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Economic Freedom Falls Short

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Hong Kong tops the list for economic freedom for the 17th year in a row. **Dale de la Rey**

Russia placed 143rd among the 183 countries on the Heritage Foundation's annual economic freedom rating.

Hong Kong ranked first for the 17th year in a row and North Korea got the last spot. The top 10 countries include Singapore, Australia, Canada, the United States and Bahrain.

Russia moved up three spots from last year because of minor improvements in fiscal policy, monetary freedom, corruption and labor practices, but the report said the country's economic freedom is "severely challenged."

Russia's overall score of 50.5 is below the world average of 59.7 and the regional average of 66.8.

Only four former Soviet republics fared worse than Russia: Belarus, Ukraine, Turkmenistan and Uzbekistan.

Increasing state control, cumbersome bureaucracy, an arbitrary judicial system, macroeconomic instability and outdated labor practices stand in the way of economic growth. “The judicial system is unpredictable, corrupt and unable to handle technically sophisticated cases,” the report said.

Copyrights continue to be violated, and enforcing contracts is problematic. Investment, property rights and corruption got the lowest scores: 25 or less out of 100.

The report called corruption “rampant,” and said President Dmitry Medvedev’s anti-corruption council and anti-corruption legislation have not been effective.

Although Medvedev has made attracting foreign investment a priority, policies limit or prohibit foreigners from owning businesses in many sectors. A law passed in 2008 limits foreign ownership in 42 industries, including metals, gas and oil.

Despite low income and corporate taxes that keep Russia on par with the top 10 countries, the report said businesses often pay “informal taxes” that arise from bureaucratic red tape and corruption.

The Heritage Foundation is a Washington-based think tank that promotes conservative economic policies of free enterprise, limited government, strong national defense and traditional American values.

Economic freedom is measured in 10 categories: business, trade, fiscal, monetary, investment, financial, labor, government spending, property rights and freedom from corruption.

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