

# INSTITUTIONAL QUALITY INDEX

# 2017



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**LIBERTAD** / y Progreso

# International Trade and Institutional Competition

Martín Krause

Trade has an impact on a country's institutions because, as with the mobility of people, the mobility of goods and services creates a degree of competition between national jurisdictions and limits the extent to which the power of the state can be abused to the advantage of some and the detriment of others. In political science, the state is defined as the "monopoly of coercion". The reason the state holds this monopoly is so that we can transcend our "natural condition" and coexist peacefully. The term "monopoly" implies that there is a lack of competition and this is indeed the case within the confines of a state's geographical territory. In fact, problems occur whenever this monopoly is called into question, be it from within or without.

Despite this, the growing mobility of the factors of production (labour, capital, technology and ideas) is resulting in increased competition between these monopolies as a consequence of what has come to be referred to as "globalisation". In a sense, therefore, states do "compete" with each other to the extent that they either attract resources from or lose them to other states.

Economic and trade liberalisation makes it easier to "leave", by reducing the likelihood that citizens' choices as consumers will be restricted because of the protection and privileges accorded to certain local economic players who profit from government favour at the expense of the consumer. Instead, consumers can "leave" goods or services that fail to adequately meet their needs and "switch" to others that either do so better or that do so just as well but at a lower cost.

As far as industry is concerned, economic and trade liberalisation makes it possible to optimise production chains and source inputs and services as efficiently as possible. This is exactly what globalisation is – the internationalisation of the chains of production. The products or services that we produce and consume travel around the world – they receive or provide inputs as part of a process that starts in a particular country and brings together components made in different jurisdictions before distributing them globally. This process has become the norm even for formerly local services such as education. We now make use of knowledge from all over the world and access it via texts or technologies printed or created in different parts of the globe. We also provide education to both local and foreign students, with the latter either coming to our country to study or doing so virtually.





The opportunities to “leave” and “switch” that are provided by globalisation restrict governments’ ability to abuse their power. Sticking with the example of education, let us imagine an authoritarian government that imposes certain content (a particular ideology or religion) on its citizens or bans certain content. This censorship would be impossible if the citizens had access to free trade. Consequently, all totalitarian projects are accompanied by restrictions on free trade. By the same token, an interventionist government wishing to prop up a particular industry at the expense of the consumer would be unable to do so if consumers had the option of “leaving” the government-subsidised products and choosing whichever products best suited their needs. It can thus be seen that trade restrictions are an instrument used by governments to redistribute income to the advantage of some and the detriment of others.

Accordingly, the absence of free trade has a negative impact on institutional quality because it violates a basic right that our institutions are su-

posed to protect: the right to own property and to dispose of it as one sees fit. It also turns the state into an instrument for obtaining privileges, encouraging politicians to take advantage of the resulting opportunities and causing producers of goods and services to concentrate on gaining preferential treatment instead of focusing their efforts on consumers. When trade restrictions can determine the extent of a business’s profit or loss, the opportunities for corruption are rife.

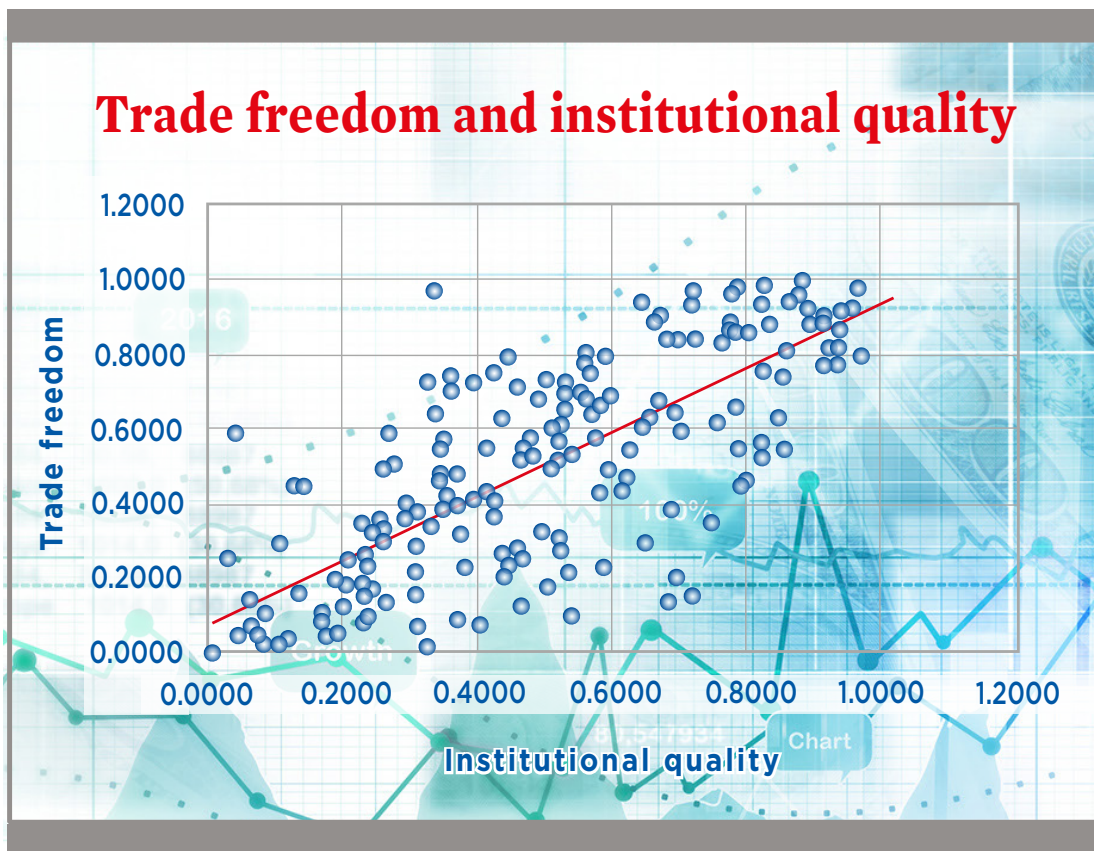
## Trade and institucional quality

Although international trade (i.e. the movement of goods and certain services between countries) is a key driver of “institutional competition”, it is not the only one. The mobility of other factors such as ideas, technology, capital and people (migration) also plays a role.

It is therefore unsurprising that the countries with the best institutional quality are also the most open



to international trade. The graph below plots countries' relative position in the IQI against their specific position in the "trade freedom" category of the Heritage Foundation's Index of Economic Freedom, which considers the tariff and non-tariff barriers affecting international trade. The graph shows that there is a clear tendency for the countries with the worst institutional quality (the leftmost dots) to also score poorly on trade freedom (the dots closest to the bottom of the graph). Meanwhile, the countries with better institutional quality (on the right-hand side) also score higher on trade freedom (the dots nearest the top of the graph).

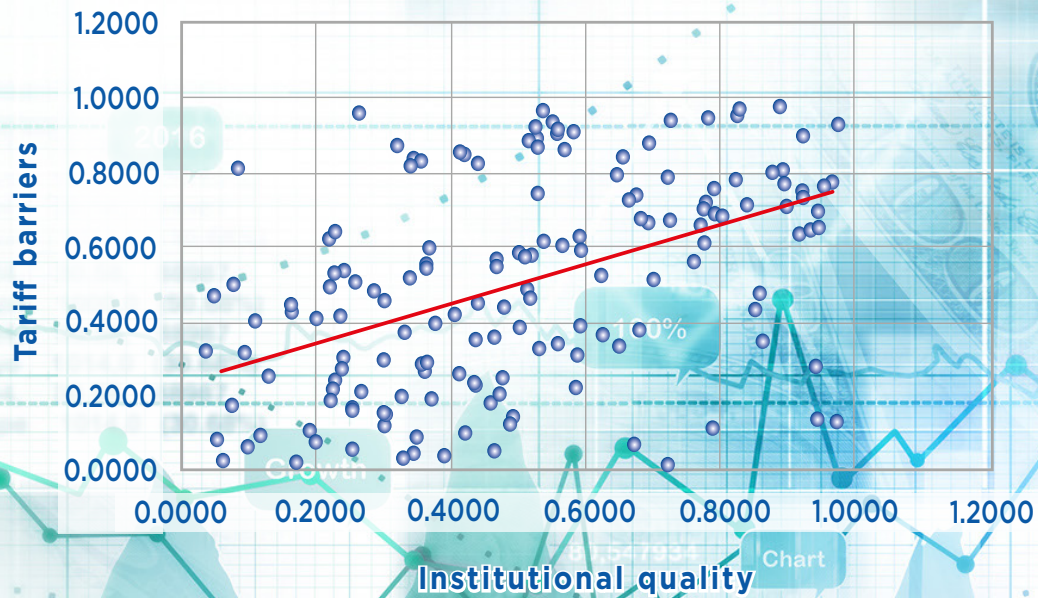


Obviously, the correlation isn't perfect, or all the dots would lie somewhere on the straight line drawn through the graph. In actual fact, there is some dispersion of the dots, indicating cases with a weaker correlation in one direction or other. Nevertheless, the overall trend remains clear.

