LIBERTAD y Progreso

Índice de Calidad Institucional 2015

Institutional Quality Index 2015

Friedrich Naumann STIFTUNG FÜR DIE FREIHEIT

RELIAL
RED LIBERAL DE AMERICA LATINA
10 ANIVERSARIO

INSTITUTIONAL QUALITY 2015

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Red Liberal de América Latina

Se constituye RELIAL con el fin de fortalecer la cooperación y coordinación entre los liberales en la región. Se busca ganar más espacio público en posiciones de decisión, aprovechar y compartir experiencias y transformarse en un contrapeso del socialismo.
RELIAL busca ser la Red liberal beligerante y eficiente, que ayude a convertir América Latina en una región caracterizada por democracias liberales y sociedades prósperas y comprometidas con los principios de libertad, responsabilidad individual, respeto a la propiedad privada, economía de mercado, primacía del Estado de Derecho y paz, a fin de lograr elevar los estándares de vida en la región.

Sus principios son:
- Defensa de la democracia liberal
- Libertad y responsabilidad individual
- Respeto a la propiedad privada
- Promoción de un gobierno limitado
- Impulso a la economía de mercado
- Primacía del Estado de Derecho
- Defensa de la paz

INSTITUTIONAL QUALITY IN 2015

The evolution of institutions

We humans are not perfect and nor are the institutions we create. Limitations in our knowledge and imperfections in our values prevent us from achieving perfect social cooperation that would allow us to coordinate our actions so that everyone can accomplish their respective goals without interfering with the efforts of others to do the same. Despite this inevitable imperfection, however, we can claim to have made significant strides, even if the image of the "noble savage" living in an idyllic society of peace and love is far removed from a historical reality dominated by violence and oppression on behalf of those in power.

However, this progress has been neither linear nor constant in nature. Societies have made advances but have also suffered setbacks. Nevertheless, the overall direction has been one of progress, triggered first and foremost by institutional changes that have placed limits on power, guaranteed respect for individual rights and enabled human creativity and endeavour to flourish, allowing us to overcome the constraints imposed by poverty.

2015 is the 800th anniversary of the signing of the Magna Carta, a landmark document in modern history in terms of the creation of institutions to guarantee these rights. The Magna Carta formed part of a process that would lead to the gradual establishment of the "rule of law" in England and similar phenomena in various other countries. This would in turn create the conditions for the development of markets, the Industrial Revolution and progress on a scale never seen before.

As well as playing a seminal role in the establishment of modern individual rights, this document provides a clear illustration of the fact that there is no logical distinction between "political" and "economic" freedoms – both concern the freedom to act without impinging on the rights of others. Indeed, successive articles in the Magna Carta refer to both types of rights without distinguishing between them. Articles 39 to 42, for example, read as follows:

"XXXIX. No free man shall be seized or imprisoned, or stripped of his rights or possessions, or outlawed or exiled, or deprived of his standing in any way, nor will we proceed with force against him, or send others to do so, except by the lawful judgment of his equals or by the law of the land.

XL. To no one will we sell, to no one deny or delay right or justice.

XLI. All merchants may enter or leave England unharmed and without fear, and may stay or travel within it, by land or water, for purposes of trade, free from all illegal exactions, in accordance with ancient and lawful customs. This, however, does not apply in time of war to merchants from a country that is at war with us. Any such merchants found in our country at the outbreak of war shall be detained without injury to their persons or property, until we or our chief justice have discovered how our own merchants are being treated in the country at war with us. If our own merchants are safe they shall be safe too.

XLII. In future it shall be lawful for any man to leave and return to our kingdom unharmed and without fear, by land or water, preserving his allegiance to us, except in time of war, for some short period, for the common benefit of the realm. People that have been imprisoned or outlawed in accordance with the law of the land, people from a country that is at war with us, and merchants - who shall be dealt with as stated above - are excepted from this provision."[1]

David Hume comments that this document formally recognised rights and freedoms that had already existed for many years: "This famous deed, commonly called the GREAT CHARTER, either granted or secured very important liberties and privileges (*by this he means rights*) to every order of men in the kingdom; to the clergy, to the barons, and to the people"[2]

But this journey was very much a case of two steps forward, one step back. Indeed, King John himself was to reject the document shortly after signing it and take up arms against those who had coerced him into accepting limits on his power.

This fitful progress is also evident in today's world and is reflected in the Index of Institutional Quality. The Index enables benchmarking of the institutions in different countries and while it does not provide a means of measuring their quality, it does reflect the differences between them. In other words, it does not constitute a scale for measuring the quality of institutions – the best institutions do not score a ten, nor do the worst score a zero. What it does do, however, is point out the differences that exist and the reasons for these differences. As a result, while countries that improve the quality of their institutions can of course rise up the rankings relative to other countries, the rating of the top countries can also go up, since even they have not yet achieved optimal institutional quality – if there is such a thing and if it is even possible to achieve it.

Furthermore, in different editions of this Index we have examined the links between the results that it presents and some of the consequences of these results (with regard to innovation, human development and, on this occasion, investment). We have also explored the possible causes and the theories that try to explain why some countries have better-quality institutions than others.

It is these differences that condemn millions of people to lives of poverty and oppression. On previous occasions, we have always begun our presentation of the Index's latest edition with the

[1] Full text available in Spanish at:
http://hum.unne.edu.ar/academica/departamentos/historia/catedras/hist_medi/documentos/occidente/carmagna.pdf
[2] Hume, David (1778) ; *The History of England*, Volume I, p. 443; available at:
http://oll.libertyfund.org/titles/1868

top-ranking countries. This time, however, we have chosen to draw attention to the suffering of the people living in the countries at the bottom of the table. The citizens of some of these countries are even more oppressed than the people of England in the time before the Magna Carta. The twenty lowest-ranking countries are as follows:

Table 1 – **Institutional Quality 2015** – Bottom twenty countries								
Pos.	**Institutional Quality**		Pos.	**Political Institutions**		Pos.	**Market Institutions**
174	Guinea		174	Myanmar		174	Guinea-Bissau
175	Republic of the Congo		175	South Sudan		175	Timor-Leste
176	Guinea-Bissau		176	Chad		176	Guinea
177	Uzbekistan		177	Islamic Republic of Iran		177	Equatorial Guinea
178	Libya		178	Iraq		178	Syrian Arab Republic
179	Sudan		179	Republic of Yemen		179	Myanmar
180	Angola		180	Bolivarian Republic of Venezuela		180	Zimbabwe
181	Myanmar		181	Tajikistan		181	Libya
182	Zimbabwe		182	Zimbabwe		182	Angola
183	Chad		183	Afghanistan		183	Central African Republic
184	Bolivarian Republic of Venezuela		184	Guinea-Bissau		184	Democratic Republic of the Congo
185	Central African Republic		185	Central African Republic		185	Republic of the Congo
186	Afghanistan		186	Democratic Republic of the Congo		186	Chad
187	Democratic Republic of the Congo		187	Sudan		187	Bolivarian Republic of Venezuela
188	South Sudan		188	Syrian Arab Republic		188	Turkmenistan
189	Syrian Arab Republic		189	Uzbekistan		189	Afghanistan
190	Equatorial Guinea		190	Equatorial Guinea		190	South Sudan
191	Turkmenistan		191	Eritrea		191	Eritrea
192	Eritrea		192	Turkmenistan		192	Cuba
193	Democratic People's		193	Democratic		193	Democratic

	Republic of Korea			People's Republic of Korea			People's Republic of Korea

The "Democratic" People's Republic of Korea is a particularly drastic case, having come bottom of the table in virtually every single edition of this Index. While Myanmar did come last in 2007, the worst is now over in this country and it has even managed to move up a few places. North Korea also comes bottom of the two subindexes, indicating that it suffers the worst violations of both political and economic freedoms.

On this occasion, we were able to reconstruct the indicators retrospectively, going back as far as 1997. This provides us with the opportunity to consider the necessarily slow evolution of institutions over a longer period of time[3].

An evaluation of those countries that have suffered the most pronounced decline in institutional quality over the period 1996-2005 years makes dismal reading for Latin America, since this region is home to some of the worst cases: Bolivia (-99), Seychelles (-94), Argentina (-93), Ecuador (-81), Venezuela (-75), Zimbabwe (-72), Mali (-62), Paraguay (-61), Madagascar (-60). Only Paraguay has managed to buck this trend by moving up two places in the past ten years. In relation to this particular period, the majority of the countries whose position in the IQI fell most sharply between 2006 and 2015 are: Timor-Leste (-58), Argentina (-56), Siria (-54), Madagascar (-50), Mali y Mauritania (-49), Uganda (-48).

