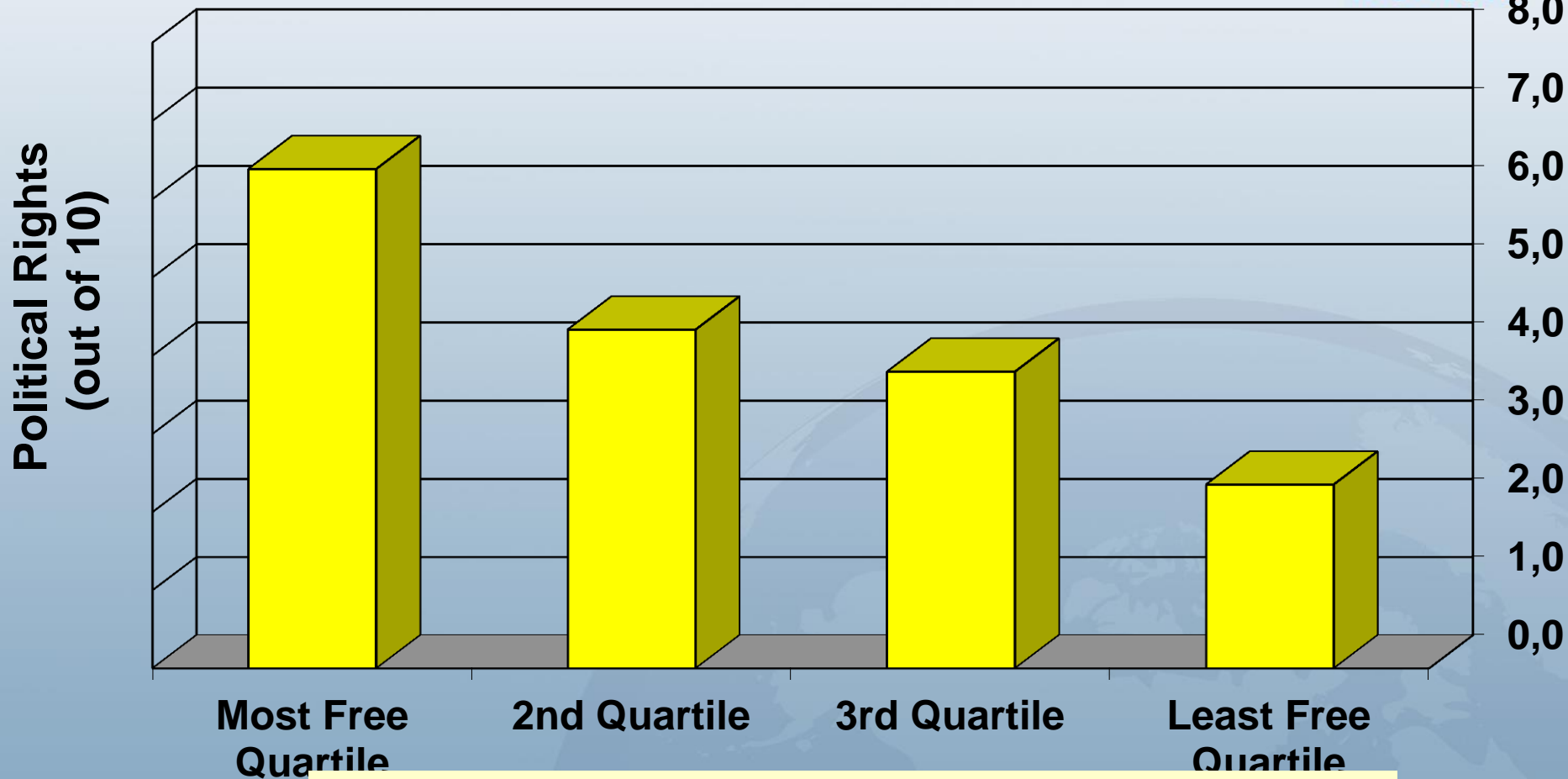
**Most Free ..... Least Free**

Sources: The Fraser Institute; The World Bank, World Development Indicators, 2013.

# ***Economic Freedom, Governance, and Democracy***

A faint, light blue background image of a globe, showing the continents of North and South America, positioned behind the title text.

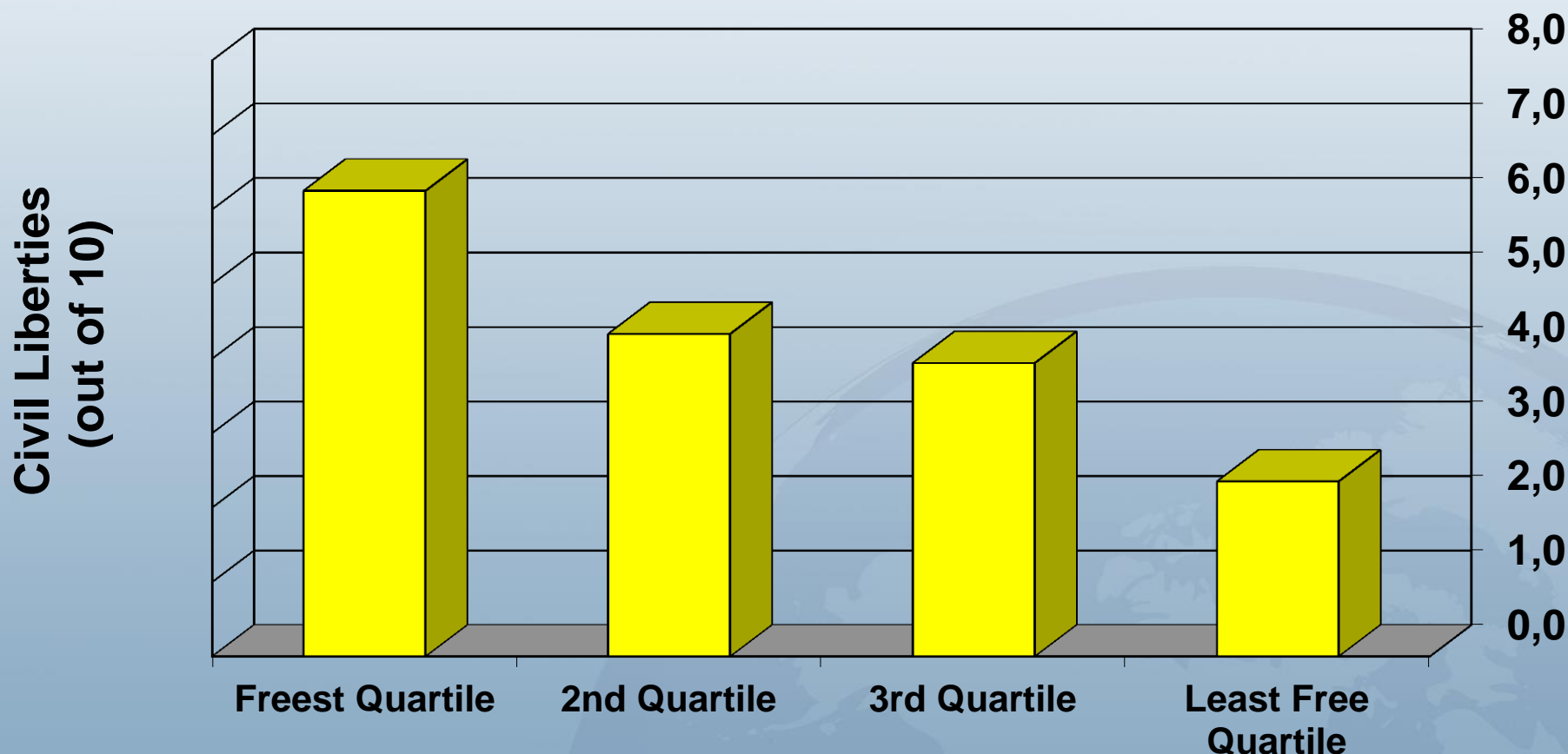
# Economic Freedom and Political Rights



**Most Free ..... Least Free**

Sources: The Fraser Institute; Freedom House, Freedom in the World Country Ratings, 2012, available at <http://www.freedomhouse.org/>.

# Economic Freedom and Civil Rights



**Most Free ..... Least Free**

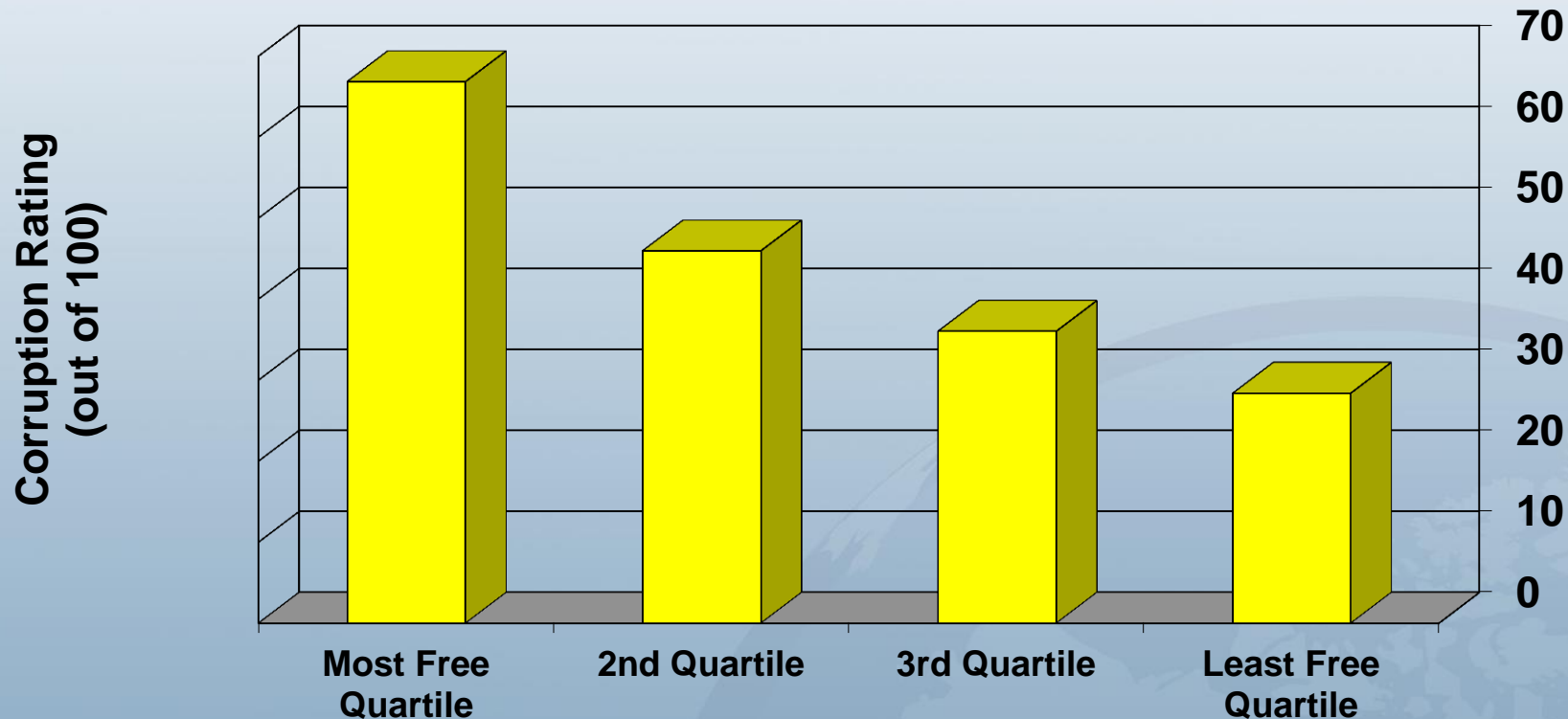
Sources: The Fraser Institute; Freedom House, Freedom in the World Country Ratings, 2012, available at <http://www.freedomhouse.org/>.

