

# **2007 Index of Economic Freedom**

# What's New in the 2007 *Index*?

**E**very year, the editors evaluate the *Index of Economic Freedom* and consider ways to improve the product. This year's edition of the *Index* embodies the most dramatic changes, in both style and substance, that have been made since publication of the inaugural edition in 1995. The book is physically smaller to enhance its usability and portability. An extensive redesign of the country pages includes two new charts to help readers quickly assess each economy's progress. Finally, the methodology has been improved with the help of a newly formed academic advisory board and utilization of new data from the World Bank that have been made available only recently. Previous years' scores have been revised to reflect the more rigorous approach.

These changes continue the Heritage Foundation/*Wall Street Journal* tradition of continuing, year-by-year improvement. Changes in the methodology were instituted in 2000, 2002, 2004, and 2006 to enhance the robustness of one or more of the 10 factors that are used to mea-

sure overall economic freedom, and the entire time series was revised so that all scores were and are as consistent as possible, dating back to 1995. The 2001 *Index* saw the publication of a Spanish-language edition in cooperation with several Latin American think tanks. That same edition was the first to suspend countries from grading as a result of insufficient or inapplicable data.

To the extent that the changes are bigger in 2007 than ever before, they are driven by a new process: a fundamental effort to formalize the feedback so that suggestions of friends, scholars, policymakers, and other readers are collected, considered, and acted upon. For example, we conducted an internal survey of scholars at Heritage and an external survey of 375 people from the academic, business, government, and international communities who downloaded the *Index* from our Web site last year to assess our strengths and weaknesses. We also solicited advice from academic scholars before revising the methodology.

10 Factors (Old Methodology)	10 Freedoms (New Methodology)
Regulation	Business Freedom
Trade Policy	Trade Freedom
Fiscal Burden	Fiscal Freedom
Government Intervention	Freedom from Government
Monetary Policy	Monetary Freedom (80%)
Wages and Prices	Monetary Freedom (20%)
Foreign Investment	Investment Freedom
Banking and Finance	Financial Freedom
Property Rights	Property Rights
Informal Market	Freedom from Corruption
(N/A)	Labor Freedom

Some of the most common suggestions were (1) to use a new 0–100 percent grading scale rather than 5–1 so that a higher score now represents more freedom; (2) to add regional context to the rankings; (3) to enhance the methodological rigor by using equations instead of brackets where possible; and (4) to add a factor for labor freedom. One example of the increased detail in the new *Index* is the way monetary freedom is measured: Two economies with inflation rates of 1 percent and 2 percent, respectively, traditionally were given identical monetary scores in the *Index* because both economies were in the same bracket, but now we use an equation that allows for finer detail in the scores. In the new methodology for monetary freedom, the closer an inflation rate is to zero—even one-tenth of a percentage point—the higher the monetary freedom score.

A more detailed explanation of what has changed, as well as what has not changed, in the 2007 *Index* follows:

- **Academic Advisory Board.** The methodology is the heart of the entire *Index* project. It gives credibility to the product and is a key tool in fighting claims of bias. While scholars working on different ways to measure economic freedom agree that such an abstract concept can never be measured perfectly, the most important attribute of any approach is that it be unbiased. For this reason, we assembled an

academic advisory board to review the methodology with us on a continuing basis, both this year and in future years. Those scholars who approved of the final methodology that was developed then offered their endorsement.

- **Continuous Percentile Scores.** The *Index* is converting to a 0–100 scoring scale that both translates more easily into percentages of freedom and ends the use of discrete brackets (1, 2, 3, 4, and 5) in favor of a continuous scale that allows an economy in many cases to receive, for example, a score of 83.3 percent instead of an 80 or 90. All previous scores back to 1995 have been converted to the new 0–100 scale. The

5–1 rankings in use in the 1995–2006 editions (where a lower number equaled more freedom) were based on the original methodology. As the methodology and precision improved in subsequent editions, it became increasingly obvious that the scoring should be brought into line. In addition, economic freedom is a *positive* quantity, not a mere absence of oppression, and the use of a zero to denote a total lack of freedom seems to epitomize this.

- **New Methodology.** The *Index* methodology is changing substantively in several ways. First, new data from the World Bank’s *Doing Business* report that became available only recently are utilized as the basis for the business freedom factor (replacing the old regulation factor) and a new labor freedom factor. Second, an equation-based approach replaces the bracket scores for numerous factor variables, notably inflation and tariffs. The 10 factors have been renamed as described in the accompanying table. It must be emphasized that the new methodology is not only for 2007 scores; rather, it has been implemented for this year and all previous years. An obvious consequence of the new methodology is the effect on each country’s overall freedom score and ranking, which is due to the new attention to detail. Small policy changes are detected more easily in the more detailed methodology and can cause a large change in worldwide rank for many countries.

- **A New Labor Freedom Factor.** The recent

labor riots in France and the wide disparity in unemployment rates across countries call for a stronger focus on labor freedom. Labor laws were covered in the previous methodology as a small component of the regulation factor and less-than-equal component of the wages and prices factor, but this was primarily because no consistent data source existed for cross-country comparisons until 2003. The new labor freedom factor is based on objective data from the World Bank's *Doing Business* study, which covers minimum wages, laws inhibiting layoffs, severance requirements, and measurable regulatory burdens on hiring, hours, and so on. These cross-country labor data, though cutting-edge and well-respected, are available only for 2005–2007.

- **New Country Page Design.** The new country page design emphasizes overall economic freedom on the first page and details for each of the 10 areas of economic freedom on the second page. The heading includes the world rank for each economy and a new regional rank. The new approach focuses more precisely on economic policy and the *Index* scores. A paragraph that describes historical background for each country, with political context, remains as an anchor on the first page. The “Quick Facts” box has been revised to include many new variables: unemployment and inflation rates, GDP in terms of purchasing power parity, a five-year compound average annual growth rate, foreign direct investment (FDI), three official development assistance measures, and external debt. The time series chart has been expanded to give a better sense of how a country's economic freedom is evolving, which now includes both time series lines for the world and regional averages from 1995 to the present. Finally, a new second chart created for each economy shows graphically how each of a country's 10 economic freedoms compares to the world average.

- **New Regions.** From this year forward, the *Index* will emphasize a country's regional rank as well as its global rank. For example, the United Kingdom ranks as the 6th freest economy in the world in 2007, but it also ranks as the freest in Europe. Similarly, Israel has the freest economy in the Middle East/North Africa region,

Mauritius is the best in sub-Saharan Africa, and the United States is number one in the Americas. These five regions are consistent with past *Index* groupings with the exception of three countries: Canada, Mexico, and the U.S. are now included in the Americas (which replaces Latin America as a region). As a result, Europe is now a separate region, replacing the old North America and Europe. These regions are not only more geographically consistent; they also represent our long-standing philosophy of human equality. Just because Canada is wealthier than many other New World economies does not necessarily mean that its people are better or that its economy merits inclusion in a different class of countries. We believe (and have always believed) that all peoples have equal potential and that all economies deserve equal liberty.

We hope the changes in the *Index* make it an even better research tool and a more accessible policymaking guide. Despite the new look, however, our goal is and will remain the same: to advance human freedom. We believe that the redesigned *Index* might even make the transition to a better world faster and surer.

One of the editors' paramount concerns is that the *Index* always remains a useful tool for researchers. This means that the integrity of the current-year scores is crucial. During a period of aggressive improvements, there undoubtedly will be mistakes in the scores, based on our errors and errors in source data. We cannot promise perfection, but we do promise objectivity: Our methods and modifications will always be transparent and duplicable by other scholars.

Moreover, even though the *Index* itself is published in January, based on policies and data available as of the previous June, we remain committed to providing the most accurate and up-to-date measures on-line and will make any needed corrections to that source file immediately. For researchers who want to weight the *Index* or consider individual components in statistical analysis, the 10 freedoms and even the raw data are also available transparently on-line. Revised scores of individual factors for all years are available for download at [www.heritage.org/Index](http://www.heritage.org/Index).

# Executive Summary

**W**ith the publication of this edition, The Heritage Foundation/Wall Street Journal *Index of Economic Freedom* marks its 13th anniversary. The idea of producing a user-friendly “index of economic freedom” as a tool for policymakers and investors was first discussed at The Heritage Foundation in the late 1980s. The goal then, as it is today, was to develop a systematic, empirical measurement of economic freedom in countries throughout the world. To this end, the decision was made to establish a set of objective economic criteria that, since the inaugural edition in 1995, have been used to study and grade various countries for the annual publication of the *Index of Economic Freedom*.

