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# Hong Kong – a model on the rocks?

Jamie Peck <sup>a</sup>, Rachel Bok<sup>b</sup> and Jun Zhang<sup>c</sup>

## ABSTRACT

The paper presents a critical reading of the construction and circulation of the Hong Kong ‘model’ as an archetype of free-market governance, calling attention to two sides of the attendant modelling process: first, folkloric tales of the acclaimed ‘architect’ of the colony’s laissez-faire policy, Sir John Cowperthwaite, Financial Secretary during the 1960s, who has risen to cult status in free-market circles; and second, the production and propagation of indices of ‘economic freedom’, which institutionalized Hong Kong as the paragon of free-market governance and the benchmark against which the world’s economies are annually rated. Together, these long-range projects have worked to sustain depoliticized images of an economically dynamic and institutionally stable Hong Kong, ostensibly ‘ground-truthed’ to the city-state but at the same time abstracted, decontextualized and ideologically performative. They each mobilize variants of the *tabula rasa* myth, in this case a fusion of colonial and (neo)liberal narratives of Hong Kong as an economic miracle founded on a ‘barren rock’.

## KEYWORDS


Hong Kong; index of economic freedom; Sir John Cowperthwaite; laissez-faire economics; neoliberal governance; policy models

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## INTRODUCTION: THE MEASURE OF HONG KONG

In one of the founding speech-acts of colonial liberalism, Lord Palmerston famously described the Hong Kong of 1841 as ‘a barren Island with hardly a House upon it’, the source of what would become a staple motif in neoliberal discourse. Milton Friedman was perhaps the most fervent recycler: ‘The power of the free market’, he said, ‘has enabled the industrious people of Hong Kong to transform what was once a barren rock into one of the most thriving and successful places in Asia’ (quoted in Cheung & Cheung, 2006, p. A14). A dubious formulation, historically speaking (Ho, 1996; Hua, 1997), the parable of the barren rock nevertheless performs an affirmative function in neoliberal development visions – from *tabula rasa* to miracle economy, propelled by free enterprise alone. When free-market think tanks, Chicago School economists and libertarian polemicists have looked at Hong Kong, what they have seen is a small-state paradise. The rate of taxation is low and the rate of growth is high, just how it should be. Hong Kong has duly served as a truth (or faith) spot for the neoliberal worldview. While this idealized reading was barely interrupted by the resumption of Chinese sovereignty in 1997, when protections for

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the former colony's 'capitalist way of life' were etched into the 'one country, two systems' agreement, there are signs that this extended period of stasis may be coming to an end, as the ongoing erosion of the territory's 'semi-autonomous' status has become dialectically interwoven with an extended season of protests, the stakes of which have been cast as existential.

Amid these newfound threats to Hong Kong's much vaunted stability, this paper sets out to situate and historicize the making, maintenance and enduring myths of this 'model' of laissez-faire capitalism, understood as an ideologically potent ideal type, policy-making proxy and travelling trope. Its primary concern is with the process-cum-practice of 'modelling', and the social, technical and political work involved in sustaining the conspicuous position of Hong Kong in the iconography of free-market capitalism. Modelling, in this context, refers not simply to the process of constructing a parsimonious rationalization of some underlying (local) 'reality', but to the diverse ways in which *aspirational* models are co-produced with audiences, through advocacy, and by means of distributed agency. Particular attention will be paid to the stylization and circulation of the free-market model of Hong Kong, with the discussion divided into two parts, each intended to illustrate a different face, or facet, of the process/practice of modelling. The first of these traces the persistent current of neoliberal nostalgia centring on the enigmatic figure of Sir John Cowperthwaite, Hong Kong's Financial Secretary during the 1960s, a stiff-lipped colonial bureaucrat who has since risen, somewhat improbably, to cult status in free-market circles. If this first aspect of modelling is concerned with an enduring figure in neoliberal folklore, the place of which has been sustained through acts of narrative stabilization and repetition, the second operates in a quite different register: the production and propagation of new technologies of audit and assessment, in the shape of indices of 'economic freedom', which have practically institutionalized Hong Kong as the paragon of free-market governance, and the benchmark against which economies around the world are annually rated and ranked (mostly to be found wanting).

For 25 straight years, Hong Kong was rated as the 'freest economy in the world' in the Heritage Foundation's index, published annually by the conservative think tank in collaboration with the *Wall Street Journal*, only to cede this prized position to long-time rival Singapore in the 2020 edition, when the territory slipped to second place on the back of concerns over 'political and social turmoil' on the streets and a negative assessment of Beijing's plans to deepen 'integration' with the mainland economy (Miller et al., 2020, p. 252). Having been rated, for a quarter century, within touching distance of 'absolute freedom' on this arch-neoliberal metric, Hong Kong has become all but synonymous with (and the de facto measure of) free-market governance. There is more than a little irony, however, in the territory's status as a mobile, quasi-statistical artefact, for if there is one story that true believers in the free-market cause cannot resist telling about Cowperthwaite, it is the one about his principled objection to the collection of macroeconomic statistics for the colony, lest they provided fodder for interventionist scheme(r)s. Revered for his steadfast fiscal conservatism and laconic turns of classical liberal reasoning, Cowperthwaite has been enthroned in free-market circles as the principal architect of Hong Kong's miracle economy. Busts of the colonial official have found their way to the White House and to the editorial offices of leading media organizations, including the *Wall Street Journal*. In 2015, the centenary of his birth, the Foundation for Economic Education (the world's original free-market think tank, founded in 1946 and now headquartered in Atlanta) proposed that 25 April should henceforth be remembered as 'Cowperthwaite Day, to be observed on every continent by men and women who revere the blessings of a free economy and the courage of those who work to put it in practice' (Reed, 2015, p. 1).

Exploring aspects of the constitution and circulation of the Hong Kong model of laissez-faire capitalism – as memory, myth and metric – the paper draws on a critical reading of archival and documentary sources, supplemented by a series of contextual interviews with participants and observers. It begins with the legend of Cowperthwaite and the singular role of the 'architect'.

If a model, in this context, is a condensed economic imaginary, Cowperthwaite has come to represent not only its earthly embodiment but also a means to anchor and animate a semi-authorized origin story. Against the foibles and idiosyncrasies of the Cowperthwaite story, the ostensibly rational abstractions of the indices of economic freedom stand as something of a counterpoint. If the fable of the *laissez-faire* architect has been subject to narrative stabilization, indices of neo-liberal economic governance operate through technologies of normative stylization. Yet, these are also two sides of the same ideological project – the project of expanding and defending market freedoms.

## THE ARCHITECT OF FREEDOM

For the libertarian commentator P. J. O'Rourke, late 20th-century Hong Kong represented 'the best contemporary example of *laissez-faire*'. Constructed as he saw it 'out of nothing', the city came to have 'everything', having mastered the elusive art of *laissez-faire* governance:

*Laissez-faire* isn't Tanzanian administrative sloth or Albanian popular anarchy. Quite a bit of government effort is required to create a system in which government leaves people alone. Hong Kong's colonial administration provided courts, contract enforcement, laws that applied to everyone, ... an effective police force ... and a bureaucracy that was efficient and uncorrupt. ... Hong Kong was also fortunate in having a colonial government that included some real British heroes. ... The most heroic of these was John Cowperthwaite. (O'Rourke, 1998, pp. 199, 207)

This unlikely story began when the authorities in London 'accidentally sent the right man to Hong Kong' (O'Rourke, 2002, p. 168; see also McGurn, 1994, 1996). In defiance of the Keynesian meddlers and social schemers back home, Cowperthwaite was to hold the line on taxes and spending, to keep the faith on free trade, and to oversee a small-state regime without parallel in the world. In his irreverent 'treatise on economics', *Eat the Rich*, O'Rourke (1998) celebrated the fact that Hong Kong had been able to run a permanent budget surplus while its lean machinery of government accounted for less than 7% of gross domestic product (GDP), approximately one-third of the (relative) size of the US federal government. Cowperthwaite did this, so went the story in which he was centred, by conscientiously doing very little.