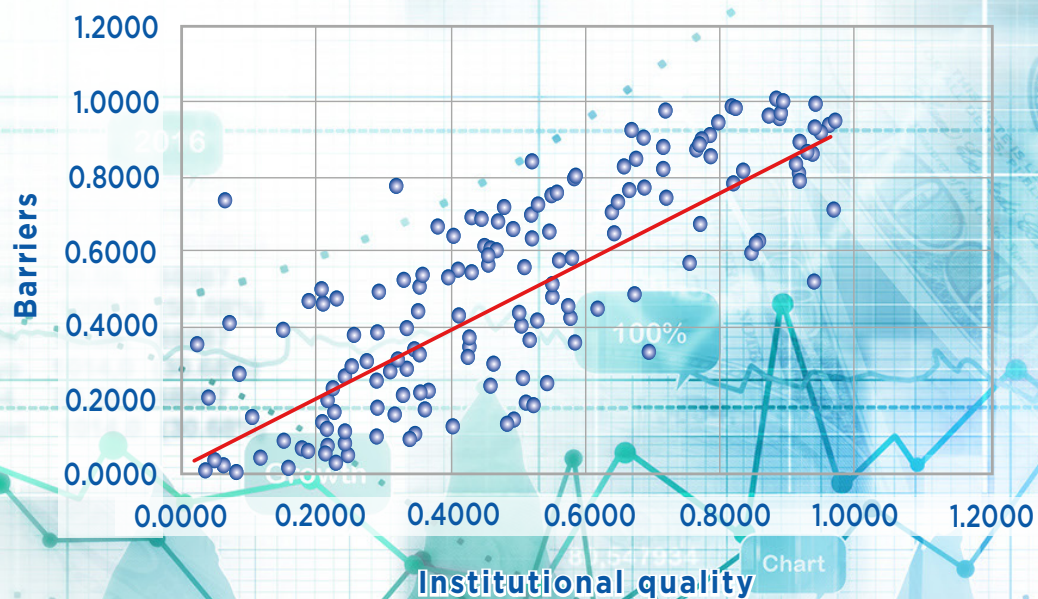
The next two graphs illustrate the relationship between institutional quality and the average level of tariff and non-tariff barriers according to the Economic Freedom of the World index co-published by the Fraser Institute and the Cato Institute.



## Tariff barriers and institutional quality



## Non-tariff barriers



The correlation is once more apparent in both graphs, although it is stronger and there is less dispersion in the second one.

In the UNCTAD Trade and Development Index (which we have chosen not to show in a graph plotted against the IQI because it already contains institutional quality and development variables), the leading countries are Denmark, the United States, the United Kingdom, Sweden, Norway, Japan, Switzerland, Germany, Austria and Canada, all of which are among the top twenty countries in terms of institutional quality. This index only covers 110 countries, which is substantially fewer than the IQI. It is nonetheless interesting to note the countries that occupy the bottom ten places: Mozambique, Togo, Tanzania, Benin, Sudan, Burkina Faso, Ethiopia, Nigeria, Mali and Niger.

## MERCANTILISM: THE KNEE-JERK RESPONSE OF THE POPULISTS

The advance of globalisation over the course of the past few decades has resulted in a number of significant achievements including increases in per capita income and reductions in poverty, mortality, hunger and even violence and war. These changes have had a detrimental impact on certain industries that have become less competitive and have declined as a result. Some populist leaders – and Donald Trump is a prime example, even though populism has traditionally been associated with countries with lower institutional quality, especially in Latin America – have seized on this situa-

tion as a pretext to demagogically promise and impose so-called “protection” of these industries. In actual fact, however, this protectionism can only ever be a limited, short-term fix and will always end in stagnation, ultimately leaving the industries in question as uncompetitive as ever.

For all its popularity among the affected industries, Trump’s protectionist scaremongering comes



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at a time when businesses had already made the necessary changes to restore their productivity and competitiveness.

According to a study carried out by global management consultants the Boston Consulting Group (The Shifting Economics of Global Manufacturing: How Cost Competitiveness is Changing Worldwide, 2014):

“For the better part of three decades, a rough, bifurcated conception of the world has driven corporate manufacturing investment and sourcing decisions. Latin America, Eastern Europe, and most

of Asia have been viewed as low-cost regions. The U.S., Western Europe, and Japan have been viewed as having high costs.

But this worldview now appears to be out of date. Years of steady change in wages, productivity, energy costs, currency values, and other factors are quietly but dramatically redrawing the map of global manufacturing cost competitiveness. The new map increasingly resembles a quilt-work pattern of low-cost economies, high-cost economies, and many that fall in between, spanning all regions.

In some cases, the shifts in relative costs are startling. Who would have thought a decade ago that Brazil would now be one of the highest-cost countries for manufacturing – or that Mexico could be cheaper than China? While London remains one of the priciest places in the world to live and visit, the UK has become the lowest-cost manufacturer in Western Europe. Costs in Russia and much of Eastern Europe have risen to near parity with the U.S.”

The study goes on to report that: “Cost structures in Mexico and the U.S. improved more than in all of the other 25 largest exporting economies.” (p. 5)

These production efficiency gains were driven by the pressures and incentives generated by competition and free trade (and in the case of the US and Mexico, by NAFTA). The mercantilist policies advocated by President Trump will only serve to halt a process that was already underway and delivering results, even if these were evidently not yet apparent to voters.

Populist mercantilism poses a threat both to the benefits that international trade offers consumers and to the institutional quality of the countries that want to close themselves off to competition. In the same way that competitive pressures motivate manufacturers to improve their productivity and efficiency to the advantage of both the people who work for them and the consumer, so trade liberalisation creates stronger competition between institutions that ultimately brings about an improvement in their quality.

The countries with more liberal trade regimes are also the countries with better institutional quality because trade liberalisation limits their governments’ ability to accord preferential treatment to certain groups, reduces the pressure to obtain these or other privileges and forms of “protection”, and empowers consumers rather than various interest groups. On the other hand, an institutional structure that is susceptible to pressure results in a race to obtain privileges in which political favour becomes a lucrative prize to be pursued at the expense of the consumer. Moreover, consumers also lose out as citizens, since the state neglects the general needs of the population, becoming instead an instrument for distributing wealth to the most successful political forces or the strongest pressure groups.



Although improving institutional quality involves a lot of effort on a number of different fronts, the end result is more and better opportunities for progress. This is something that has never been achieved through populist mercantilism – quite the contrary, in fact.

The United States' withdrawal from the Trans-Pacific Partnership, the new administration's threat to pull out of its trade agreement with Mexico (it is not yet clear whether it plans to do the same with Canada) and the UK's decision to leave the European Union would all constitute backward steps unless they were a prelude to unilateral trade liberalisation in both the US and the UK. However, this would appear unlikely, particularly in the case of the United States.

Agreements such as those described above may not deliver the benefits of completely free trade, but they do fulfil an "institutional" goal either by imposing institutional improvements that would be difficult to implement through the local political system (as in the case of Mexico and NAFTA) or by consolidating and locking in reforms that have already been introduced (e.g. the FTAs with Chile). In the first of these scenarios, a Preferential Trade Agreement (PTA) acts as an external means of driving changes that would be difficult to achieve internally in countries with poor institutional quality (often referred to as "importing institutions"), as well as a means of preventing institutional quality from deteriorating in countries where it is currently at a higher level. In the second scenario, the concern is that it may not be possible to maintain

the current consensus in the future – in other words the internal limits may not work properly, resulting in policies that cause a decline in institutional quality. Since the local political system is unable to adequately limit the power of the state, external limits are imposed. Both scenarios involve a country "tying its own hands", or perhaps more accurately buying in limits on political power that the local political system is incapable of providing.

In particular, such agreements (and this is of course even truer of unilateral free trade) can curb local protectionist pressures if they prefer to deal with restrictions rather than lobbying by local producers.