Economic theory dating back to the publication of Adam Smith’s *The Wealth of Nations* in 1776 emphasizes the lesson that basic institutions that protect the liberty of individuals to pursue their own economic interests result in greater prosperity for the larger society. Perhaps the idea of freedom is too sophisticated, as

popular support for it constantly erodes before the onslaught of populism, whether democratic or autocratic. Yet modern scholars of political economy are rediscovering the centrality of “free institutions” as fundamental ingredients for rapid long-term growth. In other words, the techniques may be new, but they reaffirm classic truths. The objective of the *Index* is to catalog those economic institutions in a quantitative and rigorous manner.

Yet the *Index* is more than a simple ranking based on economic theory and empirical study. It also identifies the variables that comprise economic freedom and analyzes the interaction of freedom with wealth.

The 2007 *Index of Economic Freedom* measures 157 countries across 10 specific factors of economic freedom, which are listed below. Chapter 3 explains these factors in detail. High scores approaching 100 represent higher levels of freedom. The higher the score on a factor, the lower the level of government interference in the economy.

**The 10 Economic Freedoms**

- Business Freedom
- Trade Freedom
- Fiscal Freedom
- Freedom from Government
- Monetary Freedom
- Investment Freedom
- Financial Freedom
- Property Rights
- Freedom from Corruption
- Labor Freedom

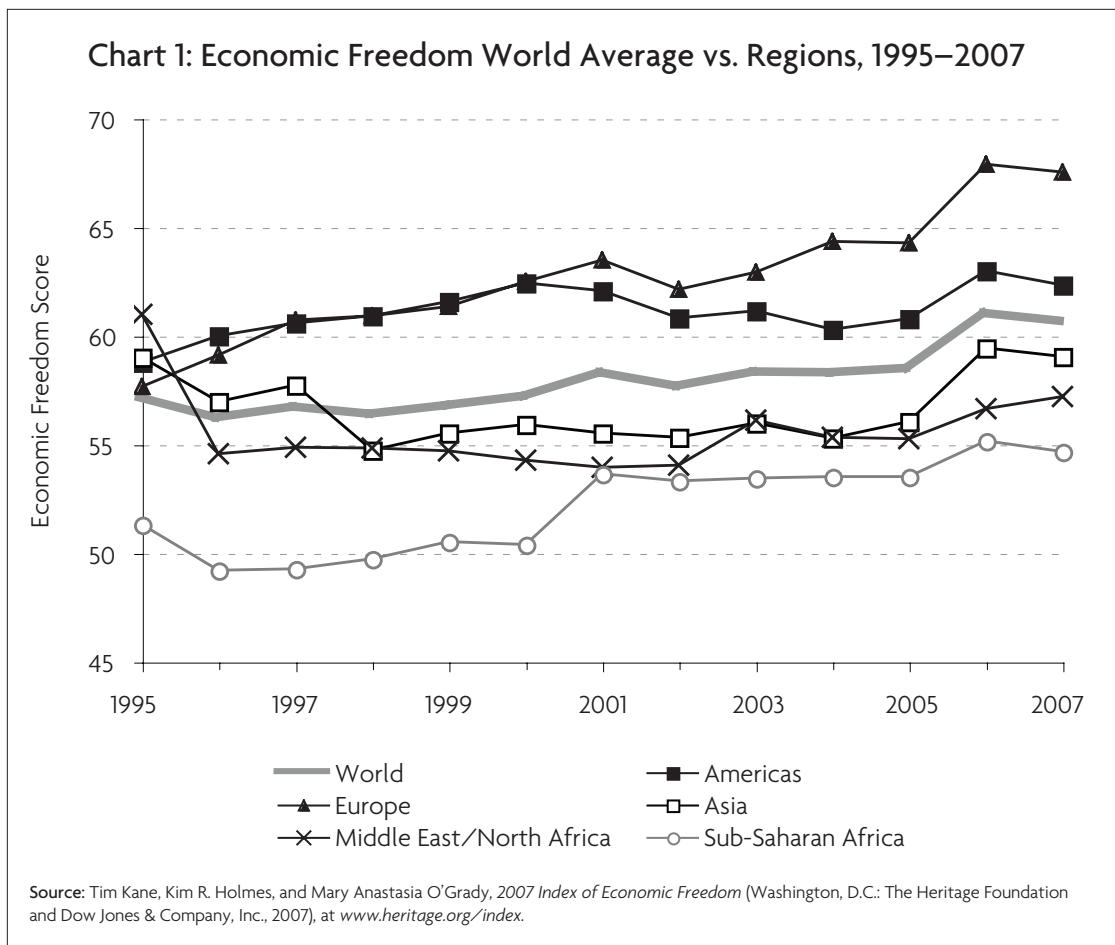
**Former British colonies in Asia lead the world in economic freedom.** Hong Kong has the highest level of economic freedom for the 13th straight year. Singapore remains close, ranked second in the world, and Australia is ranked third freest economy in the world, which means that the Asia-Pacific region is home to the top three economies.

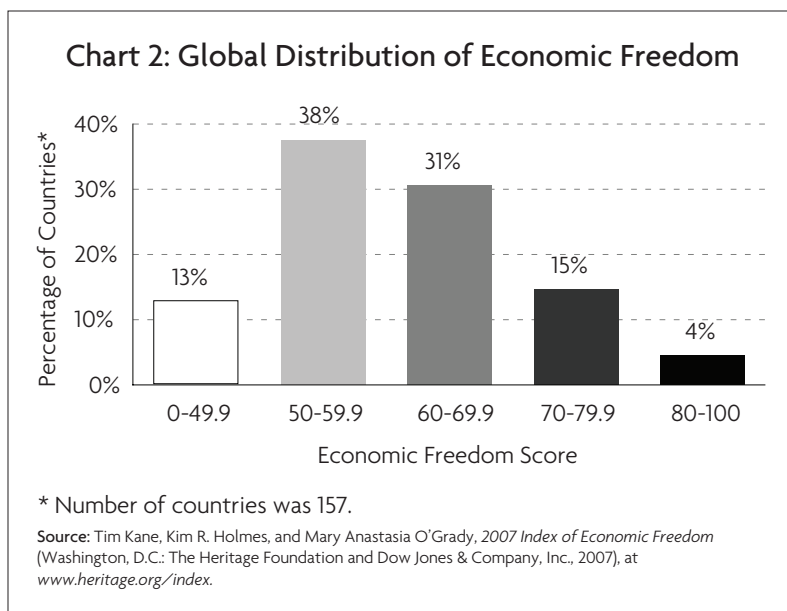
**Twelve of the top 20 freest economies are European.** A majority of the freest economies are in Europe, led by the United Kingdom, Ireland, Luxembourg, and Switzerland. Only five are in the Asia-Pacific region. The remaining three are from the Americas: the United States, Canada, and Chile.

**The methodology for measuring economic freedom is significantly upgraded.** The new methodology uses a scale of 0–100 rather than the 1–5 brackets of previous years when assessing the 10 component economic freedoms, which means that the new overall scores are

**HIGHLIGHTS FROM THE 2007 INDEX**

**Global economic freedom holds steady, but there is much room for improvement.** The average economic freedom score is 60.6 percent, the second highest level since the *Index* began in 1995 and down by 0.3 percentage point from last year. Each region has experienced an increase in economic freedom during the past decade.





**Table 1: Global Distribution of Economic Freedom**

Scores	Category	Number of Countries
80–100	Free	7
70–79.9	Mostly Free	23
60–69.9	Moderately Free	48
50–59.9	Mostly Unfree	59
0–49.9	Repressed	20

Source: Tim Kane, Kim R. Holmes, and Mary Anastasia O'Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at [www.heritage.org/index](http://www.heritage.org/index).

more refined and therefore more accurate. Second, a new labor freedom factor has been added, and entrepreneurship is being emphasized in the business freedom factor. Both of these new categories are based on data that became available from the World Bank only recently. This attention to detail benefits some countries and punishes others, and readers may note some dramatic changes in rankings. The methodology has been vetted with a new academic advisory board and should better reflect the details of each country's economic policies. In order to compare country performances from past years accurately, scores and rankings for all previous years dating back to 1995 have been adjusted to reflect the new methodology.

**Economic freedom is strongly related to**

**good economic performance.** The world's freest countries have twice the average per capita income of the second quintile of countries and over five times the average income of the fifth quintile of countries. The freest economies also have lower rates of unemployment and lower inflation. These relationships hold across each quintile, meaning that every quintile of less free economies has worse average rates of inflation and unemployment than the preceding quintile has.

