

## NEWS RELEASES

### 2021 Index Of Economic Freedom: Global Economic Freedom Remains At All-Time High, U.S. Drops To An All-Time Low

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WASHINGTON — Global economic freedom remained at a record high of 61.6 for the second year in a row in The Heritage Foundation’s 2021 “Index of Economic Freedom,” despite the uncertainty of a global pandemic. Singapore remained in the top spot as the world’s most-free economy, while the U.S. recorded its worst score and ranking ever, a result of out-of-control spending and a loss of confidence by Americans in the even-handed rule of law. Hong Kong and Macau were not ranked in the 2021 Index – partly a consequence of Beijing’s growing control over the cities’ economies.

The Index finds a world economy that, as a whole, continues to be “moderately free” but cautions that the overall global economic outlook remains challenging, particularly in many developing countries and emerging markets because of the lingering impact of the pandemic.

“Regrettably, some of the policy measures undertaken or planned by governments around the world in response to the global health crisis run the risk of undermining economic freedom and, thus, long-term economic growth and prosperity,” note Index editors Amb. Terry Miller, Anthony Kim and James Roberts. “Policymakers cannot simply spend their way back to prosperity after the toll that public health responses have taken on local economies. For a meaningful economic recovery, economic freedom must not be curtailed by extended government emergency powers.”

The United States recorded a score of 74.8, lower than its 2020 score, and dropped to No. 20 globally from No. 17 the year prior. The U.S. remains “mostly free” and its regional ranking is unchanged at 3rd out of 32 countries that were graded in the Americas region, behind Canada and Chile. According to the editors, out-of-control government spending has put U.S. fiscal health at grave risk.

Notably, the United States saw a change in administrations this January. This is a pivotal moment for economic recovery around the world, but in the United States, the Biden

administration's economic agenda will be crucial to the future of American economic freedom.

Singapore remained in the top spot and New Zealand took second. Hong Kong, which was ranked second for the first time in the history of the Index in 2020 after ranking first for 25 years, was not ranked in this year's Index, which now includes only countries exercising full sovereign control over their economic policies.

"While Hong Kong and Macau offer their citizens more economic freedom than is available to the average Chinese citizen, developments in recent years have demonstrated unambiguously that those policies are ultimately controlled by Beijing," say the editors.

Three of the top 10 finishers — Singapore (1st), Ireland (5th), and Taiwan (6th) — recorded score increases this year, Taiwan moving up five spots from 11th in the 2020 Index.

The world's least economically free nation remains North Korea, followed closely by the failed socialist nations of Venezuela and Cuba.

Per capita incomes were significantly higher in nations that are more economically free. Economies rated "free" or "mostly free" in the 2021 Index enjoyed incomes more than double the average levels in all other countries, and more than six times higher than the incomes of those living in "repressed" economies.

Among the 178 countries ranked, scores improved for 89 countries and declined in 80, with nine remaining unchanged.

Five economies earned the Index's designation as "free" (scores of 80 or above), while the next 92 are classified as "mostly free" (70-79.9) or "moderately free" (60-69.9).

"Thus, a total of 97 economies, or 54 percent of all nations and territories graded in the 2021 Index, have institutional environments in which individuals and private enterprises benefit from at least a moderate degree of economic freedom in the pursuit of greater economic development and prosperity," the editors write.

Heritage Foundation President Kay C. James said of the Index:

“The 2021 Index continues to show that economic freedom is the standard, with the world collectively still ranking as ‘moderately free.’ But the free world is facing a formidable challenge from a rising communist China, which is seeking dominance over the world’s economy under decidedly unfree economic ideas. Free nations must rise to this challenge, push back, and promote even greater freedom for the fiscal and physical health of their people.”

“Specifically, as we continue to fight the COVID-19 pandemic, we see a high correlation between economic freedom and a country’s capabilities to prevent, detect, and respond to infectious diseases. It is those countries with the greatest economic freedom that have the money for research and development into cures; more resources to better train medical personnel; and greater capacities in terms of beds, equipment, and medicines to handle the sick. They are also the countries where abundance gives them the public and private resources to help poorer citizens get the medical help they need. It is these countries that will recover more quickly from the pandemic’s economic and health devastation.”

The most improved countries in the 2021 Index of Economic Freedom include Republic of Congo, Mongolia, Benin, Eritrea, Sierra Leone, Bahrain, Saudi Arabia, Solomon Islands, and Barbados.

### The Most Free

1. Singapore
2. New Zealand
3. Australia
4. Switzerland
5. Ireland
6. Taiwan
7. United Kingdom
8. Estonia

9. Canada

10. Denmark

### The Least Free

178. North Korea

177. Venezuela

176. Cuba

175. Sudan

174. Zimbabwe

173. Eritrea

172. Bolivia

171. Kiribati

170. Timor-Leste

169. Suriname

Launched in 1995, the Index evaluates countries in four broad policy areas that affect economic freedom: rule of law; government size; regulatory efficiency; and open markets. There are 12 specific categories: property rights, judicial effectiveness, government integrity, tax burden, government spending, fiscal health, business freedom, labor freedom, monetary freedom, trade freedom, investment freedom, and financial freedom. Scores in these categories are averaged to create an overall economic freedom score.

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