

PREFACE

Updated October 2023

This year marks the 30th anniversary of the *Index of Economic Freedom*. Such an occasion and contemplate the improvement various nations have made toward freedom over the 1995 when The Heritage Foundation published the first edition of the *Index*, the world has seen a significant increase in economic freedom.

This past year—2023—was yet another rife with tragic events. From Russia’s ongoing war with Ukraine to Hamas’s horrific terrorist attack on Israel and Houthi terrorists attacking ships, it is a powerful reminder that economic freedom isn’t inevitable. Indeed, it is always under attack.

And not just from America’s foreign enemies. Despite conservative wins beating back bad liberal progressive agenda in Washington continues to severely undercut the economic freedom of Americans, over backwards for well-connected special interests, but it won’t lift a finger or even listen to the needs of men and women across this country.

We know from history that human flourishing comes in part from economic fairness, opportunity, and the rule of law. The enemies of freedom are persistently pursuing collectivism, equity, and social justice. Conservative results—such as economic stagnation, poverty, deprivation, and oppression—but too often at the expense of freedom.

The truth is that “a moral and religious people,” to quote John Adams, would never be tempted and capable of governing themselves, the freedom to “reap what you sow” would come naturally. In Washington are so laser focused on destroying families, sowing chaos and disorder in our local elections. They know that if Americans are permitted to govern themselves, personally and politically, their schemes will fall apart.

To defeat our progressive elites, we must defend the efficiency of free markets but, more importantly, the dignity they give every human person to create, serve, and reap the fruits of his labor. Just as important are the institutions that undergird free markets: the American dinner table, the American town square, and the American family.

This is the challenge we now face. We are at a crossroads and must choose between self-governance or a society run by the managerial elite with no room for dissent or responsibility. One path leads to freedom, the other to tyranny. President Ronald Reagan once reminded us:

You and I are told we must choose between a left or right, k
a left or right. There is only an up or down. Up to man's age
individual freedom consistent with order—or down to the ar

Now is the time for choosing and correcting the course. The Heritage Foundation's *Index of Ec*
examples of successful policies proven in action. It is up to us to provide the political will to imp

Kevin D. Roberts, PhD
President
The Heritage Foundation
February 2024

Download 



EXECUTIVE SUMMARY

The months since mid-2022 have been tempestuous for the global economy, and the 202 how fragile that economy has become. The cumulative downward pressure on the world policy choices from the coronavirus pandemic period, higher inflation, Russia's ongoing i in the Middle East, among other economic and geopolitical tensions.

The abrupt and shortsighted renunciation of the principles of economic freedom in many coun undercutting much-needed stronger economic recovery, but also sacrificing long-term econom around the world, for example, are already mired in a greater debt burden that prolongs econo

A return to business as usual will not suffice. In addition to the impacts of the pandemic on puk

structural challenges in the policy areas of transparency, efficiency, openness, and government. More than ever, it should be remembered that a nation's true capacity for lasting growth and progress depends on its institutions and economic system. Many nations around the globe are now at a crossroads. The paramount need is to correct the current policy course and reinvigorate their commitment to policies that have proven to be crucial to human flourishing and the achievement of real progress.

KEY FINDINGS OF THE 2024 INDEX OF ECONOMIC FREEDOM

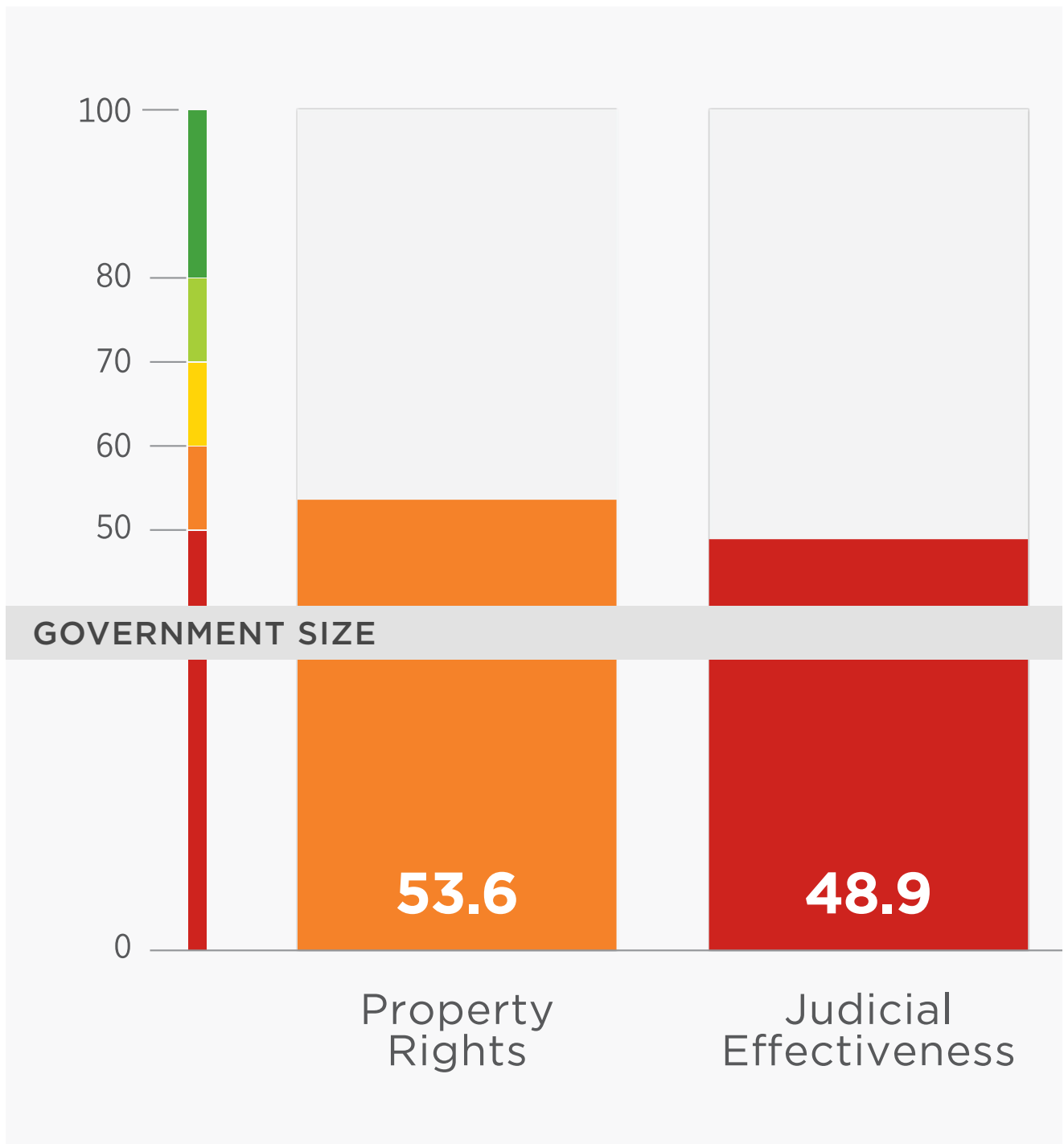
- The 2024 *Index*, which considers economic policies and conditions in 184 sovereign countries through June 30, 2023, reveals a world economy that, taken as a whole, is “more constrained.” The average score for economic freedom has fallen further from the previous year’s score of 59.6 to 58.6, the lowest it has been since 2001: only 58.6.
- Globally, fiscal soundness has deteriorated significantly. Rising deficits and mounting public debt have undermined and will likely further undercut their overall productivity growth. Sluggishness rather than vibrant growth is the result.
- Despite the notable downturn in global economic freedom, there continues to be a strong correlation between improved economic freedom and improved economic dynamism as well as growth. No matter what their existing level of development may be, countries can measurably boost their growth by implementing policies that reduce taxes, rationalize the regulatory environment, improve competition, and fight corruption, all of which will also help to advance their economic development.
- The standard of living, measured by incomes per capita, is much higher in countries graded “free,” “mostly free,” or “moderately free” in the 2024 *Index* than in economically repressed countries. Countries graded “free,” “mostly free,” or “moderately free” in the 2024 *Index* generate income levels that are on average 10 times higher than the income levels in other countries and more than three times higher than the income levels in economically “repressed” countries.
- As documented once again in the 2024 *Index*, economic freedom also correlates with human development, which includes such factors as health, education, the environment, innovation, and democratic governance.
- As shown in the ranking table below, only four countries (down from seven in 2023) achieved economic freedom scores of 80 or more, putting them in the ranks of the economically “free” countries. An additional 10 countries earned the designation of “mostly free” by recording scores of 70.0 to 79.9; and an additional 67 countries earned the designation of “moderately free” with scores of 60.0 to 69.9. Thus, a total of 81 countries graded in the 2024 *Index* have institutional environments in which individuals can benefit from at least a moderate degree of economic freedom in the pursuit of prosperity.
- On the opposite side of the spectrum, more than 50 percent of the countries (97) are

- economies) have registered economic freedom scores below 60. Of those, 62 (scores of 50.0 to 59.9), and 33, including China and Iran, are in the economic
- Within the top 10 rankings, a notable reshuffling has taken place. Singapore has the freest economy, demonstrating a high level of economic resilience. Switzerland's economy, followed by Ireland, and Taiwan has moved up to the fourth slot, the highest achieved in the *Index of Economic Freedom*. Both New Zealand and Australia have maintained their freedom status, with Australia no longer among the world's 10 freest economies.
 - Especially notable is the continuing decline within the "mostly free" category (scores of 60.0 to 69.9). The United States' score has plummeted to 70.1, its lowest level ever in the 30-year history of the *Index*. The erosion of America's economic freedom is a major causative factor in the erosion of America's economic freedom, which has resulted in mounting deficit and debt burdens.

