ECONOMIC FREEDOM

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Abstract

It is not easy to define economic freedom concept and the area it encompasses. In this research, the existence of positive economic growth promised by economic freedom is investigated. As the result of the implementation, the existence of economic growth was encountered. However, the existence of this positive impact is not the same for every country. Results of the implementation can be interpreted in both ways. First of them is that economic freedom ensures the economic benefit. The second one is the fact that ground should be gained in terms of making the profit promised by economic freedom and in terms of the meanings contained by economic freedom.

Keywords: Economic Freedom,Economic Growth, Data Envelopment Analysis

Introduction

Economic freedom concept has four important indicators, these issues are; (1) personal choice, (2) voluntary exchange coordinated by markets, (3) freedom to enter and compete in markets, and (4) protection of persons and their property from aggression by others. (Economic Freedom of the World, 2013, p.1).

The task of the institutions and policies in economic growth is defined as setting up a substructure for voluntary exchange transaction, protection of the person and personal rights, providing property right, eliminating all kinds of forces and opressions and taking action against corruption cases. Government should make necessary legal arrangements with this aim.

Economic freedom will be realized in the markets, regions or countries where tax amounts and public expenditures are low, arrangements are made in accordance with personal choices and voluntary exchange and market coordination is ensured. However, limitations will decrease the proper conditions in business life, creative characteristics of individuals and economic freedom.

Reports on economic freedom on the global level are publlished by Economic Freedom of the World (EFW). EFW ranks the country in the market in an idealized economy. A high ranking by EWF shows that in this country, property rights are ensured to the utmost, conscionable contracts can be drawn up and a market with monetary stability is ensured. It also indicates that there are no obstacles for local and international trade, there are low tax rates and mostly free market oriented approach.

Index topics which are formed by using a great number of different variables are collected under five important headings. These are; Size of Government, Legal System and Property Rights, Sound Money, Freedom to Trade Internationally and Regulation. These topics can be explained as following.

Size of Government; the government's resource allocation indicates its share in the economy in terms of production of goods and services. Economic freedom will decrease in the markets where public expenditures are over private sector expenditures and free personal decisions are replaced by government decisions.

Legal System and Property Rights; the protection of personal rights and liberties and ensuring property right are the important indicators of economic freedom and a civil society. Legal protection of property right gives way to economic freedom and to set prices freely in the market conditions . It is not possible to speak of efficient allocation of resources in an environment where individuals and business world have lack of trust.

Sound Money; Individuals and enterprises will have difficulties in setting and following the market prices in an economy with chronic inflation. With stable and sustainable inflation rates, the possibility of realizing the decisions will be higher. Monetary policy management is important for all the parties of economy. Stable monetary policy which is called Sound Money will contribute to the economic freedom.

Freedom to Trade Internationally; advanced technological development, low costs of communication and transportation and removing barriers to the international trade in the modern world are another side to the economic freedom. Most of the goods and services are either imported from abroad or produced with the foreign resources. Barriers, tariffs and quotas to the international free trade as well as limitations on foreign exchange transactions hinder the economic freedom. If all of these do not exist, areas with low tariffs and quotas, local currency freely exchangeable with foreign currency, less control on physical and human capital will be created.

Regulation; market limitations and intervention to voluntary trade restrict economic freedom. These are generally the restrictions on labor market, supply (production) market and loans to be used. Strict restrictions hinder competition and quality, reduce commercial transactions, increase

costs of production. Less bureaucratic procedures related to business life operations will contribute to the economic freedom.

These index results which were analyzed, avaluated and rated by EFW are all inputs which can be used by the researchers. With these inputs which will be used at the utmost efficiency under ceteris paribus assumption, more foreign direct investment, more wealth and less unemployment will be realized.

Researches shows that economic freedom has positive effect on investment, economic growth, income levels and poverty rates. These researches suggest that economical, political and legal arrangements made for economic freedom and establishing relevant institutions also have positive effects. A considerable part of the researches on EFW suggest that economic freedom has positive contributions to the countries and regions. These positive contributions are stated as more rapid growth, better life standards and much more happiness.