Posted to the colony at the end of the Second World War, on the fast track as a civil service 'cadet', Cowperthwaite was initially tasked with rebooting the shattered entrepôt economy. As fate would have it, his career tracked the rising arc of Hong Kong's 'miracle' economy, from post-war ruins to light-industrial powerhouse. Having been trained in the classics at St Andrews and Cambridge, Cowperthwaite had possessed 'little knowledge of economics' before taking a second (accelerated) degree in the discipline at St Andrews, where he fell under the influence of James Wilkie Nisbet, a champion of the classical tradition of Adam Smith, whose teachings appealed to the young Scot's 'structured mind [and] grasp of logic' (Monnery, 2017, p. 25). During his tenure as Financial Secretary (1961–71), Cowperthwaite had regular recourse to Smithian rationalizations, especially when rebuffing calls for deficit spending and regulatory intervention. Given its extreme exposure to the vicissitudes of international trade, Hong Kong's was a distinctly 'un-Keynesian economy', he would claim, a case

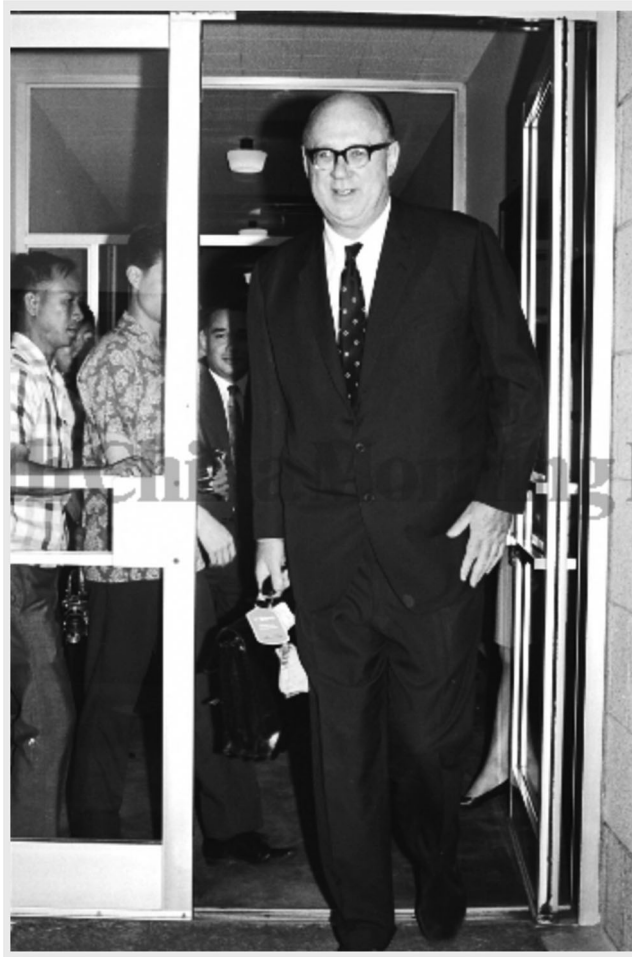
not in the modern text books. ... For us a multiplicity of individual decisions by businessmen and industrialists will still, I am convinced, produce a better and wiser result than a single decision by Government. ... Over the wide field of our economy it is still a better course to rely on the nineteenth century's 'hidden hand' than to thrust clumsy bureaucratic fingers into its sensitive mechanism. In particular, we cannot afford to damage its mainspring, freedom of competitive enterprise. (Cowperthwaite, 1962, quoted in Monnery, 2017, pp. 208, 169–170)

Hong Kong was not in the modern (Keynesian) textbooks, so it was said, because there was neither need for nor relevance in the 'New Economics' of the 1960s in these parts. Instead, this was a place made for economic originalism: Alvin Rabushka of the conservative Hoover Institution has remarked that Hong Kong's 'government and economy, more than any other country in the world approximate to the classical notion of *laissez-faire*', albeit with the significant caveat that this 'approximation [was] made possible by the absence of an electorate' (Rabushka, 1973, p. 2).<sup>1</sup>

Cowperthwaite stood, quite stubbornly, for a low (and flat) tax structure, for public spending restraint and balanced budgets, for the light-touch regulation of trade, business and finance, and for a small, generally non-interventionist state, any expansion of which had to be predicated on the *prior* achievement of sustained economic growth. This posture, later stylized as 'positive non-interventionism' by his successor, Sir Philip Haddon-Cave, has become synonymous with the Hong Kong model, especially (but by no means only) in conservative and neoliberal circles. Personifying 'what might be called the Hong Kong school of economists, unreconstructed Manchester-school free-traders' (Welsh, 1996, p. 460), Cowperthwaite fit this almost scripted role perfectly. Never given to speaking off the cuff, his austere style of governance was resolutely unidimensional, his speeches models of prolix reasoning. Even at the hands of an indulgent biographer, the Financial Secretary comes across as a grey, socially incomplete character (Cockett, 2017; *The Economist*, 2017; Monnery, 2017; see Figure 1). In rare glimpses of a personal life, Cowperthwaite conforms rigorously to type, repeatedly declining offers to redecorate the official residence at Deep Water Bay, or to install air-conditioning. Personal frugality aside, he was fond of homespun parables of liberal economic reason, making the case against public water subsidies this way: 'I see no reason why someone who is content with a cold shower should subsidize someone who is able to luxuriate in a deep hot bath or why someone waters a few plants on his windowsill should subsidize someone who waters his extensive lawns' (quoted in McGurn, 1994, p. 29). Meanwhile, Cowperthwaite's life outside the office was safely confined within conservative redoubts such as the golf course, the lawn-bowling green and the Royal Hong Kong Jockey Club.

Still, apart from locally, Cowperthwaite would probably have remained in relative obscurity, had it not been for a chance encounter with Milton Friedman in the early 1960s. The Friedmans had stopped over in Hong Kong, 'mostly [for] R&R [rest and relaxation]', Milton taking the opportunity to get a handle on the local monetary scene, but failing to find an economist, banker or administrator with a firm grasp on how the system actually worked. It was a 'memorable meeting' with Cowperthwaite that secured the tale's apocryphal significance: when the inquisitive visitor reported that the local experts seemingly did not understand their own business, the canny Scot reportedly replied, 'Better they shouldn't. They would mess it up' (Friedman & Friedman, 1998, p. 318). When Friedman learned of Cowperthwaite's principled embargo on the collection of macroeconomic statistics on the grounds that it would starve would-be interventionists of pretexts for spending and regulation, the too-good-to-be-true yarn had its punchline. For Friedman, this plausible stand-in for Adam Smith served as 'the answer' to what he saw as the paradox of Hong Kong: that this isolated trading post, lacking resources and perched on the edge of empire, could have built one of the fastest-growing economies in the world, when the seat of colonial power, Britain, was suffocating under socialism (Friedman, 1997, 2006b; Friedman & Friedman, 1998). 'Accidents of history', small and large, had created a natural experiment with what for small-state advocates was an unambiguous, paradigm-affirming proof.