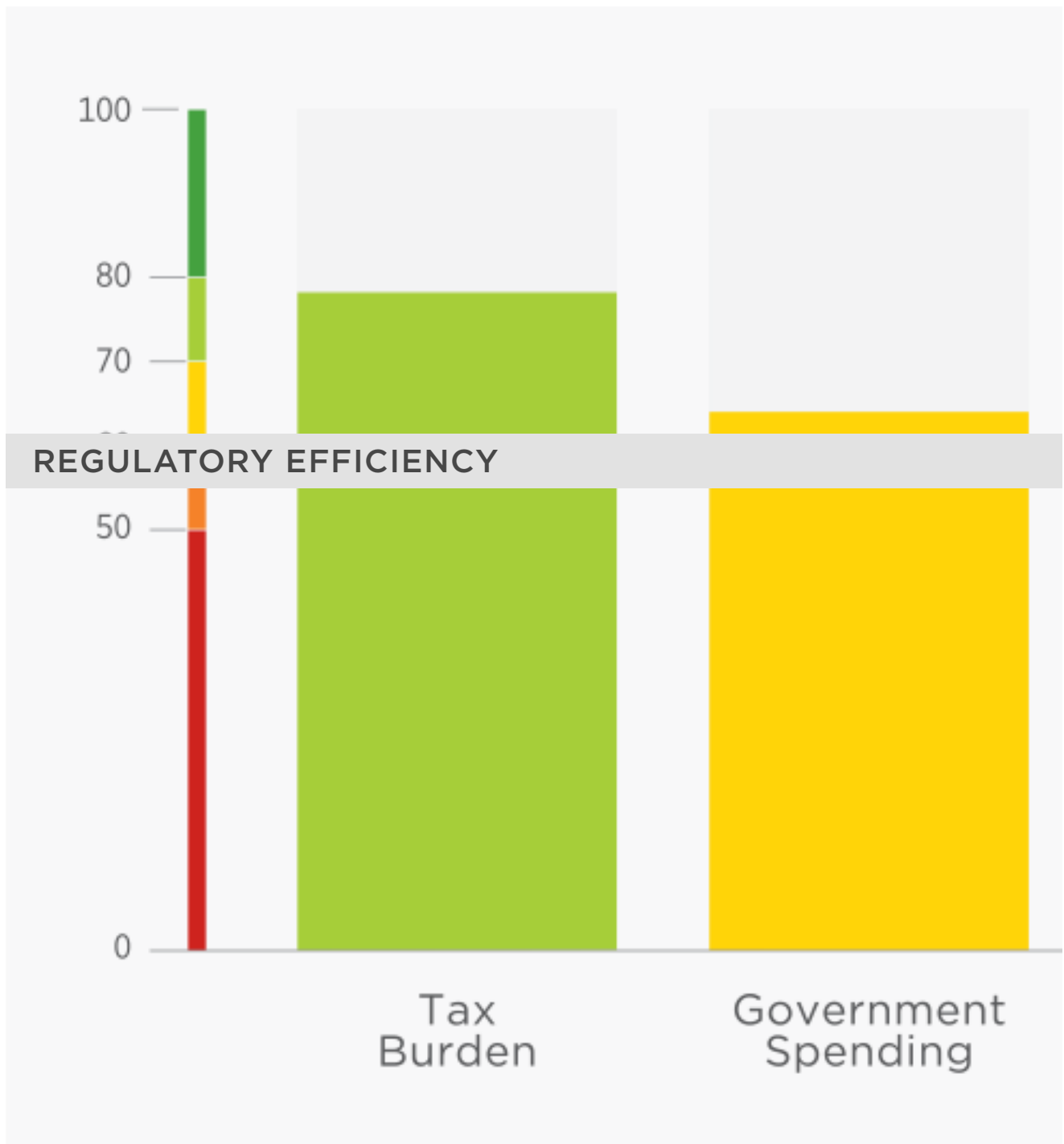
All in all, the ongoing recovery remains uneven and uncertain with strikingly different outcomes across demographic groups. Output and employment gaps remain in many countries, particularly in emerging economies, suggesting that countries face vastly different policy challenges during recovery and

12 ECONOMIC FREEDOMS: A GLOBAL LOOK

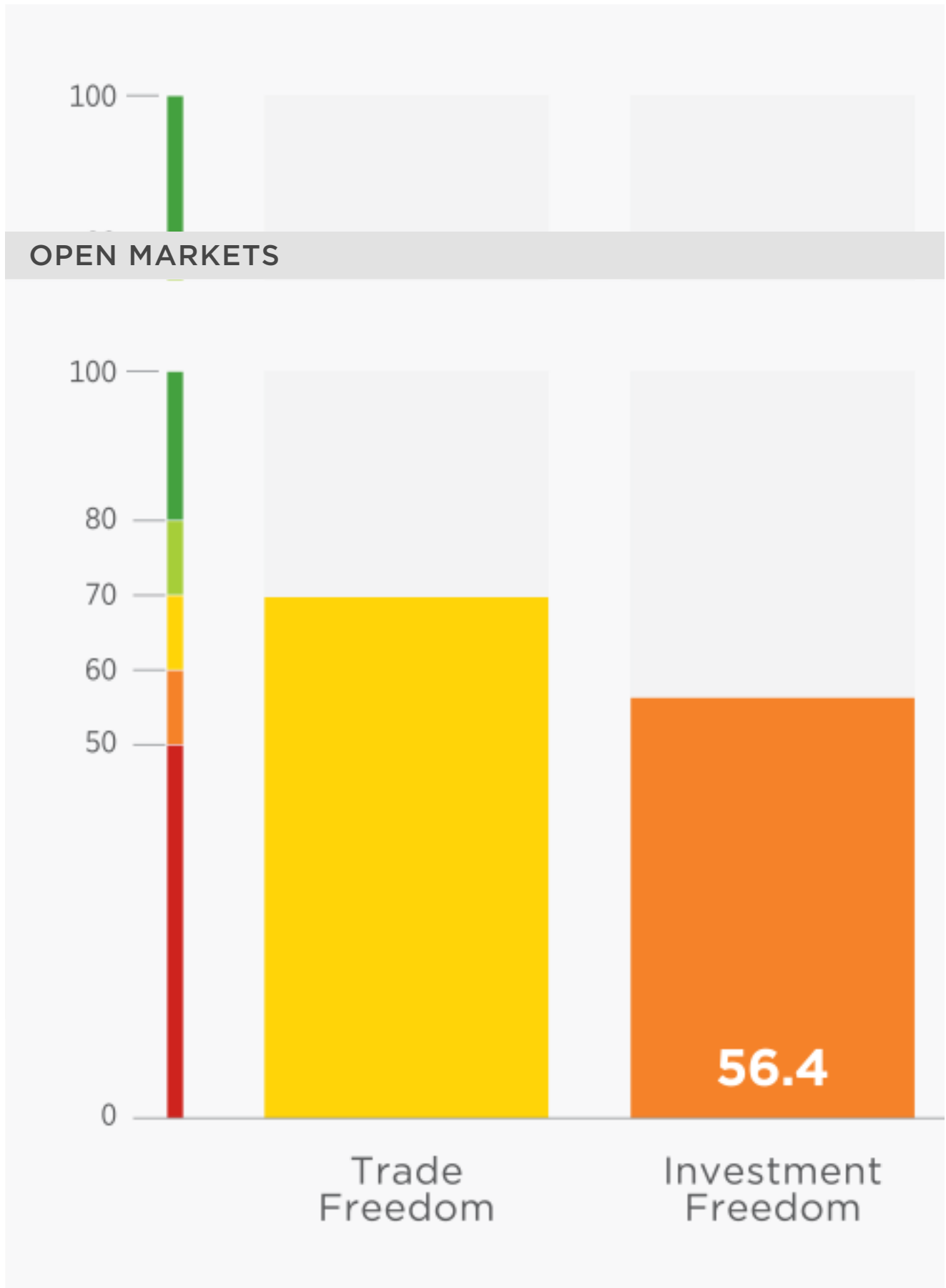
RULE OF LAW



On average, of the four pillars of economic freedom used in *Index* grading, the rule of law inc the systemic corruption of government institutions in many countries. A robust rule of law is entrepreneurs when making economic decisions.



The average top individual and corporate income tax rates for all countries in the 2024 *Index* 25 percent. The average level of government spending continues to be about 31 percent of G debt has risen above 65 percent.



The worldwide average trade-weighted applied tariff rate stands at 7.7 percent. Investment p are geared toward promotion of sectoral investment contribute to a global investment freed

for financial freedom is the lowest of the three open-markets indicators at 48.8.

