

Foreword

In his famous 1980 book and TV series *Free to Choose*, the incomparable Milton Friedman held forth with the backdrop of Hong Kong harbor on the miracle of the then-British colony. He called it “the modern exemplar of free markets and limited government.”

He was surely right, as I learned when I lived in Hong Kong in 1979 and again through much of the 1980s. The pile of rocks had prospered under the “positive non-interventionism” of its wise British rulers, and it has continued to do so since it became a Special Administrative Region under light Chinese control in 1997. With that happy legacy, Hong Kong has also remained at the top of the annual *Index of Economic Freedom*.

The question raised this year is how long its premier status will last. Singapore, another city-state dependent largely on human capital, has been inching closer to Hong Kong and now is essentially tied.

More ominously, doubts have increased this year about Hong Kong’s rule of law as protests broke out over Beijing’s control of future elections in the territory. Pro-democracy students took to the streets, gaining global headlines but little movement from Beijing or its yes-

men in the Hong Kong government. Supporters of democracy were harassed, notably media baron Jimmy Lai, a chief funder of the democracy movement whose home was raided by Hong Kong’s anti-corruption agency that previously had a reputation for incorruptibility. That raid and others looked to be motivated by politics.

This matters for economic as much as for political freedom because the rule of law is essential to property rights and a free society. Liberty has prospered in Hong Kong in part because contracts have been protected by the British legal tradition. If the law in the future can be bent to political ends, then individual workers and business investors will eventually get the message that they too are vulnerable to threats, harassment, and perhaps expropriation if they get on the wrong side of the Chinese Communist Party.

Some will argue that economic freedom can exist without political freedom, and perhaps that is true for a time. But eventually, the need for political control compromises the rule of law and the freedom to make economic choices.

This is what could now be happening in Hong Kong, and it is why the city’s democracy protestors deserve the world’s support. They are fight-

ing to protect their way of life as much as they are for the right to elect a chief executive. This is why we at *The Wall Street Journal* have devoted so much coverage to Hong Kong's democratic uprising. In 2014, Hong Kong has been on freedom's front lines.

Hong Kong's struggle is also a reminder that economic liberty is not guaranteed, and the wealth of nations can rise and fall with surprising rapidity. The "Executive Highlights" in this year's *Index* contrast some of the gainers and losers in what is the eternal battle by men and women to determine their own fate. It is heartening to see progress in parts of Africa, long ignored as hopeless in the West, but dispiriting to see setbacks in Europe, original home of the Enlightenment and capitalism.

America, my home, is having its own struggles. Its precipitous decline in the *Index* in the wake of the financial panic of 2008 and the rise of the Obama Administration seems to have been arrested. The election of a Republican Congress in November 2014 gives some new hope for a revival, but that will require the rise of a new generation of leaders willing to relearn the old lessons about freedom and prosperity that Milton Friedman taught us through the example of Hong Kong. So here we go, back to the barricades.

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The Wall Street Journal
November 2014