Argentina now shares results with Timor-Leste and Syria. Other countries in the region do not come up now on this list, showing there are signs suggesting that some of the changes witnessed in the region may indeed be starting to turn around the trend of recent years, the slowdown in the rate at which Latin American countries are sliding down the rankings is also due to the fact that they have already fallen so low. That isn't to say that they cannot fall any further, but many countries are beginning to suffer the dire consequences of this decline and it would appear that in some of them things may be starting to improve again.

Moving on to the more positive results, let us now take a look at the countries with the best institutional quality. Once again, the top four places are occupied by the usual suspects that have monopolised the top spots since the IQI was first published in 2007, albeit not always in the same order. Switzerland has climbed above New Zealand into first place, while Finland and Denmark's positions remain unchanged.

Table 2 – Institutional Quality 2015 – Top twenty countries

[3] We would like to express our sincere thanks to Lila Hajdú, an analyst at the Fundación Libertad y Progreso (Freedom and Progress Foundation), for carrying out the reconstruction of the data.

Pos.	**Institutional Quality**		Pos.	**Political Institutions**		Pos.	**Market Institutions**
1	Switzerland		1	Norway		1	Singapore
2	Finland		2	Sweden		2	Hong Kong SAR, China
3	New Zealand		3	Denmark		3	New Zealand
4	Denmark		4	Finland		4	Switzerland
5	Norway		5	Netherlands		5	United States
6	Sweden		6	Switzerland		6	Finland
7	Canada		7	Luxembourg		7	United Kingdom
8	Australia		8	New Zealand		8	Canada
9	Netherlands		9	Iceland		9	Australia
10	United Kingdom		10	Canada		10	Denmark
11	Germany		11	Belgium		11	United Arab Emirates
12	Ireland		12	Germany		12	Germany
13	United States		13	Ireland		13	Ireland
14	Iceland		14	Australia		14	Taiwan, China
15	Luxembourg		15	Austria		15	Norway
16	Hong Kong SAR, China		16	United Kingdom		16	Japan
17	Austria		17	United States		17	Sweden
18	Estonia		18	Palau		18	Estonia
19	Japan		19	Estonia		19	Mauritius
20	Belgium		20	San Marino		20	Netherlands

The Berlin Wall fell in 1989. Since then, many of the former Soviet bloc countries have made significant progress. The countries that have achieved the greatest improvement in institutional quality over the 1996-2015 periods include Georgia (+81), Rwanda (+60), Romania (+49), Croatia (+45), Bulgaria (+40), Lithuania (+37), Armenia (+34), Latvia (+29), Albania (+26), Bosnia-Herzegovina (+25) and Turkey (+25). There has been no improvement in Russia, however. Although its ranking did go up after the fall of the Soviet regime, it has dropped by 18 places since 1996. Things are no better in Ukraine. The country currently in conflict with Russia is ranked 140th and has fallen 22 places since 1996 and 26 since 2005. It is important to remember that the IQI reflects the situation of institutions as they were one or perhaps even two years ago because of the time required to get hold of the data and indicators that the index is based on. Accordingly, it is possible that certain countries may have initiated positive or negative changes that will only become apparent in future editions. This could well be true of Ukraine.

We have already pointed out the extreme complexity of carrying out regional-level evaluations. Should the factors taken into account be geographical, political or cultural in nature? In all probability, none of the above will provide us with a satisfactory outcome. If the data is broken down by continents, for example, countries as radically different as Israel and Japan end up being lumped together as part of Asia. The results of this approach are nevertheless presented below.

Europe comes in first place, with an average score of 0.7169 for its 43 countries. It is followed by Oceania, with an average of 0.5575, despite the fact that the steepest declines of the past ten years have occurred on this continent, as already mentioned above. This relatively good performance is due to the fact that the 13 nations of Oceania include New Zealand and Australia, two of the world's highest-ranked countries. Third spot goes to the Americas (i.e. the entire American continent), with an average score of 0.5300 across its 36 countries. Asia (49 countries) comes fourth with 0.4263, while Africa (52 countries) brings up the rear with 0.2833.

Institutional Quality in the Americas

As far as the Americas are concerned, there is a clear divide between North America (Canada and the United States), with an average score of 0.9225, and the remaining countries, where the average score is 0.4579. In other words, the level of institutional quality across the rest of the region is just half that of the two North American countries. In the "Rest of the Americas", the Caribbean countries have an average score of 0.5680, whereas Latin America scores 0.4588.

The table below shows the ranking trends for the countries of the Americas over the past few years:

	Table 3 – Institutional Quality 2015 – the Americas										
	2015	2014	Year-on-year change	2013	2012	2011	2010	2009	2008	2007	1996 - 2015	2005 - 2015
Canada	7	7	0	7	5	5	5	6	7	11	0	2
United States	13	11	-2	11	9	9	7	9	9	13	-4	-7
Chile	22	22	0	22	21	21	22	24	21	22	0	-3
Puerto Rico (United States)	34	30	-4	32	35	35	29	34	33			
Saint Lucia	37	28	-11	24	27	23	21	23	22	25		
Costa Rica	38	49	+11	46	48	45	49	52	50	54	-13	5

Bahamas	39	35	-4	34	38	41	34	29	26	23	-22	-11
Saint Vincent and the Grenadines	40	39	-1	37	33	36	30	28	35	29		
Barbados	41	36	-5	33	37	40	31	39	42	32	-13	-12
Uruguay	43	43	0	41	44	46	52	60	53	50	-2	6
Dominica	50	46	-4	43	49	51	44	44	49	44		
Jamaica	62	71	+9	76	76	71	69	66	64	58	-26	-15
Peru	63	60	-3	64	65	68	79	83	81	80	20	5
Antigua and Barbuda	64	53	-11	49	47	48	48	47	40	51		
Saint Kitts and Nevis	66	55	-11	51	54	53	36	32	45	47		
Panama	70	68	-2	55	55	60	61	68	66	68	-36	-12
Trinidad and Tobago	75	73	-2	71	68	70	71	67	70	63	-43	-31
Colombia	82	80	-2	83	86	89	92	97	99	100	15	-4
Grenada	86	77	-9	69	52	66	58	58	58	59		
Belize	87	87	0	85	83	50	62	76	60	56	-45	-39
Mexico	88	89	-1	88	87	85	82	79	79	75	-6	-27
El Salvador	92	97	+5	94	88	79	76	77	68	65	-35	-36
Brazil	96	94	-2	89	89	94	95	98	93	90	5	-27
Dominican Republic	101	105	+4	106	109	100	101	102	101	114	-29	-15
Guatemala	107	109	+2	108	106	103	102	109	102	109	-32	5
Suriname	111	111	0	113	111	109	99	101	113	97	-17	-47
Nicaragua	114	116	+2	118	124	127	121	116	111	95	-29	-38
Guyana	122	117	-5	120	121	122	129	130	110	111	-42	-40
Paraguay	124	125	+1	126	131	134	140	136	137	128	-61	1
Honduras	130	132	+2	123	118	124	108	106	120	113	-54	-23
Argentina	137	134	-3	127	122	125	120	114	112	93	-93	-56
Bolivia	139	136	-3	136	140	143	145	133	125	118	-99	-44

Ecuador	151	143	-8	151	145	148	148	143	143	133	-81	-31
Haiti	165	164	-1	168	163	152	153	164	169	165	-46	-18
Cuba	173	176	+3	173	173	175	163	162	174	164	-31	-28
Bolivarian Republic of Venezuela	184	184	0	183	181	185	180	174	172	161	-75	-45

The negative changes compared to 2014 outnumber the positive ones, with very few countries improving their standing. Of those that did, the most significant strides were made in Costa Rica, which climbed eleven places thanks to its progress in market institutions (its ranking improved in both the Fraser Institute's Index of Economic Freedom and the World Bank's Doing Business Index). Jamaica also rose nine places (its ranking improved in almost all the indices, especially the Corruption Perceptions Index, the Fraser Institute's Index of Economic Freedom and the Doing Business Index). El Salvador climbed five places after several years of decline, while the Dominican Republic went up four spots (continuing the slight improvement seen over the past four years) and Cuba went up three, returning to the same position as two years ago.

The worst year-on-year declines occurred in the small Caribbean nations: Saint Kitts and Nevis (-11), Antigua and Barbuda (-11), Grenada (-9) and Saint Lucia (-9). These were followed by Ecuador (-8). While the falls in the Caribbean islands are primarily due to the deterioration of their market institutions, the causes of Ecuador's decline are both political and economic.