Economic freedom enables individuals to act in line with their own choices and desires. This case is valid as long as individuals do not violate another individual's personal rights and welfare. From the personal rights point of view, individuals have their own financing sources, skills and time to put into practice which can be used according to their desires. Individuals do not have the right to take these from others by force. A free society cannot be speak of in an environment where violence, theft and physical assault exist. However, individuals use their own choices, trade relations and competitiveness in a free environment in almost-ideal societies.

Literature Review

The first important subject literature emphasizes is about identifying the relation between economic freedom and economic growth[14]. In their research, Gwartney, et. al (1999) and Heller (2009) found out that there is a positive relation between economic freedom and growth. If there is a growing economy, an increase in the employment opportunities should be expected. Similarly in their research, Lundström (2003) and Carlsson and Lundström (2001) analyzed the relation between economic freedom and economic growth. According to these researchers, economic freedom is important for growth. However, efforts for economic freedom have different

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[14] Literature states that established institutions and economic welfare in an economy are related to the growth. Institutions encompasses such a big area in the society that it includes religious issues, human capital, corruption issues, war issues and it is even not just limited to these subjects. General consensus is that economies which have less autocratic laws and governments, adopting a moderate religious life, have less corruption and have less interruptions in the natural process show more positive performances.

effects on the economic growth[15]. In another research, Gwartney and Lawson (2004) made important inferences about economic freedom. According to these researchers, more economic freedom means higher economic growth rates and more wealthy individuals. Researchers even went further and concluded that economic freedom increases long life expectancy, makes positive improvements on the life qualities of poor people and children, supports democracy and has the ability to create desired effect in terms of healthy society. Strong (2006) analyzed the relation between economic freedom and economic growth on Ireland example. Ireland, which was one of the poorest countries of Europe 15 years ago, has been one of the countries with the highest per capita income both in Europe and in the world.[16]. Positive political atmosphere combined with consistent efforts for economic freedom achieved an exceptional economic growth.

In the literature, researches analyzing the relation between economic freedom and economic growth are : Dawson (1998), Gwartney, et.al. (1999), Haan and Sturm (2000, 2001), Adkins, et.al (2002), Pitlik (2002), and Weede and Kampf (2002). The common conclusion is that there is a positive relation between economic freedom and economic growth. According to the researchers, improvements made for the economic freedom will affect the economic growth positively.

In the literature, there are also some researches analyzing the effect of economic freedom on reciprocal international trade of the countries. In his research, Sonara (2014) analyzed the effect of different types of indexes presenting economic freedom on the reciprocal trade between America and 122 countries. According to the researcher, each EFW index has a different effect on trade. According to the researcher, arrangements on business life has the most important effect on reciprocal trade while independent monetary policy has the least effect. According to the researcher, economic freedom arrangements have a different effect on the market. Arrangements on business life such as the liberation of the credit market, labor market arrangements and reducing bureaucracy have different levels of effect on reciprocal trade operations.

In their study, Assane and Chiang (2014) made a research encompassing trade, structural reform and institutions subjects for Sub-Saharan African countries. The researchers concluded that the existence of restrictive trade policies and weak institutions is a factor hindering the reciprocal trade.In their research, Assane and Chiang (2012) analyzed the effect of institutional arrangements on the economy for 15 sub-Saharan

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[15] While some of these effects show statistically significant results, some of them show statistically insignificant results.
[16] According to the researcher, the key to this exceptional success was the agreement signed by Ireland and IRA in the mid-1990s.

African economies. According to the researchers, institutional arrangements have a positive effect on the economy. This result is supported by the research of Greenaway, et. al (2002). According to the researchers, restrictions on trade have a negative effect on emerging economies.