# ***The impact of Economic Freedom on other indicators of well-being***

A faint, light blue world map is visible in the background, showing the continents of North and South America.

# Economic Freedom and Corruption

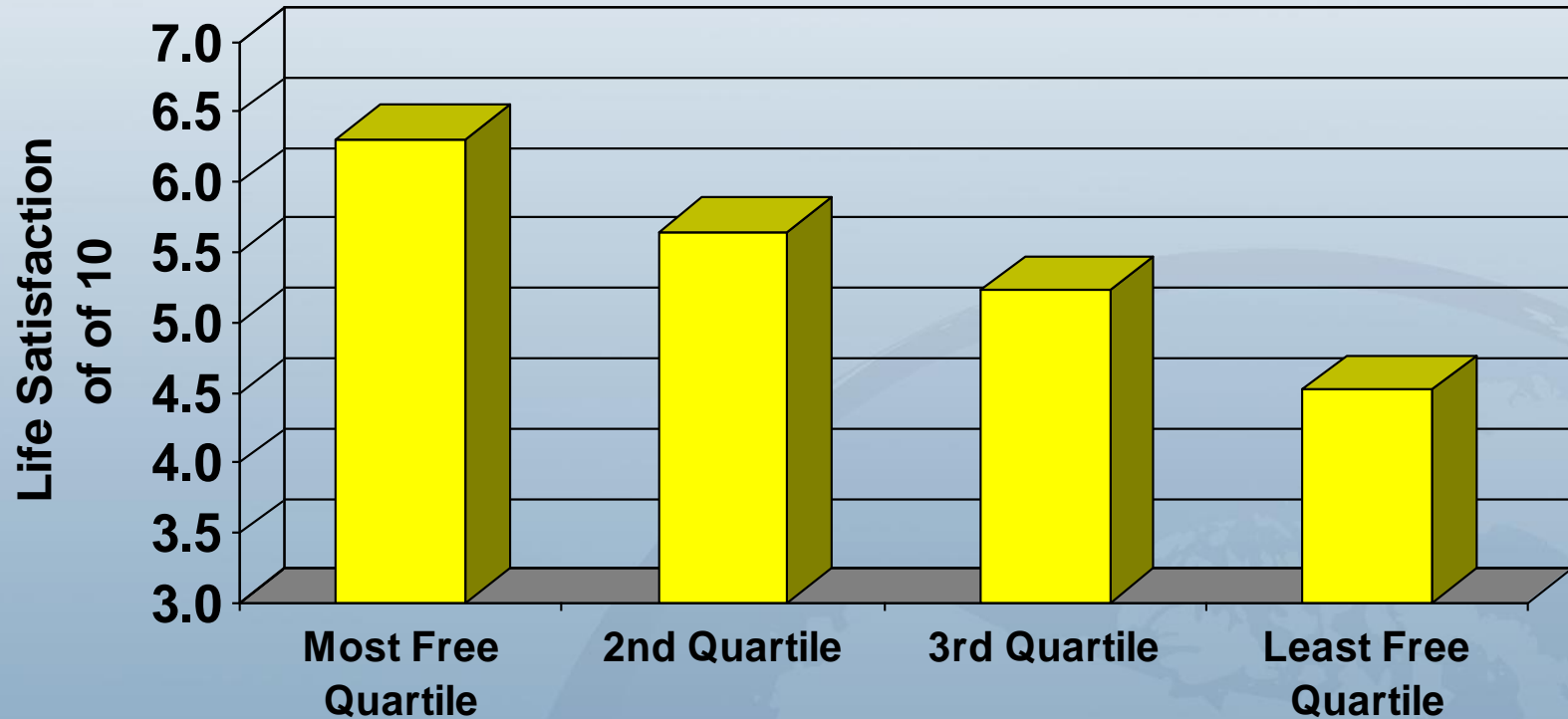
High scores indicate low corruption



**Most Free ..... Least Free**

Sources: The Fraser Institute; Transparency International, Corruption Perceptions Index, 2014 available at <http://www.transparency.org>.

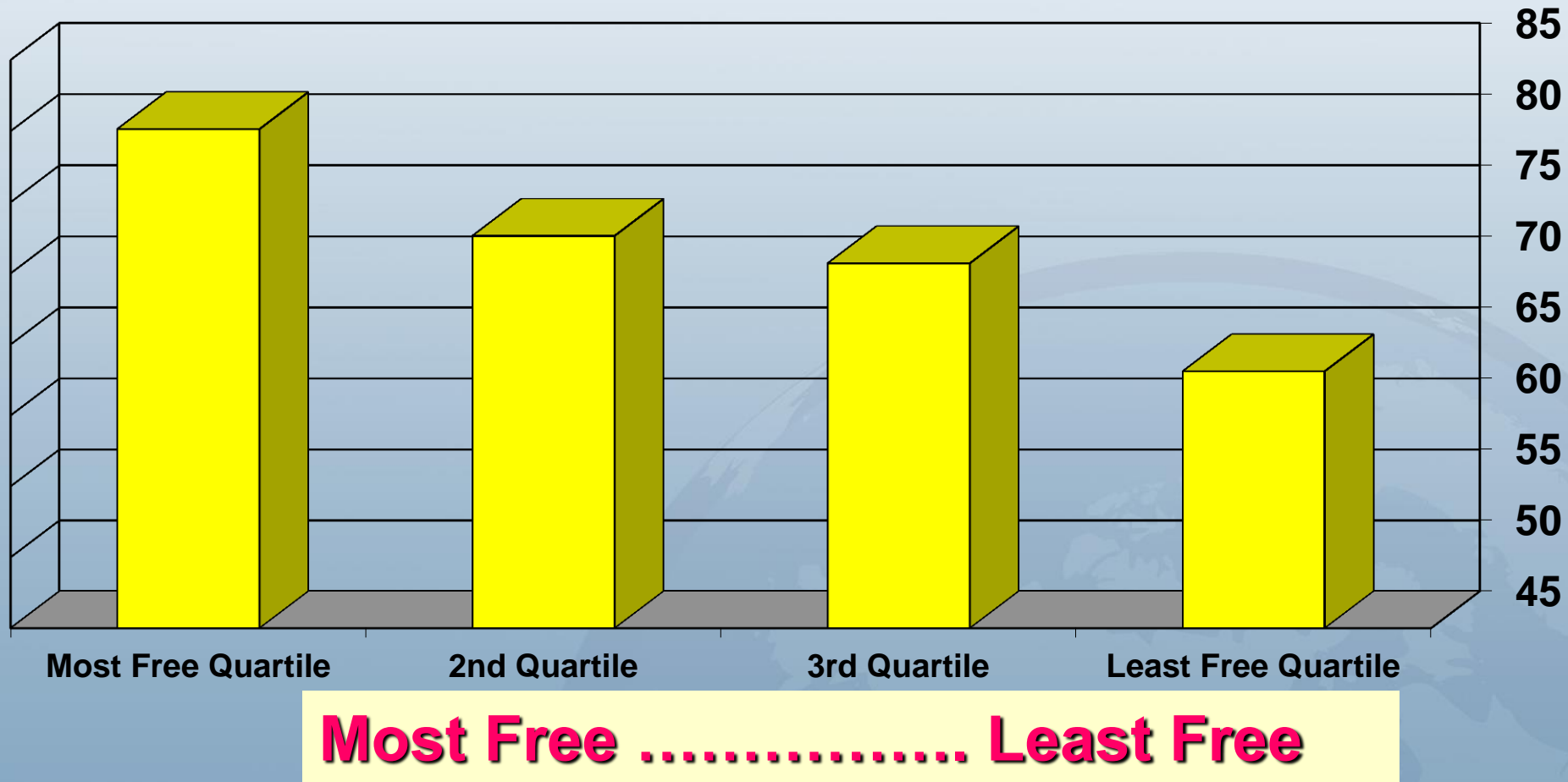
# Economic Freedom and Life Satisfaction



**Most Free ..... Least Free**

Sources: The Fraser Institute; Happy Planet Index 2014

# Life Expectancy at Birth and Economic Freedom Quartiles



Sources: The Fraser Institute; The World Bank, World Development Indicators, 2013.