A longer-term view is undoubtedly better suited to evaluating institutional changes, since these usually occur over the medium to long term. According to this longer-term perspective, the largest gains since 1996 have been achieved by Peru (+20), Colombia (+15) and Brazil (+5). As already mentioned above, the worst performers over this period were Bolivia (-99), Argentina (-93), Ecuador (-81), Venezuela (-75), Paraguay (-61) and Honduras (-54). These results highlight the consequences of the "Bolivarian socialist" reforms that have been implemented to a greater or lesser extent in the first four of these countries since the turn of the century.

During the last ten years, the biggest improvements occurred in Uruguay (+6), Peru, Costa Rica and Guatemala (+5), Canada (+2) and Paraguay (+1). This points to continued progress in Peru, a turnaround in the trends for Uruguay, Costa Rica and Paraguay. And that is where the good news for the region ends.

The worst performers over the past ten years were Argentina (-56), Suriname (-47), Venezuela (-45), Bolivia (-44), Guyana (-40), Belize (-39), El Salvador (-36), Ecuador and Trinidad & Tobago (-31). When compared against the results presented above for the 1996-2015 period, it can be concluded that Argentina's decline has accelerated in recent years compared to the other 'poor performers'. While Belize and Suriname appear as new members of this group, unlike the other countries it seems that they have now managed to arrest their slide down the rankings.

Table 4 – Institutional Quality 2015 – IQI, Politics and Markets

		IQI 2015				Politics				Market
7	Canada	0.9333		10	Canada	0.9295		5	United States	0.9534
13	United States	0.9116		17	United States	0.8698		8	Canada	0.9372
22	Chile	0.8417		21	Barbados	0.8634		21	Chile	0.8667
34	Puerto Rico (United States)	0.7525		24	Saint Lucia	0.8444		35	Puerto Rico (United States)	0.7707
37	Saint Lucia	0.7435		26	Saint Vincent and the Grenadines	0.8261		40	Peru	0.7464
38	Costa Rica	0.7340		28	Chile	0.8167		47	Costa Rica	0.6967
39	Bahamas	0.7288		29	Saint Kitts and Nevis	0.8158		54	Bahamas	0.6663
40	Saint Vincent and the Grenadines	0.7178		31	Bahamas	0.7913		56	Panama	0.6483
41	Barbados	0.7147		36	Uruguay	0.7830		59	Saint Lucia	0.6426
43	Uruguay	0.7012		39	Costa Rica	0.7713		62	Colombia	0.6327
50	Dominica	0.6666		42	Dominica	0.7584		64	Uruguay	0.6193
62	Jamaica	0.6091		44	Puerto Rico (United States)	0.7343		65	Mexico	0.6143
63	Peru	0.6072		51	Grenada	0.6996		67	Saint Vincent and the Grenadines	0.6094
64	Antigua and Barbuda	0.6012		56	Antigua and Barbuda	0.6680		70	Jamaica	0.6074
66	Saint Kitts and Nevis	0.5905		60	Belize	0.6406		75	Dominica	0.5748
70	Panama	0.5738		66	Jamaica	0.6109		76	Guatemala	0.5713

75	Trinidad and Tobago	0.5512		68	Trinidad and Tobago	0.5874		78	Barbados	0.5660
82	Colombia	0.5289		73	Suriname	0.5630		82	Antigua and Barbuda	0.5344
86	Grenada	0.5191		74	Brazil	0.5584		84	El Salvador	0.5270
87	Belize	0.5186		88	Panama	0.4992		88	Trinidad and Tobago	0.5151
88	Mexico	0.5093		96	El Salvador	0.4685		90	Dominican Republic	0.4887
92	El Salvador	0.4977		97	Peru	0.4680		97	Nicaragua	0.4625
96	Brazil	0.4858		99	Dominican Republic	0.4514		104	Honduras	0.4368
101	Dominican Republic	0.4700		100	Guyana	0.4511		109	Paraguay	0.4148
107	Guatemala	0.4315		107	Colombia	0.4251		110	Brazil	0.4133
111	Suriname	0.4173		108	Argentina	0.4234		113	Belize	0.3966
114	Nicaragua	0.3965		110	Mexico	0.4042		120	Saint Kitts and Nevis	0.3651
122	Guyana	0.3672		117	Bolivia	0.3803		122	Grenada	0.3386
124	Paraguay	0.3533		130	Nicaragua	0.3305		131	Guyana	0.2833
130	Honduras	0.3371		135	Ecuador	0.3086		134	Suriname	0.2716
137	Argentina	0.3004		143	Paraguay	0.2918		146	Ecuador	0.2214
139	Bolivia	0.2949		144	Guatemala	0.2917		149	Bolivia	0.2096
151	Ecuador	0.2650		147	Cuba	0.2740		166	Argentina	0.1775
165	Haiti	0.1933		153	Honduras	0.2374		168	Haiti	0.1668
173	Cuba	0.1426		159	Haiti	0.2198		187	Bolivarian Republic of Venezuela	0.0407
184	Bolivarian Republic of Venezuela	0.0742		180	Bolivarian Republic of Venezuela	0.1077		192	Cuba	0.0112

In Table 4, the relative performance of the region's nations is broken down into its two components of political and market institutions. This reveals that while Canada comes first and the United States second in both the IQI and the political subindex, they switch places in the market subindex. This indicates that there is still much room for improvement throughout the region in this second area, although there is of course also a widespread need for better political institutions. Whereas Chile, Peru and Colombia score higher in the economic subindex than the political one, the reverse is true of Costa Rica, Uruguay and the Caribbean islands. Among the region's larger countries, Argentina, Brazil and Venezuela do comparatively better in the political subindex, while Mexico's performance is stronger in the economic subindex.

Finally, Table 5 shows the relative position of the region's countries for each of the individual indicators used in the index:

Table 5 – Institutional Quality 2015 – Performance in Individual Indicators

	Rule of Law	Voice and Accountability	Freedom of the Press	Corruption	Global Comp.	Economic Freedom (Heritage)	Economic Freedom (Fraser)	Doing Business
Canada	0.9481	0.9481	0.8731	0.9486	0.8958	0.9719	0.9605	0.9206
United States	0.9057	0.8396	0.8426	0.8914	0.9861	0.9382	0.9211	0.9683
Chile	0.8774	0.8443	0.6650	0.8800	0.7778	0.9663	0.9342	0.7884
Puerto Rico	0.7123	0.6792		0.8114	0.7847			0.7566
Saint Lucia	0.7264	0.8726	0.9340			0.8090		0.4762
Costa Rica	0.6604	0.8208	0.8782	0.7257	0.6528	0.7191	0.8487	0.5661
Bahamas	0.6887	0.7500	0.8579	0.8686		0.7753	0.7368	0.4868
Saint Vincent and the Grenadines	0.7453	0.8208	0.8985	0.8400		0.7584		0.4603
Barbados	0.8113	0.8726	0.8782	0.8914	0.6250	0.7472	0.4474	0.4444
Uruguay	0.6604	0.8302	0.7614	0.8800	0.4444	0.7640	0.6974	0.5714
Dominica	0.6981	0.7925	0.7716	0.7714		0.6629		0.4868
Jamaica	0.4340	0.6368	0.8985	0.4743	0.4097	0.7360	0.5855	0.6984
Peru	0.3349	0.5094	0.5533	0.4743	0.5556	0.7416	0.8684	0.8201
Antigua and Barbuda	0.7453	0.6698	0.5888					0.5344
Saint	0.7217	0.8679	0.8579					0.3651

Kitts and Nevis								
Panama	0.4811	0.6038	0.4721	0.4400	0.6736	0.6236	0.5658	0.7302
Trinidad and Tobago	0.4858	0.6179	0.7716	0.4743	0.3889	0.6236	0.4605	0.5873
Colombia	0.4057	0.4434	0.4112	0.4400	0.5347	0.8483	0.3224	0.8254
Grenada	0.5896	0.7123	0.7970					0.3386
Belize	0.4057	0.6887	0.8274			0.3483	0.4605	0.3810
Mexico	0.3538	0.5330	0.3299	0.4000	0.5764	0.6742	0.4079	0.7989
El Salvador	0.2925	0.4670	0.5888	0.5257	0.4167	0.6573	0.6053	0.4286
Brazil	0.5236	0.5896	0.5431	0.5771	0.6111	0.3427	0.3289	0.3704
Dominican Republic	0.3726	0.5330	0.5685	0.3314	0.3056	0.5225	0.5658	0.5608
Guatemala	0.1368	0.3585	0.3401	0.3314	0.4653	0.5169	0.6842	0.6190
Suriname	0.5330	0.5802	0.7157	0.4229	0.2361	0.2809	0.4211	0.1481
Nicaragua	0.3160	0.3302	0.4416	0.2343	0.3056	0.3989	0.7697	0.3757
Guyana	0.3821	0.4811	0.6497	0.2914	0.1944	0.3146	0.2697	0.3545
Paraguay	0.2406	0.4387	0.3452	0.1429	0.1736	0.5393	0.4276	0.5185
Honduras	0.1085	0.3208	0.2690	0.2514	0.3056	0.3539	0.6382	0.4497
Argentina	0.2877	0.5660	0.4569	0.3829	0.2847	0.0562	0.0197	0.3492
Ecuador	0.1840	0.3915	0.3046	0.3543		0.1292	0.1382	0.3968
Bolivia	0.1462	0.4623	0.5127	0.4000	0.2778	0.0899	0.2961	0.1746
Haiti	0.0802	0.2642	0.4721	0.0629	0.0556	0.1573	0.4013	0.0529
Cuba	0.3208	0.0991	0.0305	0.6457		0.0112		
Bolivarian Republic of Venezuela	0.0142	0.2217	0.1320	0.0629	0.0972	0.0169	0.0066	0.0423