Economic freedom has also an impact on the labor market. In their research, Heller and Stephenson (2014) analyzed the relation between economic freedom and labor market. According to the researchers, economic freedom ensures less unemployment, more participation in labor market and an increase in the working population. This result is supported by the researches of Neumark and Wascher (2007) and Garrett and Rhine (2011). According to Neumark and Wascher (2007), there is a negative relation between wage and unemployment. According to Garrett and Rhine (2011), there is a relation between labor market and relevant arrangements. Accordingly, less strict arrangements increase the number of employees.

In another research, Berggren (1999) and (2003) analyzed the economic freedom and income inequality topic. According to the researcher, economic freedom reduces the income inequality. In a similar research, Ashby and Sobel (2006) suggest that economic freedom reduces the income inequality. Moreover in their research, Apergis, et. al (2014) analyzed economic freedom and income inequality topic. The researchers identified a bidirectional causality relation between income inequality and economic freedom in the short and long term. According to the researchers, a decrease in the economic freedom increases the income inequality.

On the other hand, there are also some researches in the literature analyzing the relation between economic freedom and foreign assistance. In their research, Heckleman and Knack (2005) concluded that foreign assistance has negative impact on the economic freedom. In their research, Benjamin Powell et.al (2006) evaluated the countries which have foreign assistance in their operations and the ones which do not have any in terms of economic freedom. According to the researchers, the countries which have foreign assistance fall behind in terms of economic freedom. In their research, Burnside and Dollar (2000) suggest that foreign assistance does not have any contribution to the economic growth. According to the researchers, foreign investments will have positive effect only when a proper economical and political environment is created. In their research, Easterly, et.al (2003) and Btumm (2003) claimed that even if a proper economical and political environment is created, foreign investments will have a negative effect on the economic growth.

One of the interesting topics in the literature is the effects of international financial institutions (IFIs) such as the World Bank and the International Monetary Fund (IMF) on the economic freedom. Boockmann and Dreher (2002) analyzed this topic in their research. The researchers

suggested that World Bank's assistances on the project basis have positive effects on the economic freedom while other assistances on the credit basis have negative effects. The researchers couldn't come to a specific conclusion about the contribution of assistances on the basis of both credits and projects to the economic freedom in the evaluation of IMF assistance. According to the researchers, assistances on the project basis have positive contribution to the economic freedom.

The Purpose of the Study and its Scope
        The purpose of this research is to identify positive economic effect created by economic freedom. In the study, efficiency analysis was carried out on 94 countries which could reach to proper data set. In the study, topics explaining economic freedom topic were used as input. These inputs $X_1\{I\}$ were set as: Size of Government, $X_2\{I\}$: Legal System and Property Rights, $X_3\{I\}$: Sound Money, $X_4\{I\}$: Freedom to Trade Internationally and $X_5\{I\}$: Regulation.
        According to the inference we drew from the literature analysis, countries or regions ensuring economic freedom will create more direct capital flow, more per capita income and more employment. In this study, these topics were used as outputs. These outputs $X_1\{I\}$ were set as: Income Per Capital, $X_2\{I\}$: Foreing Direct Investmets, $X_3\{I\}$: Unemploment Rate.
        On the other hand, Data Envelopment Analysis (DEA) method does not enable to make calculations for more than one year and set a trend for these years by making comparisons. Therefore, the analyzed term was limited to the data from Economic Freedom of the World 2013 Annual Report. Other data used in this study were obtained from World Bank, IMF and CIA.

Research Model and Implementation
        Data Envelopment Analysis (DEA) was used as the implementation model. Data Envelopment Analysis can be used under both constant returns to scale and variable return to scale assumptions. Both of the methods give the same result with the approach to obtain the most output with the fixed input. In this study, constant returns to scale approach was used. In the implementation process, the mathematical expression of the model and the assumptions it is based on were obtained from the studies of Charnes, et.al (1978), Banker et. al (1984) and Bussofiane et.al (1991).

Analysis of the Model
The Results of the VZA

According to the DEA method, efficiency scores varies between 0% and 100%. According to this approach, a company with 100% efficiency score is a relatively efficient company. Efficiency scores obtained from the implementation were ranked starting from the best until the worst score.