It is no coincidence either that the countries with the highest institutional quality are also the most open to international trade and the ones that have signed the most PTAs. Abandoning such agreements would only be advantageous as a prelude to the introduction of free trade. However, the recent messages coming from these countries suggest that they are in fact heading in the opposite direction.

Latin America is already in a state of alert in the wake of these changes. All of the region's countries have expressed concern about the threats currently being bandied about. And moves are already afoot to address the situation. For instance, at a recent meeting between the presidents of Chile and Argentina to mark the two hundredth anniversary of the Battle of Chacabuco where troops from both countries paved the way for Chilean independence, the chief topic of conversation was the threat of protectionism.



If the United States is going to close its doors, then Chile should start looking to other markets. While Argentina obviously has nowhere near the same levels of consumption as the US, it does have the virtue of being closer to Chile, it wants to open up to trade and it could be argued that it offers even better investment opportunities than the larger market to the north. In view of the anticipated problems in Europe, Asia is also an obvious candidate. This is why President Macri is keen on developing closer links between Mercosur and the Pacific whilst also strengthening ties with Mexico

at the same time. Moreover, this would be a way of indirectly “modernising” Mercosur and encouraging greater trade liberalisation in Brazil, something that has met with as much resistance from its business leaders and trade unions as in Argentina.

While the main responsibility for improving institutional quality and defeating populism still clearly rests with the region’s individual countries, international trade – be it through unilateral liberalisation or international agreements – can make a valuable contribution.



# The rules and roots of development and progress

Carlos Alberto Montaner

Argentina is a country rich in natural resources and human capital. So why has it gradually fallen so far behind the world's leading nations that it has now become a so-called Third World country?

The answer undoubtedly lies in the progressive degradation of its republican institutions and market economy as a result of populism and other “statist” practices, the term we now use to refer to the mercantilist ways that were supposed to have been eradicated by the liberal revolutions of the 19th century. This phenomenon is illustrated in the Institutional Quality Index 2017, the latest edition of an index that has been compiled annually for almost a decade by leading Argentinian think tank Libertad y Progreso and the Red Liberal de América Latina (RELIAL), in cooperation with the Friedrich Naumann Foundation and under the leadership of eminent economist and professor Martín Krause.



Does this index really matter, or is it just another academic exercise? Although it is not a lengthy document, there is no denying the IQI's importance. Those who know how to interpret it will find that it contains everything they need. It analyses countries' relative positions in eight indexes, all of which have earned an excellent reputation for being compiled to the most rigorous standards:

1. the Heritage Foundation's Index of Economic Freedom;
2. the Fraser Institute's Economic Freedom of the World report;
3. the World Economic Forum's Global Competitiveness Report;
4. the World Bank's Doing Business report;
5. the World Bank's Rule of Law indicator;

6. the World Bank's Voice and Accountability indicator;
7. Transparency International's Corruption Perceptions Index and
8. the Freedom House Freedom of the Press report.

These indexes describe the key features of successful nations:


- ◆ They have economic freedom so that entrepreneurs and businesspeople can realise their plans and dreams.
- ◆ They establish mechanisms to foster the competitiveness of their businesses, since this is key to prosperity and indeed to higher wages for working people.
- ◆ They make it easy to start a business instead of bogging the process down with ridiculous regulations. They realise that only three out of every ten new businesses will survive for more than two years, but they also understand that the market economy


is a trial-and-error system where people learn from their mistakes (Honda went bust three times before it finally started making products that met the needs of the Japanese people).


- ◆ The world's most successful nations also know that the rule of law is one of the keys to development. Douglass North won a Nobel Prize for documenting this intuitively obvious relationship.
- ◆ Furthermore, they recognise that the key to healthy power relations in a republic is that everyone from the president to the humblest civil servant must serve the public interest and be accountable for their actions.







 In addition, they understand that everyone pays the price of corruption, since it inevitably has an impact on prices. Worse still, it rots the system to the core and undermines the very premise upon which it is built: the guarantee that everyone is equal before the law.

 A free press is essential to all societies as a source of information and a means of judging the performance of their political leaders. So much so, that Thomas Jefferson went as far as to say that he would prefer newspapers without a government to a government without newspapers.

The Institutional Quality Index provides the missing link by showing how different countries compare to each other in these areas and revealing what happens when a country starts going down the slippery slope and abandoning good practices in these seven categories (economic freedom is addressed by both the Heritage and Fraser indexes).

## TWO FINAL OBSERVATIONS

Firstly, the top 25 countries are largely the same in all the indexes selected by Professor Krause and are even ranked in more or less the same order. To use the police jargon, it's a case of "the usual suspects". Secondly, as well as the US and Canada, this group includes European, Asian and even Latin American countries like Chile that have only recently broken into the top 25.

Accordingly, one of the IQI's most obvious messages is that anyone can become one of the leading nations if they go about it the right way – there is absolutely nothing to stop them. It is reassuring to know that we can do it, if we really want to.





# International trade in the current climate

Surse Pierpoint

*“The absence of free trade ... has a negative impact on institutional quality because it violates a basic right that our institutions are supposed to protect: the right to own property and to dispose of it as one sees fit.”*

– Martin Krause

“The absence of free trade ... has a negative impact on institutional quality because it violates a basic right that our institutions are supposed to protect: the right to own property and to dispose of it as one sees fit.” – Martín Krause

The 2017 index provides us with a number of insights that should serve as a wake-up call regarding the future growth of free trade in our region, something that will be so essential if we wish to continue moving up the rankings. My small country, Panama, climbs 5 places to 56th in this year’s index. But looking around us from our vantage point in the Colón

Free Trade Zone, we can observe how the situation in Venezuela (184th), once our biggest customer, is deteriorating dramatically. Meanwhile, Colombia (82nd) is imposing import restrictions on us in order to protect its domestic industry, to the detriment of ordinary Colombians who are unable simply to choose the best product at the best price, regardless of where it comes from. As the largest economies of the Andean region, these two countries and Ecuador (148th) must liberalise their trade regime, not only for their own sake but also for the sake of the other economies in the region that depend on them. The fact that there will be a second round in the Ecuador





presidential elections gives us some grounds to hope for an improvement in that country's institutional quality. Events in Venezuela, however, continue to give us huge cause for concern regarding the quality of the institutions in this erstwhile centre of trade. 1

The World Bank and IMF projections for 2017 do not paint a very healthy picture. The World Bank report forecasts that Central America will grow by 2.1 percent this year and South America by just 1.2 percent. As for the IMF, it has already downgraded last October's forecast by 0.4 percent and now expects Latin America and the Caribbean to grow by 1.2 percent during 2017 and 2.1 percent in 2018. 2

The news from the United States (13th) is hardly any better if the policies announced by the new US president are anything to go by. It is hard not to feel pessimistic when listening to his remarks about NAFTA and his plans to build a physical trade barrier with Mexico, especially when so many of our region's economies depend on this northern neighbour.

The Trump phenomenon means that there is plenty of cause for concern about the situation in Mexico (93rd). According to Juan Carlos Moreno-Brid of the National Autonomous University of Mexico (UNAM), the policies announced by Trump will "affect exports, remittances, direct foreign investment and capital flow volatility. This will have an adverse

impact on the business climate for all investment in the country". 2

Meanwhile, in Brazil (104th), the region's largest economy, the full ramifications of Operation Car Wash are as yet unclear and we do not know what the probe will turn up in the countries where Odebrecht has or had contracts. At present, we know that investigations are ongoing in eleven countries where the Brazilian construction firm had contracts. It remains to be seen whether the investigations will have a positive impact in future indexes thanks to the uncovering of the vast bribery network or whether the position of the region's countries in the index will suffer as a result of the payments made to so many of its former governments. 3

A recent article by Dr Carlos Sabino summed up the paradigm of our times: "The world is going through a period of change: Brexit, the election of Donald Trump and the growing popular support for the far right in Europe have created an atmosphere of confusion. This is added to by the changes taking place in Latin America: a shift among voters away from the preference for the Left that lasted for more than a decade, accompanied by corruption scandals in which even current and former presidents now find themselves sitting in the dock. It is hard to understand what is going on and make sense of all these diverse events that are happening so rapidly and challenging the certainties that we had previously enjoyed for some time." 4

- <http://www.fundacionbengoa.org/noticias/2017/la-situacion-alimentaria-y-nutricional-en-venezuela-omitida-en-el-ultimo-reporte-de-la-fao.asp>
- <https://www.nytimes.com/es/2017/01/17/america-latina-no-superara-su-bajo-crecimiento-en-2017-segun-el-fmi-y-el-banco-mundial/>
- [http://internacional.elpais.com/internacional/2017/01/30/america/1485811627\\_750210.html](http://internacional.elpais.com/internacional/2017/01/30/america/1485811627_750210.html)
- <https://es.panampost.com/carlos-sabino/2017/02/16/vuelve-el-fascismo-liberales-necesitan-dar-respuesta-al-nuevo-orden-mundial/>

# Institutional Quality Index 2017

The world is in turmoil, but this hasn't yet filtered through to its institutions. Nevertheless, there is tension in the air and they are confronted with a challenging situation. They must prove that they are capable of fulfilling their role and preserving the fundamental elements that have enabled social progress on an unprecedented scale. Populism is on the rise and some populist leaders like Donald Trump are even now in government, while in Europe others are waiting their chance. Interestingly, however, in Latin America their position has grown weaker.