ECONOMIC FREEDOM WORLD RANKINGS TABLE (1 01

2024 INDEX OF ECONOMIC FREEDOM W

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health
1	1	Singapore	83.5	94.2	58.3	88.3	90.7	89.2	76.0
2	1	Switzerland	83.0	94.2	98.1	91.3	70.4	64.6	95.7
3	2	Ireland	82.6	93.5	94.3	83.4	78.0	82.4	91.7
4	2	Taiwan	80.0	82.2	94.0	73.4	79.2	90.5	90.3
5	3	Luxembourg	79.2	96.9	95.8	84.9	64.6	40.6	97.6
6	3	New Zealand	77.8	87.4	93.2	95.9	65.5	46.3	72.4
7	4	Denmark	77.8	98.6	89.6	97.4	41.8	26.8	98.2
8	5	Estonia	77.8	92.8	93.4	81.2	80.8	46.8	85.4
9	6	Sweden	77.5	96.2	95.4	93.2	50.6	28.5	97.1
10	7	Norway	77.5	98.8	96.7	95.6	61.7	32.1	97.2
11	8	Netherlands	77.3	95.6	96.2	87.8	53.1	37.1	88.1
12	9	Finland	76.3	100.0	97.6	94.2	67.8	8.2	74.3
13	4	Australia	76.2	91.0	94.4	85.2	62.6	48.2	39.9
14	5	Korea, South	73.1	88.3	76.9	69.2	59.0	78.9	91.6
15	10	Lithuania	72.9	89.1	74.4	68.0	76.8	55.5	83.2
16	1	Canada	72.4	88.6	95.0	73.1	75.8	34.7	33.9
17	11	Cyprus	72.2	83.7	88.7	55.9	79.9	45.5	79.3
18	12	Germany	72.1	95.3	93.0	86.0	59.3	24.1	71.9
19	1	Mauritius	71.5	86.4	81.2	52.3	91.5	74.7	30.4
20	13	Latvia	71.5	87.6	73.0	64.8	76.6	48.5	67.3
21	2	Chile	71.4	72.5	87.9	68.2	71.8	73.4	66.0
22	1	United Arab Emirates	71.1	64.8	35.2	64.9	100.0	78.4	98.1
23	14	Iceland	70.5	96.5	95.3	83.7	73.6	26.3	10.5
24	15	Czech Republic	70.2	89.3	83.1	60.7	79.6	36.2	58.7
25	3	United States	70.1	95.1	76.4	74.8	74.8	48.7	0.0
26	2	Israel	70.1	82.1	84.4	65.5	59.3	50.7	58.6
27	4	Uruguay	69.8	84.8	81.1	78.1	73.8	71.6	75.9
28	3	Qatar	68.8	70.4	41.5	51.7	99.7	74.0	96.4

29	16	Portugal	68.7	89.4	90.6	65.5	59.8	33.0	65.2
30	17	United Kingdom	68.6	94.6	84.3	84.1	62.3	34.3	0.0
31	18	Bulgaria	68.5	75.9	57.4	44.0	92.9	56.2	91.4
32	19	Georgia	68.4	53.3	54.8	61.1	89.1	69.6	39.9
33	20	Austria	68.4	96.9	94.8	74.8	45.1	8.6	36.5
34	5	Jamaica	68.1	66.1	69.7	48.4	77.0	71.5	87.5
35	21	Slovakia	68.1	84.5	70.6	55.8	76.5	41.4	64.2
36	2	Botswana	68.0	73.6	69.3	58.7	86.7	68.7	68.4
37	6	Costa Rica	67.7	65.4	76.9	58.7	78.9	86.9	44.4
38	6	Japan	67.5	94.6	93.6	82.6	63.3	42.5	0.0
39	22	Croatia	67.2	79.8	71.0	51.3	81.7	27.1	74.8
40	7	Samoa	67.2	73.2	78.3	56.0	79.0	67.8	96.2
41	7	Barbados	66.8	72.3	87.3	68.3	81.4	66.3	55.7
42	23	Poland	66.0	72.0	52.2	58.3	72.6	38.5	67.4
43	8	Brunei	65.9	68.8	52.3	59.8	95.8	73.7	20.0

ECONOMIC FREEDOM WORLD RANKINGS TABLE (2 0

2024 INDEX OF ECONOMIC FREEDOM W

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health
44	24	Slovenia	65.9	88.2	91.9	60.6	57.4	27.1	47.4
45	9	Malaysia	65.7	65.7	65.6	48.2	83.9	81.4	42.8
46	25	Belgium	65.6	91.6	91.5	78.9	51.1	6.1	20.0
47	26	Armenia	64.9	50.3	31.6	50.0	87.6	75.5	69.1
48	27	Albania	64.8	56.8	50.0	36.6	88.8	69.8	51.7
49	8	Peru	64.8	44.9	48.2	36.3	79.1	81.8	67.8
50	28	Malta	64.5	86.3	89.9	55.3	69.6	45.0	14.5
51	29	Romania	64.4	81.0	65.8	47.6	93.9	58.0	14.9
52	9	Panama	64.1	56.9	51.2	37.2	85.9	82.6	21.1
53	10	Indonesia	63.5	39.2	44.5	38.6	81.7	90.2	66.8
54	4	Bahrain	63.4	65.1	30.2	38.0	99.9	68.7	0.0
55	30	Spain	63.3	87.2	73.6	64.0	57.0	26.0	0.0
56	5	Oman	62.9	72.7	24.2	42.2	97.6	59.4	73.8
57	3	Cabo Verde	62.9	63.7	75.4	49.1	84.6	72.8	3.8
58	10	Dominican Republic	62.9	55.5	58.6	35.9	84.4	88.3	57.6
59	11	Vietnam	62.8	49.6	35.4	38.7	80.4	87.9	94.6
60	31	Serbia	62.7	58.6	50.4	36.8	87.1	36.3	73.9
61	11	Bahamas, The	62.5	60.9	78.4	65.5	96.5	76.1	4.2
62	32	France	62.5	93.1	84.2	73.7	53.1	0.0	6.9
63	12	Guatemala	62.4	38.8	27.9	22.8	91.3	93.7	87.5
64	13	Saint Lucia	62.2	67.2	74.4	58.4	77.3	76.8	28.8
65	12	Vanuatu	62.2	63.3	71.0	47.9	98.8	45.0	90.4
66	13	Kazakhstan	62.0	54.1	33.8	36.5	92.6	84.4	73.7
67	33	Bosnia and Herzegovina	62.0	48.2	34.2	33.2	93.3	48.6	96.6
68	14	Mexico	62.0	46.5	39.4	29.0	76.0	77.0	66.9
69	6	Saudi Arabia	61.9	47.6	37.0	43.9	99.1	67.2	79.5
70	34	Azerbaijan	61.6	53.0	18.5	24.0	87.9	67.6	99.4

71	35	North Macedonia	61.4	58.8	49.4	41.4	94.4	61.7	37.7
72	36	Hungary	61.2	69.6	63.0	44.3	85.4	27.7	11.5
73	15	Belize	61.2	34.1	71.5	41.4	82.0	78.5	64.7
74	14	Micronesia	61.0	64.7	84.3	56.9	84.2	0.0	99.6
75	37	Kosovo	60.6	48.2	31.8	41.0	90.7	72.3	82.3
76	15	Mongolia	60.6	48.8	55.0	34.8	84.0	62.0	64.3
77	4	São Tomé and Príncipe	60.5	51.6	61.4	46.6	88.0	80.5	87.8
78	5	Seychelles	60.4	72.0	65.2	72.1	79.1	54.6	12.4
79	16	Trinidad and Tobago	60.4	58.1	59.8	44.8	79.9	69.6	21.1
80	17	Paraguay	60.1	45.0	37.2	27.3	96.0	81.6	46.4
81	38	Italy	60.1	81.6	77.7	60.7	57.0	2.5	0.0
82	18	Saint Vincent and the Grenadines	59.8	66.7	77.3	62.3	76.3	61.1	4.5
83	39	Montenegro	59.7	59.0	41.8	48.9	88.3	32.4	39.3
84	19	Colombia	59.2	45.0	58.3	38.1	68.7	65.3	19.5

