

NEWS RELEASE

Canadians have less economic freedom today than they did in late-1970s due partly to growth of government

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For immediate release

TORONTO—Most countries curtailed economic freedom in the wake of the COVID-19 pandemic and Canada is no exception, finds the annual *Economic Freedom of the World* report published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

Economic freedom—the degree to which individuals are allowed to make their own economic decisions about what to buy, where to work and whether to start a business—is fundamental to prosperity. Economic freedom measures openness to trade, tax and regulatory burdens, government spending, and the soundness of a country’s money.

“And after decades of research, we now know that when people are more economically free, they enjoy higher standards of living,” said Matthew Mitchell, senior fellow at the Fraser Institute and contributor to the report.

In 2014, Canada ranked 71st in the world for the size of government, its best historic ranking on this measure (where higher rankings indicate lower taxation and less spending).

When the pandemic hit, Canadian governments increased spending and regulations, and the country’s size of government ranking fell to 125th in 2020. While it increased to 93rd place in 2022 (the latest year of available data), this is still Canada’s second-lowest ranking ever (outside the COVID period) on the size of government measure.

In fact, Canadians have less economic freedom today than they did in the late-1970s.

“Canadians should understand that lower levels of economic freedom depress investment, hamper economic growth, and lead to less economic opportunity for workers,” Mitchell said.

More broadly, Canada ranked 8th among 165 countries and territories for overall economic freedom, three spots behind the United States (5th). Hong Kong once again claimed top spot on the overall ranking—although Hong Kong’s score has fallen every year since 2018.

“Interference from China threatens to undermine Hong Kong’s rule of law, which helps ensure equal freedom for Hongkongers,” said Fred McMahon, Fraser Institute resident fellow and Walker Chair in Economic Freedom.

The rankings of other major countries include Japan (11th), the UK (12th), Germany (16th), Taiwan (19th), Korea (32nd), France (36th), Italy (51st), Mexico (65th), India (84th), Brazil (85th), China (104th) and Russia (119th).

The 10 lowest-ranked countries are Yemen (156th), Libya (157th), Iran (158th), Argentina (159th), Myanmar (160th), Algeria (161st), Syria (162nd), Sudan (163rd), Zimbabwe (164th) and Venezuela (165th).

People living in countries with high levels of economic freedom enjoy greater prosperity, more political and civil liberties, and longer lives.

For example, per-person GDP in countries in the top quartile of economic freedom was US\$52,877 in 2022 compared to US\$6,968 for bottom quartile countries.

And poverty rates are lower. In the top quartile, 1 per cent of the population experienced extreme poverty (living on less than US\$2.15 per day) compared to 30 per cent in the lowest quartile.

Finally, life expectancy is 80.5 years in the top quartile of countries compared to 64.9 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,” Mitchell said.

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