Table 1- First Group Efficiency Score

N	DMU	Score	Input					Output		
			{I}{V}	{I}1{V}	{I}2{V}	{I}3{V}	{I}4{V}	{O}{V}	{O}1{V}	{O}2{V}
1	China	100.00%	0.57	0.00	0.00	0.00	0.43	1.00	0.00	0.00
2	Greece	100.00%	0.00	0.00	0.00	0.00	1.00	0.00	0.59	0.41
3	Haiti	100.00%	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00
4	Italy	100.00%	0.71	0.29	0.00	0.00	0.00	0.00	0.82	0.18
5	Kenya	100.00%	0.81	0.00	0.00	0.19	0.00	0.00	0.00	1.00
6	Macedonia	100.00%	0.56	0.00	0.44	0.00	0.00	0.00	0.51	0.49
7	Mali	100.00%	0.14	0.00	0.86	0.00	0.00	0.47	0.00	0.53
8	Netherlands	100.00%	0.79	0.00	0.00	0.00	0.21	0.00	1.00	0.00
9	Serbia	100.00%	0.54	0.00	0.20	0.00	0.26	0.06	0.50	0.43
10	South Africa	100.00%	0.65	0.00	0.29	0.05	0.00	0.47	0.14	0.39
11	Sweden	100.00%	0.59	0.00	0.00	0.41	0.00	0.00	0.99	0.01
12	Venezuela	100.00%	0.00	0.31	0.00	0.69	0.00	0.00	0.94	0.06

According to Table 1, out of 94 countries analyzed, 12 countries were identified as full efficient. In other words, these countries which have succeeded in using the best input combination in terms of economic freedom have gained the most favor for themselves. This favor means more welfare, more direct inverstment and less unemployment.

Table 2 - Second Group Efficiency Score

N	DMU	Score	Input					Output		
			{I}{V}	{I}1{V}	{I}2{V}	{I}3{V}	{I}4{V}	{O}{V}	{O}1{V}	{O}2{V}
1	Belgium	99.33%	0.59	0.00	0.15	0.26	0.00	1.00	0.00	0.00
2	Brazil	99.10%	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00
3	Spain	98.00%	0.57	0.00	0.00	0.02	0.42	0.66	0.00	0.34
4	Slovenia	97.87%	0.55	0.00	0.18	0.00	0.27	0.00	0.78	0.22
5	Algeria	97.62%	0.55	0.00	0.00	0.00	0.45	0.81	0.00	0.19
6	Ireland	96.20%	0.54	0.00	0.19	0.00	0.27	0.00	0.75	0.25
7	Nigeria	96.14%	0.74	0.15	0.11	0.00	0.00	0.62	0.00	0.38
8	Croatia	94.39%	0.59	0.03	0.00	0.18	0.20	0.00	0.65	0.35
9	Lesotho	92.03%	0.69	0.00	0.00	0.31	0.00	0.08	0.43	0.48
10	Egypt	91.95%	0.00	0.00	0.00	0.00	1.00	0.83	0.00	0.17
11	Iran	91.78%	0.00	0.00	0.00	0.32	0.68	0.00	0.64	0.36
12	France	90.62%	0.54	0.00	0.00	0.00	0.46	0.91	0.09	0.00
13	Saudi Arabia	90.18%	0.66	0.00	0.34	0.00	0.00	0.00	0.82	0.18
14	Denmark	90.00%	0.59	0.00	0.16	0.25	0.00	0.00	1.00	0.00

Table 2 shows second group efficiency scores. Efficient country number in the second group was found out to be 14. These countries' efficiency scores are very close to 100%. This situation indicates that there are positive economic developments promised by economic freedom just like the case in the first group countries.

