

# Press Release

## For immediate release

27 January 2015

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South African Institute of Race Relations  
*The power of ideas*

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### South Africa must reform to retain its 'moderately free' ranking - IRR

South Africa has the 72<sup>nd</sup> freest economy out of 178 countries, according to the *2015 Index of Economic Freedom* published today by the Washington DC-based [Heritage Foundation](#). Hong Kong, Singapore, and New Zealand have the most free economies in the world, while Venezuela, Cuba, and North Korea have the least free.

High levels of economic freedom on the index correlate with high levels of education, healthcare, income, and environmental protection. Economies that rank high on the index have vastly better living standards than less free ones.

The Heritage Foundation scores economies out of 100 points to determine their relative levels of economic freedom. The classification system works as follows:

- economies scoring between 80 and 100 points are classified as 'free';
- those scoring between 70 and 79.9 points are 'mostly free';
- economies scoring 60 to 69.9 are 'moderately free';
- those scoring between 50 and 59.9 are 'mostly unfree'; and
- those scoring below 50 are 'repressed' economies.

South Africa has a score of 62.6 points out of 100. This score puts it in the 'moderately free' category. It also means that the country stands uncomfortably close to the minimum score within this category – and that it could easily slip down into the 'mostly unfree' category.

Says IRR CEO, Frans Cronjé: "South Africa's score puts it in the league of Kuwait, Turkey, and Kazakhstan and behind key African economies such as Ghana, Botswana, and Mauritius. If the current interventionist thrust in policy persists, the downside risk is that South Africa's ranking could dip below 60. We would then be classified as a 'mostly unfree' economy.

"Several Cabinet ministers and prominent political leaders want South Africa to follow the example of Cuba and Venezuela. This is wrong-headed, when the examples of Singapore and New Zealand would clearly be far more beneficial. This preference for state control instead of economic freedom has real life costs and consequences. We see these every day in South Africa's low economic growth figures and its high unemployment numbers.

"Turning the tide requires fundamental reforms to labour and empowerment laws, and a renewed respect for the property rights of all. These reforms must free poor people from rules that price them out of labour markets and from policies that deter entrepreneurship and direct investment. On the upside, there are tentative signs that more government leaders are becoming concerned about the costs of curbing economic freedom. This opens a window to necessary reform."

Readers can access the index [here](#).

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