Canada tops the standings for five indicators (three political and two market ones), while the United States comes first for two of the market indicators and Saint Lucia ranks as the top performer for Freedom of the Press. Among the Latin American countries, Chile scores highest on six of the indicators (three political and three market ones), as well as sharing first place for the Corruption indicator with Uruguay. Costa Rica ranks highest for Freedom of the Press and Colombia for Doing Business.

Unfortunately, the bottom places are all occupied by Latin American countries. Venezuela comes bottom for four indicators (two political and two market ones) and shares joint last place for the Corruption indicator with Haiti. Haiti also comes last in the Global Competitiveness indicator, while Cuba is ranked lowest for three indicators (two political and one economic), reflecting the lack of democracy and press freedom in this country[4].

In summary, it has been a disappointing year for the region. However, there are some notable exceptions, showing that positive change can be achieved or at least indicating that some countries have managed to sustain previous advances. Accordingly, it is essential to understand the important role played by institutions and to permanently reverse their decline. This is key to achieving progress in the region, ensuring that individual rights are respected and providing its inhabitants with more, better-quality opportunities.

[4] Cuba is not included in three of the market indicators. If it was, it would probably rank even lower than Venezuela. However, it has been included here because the requirement for inclusion in the IQI is that a country must feature in at least four of the indicators and at least one of each sub-category.

INSTITUTIONS, CAPITAL INVESTMENT AND ECONOMIC PROGRESS

Right from the outset, the classical economists who founded economics as a discipline showed an interest in and concern with the role played by institutions in economic performance. Authors such as David Hume and Adam Smith emphasised the importance of having clear ground rules that allow the markets to operate, while restricting the role of government to guaranteeing compliance with these rules.

However, with the exception of e.g. the Austrian economists or the “ordoliberals”, this focus on institutions would subsequently decline in some of the prevailing schools of economic thought. This may have been due to a growing emphasis on the use of mathematics in economics and the difficulty in “measuring” institutions (Dawson, 2007).

Recent decades have seen a partial change in this situation, in two different respects. Firstly, there has been a renewed appreciation of the role played by institutions. Even international organisations have started to pay attention to this issue after decades of prioritising international aid, investment in infrastructure and subsidies for activities that possessed no comparative advantage and proved to be either ineffective or complete failures. Secondly, the emergence of different indicators such as the economic freedom and governance indices – and even the IQI – has facilitated the development of comparative analyses. This has resulted in a proliferation of studies attempting to demonstrate the link between institutional quality and economic performance.

Initially, many of these studies sought to establish the connection between institutional quality and economic growth. In a review of the first studies devoted to this question, Berggren (2003) points out that their original focus was on trying to determine whether the initial level of economic freedom was positively correlated with economic growth. According to this author, although the results were inconclusive at first, statistically significant outcomes were achieved when the relationship between improvements in economic freedom and growth was analysed – in this case, there did appear to be a clear correlation. This second relationship could, for example, account for phenomena such as the growth of the Chinese economy, which has yet to attain a high degree of economic freedom but which has nonetheless experienced high levels of growth over a sustained period of time. In other words, China’s outstanding economic performance could be explained by the measures it has taken to introduce greater freedom, as well as improvements with regard to respect for the right to property and freedom of contract.

Of course, the existence of a correlation does not necessarily imply causality. Even if two variables are related, it is necessary to be cautious about claiming that one is the cause of the other – while greater economic freedom may indeed cause economic growth, it is also possible that economic growth could cause more economic freedom.

Since they are not able to "prove" that there is a causal relationship (notwithstanding the interesting debate about whether it is necessary to provide empirical proof of certain economic laws or whether there is a 'core' of economic laws that can be arrived at by logical deduction and it is in fact only the 'initial conditions' that need to be verified, Zanotti 2004), some economists have employed a technique known as "Granger causality" to show that economic freedom does appear to have an impact on growth. However, the relationship is not a simple one, since some components of 'economic freedom' seem to have a clear impact, whereas others occur in conjunction with growth. Using this methodology, Farr et al. (1998) conclude that economic freedom 'causes' a higher level of economic well-being in both industrialised and non-industrialised countries, but that there is also a partial feedback effect whereby higher economic well-being generates greater economic freedom. They do not identify such a clear relationship with regard to political freedom, although they do establish that economic growth improves the prospects of political freedom.

In one of the most recent studies on this subject, Gwartney et al. (2006) conclude that a one-point improvement in the 1980 Economic Freedom of the World Index resulted in a two percent increase in long-term GDP growth over the period 1980-2000. In view of the fact that the average annual growth rate of the 94 countries included in the study was just 1.5 percent between 1980 and 2000, it is clear that an improvement of this order has a significant long-term impact.

Later studies would take the next logical step by analysing the relationship between institutions, capital accumulation and economic growth. Hall et al. (2010) tested a model that relates institutional quality to increases in human capital and growth by comparing data from a large number of different countries. They found that changes in human and indeed physical capital vary significantly depending on institutional quality. Using the International Country Risk Guide, which assesses the risk of expropriation in different countries, they calculated that where the risk is higher, additions to the stock of human and physical capital have a negative effect on growth of output per worker. In countries with a medium risk level, although the impact of these increases is positive, improved levels of schooling still fail to generate a positive effect. In the countries with the lowest risk of expropriation, on the other hand, all increases in capital per worker lead to improvements in output. The authors conclude that in certain countries with low institutional quality, increases in capital (for example thanks to international aid) will have no effect on income and that a certain level of institutional quality needs to be attained before a positive impact can be achieved.

Other studies have analysed capital flows (Lothian, 2006), concluding that countries with price stability, a low level of direct government intervention and solid institutions receive greater capital flows than countries that do not possess these characteristics. It is not hard to understand why – sound money allows investors to make 'economic calculations' so that they can reliably predict the future. Moreover, investors can also rely on stable ground rules and be confident that the right to property and freedom of contract will be respected and that they will be able to bring their case before independent and efficient courts in the event of a problem.

It is also not surprising that, in their analysis of a sample of 29 countries, Bjørnskov & Foss (2008) found that the size of government, the quality of monetary policy and the financial environment are strong determinants of entrepreneurial activity. The authors distinguish between "necessity" entrepreneurship (which in our countries often involves informal economic activity) and "opportunity" entrepreneurship (i.e. entrepreneurship that aims to take advantage of opportunities to produce goods or services). It appears that access to sound money is critical to both types of entrepreneurship. On the other hand, only governments' share in total consumption affects "necessity" entrepreneurship, while government consumption, transfers and subsidies and the extent of taxation are all negatively associated with opportunity entrepreneurship. The "redistributive state" creates incentives that cause entrepreneurial initiative to be displaced towards 'rent-seeking' from the state, discouraging entrepreneurs from seeking out opportunities to produce goods and services.

Institutions and investment

The impact of institutional quality on economic growth, capital accumulation and entrepreneurial activity can be seen in the volume and quality of investments. Accordingly, a number of recent studies have analysed this relationship. In a comparative study, James Gwartney (2009), who is one of the authors of the Economic Freedom of the World report (Fraser Institute, Cato Institute), highlights some of the conclusions that have been arrived at after several editions of this economic freedom index:

1. Private investment as a share of GDP is higher in countries with greater economic freedom.
   There is a clear relationship between the quality of economic institutions and investment volumes. This relationship is even stronger in the case of private investment (some authors would dispute whether it is even right to categorise public investment as an 'investment' in economic terms). In the period 1980-2005, for example, investment as a share of GDP stood at 22.2% in countries that scored more than 7 (on a scale of 1 to 10) in the economic freedom index. This contrasted with a figure of 18.9% for countries that scored less than 5.
   Private investment, on the other hand, was equivalent to 18.7% of GDP in countries with a score over 7, compared to just 11.2% in countries with a score under 5. Drawing on the geographical variables used by Jeffrey Sachs to account for a country's level of development, the authors adjusted their data to take account of whether or not countries were located in the tropics, the percentage of the population living within 100 km of the coast and their distance from the main markets.