In neoliberal narratives of Hong Kong, Cowperthwaite invariably emerges as the central figure, the architect. His posting to the colony is typically portrayed as a historical fluke, a bureaucratic oversight or some fumbling of the 'hand of fate', but either way an anomalous event at a time when Britain was 'exporting Fabians every place else' (McGurn, 1996; Smith, 1997, p. A14). The fiscally conservative Cowperthwaite, never a burden on the resources of the Treasury in London, oversaw his own version of a Nisbet-style *laissez-faire* economy, fending off



**Figure 1.** The man in grey: Sir John Cowperthwaite, 1968. Source: *South China Morning Post*.

Keynesian interventionists, tax-and-spenders, and would-be regulators at every turn. According to Marian Tupy of the Cato Institute in Washington, DC, the most doctrinaire of the libertarian think tanks, 'It says something about the man that the strength of his beliefs is such that he actually stands *contra mundum*; he stands against the world and says no' (quoted in Cato Institute, 2017). This idea of a man of first principles at the helm of a 'government without statistics' (Goodstadt, 2006), armed only with liberal conviction and a dog-eared copy Smith's *The Wealth of Nations* (1776), has proved to be narratively irresistible for generations of neoliberal storytellers.

When Tupy visited Cowperthwaite at his retirement home in St Andrews in the late 1990s, it was doubtless in anticipation of some first-hand telling of such morality tales of minimalist statecraft. He was not disappointed. 'I came to Hong Kong and found the economy working just fine,' Cowperthwaite reportedly said: 'I left it that way' (quoted in Tupy, 2006, p. 1). The two went on to discuss the signature policy positions of the colonial government: tax restraint, business-friendly regulation, tariff-free trade and opposition to public subsidies. When pressed to identify the single (in)action of which he was most proud, Cowperthwaite obliged: 'I abolished the collection of statistics.' The rationalization he offered at the time was thus:

We are in the happy position where the leverage exercised by government on the economy is *so small* that it is not necessary, nor even of any particular value, to have these figures available for the formulation of policy. ... The availability of such figures might lead ... to policies designed to have a direct effect on the economy. I myself would deplore this.<sup>2</sup>

When, on a later occasion, the retired Cowperthwaite was asked to identify the single piece of advice he would give to the custodians of developing economies, his pat answer was to 'abolish the office of national statistics' (quoted in Singleton, 2006, p. 36).

Across the ideologically lubricated circuits linking the free-market think tanks, the editorial pages of the *Wall Street Journal* and *The Economist*, and reaching into more mainstream media, the repetition of these stylized tales of non-intervention appears to have a palliative effect. Cowperthwaite's is the face (and voice) that apparently fits this heroic story of free-market principle, advanced *contra mundum*. Yet, this is a radically myopic reading both of 1960s' Hong Kong and of the socio-institutional foundations of its much-vaunted 'model'. This is not the place to construct a comprehensive history of this period, so some illustrative counterpoints must suffice. What emerges is a less flattering image of an intransigent Cowperthwaite, delaying necessary reforms and mounting dogged opposition to investments in public education, mass transit, social welfare and public housing. Eventual progress in these areas came initially (and grudgingly) in reaction to a series of riots and social disturbances (notably in 1966 and 1967), and subsequently with a Keynesian-welfarist turn in guidance from the Foreign and Commonwealth Office, coinciding with the appointment in 1971 of Governor Murray MacLehose. Less partisan accounts tend to trace Hong Kong's developmental achievements to this period of social and infrastructural investment (Scott, 1989; Tsang, 2004; Yep & Lui, 2010), in contrast to the indifference, ineptitude and maladministration of the Cowperthwaite era, with its institutional failures, mounting crises of legitimacy and deepening social deficits.

Few have done more to dismantle the particularities of the Cowperthwaite myth than Leo Goodstadt, who in the course of a career as a financial journalist, consultant and economist served as the head of Hong Kong's Central Policy Unit for almost a decade before the 1997 handover. In Goodstadt's exacting account of monetary policy in Hong Kong, Cowperthwaite appears as anything but a master of his unregulated universe: 'ignorant and incompetent', the Financial Secretary presided over a series of macroeconomic, banking and political crises, remaining functionally blind as well as practically indifferent to systemic failures of management in the local banks,<sup>3</sup> misreading the business cycle (not least due to the lack, ironically, of reliable statistics on property-market conditions and sectoral growth rates), while basing key decisions on a combination of hunches, arrogance and 'hopelessly wrong' growth estimates (Goodstadt, 2007, pp. 3, 29, 157). Cowperthwaite's wavering hand was reflected in a diffident and instinctive mode of governance, more clumsily hands-off than assuredly light of touch, operated within parameters (pre)determined by fiscal restraint and colonial conservatism, and overlain by a dogmatic refusal to countenance economic intervention or social investment. It was a mode of governance characterized by a decidedly colonial interpretation of adequacy, executed by the seat of the (grey suit) pants. '[W]e have a rough idea of where we are,' the Financial Secretary once declared in a budget statement, 'certainly enough for any practical purposes.'<sup>4</sup>

What Goodstadt characterized as Cowperthwaite's 'bluff and bluster' could not conceal, at least for those willing to see, an underlying culture of policy-making dysfunction and non-decision-making. A catalogue of strategic errors contributed to a bank run in 1965, while the Financial Secretary's insistence on the maintenance of excessively high (and highly liquid) surpluses, as a hedge against future failures in the weakly regulated financial system, came at the price of a draconian stance on public spending, effectively foreclosing any scope for investments in infrastructure or social services. The long-run costs of the latter are properly incalculable, although the post-Cowperthwaite era would witness marked increases in public spending,

notably through infrastructure development and investments in the ‘four pillars’ (of public housing, social security, education and healthcare). The ‘stability’ of which Hong Kong would later boast arguably owes much more to this latter, more pragmatic, period than to Cowperthwaite’s reign of free-market minimalism (Lui et al., 2019; Scott, 1989).

Viewed in this light, the so-called policy of *laissez faire* during the 1960s may have been politically and economically expedient in the short term, but it hardly amounted to a heroic or honourable stance, and neither did it serve the interests of longer run socioeconomic development. Cowperthwaite’s was an administration averse to risk-taking, long-term investment and deficit spending, lacking in the will, capacity and perhaps permission to undertake programming responsibilities. It is impossible to escape the conclusion that an entrenched culture of colonial aloofness and indifference played a role, when recurrent demands for public investment, regulatory intervention and social programming were repeatedly met not only with inaction or obstruction but also with formulaic sermons on the virtues of economic liberalism. In this context, Cowperthwaite’s policy of *laissez faire* comes to resemble a fig-leaf and an alibi, and more anachronism than coherent governing philosophy.<sup>5</sup>

Following his retirement from government service, Cowperthwaite moved on to a sinecure in the financial sector, but also took to circulating in the most elevated precincts of the free-market movement. Invited to join the Mont Pèlerin Society (MPS), he assisted with the organization of the MPS meeting in St Andrews in 1976, and when the organization convened its first gathering outside the Western Hemisphere, in Hong Kong in 1978, Cowperthwaite chaired the opening session, featuring Friedrich Hayek himself. On this occasion, Cowperthwaite’s successor, Philip Haddon-Cave, presented what has since become the definitive account of the practice–theory of positive non-interventionism (Haddon-Cave, 1980). Successive financial secretaries have paid performative deference to what has become an authorized history, anchored on the Cowperthwaite decade (Chan, 2017; Tsang, 2006). Figure 2 traces the through-line, one that connects not only different administrations but which also cuts uninterrupted across the transition from colonial to post-colonial rule.