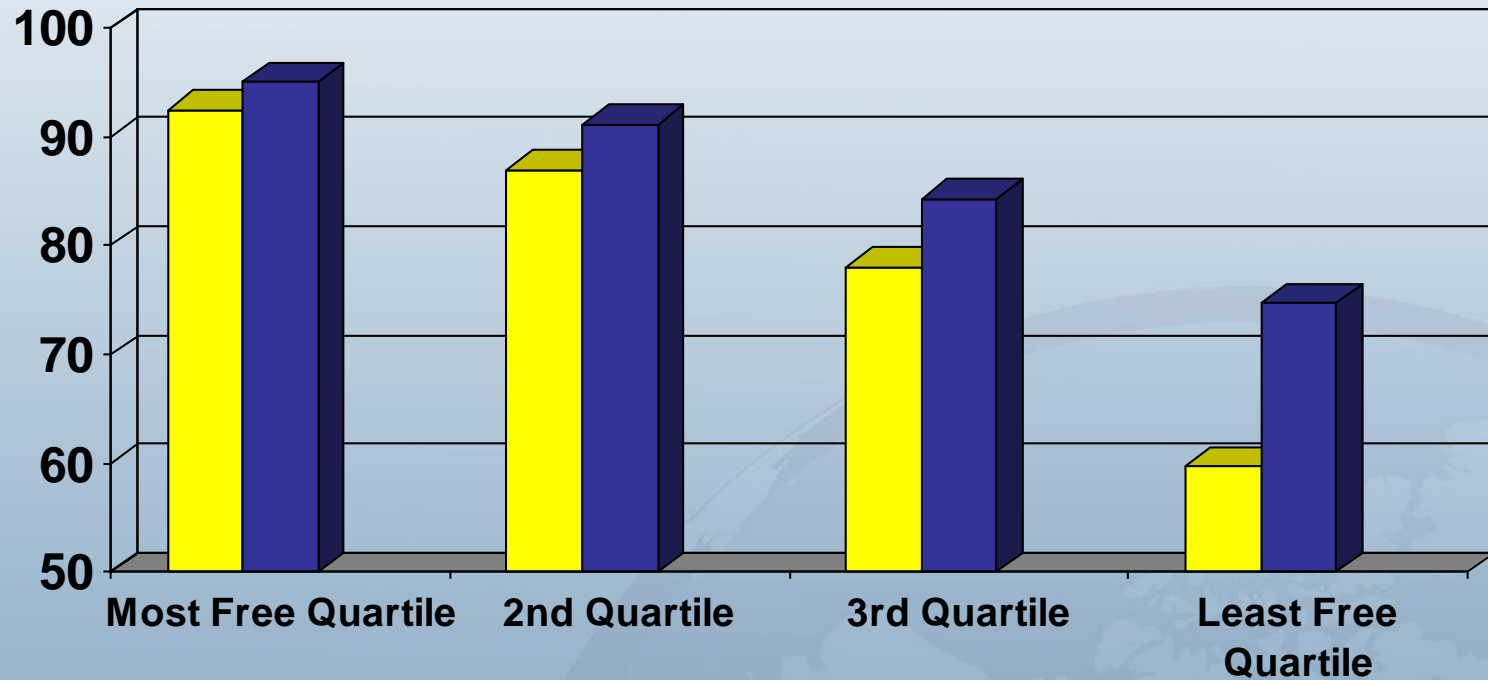
# Literacy (% of population)



**Male**




**Female**



**Most Free ..... Least Free**

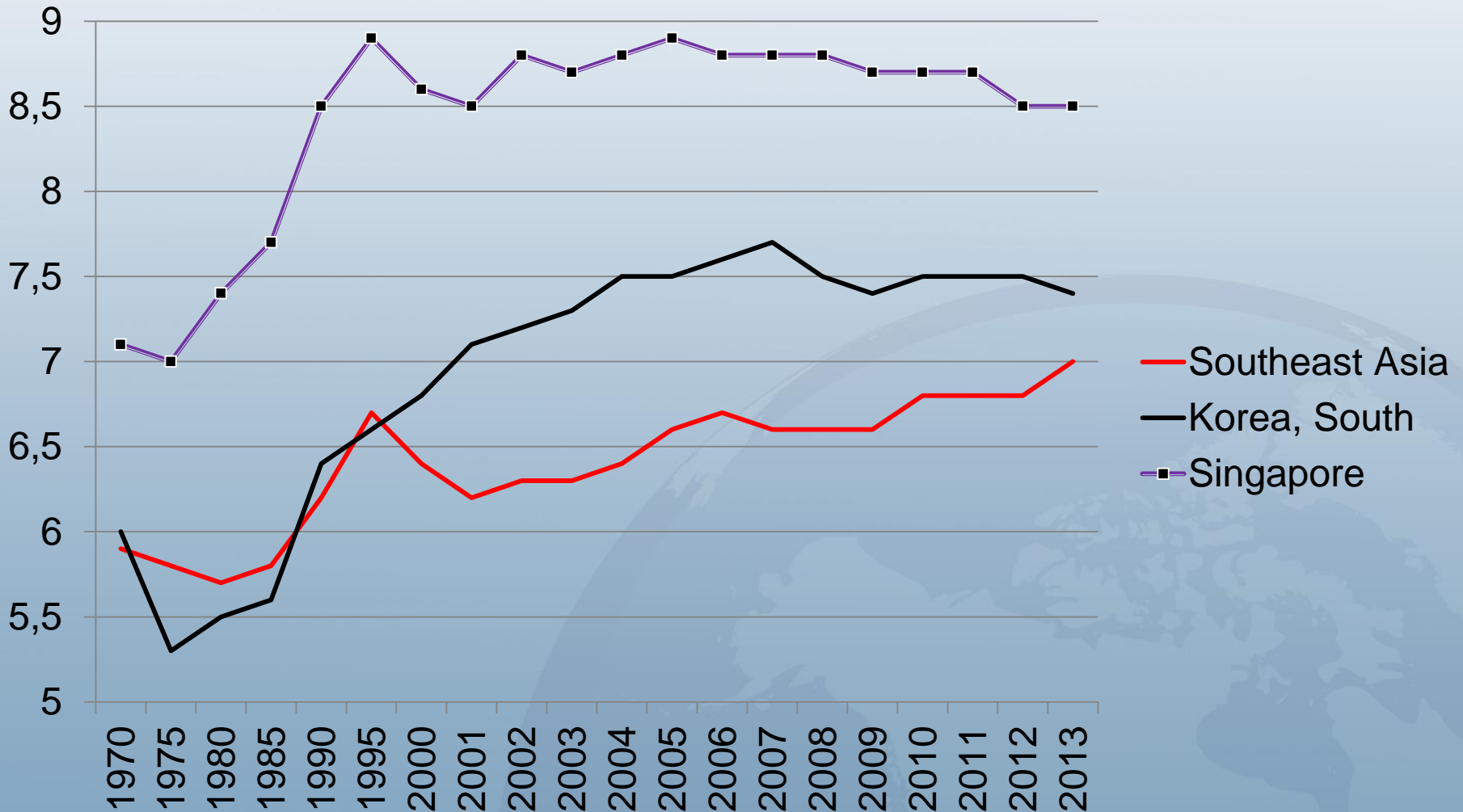
Sources: The Fraser Institute; World Development Indicators 2013

# Some of the great longer-term successes

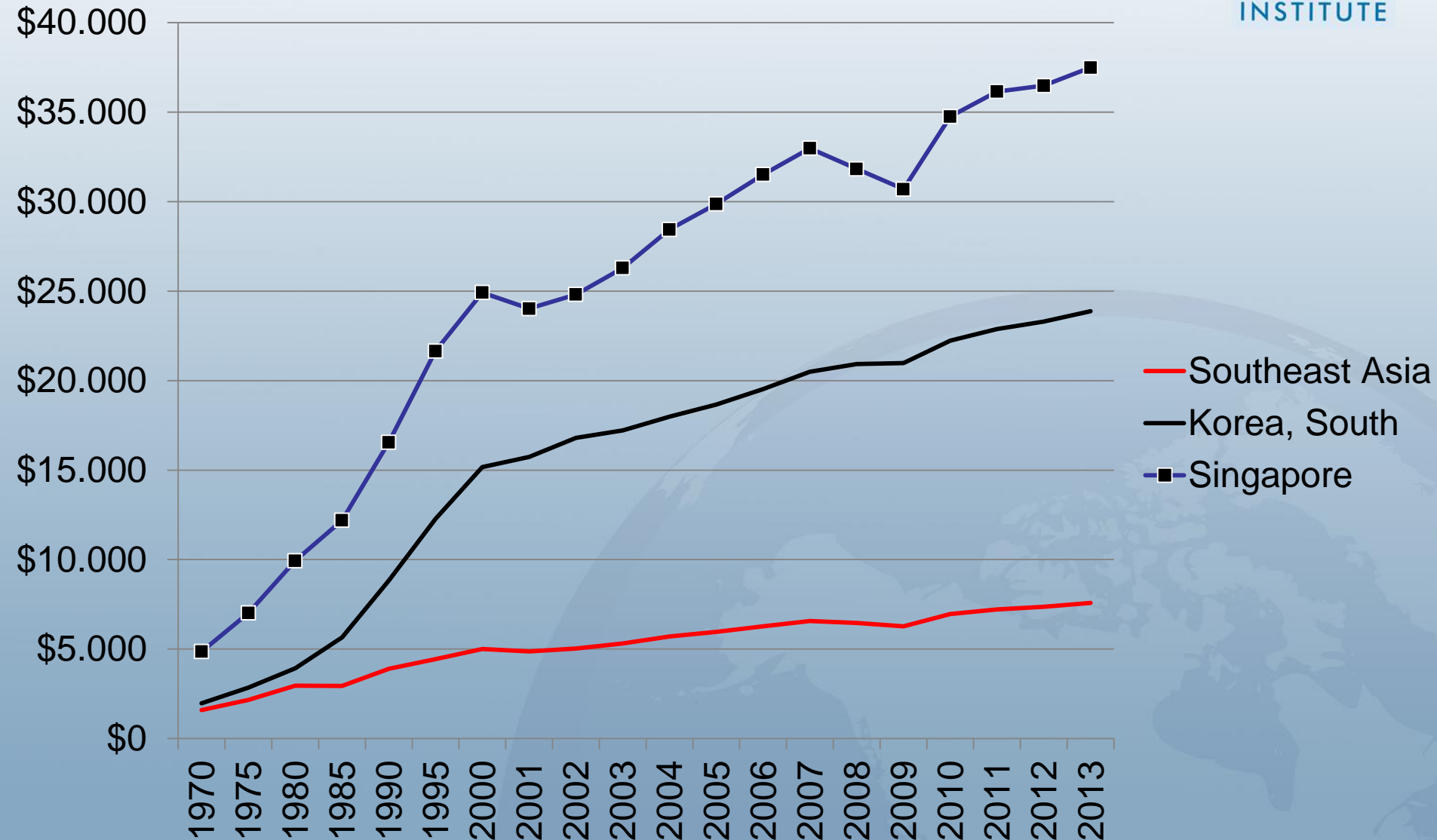
A faint, light blue background image of a globe, showing the continents of North and South America.