**The top 20 countries have held relatively steady.** Even though the methodology used for rating economic freedom has been revised with this edition of the *Index*, the composition and order of the top 20 economies have hardly changed at all. Japan and Belgium moved into the top group (compared to the old methodol-

ogy, not compared to 2006 scores using the new methodology), whereas Austria and Sweden fell to lower positions.

**Progress is universal across all continents.** Across the five regions, Europe is clearly the most free using an unweighted average (67.5 percent), followed at some distance by the Americas (62.3 percent). The other three regions fall below the world average: Asia-Pacific (59.1 percent), Middle East/North Africa (57.2 percent), and sub-Saharan Africa (54.7 percent). However, trends in freedom are mirrored closely across all regions. The main distinguishing feature of the regions is that Asia-Pacific countries have the highest variance, which means that there is a much wider gap between the heights of freedom in some economies and

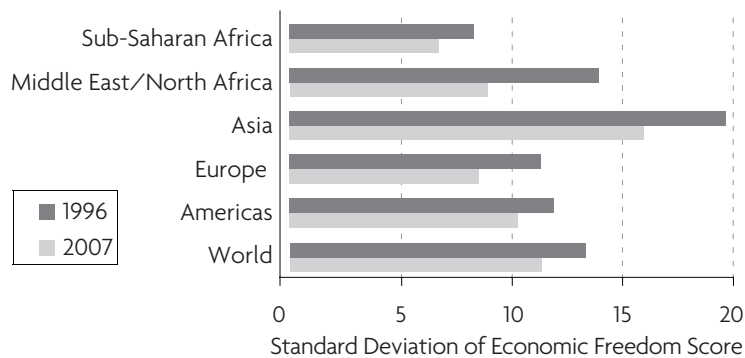
the lows in others that is nearly twice as variable as the norm.

Of the 157 countries graded numerically in the 2007 *Index*, only seven have very high freedom scores of 80 percent or more,<sup>1</sup> making them what we categorize as “free” economies. Another 23 are in the 70 percent range, placing them in the “mostly free” category. This means that less than one-fifth of all countries have economic freedom scores higher than 70 percent. The bulk of countries—107 economies—have freedom scores of 50 percent–70 percent. Half are “moderately free” (scores of 60 percent–70 percent), and half are “mostly unfree” (scores of 50 percent–60 percent). Only 20 countries have “repressed economies” with scores below 50 percent.

The typical country has an economy that is 60.6 percent free, down slightly from 60.9 percent in 2006. This decline is caused primarily by monetary freedom scores, which are 2.6 percentage points lower on average due to slightly more extensive price controls and a mild increase in inflation. Even so, the past scores for these two years produced the overall highest scores ever recorded in the *Index*, so the overall trend continues to be positive. As noted, although the methodology used for

1 Four countries (the Democratic Republic of Congo, Iraq, Serbia and Montenegro, and Sudan) were suspended from grading again this year because of questions about the accuracy of the data reported by each country or about whether the data truly reflect economic circumstances for most of the country. Data for suspended countries are reviewed annually to ascertain whether the situation has improved. The Democratic Republic of Congo and Sudan were suspended from grading in the 2007 *Index* because in each case, civil unrest or anarchy indicated that official government policies did not apply to large portions of the country. Serbia and Montenegro and Iraq were suspended because reliable data were not available.

**Chart 3: Decreasing Variance of Economic Freedom**



Source: Tim Kane, Kim R. Holmes, and Mary Anastasia O’Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at [www.heritage.org/index](http://www.heritage.org/index).

measuring freedom was revised this year, previous scores were also revised to be consistent across time.<sup>2</sup>

Among specific economies during the past year, the scores of 65 countries are now higher, and the scores of 92 countries are worse.

The variation in freedom among all of these countries declined again for the sixth year in a row, and the standard deviation among scores now stands at 11.4, down one-tenth of a percentage point from last year and down two full points since 1996.<sup>3</sup>

## THE IMPACT OF ECONOMIC FREEDOM

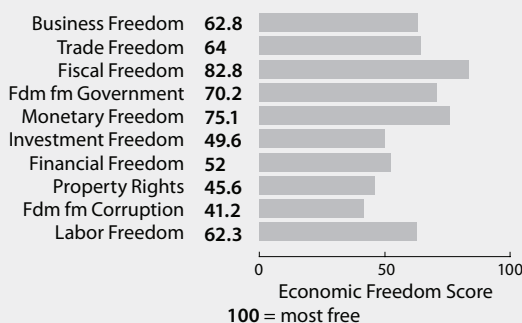
There is a clear relationship between economic freedom and numerous other cross-country variables, the most prominent being the strong relationship between the level of freedom and the level of prosperity in a given country. Previous editions of the *Index* have confirmed the tangible benefits of living in

2 The minor discontinuity in methodology for three factors may have a slight impact on a handful of countries, but the aggregate effect is nil. Thus, the decline in global economic freedom is real, not a reflection of the new level of methodological detail. See For a more detailed discussion, see Chapter 3, “Methodology: Measuring the 10 Economic Freedoms.”

3 The analysis does not extend to the 1995 edition of the *Index* because many fewer countries were graded in that year.



# THE 10 ECONOMIC FREEDOMS: A GLOBAL GUIDE



## BUSINESS FREEDOM — 62.8%

Business freedom is a measure of how free entrepreneurs are to start businesses, how easy it is to obtain licenses, and how easy it is to close a business. Impediments to any of these three components deter business activity and job creation. Globally, starting a business takes an average of 48 days, while getting necessary licenses takes an average of about 215 days.<sup>1</sup> Bankruptcy proceedings take an average of three years.

## TRADE FREEDOM — 64%

Tariffs are the primary obstacle to free trade, but non-tariff barriers like quotas and bureaucratic delays are also significant impediments. Using our equation, which assigns four-fifths of the score based on weighted average tariffs and a full 20 percentage point reduction for the existence of non-tariff barriers, the average trade freedom score is 64 percent. The mean weighted average tariff is 8 percent. Notably, every one of the 157 countries graded was penalized 20 points for its non-tariff barriers.

## FISCAL FREEDOM — 82.8%

The top tax rate on individual income averages 31 percent, and the top tax rate on corporate income averages 27 percent. The total revenue from all forms of taxation (including tariffs) averages 20 percent of country GDP. Mixing the three scores together is the basis of the fiscal freedom score. Using an equation that defines higher freedom with lower taxes and tax rates, the average score is 82.8 percent.

## FREEDOM FROM GOVERNMENT — 70.2%

Government expenditures are the other side of the fiscal intervention coin. The average level of govern-

<sup>1</sup> The global average is based on data for 145 countries that are graded by both the *Index of Economic Freedom* and the 2007 edition of the World Bank's *Doing Business*.

ment spending as a portion of GDP is 31 percent.<sup>2</sup> Governments that generate revenue from state-owned enterprises are also penalized.

## MONETARY FREEDOM — 75.1%

The worldwide average of the weighted average rate of inflation from 2003 to 2005 is 7.9 percent. Price stability explains most of the monetary freedom score, although there is also a penalty of up to 20 percentage points for countries that use price controls. The average price control penalty was 9.9 points this year.

## INVESTMENT FREEDOM — 49.6%

Only 13 countries enjoy high investment freedom, earning scores of 80 percent and higher. These countries impose few or no restrictions on foreign investment, which promotes economic expansion and enhances overall economic freedom. Meanwhile, more than one-third of countries earn scores of less than 50 percent.

## FINANCIAL FREEDOM — 52%

The financial freedom factor measures the relative openness of a country's banking and financial system. Burdensome bank regulation still reduces opportunities and restricts economic freedom in the preponderance of countries in all areas of the world.

## PROPERTY RIGHTS — 45.6%

Strong property rights are still a work in progress. Although many Western economies along with Hong Kong and Singapore benefit from secure protection of property rights, earning scores of 80 percent or higher, more than half of the world's countries receive a score of less than 50 percent.