So it was that the serving Financial Secretary Paul Chan travelled to the Cato Institute to present a speech marking the publication of Cowperthwaite’s biography, *Architect of Prosperity*, a moniker credited to Hong Kong’s last colonial governor, Chris Patten (HKSAR, 2017). Here, the author Neil Monnery remarked that his subject struck him as ‘a pragmatist ... not a doctrinaire person’ (quoted in Cato Institute, 2017), despite having himself made little effort to separate the man and the doctrine. It is said that Cowperthwaite was ‘not given to abstraction’, possessed of a temperamental pragmatism and yet someone for whom ‘[f]ree-market capitalism was an article of faith’ (*Manila Times*, 2006, p. A4). His biographer remains convinced, furthermore, that Cowperthwaite ‘never saw himself as the primary agent of [Hong Kong’s] success. It was done by entrepreneurs ... by people working in factories. It wasn’t done by politicians’ (quoted in Cato Institute, 2017). Paradoxically, the Financial Secretary presents as both a dominating presence and something of a cypher. Just as neoliberalism can be read as a mode of regulation ‘in denial’ (cf. Peck, 2010), so this (mis)representation of Cowperthwaite and the Hong Kong model invokes an idea of inverted or displaced agency: the figure of the *laissez-faire* architect implies a detached kind of responsibility, as the *defender* of a design rendered in unobtrusive outline, so as not to disrupt an otherwise spontaneous order. The work of *laissez faire* duly becomes that of restraint, rather than active design, such that the figure of the guardian or custodian may be more apt. This is a figure that must remain above the game, policing rules and boundaries but never directing the play – except when running interference against meddlers and interventionists.

Dismissing those ‘[e]conomists of the modern school’, who were too easily tempted to use ‘budget deficits or surpluses for the control of the economy’, Cowperthwaite doubted that ‘such techniques would ever be appropriate in Hong Kong’s exposed economic position’, adding

<p>“Government should not in general interfere with the course of the economy” (<b>John Cowperthwaite</b>, Financial Secretary 1961-1971)</p> <p>“Positive non-interventionism” (<b>Philip Haddon-Cave</b>, Financial Secretary 1971-1981)</p> <p>“Committed to support the free market economy” (<b>John Henry Bremridge</b>, Financial Secretary 1981-1986)</p> <p>“Hong Kong's economic philosophy is not difficult to describe. It is a commitment to enterprises, ... low taxation ... free markets and free trade ... what might be called consensus capitalism” (<b>Hamish Macleod</b>, Financial Secretary 1991-1995)</p> <p>“The economy [is] most efficient if market forces are relied upon and government intervention ... is kept to a minimum” (<b>Piers Jacobs</b>, Financial Secretary 1986-1991)</p> <p>“Big market, small government” (<b>Donald Tsang</b>, Financial Secretary 1995-2001)</p> <p>“Government is a proactive market enabler” (<b>Anthony Leung</b>, Financial Secretary 2001-2003)</p> <p>“Market leads, government facilitates” (<b>Henry Tang</b>, Financial Secretary 2003- 2007)</p> <p>“Hong Kong [is] a global model of free trade and free enterprise” (<b>John Tsang</b>, Financial Secretary 2007-2017)</p> <p>“We will stay true to our free market roots” (<b>Paul Chan Mo-po</b>, Financial Secretary 2017-present)</p>
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**Figure 2.** Incantations of free-market rule, Hong Kong, 1961–2020. Source: Authors’ compilation.

that ‘a Financial Secretary’s life is paradoxically easier when money is scarce than when it is plentiful; he is riding with a tighter rein’.<sup>6</sup> The whip hand of financial discipline was strengthened in an economy of *manufactured* scarcity, one rendered less knowable than most by its ‘government without statistics’. Hence the totemic significance of Cowperthwaite’s refusal to collect macro-economic data; this pre-emption of public (f)acts of economic calculation is corollary to an ethos of anti-regulatory guardianship, practiced in a manner designed to leave business-as-usual interests unperturbed and government off the hook.

As a paradigm of laissez-faire statecraft, this presents almost as an *anti-model* in that its specification and propagation require little more than anecdotal repetition, certainly not the elaborate specification of a detailed (policy) design. Of course, narrative reductionism and causal parsimony are characteristics common to most models – be they scholarly, folk or technocratic. The work of the partly fictionalized Cowperthwaite, in this context, is that of the overbearing but non-acting protagonist. What these accounts deliberately obfuscate is almost everything pertaining to the actually existing historical method of colonial administration, the exigencies of Hong Kong’s geopolitical position, the movement of elite and popular politics, and not least the

structure and dynamics of the real economy itself. It is only by freezing (out) such contextual factors and forces, along with the enabling conditions of existence of these proximate contexts, that narrow, essentialized and instrumental readings of the Hong Kong model can be articulated. The Cowperthwaite story is therefore not just too good to be true. It is a feat of foreshortening and misdirection. A veritable non-actor is positioned at the centre of the stage, in close focus; everything else becomes background.

Friedman once said that ‘it would be hard to overestimate the debt Hong Kong owes to Cowperthwaite’ (quoted in McGurn, 1994, p. 29), a line that he never tired of repeating, up to and including the very last thing he wrote, a brief eulogy for the Scotsman, by whom he was predeceased by several months (Friedman, 2006a). The two men had kept in touch, corresponding occasionally and meeting up at MPS gatherings, although perhaps most appealing to Friedman was the *idea* of Cowperthwaite. Once, after one of Friedman’s characteristically combative editorials in the *Wall Street Journal* had regurgitated the heroic tale of Cowperthwaite’s Hong Kong (Friedman, 1996b), the supposed protagonist wrote privately to Friedman in order to correct the record, insisting:

[Y]ou give me too much credit, I have always maintained that what contribution I made was largely negative – warding off the fashionable post-war policies of state intervention and not getting in the way of an enterprising and hardworking people. I do not think I was particularly influenced by Adam Smith. ... It simply seemed obvious that in Hong Kong’s circumstances there could be no reasonable alternative (and certainly not a Keynesian one).<sup>7</sup>