ECONOMIC FREEDOM WORLD RANKINGS TABLE (3 0

2024 INDEX OF ECONOMIC FREEDOM W

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health
85	16	Tonga	59.2	63.0	68.8	44.9	85.4	40.1	95.9
86	6	Tanzania	59.1	45.4	28.8	36.8	80.6	90.7	79.9
87	17	Thailand	59.0	45.0	35.2	38.1	81.1	80.3	46.8
88	18	Philippines	59.0	46.1	42.2	33.8	78.2	79.2	40.5
89	20	Honduras	58.6	37.5	27.7	21.3	83.0	78.6	88.8
90	7	Kuwait	58.5	42.1	41.4	41.9	97.7	11.3	100.0
91	7	Côte d'Ivoire	58.4	44.1	29.7	33.3	78.9	86.7	41.1
92	8	Jordan	58.3	54.0	43.4	48.4	84.4	67.8	2.3
93	8	Gambia, The	58.2	55.3	45.4	36.2	79.3	84.3	62.5
94	19	Fiji	58.0	59.9	46.2	52.5	89.7	67.0	3.4
95	9	Benin	57.7	44.6	48.5	41.3	69.6	88.5	48.9
96	10	Namibia	57.5	63.9	67.1	50.6	72.2	54.2	10.2
97	11	Madagascar	57.3	41.4	34.5	24.8	90.9	92.5	64.0
98	21	Guyana	57.3	46.8	48.3	39.2	74.9	80.2	25.8
99	40	Moldova	57.1	39.2	30.4	39.1	93.0	61.3	75.7
100	12	Gabon	56.9	26.7	19.4	23.7	77.4	90.8	92.5
101	9	Morocco	56.8	57.6	32.9	33.9	68.0	68.2	29.9
102	41	Türkiye	56.2	40.6	24.4	35.0	72.5	71.0	77.5
103	20	Uzbekistan	55.9	32.9	15.3	29.1	92.8	70.4	72.1
104	13	Ghana	55.8	50.1	57.3	43.9	79.5	75.5	2.9
105	14	Djibouti	55.8	31.4	27.6	26.2	83.6	83.7	89.3
106	21	Cambodia	55.6	41.0	22.0	18.6	88.8	78.2	74.7
107	15	Eswatini	55.6	44.9	36.4	29.9	78.3	72.6	63.6
108	22	Bhutan	55.4	67.3	64.2	71.0	83.6	61.8	36.5
109	16	Senegal	55.4	55.5	50.5	45.6	69.0	79.2	21.7
110	17	Mauritania	55.3	35.3	28.1	22.9	76.0	85.9	94.8
111	18	South Africa	55.3	44.7	58.3	48.0	65.2	66.9	19.7
112	23	Kyrgyz Republic	55.2	22.4	11.4	24.8	94.0	66.0	92.2

113	42	Greece	55.1	76.9	69.9	55.2	60.6	3.4	5.6
114	24	Solomon Islands	55.0	44.7	60.1	41.7	71.5	67.7	81.1
115	22	Ecuador	55.0	32.9	48.5	34.9	74.7	55.1	79.9
116	25	Bangladesh	54.4	36.0	28.8	23.0	82.4	94.9	69.1
117	23	El Salvador	54.4	41.6	14.4	33.6	76.6	71.7	42.8
118	19	Angola	54.3	40.4	25.7	27.8	86.5	85.8	91.1
119	24	Dominica	54.0	67.9	82.7	59.4	76.4	0.0	7.4
120	20	Kenya	53.6	40.8	47.7	31.0	79.7	82.8	11.1
121	21	Cameroon	53.6	38.8	10.4	40.7	72.5	91.4	86.4
122	25	Nicaragua	53.4	27.5	10.5	15.6	74.6	74.3	94.9
123	22	Guinea	53.3	21.7	26.7	23.9	70.1	92.7	92.2
124	26	Brazil	53.2	49.1	55.0	36.9	69.7	34.9	30.9
125	23	Nigeria	53.1	24.5	34.5	21.7	84.8	94.7	44.2
126	26	India	52.9	49.2	52.1	40.8	73.7	73.5	6.9
127	24	Mali	52.5	32.7	32.8	22.4	68.0	80.4	54.9

ECONOMIC FREEDOM WORLD RANKINGS TABLE (4 O

2024 INDEX OF ECONOMIC FREEDOM W

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health
128	25	Niger	52.3	38.4	37.3	31.6	77.6	84.5	40.5
129	26	Malawi	52.1	48.6	52.8	36.3	77.6	82.2	8.7
130	27	Nepal	52.1	37.7	43.7	35.6	84.3	78.1	68.5
131	43	Russia	52.0	20.9	32.1	25.9	89.8	59.7	95.6
132	27	Comoros	52.0	24.6	20.4	14.1	65.4	89.3	89.2
133	28	Lesotho	51.9	43.3	43.4	41.6	77.2	22.4	63.7
134	29	Burkina Faso	51.9	38.0	36.4	42.4	82.2	76.3	13.2
135	30	Rwanda	51.6	62.0	26.9	51.5	79.1	70.1	12.5
136	31	Chad	51.4	27.8	14.7	11.1	77.8	89.1	95.2
137	28	Tajikistan	51.3	29.4	12.4	17.3	92.6	76.1	93.0
138	29	Kiribati	51.3	73.2	66.7	49.0	70.7	0.0	19.5
139	32	Togo	50.9	36.6	37.0	27.5	69.6	83.0	19.9
140	33	Uganda	50.7	47.3	29.2	23.9	73.5	86.8	18.3
141	34	Mozambique	50.7	31.1	44.5	25.4	74.1	69.2	47.0
142	30	Laos	50.6	44.0	12.2	23.4	88.8	91.2	67.1
143	31	Timor-Leste	50.2	39.9	36.2	44.3	97.9	29.5	19.9
144	35	Liberia	49.9	32.4	23.4	24.9	86.1	71.8	69.2
145	27	Argentina	49.9	34.5	55.8	39.8	67.0	54.3	35.7
146	10	Egypt	49.7	40.0	21.9	26.2	85.4	80.8	11.8
147	32	Pakistan	49.5	29.3	30.5	24.9	78.3	88.5	10.7
148	33	Papua New Guinea	49.4	42.9	43.6	28.7	71.9	84.8	17.2
149	34	Sri Lanka	49.2	51.8	49.4	36.9	77.5	88.2	0.0
150	11	Tunisia	48.8	60.8	40.5	42.4	74.9	64.7	7.3
151	35	China	48.5	46.9	39.5	41.6	69.1	65.7	8.1
152	36	Zambia	48.4	36.2	44.1	30.0	74.1	71.7	0.6
153	44	Belarus	48.4	22.1	11.1	33.0	90.1	58.8	83.6
154	12	Lebanon	48.3	30.7	24.0	22.7	90.5	94.7	69.2
155	28	Haiti	48.2	12.0	17.5	12.5	81.7	97.5	89.9

156	37	Ethiopia	47.9	27.7	20.6	33.8	78.4	94.4	79.0
157	38	Congo, Rep.	47.8	30.0	13.8	12.7	75.5	86.0	82.9
158	36	Maldives	47.8	49.4	44.5	39.0	92.4	42.9	0.0
159	39	Equatorial Guinea	47.7	21.0	8.3	5.7	75.1	92.9	97.6
160	40	Congo, Dem. Rep.	47.6	15.1	12.6	11.3	74.2	93.0	93.1
161	29	Suriname	46.7	41.9	45.4	38.1	70.8	69.8	0.0
162	37	Turkmenistan	46.3	18.1	10.0	7.8	94.3	96.7	99.9
163	41	Sierra Leone	44.6	33.6	42.0	34.9	87.4	76.6	1.7
164	13	Algeria	43.9	27.5	28.9	27.7	79.4	54.7	13.8
165	30	Bolivia	43.5	21.3	28.1	28.2	86.9	61.2	7.2
166	42	Guinea-Bissau	42.7	26.5	14.7	19.3	88.9	83.1	7.1
167	38	Burma	42.2	18.0	6.5	21.2	88.5	86.3	12.8
168	43	Central African Republic	41.3	7.2	4.8	16.7	65.3	87.0	56.1
169	14	Iran	41.2	23.8	18.8	17.1	81.1	95.3	62.5

ECONOMIC FREEDOM WORLD RANKINGS TABLE (5 0

2024 INDEX OF ECONOMIC FREEDOM W

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health
170	44	Eritrea	39.5	8.3	4.6	15.0	80.3	62.3	69.0
171	45	Burundi	38.4	28.2	7.1	12.0	76.0	67.6	10.7
172	46	Zimbabwe	38.2	20.2	16.0	19.8	74.6	92.1	78.5
173	47	Sudan	33.9	12.5	4.8	19.5	85.0	95.1	66.5
174	31	Venezuela	28.1	0.0	3.3	6.4	75.9	96.6	36.5
175	32	Cuba	25.7	30.1	15.2	36.2	51.9	0.0	0.0
176	39	Korea, North	2.9	16.0	5.4	3.6	0.0	0.0	0.0
N/A	N/A	Afghanistan	N/A	4.9	4.9	18.1	N/A	N/A	N/A
N/A	N/A	Iraq	N/A	14.8	7.3	18.3	N/A	N/A	N/A
N/A	N/A	Libya	N/A	5.9	4.2	10.2	93.2	N/A	N/A
N/A	N/A	Liechtenstein	N/A	92.8	86.0	82.4	N/A	N/A	N/A
N/A	N/A	Somalia	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Syria	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Ukraine	N/A	23.0	30.4	32.5	N/A	N/A	N/A
N/A	N/A	Yemen	N/A	5.7	8.3	6.9	N/A	N/A	N/A

ECONOMIC FREEDOM REGIONAL VARIATIONS TABL

ECONOMIC FREEDOM: REGIONAL AVERAGE

(REGIONAL AVERAGE)