Table 3 - Third Group Efficiency Score

N	DMU	Score	Input					Output		
			{I}{V}	{I}1{V}	{I}2{V}	{I}3{V}	{I}4{V}	{O}{V}	{O}1{V}	{O}2{V}
1	Portugal	88.71%	0.55	0.00	0.00	0.00	0.45	0.75	0.00	0.25
2	Norway	88.00%	0.56	0.00	0.00	0.00	0.44	0.00	1.00	0.00
3	Austria	86.47%	0.55	0.00	0.00	0.00	0.45	0.00	1.00	0.00
4	Tunisia	85.48%	0.00	0.00	1.00	0.00	0.00	0.00	0.61	0.39
5	United Kingdom	84.17%	0.59	0.00	0.14	0.00	0.28	0.95	0.05	0.00
6	Poland	84.06%	0.53	0.00	0.00	0.02	0.45	0.79	0.00	0.21
7	Vietnam	83.94%	0.00	0.00	1.00	0.00	0.00	1.00	0.00	0.00
8	Finland	83.31%	0.62	0.00	0.34	0.00	0.04	0.00	0.93	0.07
9	Japan	82.44%	0.67	0.00	0.00	0.24	0.09	0.00	1.00	0.00
10	Germany	82.22%	0.58	0.00	0.00	0.00	0.42	0.91	0.09	0.00
11	Argentina	81.18%	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00

Table 3 shows third group efficiency scores. It can be seen that the number of efficient countries in the third group is 11. Although Table 3 shows relatively inefficient scores, it can be said that efficiency scores in the 80% interval are close to the full efficient scores. Thus, these countries also made benefit of the positive effects of economic freedom.

Table 4 - Fourth Group Efficiency Score

N	DMU	Score	Input					Output		
			{I}{V}	{I}1{V}	{I}2{V}	{I}3{V}	{I}4{V}	{O}{V}	{O}1{V}	{O}2{V}
1	Czech Republic	79.69%	0.57	0.01	0.00	0.00	0.42	0.00	1.00	0.00
2	Azerbaijan	79.04%	0.70	0.00	0.30	0.00	0.00	0.00	1.00	0.00
3	Ukraine	78.78%	0.00	0.00	1.00	0.00	0.00	1.00	0.00	0.00
4	Malaysia	78.65%	0.73	0.00	0.27	0.00	0.00	1.00	0.00	0.00
5	Latvia	78.01%	0.59	0.00	0.18	0.00	0.23	0.00	0.78	0.22
6	Russia	77.76%	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00
7	Qatar	77.63%	0.70	0.00	0.30	0.00	0.00	0.00	1.00	0.00
8	Ecuador	76.89%	0.70	0.00	0.30	0.00	0.00	0.00	1.00	0.00
9	Slovakia	76.76%	0.61	0.00	0.16	0.00	0.24	0.00	0.75	0.25
10	Israel	76.69%	0.62	0.00	0.00	0.00	0.38	0.00	1.00	0.00
11	Colombia	76.45%	0.75	0.25	0.00	0.00	0.00	0.79	0.00	0.21
12	India	76.21%	0.74	0.00	0.26	0.00	0.00	0.86	0.00	0.14
13	Dominican Republic	76.03%	0.00	0.13	0.00	0.00	0.87	0.74	0.00	0.26
14	Malta	76.00%	0.59	0.00	0.00	0.00	0.41	0.00	1.00	0.00
15	Kuwait	75.79%	0.69	0.00	0.31	0.00	0.00	0.00	1.00	0.00
16	Canada	74.97%	0.67	0.00	0.33	0.00	0.00	1.00	0.00	0.00
17	Bahrain	74.39%	0.69	0.00	0.31	0.00	0.00	0.00	0.76	0.24