Consequently, the time has come for republican institutions to show that they can curb this trend. After all, populism is the antithesis of democratic institutions – populist leaders believe that just because they happened to win a majority on one given occasion, they have an unlimited mandate to restructure society in any way they see fit.

There is no denying this very real and present danger. Nevertheless, for the time being at least, none of the leading countries in the index have suffered a significant decline in institutional quality. With the exception of Lithuania, which climbed seven places, none of the top 25 countries in the IQI has gone up or down by more than two places.

The four countries that have topped the institutional quality table for the past twenty years continue to do so, the only difference being that this year Swit-

zerland is replaced by New Zealand in first position. Hot on the heels of its victory in the 2015 Rugby World Cup (the country's national sport), New Zealand also became number one in the world for institutional quality in 2016 (the year that IQI 2017 is based on). It continues to dominate the rankings together with Switzerland, Denmark and Finland, with top spot switching between one or other of these countries on a regular basis.

Sweden climbs two places to 5th, while Canada falls two places. A little further down the list, Iceland also goes up two places after its dramatic fall down the table in the wake of the 2008 crisis. As for our own part of the world, Chile drops two places following several years of stability.

In summary, while populism is undoubtedly a threat, the republican institutions of the countries with the highest institutional quality are still holding out against it. It remains to be seen just how serious this threat is or whether, as in Latin America's case, the populist experiments eventually result in a backlash that allows countries to slowly recover some of their lost ground. The current situation in Latin America is certainly rather unexpected, since the region has traditionally always lagged behind the leading group of nations. Now that it is finally turning its back on a decade of populism, we can only hope that in the future it will avoid repeating the error of copying those countries that are themselves now replicating its own past mistakes.

The top countries in IQI 2017 are as follows:

Position	Country	IQI 2017	2016	2015	2014
1	New Zealand	0.9658	2	3	1
2	Switzerland	0.9645	1	1	3
3	Denmark	0.9579	4	4	4
4	Finland	0.9451	3	2	2
5	Sweden	0.9384	6	6	5
6	Netherlands	0.9364	8	9	8
7	Norway	0.9361	7	5	9
8	Canada	0.9336	5	7	7
9	United Kingdom	0.9257	9	10	10
10	Ireland	0.9153	12	12	12
11	Australia	0.9152	10	8	6
12	Germany	0.9141	11	11	13
13	United States	0.9101	13	13	11
14	Luxembourg	0.8918	17	15	15
15	Estonia	0.8880	16	18	18
16	Austria	0.8858	15	17	17
17	Hong Kong SAR , China	0.8818	18	16	16
18	Belgium	0.8703	21	20	19
19	Iceland	0.8568	14	14	14
20	Taiwan , China	0.8521	20	21	21
21	Japan	0.8453	19	19	20
22	Lithuania	0.8338	24	25	26
23	Singapore	0.8234	23	23	23
24	Chile	0.8198	22	22	22
25	Czech Republic	0.8181	25	29	37

<sup>1</sup>Lithuania's climb up the rankings is due to its steady improvement in the Fraser Institute's Economic Freedom of the World index which is actually based on the data for 2014. Lithuania has gone up from 33rd in 2010 to 15th in the most recent year covered by this index. It has also done better in the other indicators, albeit not quite so dramatically.



Although the IQI was first published in 2007, we have since produced retrospective indexes going back to 1996. Including this year's index, this means that we now have 22 years worth of comparative data. Over this period, some of the countries at the top end of the table have gone up, while others have gone down. The countries that have broken into the top 25 since 1996 include Estonia (which has risen from 39th to 15th), Taiwan (33rd to 20th) and Lithuania (62nd to 22nd). The Baltic states are a clear example of institutional reform and progress.

The IQI is made up of two subindexes that aim to reflect the quality of countries' political and market institutions. Although the top-ranking countries generally score highly on both counts, there are a number of interesting differences, with some countries doing significantly better on political institutions and others scoring higher on market institutions. Having said that, there are no cases of countries with a very high position in one subindex and a very low position in the other.

	Country	Political			Country	Market
1	Norway	0.9907		1	Singapore	0.9939
2	Sweden	0.9898		2	Hong Kong SAR , China	0.9816
3	Finland	0.9863		3	New Zealand	0.9723
4	Denmark	0.9853		4	United Kingdom	0.9529
5	Switzerland	0.9774		5	Switzerland	0.9516
6	Netherlands	0.9744		6	United States	0.9495
7	New Zealand	0.9594		7	Denmark	0.9305
8	Luxembourg	0.9577		8	Canada	0.9274
9	Canada	0.9398		9	Australia	0.9222
10	Belgium	0.9343		10	Ireland	0.9136
11	Iceland	0.9318		11	Taiwan, China	0.9089
12	Germany	0.9246		12	Finland	0.9039
13	Ireland	0.9171		13	Germany	0.9036
14	Austria	0.9098		14	Netherlands	0.8984
15	Australia	0.9082		15	United Arab Emirates	0.8936
16	United Kingdom	0.8986		16	Estonia	0.8935
17	Estonia	0.8826		17	Sweden	0.8871
18	United States	0.8708		18	Norway	0.8815
19	Barbados	0.8607		19	Lithuania	0.8732
20	Portugal	0.8504		20	Austria	0.8618
21	Japan	0.8408		21	Japan	0.8497
22	France	0.8389		22	Republic of Korea	0.8453
23	Saint Lucia	0.8326		23	Chile	0.8392
24	Saint Vincent and the Grenadines	0.8265		24	Czech Republic	0.8362
25	Palau	0.8214		25	Georgia	0.8317

There are few surprises here: Hong Kong and Singapore top the table for market institutions but do not rank as highly for political institutions. The IQI has always aimed to evaluate both types of institution, since we believe that both are key to the opportunities available to the individual. As ever, it is worth underlining the fact that the Nordic countries (Norway, Sweden, Finland and Denmark) – which are renowned as countries with strong welfare states – also feature in the top 25 countries for market institutions. As for our own region, various Caribbean states such as Barbados, Saint Lucia and Saint Vincent and the Grenadines are among the countries with the best political institutions, while Chile is the only Latin American representative in this table thanks to its position among the top 25 countries in the market institutions subindex.

Things are of course far less rosy at the bottom end of the table (although the relative nature of the IQI means that there will always be a bottom 25). The lowest-ranking countries are as follows:

167	Islamic Republic of Iran	0.1802	167	Lao People's Democratic Republic	0.1663	167	Guinea	0.1443
168	Guinea	0.1736	168	Myanmar	0.1543	168	Kiribati	0.1420
169	Guinea -Bissau	0.1726	169	Gambia	0.1496	169	Mauritania	0.1412
170	Burundi	0.1399	170	Afghanistan	0.1395	170	Iraq	0.1368
171	Cuba	0.1378	171	Angola	0.1382	171	Sudan	0.1211
172	Myanmar	0.1278	172	Zimbabwe	0.1332	172	Timor -Leste	0.1197
173	Iraq	0.1247	173	Islamic Republic of Iran	0.1277	173	Republic of Yemen	0.1178
174	Republic of the Congo	0.1202	174	Chad	0.1191	174	Myanmar	0.1013
175	Zimbabwe	0.1096	175	Burundi	0.1176	175	Syrian Arab Republic	0.0914
176	Angola	0.1048	176	Tajikistan	0.1159	176	Zimbabwe	0.0859
177	Republic of Yemen	0.0948	177	Iraq	0.1125	177	Angola	0.0714
178	Afghanistan	0.0908	178	Democratic Republic of the Congo	0.1069	178	Democratic Republic of the Congo	0.0702
179	Sudan	0.0897	179	Central African Republic	0.1049	179	Equatorial Guinea	0.0595
180	Democratic Republic of the Congo	0.0886	180	Bolivarian Republic of Venezuela	0.0942	180	Chad	0.0536
181	Chad	0.0863	181	South Sudan	0.0892	181	Republic of the Congo	0.0440
182	Central African Republic	0.0733	182	Libya	0.0822	182	Afghanistan	0.0421
183	Syrian Arab Republic	0.0644	183	Republic of Yemen	0.0719	183	Central African Republic	0.0416