Their conclusions also apply to Foreign Direct Investment, the vast majority of which tends to be private.

2. The productivity of private investment is higher in countries with more economic freedom. Gwartney et al. (2006) examined the relationship between private investment as a share of GDP and the Economic Freedom of the World index. They estimated the impact of a one percent change in the private investment-GDP ratio on the annual long-term growth rate of countries with different levels of economic freedom for the period 1980-2000. They concluded that the impact on GDP growth of a one percent increase in private investment was 0.33 for countries that scored 7 or more in the economic freedom index, 0.27 for countries with a score of between 5 and 7 and just 0.19 for countries that scored less than 5.

   In other words, in countries with the greatest economic freedom, the productivity of private investment is 22% higher than in the middle-ranking countries and 80% higher than in countries with low levels of economic freedom.

When considering the link between institutional quality and investment, it is really private investment that we are interested in. Given the lack of disaggregated data for private investment, however, we have opted to use the figures for Foreign Direct Investment (FDI), which is almost entirely made up of private investment. Domestic private investment usually behaves in a similar manner to FDI. Nonetheless, it is necessary to draw attention to some of the factors that may affect this data. Firstly, many countries with high institutional quality are also net exporters of capital even though, as we will see below, they also receive FDI. And secondly, as pointed out above in connection with economic freedom, although there is a clear correlation between institutional quality and FDI, it is nonetheless necessary to reiterate the importance of continued progress towards still higher levels of institutional quality. Furthermore, it is important to remember that investment decisions are generally based on a handful of specific variables and that these are only some of the factors that determine institutional quality (advances with regard to respect for the right to property, compliance with contracts, sound money and the ability to engage in free trade). Thus, for example, China ($207.790 billion) was the second biggest recipient of FDI in 2013[5] (most recent available figures) after the United States ($243.467 billion).

Table 1 shows the level of FDI received by the top twenty countries in the Index of Institutional Quality 2015.

Table 1		FDI in dollars	
Pos. IQI 2015	Country	Ave. 2004-2013	%

[5] The figures for Foreign Direct Investment are taken from the World Bank (http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD)

1	Switzerland	21,456,210,499	
2	Finland	5,679,881,564	
3	New Zealand	1,997,421,135	
4	Denmark	3,050,956,925	
5	Norway	14,562,369,869	
6	Sweden	15,853,461,212	
7	Canada	47,075,457,677	
8	Australia	36,603,560,026	
9	Netherlands	29,223,769,075	
10	United Kingdom	124,489,175,990	
11	Germany	55,282,658,332	
12	Ireland	34,760,038,120	
13	United States	243,467,100,000	
14	Iceland	1,056,220,959	
15	Luxembourg	33,371,829,517	
16	Hong Kong SAR, China	63,369,846,002	
17	Austria	19,111,567,851	
18	Estonia	1,859,461,803	
19	Japan	8,050,679,239	
20	Belgium	64,543,986,722	
		824,865,652,516	49.20486

As can be seen above, these countries received almost half of all Foreign Direct Investment between 2004 and 2013.

Institutions and investment in the Americas

We will now discuss whether these hypotheses are confirmed by the data for the Americas. The aim is to determine whether or not there is a correlation between institutional quality and FDI flows in the countries of the American continent. We will begin by looking at average FDI inflows for the last 10 and 20 years for which figures are available.

Table 2				
Country	Ave. 1995/2004	Ave. 2004/2013	ICI 1996-2015	ICI 2005-2015
Aruba	97,525,140	20,190,361		

Antigua and Barbuda	60,246,903	166,328,123		
Argentina	7,350,666,683	7,891,245,868	-93	-56
Bahamas	167,001,000	622,787,490	-22	-11
Barbados	17,445,000	422,633,664	-13	-12
Belize	33,127,587	124,140,087	-45	-39
Bermuda	144,562,500	157,242,804		
Bolivia	593,867,900	569,976,037	-99	-44
Brazil	19,633,401,579	46,161,754,573	5	-27
Canada	20,038,130,260	47,075,457,677	0	3
Chile	4,952,169,008	14,999,486,873	0	-3
Colombia	2,582,722,461	9,980,217,977	15	-4
Costa Rica	530,176,666	1,800,165,186	-13	5
Cuba			-31	-28
Dominica	22,994,302	29,037,559		
Ecuador	620,134,322	527,708,691	-81	-31
El Salvador	283,856,566	459,172,253	-35	-36
United States	150,076,300,000	243,467,100,000	-4	-7
Grenada	46,550,322	82,814,968		
Guatemala	228,695,423	837,707,197	-32	5
Guyana	49,822,000	162,683,380	-42	-40
Haiti	9,931,000	99,104,788	-46	-18
Honduras	250,941,369	819,172,501	-54	-23
Jamaica	431,280,264	621,424,666	-26	-15
Mexico	17,345,670,441	25,306,305,331	-6	-27
Nicaragua	203,970,000	534,550,000	-29	-38
Panama	692,270,000	2,597,480,000	-36	-12
Paraguay	118,817,900	228,344,567	-61	1
Peru	1,879,518,746	6,382,498,325	20	5
Puerto Rico				
Dominican Republic	743,983,000	1,926,606,786	-29	-15
St. Kitts and Nevis	56,057,866	113,143,328		
St. Lucia	61,297,792	134,517,559		
St. Vincent and the Grenadines	52,518,739	102,873,698		
Suriname	-42,490,000	-58,489,916	-17	-47
Trinidad and Tobago	735,534,941	998,243,272	-43	-31

Uruguay	232,710,944	1,816,015,756	-2	6
Venezuela, BR	2,993,400,000	2,064,000,000	-75	-45

Of the countries that have suffered the greatest decline in institutional quality over the period 1996-2005 (Argentina, Bolivia, Ecuador, Venezuela), only Argentina had an average FDI inflow that was slightly higher over the past ten years than during the preceding decade. However, even this represents a fall in real terms, since the data on investment levels are nominal figures that are not adjusted for the decline in the currency's purchasing power. Accordingly, the falls suffered by the other three countries are even greater than they appear. Paraguay and Costa Rica are the only two countries that managed to reverse the institutional quality trend during the past ten years compared to the past twenty years and both have also experienced a significant increase in investment. All the countries where institutional quality improved over the last twenty years also saw an increase in FDI inflows – not one of them experienced a fall in FDI. Those countries that achieved the biggest improvements in institutional quality over the same period also enjoyed a large rise in FDI inflows (Colombia, Peru). Nevertheless, there are also some instances where institutional quality deteriorated across the two decades but FDI increased.

Table 3 shows the percentage of the region's total Foreign Direct Investment (FDI) received by selected countries in different years. Notwithstanding the inevitable variations due to temporary economic factors, it is possible to detect longer-term shifts such as the rise in the percentages for Brazil, Chile, Colombia and Peru and the declines experienced by Canada and Argentina.

Table 3 - Percentage of FDI in the Americas					
Country	1980	1990	2000	2010	2013
United States	58.17	75.28	68.76	61.83	51.83
Canada	19.97	11.77	14.16	6.82	11.88
Mexico	7.18	3.96	3.88	5.60	6.88
Brazil	6.57	1.54	7.02	12.72	14.21
Argentina	2.33	2.85	2.23	1.87	1.80
Uruguay	0.99	0.06	0.66	0.52	0.49
Panama	0.75	0.21	0.13	0.61	0.89
Chile	0.73	1.03	1.04	3.75	3.56
Colombia	0.54	0.78	0.52	1.53	2.85
Venezuela	0.19	0.70	1.01	0.45	1.24
Costa Rica	0.18	0.25	0.09	0.35	0.57
Peru	0.09	0.06	0.17	2.02	1.63

Table 4 shows the changes over time in the top ten countries in terms of FDI inflows.