## THE MEASURE OF FREEDOM

Cowperthwaite’s deliberately ‘unmeasured’ Hong Kong warrants at least a footnote in histories of economic calculation, as a site of mid-century exception (cf. Coyle, 2014). A free-market partisan might ask: But what if an economy could be represented otherwise, in truly non-Keynesian terms? The answer, as it turns out, is also indexed directly to Hong Kong – not just in a figurative sense but in practical and technical terms. The project to quantify ‘economic freedom’ was hatched at the 1984 meeting of the MPS in Cambridge, UK. This was something of a homecoming for Hayek, then in his 85th year, who had returned to the place of his wartime exile, in this time of Margaret Thatcher and Ronald Reagan, as ‘a popular figure’ (Chamberlain, 1985, p. 61). The Mont Pèlerinians had gathered to celebrate the 40th anniversary of the publication *The Road to Serfdom*, an opportunity to weigh the historical question ‘how fares the free world?’ The mood of the society had not much improved since its singularly pessimistic meeting in Hong Kong, six years earlier, when then-president George Stigler had bemoaned the apparent failure to turn back the socialist tide (Rothbard, 1978; Stigler, 1979). By 1984, the tide may have turned in a neoliberal direction, but the Mont Pèlerinians would not be complacent: ‘our governments go on spending even when their heads – Ronald Reagan in America and Margaret Thatcher in England – believe they should be doing the opposite’ (Chamberlain, 1985, p. 38). Capturing the mood, the opening session featured reflections on the dystopian novel *Nineteen Eighty-Four* (Orwell, 1949). George Orwell’s classic had sometimes been placed in conversation with *The Road to Serfdom* (Hayek, 1944), going back to the author’s somewhat sympathetic review of Hayek’s polemical book (Orwell, 1944, p. 3). In Cambridge, Hayek modestly reflected that *Nineteen Eighty-Four* had ‘contributed much more ... to the reaction [against] totalitarianism’ than his own efforts, hastening to add that ‘the history of this Society is of course [also] a very important element’ (quoted in Farrant et al., 2018, p. 154).

In his paper on *Nineteen Eighty-Four* at the MPS meeting, Michael Walker of the Fraser Institute argued that the book had ‘created a tangible, visceral representation of the concepts

which Professor Hayek's works exposed in more measured fashion' (quoted in Chamberlain, 1985, pp. 38–39).<sup>8</sup> Reflecting on the 'real world of 1984', he ventured to suggest that, even as civil and political liberties might feel relatively secure, 'economic life was becoming increasingly Orwellian' (Hall & Lawson, 2014, p. 2). This evidently triggered Friedman, who interjected that Walker's gloomy assertion, while plausible, was impossible to adjudicate in the absence of reliable data. The resulting discussion was to give rise to a long-term project dedicated to the task of constructing a systematic measure of economic freedom. Financial support was secured from the Liberty Fund for a multi-year symposium series, convened by Walker and the Friedmans, involving an invited 'group of distinguished economists from all over the world' (Walker, 1996, p. 1). Featuring boldface names from the overlapping worlds of Chicago School economics and the think-tank community,<sup>9</sup> supporting roles at the meetings were performed by Simon Ogus, a whiz-kid recruited from Hong Kong's financial sector, and Alvin Rabushka, a Hoover Institution scholar with years of 'direct involvement in the study and economic development of Hong Kong' (Rabushka, 2018; Walker, 1996, pp. 1–2). Charged with the task of constructing an intellectual lineage through to this effort to measure economic freedom, Rabushka made quick work of carving a path from foundations in ancient philosophy via the Magna Carta and the sacred texts of John Locke and Smith to the contemporary efforts of Friedman (the 'modern-day Locke') and arch-libertarian Murray Rothbard (Block, 1991a; Easton & Walker, 1992; Walker, 1988), but forward progress would become bogged down in the technicalities of empirical specification.

During the fourth of the Liberty Fund meetings, in 1990 at Sea Ranch, California, where the Friedmans had a vacation home, Milton and Rose organized an experiment. They asked their two dozen guests to rank, from the most to the least free, a selection of 11 countries, tabulating the results alongside those derived from papers presented at the meeting, each with their own improvised methodologies. The outcome was a perplexing combination of strong consensus and wide divergence. Notably, '[t]he greatest agreement was on Hong Kong', which was ranked first by all but one of those present, for whom it came second only to the United States (Friedman & Friedman, 1992, p. 281). More an approximation of free-market groupthink than anything 'scientific', Hong Kong and the United States were universally placed at the top, while India, Israel and Sweden were rated among the least free; there was disagreement, ironically, on how to rank Chile, as there was with several countries scattered around the middle of the distribution. Problems had predictably arisen in those cases where this predominantly North American group lacked 'information about the countries they were asked to rank' (Walker, 1996, p. 5). The Friedmans counselled that the effort might be best focused on a relatively small number of countries, underestimating the scope of what would balloon into an encyclopaedic undertaking, almost universal in reach (ultimately extending to 123 countries). The basic approach, however, had been established: the quantification of a worldview assembled in northern California (via Chicago), pivoting from the beginning around a close but stylized reading of Hong Kong.

The Liberty Fund project culminated, after more than a decade of development, in the *Economic Freedom of the World Index* (Gwartney et al., 1996), published by the Fraser Institute in conjunction with a network of 10 affiliated think tanks, including the Hong Kong Centre for Economic Research, the Cato Institute and the Institute of Economic Affairs in London. The goal had been to distil and purify a *singular* essence of economic freedom, in contrast to more capacious measures of civic and political freedom, such as the approach developed by Freedom House. A bastion of Cold War anti-communism and later neoconservative values (Barahona, 2007), Freedom House was faulted in these more doctrinaire circles for conflating economic freedom with democracy, the vagaries of which were known to impede the workings of the market. Clearly, 'if a polity votes for rent control, minimum wages, and tariffs [such] paradigm cases of the *denial* of economic freedom' could never be permitted to count as 'freedom-enhancing' (Block, 1991b, p. x, emphasis added). The Liberty Fund indexers had been particularly exercised

about the fact union membership could, by the Freedom House yardstick, be equated with a certain kind of ‘freedom’, whereas in these quarters it represented only repression.