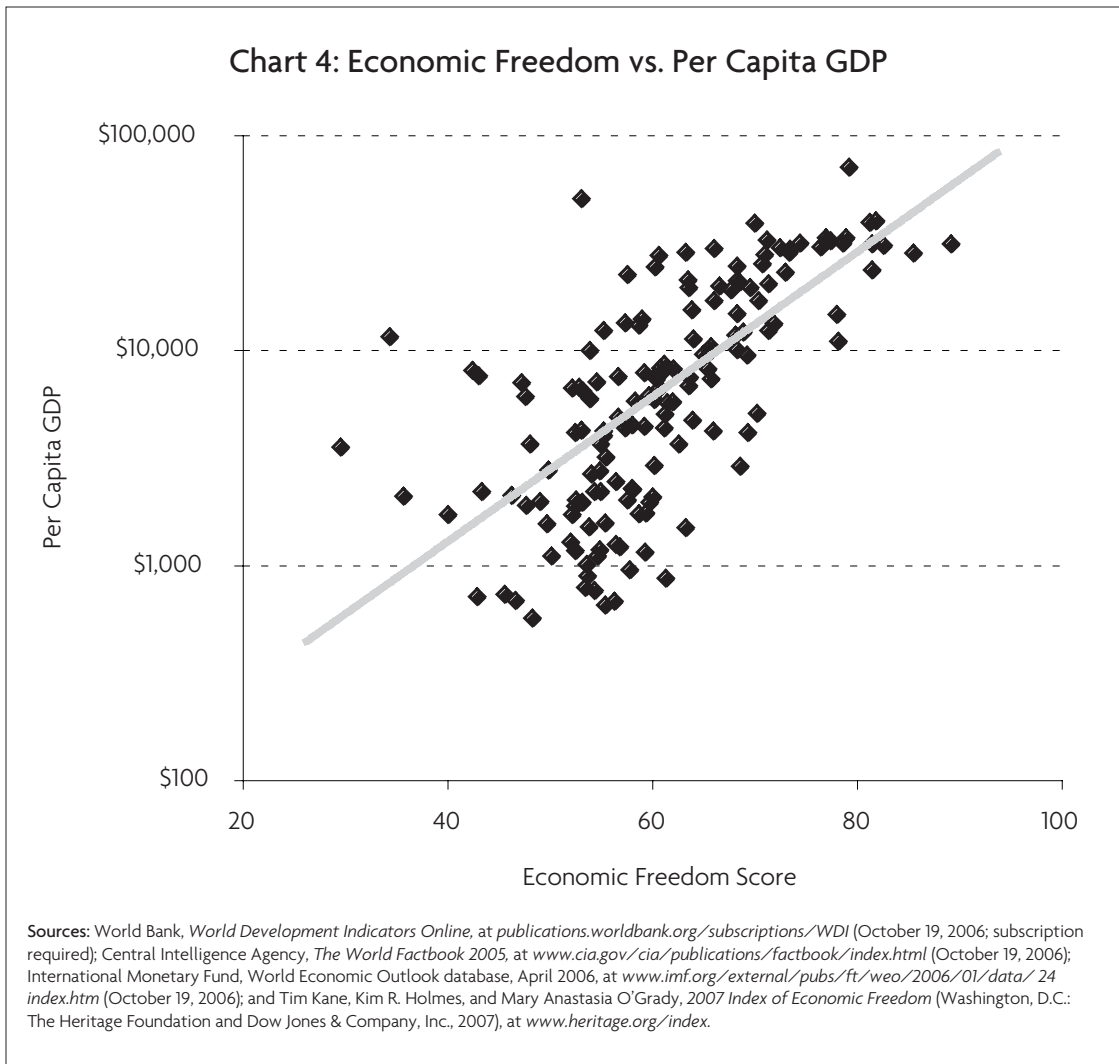
## FREEDOM FROM CORRUPTION — 41.2%

There has been little progress since last year. Only 16 countries earned scores of 80 percent or higher, and 110 countries earned scores of less than 50 percent. Freedom from corruption is the lowest average score among the 10 factors.

## LABOR FREEDOM — 62.3%

The world average of labor freedom is 62.3 percent, reflecting wage, hour, and other restrictions. The average ratio of minimum wage to average wage is 0.32. The average cost of firing equals 54 weeks of salary. Only 22 countries have notably flexible labor market policies that earn scores of 80 percent or higher.

<sup>2</sup> In general, freedom from government looks at the general government expenditure data that combine all levels of government. In grading countries for which general government spending data are not available, central government expenditure data are used.



freer societies. Not only is a higher level of economic freedom clearly associated with a higher level of per capita gross domestic product, but those higher GDP growth rates seem to create a virtuous cycle, triggering further improvements in economic freedom. Our 13 years of *Index* data strongly suggest that countries that increase their levels of freedom experience faster growth rates.

Chart 4 shows a strong relationship between the level of economic freedom in 2007 and the logarithmic value of the most recent data for per capita GDP using 157 countries as data points.

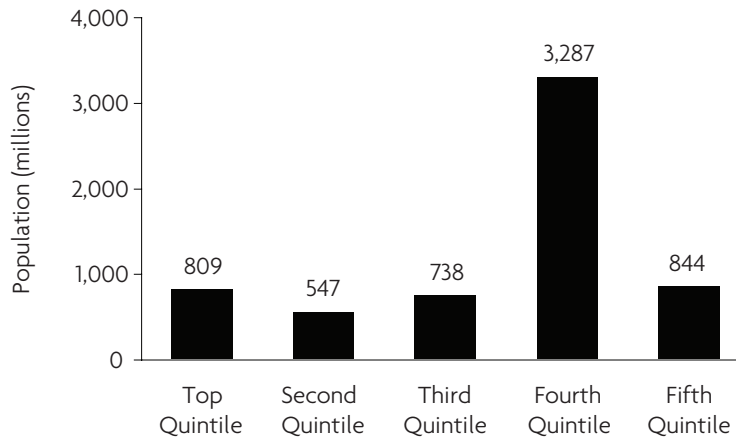
Charts 5–8 illustrate four different relationships using a quintile framework. The top quintile of countries is composed of those that are ranked from 1 to 31 globally (Hong Kong to the

Czech Republic), and each subsequent quintile includes the next group of countries. Quintiles are not the same as categorical groups (free, mostly free, etc.) and are used here because each quintile is comparable based on the same number of countries.

Chart 5 shows that four of five quintiles have roughly equal populations, but the fourth quintile alone contains half of the world's population. This is due to the presence of China and India together. This fact suggests that when China and India further open their economies to globalization so that internal economic freedoms are strengthened, the rise in global prosperity is poised for very large increases.

Chart 6 is another look at the relationship between economic freedom and average per capita incomes. The quintiles with higher

**Chart 5: Economic Freedom and Population**



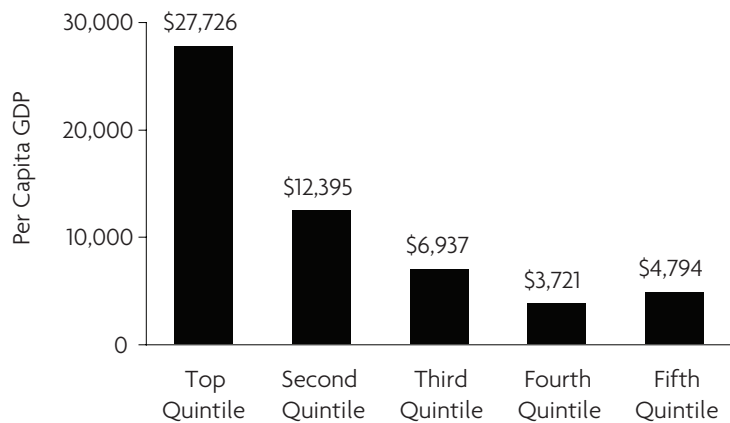
Sources: World Bank, World Development Indicators Online, at [publications.worldbank.org/subscriptions/WDI](http://publications.worldbank.org/subscriptions/WDI) (October 19, 2006; subscription required); Central Intelligence Agency, *The World Factbook 2005*, at [www.cia.gov/cia/publications/factbook/index.html](http://www.cia.gov/cia/publications/factbook/index.html) (October 19, 2006); International Monetary Fund, World Economic Outlook database, April 2006, at [www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm](http://www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm) (October 19, 2006); and Tim Kane, Kim R. Holmes, and Mary Anastasia O'Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at [www.heritage.org/index](http://www.heritage.org/index).

conomic freedom. Likewise, inflation rates rise on average as economic freedom declines.

The lesson from these charts is simple. Economic repression is a sad consequence of other events. Countries that are able to reflect the desires of their people for better lives will adopt economic freedom, and countries that repress their people for political reasons will cause economic suffering.

In other words, the claim that the suspension of economic freedom is done for the good of the people is no longer tenable.