# Asia

## Economic Freedom Scores

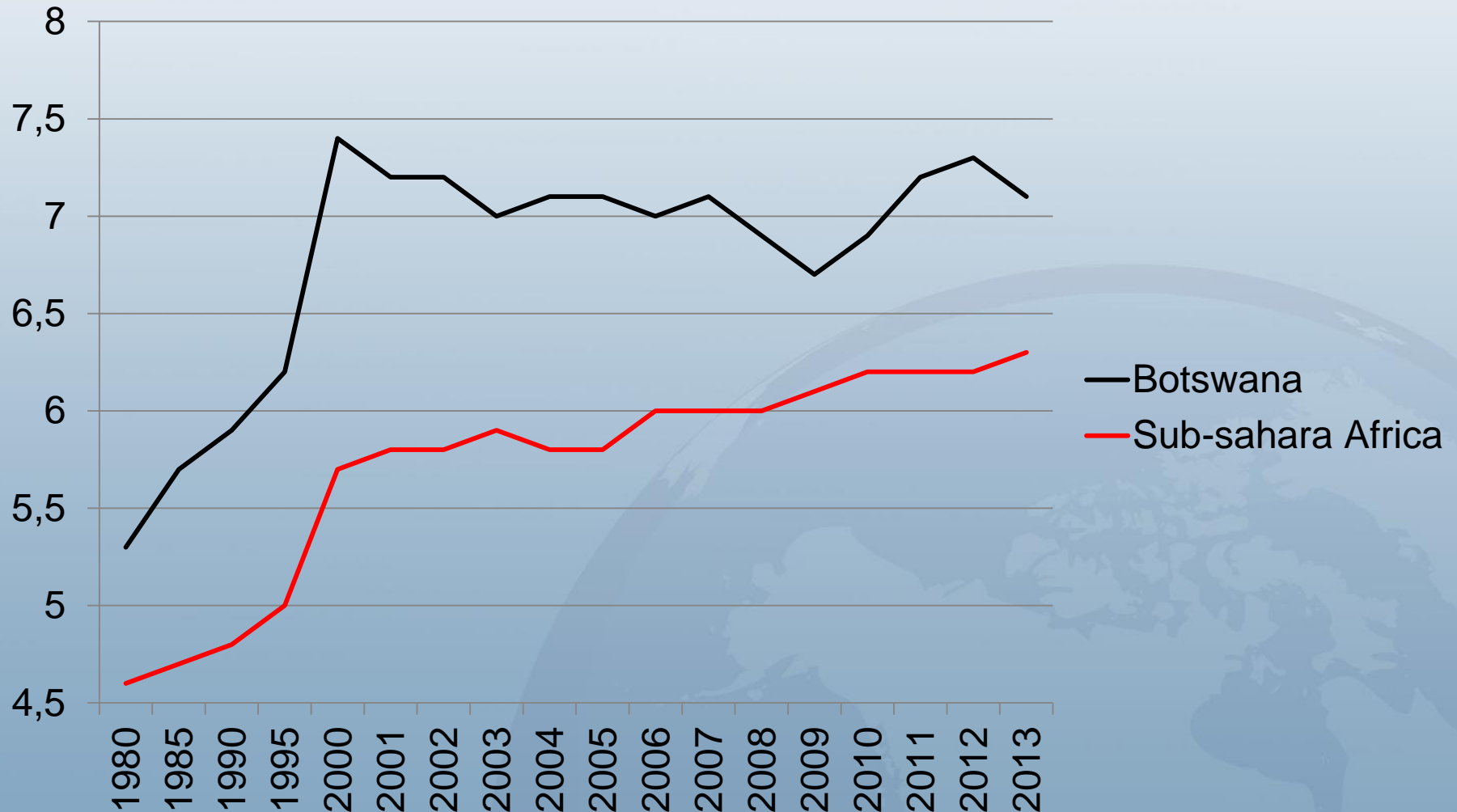


# Per Capita GDP

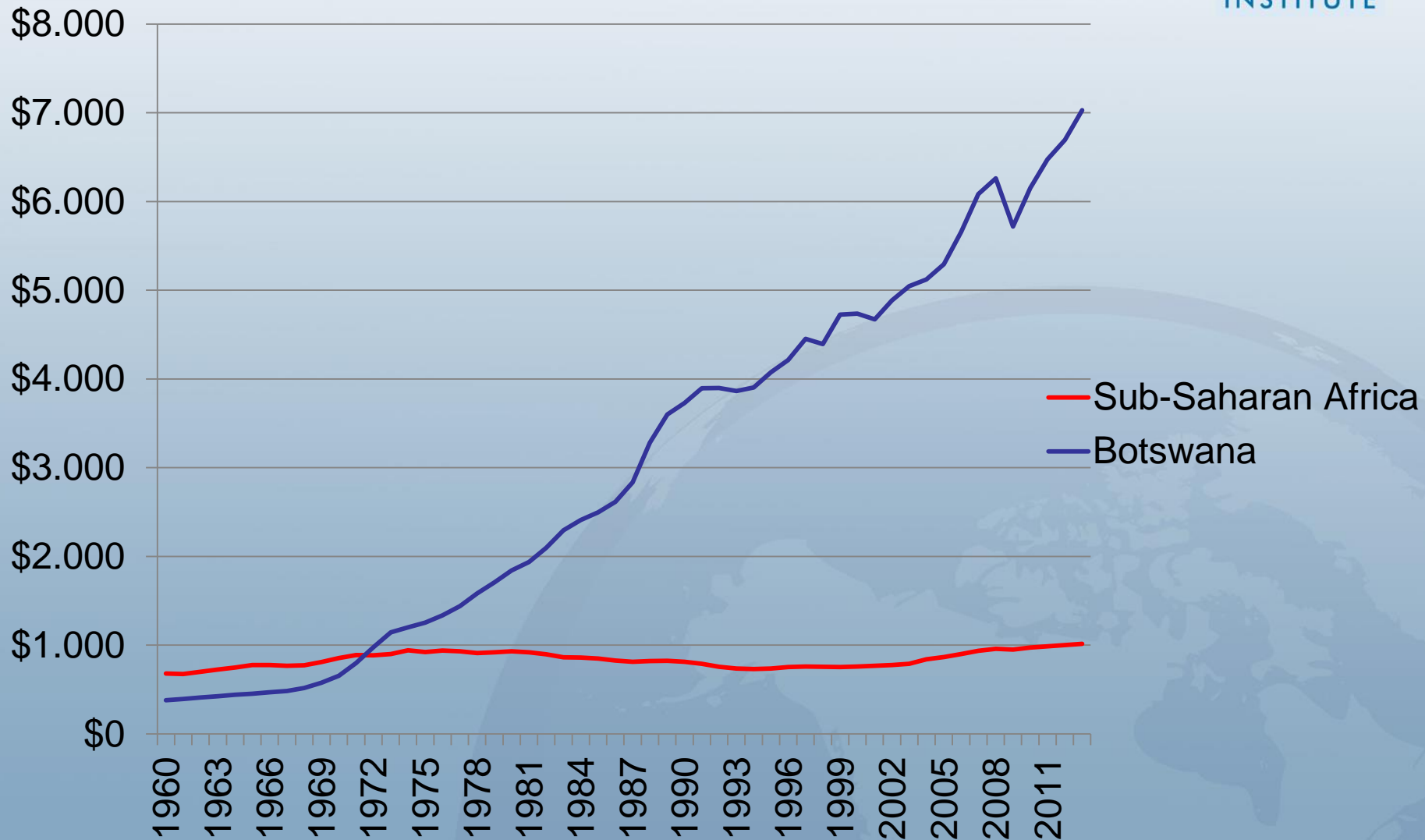


# Sub-Saharan Africa

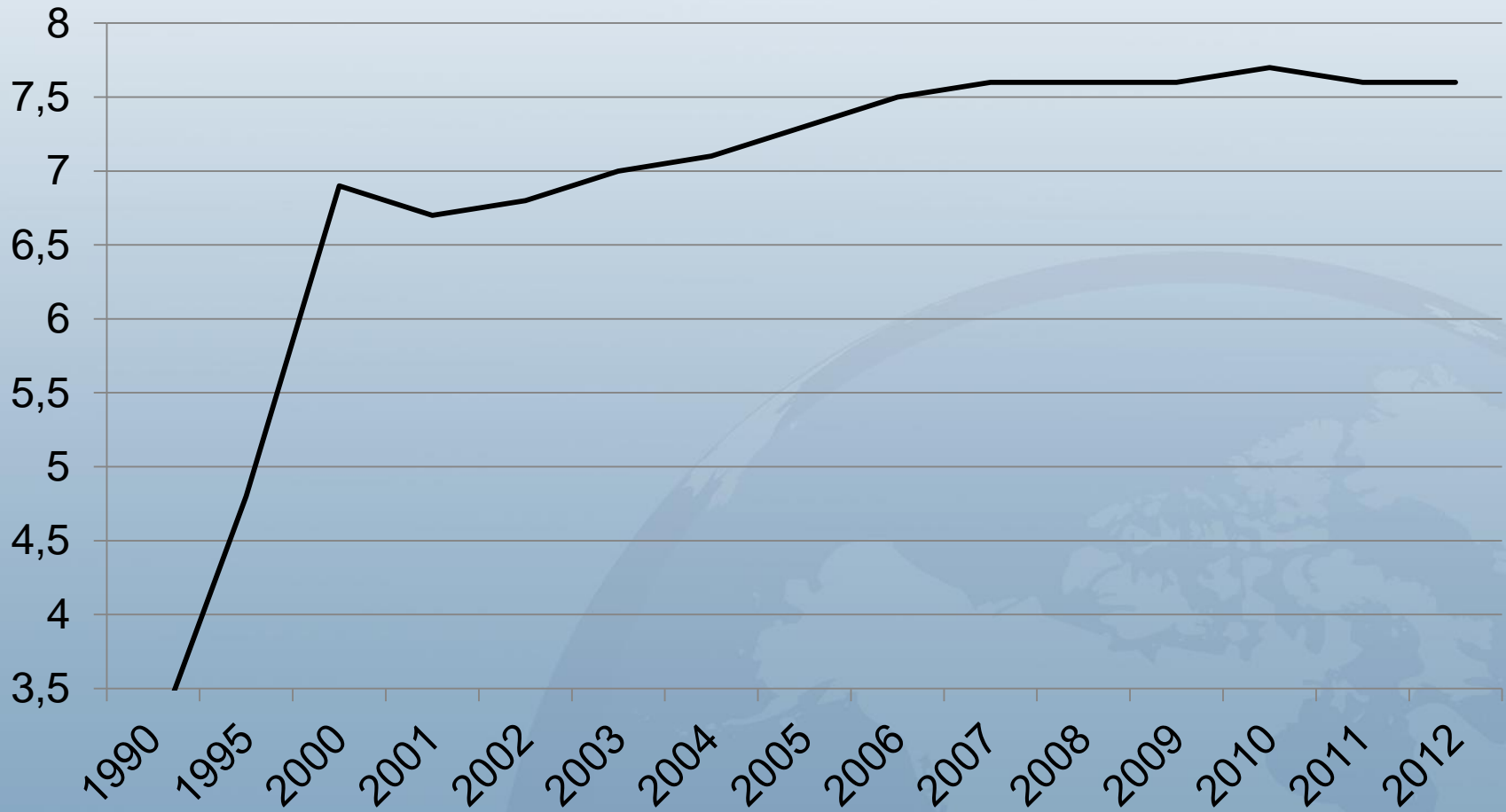
## Economic Freedom Scores



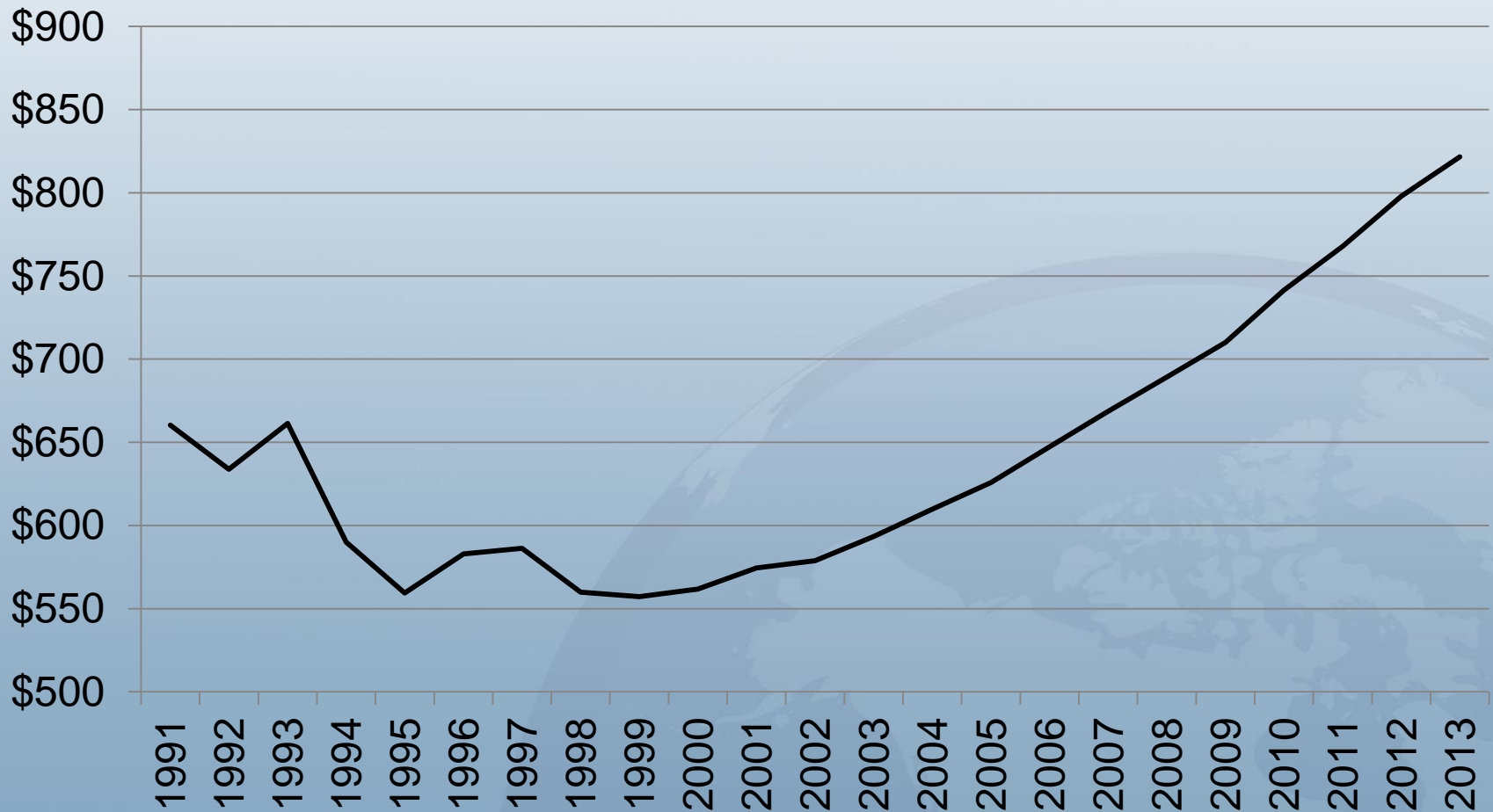
