

NEWS RELEASE

Bahrain ranked as most economically free Arab nation; economic freedom key to prosperity and job creation

October 19, 2011
For Immediate Release

TORONTO, CANADA—Bahrain continues to have the highest level of economic freedom of all Arab nations, concludes the *Economic Freedom of the Arab World: 2011 Annual Report*.

Lebanon ranked second in economic freedom among Arab nations, followed by Kuwait and the United Arab Emirates in a tie for third, according to the annual report published by the Fraser Institute, Canada's leading public policy think-tank, in partnership with the International Research Foundation (IRF) of Oman, and the Cairo office of the Friedrich Naumann Foundation for Liberty (FNF).

This year, top-ranked Bahrain maintained an overall score of 8.0 out of 10, while Lebanon scored 7.7, up from 7.6 last year. Kuwait's score of 7.6 was unchanged, while the United Arab Emirates climbed to 7.6 from 7.3.

The report was released October 19 at the start of the annual Economic Freedom of the Arab World meeting in Beirut. The meeting attracted delegates from nations throughout the Middle East.

"The link between economic freedom and prosperity is undeniable: the countries that score highly in terms of economic freedom also offer their people the best quality of life. Recent events in the Arab world have highlighted in the most dramatic way the desire for, and benefits of, economic freedom in the region," said Fred McMahon, Fraser Institute vice-president of international policy research and co-author of the *Economic Freedom of the Arab World: 2011 Annual Report*.

Although the reasons for the uprisings associated with the Arab Spring vary from country to country, the report notes that a denial of economic freedom sparked the movement when a policeman stopped a fruit vendor in Tunisia from selling his wares. In protest, the vendor set himself on fire, provoking demonstrations in Tunisia that quickly spread across the region.

"The lack of economic freedom in the Arab world is the key reason that much of the region lags in prosperity and people are excluded from economic opportunity that could lift them out of poverty and relieve inequality," said Salem Al Ismaily, the report's lead author, chairman of IRF, and a member of the Fraser Institute's board of directors.

The *Economic Freedom of the Arab World: 2011 Annual Report* compares and ranks Arab nations in five areas of economic freedom: size of government, including expenditures, taxes, and enterprises; commercial and economic law and security of property rights; access to sound money; freedom to trade internationally; and the regulation of credit, labour, and business. The complete report may be downloaded as a PDF, free of charge, at www.freetheworld.com.

Economic freedom is based on the cornerstones of personal choice, voluntary exchange, freedom to compete, and security of private property. Research shows that individuals living in countries with high levels of economic freedom enjoy higher levels of prosperity, greater individual freedoms, and longer life spans.

"Increases in economic freedom that are, in effect, a return to the classical Arab model of free trade and open markets would help generate the economic dynamism needed to create the jobs and prosperity that the region requires for a successful future," said Ronald Meinardus, FNF regional director in the Middle East and Northern Africa.

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Algeria, Syria, and Mauritania were again found to have the lowest levels of economic freedom among Arab nations. While the top scorers all rank very closely together, there are significant gaps among the bottom three, with Algeria at 5.5, unchanged since last year; Syria at 5.9, up slightly from 5.7; and Mauritania at 6.0, down from 6.3.

Tunisia, where the Arab Spring originated, is ranked fourth-lowest in the region with a score of 6.5, up slightly from 6.3 last year. The data in this year's report of course do not capture any reforms following the Arab spring; the key question in future years will be whether the changes underway result in greater economic freedom or whether economies in the region continue to stagnate.

The report notes that while the Gulf States earned the highest economic freedom scores overall, their success was not made easier by wealth from oil production and export. Oil abundance presents a great temptation for governments to overspend and crowd out private-sector activity so that economic power remains concentrated in the hands of those who control the oil revenues.

The report measures at least some areas of economic freedom in 22 Arab nations, but due to data limitations, calculations of the overall level of economic freedom are only available for 16 jurisdictions: Algeria, Bahrain, Comoros, Djibouti, Egypt, Jordan, Kuwait, Lebanon, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, and UAE. The rankings are entirely based on third-party data. The full data sets are available at www.freetheworld.com

The report, which has been published since 2005 in partnership with the International Research Foundation of Oman and more recently with the Friedrich Naumann Foundation for Liberty, is one of a number of regional reports based in part or in whole on the Fraser Institute's annual *Economic Freedom of the World Report*, which ranks the economic freedom levels of 141 countries around the world.

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