Regional Ranking	The Americas (58.0)	Asia-Pacific (57.4)	Europe (67.2)	
1	Canada	Singapore	Switzerland	Un
2	Chile	Taiwan	Ireland	Isr
3	United States	New Zealand	Luxembourg	Qa
4	Uruguay	Australia	Denmark	Ba
5	Jamaica	Korea, South	Estonia	Om
6	Costa Rica	Japan	Sweden	Sal
7	Barbados	Samoa	Norway	Ku
8	Peru	Brunei	Netherlands	Jor
9	Panama	Malaysia	Finland	Mo
10	Dominican Republic	Indonesia	Lithuania	Eg
11	Bahamas, The	Vietnam	Cyprus	Tur
12	Guatemala	Vanuatu	Germany	Le
13	Saint Lucia	Kazakhstan	Latvia	Al
14	Mexico	Micronesia	Iceland	Ira
15	Belize	Mongolia	Czech Republic	Ira
16	Trinidad and Tobago	Tonga	Portugal	Lib
17	Paraguay	Thailand	United Kingdom	Sy
18	St. Vincent and the Grenadines	Philippines	Bulgaria	Ye
19	Colombia	Fiji	Georgia	
20	Honduras	Uzbekistan	Austria	
21	Guyana	Cambodia	Slovakia	
22	Ecuador	Bhutan	Croatia	
23	El Salvador	Kyrgyz Republic	Poland	
24	Dominica	Solomon Islands	Slovenia	
25	Nicaragua	Bangladesh	Belgium	
26	Brazil	India	Armenia	
27	Argentina	Nepal	Albania	
28	Haiti	Tajikistan	Malta	
29	Suriname	Kiribati	Romania	
30	Bolivia	Laos	Spain	
31	Venezuela	Timor-Leste	Serbia	
32	Cuba	Pakistan	France	

33	Papua New Guinea	Bosnia and Herzegovina
34	Sri Lanka	Azerbaijan
35	China	North Macedonia
36	Maldives	Hungary
37	Turkmenistan	Kosovo
38	Burma	Italy
39	Korea, North	Montenegro
40	Afghanistan	Moldova
41		Türkiye
42		Greece
43		Russia
44		Belarus
45		Liechtenstein
46		Ukraine

Economic Freedom Scores

- 80–100 Free
- 70–79.9 Mostly Free
- 60–69.9 Moderately Free
- 50–59.9 Mostly Unfree
- 0–49.9 Repressed
- Not Graded

Download 



THE 12 ECONOMIC FREEDOMS: UNLEASHING CHOICE AND OPPORTUN

Economic freedom is an essential aspect of human dignity, autonomy, and personal empowerment. It is a proven formula for economic progress and success. Each measured aspect of economic freedom has a significant relevance to economic growth.

greater freedom in any of the measured areas tend to spur growth, which translates into more of themselves economically. This leads in turn to measurable progress and lasting prosperity.

Economic freedom is best understood as a philosophy of governance that rejects dogma and economic advancement. When governments inject themselves into economic decision-making, they tend toward coercion, standardization, and the restriction of freedom. They cannot possibly act as effectively as a free marketplace can. They also are nearly certain to undermine economic resources and effort.

The *Index of Economic Freedom* provides compelling evidence that it is the counterproductive policies put in place, not the policies we fail to implement, that hold back economic growth.

For three decades, the *Index* has explored many critical aspects of the relationships between economic freedom, but we have focused on a comprehensive yet far from exhaustive range of policies for good or ill. However, by its very nature, the concept of freedom resists narrow definition, and from those who seek to impose their own views or control the economic actions of others.

As new challenges to economic freedom arise, our definitions and methodologies will continue to picture as possible of the state of economic freedom around the world.

DEFINING ECONOMIC FREEDOM

At its heart, economic freedom is about individual autonomy: the freedom of choice that individuals have over their own economic goods and resources. The underlying assumption of those who favor economic freedom is that each individual has the best knowledge of his or her own needs and desires and that a self-directed life, guided by one's own philosophies and priorities, is the foundation of a fulfilling existence. Independence and self-respect, the care of oneself and one's family, and the ability to provide for one's needs are invaluable contributors to human dignity and equality.

Obviously, because we live together with others in societies, individual autonomy is not absolute. The rights of individuals and their families and communities are equally important, and the personal rights of one individual must not infringe on the rights of his or her neighbor's doorstep. Decisions and activities that have an impact or potential impact on others must conform to societal norms and, in the most critical areas, by government laws or regulations.

In a market-oriented economy, societal norms, not government laws and regulations, are the primary constraints on individual freedom. They grow organically out of society itself and reflect its history, its culture, and the experience of generations with one another. They guide our understanding of ethics, the etiquette of personal and professional conduct, and the standards of behavior.

At their best, democratic political systems reflect societal norms in their laws and regulations, but even the most democratic constitutional or other traditional limits, even democratic governments can pose substantial threats to economic freedom. The constraint imposed on economic freedom by majority rule is no less a constraint than one imposed by an authoritarian government. The type of government that determines the degree of economic freedom is not as important as the extent to which it may not (or at least does not) go.

Inevitably, any discussion of economic freedom will focus on the critical relationship between individual freedom and state action or government control that interferes with individual autonomy. Limits on economic freedom are those imposed by government action that infringe on individual freedom.

However, the goal of economic freedom is more than the absence of government coercion or the maintenance of a mutual sense of liberty for all. Some government action is necessary both for the maintenance of economic freedom and to promote the peaceful evolution of civil society, but government action that infringes on individual freedom will inevitably infringe on someone's economic or personal freedom.

Throughout history, governments have imposed a wide array of constraints on economic activities. Many of these constraints in the name of equality or some other ostensibly noble societal purpose; most often they benefit elites or special interests.

Government's excessive intrusion into wide spheres of economic activity comes at a high cost. The cost of government political judgments for those of the marketplace, government diverts entrepreneurial resources

rent-seeking: the quest for economically unearned benefits. As a result, society experiences low declining prosperity.

ASSESSING ECONOMIC FREEDOM

The *Index of Economic Freedom* takes a comprehensive view of economic freedom. Some of the evaluated (for example, the extent of an economy's openness to global investment or trade) are compared with the rest of the world. Most, however, focus on policies within a country, assessing the liberalization of finances without undue restraint and government interference.

Each of the measured aspects of economic freedom plays a vital role in promoting and sustaining economic freedom. They are complementary in their impact, and progress in one area can easily reinforce or even inspire economic freedom in other areas (for example, a lack of respect for property rights) can make it more difficult to achieve freedom in other categories.

The 12 aspects of economic freedom measured in the *Index* are grouped into four broad pillars:

- Rule of law (property rights, judicial effectiveness, and government integrity);
- Government size (tax burden, government spending, and fiscal health);
- Regulatory efficiency (business freedom, labor freedom, and monetary freedom);
- Market openness (trade freedom, investment freedom, and financial freedom)

Rule of Law

Property Rights. In a fully functioning market economy, the ability to accumulate private property is essential for both workers and investors. Private property rights and an effective rule of law to protect them are fundamental. Secure property rights give citizens the confidence to undertake entrepreneurial activity, save, and invest because they know that their income, savings, and property (both real and intellectual) are safe.

Property rights are a primary factor in the accumulation of capital for production and investment. Wealth embodied in real estate, making natural resources available for economic use, and provided also by extending and protecting property rights that societies avoid the "tragedy of the commons" degradation and exploitation of property that is held communally and for which no one is accountable.

A key aspect of the protection of property rights is the enforcement of contracts. The voluntary exchange is the foundation of the market system and the basis for economic specialization, gains from comparative advantage, and international trade. Evenhanded government enforcement of private contracts is crucial to ensuring equity.

Judicial Effectiveness. Effective legal frameworks protect the rights of all citizens against infringement by governments and powerful parties. Judicial effectiveness requires efficient and fully respected and appropriate legal actions are taken against violations.

Especially for developing countries, judicial effectiveness may be the area of economic freedom that provides the foundations for economic growth. In advanced economies, deviations from judicial effectiveness that will lead to economic decline.

There is abundant evidence from countries around the world that an honest, fair, and effective judiciary is essential for empowering individuals, ending discrimination, and enhancing competition. In the never-ending quest to achieve greater prosperity, an institutional commitment to the preservation and advancement of the rule of law is indispensable.

Government Integrity. In a world characterized by social and cultural diversity, practices that are

simply reflect traditional interactions in another. For example, small informal payments to service providers may be regarded as a normal means of compensation, a “tip” for unusually good service, or a customary practice. While such practices may indeed constrain an individual’s economic freedom, their impact on the economy is likely to be modest. Of far greater concern is the systemic corruption of government institutions by such practices as patronage, embezzlement, and graft. Though not all of these practices are crimes in every society, they undermine the integrity of government wherever they are found. By allowing some individuals to benefit at the expense of others, they are grossly incompatible with the principles of fair and equal treatment in a free society.

There is a direct relationship between the extent of government intervention in economic activity and the rate of economic growth and development. In particular, excessive and redundant government regulations provide opportunities for bribery and corruption. In addition, government regulations or restrictions in one area often spill over into another. For example, by imposing such burdensome barriers to the conduct of business as excessive licensing requirements, high transaction costs, a government can incentivize bribery and encourage illegitimate and secret transactions. Transparency that is essential to the efficient functioning of a free market.

Government Size

Tax Burden. All governments impose fiscal burdens on economic activity through taxation and the requirement that individuals and businesses to keep and manage a larger share of their income and wealth for the government. This does not maximize economic freedom.

The higher the government’s share of income or wealth is, the lower the individual’s reward for the incentive to undertake work at all will be. Higher tax rates reduce the ability of individuals to participate in the marketplace and thereby also reduce the overall level of private-sector activity.

Individual and corporate income tax rates are an important and direct constraint on an individual’s economic freedom. Such taxes, including payroll, sales, and excise taxes, as well as tariffs and value-added taxes (VATs), are included in the Index, but they are not by themselves a comprehensive measure of the tax burden. The Index also measures the burden of these taxes by measuring the overall burden from all forms of taxation as a percentage of GDP.

