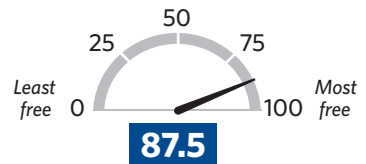


World Rank: **2**

Regional Rank: **2**

SINGAPORE

Economic Freedom Score



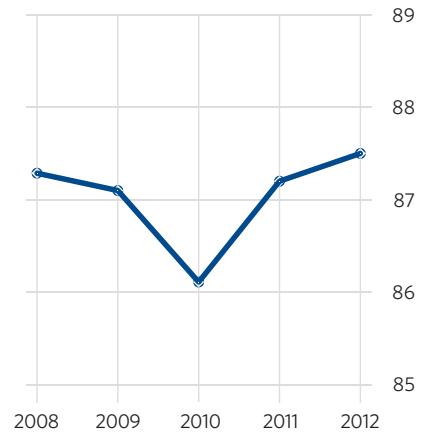
Singapore's economic freedom score is 87.5, making its economy the 2nd freest in the 2012 *Index*. Its score is slightly higher than last year, reflecting gains in freedom from corruption and financial freedom that offset losses in labor and monetary freedoms. Singapore is ranked 2nd out of 41 countries in the Asia-Pacific region, and its overall score remains significantly higher than the world average.

The foundations of economic freedom in Singapore are firmly sustained with strong protection of property rights and effective enforcement of anti-corruption laws. The government is very efficient, with competitive tax rates and low government expenditures. The regulatory environment is flexible and transparent, encouraging vibrant commercial activity. A strong tradition of openness to global trade and investment continues to boost productivity while facilitating the emergence of a more dynamic and competitive financial sector.

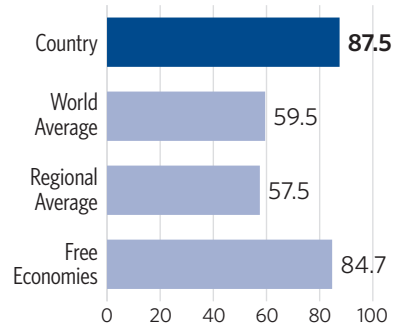
While the private sector has been the source of Singapore's economic success, the government maintains a proactive role in guiding economic development. State ownership and involvement in key sectors remains substantial. A government statutory entity, the Central Provident Fund, administers public housing, health care, and various other programs, and public debt is over 90 percent of GDP.

BACKGROUND: Singapore is a nominally democratic state that has been ruled by the People's Action Party (PAP) since 1965, when the country became independent. The May 7, 2010, election left the PAP in power but put six opposition members into Parliament with the PAP winning its lowest percentage of the popular vote since independence. Certain rights, such as freedom of assembly and freedom of speech, remain restricted, but the PAP has also embraced economic liberalization and international trade. Singapore is one of the world's most prosperous nations. Its economy is dominated by services, but the country is also a major manufacturer of electronics and chemicals.

Freedom Trend



Country Comparisons



Quick Facts

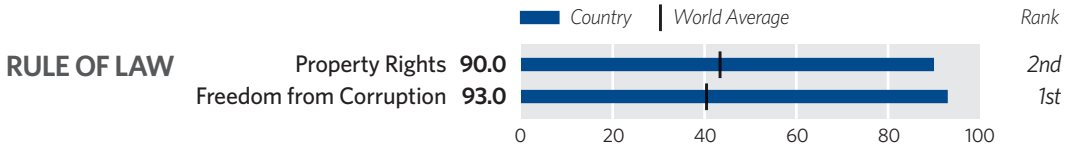
Population: 5.2 million
GDP (PPP): \$291.9 billion
 14.5% growth in 2010
 5-year compound annual growth 6.4%
 \$56,522 per capita
Unemployment: 2.1%
Inflation (CPI): 2.8%
FDI Inflow: \$38.6 billion
Public Debt: 96.3% of GDP

How Do We Measure Economic Freedom?

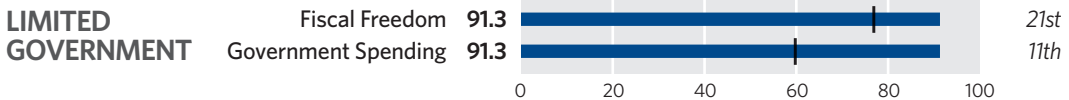
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

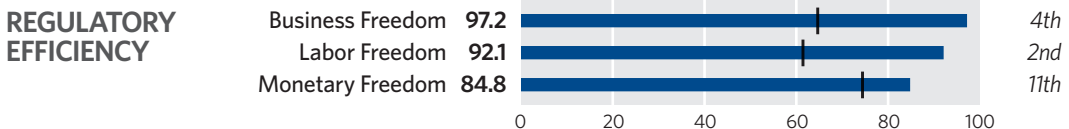
THE TEN ECONOMIC FREEDOMS



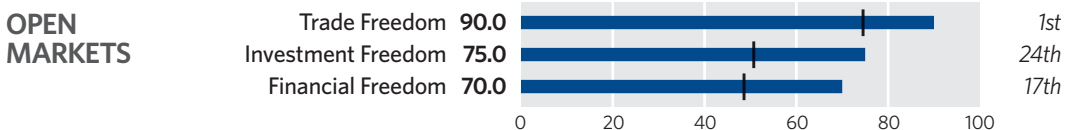
Contracts are secure, there is no expropriation, and the commercial court functions efficiently. Singapore has one of Asia’s strongest intellectual property rights regimes, though enforcement could be improved. The government enforces strong anti-corruption measures. It is a crime for a citizen to bribe a foreign official or any other person, either within or outside of Singapore.



The top income tax rate is 20 percent, and the top corporate tax rate is 17 percent. Other taxes include a value-added tax (VAT) and a property tax. The overall tax burden amounts to around 14 percent of total domestic income. With structural budget surpluses that sustain high public debt, government spending stands at 17 percent of GDP. The state remains involved in the economy through Singapore’s many government-linked companies.



Starting a business takes only three days, and required procedures are streamlined. There is no statutory minimum wage, but wage adjustments are guided by the National Wage Council. Inflation is under control despite the challenging external environment. The government influences prices through regulation and state-linked enterprises and can impose controls as it deems necessary.



The trade regime is open and competitive, and no tariffs are imposed on imports. Foreign and domestic businesses are treated equally under the law, and nearly all sectors of the economy are open to 100 percent foreign ownership. There are no requirements on current transfers or repatriation of profits. In the competitive financial sector, there are 120 commercial banks, 114 of which are foreign banks whose market share has increased.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+0.2	Business Freedom	-1.0	Trade Freedom	0
Freedom from Corruption	+1.0	Government Spending	0	Labor Freedom	-5.9	Investment Freedom	0
				Monetary Freedom	-1.4	Financial Freedom	+10.0