184	Bolivarian Republic of Venezuela	0.0608	184	Uzbekistan	0.0705	184	Turkmenistan	0.0281
185	South Sudan	0.0578	185	Sudan	0.0583	185	Bolivarian Republic of Venezuela	0.0274
186	Equatorial Guinea	0.0484	186	Turkmenistan	0.0507	186	South Sudan	0.0263
187	Libya	0.0482	187	Somalia	0.0422	187	Eritrea	0.0221
188	Turkmenistan	0.0394	188	Eritrea	0.0389	188	Libya	0.0142
189	Eritrea	0.0305	189	Syrian Arab Republic	0.0374	189	Cuba	0.0112
190	Somalia	0.0237	190	Equatorial Guinea	0.0372	190	North Korea	0.0056
191	North Korea	0.0110	191	North Korea	0.0163	191	Somalia	0.0053

North Korea has the dubious distinction of having come last every year since the IQI's inception. The calamitous situation there remains unchanged, despite the fact that elsewhere in Asia there have been numerous instances of significant institutional improvement. Although there are other Asian countries in the bottom 25, the majority are from Africa. The Americas are represented by Venezuela and Cuba, two political allies that are also partners in oppression and poverty.

An analysis of the institutional situation by continent is not without problems, since geographical boundaries like this tell us little about the political, economic and cultural landscape. However, such arbitrary divisions are inherent in all classifications. According to this conventional breakdown by geo-

graphical region, Europe is the leading continent for institutional quality, with an average IQI score of 0.7270. Oceania comes second with 0.5499, closely followed by the Americas with 0.5142 and then Asia with 0.4296. Africa is the continent with the weakest institutions, trailing behind in last place with an average score of just 0.2845.

In the Americas, the average score for the United States and Canada (0.9219) is far higher than for the rest of the region (0.4895). The average for Latin America is 0.4426. A similar trend is evident in Oceania – if the scores for New Zealand and Australia are taken separately from the rest of the continent, their average of 0.9405 is the highest in the world.

## THE AMERICAS

We have always presented the results for the Americas as a whole, since the countries in question originally shared a common history even if they have since followed different paths. We will of course also take a separate look at the results for Latin America. The positions for the region as a whole are as follows:

	2017	1996/2017	2007/2017	Change vs. 2016
Canada	8	-1	3	-3
United States	13	-4	0	0
Chile	24	-2	-2	-2
Costa Rica	35	-10	19	-3
Saint Lucia	36		-11	-5
Bahamas	39	-22	-16	-1
Uruguay	41	0	9	-2
Dominica	45		-1	0
Barbados	47	-19	-15	-4
Jamaica	55	-19	3	1
Panama	56	-22	12	5
Peru	67	16	13	-5
Antigua and Barbuda	73		-22	6
Saint Kitts and Nevis	75		-28	-9
Colombia	82	15	18	-5
Trinidad and Tobago	83	-51	-20	-16
El Salvador	89	-32	-24	-9
Grenada	92		-33	2
Mexico	93	-11	-18	-7
Dominican Republic	97	-25	17	1
Belize	100	-58	-44	-7
Suriname	102	-8	-5	5
Brazil	104	-3	-14	-5
Guatemala	108	-33	1	-2
Guyana	117	-37	-6	10
Paraguay	120	-57	8	-1
Nicaragua	124	-39	-29	-10
Honduras	127	-51	-14	-5
Argentina	138	-94	-45	4
Bolivia	145	-105	-27	-6
Ecuador	148	-78	-15	-8
Haiti	161	-42	4	4
Cuba	171	-29	-7	0
Bolivarian Republic of Venezuela	184	-75	-23	0



It would appear that the region is losing some ground against the rest of the world – in the column showing the change compared to 2016, a clear majority of the changes are negative. There are of course two possible explanations for this negative trend – while institutional quality may have deteriorated in the countries in question, it may also have improved in some countries in other regions, causing them to climb above the countries from the Americas in the final table. Either way, the net result is that our region is losing out in the institutional competition fuelled by globalisation.

Despite this, there have been some positive changes, notably in Guyana (+10), Antigua & Barbuda (+6), Panama and Suriname (+5), and Argentina (+4). Special mention goes to Panama, which has now improved its position for three years in a row, and Argentina, which recorded an improvement for only the second time since 2002 (the other instance being a very minor improvement in 2011).

Argentina’s improvement is probably the most interesting, since everything appears to suggest that it is starting to reverse the trend of the past

fourteen years and that rather than being a one-off, its rise in the table could mark the beginning of a sustained upward trend over the coming years. Indeed, the time lag in the publication of the key data used in the IQI means that this year’s improvement doesn’t even capture the changes that occurred in Argentina during 2016. Their impact should start to become more apparent in next year’s index. In addition, given Argentina’s relative size and political influence, events there could signal a wider shift in the balance between the two models that have been battling it out over the past few years, with the countries that wish to consolidate their institutions and (to a greater or lesser extent) the liberalisation of their economies on one side and those that are more inclined towards the “socialism of the 21st century” on the other.

Drilling down a little deeper, it can be seen that Argentina’s performance has improved in almost all of the indicators, albeit only modestly. The only exceptions are the economic freedom indicators, where it takes longer to compile the data. Indeed, the fall in the Fraser Institute indicator can be attributed to the fact that the data refers to 2014.

Argentina	2016	2017	Change
Rule of Law	171	163	+8
Voice and Accountability	85	84	+1
Freedom of the Press	107	104	+3
Corruption	107	95	+12
Global Competitiveness	106	103	+3
Economic Freedom - Heritage	169	168	0
Economic Freedom - Fraser	149	156	-7
Doing Business	121	116	+5

The biggest improvement was in the Corruption Perceptions index. This reflects both the progress made in 2016 and the fact that this is the most recently published of all the indexes. The next biggest gains were in the Rule of Law and Doing Business indexes.

As far as the countries that have slipped down the table are concerned, although some have suffered a decline compared to last year, it is more interesting to look at the trends since 1996 or 2007. Since 1996, all of the countries with “Bolivarian tendencies” have lost ground, with

Bolivia dropping 105 places, Argentina 94, Ecuador 78 and Venezuela 75. The news coming out of Venezuela every day bears witness to the dramatic impact of these changes. However, it could be argued that the cases of Haiti (-42 places) and Cuba (-29) are even worse, since the only reason they haven’t suffered larger declines in recent years is because they are already at the bottom of the table.

The following table shows the scores for the countries of the Americas in each of the IQI’s component indicators:

	Rule of Law	Voice & Acc.	Freedom of the Press	Corruption	Global Comp.	Heritage Econ. Freedom	Fraser Econ. Freedom	Doing Business
<b>Country</b>								
Antigua and Barbuda	0.6316	0.7059	0.6634					0.4105
Argentina	0.2249	0.5931	0.4851	0.4400	0.2464	0.0562	0.0252	0.3947
Bahamas	0.7129	0.8186	0.8465	0.8629		0.8315	0.6855	0.3684
Barbados	0.8230	0.9167	0.8861	0.8171	0.4855	0.7528	0.3522	0.3895
Belize	0.2632	0.6716	0.8465			0.3427	0.2327	0.4158
Bolivia	0.1148	0.4706	0.4950	0.3543	0.1304	0.1067	0.2327	0.2211
Brazil	0.5024	0.6029	0.5446	0.5429	0.4203	0.3202	0.2264	0.3579
Canada	0.9522	0.9608	0.8861	0.9600	0.8986	0.9719	0.9497	0.8895
Chile	0.8708	0.7647	0.7030	0.8629	0.7609	0.9663	0.9245	0.7053
Colombia	0.4498	0.4608	0.4010	0.4743	0.5580	0.8202	0.2767	0.7263
Costa Rica	0.6938	0.8431	0.9059	0.7657	0.6159	0.7247	0.8239	0.6789
Cuba	0.3014	0.0637	0.0297	0.6629		0.0112		
Dominica	0.7368	0.8284	0.7772	0.7829		0.7079		0.4737
Dominican Republic	0.3828	0.5147	0.5842	0.3143	0.3406	0.5112	0.6541	0.4632
Ecuador	0.1435	0.3873	0.2624	0.3143	0.3478	0.1124	0.1132	0.4053
El Salvador	0.3206	0.5098	0.6238	0.4400	0.2464	0.6517	0.7296	0.5053
Grenada	0.4928	0.7402	0.8069	0.7486				0.2789
Guatemala	0.1579	0.3431	0.3614	0.2057	0.4420	0.5449	0.7925	0.5421
Guyana	0.3636	0.5588	0.6535	0.3714		0.2921	0.1509	0.3526
Haiti	0.1005	0.2549	0.4554	0.0800		0.1629	0.4843	0.0526
Honduras	0.1722	0.3235	0.2426	0.2686	0.3623	0.3708	0.6038	0.4526
Jamaica	0.4833	0.6667	0.8861	0.5200	0.4638	0.7360	0.5849	0.6526
Mexico	0.3780	0.4363	0.2921	0.2686	0.6159	0.6573	0.4465	0.7579
Nicaragua	0.2823	0.3529	0.4208	0.1543	0.2464	0.3933	0.7044	0.3368
Panama	0.5359	0.6520	0.5446	0.5029	0.6957	0.6348	0.7736	0.6368
Paraguay	0.2871	0.4412	0.3614	0.2686	0.1594	0.5393	0.4465	0.4474
Peru	0.3493	0.5441	0.5446	0.4000	0.5145	0.7303	0.6730	0.7211
Saint Kitts and Nevis	0.6651	0.7696	0.8713					0.3000
Saint Lucia	0.7273	0.8676	0.9356	0.8000		0.7921		0.5526
Saint Vincent and the Grenadines	0.7225	0.8775	0.9059	0.8000		0.7809		0.3474