Table 4 (in millions of dollars)									
Country	1980	Country	1990	Country	2000	Country	2010	Country	2013
USA	16,930	USA	48,490	USA	321,274	USA	259,344	USA	294,971
Can.	5,813	Can.	7,581	Can.	66,144	Brazil	53,345	Brazil	80,843
Mex.	2,090	Mex.	2,549	Brazil	32,779	Can.	28,596	Can.	67,581
Brazil	1,911	Arg.	1,836	Mex.	18,110	Mex.	23,491	Mex.	39,171
Arg.	678	Brazil	989	Arg.	10,418	Chile	15,725	Chile	20,258
Uru.	289	Chile	661	Chile	4,860	Peru	8,454	Col.	16,198
Pan.	218	Col.	500	Ven.	4,701	Arg.	7,845	Arg.	10,262
Chile	213	Ven.	451	Col.	2,436	Col.	6,429	Peru	9,298
Col.	157	C. Rica	163	Dom. Rep.	953	Pan.	2,549	Ven.	7,040
Trinidad & T	129	Jam.	138	Peru	810	Uru.	2,191	Pan.	5,053

A number of striking findings are immediately apparent. The first is the sharp rise in FDI that occurred as a result of globalisation and economic liberalisation. This phenomenon can be observed simply by comparing the figures for 1990 and 2000 and has continued ever since. Against the backdrop of this process, as well as enjoying the increase in FDI inflows experienced by almost all the countries over this period, those countries where institutional quality improved also saw an improvement in their ranking relative to other countries in the region in terms of the amount of FDI received. Argentina, for example, was ranked fifth within the region in 1980 and 2000 and even climbed to fourth in 1990, when it overtook Brazil. However, it dropped to seventh place in 2013, falling behind both Chile and Colombia.

We can assume that Brazil's institutional quality improved following the return to democracy in the 1980s. While its relative position in the IQI remained stable, it experienced a spectacular growth in FDI inflows, overtaking both Mexico and Canada. By 2013, it was out on its own in a clear second place with an FDI figure of $80.843 billion. While Brazil and Argentina were closely matched up to 1990, FDI in Brazil has grown to eight times that of Argentina and double that of Mexico in the intervening decades.

Chile, Colombia and Peru enjoyed a significant rise in FDI inflows during these decades and were joined by Panama in 2010 and 2013. These are either some of the countries with the best institutional quality in Latin America or among those countries to have achieved the greatest improvement in institutional quality over the past two decades.

Finally, it is clear that the size of the markets has an influence on investment decisions and that economies differ in terms of whether they are fundamentally exporters or importers of capital. Consequently, calculating FDI inflows as a percentage of GDP produces the following results:

Table 5		
Country	FDI/GDP 2013	IQI 2015
Antigua and Barbuda	11.19	64
Argentina	1.68	137
Bahamas	4.54	39
Belize	5.50	87
Bolivia	5.72	96
Brazil	3.60	139
Canada	3.70	7
Chile	7.31	22
Colombia	4.28	82
Costa Rica	6.52	38
Dominica	3.47	50
Ecuador	0.77	151
El Salvador	0.81	92
United States	1.76	13
Grenada	8.94	86
Guatemala	2.51	107
Guyana	6.71	122
Haiti	2.20	165
Honduras	5.76	130
Jamaica	4.36	62
Mexico	3.11	88
Nicaragua	7.51	114
Panama	11.85	70
Peru	4.60	63
Paraguay	1.19	124
Dominican Republic	2.62	101
St. Kitts and Nevis	14.47	66
St. Lucia	6.25	37
St. Vincent and the Grenadines	17.87	40

Suriname	2.59	111
Trinidad and Tobago	6.95	75
Uruguay	5.01	43
Venezuela, BR	1.61	184

It is clear that the larger the economy, the smaller the impact of FDI in percentage terms, especially in countries with a high level of domestic private investment (e.g. the United States, Canada and even Brazil). Nevertheless, a comparison of similarly sized economies reveals that the impact of FDI in percentage terms is greater in countries where institutional quality is higher.

The economies of Uruguay and Guatemala, for example, are of a similar size. However, the FDI/GDP figure of 5.01 for Uruguay – which is ranked 43rd in the IQI – is double that of Guatemala (2.51) which is ranked 101st. Another comparably sized economy is Costa Rica, which is 38th in the IQI and has an FDI/GDP figure of 6.52. With an economy that is slightly smaller than these three countries, Panama is ranked 70th in the IQI and has an FDI/GDP of 11.85. And although the economies of Haiti and the Bahamas are also similar in size, Haiti, which is ranked 165th in the index, has an FDI/GDP ratio that is just half that of the Bahamas (ranked 39th).

Argentina and Venezuela, which are ranked 137th and 184th respectively, both have low ratios (1.68 and 1.61), whereas the ratios for Chile (7.31), Colombia (4.28) and Peru (4.60) are much higher.

Conclusions

In summary, countries with good institutional quality or countries where the quality of market institutions in particular has improved – and especially those countries that support investment and entrepreneurship – have better-performing economies and are thus able to provide their citizens with more opportunities to achieve progress.

Table 6

Country	IQI 10 years	GDP 2010-2014[6]		Country	IQI 10 years	GDP 2010-2014
Uruguay	6	5,23		Granada	-27	-1,02
Perú	5	5,54		El Salvador	-36	0,8
Costa Rica	5	3,42		Ecuador	-31	4,36
Guatemala	0	2,84		Venezuela,	-45	1,29

[6] Source: World Bank: http://datos.bancomundial.org/indicador/NY.GDP.MKTP.KD.ZG/countries/do-xj?display=graph

				RB		
Canadá	2	1,38		Surinam	-47	3,87
Paraguay	1	5,29		Belice	-39	2,3
Chile	-1	4		Bolivia	-44	4,92
Colombia	-4	4,19		Argentina	-56	4,32
		3.99				2.61

In the eight countries where institutional quality improved the most (or remained stable) over the past ten years, average GDP growth for the period 2010-2014 was 52.5% higher than in the countries that suffered the greatest decline in institutional quality. This difference of 1.38 percent a year represents a large gap in terms of economic opportunities and this gap will grow wider over time.

Trends in Foreign Direct Investment are important for a number of reasons. Firstly, its behaviour tends to resemble that of total (i.e. foreign and domestic) private investment. Just like total private investment, differences in FDI have a major impact on employment, wages and economic productivity.

Failure to respect the right to property, freedom of contract and freedom of prices, interest rates and exchange rates, coupled with excessive regulation and restrictions on the operation of markets has a negative impact on investment, resulting in lower economic growth, fewer opportunities and a decline in living standards.

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APPENDIX

INDEX OF INSTITUTIONAL QUALITY 2015

		IQI 2015				Politics				Market
1	Switzerland	0.9670		1	Norway	0.9929		1	Singapore	0.9952
2	Finland	0.9620		2	Sweden	0.9922		2	Hong Kong SAR, China	0.9869
3	New Zealand	0.9617		3	Denmark	0.9851		3	New Zealand	0.9648
4	Denmark	0.9583		4	Finland	0.9815		4	Switzerland	0.9643
5	Norway	0.9423		5	Netherlands	0.9747		5	United States	0.9534
6	Sweden	0.9407		6	Switzerland	0.9697		6	Finland	0.9425
7	Canada	0.9333		7	Luxembourg	0.9631		7	United Kingdom	0.9385
8	Australia	0.9260		8	New Zealand	0.9587		8	Canada	0.9372
9	Netherlands	0.9249		9	Iceland	0.9409		9	Australia	0.9342
10	United Kingdom	0.9182		10	Canada	0.9295		10	Denmark	0.9315
11	Germany	0.9162		11	Belgium	0.9263		11	United Arab Emirates	0.9112
12	Ireland	0.9141		12	Germany	0.9221		12	Germany	0.9104
13	United States	0.9116		13	Ireland	0.9184		13	Ireland	0.9098
14	Iceland	0.8908		14	Australia	0.9178		14	Taiwan, China	0.9074
15	Luxembourg	0.8823		15	Austria	0.9104		15	Norway	0.8918
16	Hong Kong SAR, China	0.8810		16	United Kingdom	0.8979		16	Japan	0.8898
17	Austria	0.8796		17	United States	0.8698		17	Sweden	0.8893