**Chart 6: Economic Freedom and Per Capita GDP**

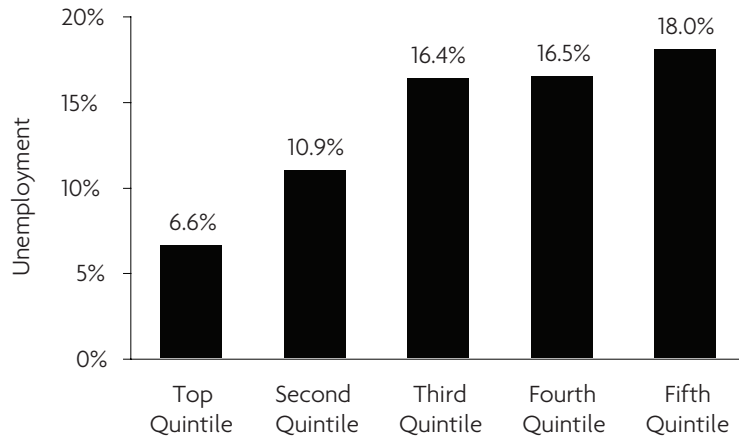


Sources: World Bank, World Development Indicators Online, at [publications.worldbank.org/subscriptions/WDI](http://publications.worldbank.org/subscriptions/WDI) (October 19, 2006; subscription required); Central Intelligence Agency, *The World Factbook 2005*, at [www.cia.gov/cia/publications/factbook/index.html](http://www.cia.gov/cia/publications/factbook/index.html) (October 19, 2006); International Monetary Fund, World Economic Outlook database, April 2006, at [www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm](http://www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm) (October 19, 2006); and Tim Kane, Kim R. Holmes, and Mary Anastasia O'Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at [www.heritage.org/index](http://www.heritage.org/index).

economic freedom have dramatically higher incomes per person.

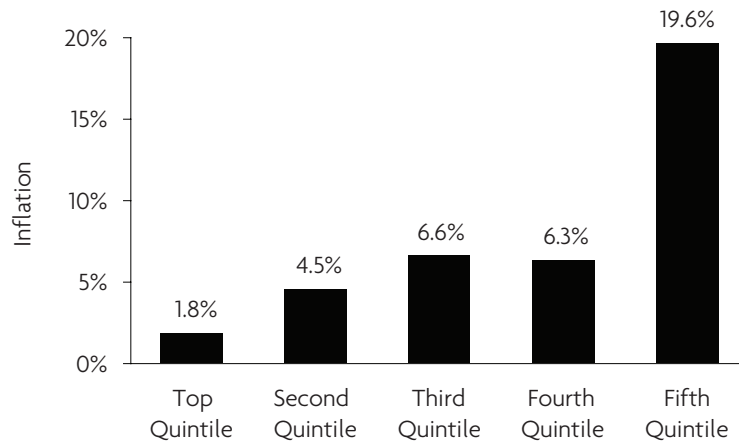
Charts 7 and 8 show that unemployment rates are higher for each quintile of lower eco-

**Chart 7: Economic Freedom and Unemployment**



Sources: World Bank, World Development Indicators Online, at [publications.worldbank.org/subscriptions/WDI](http://publications.worldbank.org/subscriptions/WDI) (October 19, 2006; subscription required); Central Intelligence Agency, *The World Factbook 2005*, at [www.cia.gov/cia/publications/factbook/index.html](http://www.cia.gov/cia/publications/factbook/index.html) (October 19, 2006); International Monetary Fund, World Economic Outlook database, April 2006, at [www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm](http://www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm) (October 19, 2006); and Tim Kane, Kim R. Holmes, and Mary Anastasia O'Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at [www.heritage.org/index](http://www.heritage.org/index).

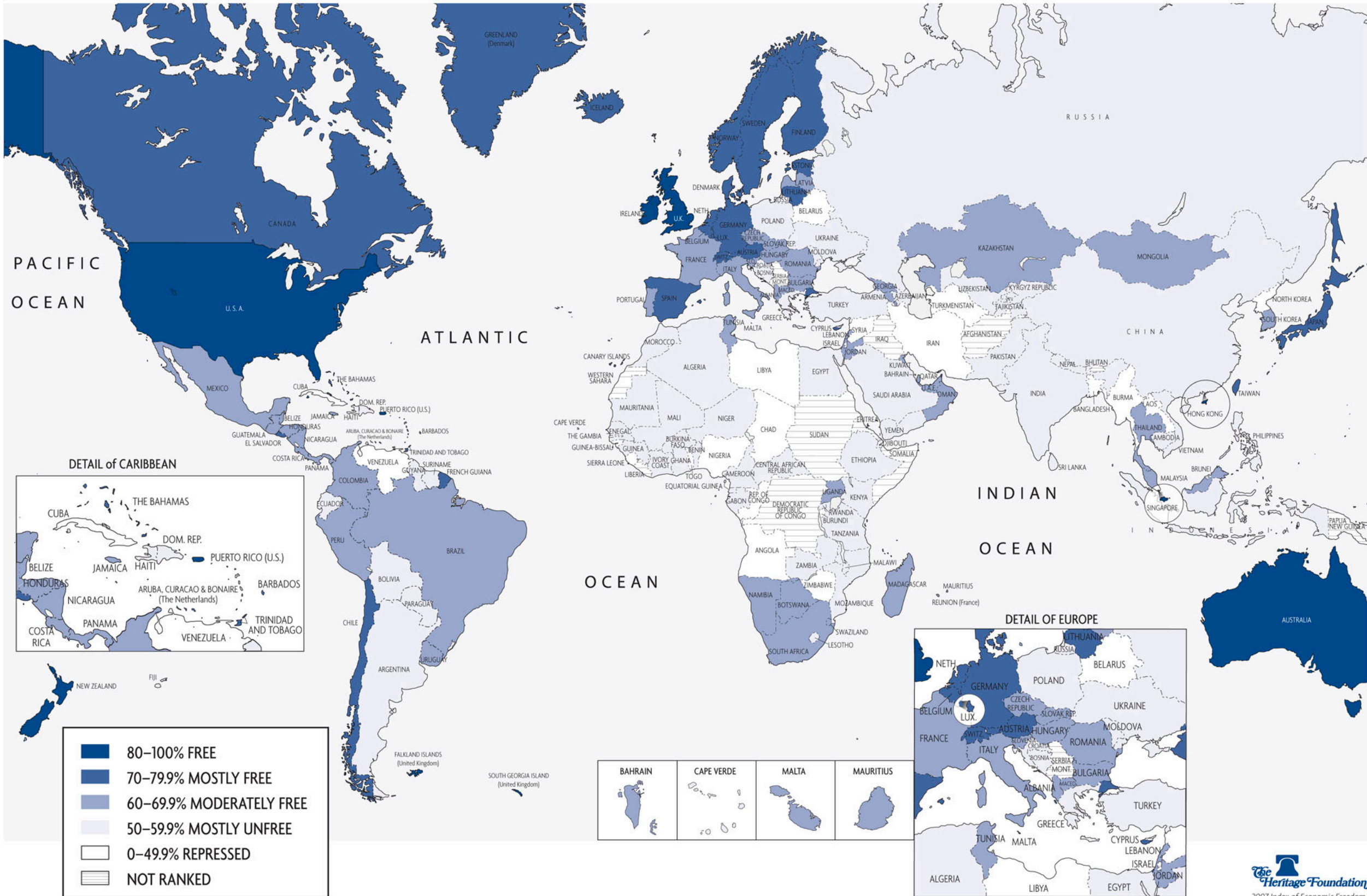
**Chart 8: Economic Freedom and Inflation**



Sources: World Bank, World Development Indicators Online, at [publications.worldbank.org/subscriptions/WDI](http://publications.worldbank.org/subscriptions/WDI) (October 19, 2006; subscription required); Central Intelligence Agency, *The World Factbook 2005*, at [www.cia.gov/cia/publications/factbook/index.html](http://www.cia.gov/cia/publications/factbook/index.html) (October 19, 2006); International Monetary Fund, World Economic Outlook database, April 2006, at [www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm](http://www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm) (October 19, 2006); and Tim Kane, Kim R. Holmes, and Mary Anastasia O'Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at [www.heritage.org/index](http://www.heritage.org/index).