# Per Capita GDP



# Zambia: Economic Freedom




# Zambia: Per capita GDP



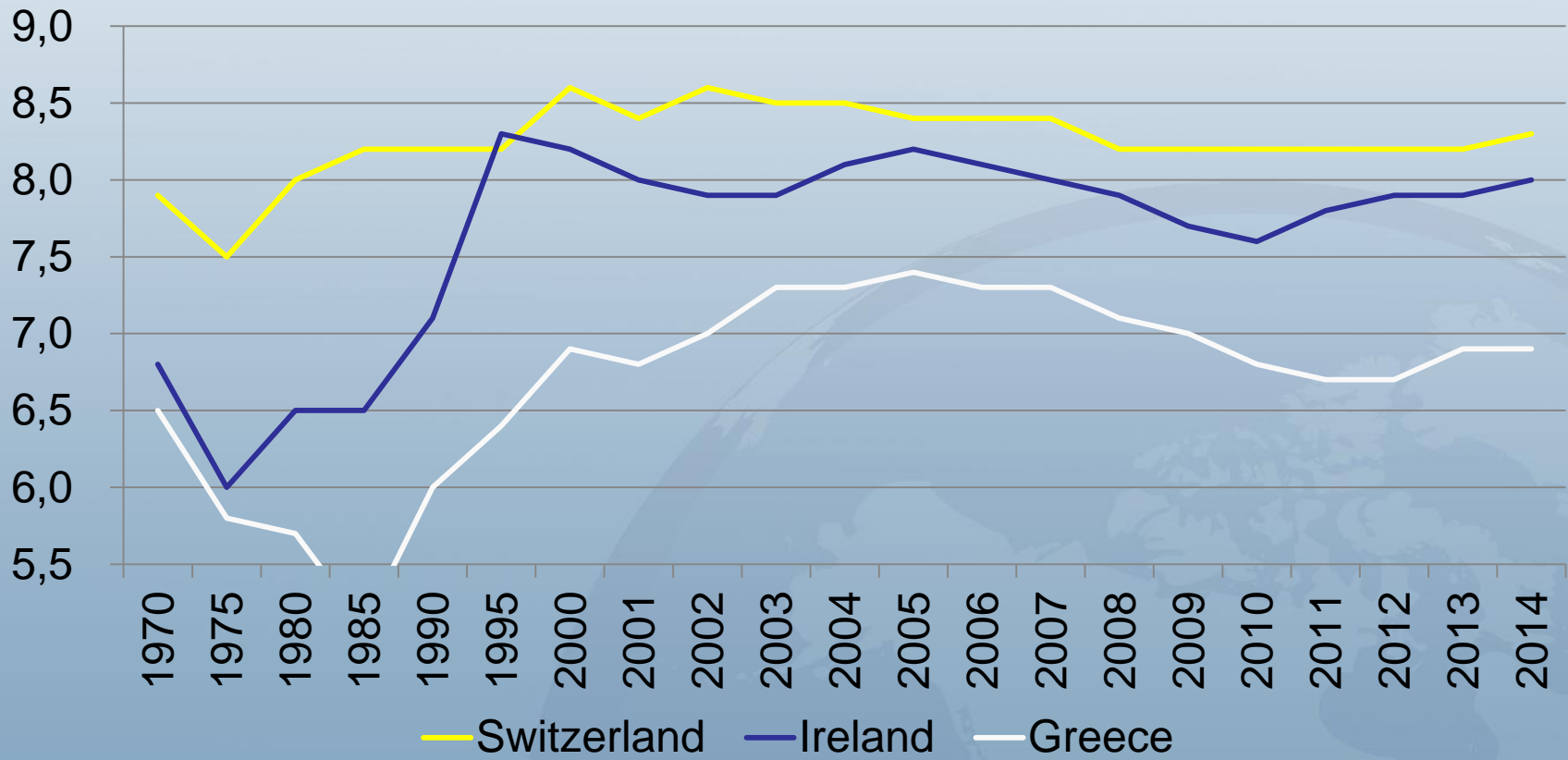


# **How is Greece doing?**

A faint, light blue world map is visible in the background, centered on the Atlantic Ocean, showing the continents of North and South America.