Government Spending. The cost, size, and intrusiveness of government taken together are a central concern of the Index. The Index measures in a variety of ways. Government spending takes many forms, not all of which are necessarily wasteful. Some government spending (for example, to provide infrastructure, fund research, or improve education) is essential for economic growth and development. Government also spends on public goods, the benefits of which accrue broadly to society. Government spending must be appropriately limited.

All government spending, however, must eventually be financed by higher taxation and entails a reduction in private consumption or investment that would have occurred had the resources involved been left in the hands of private individuals.

Excessive government spending can easily crowd out private economic activity. Even if government spending stimulates economic growth, such economic expansion tends to be only temporary, distorting the market by crowding out private investment incentives. Even worse, a government’s insulation from market discipline often leads to inefficiency, and mounting public debt that imposes an even greater burden on future generations.

Fiscal Health. One of the clearest indicators of the extent to which a government respects the principles of economic freedom is the size of its budget. By delineating priorities and allocating resources, a budget signals unmistakably both the extent to which the government intervenes in economic activity and the extent of that intervention. A budget also reflects a government’s commitment to the sound financial management of resources, which is both imperative for economic growth and development and critical to the advancement of economic freedom.

Widening deficits and a growing debt burden, both of which are direct consequences of poor fiscal management, are a sign of a country’s overall fiscal health. Deviations from sound fiscal positions often disturb macroeconomic stability and thus limit economic freedom.

Debt is an accumulation of budget deficits over time. In theory, debt financing of public spending, investment and economic growth. Debt could also be a mechanism for positive macroeconomic long-term growth policies. On the other hand, high levels of public debt can lead to higher interest rates and limit government's flexibility in responding to economic crises. Mounting public debt driven by deficits caused by spending that merely boosts government consumption or transfer payments, rather than growth and leads to economic stagnation rather than economic growth.

Regulatory Efficiency

Business Freedom. An individual's ability to establish and run an enterprise without undue interference is a fundamental indicator of economic freedom. Burdensome and redundant regulations are the enemy of entrepreneurial activity. By increasing the costs of production, regulations can make it difficult to enter a marketplace.

Many regulations hinder business productivity and profitability, but those that most inhibit entry are associated with the licensing of new businesses. In some countries, as well as many states in the United States, a business license can be as simple as mailing in a registration form with a minimal fee. In Singapore, the procedures to start a business, and there is no minimum-capital requirement. In other economies, such as the United States, the process for obtaining a business license can take much longer and involve endless encounters with officious and sometimes corrupt bureaucrats.

Once a business is open, government regulation may interfere with the normal decision-making process. Countries with the same set of regulations can impose different regulatory burdens that have different effects. A government that applies its regulations evenly and transparently can lower the regulatory burden by facilitating entry, while a government that applies regulations inconsistently adds to the regulatory burden by creating an unpredictable environment.

Labor Freedom. The ability of individuals to find employment opportunities and work is essential to economic freedom. By the same token, the ability of businesses to contract freely for labor and dismiss employees when needed is essential to the achievement of enhanced productivity and sustained economic growth.

The core principle of any economically free market is voluntary exchange. This is just as true in the labor market as it is in the goods market.

State intervention generates the same problems in the labor market that it produces in any other market. It can take a variety of forms: minimum wages or other wage controls, limits on hours worked or overtime pay, restrictions on hiring and firing, and other constraints. In many countries, unions play an important role in regulating the labor market. The nature of their activity, may be either a force for greater freedom or an impediment to the free market.

Onerous labor laws penalize businesses and workers alike. Rigid labor regulations prevent employers from negotiating changes in terms and conditions of work, and the result is often a chronic mismatch between labor supply and demand.

Monetary Freedom. Monetary freedom requires a stable currency and market-determined prices. Economically free people need a steady and reliable currency as a medium of exchange. The lack of monetary freedom seriously limits their ability to create long-term value or amass wealth.

The value of a country's currency can be influenced significantly by the monetary policy of its government. Governments that endeavor to fight inflation, maintain price stability, and preserve the nation's wealth enable their citizens to plan for a foreseeable future. They can invest, save, and make other longer-term plans more confidently. Governments that engage in inflationary financing, like an invisible tax to confiscate wealth and distorts prices, misallocates resources, and raises the cost of capital.

There is no single accepted theory of the right monetary policy for a free society. At one time, the gold standard was widely supported. What characterizes almost all monetary theories today is support for low inflation and stable exchange rates. It is widely recognized that price controls corrupt market efficiency and lead to shortages or surpluses.

Market Openness

Trade Freedom. Many governments restrict their citizens' ability to interact freely as buyers or sellers. Impediments to trade include tariffs, export taxes, trade quotas, outright trade bans, and nontariff standard-setting, and other regulatory actions. Given the development of global supply chains and the increasing value of stability in trade policy, government actions that create uncertainty have a negative impact on trade freedom that goes beyond their immediate economic effect.

The degree to which government hinders the free flow of foreign commerce has a direct bearing on their economic goals and maximizes their productivity and well-being. Tariffs, for example, increase foreign imports, but they also distort production incentives for local producers, causing them to produce a comparative advantage or more of a protected good than is economically ideal. This undermines growth.

In many cases, restricting trade also means limiting the productive development of local entrepreneurs and their products and services beyond their reach.

Investment Freedom. A free and open investment environment provides more entrepreneurial economic activity, greater productivity, and job creation than any other. The benefits of such an environment are realized by individual companies that take the entrepreneurial risk in expectation of greater return, but also by the investment framework is characterized by transparency and equity, supporting all types of firms, including important companies, and encourages rather than discourages innovation and competition.

Restrictions on the movement of capital, whether domestic or international, undermine the efficiency of capital allocation, thereby distorting economic decision-making. Restrictions on cross-border investment in capital, thereby shrinking markets and reducing opportunities for growth.

By contrast, when individuals and companies are free to choose where and how to invest, capital flows to activities where it is most needed and the returns are greatest. State action to redirect the flow of capital undermines both the freedom of the investor and the freedom of the person seeking capital. The greater the restriction on investment is, the lower its level of entrepreneurial activity will be.

Financial Freedom. An accessible and efficiently functioning formal financial system ensures the flow of capital, and investment services to individuals and businesses. By expanding financing opportunities in an open banking environment encourages competition, which works in turn to provide the most efficient financing for households and firms as well as between investors and entrepreneurs.

Through a process driven by supply and demand, markets provide real-time information on prices. This process depends on market transparency and the integrity of the regulatory system, through disclosure requirements and independent audits.

Increasingly, the central role played by banks is being complemented by other financial services that diversify risk. As with the banking system, the useful role for government in regulating these services is to ensure transparency and integrity and in promoting disclosure of assets, liabilities, and risks.

State banking and financial regulation that goes beyond assuring transparency and honesty in financial markets can increase the costs of financing entrepreneurial activity, and limit competition. If the government intervenes in this instance, it contravenes the choices of millions of individuals by interfering with the pricing of capital in a market economy.

ENHANCING THE HUMAN CONDITION THROUGH BETTER ECONOMIC GOVERNANCE

Economic freedom is about much more than a business environment in which entrepreneurship reaching impacts on various aspects of human development, economic freedom empowers people and opportunity, nourishes other liberties, and improves the overall quality of life. Greater economic governance.

No other system—and many have been tried—comes close to free-market capitalism in promoting economic freedom. The undeniable link between economic freedom and prosperity is a striking demonstration. People have the maximum opportunity to pursue their own interests within the rule of law.

Download 



ECONOMIC FREEDOM: THE KEY TO HUMAN FLOURISHING

Free-market capitalism is one of mankind's best ideas. It has led to more practical, measurable knowledge, and societal progress than anything else that man has devised in the past 2,000 years. The *Index of Economic Freedom* proves that the world needs free markets that conserve and improve human freedom more than ever.

For the past 30 years, since 1995, the *Index* has measured economic freedom's advances and regressions in every country, correlating those changes with fundamental measures of economic well-being like economic growth, various social indicators like longevity and health, and environmental protection.

At the same time, the principles of economic freedom have been questioned and put to the test, often fueled by politics in many countries around the world as well as by actual economic setbacks. In the midst of the debate, two things have become clear:

- A nation's capacity to develop and prosper hinges on its economic system and the quality of its institutions.
- Economic freedom, prosperity, and resilience are undeniably and strongly linked.

The current global economic situation does not change this fundamental truth: Economic freedom, personal responsibility, market openness, and sound regulatory environments, remains the surest path to human flourishing.