# DISTRIBUTION OF ECONOMIC FREEDOM



## Index of Economic Freedom World Rankings

2007 Rank	Country	Economic Freedom 2007	Business Freedom	Trade Freedom	Fiscal Freedom	Freedom from Government	Monetary Freedom	Investment Freedom	Financial Freedom	Property Rights	Freedom from Corruption	Labor Freedom
1	Hong Kong	89.29	88.3	80.0	95.3	91.6	91.1	90	90	90	83	93.6
2	Singapore	85.65	94.6	80.0	93.0	86.2	89.5	80	50	90	94	99.3
3	Australia	82.69	91.7	73.8	75.4	70.1	84.8	70	90	90	88	93.1
4	United States	81.98	94.5	76.6	79.4	67.5	83.8	80	80	90	76	92.1
5	New Zealand	81.59	93.7	74.0	74.2	63.6	84.5	70	80	90	96	89.9
6	United Kingdom	81.55	92.1	76.6	74.6	54.2	79.3	90	90	90	86	82.7
7	Ireland	81.31	92.8	76.6	81.1	73.1	85.1	90	90	90	74	60.4
8	Luxembourg	79.31	90.0	76.6	75.4	55.9	80.2	90	80	90	85	70.0
9	Switzerland	79.05	83.3	77.0	78.6	68.6	83.6	70	70	90	91	78.4
10	Canada	78.72	96.1	78.2	83.9	61.8	80.6	60	70	90	84	82.7
11	Chile	78.29	68.9	72.4	85.7	87.6	79.9	70	70	90	73	85.3
12	Estonia	78.13	80.0	76.6	89.7	66.8	83.0	90	90	90	64	51.2
13	Denmark	77.56	95.3	76.6	55.2	32.1	86.8	80	90	90	95	74.7
14	Netherlands	77.08	88.3	76.6	65.8	47.8	87.0	90	80	90	86	59.2
15	Iceland	77.06	94.1	74.0	82.4	50.3	82.9	60	70	90	97	69.9
16	Finland	76.55	95.3	76.6	75.4	39.0	89.7	70	80	90	96	53.4
17	Belgium	74.53	90.8	76.6	62.2	41.2	80.0	90	80	80	74	70.5
18	Japan	73.57	94.3	75.2	80.6	67.2	92.0	60	50	70	73	73.4
19	Germany	73.52	88.2	76.6	74.3	48.0	81.5	90	50	90	82	54.6
20	Cyprus	73.10	70.0	76.6	87.8	54.9	84.7	70	70	90	57	70.0
21	Sweden	72.59	95.0	76.6	53.6	31.5	85.2	80	70	90	92	52.0
22	Lithuania	72.00	86.4	76.6	91.0	76.6	81.2	70	80	50	48	60.1
23	Trinidad and Tobago	71.44	61.8	69.0	88.0	83.7	74.7	70	70	70	38	89.2
24	Bahamas	71.43	80.0	28.8	98.3	89.9	77.3	40	70	80	70	80.0
25	Austria	71.33	79.8	76.6	66.9	40.5	85.7	70	70	90	87	46.8
26	Taiwan	71.12	73.0	76.7	84.7	89.8	81.3	70	50	70	59	56.7
27	Spain	70.87	77.1	76.6	70.1	63.6	78.6	70	80	70	70	52.7
28	Barbados	70.52	90.0	47.0	78.3	64.4	76.5	50	60	90	69	80.0
29	El Salvador	70.31	62.6	66.6	90.9	95.1	76.7	70	70	50	42	79.2
30	Norway	70.09	97.0	79.2	66.1	45.9	82.6	50	50	90	89	51.1
31	Czech Republic	69.68	61.2	76.6	79.9	52.7	86.2	70	80	70	43	77.2
32	Armenia	69.43	84.5	75.6	93.1	91.6	79.7	60	70	30	29	80.9
33	Uruguay	69.33	68.1	71.6	90.8	81.7	73.1	70	30	70	59	79.0
34	Mauritius	68.96	74.5	70.0	87.5	82.0	76.2	70	60	60	42	67.4
35	Georgia	68.70	78.9	61.8	94.2	91.3	77.9	60	70	30	23	99.9

## Index of Economic Freedom World Rankings

2007 Rank	Country	Economic Freedom 2007	Business Freedom	Trade Freedom	Fiscal Freedom	Freedom from Government	Monetary Freedom	Investment Freedom	Financial Freedom	Property Rights	Freedom from Corruption	Labor Freedom
36	Korea, South (ROK)	68.65	83.1	64.2	81.0	81.5	79.0	70	50	70	50	57.7
37	Israel	68.42	69.7	75.2	72.0	60.0	84.2	70	50	70	63	70.1
38	Botswana	68.40	66.6	59.6	82.6	54.5	76.8	70	70	70	59	74.9
39	Bahrain	68.40	80.0	69.6	99.6	56.7	80.1	50	90	60	58	40.0
40	Slovakia	68.37	71.1	76.6	93.0	60.8	76.7	70	80	50	43	62.5
41	Latvia	68.21	76.8	76.6	89.3	69.2	74.1	70	70	50	42	64.1
42	Malta	67.80	70.0	76.6	74.0	42.2	79.2	50	70	90	66	60.0
43	Portugal	66.66	79.6	76.6	79.6	49.6	80.2	70	50	70	65	46.0
44	Hungary	66.15	71.2	76.6	79.2	41.8	76.7	70	60	70	50	66.1
45	France	66.11	86.1	76.6	64.2	32.0	81.3	50	60	70	75	65.9
46	Jamaica	66.05	78.3	60.4	83.4	67.4	70.9	80	60	50	36	74.1
47	Panama	65.87	75.1	66.2	88.7	86.8	85.8	70	60	30	35	61.2
48	Malaysia	65.85	68.6	71.8	87.8	79.8	80.0	40	40	50	51	89.5
49	Mexico	65.80	82.1	72.6	88.1	77.2	77.0	50	60	50	35	66.0
50	Thailand	65.56	76.1	69.2	83.2	91.2	77.6	30	50	50	38	90.4
51	Costa Rica	65.12	63.5	72.4	88.6	92.3	67.1	70	40	50	42	65.4
52	South Africa	64.10	70.8	68.8	79.8	79.3	78.8	50	60	50	45	58.5
53	Jordan	64.02	54.8	64.2	88.8	64.1	83.5	50	60	50	57	67.9
54	Oman	63.94	63.6	73.8	99.0	37.7	79.1	50	50	50	63	73.2
55	Namibia	63.76	76.7	79.0	78.6	70.5	78.6	40	60	30	43	81.2
56	Belize	63.71	76.7	57.2	79.8	80.1	73.5	50	50	50	37	82.8
57	Kuwait	63.66	67.9	72.2	99.9	39.2	78.8	50	50	50	47	81.7
58	Slovenia	63.60	74.2	76.6	69.7	56.8	79.0	70	50	50	61	48.7
59	Uganda	63.41	54.1	58.8	87.1	86.7	78.3	50	70	30	25	94.0
60	Italy	63.36	73.7	76.6	68.5	46.4	80.8	70	60	50	50	57.6
61	Nicaragua	62.70	59.7	72.4	86.4	85.6	71.2	70	60	30	26	65.7
62	Bulgaria	62.17	66.9	60.8	91.3	65.6	75.7	60	60	30	40	71.5
63	Peru	62.07	65.1	62.6	86.8	92.2	85.7	50	60	40	35	43.3
64	Swaziland	61.58	71.5	59.0	81.5	73.3	76.3	50	50	50	27	77.2
65	Madagascar	61.43	51.2	72.8	87.2	85.0	70.0	70	50	50	28	50.1
66	Albania	61.38	56.1	63.2	91.5	77.7	80.7	60	70	30	24	60.6
67	Romania	61.26	70.9	74.0	91.7	74.9	69.7	50	60	30	30	61.4
68	Guatemala	61.25	54.1	70.2	86.5	96.4	72.2	50	60	30	25	68.0
69	Tunisia	60.99	78.3	61.8	80.8	82.1	80.0	30	30	50	49	67.9
70	Brazil	60.89	53.3	64.8	88.6	88.8	72.6	50	40	50	37	63.8