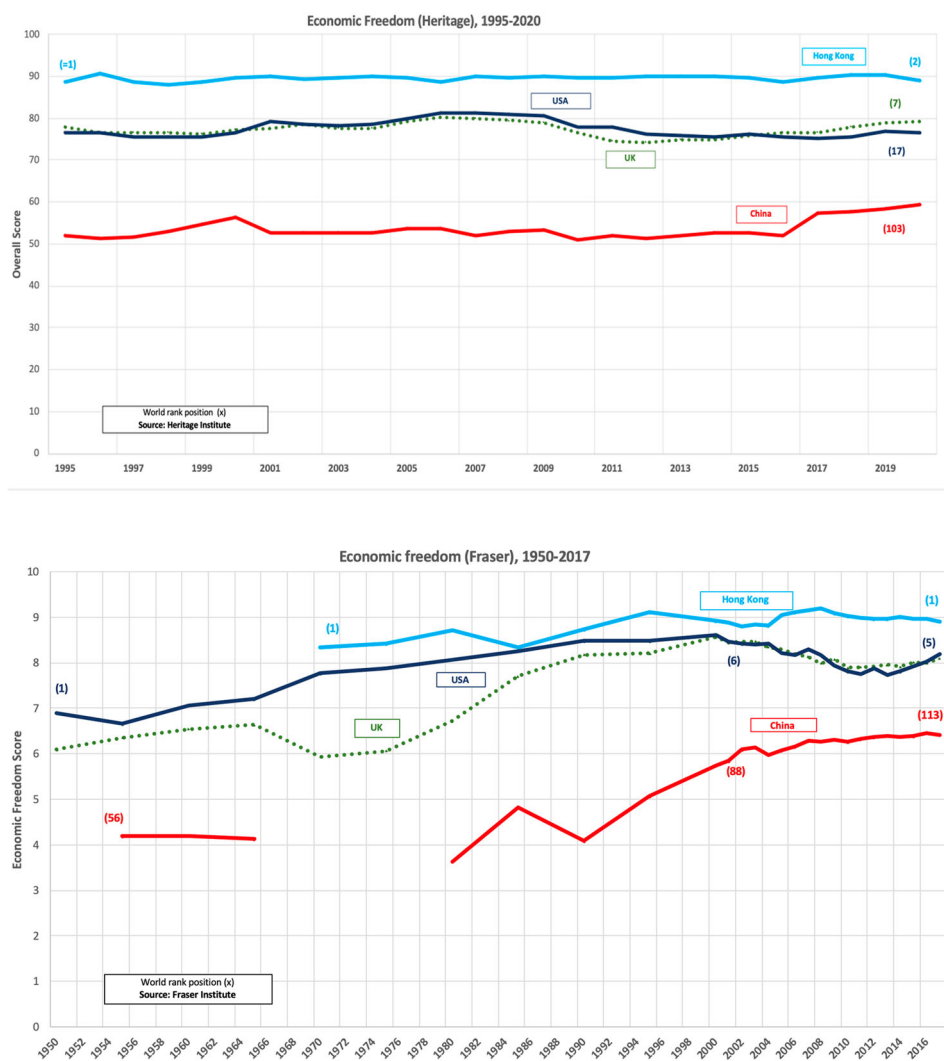
As vital technologies for ascendant regimes of ‘governance by indicators’ (cf. Davis et al., 2012), the indices of economic freedom might appear to be antithetical to Cowperthwaite’s contrived ethos of government without statistics, but not quite so. The architecture of the *Index of Economic Freedom* reveals how such reverse-engineered metrics not only internalize but also routinely ‘conceal their political and theoretical origins’, activating what Merry (2011, p. S84, emphasis added) calls ‘knowledge effects’ through the selection, naming and circular affirmation of supposedly vital indicators. Here, measures of government ‘size’, tax takings, trade restrictions and market ‘openness’ translate (value) judgments into grids of faux-objective calculation. Nevertheless, these metrics are routinely consumed at face value, this being their function and indeed their point, the economic-freedom indices promptly finding ‘a place as one of the top resources for academics, policy makers, and journalists’ (De Haan, 2003; Hall & Lawson, 2014, p. 1). Only rarely is the question broached, as Paldam (2003, p. 466) rather credulously puts it, ‘did the very knowledgeable group of academics who constructed the index have the eventual result in mind?’ His sympathetic assessment of indices of economic freedom found only ‘small biases’, including circular reasoning, albeit with the passing acknowledgement that the indexers in question happened to be ‘zealots’ for the free-market cause. The zealotry was rationalized, however, by at least one real-world observation: ‘nobody disputed that Hong Kong has followed policies that are as close to laissez-faire as any country in the world’ (Paldam, 2003, p. 462; Rabushka, 2018).

Friedman, for one, had never been in any doubt that the Liberty Fund project would eventually find its way, despite some technical challenges. After all, the signal truths told by the comparative economic geography of growth meant that there was little dispute over where to look for validation – high-growth economies – and just as ‘an auto’s maximum speed may be an excellent proxy for the power of its motor’, so the road to causation would be navigated by way of correlation, stories of the free-market model being assembled behind the legitimating facts of growth:

It did not require the construction of an index of economic freedom for it to be widely believed that there is a close relation between economic freedom and the level and rate of economic growth. Theoretical considerations gave reason to expect such a relation, and little more than casual observation sufficed to show that what theory suggested, experience documented. We have not in a sense learned any *big* thing from this book that we did not know before. What we have done is to acquire a set of data that can be used to explore just how the relation works, and what are the essential connections, and that will enable skeptics to test their views objectively. (Friedman, 1996a, pp. viii, vii; original emphasis).

Free-market policy advocacy, too, resembles an engine more than it does a camera (cf. MacKenzie, 2006). Early on, there had been a need to play with the basket of measures in a manner deemed best to (retro)fit the facts, out of which other would-be bastions of economic freedom rose provisionally to the top, including Costa Rica, the Cayman Islands, Liechtenstein and Singapore (Spindler & Still, 1991). But in the final analysis, there was no match for the story that could be told, and quantitatively verified, about Hong Kong.

Somewhat gallingly for the Liberty Fund indexers, their academically paced project would be pipped at the post by a competing product, developed on the cheap by fellow travellers on the road to freedom. The Heritage Foundation’s *Index of Economic Freedom* (Johnson & Sheehy, 1995) employed a short-cut methodology to scoop the Friedmans’ painstakingly constructed original. Reflecting shared preferences and prejudices, the two indexes were very similar both at the top and the bottom, validating the same cluster of Asian and Anglo-American states.<sup>10</sup> In the first edition, Hong Kong shared the limelight with Singapore on the Heritage measure, before holding on to pole position with monotonous regularity for a 25-year period, including the resumption of Chinese sovereignty, before the incremental downgrade of 2020 (Figure 3).



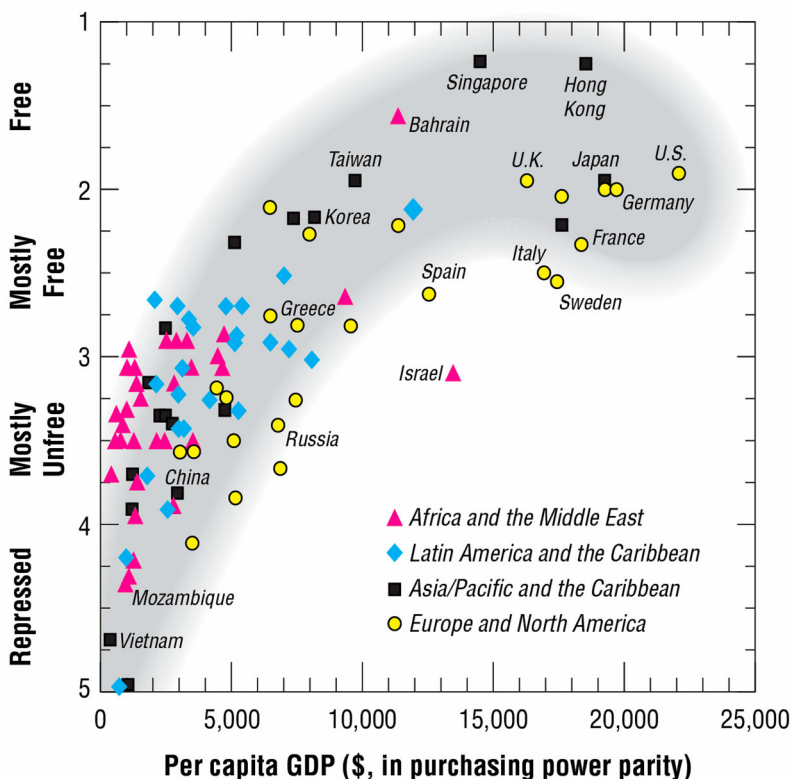
**Figure 3.** Almost free: Hong Kong as the standard for a liberalizing world. Sources: Authors' calculations from Fraser Institute and Heritage Foundation data.