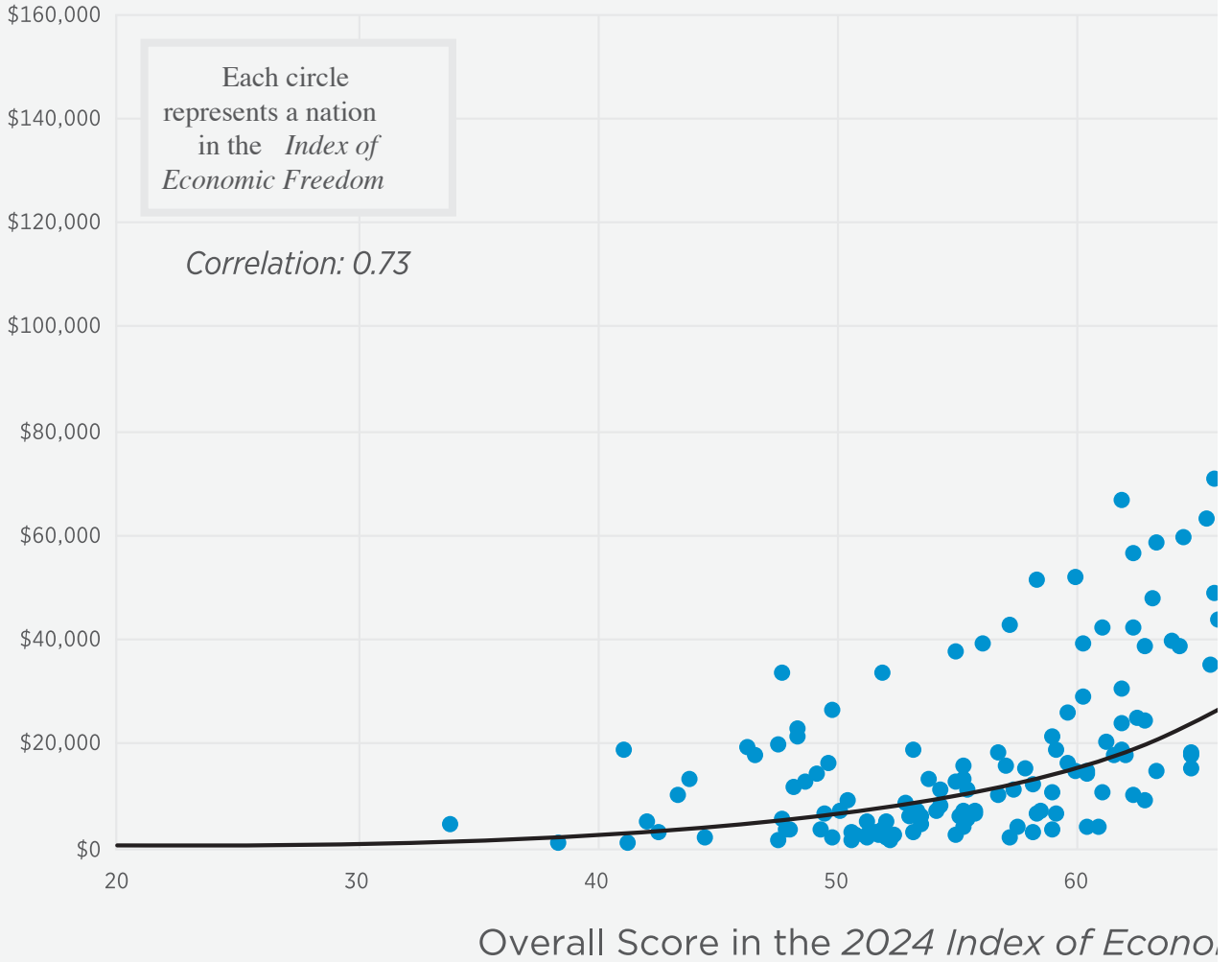
global economy recovers from this challenging period, economic policy must continue to have interplay between freedom and prosperity while reinforcing the values of transparency and good governance. The need to advance economic freedom and vibrant entrepreneurial growth is therefore more important than ever. The free-market system has proven to be as capable of adapting to new challenges as has free-market capitalism. The dispersed information-gathering processes and price-setting power of free markets are more effective than centralized political processes—typically slow and often biased in favor of the status quo—ever could be. Free markets and free enterprises, sustained by economic freedom, stimulate both the innovations and the investments that are necessary for progress and sustainable recovery, and this enables better jobs, better products, and better societies for all.

RESTORING ECONOMIC FREEDOM: IMPERATIVE FOR RECOVERY AND RESILIENCE

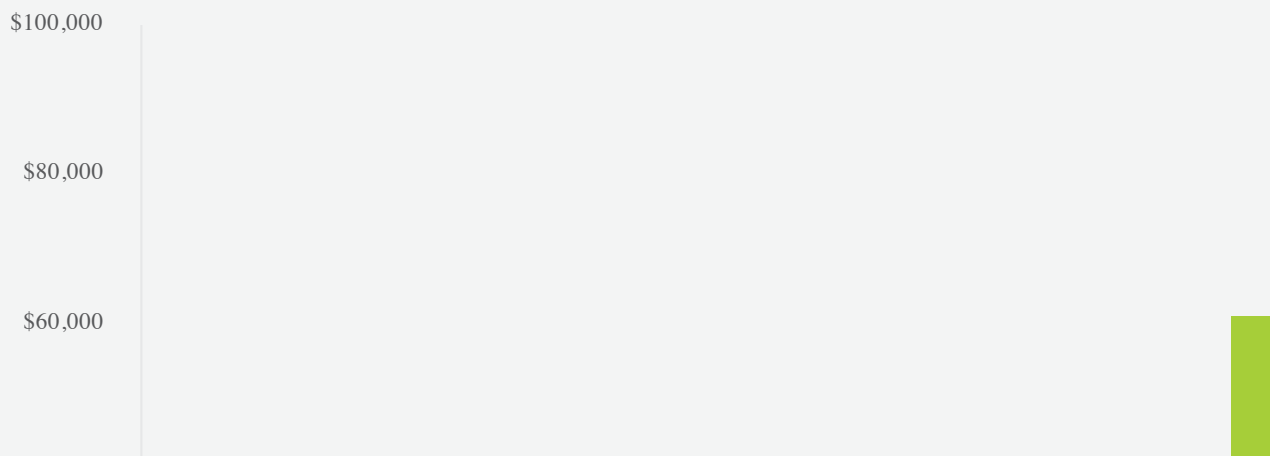
The most fundamental benefit of economic freedom stems from its strong positive relationship with economic growth. In Chart 1, countries moving up the economic freedom scale show increasingly high levels of average annual growth rates. Even at scores that reflect even moderate levels of economic freedom (60 or above), the relationship between economic freedom and gross domestic product (GDP) is highly significant. Economies rated “free” or “mostly free” in the Index score more than twice the average levels in all other countries and more than five times higher than the income levels of the least developed countries.