18	Estonia	0.8761		18	Palau	0.8695		18	Estonia	0.8841
19	Japan	0.8744		19	Estonia	0.8680		19	Mauritius	0.8791
20	Belgium	0.8511		20	San Marino	0.8660		20	Netherlands	0.8751
21	Taiwan, China	0.8452		21	Barbados	0.8634		21	Chile	0.8667
22	Chile	0.8417		22	France	0.8593		22	Republic of Korea	0.8593
23	Singapore	0.8302		23	Japan	0.8590		23	Austria	0.8488
24	Mauritius	0.8058		24	Saint Lucia	0.8444		24	Qatar	0.8426
25	Lithuania	0.8012		25	Portugal	0.8304		25	Iceland	0.8408
26	France	0.7933		26	Saint Vincent and the Grenadines	0.8261		26	Lithuania	0.8377
27	Portugal	0.7902		27	Malta	0.8215		27	Macau	0.8146
28	Republic of Korea	0.7890		28	Chile	0.8167		28	Georgia	0.8075
29	Czech Republic	0.7822		29	Saint Kitts and Nevis	0.8158		29	Luxembourg	0.8014
30	Spain	0.7598		30	Cyprus	0.7920		30	Bahrain	0.7916
31	Poland	0.7552		31	Bahamas	0.7913		31	Czech Republic	0.7791
32	Latvia	0.7534		32	Slovenia	0.7907		32	Malaysia	0.7789
33	Malta	0.7529		33	Marshall Islands	0.7853		33	Latvia	0.7784
34	Puerto Rico (United States)	0.7525		34	Czech Republic	0.7852		34	Belgium	0.7760
35	Israel	0.7515		35	Taiwan, China	0.7830		35	Puerto Rico (United States)	0.7707
36	Cyprus	0.7460		36	Uruguay	0.7830		36	Israel	0.7679

37	Saint Lucia	0.7435		37	Hong Kong SAR, China	0.7750		37	Portugal	0.7499
38	Costa Rica	0.7340		38	Spain	0.7723		38	Poland	0.7478
39	Bahamas	0.7288		39	Costa Rica	0.7713		39	Spain	0.7473
40	Saint Vincent and the Grenadines	0.7178		40	Lithuania	0.7647		40	Peru	0.7464
41	Barbados	0.7147		41	Poland	0.7626		41	France	0.7272
42	Slovakia	0.7049		42	Dominica	0.7584		42	Bulgaria	0.7174
43	Uruguay	0.7012		43	Israel	0.7352		43	Romania	0.7174
44	Georgia	0.6939		44	Puerto Rico (United States)	0.7343		44	Cyprus	0.7000
45	United Arab Emirates	0.6939		45	Mauritius	0.7325		45	Rwanda	0.6986
46	San Marino	0.6896		46	Federated States of Micronesia	0.7306		46	Armenia	0.6980
47	Qatar	0.6894		47	Slovakia	0.7287		47	Costa Rica	0.6967
48	Hungary	0.6779		48	Latvia	0.7283		48	Montenegro	0.6852
49	Macau	0.6774		49	Cape Verde	0.7246		49	Oman	0.6846
50	Dominica	0.6666		50	Republic of Korea	0.7186		50	Malta	0.6842
51	Botswana	0.6551		51	Grenada	0.6996		51	Slovakia	0.6811
52	Slovenia	0.6549		52	Samoa	0.6859		52	Hungary	0.6724
53	Samoa	0.6475		53	Hungary	0.6833		53	Jordan	0.6721
54	Romania	0.6440		54	Vanuatu	0.6754		54	Bahamas	0.6663
55	Bulgaria	0.6418		55	Botswana	0.6716		55	Macedonia (FYROM)	0.6625

56	Malaysia	0.6396		56	Antigua and Barbuda	0.6680		56	Panama	0.6483
57	Palau	0.6385		57	Singapore	0.6652		57	Saudi Arabia	0.6467
58	Italy	0.6286		58	Kiribati	0.6642		58	Thailand	0.6448
59	Montenegro	0.6249		59	Italy	0.6560		59	Saint Lucia	0.6426
60	Vanuatu	0.6219		60	Belize	0.6406		60	Botswana	0.6386
61	South Africa	0.6118		61	Ghana	0.6342		61	Turkey	0.6384
62	Jamaica	0.6091		62	Tonga	0.6312		62	Colombia	0.6327
63	Peru	0.6072		63	Namibia	0.6303		63	Kuwait	0.6202
64	Antigua and Barbuda	0.6012		64	South Africa	0.6258		64	Uruguay	0.6193
65	Tonga	0.5936		65	Croatia	0.6154		65	Mexico	0.6143
66	Saint Kitts and Nevis	0.5905		66	Jamaica	0.6109		66	Brunei Darussalam	0.6143
67	Croatia	0.5865		67	Greece	0.6055		67	Saint Vincent and the Grenadines	0.6094
68	Bahrain	0.5781		68	Trinidad and Tobago	0.5874		68	Samoa	0.6091
69	Macedonia (FYROM)	0.5771		69	Georgia	0.5803		69	Kosovo	0.6085
70	Panama	0.5738		70	Romania	0.5706		70	Jamaica	0.6074
71	Turkey	0.5567		71	Bulgaria	0.5663		71	Italy	0.6012
72	Jordan	0.5558		72	Montenegro	0.5646		72	South Africa	0.5979
73	Cape Verde	0.5556		73	Suriname	0.5630		73	Philippines	0.5979
74	Oman	0.5529		74	Brazil	0.5584		74	Kazakhstan	0.5954
75	Trinidad and Tobago	0.5512		75	Seychelles	0.5567		75	Dominica	0.5748

76	Ghana	0.5454		76	Bhutan	0.5508		76	Guatemala	0.5713
77	Kuwait	0.5448		77	Lesotho	0.5489		77	Vanuatu	0.5684
78	Philippines	0.5400		78	India	0.5488		78	Barbados	0.5660
79	Armenia	0.5358		79	Serbia	0.5483		79	Croatia	0.5576
80	Greece	0.5348		80	Macau	0.5401		80	Tonga	0.5561
81	Rwanda	0.5299		81	Qatar	0.5361		81	Albania	0.5540
82	Colombia	0.5289		82	Mongolia	0.5267		82	Antigua and Barbuda	0.5344
83	Namibia	0.5287		83	São Tomé and Príncipe	0.5185		83	Fiji	0.5281
84	Marshall Islands	0.5276		84	Senegal	0.5142		84	El Salvador	0.5270
85	Thailand	0.5232		85	Solomon Islands	0.5106		85	Azerbaijan	0.5241
86	Grenada	0.5191		86	Benin	0.5094		86	Slovenia	0.5192
87	Belize	0.5186		87	Malaysia	0.5003		87	Indonesia	0.5156
88	Mexico	0.5093		88	Panama	0.4992		88	Trinidad and Tobago	0.5151
89	Kosovo	0.5050		89	Macedonia (FYROM)	0.4916		89	San Marino	0.5132
90	Brunei Darussalam	0.5040		90	Bosnia and Herzegovina	0.4841		90	Dominican Republic	0.4887
91	Mongolia	0.5022		91	Philippines	0.4821		91	Republic of Moldova	0.4799
92	El Salvador	0.4977		92	Tunisia	0.4798		92	Mongolia	0.4776
93	Saudi Arabia	0.4960		93	United Arab Emirates	0.4766		93	Morocco	0.4763
94	Seychelles	0.4920		94	Turkey	0.4750		94	Tunisia	0.4658
95	Albania	0.4907		95	Kuwait	0.4694		95	Russian Federation	0.4650

96	Brazil	0.4858		96	El Salvador	0.4685		96	Greece	0.4641
97	Serbia	0.4760		97	Peru	0.4680		97	Nicaragua	0.4625
98	Indonesia	0.4739		98	Burkina Faso	0.4594		98	Bosnia and Herzegovina	0.4578
99	Tunisia	0.4728		99	Dominican Republic	0.4514		99	Ghana	0.4566
100	Bosnia and Herzegovina	0.4710		100	Guyana	0.4511		100	China	0.4524
101	Dominican Republic	0.4700		101	Jordan	0.4395		101	Zambia	0.4453
102	Federated States of Micronesia	0.4599		102	Malawi	0.4339		102	Sri Lanka	0.4421
103	Republic of Moldova	0.4529		103	Indonesia	0.4322		103	Lebanon	0.4370
104	Bhutan	0.4412		104	Albania	0.4274		104	Honduras	0.4368
105	India	0.4407		105	Zambia	0.4263		105	Seychelles	0.4273
106	Zambia	0.4358		106	Republic of Moldova	0.4259		106	Namibia	0.4270
107	Guatemala	0.4315		107	Colombia	0.4251		107	Belarus	0.4249
108	Morocco	0.4286		108	Argentina	0.4234		108	Kyrgyzstan	0.4205
109	Kiribati	0.4272		109	Oman	0.4211		109	Paraguay	0.4148
110	Solomon Islands	0.4196		110	Mexico	0.4042		110	Brazil	0.4133
111	Suriname	0.4173		111	Thailand	0.4016		111	Palau	0.4074
112	Fiji	0.4136		112	Kosovo	0.4014		112	Serbia	0.4037
113	Lesotho	0.3975		113	Mali	0.4003		113	Belize	0.3966
114	Nicaragua	0.3965		114	Brunei Darussalam	0.3938		114	Vietnam	0.3895
115	Sri Lanka	0.3931		115	Papua New Guinea	0.3811		115	Cambodia	0.3880