Suriname	0.4785	0.6324	0.7277	0.6229		0.2528	0.3899	0.1737
Trinidad and Tobago	0.5263	0.6422	0.7574	0.4000	0.3261	0.5955	0.4025	0.5000
United States	0.9043	0.8137	0.8564	0.9086	0.9855	0.9438	0.9057	0.9632
Uruguay	0.7464	0.8333	0.7921	0.8914	0.4783	0.7753	0.5409	0.5316
Bolivarian Republic of Venezuela	0.0096	0.1814	0.1287	0.0571	0.0652	0.0169	0.0063	0.0211
Average	0.4716	0.6013	0.6139	0.5270	0.4524	0.5346	0.5047	0.4714
Average LA	0.3697	0.4985	0.4750	0.4418	0.4094	0.4826	0.4958	0.5053

Canada is the region's leading country in five of the indicators that make up the IQI (Rule of Law, Voice and Accountability, Corruption Perceptions and the two Economic Freedom indicators). The United States comes top in two (Competitiveness and Doing Business), while Costa Rica and Saint Vincent and the Grenadines share first place for Freedom of the Press. The fact that Canada tops the table for the rule of law, the functioning of democracy and economic liberalisation is a notable achievement. As far as the other end of the table is concerned, Venezuela comes last in five of the indicators (Rule of Law, Corruption, Global Competitiveness, Fraser Economic Freedom and Doing Business) and Cuba comes last in the other three (Voice and Accountability, Freedom of the Press and Heritage Economic Freedom). However, it is important to remember that Cuba does not feature in all of the indicators used in the IQI. Among the Latin American countries, Chile comes first in four of the indicators (Rule of

Law, Global Competitiveness and the two Economic Freedom indicators), Costa Rica comes first in two (Voice and Accountability and Freedom of the Press), while Uruguay (Corruption Perceptions) and Mexico (Doing Business) come first in one each. The business environment in Latin America clearly leaves a lot to be desired, since the region's highest-ranked countries in the overall tables for Global Competitiveness and Doing Business occupy lower positions compared to the rest of the world than for the other indicators.

The lowest average score for the Americas as a whole is in Global Competitiveness, followed by Doing Business and Rule of Law, while the highest is in Freedom of the Press. As far as Latin America alone is concerned, the highest average score is in Voice and Accountability and the lowest in Rule of Law.

The following table shows how the region's countries rank in terms of political and market institutions:

	COUNTRY	POLITICAL		COUNTRY	MARKET
9	Canada	0.9398	6	United States	0.9495
18	United States	0.8708	8	Canada	0.9274
19	Barbados	0.8607	23	Chile	0.8392
23	Saint Lucia	0.8326	42	Costa Rica	0.7109
24	Saint Vincent and the Grenadines	0.8265	48	Panama	0.6852
26	Uruguay	0.8158	49	Saint Lucia	0.6724
28	Bahamas	0.8102	50	Peru	0.6597
29	Costa Rica	0.8021	59	Bahamas	0.6285
30	Chile	0.8003	62	Mexico	0.6194

<sup>2</sup> To be included in the IQI, a country must feature in at least four of the indicators, with at least one appearance in each subindex (political and market institutions).

38	Dominica	0.7813	64	Jamaica	0.6093
40	Saint Kitts and Nevis	0.7687	66	Colombia	0.5953
50	Grenada	0.6971	67	Dominica	0.5908
56	Antigua and Barbuda	0.6669	71	Uruguay	0.5815
61	Jamaica	0.6390	72	Guatemala	0.5804
66	Suriname	0.6154	74	Saint Vincent and the Grenadines	0.5641
69	Belize	0.5938	83	El Salvador	0.5332
71	Trinidad and Tobago	0.5815	88	Barbados	0.4950
76	Panama	0.5588	89	Dominican Republic	0.4923
78	Brazil	0.5482	96	Trinidad and Tobago	0.4560
88	Guyana	0.4868	98	Honduras	0.4474
94	El Salvador	0.4735	106	Nicaragua	0.4202
98	Peru	0.4595	108	Antigua and Barbuda	0.4105
100	Dominican Republic	0.4490	112	Paraguay	0.3982
102	Colombia	0.4465	117	Brazil	0.3312
104	Argentina	0.4358	118	Belize	0.3304
121	Bolivia	0.3587	125	Saint Kitts and Nevis	0.3000
126	Mexico	0.3437	132	Grenada	0.2789
127	Paraguay	0.3396	134	Suriname	0.2721
135	Nicaragua	0.3026	137	Guyana	0.2652
143	Ecuador	0.2769	141	Ecuador	0.2447
148	Guatemala	0.2670	145	Haiti	0.2333
149	Cuba	0.2644	159	Argentina	0.1806
151	Honduras	0.2517	160	Bolivia	0.1727
157	Haiti	0.2227	185	Bolivarian Republic of Venezuela	0.0274
180	Bolivarian Republic of Venezuela	0.0942	189	Cuba	0.0112

Canada and the United States come top of one subindex each. While the Caribbean islands do better in the political subindex than in the market one, the reverse is true for other countries such as Chile, Guatemala and Mexico. Detailed analysis of the individual scores in the two subindexes and the individual indicators shown above will reveal which areas are most urgently in need of attention and reform in each country. Although this level of analysis is not attempted in this report, it may be carried out using the data provided.



## CONCLUSION

The current institutional landscape in Latin America is to some extent bucking the trend of the countries with the highest institutional quality. With its populist regimes now on the wane, the quality of Latin America's institutions appears to be improving. Meanwhile, just as it begins to recede in Latin America, a rising tide of populism is now threatening the institutional framework of the leading countries.

Interestingly, Chile, which is the country with the highest institutional quality in Latin America, is

showing signs of a similar trend to the other nations in the upper reaches of the table. The populists are gaining ground and, after years of stability, its position in the index has started to fall, albeit only slightly for now. Hopefully this is not indicative of a general convergence in which the lower-ranking countries move up the table and the higher-ranking ones move down, with everybody ending up somewhere in the middle. It is in everyone's interests for the improvements to occur across the board.