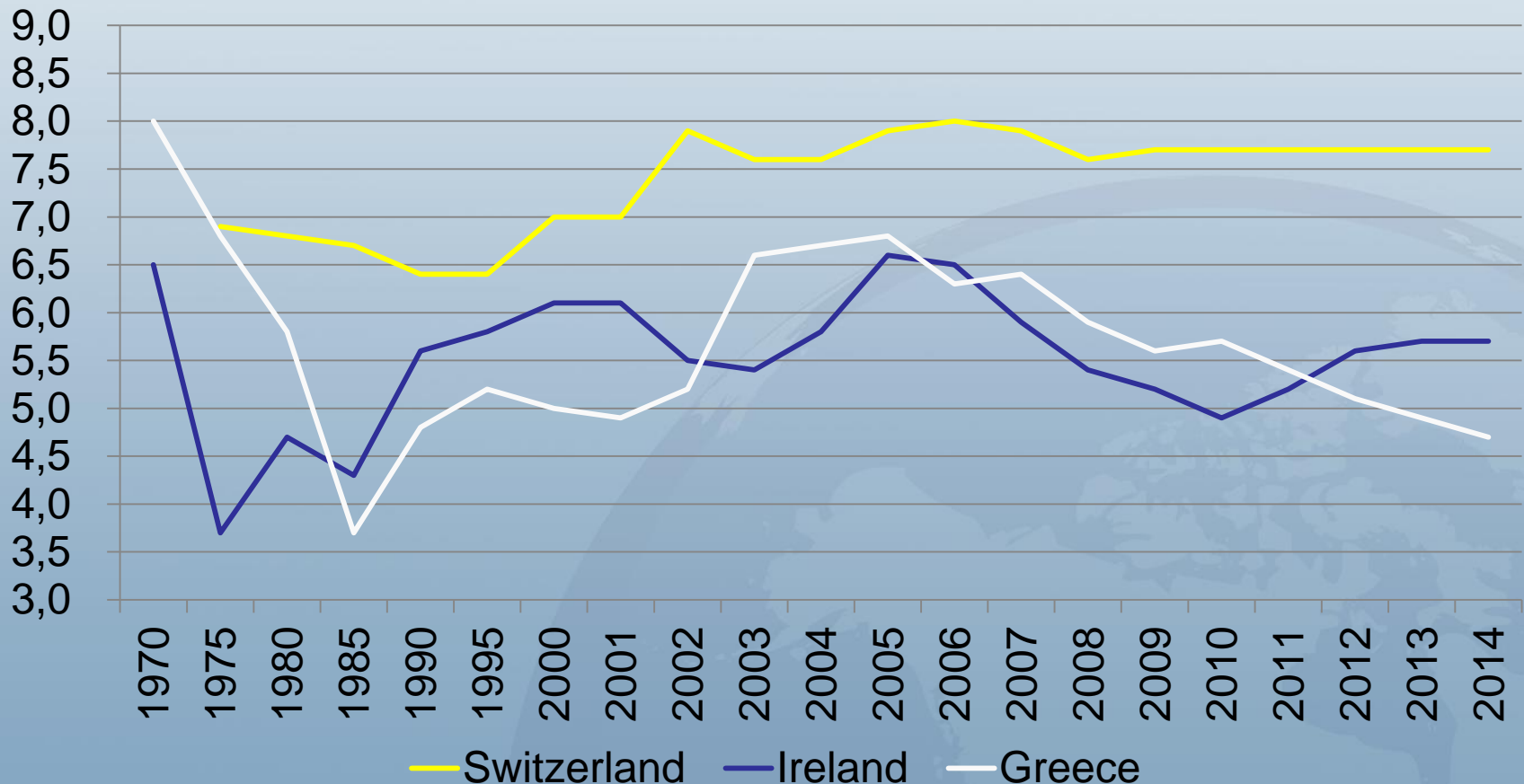
# Economic freedom

## Overall



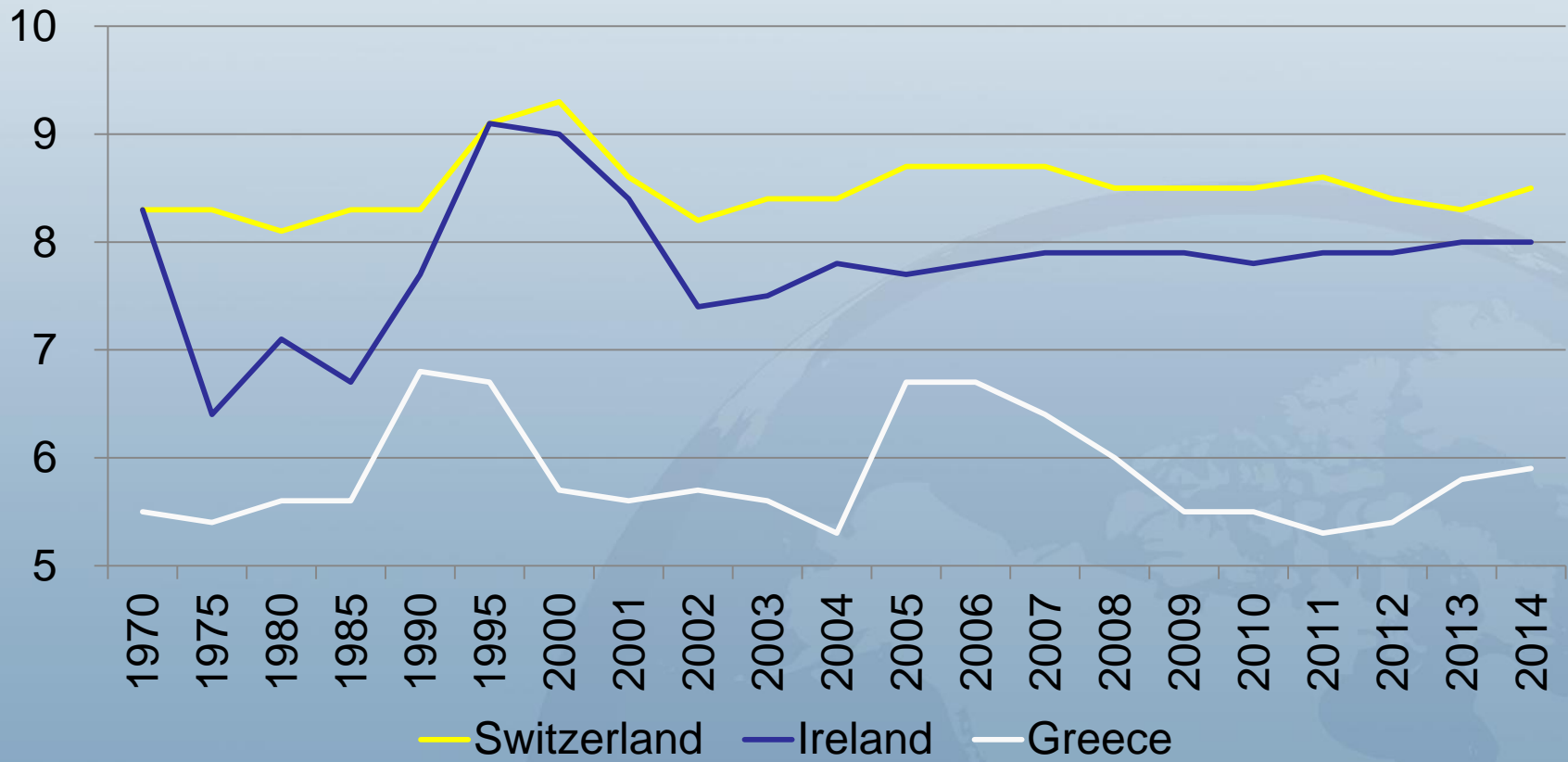
# Economic freedom

## Size of Government



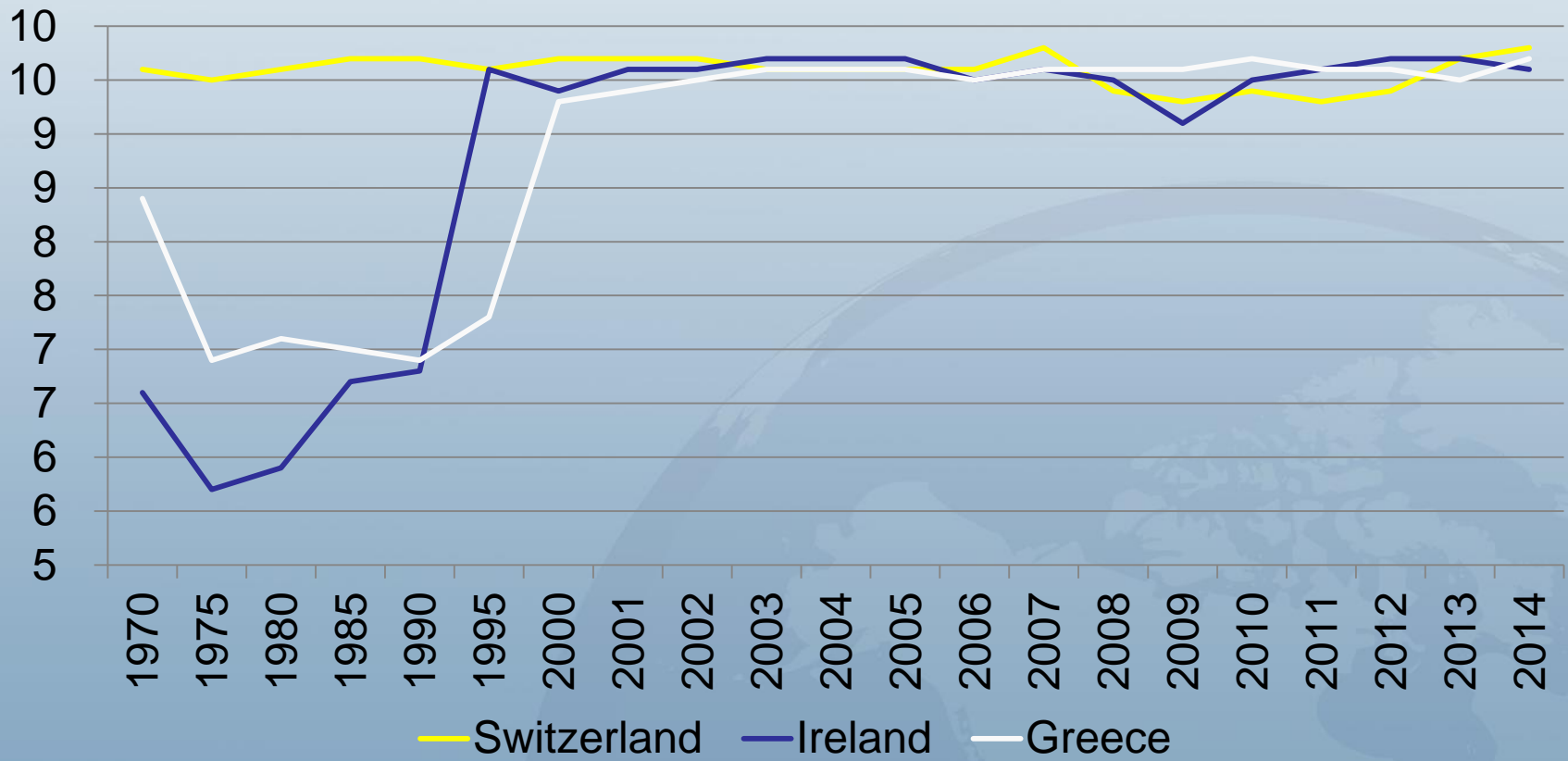
# Economic freedom

## Rule of Law



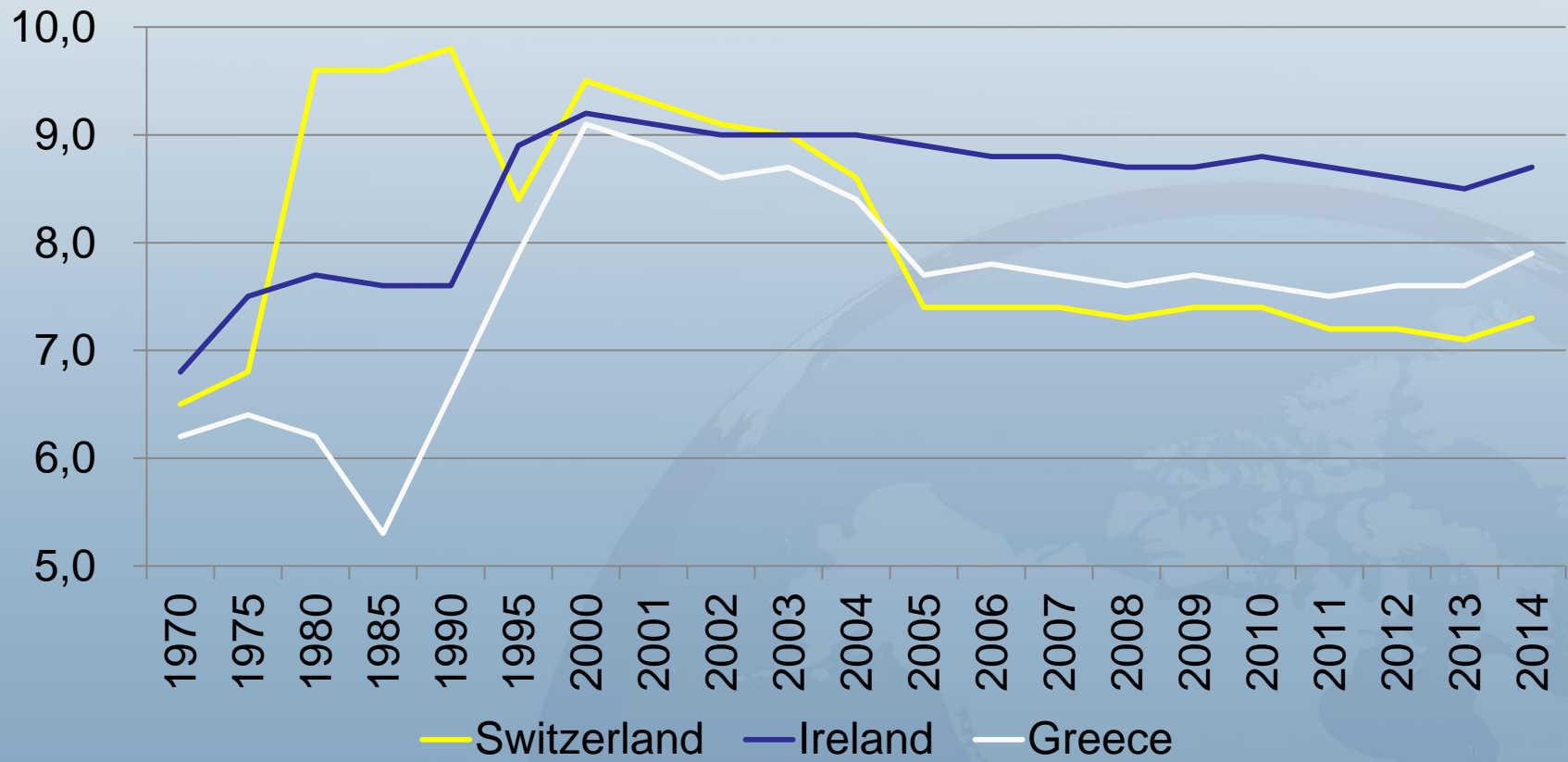
# Economic freedom

## Sound Money



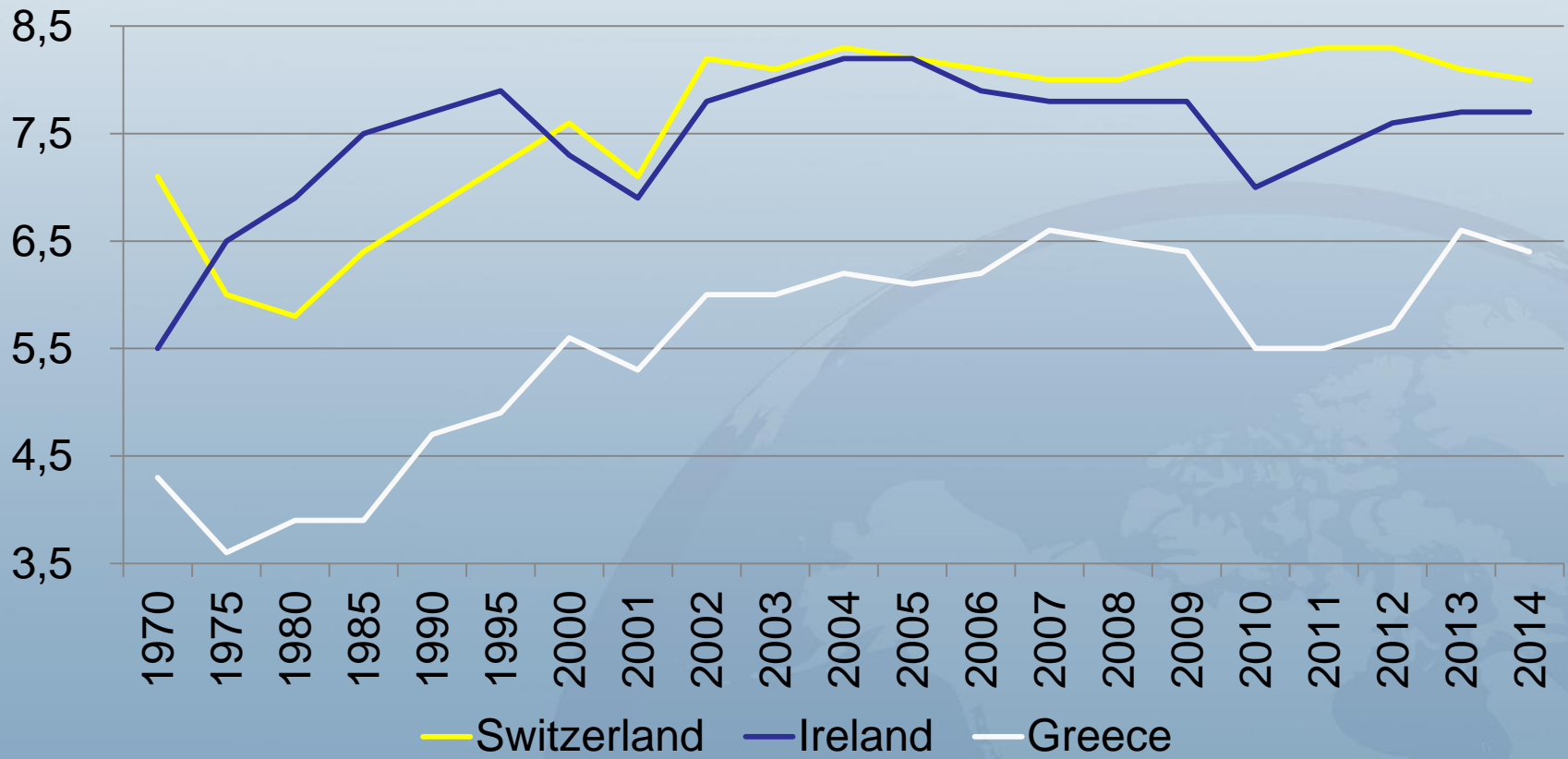