## Index of Economic Freedom World Rankings

2007 Rank	Country	Economic Freedom 2007	Business Freedom	Trade Freedom	Fiscal Freedom	Freedom from Government	Monetary Freedom	Investment Freedom	Financial Freedom	Property Rights	Freedom from Corruption	Labor Freedom
71	Macedonia	60.84	60.9	73.4	90.0	67.8	91.1	50	60	30	27	58.1
72	Qatar	60.73	60.0	71.4	99.9	54.6	72.4	30	50	50	59	60.0
73	Colombia	60.54	71.4	61.4	82.4	87.0	70.2	50	60	30	40	53.0
74	United Arab Emirates	60.39	49.2	70.0	99.9	60.3	75.3	30	40	40	62	77.2
75	Kazakhstan	60.35	66.5	64.2	87.6	85.9	72.9	30	60	30	26	80.5
76	Honduras	60.32	56.6	69.2	87.8	82.9	71.5	50	70	30	26	59.2
77	Lebanon	60.27	56.2	67.4	95.9	64.3	83.5	30	70	30	31	74.4
78	Mongolia	60.12	73.1	70.0	81.0	56.9	74.3	60	60	30	30	65.9
79	Kyrgyzstan	59.87	61.4	71.4	95.1	76.3	77.1	40	50	30	23	74.4
80	Fiji	59.80	70.4	61.8	86.3	74.3	74.7	30	60	30	40	70.5
81	Moldova	59.47	70.0	74.4	90.4	71.7	68.0	30	50	50	29	61.2
82	Kenya	59.41	58.9	65.0	85.9	83.6	74.4	50	50	40	21	65.2
83	Turkey	59.33	67.4	76.0	79.4	69.9	70.2	50	50	50	35	45.4
84	Sri Lanka	59.30	69.2	66.6	85.7	85.7	69.8	30	40	50	32	63.9
85	Saudi Arabia	59.10	52.9	65.4	99.6	46.1	80.1	30	40	50	34	92.9
86	Senegal	58.79	56.4	61.6	73.9	85.9	82.9	50	50	50	32	45.2
87	Poland	58.77	56.1	76.6	79.1	55.3	80.3	50	50	50	34	56.2
88	Cape Verde	58.41	50.5	31.2	78.0	77.7	84.2	50	50	70	30	62.5
89	Pakistan	58.20	70.9	53.6	82.0	89.3	72.0	50	40	30	21	73.2
90	Guyana	58.16	57.0	57.0	78.5	66.1	74.0	50	60	40	25	74.1
91	Ghana	58.15	54.9	58.0	88.4	72.0	70.0	50	50	50	40	48.2
92	Zambia	57.91	63.6	60.8	80.4	81.9	57.8	50	50	40	26	68.6
93	Gambia	57.65	59.0	54.6	81.4	76.4	67.2	50	60	30	27	70.9
94	Greece	57.65	70.2	76.6	74.5	45.3	78.3	50	40	50	43	48.5
95	Argentina	57.47	65.5	61.4	82.3	89.6	71.3	50	40	30	28	56.6
96	Morocco	57.43	74.3	51.0	75.5	76.3	83.3	70	40	30	32	41.9
97	Philippines	57.35	54.2	74.8	84.0	91.4	73.4	30	50	30	25	60.7
98	Tajikistan	56.91	53.2	66.0	93.2	86.8	67.2	30	40	30	21	81.7
99	Paraguay	56.81	47.0	67.4	97.8	79.8	78.4	50	60	30	21	36.7
100	Dominican Republic	56.75	57.6	63.8	86.5	91.5	63.2	50	40	30	30	54.9
101	Mozambique	56.55	51.5	60.2	85.5	86.2	75.9	50	50	30	28	48.2
102	Cambodia	56.54	37.1	47.2	94.2	85.1	81.1	50	50	30	23	67.7
103	Tanzania	56.40	44.8	63.6	87.1	85.7	74.4	50	50	30	29	49.4
104	India	55.60	49.6	51.2	84.8	89.0	77.2	40	30	50	29	55.1
105	Ivory Coast	55.52	48.1	58.6	66.3	86.2	78.6	40	70	30	19	58.4



## Index of Economic Freedom World Rankings

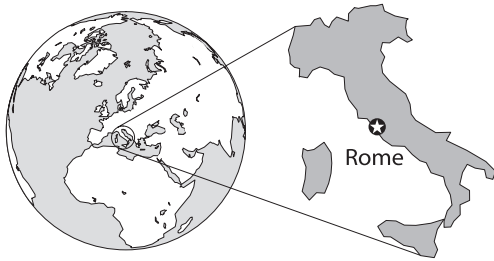
2007 Rank	Country	Economic Freedom 2007	Business Freedom	Trade Freedom	Fiscal Freedom	Freedom from Government	Monetary Freedom	Investment Freedom	Financial Freedom	Property Rights	Freedom from Corruption	Labor Freedom
106	Malawi	55.50	54.4	59.6	80.6	53.3	66.4	50	50	40	28	72.8
107	Azerbaijan	55.36	58.0	67.6	87.2	86.6	76.8	30	30	30	22	65.4
108	Ecuador	55.33	57.1	62.0	85.7	85.2	74.1	30	60	30	25	44.2
109	Croatia	55.32	53.8	77.8	79.9	36.5	79.3	50	60	30	34	52.0
110	Indonesia	55.08	45.7	69.0	85.0	90.7	70.9	30	40	30	22	67.5
111	Guinea	55.06	39.3	54.6	83.3	92.4	57.5	30	60	30	30	73.5
112	Bolivia	54.99	62.3	69.2	93.2	74.3	70.9	30	60	30	25	35.0
113	Burkina Faso	54.96	42.7	57.2	84.9	88.9	76.8	40	50	30	34	45.1
114	Benin	54.79	47.2	54.6	78.5	87.9	82.5	30	60	30	29	48.2
115	Bosnia & Herzegovina	54.70	53.8	70.2	90.0	45.6	81.1	50	60	10	29	57.3
116	Ethiopia	54.44	59.4	53.0	84.8	83.0	69.9	50	20	30	22	72.3
117	Cameroon	54.43	41.0	50.0	79.7	86.5	77.4	50	60	30	22	47.6
118	Lesotho	54.14	68.2	44.4	79.5	53.7	76.7	30	50	40	34	64.9
119	China	54.02	54.9	68.0	77.7	88.6	75.5	30	30	20	32	63.5
120	Russia	54.01	66.6	62.6	86.3	71.6	62.8	30	40	30	24	66.2
121	Nepal	53.95	59.6	51.4	91.0	91.0	77.6	30	30	30	25	54.0
122	Yemen	53.79	52.7	56.4	88.8	65.1	68.2	50	30	30	27	69.7
123	Mali	53.70	37.1	58.6	79.5	84.6	78.4	50	40	30	29	49.7
124	Niger	53.53	38.4	52.4	77.5	89.2	80.7	50	50	30	24	43.1
125	Ukraine	53.35	54.0	72.2	89.1	61.9	68.4	30	50	30	26	51.8
126	Mauritania	53.25	37.5	61.4	83.7	60.4	73.9	60	50	30	30	45.5
127	Egypt	53.21	39.9	52.2	93.6	73.6	69.0	50	30	40	34	49.8
128	Equatorial Guinea	53.20	44.7	47.6	82.1	81.8	79.3	30	60	30	19	57.4
129	Gabon	52.97	52.1	46.4	74.2	71.0	81.3	40	40	40	29	55.7
130	Djibouti	52.63	37.1	26.4	87.0	53.4	79.0	50	60	30	30	73.5
131	Nigeria	52.57	63.1	56.6	89.5	41.7	70.5	30	50	30	19	75.2
132	Uzbekistan	52.57	66.1	68.2	90.0	66.1	58.6	30	20	30	22	74.7
133	Suriname	52.56	42.0	55.0	76.3	65.3	69.1	30	30	50	32	75.9
134	Algeria	52.25	73.7	56.0	82.6	47.9	80.6	50	20	30	28	53.7
135	Haiti	52.25	37.6	74.2	85.3	95.2	62.0	30	40	10	18	70.2
136	Rwanda	52.13	50.8	60.6	82.6	80.3	70.2	30	40	30	21	55.9
137	Central African Rep.	50.27	38.9	44.2	77.1	90.2	76.4	40	40	20	30	45.9
138	Vietnam	49.95	62.0	51.0	82.9	80.8	67.5	30	30	10	26	59.3
139	Togo	49.83	37.5	58.4	69.8	90.6	76.5	30	30	30	30	45.5
140	Laos	49.15	51.0	55.8	80.6	86.3	71.3	30	20	10	33	53.5

## Index of Economic Freedom World Rankings

2007 Rank	Country	Economic Freedom 2007	Business Freedom	Trade Freedom	Fiscal Freedom	Freedom from Government	Monetary Freedom	Investment Freedom	Financial Freedom	Property Rights	Freedom from Corruption	Labor Freedom
141	Sierra Leone	48.37	50.5	50.2	82.0	83.8	72.9	30	40	10	24	40.2
142	Syria	48.17	56.6	49.0	88.3	57.5	68.9	30	10	30	34	57.4
143	Bangladesh	47.80	64.3	-	89.4	91.5	68.7	30	20	30	17	67.0
144	Venezuela	47.68	48.8	56.2	83.7	69.5	57.6	20	40	30	23	48.0
145	Belarus	47.36	54.5	62.2	87.9	66.9	61.4	20	10	20	26	64.7
146	Burundi	46.77	40.9	50.6	80.0	60.0	68.1	30	30	30	23	55.2
147	Chad	46.38	25.1	54.2	57.7	81.9	77.7	40	50	20	17	40.2
148	Guinea-Bissau	45.71	27.2	52.8	88.6	59.9	80.7	40	40	20	10	37.9
149	Angola	43.47	33.9	68.0	90.0	38.4	47.7	20	40	20	20	56.7
150	Iran	43.13	54.9	50.4	84.8	59.8	61.3	10	10	10	29	61.2
151	Congo, Republic of	43.00	40.4	44.4	73.2	56.9	77.3	30	30	10	23	44.8
152	Turkmenistan	42.54	30.0	74.2	94.4	82.9	65.9	10	10	10	18	30.0
153	Burma	40.14	20.0	71.8	87.9	88.3	65.4	10	10	10	18	20.0
154	Zimbabwe	35.81	42.9	42.6	79.5	83.9	-	10	20	10	26	43.2
155	Libya	34.48	20.0	29.6	87.8	23.5	78.9	30	20	10	25	20.0
156	Cuba	29.68	10.0	60.2	62.8	10.0	65.8	10	10	10	38	20.0
157	Korea, North (DPRK)	3.00	-	-	-	-	-	10	-	10	10	-

Source: Tim Kane, Kim R. Holmes, and Mary Anastasia O'Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007), at [www.heritage.org/index](http://www.heritage.org/index).

