

FOREWORD

By Hernando de Soto

I congratulate the Property Rights Alliance, Dr. Sary Levy, and associated institutions for all their work creating the 2017 International Property Rights Index.

The new report reveals that the slow and steady improvement of property rights continues unabated. This year the world property rights average improved 3.45%, to 5.63. New Zealand came the closest to a perfect 10, earning an IPRI of 8.63, a 4.45% improvement from last year.

Africa, a region notorious for corruption and its failure to protect private property rights, made the most improvements overall. Leading the way was Ethiopia, which improved its IPRI score by 12%, allowing it to move up 16 places in the world ranking to 87th. The driving force behind Ethiopia's success occurred in the subcategory of physical property right protections, which includes not just protecting property rights but also registering property and ease of access to loans.

The region with the worst overall IPRI score was Eastern Europe and Central Asia- 4.94. It was the only area that saw a net reduction in its IPRI average, though only a tenth of a point. And there are bright spots, such as Georgia, where property can be registered in one day with one single procedure. This year, Georgia continued to improve its property rights record by experimenting with blockchain technology to register property and fight corruption.

In 2017, world leaders have continued to struggle on how to respond to growing threats of terrorism as well as funding efforts to alleviate poverty and slow climate change. The IPRI offers hopeful insights into the powerful role property rights can play in solving these global problems. The 2017 Index added a set of liberty measures to the existing set of correlations, which include research and innovation, economic outcomes, and social capital indicators to evaluate how property rights impact the whole of society.

The findings are striking. The legal and political environment was found to have the highest correlations with entrepreneurship(.88) and network readiness (.86), a measure of liberty. Intellectual property rights had robust correlations with civic activism (.80) and the number of researchers in R&D (.79). Countries with weak property rights scored the lowest in every correlation.

Results like these are why the IPRI continues to serve as a guide to policymakers and activists around the world, proving year after year that robust property rights systems play a positive role in alleviating poverty, fighting corruption, and creating the social norms that allow citizens to participate responsibly in the process of setting public policy.

I consider it a great honor to be able to introduce, again, the International Property Rights Index and support the work of Property Rights Alliance in their mission to nurture the public discourse on the essential role of property rights in economic development around the world.

Sincerely,

Hernando de Soto