18	Australia	73.89%	0.59	0.00	0.00	0.00	0.41	0.00	1.00	0.00
19	Indonesia	73.83%	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00
20	Pakistan	73.54%	0.00	0.00	1.00	0.00	0.00	1.00	0.00	0.00
21	United States	73.16%	0.61	0.00	0.00	0.00	0.39	0.91	0.09	0.00
22	Mexico	72.68%	0.61	0.00	0.00	0.00	0.39	1.00	0.00	0.00
23	Estonia	72.41%	0.68	0.00	0.32	0.00	0.00	0.00	0.82	0.18
24	Turkey	72.33%	0.00	0.00	0.00	0.00	1.00	0.88	0.00	0.12
25	Korea, South	72.27%	0.65	0.00	0.00	0.00	0.35	0.00	1.00	0.00
26	Bolivia	72.17%	0.00	0.00	0.00	0.00	1.00	0.89	0.00	0.11
27	Cyprus	71.45%	0.62	0.00	0.00	0.00	0.38	0.00	0.84	0.16
28	Lithuania	71.25%	0.63	0.00	0.14	0.00	0.23	0.00	0.76	0.24
29	Thailand	70.87%	0.00	0.00	1.00	0.00	0.00	1.00	0.00	0.00
30	Tajikistan	70.60%	0.68	0.00	0.32	0.00	0.00	1.00	0.00	0.00

Table 4 shows fourth group efficiency scores. The number of countries in the fourth group was set as 30. When the efficiency scores in Table 4 are analyzed, it can be seen that these countries are not efficient in terms of economic freedom.

On the other hand, DEA method gives information about the reason of this inefficiency. This information can be seen on the Input column. For instance; the main reasons for inefficiency of Czech Republic $X_1\{I\}$ are : Size of Government and $X_5\{I\}$: Regulation issues. The main reasons for inefficiency of Azerbaijan $X1\{I\}$ are: Size of Government and $X3\{I\}$: Sound Money issues. The main reason for inefficiency of Ukraine $X3\{I\}$ is: Sound Money issue.

If these countries make necessary arrangements on the sources of inefficiency, they can make benefit of the positive situation promised by economic freedom. The same thing can be said for all the other countries.

Table 5 - Fifth Group Efficiency Score

N	DMU	Score	Input					Output		
			{I}{V}	{I}1{V}	{I}2{V}	{I}3{V}	{I}4{V}	{O}{V}	{O}1{V}	{O}2{V}
1	Morocco	69.99%	0.73	0.00	0.27	0.00	0.00	0.84	0.00	0.16
2	Bulgaria	69.45%	0.72	0.28	0.00	0.00	0.00	0.19	0.57	0.24
3	Panama	69.18%	0.64	0.00	0.00	0.00	0.36	0.00	1.00	0.00
4	Hungary	68.88%	0.61	0.00	0.15	0.00	0.24	0.00	0.79	0.21
5	Taiwan	68.78%	0.00	0.00	0.00	0.00	1.00	0.00	1.00	0.00
6	New Zealand	68.34%	0.65	0.00	0.35	0.00	0.00	0.00	1.00	0.00
7	Costa Rica	67.68%	0.00	0.00	1.00	0.00	0.00	0.00	0.78	0.22
8	Trinidad Tobago	67.61%	0.76	0.07	0.16	0.00	0.00	0.00	1.00	0.00
9	Romania	67.51%	0.61	0.00	0.00	0.00	0.39	0.91	0.09	0.00
10	Georgia	67.21%	0.60	0.09	0.00	0.00	0.30	0.50	0.21	0.30
11	Kazakhstan	66.67%	0.80	0.00	0.00	0.20	0.00	1.00	0.00	0.00
12	Bangladesh	66.53%	0.00	0.00	1.00	0.00	0.00	1.00	0.00	0.00