Following a press release in New York City, where the attendees included William F. Buckley, Steve Forbes and former Treasury Secretary William Simon, the international launch of the Heritage index took place in Hong Kong early in 1995, 'attract[ing] a huge number of media, [and] kicking off that city's long-running interest in keeping its *Index* ranking as the freest economy in the world', a first indication of the 'global attention' that these annual rankings would subsequently command (Holmes, 2014, p. 13). As a senior official at the American Chamber of Commerce in Hong Kong later put it, 'The *Index* is now on everybody's calendar here' (quoted in Edwards, 1997, p. 155). The creators of the Heritage index have come to revel in its capacity to perform and police free-market governance. Kim Holmes (2014), a long-time co-author of the report, is fond of recounting the story of an unnamed government official whose lobbying efforts extended to a self-generated version of his country's economic-freedom scorecard, formatted as a replica of a page from the *Index*.

Heritage's user-friendly index, 'simple enough [for] non-economists, including Members of Congress and their staffs', substitutes the 'in-house' manipulation of readily-available data for the laborious work of statistical modelling (Holmes, 2014, p. 12). A confection of circular reasoning, this method reliably affirms conclusions that are ideologically predetermined.<sup>11</sup> The so-called 'curve of economic freedom' bends in the direction of Hong Kong and the United States, the axis running from repression to freedom being roughly correlated with – while showing the way to – rising prosperity (Figure 4). As a graphical riposte to the maligned Phillips curve, the curve of economic freedom served both to mirror and validate the editorial line of free-market triumphalism, which was further amplified when the *Wall Street Journal* started co-publishing the *Index* in its third edition. 'Freedom and growth' ran the *Journal's* headline:

If Adam Smith were somehow granted a day on Earth to confer with contemporary political economists ... [u]nless he had the misfortune of landing in Pyongyang or Havana, it would be hard for him to find anyone who doesn't understand what [he] grasped some 200 years ago – that the path to economic progress starts with economic freedom. ... [T]his lesson, rejected by much of the world less than a decade ago, is now sung out lustily in such unlikely capitals as Ulan Bator and Tallinn, San Salvador and Rabat. (Holmes & Kirkpatrick, 1996, p. A16)

Founded on the 'simple tenet that something cannot be improved if it is not measured', the stated purpose of the Heritage index is to 'make a difference', in effect by intervening at a distance, through the medium of measurement (Kane et al., 2007, p. xi). There is no attempt to call



**Figure 4.** Freedom's arc. Source: Johnson and Sheehy (1995); redrawn by Eric Leinberger.

attention to the think tank's role as a 'center of persuasion', but instead to conceal the hands of the calculators behind readily legible technologies of rating and ranking, designed so as to travel out into the world, speaking for themselves. In contrast to Cowperthwaite's instinctive, data-lite approach, there is a concerted attempt here to mimic the trappings of economic expertise and mathematical precision, with rigorously standardized measures establishing a façade of commensurability. Nation-states large and small – along with the unacknowledged anomaly of the Hong Kong region – are rendered as comparable units, competing as it were side by side.

The generative effects of these new technologies of neoliberal audit have been well documented. Their ideologically front-loaded truth claims have been instrumental in the construction of a 'new discourse of state responsibility' (Löwenheim, 2008, p. 268), promulgating new (international) hierarchies of merit and discipline. The stated goal of the Heritage index is 'to chronicle annual progress or regression [in order] to remind politicians of the benefits of economic freedom' (Kane et al., 2007, p. x). The rule of the indexer is exercised at a distance, more by proxy than by persuasion. Ranking and rating technologies project their influence, the power of which is concealed in plain sight, as a nominally transparent form of soft discipline – what Shore and Wright (2015) have aptly called the 'glass cage'. Simultaneously, they confer seals of approval and marks of disapproval, encapsulating developmental promises, such as the 'tiger success stories' of places like Hong Kong, while fostering the impression that these can be 'compressed into a clear recipe ... for all poor countries to follow' (Paldam, 2003, p. 454). The disciplinary effects of these auditing and rating technologies are commonly visited on lowly ranked actors and states, which are tasked with the burden of improvement (Davis et al., 2012; Löwenheim, 2008), but the universalizing reach of the economic-freedom indices extends all the way to the top. Hong Kong is duly blessed *and* burdened: celebrated as an object of aspiration, it must also bear the timeless responsibility of living up to an idealized image.

What Heritage operatives recall, with some satisfaction, as the 'year of the asterisk' speaks directly to these updraft effects. In 1998, buffeted by the Asian financial crisis, the Hong Kong government moved to make a massive intervention in the equities market (to the tune of US\$15.2 billion), temporarily becoming the majority shareholder in the Hong Kong & Shanghai Bank. A disappointed Friedman observed that 'Hong Kong is in the process of undoing something that it took many years to create ... a reputation that government would not intervene, and would allow the markets to work' (quoted in *National Review*, 1998, p. 16). Awkwardly, this uncharacteristic turn of events occurred just after the cut-off date for Heritage's annual assessment, but before the *Index* went to press, leaving no alternative but to qualify Hong Kong's first-place ranking with an asterisk, its government having 'violated a sacred rule of free-market economics' (Johnson et al., 1999, p. xxx). In his preface to the *Index*, the editor of the *Wall Street Journal*, Robert L. Bartley, did nothing to downplay the moment:

Since the fall of the Berlin Wall in 1989, the cause of freedom has been sweeping the world. ... In 1998, however, the first real test emerged. Asia's 'tiger economies' found themselves staggering. ... Even Hong Kong, rating number one in economic freedom this year and last, conducted a massive market intervention. ... The great irony of 1998 is Hong Kong. Its economic freedom survived the reversion to Communist Chinese sovereignty but may be stumbling on a crisis of Asian capitalism. (Bartley, 1999, p. xiii)

Testing its soft power, Heritage warned that 'If Hong Kong does not reverse this intervention in the stock market, its changed score will be reflected in the official listings and rankings of next year's *Index*' (Johnson et al., 1999, p. xviii).

Following tense exchanges with the leadership of Heritage, the Hong Kong SAR moved to sell off the securities, reclaiming its coveted position, *sans* asterisk, and restoring both its reputation and the sense of order in the free-market world. Heritage's Kim Holmes (2014, p. 14) later recounted that 'the *Index* had been the key factor in driving the [sell off] decision ...

Hong Kong officials [having] admitted as much'. A local victory, perhaps, but one with wider implications. Holmes (2014, p. 14) concluded: 'Most important ... was how the rest of the world took note. ... Seeing the impact on Hong Kong, droves of embassy and foreign government officials began visiting Heritage to provide input, hoping to influence their country's scores'.