## APPENDIX

	COUNTRY	IQI		COUNTRY	POLITICAL		COUNTRY	MARKET
1	New Zealand	0.9658	1	Norway	0.9907	1	Singapore	0.9939
2	Switzerland	0.9645	2	Sweden	0.9898	2	Hong Kong SAR, China	0.9816
3	Denmark	0.9579	3	Finland	0.9863	3	New Zealand	0.9723
4	Finland	0.9451	4	Denmark	0.9853	4	United Kingdom	0.9529
5	Sweden	0.9384	5	Switzerland	0.9774	5	Switzerland	0.9516
6	Netherlands	0.9364	6	Netherlands	0.9744	6	United States	0.9495
7	Norway	0.9361	7	New Zealand	0.9594	7	Denmark	0.9305
8	Canada	0.9336	8	Luxembourg	0.9577	8	Canada	0.9274
9	United Kingdom	0.9257	9	Canada	0.9398	9	Australia	0.9222
10	Ireland	0.9153	10	Belgium	0.9343	10	Ireland	0.9136
11	Australia	0.9152	11	Iceland	0.9318	11	Taiwan, China	0.9089
12	Germany	0.9141	12	Germany	0.9246	12	Finland	0.9039
13	United States	0.9101	13	Ireland	0.9171	13	Germany	0.9036
14	Luxembourg	0.8918	14	Austria	0.9098	14	Netherlands	0.8984
15	Estonia	0.8880	15	Australia	0.9082	15	United Arab Emirates	0.8936
16	Austria	0.8858	16	United Kingdom	0.8986	16	Estonia	0.8935
17	Hong Kong SAR, China	0.8818	17	Estonia	0.8826	17	Sweden	0.8871
18	Belgium	0.8703	18	United States	0.8708	18	Norway	0.8815
19	Iceland	0.8568	19	Barbados	0.8607	19	Lithuania	0.8732
20	Taiwan, China	0.8521	20	Portugal	0.8504	20	Austria	0.8618
21	Japan	0.8453	21	Japan	0.8408	21	Japan	0.8497
22	Lithuania	0.8338	22	France	0.8389	22	Republic of Korea	0.8453
23	Singapore	0.8234	23	Saint Lucia	0.8326	23	Chile	0.8392
24	Chile	0.8198	24	Saint Vincent and the Grenadines	0.8265	24	Czech Republic	0.8362
25	Czech Republic	0.8181	25	Palau	0.8214	25	Georgia	0.8317
26	Portugal	0.7977	26	Uruguay	0.8158	26	Luxembourg	0.8260
27	Poland	0.7872	27	Malta	0.8133	27	Mauritius	0.8249
28	France	0.7861	28	Bahamas	0.8102	28	Belgium	0.8064
29	Republic of Korea	0.7842	29	Costa Rica	0.8021	29	Latvia	0.8059

30	Mauritius	0.7779	30	Chile	0.8003	30	Qatar	0.7977
31	Latvia	0.7746	31	Czech Republic	0.8000	31	Malaysia	0.7908
32	Israel	0.7719	32	Slovenia	0.7970	32	Poland	0.7901
33	Malta	0.7706	33	Taiwan, China	0.7953	33	Iceland	0.7817
34	Spain	0.7661	34	Lithuania	0.7945	34	Bahrain	0.7701
35	Costa Rica	0.7565	35	Cyprus	0.7889	35	Israel	0.7696
36	Saint Lucia	0.7525	36	Poland	0.7843	36	Spain	0.7654
37	Georgia	0.7232	37	Hong Kong SAR, China	0.7821	37	Portugal	0.7450
38	Slovakia	0.7220	38	Dominica	0.7813	38	France	0.7334
39	Bahamas	0.7194	39	Israel	0.7743	39	Malta	0.7279
40	Cyprus	0.7192	40	Saint Kitts and Nevis	0.7687	40	Romania	0.7262
41	Uruguay	0.6987	41	Spain	0.7668	41	Kazakhstan	0.7212
42	Saint Vincent and the Grenadines	0.6953	42	Marshall Islands	0.7588	42	Costa Rica	0.7109
43	United Arab Emirates	0.6923	43	Cape Verde	0.7496	43	Bulgaria	0.7092
44	Slovenia	0.6908	44	Latvia	0.7433	44	Armenia	0.7088
45	Dominica	0.6861	45	Slovakia	0.7408	45	Slovakia	0.7031
46	Romania	0.6803	46	Mauritius	0.7309	46	Jordan	0.7017
47	Barbados	0.6779	47	Republic of Korea	0.7231	47	Macedonia (FYROM)	0.7000
48	Hungary	0.6731	48	Samoa	0.7217	48	Panama	0.6852
49	Botswana	0.6698	49	Federated States of Micronesia	0.7197	49	Saint Lucia	0.6724
50	Italy	0.6621	50	Grenada	0.6971	50	Peru	0.6597
51	Qatar	0.6533	51	Vanuatu	0.6955	51	Botswana	0.6587
52	Samoa	0.6496	52	Hungary	0.6935	52	Rwanda	0.6547
53	Malaysia	0.6478	53	Italy	0.6929	53	Hungary	0.6527
54	Bulgaria	0.6450	54	Botswana	0.6810	54	Cyprus	0.6495
55	Jamaica	0.6242	55	Namibia	0.6689	55	Borneo	0.6356
56	Panama	0.6220	56	Antigua and Barbuda	0.6669	56	Italy	0.6313
57	Vanuatu	0.6150	57	Kiribati	0.6647	57	Albania	0.6310
58	Montenegro	0.5929	58	Singapore	0.6530	58	Oman	0.6308
59	South Africa	0.5923	59	Ghana	0.6408	59	Bahamas	0.6285
60	Croatia	0.5910	60	South Africa	0.6402	60	Seychelles	0.6248
61	Jordan	0.5872	61	Jamaica	0.6390	61	Thailand	0.6232
62	Cape Verde	0.5849	62	Croatia	0.6386	62	Mexico	0.6194
63	Seychelles	0.5819	63	Romania	0.6345	63	Kosovo	0.6116
64	Tonga	0.5744	64	Tonga	0.6339	64	Jamaica	0.6093
65	Bahrain	0.5690	65	Greece	0.6198	65	Montenegro	0.6032
66	Macedonia (FYROM)	0.5656	66	Suriname	0.6154	66	Colombia	0.5953

67	Peru	0.5596	67	Georgia	0.6147	67	Dominica	0.5908
68	Namibia	0.5589	68	Bhutan	0.5969	68	Saudi Arabia	0.5867
69	Albania	0.5587	69	Belize	0.5938	69	Kuwait	0.5859
70	Palau	0.5554	70	Montenegro	0.5825	70	Slovenia	0.5847
71	Borneo	0.5520	71	Trinidad and Tobago	0.5815	71	Uruguay	0.5815
72	Serbia	0.5392	72	Bulgaria	0.5809	72	Guatemala	0.5804
73	Antigua and Barbuda	0.5387	73	India	0.5761	73	Samoa	0.5774
74	Bhutan	0.5376	74	Solomon Islands	0.5673	74	Saint Vincent and the Grenadines	0.5641
75	Saint Kitts and Nevis	0.5343	75	Serbia	0.5655	75	Turkey	0.5614
76	Rwanda	0.5321	76	Panama	0.5588	76	Azerbaijan	0.5575
77	Greece	0.5304	77	Senegal	0.5532	77	Kenya	0.5529
78	Oman	0.5298	78	Brazil	0.5482	78	Indonesia	0.5488
79	Armenia	0.5289	79	São Tomé and Príncipe	0.5444	79	Philippines	0.5485
80	Mongolia	0.5264	80	Seychelles	0.5390	80	South Africa	0.5443
81	Kosovo	0.5214	81	Tunisia	0.5337	81	Croatia	0.5434
82	Colombia	0.5209	82	Mongolia	0.5316	82	Vanuatu	0.5344
83	Trinidad and Tobago	0.5188	83	Qatar	0.5089	83	El Salvador	0.5332
84	Kuwait	0.5173	84	Lesotho	0.5080	84	Mongolia	0.5212
85	Philippines	0.5148	85	Malaysia	0.5048	85	Tonga	0.5149
86	Indonesia	0.5114	86	Benin	0.4956	86	Serbia	0.5130
87	Marshall Islands	0.5057	87	United Arab Emirates	0.4909	87	Russian Federation	0.4987
88	Ghana	0.5042	88	Guyana	0.4868	88	Barbados	0.4950
89	El Salvador	0.5034	89	Albania	0.4864	89	Dominican Republic	0.4923
90	India	0.4940	90	Burkina Faso	0.4847	90	Morocco	0.4833
91	Turkey	0.4903	91	Philippines	0.4812	91	Bhutan	0.4784
92	Grenada	0.4880	92	Bosnia and Herzegovina	0.4776	92	China	0.4713
93	Mexico	0.4816	93	Indonesia	0.4739	93	Belarus	0.4671
94	Thailand	0.4790	94	El Salvador	0.4735	94	Kyrgyz Republic	0.4614
95	Kazakhstan	0.4752	95	Jordan	0.4726	95	Fiji	0.4612
96	Saudi Arabia	0.4709	96	Fiji	0.4724	96	Trinidad and Tobago	0.4560
97	Dominican Republic	0.4706	97	Borneo	0.4683	97	Namibia	0.4489
98	Fiji	0.4668	98	Peru	0.4595	98	Honduras	0.4474
99	Tunisia	0.4667	99	Malawi	0.4522	99	Republic of Moldova	0.4471
100	Belize	0.4621	100	Dominican Republic	0.4490	100	Greece	0.4410
101	Federated States of Micronesia	0.4574	101	Kuwait	0.4487	101	Swaziland	0.4337