13	Fiji	65.61%	0.00	0.00	1.00	0.00	0.00	0.00	0.77	0.23
14	Uruguay	65.55%	0.66	0.00	0.00	0.00	0.34	0.00	1.00	0.00
15	Paraguay	65.04%	0.00	0.00	0.00	0.00	1.00	0.00	1.00	0.00
16	El Salvador	64.31%	0.00	0.00	0.00	0.00	1.00	0.00	1.00	0.00
17	Switzerland	64.13%	0.69	0.00	0.31	0.00	0.00	0.00	1.00	0.00
18	Singapore	63.90%	0.72	0.00	0.28	0.00	0.00	0.00	1.00	0.00
19	Chile	63.38%	0.64	0.00	0.00	0.00	0.36	0.91	0.09	0.00
20	Jordan	62.46%	0.59	0.00	0.01	0.00	0.40	0.78	0.00	0.22
21	United Arab Emirates	62.42%	0.71	0.00	0.29	0.00	0.00	0.00	1.00	0.00
22	Kyrgyzstan	61.24%	0.00	0.00	0.00	0.00	1.00	0.86	0.00	0.14
23	Philippines	60.85%	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00
24	Peru	60.17%	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00

Table 5 shows fifth group efficiency scores. The number of countries in the fifth group was identified as 24. When Table 5 is analyzed, it can be seen that each of these 24 countries is inefficient in terms of economic freedom.

The main reasons for inefficiency of Morocco X1{I} are: Size of Government and X3{I}: Sound Money issues. The main reasons for inefficiency of Bulgaria X1{I} are: Size of Government and X2{I}: Legal System and Property Rights issues. The main reasons for inefficiency of Panama X1{I} are: Size of Government and X5{I}: Regulation issues.

Table 6 - Sixth Group Efficiency Score

N	DMU	Score	Input					Output		
			{I}{V}	{I}1{V}	{I}2{V}	{I}3{V}	{I}4{V}	{O}{V}	{O}1{V}	{O}2{V}
1	Hong Kong	58.71%	0.73	0.00	0.27	0.00	0.00	0.00	1.00	0.00
2	Mongolia	58.70%	0.62	0.00	0.38	0.00	0.00	0.44	0.34	0.22
3	Moldova	56.80%	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00

Table 6 shows sixth group efficiency scores. The number of countries in the sixth group was identified as 3.

The main reasons for inefficiency of Hong X1{I} are: Size of Government and X3{I}: Sound Money issues. The main reasons for inefficiency of Mongolia X1{I} are: Size of Government and X3{I}: Sound Money issues. The main reason for inefficiency of Moldova X5{I} is: Regulation issue.

Conclusion

The positive effect promised by economic freedom to the individuals, countries and regions encompasses a broad area and subjects. Literature expresses the benefits of economic freedom as following: Economic freedom means more economic growth. Economic freedom means more investment, more foreign direct investment. Economic freedom means using resources in efficient areas. Economic freedom means less poverty. Economic freedom

means fair income distribution. Economic freedom means longer life expectancy. Economic freedom means less infant death rates. Economic freedom means positive effects on health, education, life standards and human development areas. Economic freedom means less corruption. Economic freedom means the quality of democracy. Thus, it is not easy to define the limits to the positive effects created by economic freedom and decide where it starts and where it ends.

The positive effect of economic freedom is mentioned in the literature. In this study, the existence of this alleged positive effect was investigated on an economic basis. According to the assumption of this research, in the countries which has efficiency on economic freedom and its components there will be higher per capital income, more foreign direct investment and less unemployment rates.

In the study, 94 countries which have reached to proper data set were analyzed. According to the implementation results, the average efficiency score was identified as 79%. This rate can be accepted as a rate close to the full efficiency score. When this assumption is accepted, the positive effects of economic freedom on the countries in terms of economic growth and economic development can be speak of.

On the other hand, the number of the countries which are above the average efficiency score is 39. The number od countries which are under the average efficiency score is 55. In other words, the share of the countries which have rates equal or above the average efficiency score is 41,48% out of all countries.

Furthermore, improvements to be made for every country which is under full efficiency and average efficiency scores differs among the countries. Economic freedom suggestions for each country were given in the implementation part of the study. If countries make necessary arrangements on the sources of inefficiency, they will make more benefit of the positive situation promised by economic freedom.

In the final analysis, the results of this implementation can be interpreted in two ways. First of them is that economic freedom ensures the economic benefit. The second one is the fact that ground should be gained in terms of making the profit promised by economic freedom and in terms of the meanings contained by economic freedom.

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