## CONCLUSIONS: BETWEEN A BARREN ROCK AND A HARD PLACE

For cultural theorist Ackbar Abbas, Hong Kong has always been a place in search of, *and subjected to*, a formula. Writing at the time of the resumption of Chinese sovereignty in 1997, he observed that 'The preferred formula used to be "a policy of laissez-faire"; now it is "one country, two systems"', not that either came close to accounting for the 'historical specificity of the place' (Abbas, 1997, pp. 296–297). Nostalgia for the Cowperthwaite era has been purposively stoked, especially in the years since the handover, as a means to stabilize an idealized and ideologically authorized account of free-market Hong Kong, projected as (if) a *model for the world*. In parallel with this folkloric appeal to a utopian time that never really was, the producers and propagators of the indices of economic freedom have for more than a quarter of a century laboured to make Hong Kong the very *measure of the world*, a benchmark of neoliberal purity. If models can be thought of as machines for essentialization – decontextualized, condensed and durable economic imaginaries that policy-makers come to think with and through, rather than about – as a conspicuous example of the form, the Hong Kong model has been (re)produced through a variety of means. The mythology of laissez-faire Hong Kong, at its peak in the Cowperthwaite years, has been stabilized by personification, by the radical airbrushing of contexts both local and global, and by narrative reiteration. Meanwhile, the contention that administratively minimalist free-market governance is not just an aspirational but a realizable project has been decanted into indices of economic freedom through techniques of ideologically selective abstraction and metrical normalization. Different faces of the Hong Kong model have been advanced, on the one hand, through stories of disciplined guardianship and pre-statistical government and, on the other, through the soft discipline of governance by indicators. Both strategies for essentialization have taproots, albeit in rather different ways, to the gung-ho, freebooting capitalism of 1960s' Hong Kong, as a kind of faith spot – be this in the shape of Cowperthwaite as the hands-off architect of laissez faire, or quantified renderings of the Friedmanite vision of small-state capitalism. If anything, this work of narrative and normative indexing has come to assume more, rather than less, significance in the time since the threshold moment of 1997.

Back then, the influential *Far Eastern Economic Review* published an editorial pressing its familiar line that, as Hong Kong looked to the future, none should forget the 'old truths'. Anxious about the future, the editors worried aloud that 'few would remember John Cowperthwaite', for all his diligent efforts in translating 'classical market prescriptions' into a governing programme for Hong Kong, securing its position as 'a model for the world' (*Far Eastern Economic Review*, 1996, p. 5). The *Review* went on to endorse a rather fanciful proposal, which had been floated by the pro-market magazine *Next*, to erect a 'larger-than-life statue' of the retired government official at the entrance to Hong Kong's Legislative Council, with excerpts from his budget speeches engraved on the base. More than two decades later, there is no statue of the former financial secretary outside the Legislative Council, but it is surely less likely now that Cowperthwaite will be forgotten, given his subsequent ascent to larger-than-life status, especially on the free-market circuit.

Meanwhile, amid a still-escalating political crisis in Hong Kong, Beijing has been pressing ahead with plans, simultaneously, to crack down on sedition, dissent and subversion in the former colony while deepening the degree of economic 'integration' with the mainland. The ambitious project of constructing a 'Greater Bay Area' can be seen as but the latest iteration of a 'preferred

formula' for this anomalous territory. The comprehensive blueprint for the Guangdong–Hong Kong–Macao Greater Bay Area, released just four months before the outbreak of civil unrest in Hong Kong, projects in the most sweeping and apolitical terms available a long-range project irreversibly to integrate Hong Kong with the dynamic economies of the Pearl River Delta. On paper, the plan pledges to 'fully and faithfully implement the principle of "one country, two systems"' through a win–win approach to regional cooperation (State Council, 2019, pp. 6–7), but there are already widespread and growing concerns that Hong Kong may be sidelined as the scheme moves inexorably forward, possibly to be eclipsed by a still-ascendant 'Shenzhen model' (Chung & Cheung, 2019; cf. O'Donnell et al., 2017; Zhang, 2012).

What will happen, in this context, to Hong Kong's free-market model, venerated in one formula (*laissez faire*) and deep frozen in the next (two systems), remains a radically open question at this juncture. Something similar might be said about the future of democratization movements, both in Hong Kong and on the mainland. In this context, it should not be forgotten that the rather paradoxical demonstration case of Hong Kong helped to convince Friedman, Stigler, and other leading Mont Pèlerinians that there was no mechanical or linear relationship between economic and political freedom; while the first was seen as a precondition for the second, projects of democratization often contained pathological tendencies such as to create obstacles to free-market rule (Friedman, 1988; Rabushka, 1973; Stigler, 1979). From this perspective, it is no coincidence that peak Hong Kong, under Cowperthwaite, was a pre-democratic city-state. The work of recycled folk narratives of *laissez-faire* governance, coupled with the indexical fixing of a corresponding image of economic freedom, has been to 'perpetuate the idea that economics must be protected from the excesses of politics – to the point that an authoritarian government that protects free markets is preferable to a democratic one that redesigns them' (Slobodian, 2019, p. 1). It is quite fitting, in light of this, that the definitively neoliberal project of measuring economic freedom was born, at the 1984 meeting of the MPS, on Orwellian terrain. In the future world depicted in *Nineteen Eighty-Four*, politics has lost all recognizable meaning, just as the endless wars between the transnational super-states were destined never to be won, despite ongoing skirmishes along the frontiers. Attempts to secure complete control over the 'disputed territory' were perpetually frustrated, Orwell (1949, pp. 242, 243) wrote, 'fighting never really mov[ing] beyond the edges' of a contested geography the shape of which resembled 'a rough quadrilateral with its corners at Tangier, Brazzaville, Darwin, and Hong Kong'.

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## NOTES

1. Hong Kong's status as an exemplar of classical (or neoclassical) economic principles is regularly restated (Bauer & Blundell, 2002; Li, 2012; Seldon, 1991; Sung, 1989; World Bank, 1993; Woronoff, 1980).

2. *Hong Kong Hansard*, 29 March 1970, 495 (emphasis added).
3. Three local banks collapsed on Cowperthwaite's watch, while a further six had to be bailed out, the causes and consequences of which 'baffled' the Financial Secretary, according to Goodstadt.
4. *Hong Kong Hansard*, March 25, 1970: 496.
5. There is no shortage of more critical accounts that read the history in these alternative terms (Mizuoka, 2018; Ngo, 1997; Schiffer, 1991; Scott, 1989; Youngson, 1982).
6. *Hong Kong Hansard*, 26 February 1964, 47.
7. Correspondence between Cowperthwaite and Friedman, 27 March 1996. Hoover Institution, Milton Friedman papers, Box/Folder 141: 1–3.
8. With the motto 'If it matters, measure it', the Fraser Institute is one of the original free-market think tanks established by (Sir) Antony Fisher, following a charge from Hayek (Peck, 2010).
9. Participants included Armen Alchian, Gary Becker, Lord Peter Bauer, Arnold Harberger, Henry Manne, Charles Murray, Douglass C. North, Gordon Tullock and Sir Alan Walters, along with prime movers in the think-tank movement such as Edward Crane (Cato), John C. Goodman (National Center for Policy Analysis), William Hamnett (Manhattan Institute), W. W. Hill (Liberty Fund), Edward L. Hudgins (Heritage Foundation), Alan Reynolds (Hudson Institute) and a small number of private-sector representatives (Walker, 1996).
10. The indices' almost perfect correlation (Hanke & Walters, 1997) is surely more a measure of convergent thinking than underlying truth. One index required a decade of technical work guided by Nobel laureates in economics; the other was assembled in the back room of a conservative think tank – yet their results are essentially the same.
11. 'A founding objective of the Heritage *Index* was to curtail the U.S. aid budget, conditioning foreign assistance on 'the promotion of free market-oriented economic growth' (Hudgins, 1989, p. 9), its first edition being credited with securing a 40% reduction in overseas aid (Edwards, 1997).

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