# Economic freedom

## Freedom to Trade Internationally



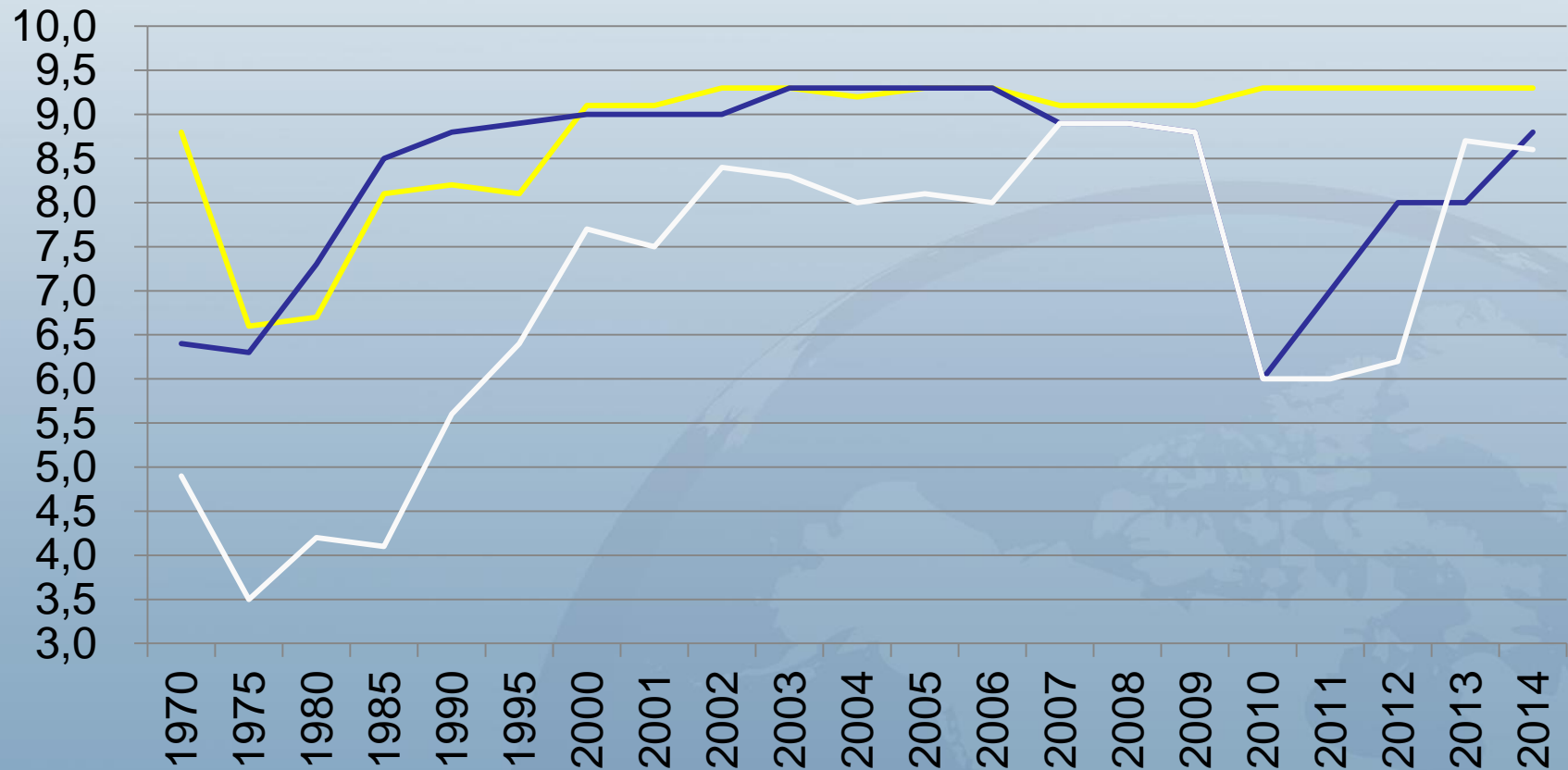
# Economic freedom

## Regulation



# Economic freedom

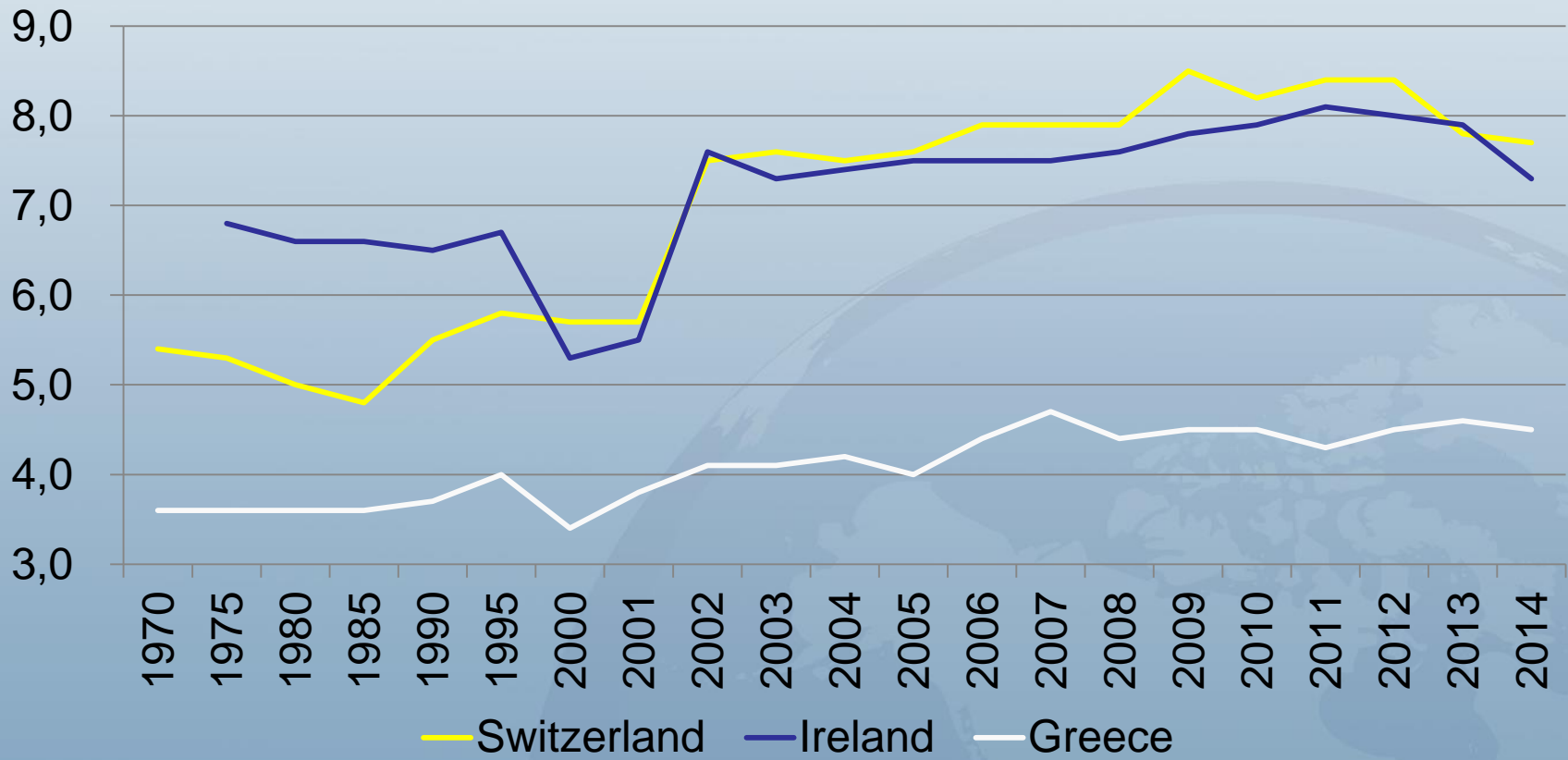
## Credit market regulations





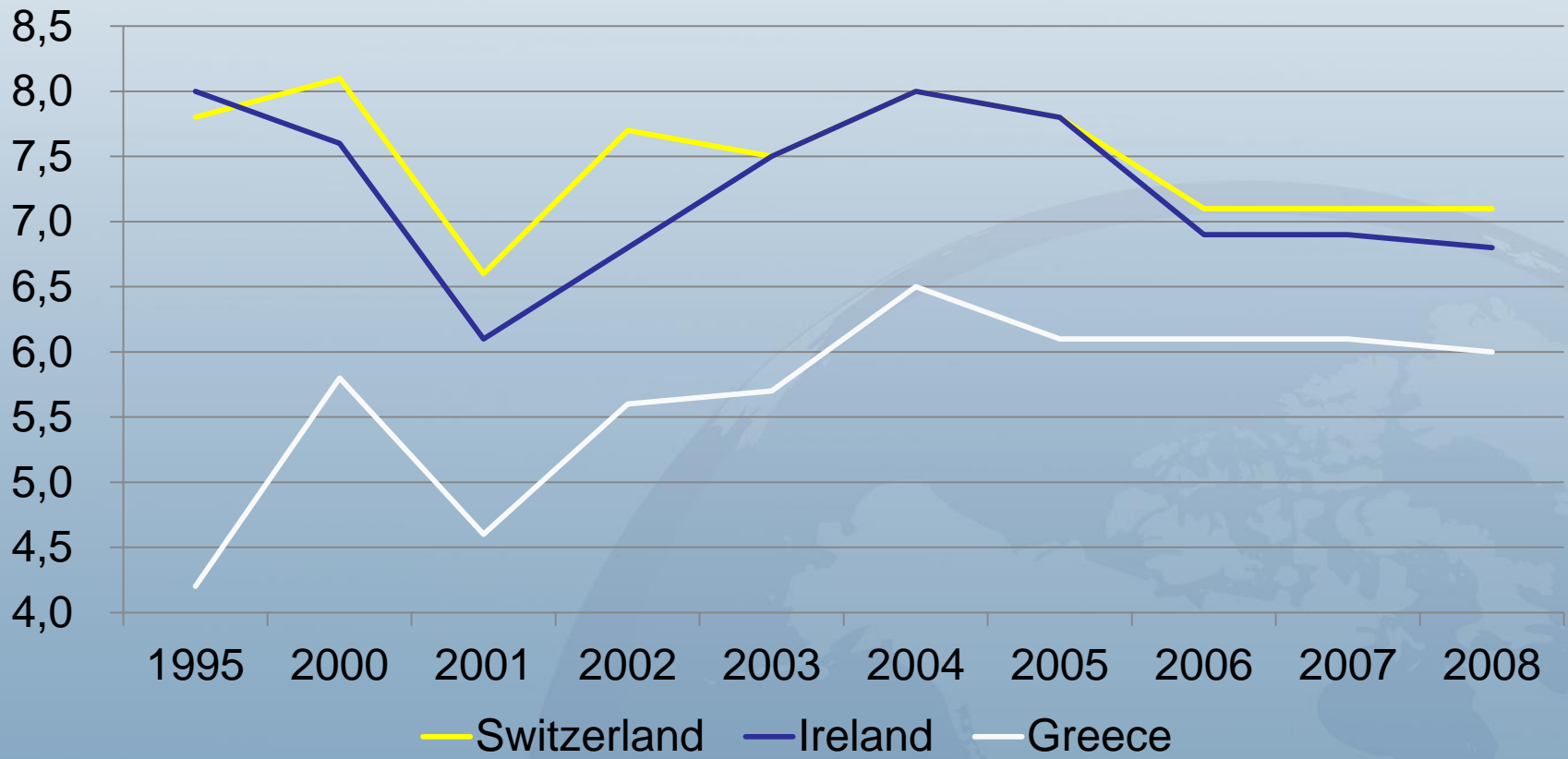
# Economic freedom

## Labor Market regulations



# Economic freedom

## Business regulations



# **Economic Freedom**

- Increases prosperity for all
- Reduces poverty
- Improves quality of life

**[www.freetheworld.com](http://www.freetheworld.com)**

**[www.fraserinstitute.org](http://www.fraserinstitute.org)**

A faint, light blue world map is visible in the background, centered behind the text. It shows the outlines of continents and oceans.