# ITALY



Italy's economy is 63.4 percent free, according to our 2007 assessment, which makes it the world's 60th freest economy. Its overall score is 0.7 percentage point higher than last year, partially reflecting new methodological detail. Italy is ranked 28th out of 41 countries in the European region, and its overall score is equal to the regional average.

Italy scores highly in business freedom, trade freedom, investment freedom, and monetary freedom. Starting a business takes about 13 days, which is far below the world average. The tariff rate is low, although the country's inefficient bureaucracy implements some non-trade barriers that also deter foreign investment. As an EU member, Italy has a standardized monetary policy that yields relatively low inflation, despite government distortion in the agricultural sector.

Freedom from government, property rights, and freedom from corruption are relatively weak. As in many other European social democracies, government spending and tax rates are exceptionally high in order to support an extensive welfare state. Corruption is not severe relative to some other nations, but it is high for an advanced economy. Enforcement of government regulations and judicial decisions are further impeded by an inefficient civil service.

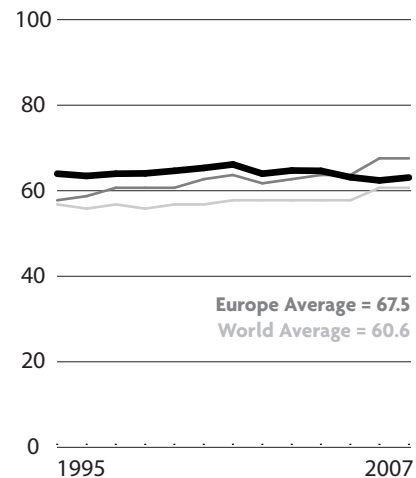
**BACKGROUND:** Since World War II, Italy has been a central force in European integration and the military structure of NATO. Italy faces some serious economic challenges, however. The state's large pension liabilities, labor market rigidities, and bureaucratic burdens remain unaddressed, and it remains to be seen whether the limited reforms made by former Prime Minister Silvio Berlusconi will be repealed or augmented by his successor, Romano Prodi. Despite strong international competition, small and medium-sized enterprises continue to thrive in manufacturing and high design, particularly in the northern regions. Tourism and services are among the most important sectors.

How Do We Measure Economic Freedom? See Chapter 3 (page 37) for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

Rank: 60

Regional Rank: 28 of 41

## The economy is 63.4% free



## QUICK FACTS

**Population:** 57.6 million

**GDP (PPP):** \$1.6 trillion  
0.9% growth in 2004  
1.2% 5-yr. comp. ann. growth  
\$28,180 per capita

**Unemployment:** 8.0%

**Inflation (CPI):** 2.2%

**FDI (net inflow):** -\$2.5 billion

**Official Development Assistance:**

Multilateral: None

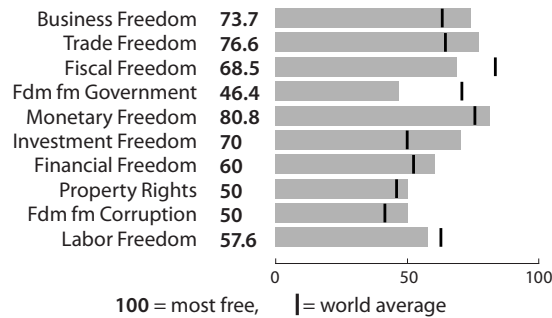
Bilateral: None

**External Debt:** \$922.5 billion (2005 estimate)

**Exports:** \$435.9 billion  
Primarily engineering products, textiles and clothing, machinery, vehicles, transport equipment, chemicals, food

**Imports:** \$423.2 billion  
Primarily engineering products, chemicals, transport equipment, energy products, minerals, nonferrous metals, textiles, clothing, food, beverages, tobacco

## ITALY'S TEN ECONOMIC FREEDOMS



### BUSINESS FREEDOM — 73.7%

Starting a business takes an average of 13 days, compared to the world average of 48 days. Entrepreneurship should be easier for maximum job creation and economic growth. Obtaining a business license and closing a business are relatively simple. The overall freedom to start, operate, and close a business is relatively well protected by the national regulatory environment.

### TRADE FREEDOM — 76.6%

Italy's trade policy is the same as those of other members of the European Union. The common EU weighted average tariff rate was 1.7 percent in 2005. Various non-tariff barriers are reflected in EU and Italian government policy, including agricultural and manufacturing subsidies, regulatory and licensing restrictions, and other market access restrictions. The government implements restrictive pharmaceutical and biotechnology regulations, and enforcement of intellectual property is weak. Consequently, an additional 20 percent is deducted from Italy's trade freedom score to account for non-tariff barriers.

### FISCAL FREEDOM — 68.5%

Italy has high tax rates. The top income tax rate is 43 percent, and the top corporate tax rate is 33 percent. Other taxes include a value-added tax (VAT), a tax on interest, and an advertising tax. In the most recent year, overall tax revenue as a percentage of GDP was 42.2 percent.

### FREEDOM FROM GOVERNMENT — 46.4%

Total government expenditures in Italy, including consumption and transfer payments, are very high. In the most recent year, government spending equaled 47.8 percent of GDP, and the government received 0.9 percent of its total revenues from state-owned enterprises and government ownership of property.

### MONETARY FREEDOM — 80.8%

Italy is a member of the euro zone. Inflation in Italy is relatively low, averaging 2.1 percent between 2003 and 2005. Relatively stable prices explain most of the monetary freedom score. As a participant in the EU's Common Agricultural Policy, the government subsidizes agricultural production, distorting agricultural prices. The government also retains the power to introduce price controls. Items subject to rate setting at the national level include drinking

water, electricity, gas, highway tolls, prescription drugs, telecommunications, and domestic travel. Consequently, an additional 10 percent is deducted from Italy's monetary freedom score to account for these policies.

### INVESTMENT FREEDOM — 70%

Italy welcomes foreign investment, although the government can veto acquisitions involving foreign investors. The government does not block foreign investment, and the tax code does not discriminate against foreign investments. Foreign investment is closely regulated in the defense, aircraft manufacturing, domestic airline, and shipping sectors. Investors cite excessive bureaucracy, inadequate infrastructure, and a rigid labor market as major disincentives. Foreigners may not buy land along the Italian border. There are no barriers to repatriation of profits, transfers, payments, or current transfers.

### FINANCIAL FREEDOM — 60%

In Italy's modern financial sector, credit is allocated on market terms, and foreign participation is welcome. Italy's banking sector was dominated by the state until a recent series of privatizations and consolidations. Government ownership of banks has fallen sharply, and only two major financial institutions (Cassa Depositi e Prestiti and Bancoposta) remain state-controlled. The six largest banks account for over 54.6 percent of total assets. Regulations and prohibitions can be burdensome, and approval is required to gain control of a financial institution. Italy has the EU's fourth-largest insurance market. The government has adopted reforms, including privatization of the stock exchange, that are intended to revitalize Italy's underdeveloped capital markets.

### PROPERTY RIGHTS — 50%

Property rights and contracts are secure, but the delivery of justice is extremely slow, and many companies choose to settle out of court. Corruption is more common than in other European countries, and many judges are politically oriented.

### FREEDOM FROM CORRUPTION — 50%

Corruption is perceived as present. Italy ranks 40th out of 158 countries in Transparency International's Corruption Perceptions Index for 2005.

### LABOR FREEDOM — 57.6%

The labor market operates under restrictive employment regulations that hinder employment and productivity growth. The non-salary cost of employing a worker is very high, and dismissing a redundant employee can be costly. Rules on expanding or contracting the number of work hours are rigid. Unemployed individuals receive benefits for up to 180 days (270 days if over 50 years of age), and an average worker receives about 40 percent of his or her salary in benefits.