116	Kazakhstan	0.3927		116	Morocco	0.3809		116	Cape Verde	0.3866
117	Benin	0.3815		117	Bolivia	0.3803		117	Uganda	0.3729
118	Senegal	0.3751		118	Tanzania	0.3763		118	Kenya	0.3686
119	Papua New Guinea	0.3733		119	Armenia	0.3736		119	Papua New Guinea	0.3656
120	Lebanon	0.3705		120	Timor-Leste	0.3718		120	Saint Kitts and Nevis	0.3651
121	São Tomé and Príncipe	0.3686		121	Niger	0.3708		121	Swaziland	0.3630
122	Guyana	0.3672		122	Mozambique	0.3648		122	Grenada	0.3386
123	Azerbaijan	0.3536		123	Bahrain	0.3647		123	India	0.3326
124	Paraguay	0.3533		124	Rwanda	0.3613		124	Bhutan	0.3317
125	Uganda	0.3493		125	Saudi Arabia	0.3452		125	Solomon Islands	0.3287
126	Tanzania	0.3450		126	Sri Lanka	0.3441		126	Gambia	0.3228
127	China	0.3439		127	Maldives	0.3426		127	Maldives	0.3222
128	Swaziland	0.3427		128	Sierra Leone	0.3414		128	Ukraine	0.3173
129	Kenya	0.3378		129	Liberia	0.3334		129	Tanzania	0.3137
130	Honduras	0.3371		130	Nicaragua	0.3305		130	Madagascar	0.2877
131	Maldives	0.3324		131	Uganda	0.3258		131	Guyana	0.2833
132	Russian Federation	0.3256		132	Algeria	0.3229		132	Djibouti	0.2808
133	Burkina Faso	0.3224		133	Swaziland	0.3223		133	Egypt	0.2749
134	Kyrgyzstan	0.3193		134	Gabon	0.3139		134	Suriname	0.2716
135	Vietnam	0.3051		135	Ecuador	0.3086		135	Tajikistan	0.2710

136	Mali	0.3026		136	Kenya	0.3070		136	Marshall Islands	0.2698
137	Argentina	0.3004		137	Lebanon	0.3040		137	Nepal	0.2654
138	Malawi	0.2999		138	Mauritania	0.3036		138	Gabon	0.2619
139	Bolivia	0.2949		139	Nepal	0.3021		139	Benin	0.2537
140	Ukraine	0.2938		140	Fiji	0.2990		140	Lao People's Democratic Republic	0.2488
141	Mozambique	0.2929		141	Ivory Coast	0.2973		141	West Bank and Gaza	0.2487
142	Belarus	0.2899		142	Egypt	0.2930		142	Ivory Coast	0.2470
143	Gabon	0.2879		143	Paraguay	0.2918		143	Lesotho	0.2461
144	Egypt	0.2840		144	Guatemala	0.2917		144	Pakistan	0.2376
145	Nepal	0.2838		145	Comoros	0.2878		145	Senegal	0.2360
146	Cambodia	0.2833		146	Bangladesh	0.2876		146	Ecuador	0.2214
147	Ivory Coast	0.2721		147	Cuba	0.2740		147	Mozambique	0.2210
148	Sierra Leone	0.2710		148	Ukraine	0.2703		148	São Tomé and Príncipe	0.2187
149	Niger	0.2699		149	Nigeria	0.2644		149	Bolivia	0.2096
150	Madagascar	0.2689		150	Madagascar	0.2501		150	Bangladesh	0.2083
151	Ecuador	0.2650		151	West Bank and Gaza	0.2474		151	Islamic Republic of Iran	0.2081
152	Gambia	0.2643		152	Pakistan	0.2457		152	Mali	0.2049
153	Algeria	0.2621		153	Honduras	0.2374		153	Algeria	0.2013
154	Djibouti	0.2522		154	China	0.2353		154	Sierra Leone	0.2005

15 5	West Bank and Gaza	0.248 1		15 5	Ethiopia	0.2295		15 5	Republic of Yemen	0.1975
15 6	Bangladesh	0.248 0		15 6	Djibouti	0.2236		15 6	Kiribati	0.1903
15 7	Pakistan	0.241 7		15 7	Togo	0.2208		15 7	Federated States of Micronesia	0.1893
15 8	Liberia	0.241 3		15 8	Vietnam	0.2207		15 8	Ethiopia	0.1870
15 9	Timor-Leste	0.240 3		15 9	Haiti	0.2198		15 9	Nigeria	0.1866
16 0	Comoros	0.236 9		16 0	Kyrgyzstan	0.2181		16 0	Comoros	0.1859
16 1	Nigeria	0.225 5		16 1	Gambia	0.2058		16 1	Burkina Faso	0.1855
16 2	Mauritania	0.222 6		16 2	Republic of the Congo	0.2022		16 2	Uzbekistan	0.1830
16 3	Ethiopia	0.208 3		16 3	Cameroon	0.1934		16 3	Iraq	0.1799
16 4	Togo	0.199 2		16 4	Kazakhstan	0.1900		16 4	Cameroon	0.1785
16 5	Haiti	0.193 3		16 5	Russian Federation	0.1862		16 5	Togo	0.1776
16 6	Lao People's Democratic Republic	0.190 2		16 6	Azerbaijan	0.1830		16 6	Argentina	0.1775
16 7	Tajikistan	0.188 9		16 7	Cambodia	0.1785		16 7	Niger	0.1691
16 8	Cameroon	0.185 9		16 8	Guinea	0.1624		16 8	Haiti	0.1668
16 9	Islamic Republic of Iran	0.160 6		16 9	Burundi	0.1593		16 9	Malawi	0.1659
17 0	Republic of Yemen	0.154 5		17 0	Belarus	0.1550		17 0	Sudan	0.1587
17 1	Burundi	0.149 6		17 1	Libya	0.1536		17 1	Liberia	0.1491
17 2	Iraq	0.146 1		17 2	Lao People's Democratic Republic	0.1316		17 2	Mauritania	0.1415
17	Cuba	0.142		17	Angola	0.1290		17	Burundi	0.1399

3		6		3				3		
174	Guinea	0.1337		174	Myanmar	0.1199		174	Guinea-Bissau	0.1379
175	Republic of the Congo	0.1223		175	South Sudan	0.1175		175	Timor-Leste	0.1089
176	Guinea-Bissau	0.1189		176	Chad	0.1131		176	Guinea	0.1049
177	Uzbekistan	0.1168		177	Islamic Republic of Iran	0.1130		177	Equatorial Guinea	0.0830
178	Libya	0.1124		178	Iraq	0.1124		178	Syrian Arab Republic	0.0794
179	Sudan	0.1113		179	Republic of Yemen	0.1115		179	Myanmar	0.0780
180	Angola	0.0994		180	Bolivarian Republic of Venezuela	0.1077		180	Zimbabwe	0.0721
181	Myanmar	0.0990		181	Tajikistan	0.1069		181	Libya	0.0713
182	Zimbabwe	0.0883		182	Zimbabwe	0.1044		182	Angola	0.0698
183	Chad	0.0772		183	Afghanistan	0.1031		183	Central African Republic	0.0538
184	Bolivarian Republic of Venezuela	0.0742		184	Guinea-Bissau	0.0999		184	Democratic Republic of the Congo	0.0509
185	Central African Republic	0.0719		185	Central African Republic	0.0901		185	Republic of the Congo	0.0424
186	Afghanistan	0.0701		186	Democratic Republic of the Congo	0.0888		186	Chad	0.0413
187	Democratic Republic of the Congo	0.0698		187	Sudan	0.0639		187	Bolivarian Republic of Venezuela	0.0407
188	South Sudan	0.0693		188	Syrian Arab Republic	0.0543		188	Turkmenistan	0.0393
189	Syrian Arab Republic	0.0668		189	Uzbekistan	0.0505		189	Afghanistan	0.0370

190	Equatorial Guinea	0.0631		190	Equatorial Guinea	0.0432		190	South Sudan	0.0212
191	Turkmenistan	0.0360		191	Eritrea	0.0354		191	Eritrea	0.0167
192	Eritrea	0.0260		192	Turkmenistan	0.0326		192	Cuba	0.0112
193	Democratic People's Republic of Korea	0.0154		193	Democratic People's Republic of Korea	0.0251		193	Democratic People's Republic of Korea	0.0056