102	Suriname	0.4437	102	Colombia	0.4465	102	Sri Lanka	0.4258
103	Bosnia and Herzegovina	0.4435	103	Zambia	0.4398	103	Uganda	0.4219
104	Brazil	0.4397	104	Argentina	0.4358	104	Vietnam	0.4216
105	Kenya	0.4397	105	Kosovo	0.4312	105	Cape Verde	0.4202
106	Morocco	0.4381	106	Macedonia (FYROM)	0.4312	106	Nicaragua	0.4202
107	Sri Lanka	0.4245	107	Oman	0.4289	107	India	0.4119
108	Guatemala	0.4237	108	Sri Lanka	0.4232	108	Antigua and Barbuda	0.4105
109	Solomon Islands	0.4234	109	Timor-Leste	0.4209	109	Bosnia and Herzegovina	0.4093
110	Republic of Moldova	0.4175	110	Turkey	0.4192	110	Cambodia	0.4083
111	Zambia	0.4158	111	Rwanda	0.4095	111	Tunisia	0.3996
112	Senegal	0.4100	112	Mali	0.4076	112	Paraguay	0.3982
113	Kiribati	0.4033	113	Papua New Guinea	0.3988	113	Lebanon	0.3968
114	Lesotho	0.3948	114	Morocco	0.3928	114	Zambia	0.3919
115	São Tomé and Príncipe	0.3932	115	Republic of Moldova	0.3879	115	Ghana	0.3677
116	Burkina Faso	0.3814	116	Tanzania	0.3878	116	Tajikistan	0.3568
117	Guyana	0.3760	117	Niger	0.3859	117	Brazil	0.3312
118	China	0.3727	118	Bahrain	0.3680	118	Belize	0.3304
119	Uganda	0.3695	119	Ivory Coast	0.3679	119	Papua New Guinea	0.3251
120	Paraguay	0.3689	120	Maldives	0.3648	120	Tanzania	0.3216
121	Azerbaijan	0.3684	121	Bolivia	0.3587	121	Uzbekistan	0.3102
122	Benin	0.3666	122	Liberia	0.3560	122	Gambia	0.3088
123	Papua New Guinea	0.3620	123	Saudi Arabia	0.3551	123	Ukraine	0.3053
124	Nicaragua	0.3614	124	Armenia	0.3490	124	Nepal	0.3027
125	Tanzania	0.3547	125	Ukraine	0.3464	125	Saint Kitts and Nevis	0.3000
126	Russian Federation	0.3497	126	Mexico	0.3437	126	Ivory Coast	0.2982
127	Honduras	0.3496	127	Paraguay	0.3396	127	Lao People's Democratic Republic	0.2906
128	Belarus	0.3472	128	Thailand	0.3348	128	Palau	0.2895
129	Kyrgyz Republic	0.3457	129	Mozambique	0.3291	129	Lesotho	0.2817
130	Lebanon	0.3446	130	Kenya	0.3264	130	Solomon Islands	0.2795
131	Vietnam	0.3371	131	Nepal	0.3179	131	Maldives	0.2794
132	Swaziland	0.3352	132	Uganda	0.3171	132	Grenada	0.2789
133	Ivory Coast	0.3330	133	Sierra Leone	0.3146	133	Burkina Faso	0.2781
134	Ukraine	0.3258	134	Comoros	0.3038	134	Suriname	0.2721
135	Maldives	0.3221	135	Nicaragua	0.3026	135	West Bank and Gaza	0.2684



136	Nepal	0.3103	136	Gabon	0.3007	136	Senegal	0.2668
137	Mali	0.3082	137	Togo	0.2967	137	Guyana	0.2652
138	Argentina	0.3082	138	Lebanon	0.2923	138	Madagascar	0.2593
139	Malawi	0.3069	139	Madagascar	0.2889	139	Egypt	0.2539
140	Niger	0.3061	140	Algeria	0.2872	140	Marshall Islands	0.2526
141	Liberia	0.2956	141	Nigeria	0.2846	141	Ecuador	0.2447
142	Cambodia	0.2922	142	Pakistan	0.2843	142	São Tomé and Príncipe	0.2420
143	Madagascar	0.2741	143	Ecuador	0.2769	143	Benin	0.2376
144	Timor-Leste	0.2703	144	Mauritania	0.2761	144	Liberia	0.2352
145	Bolivia	0.2657	145	China	0.2741	145	Haiti	0.2333
146	Gabon	0.2615	146	Egypt	0.2687	146	Islamic Republic of Iran	0.2327
147	Egypt	0.2613	147	Bangladesh	0.2681	147	Niger	0.2264
148	Ecuador	0.2608	148	Guatemala	0.2670	148	Gabon	0.2223
149	Comoros	0.2553	149	Cuba	0.2644	149	Nigeria	0.2115
150	Mozambique	0.2493	150	Vietnam	0.2526	150	Mali	0.2088
151	Nigeria	0.2480	151	Honduras	0.2517	151	Pakistan	0.2080
152	Pakistan	0.2461	152	Ethiopia	0.2513	152	Djibouti	0.2071
153	West Bank and Gaza	0.2441	153	Swaziland	0.2368	153	Comoros	0.2067
154	Togo	0.2440	154	Kyrgyz Republic	0.2300	154	Bangladesh	0.1980
155	Algeria	0.2365	155	Kazakhstan	0.2292	155	Federated States of Micronesia	0.1952
156	Tajikistan	0.2364	156	Belarus	0.2274	156	Cameroon	0.1930
157	Sierra Leone	0.2352	157	Haiti	0.2227	157	Togo	0.1913
158	Bangladesh	0.2330	158	West Bank and Gaza	0.2198	158	Algeria	0.1859
159	Gambia	0.2292	159	Cameroon	0.2049	159	Argentina	0.1806
160	Lao People's Democratic Republic	0.2284	160	Guinea	0.2029	160	Bolivia	0.1727
161	Haiti	0.2280	161	Russian Federation	0.2008	161	Mozambique	0.1695
162	Mauritania	0.2087	162	Republic of the Congo	0.1965	162	Guinea-Bissau	0.1641
163	Ethiopia	0.2074	163	Djibouti	0.1816	163	Ethiopia	0.1636
164	Cameroon	0.1990	164	Guinea-Bissau	0.1811	164	Burundi	0.1622
165	Djibouti	0.1944	165	Azerbaijan	0.1793	165	Malawi	0.1616
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169	Guinea-Bissau	0.1726		169	Gambia	0.1496	169	Mauritania	0.1412
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176	Angola	0.1048		176	Tajikistan	0.1159	176	Zimbabwe	0.0859
177	Republic of Yemen	0.0948		177	Iraq	0.1125	177	Angola	0.0714
178	Afghanistan	0.0908		178	Democratic Republic of the Congo	0.1069	178	Democratic Republic of the Congo	0.0702
179	Sudan	0.0897		179	Central African Republic	0.1049	179	Equatorial Guinea	0.0595
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184	Bolivarian Republic of Venezuela	0.0608		184	Uzbekistan	0.0705	184	Turkmenistan	0.0281
185	South Sudan	0.0578		185	Sudan	0.0583	185	Bolivarian Republic of Venezuela	0.0274
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187	Libya	0.0482		187	Somalia	0.0422	187	Eritrea	0.0221
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189	Eritrea	0.0305		189	Syrian Arab Republic	0.0374	189	Cuba	0.0112
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191	North Korea	0.0110		191	North Korea	0.0163	191	Somalia	0.0053



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Academic adviser

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### **Red Liberal de América Latina**

RELIAL was created in order to strengthen cooperation and coordination among liberals in the region. It aims to gain a greater public presence in decision-making positions, leverage and share experiences and become a counterweight to socialism.

RELIAL aims to be a proactive and efficient liberal network that helps to transform Latin America into a region characterised by liberal democracies and prosperous societies committed to the principles of freedom, individual responsibility, respect of private property, the market economy, the primacy of the rule of law and peace, so that living standards in the region can be improved.

Its principles are:

- Defence of liberal democracy
- Freedom and individual responsibility
- Respect of private property
- Promotion of limited government
- Support for the market economy
- Primacy of the rule of law
- The defence of peace