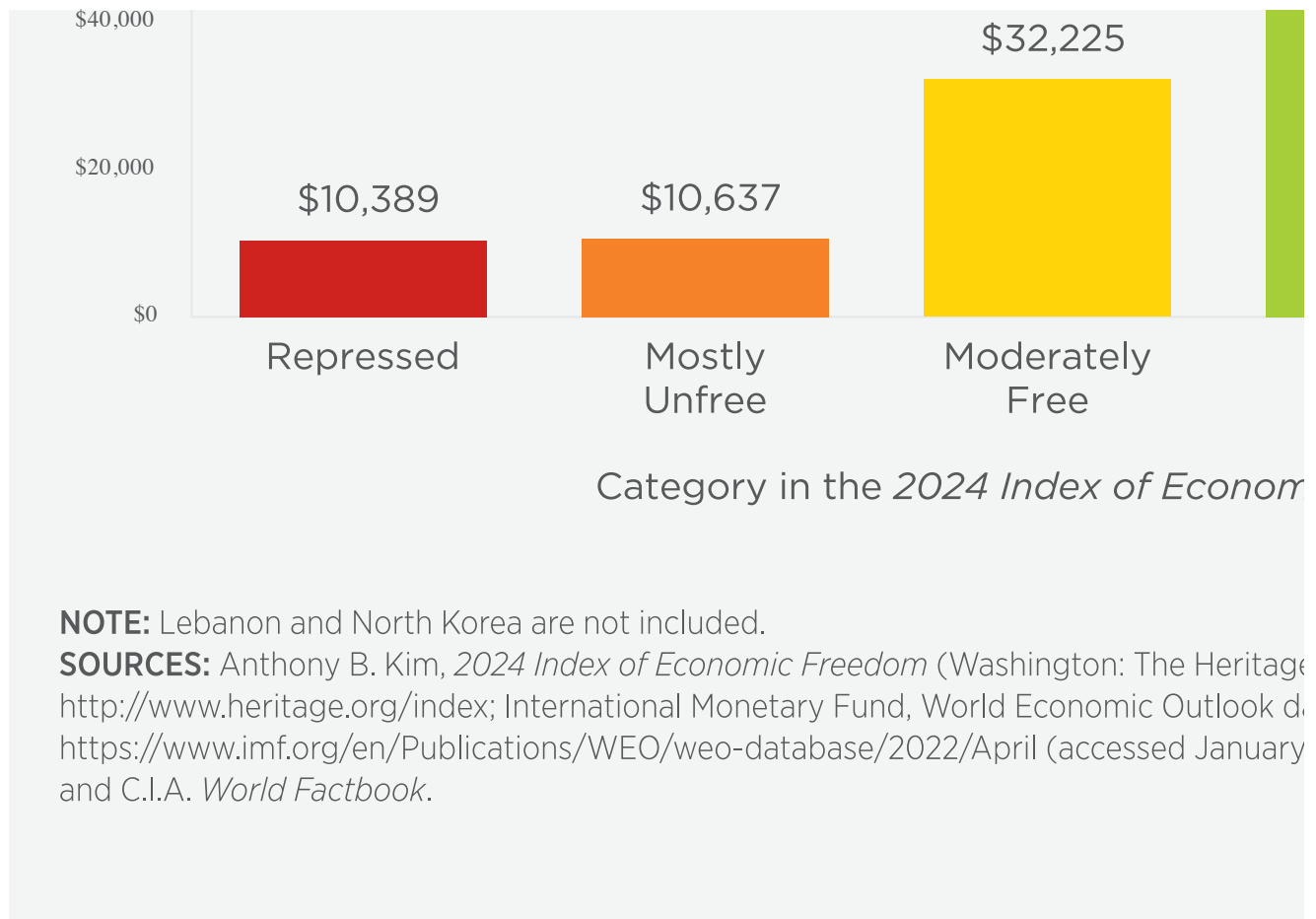
ECONOMIC FREEDOM AND STANDARD OF LIVING

GDP per Capita, Purchasing Power Parity, 2022



Average GDP per Capita, Purchasing Power Parity, 2022



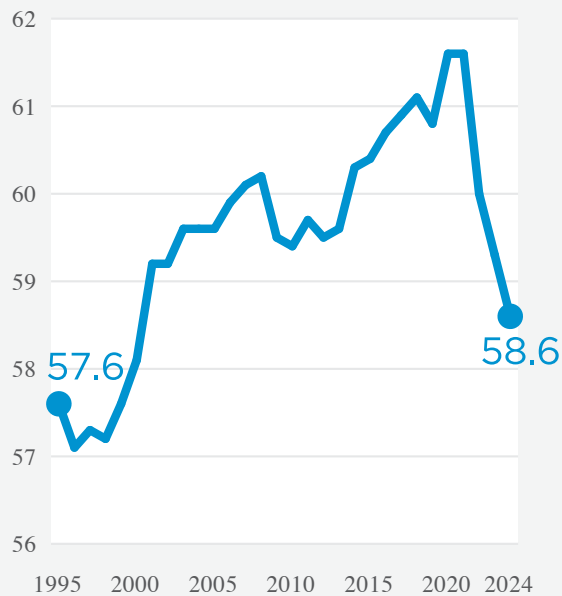


By a great many measures, over the past decades, countries that have adopted some version of free-market capitalism, supported by efficient regulations and open to the free flow of goods, services, and capital have achieved economic independence.

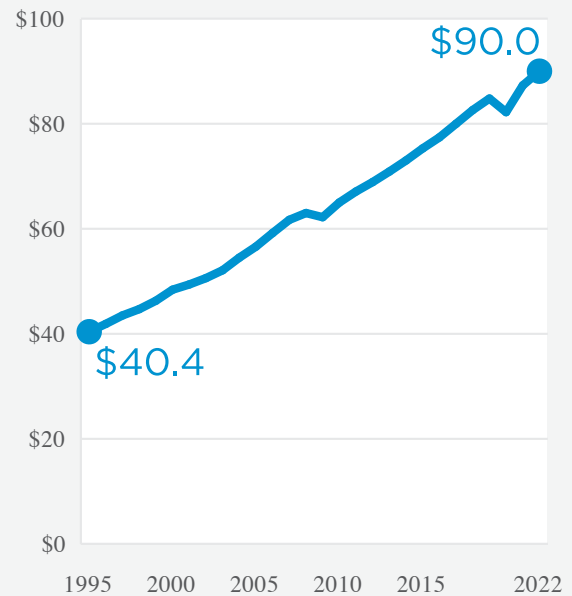
Without question, the free-market system that is rooted in empowerment of the individual and has led to unprecedented economic growth around the world. As Chart 2 illustrates, for more than two decades, the world has moved toward greater economic freedom, becoming “moderately free” overall, and this progress has lifted hundreds of millions of people out of poverty.

AS ECONOMIC FREEDOM RISES, THE GLOBAL ECONOMY AND POVERTY FALLS

Average Score in the
*Index of Economic
Freedom*



Global GDP, in Trillions of
2015 U.S. Dollars



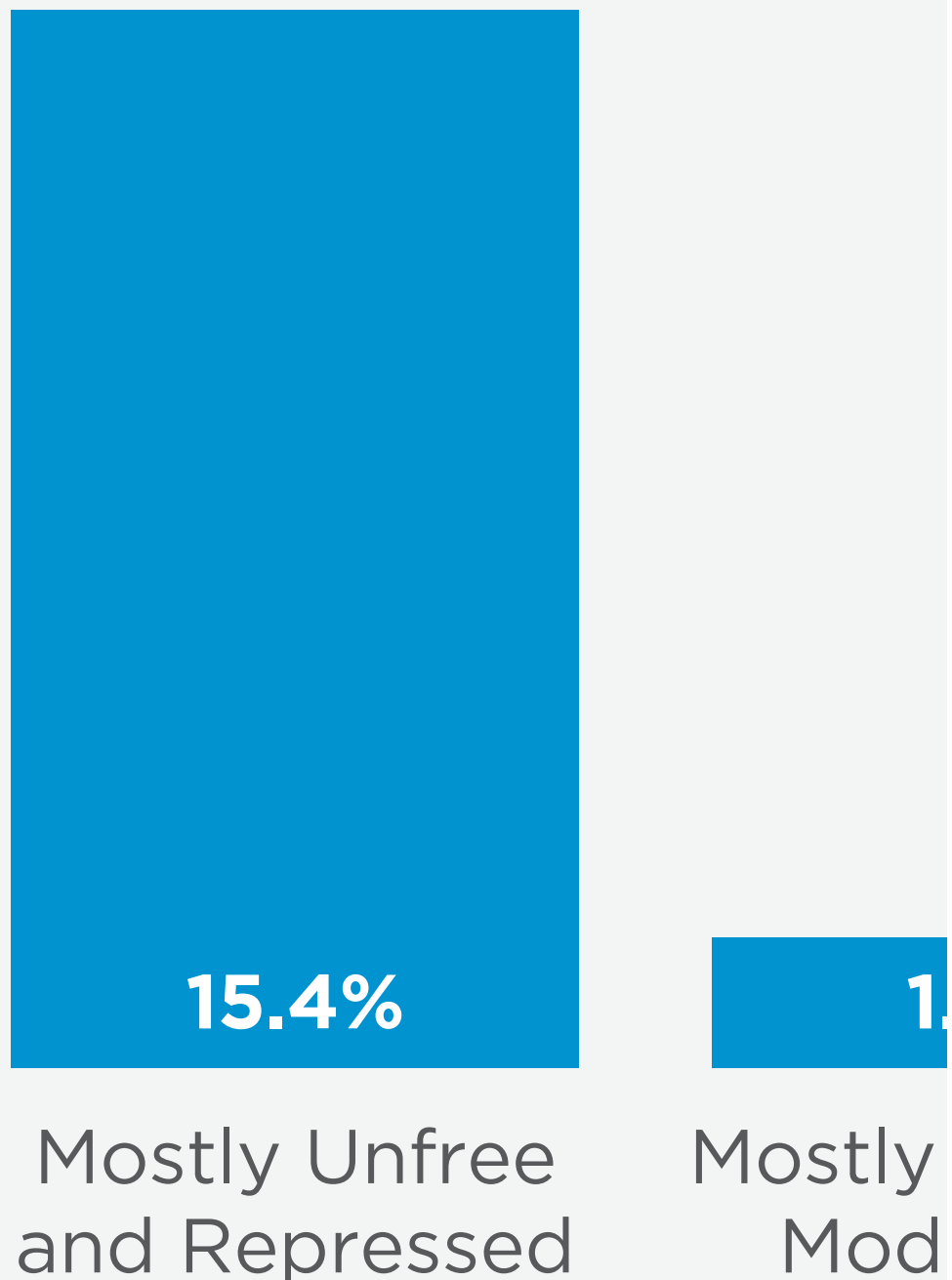
SOURCES: World Bank, “GDP (Constant 2015 US\$),” <https://data.worldbank.org/indicator/2024>); World Bank, “Regional Aggregation Using 2011 PPP and \$1.9/Day Poverty Line,” <https://data.worldbank.org/indicator/SI.POV.DDAY?locations=1W&start=1984&view=chart>
Anthony B. Kim, *2024 Index of Economic Freedom* (Washington: The Heritage Foundation,

With global economic freedom rising steadily over the past two decades, the world has recorded some ups and downs. Meanwhile, the global poverty rate has declined by about two-thirds. For people around the world, economic freedom has made the world a profoundly better place. More fulfilling lives than ever before.

Greater economic freedom, because it is one of the most effective means by which to eliminate overall levels of poverty as well. Poverty intensity as measured by the United Nations Development Index (MPI),^[1] which assesses the nature and intensity of deprivation at the individual level in living, is also much lower on average in countries with higher levels of economic freedom. As for countries with economies that are considered “mostly free” or “moderately free” is only about 10% rated “less free.”

POVERTY INTENSITY

Average Percentage of Population in Multidimensional Poverty



Countries

Free C

NOTE: Represented are the 103 developing countries included in both indexes.

SOURCES: United Nations Development Programme, *Global Multidimensional Poverty Index*, <https://hdr.undp.org/content/2023-global-multidimensional-poverty-index-mpi#/indicies/MPI> (accessed 2024), and Anthony B. Kim, *2024 Index of Economic Freedom* (Washington: The Heritage Foundation, 2024), <http://www.heritage.org/index>.

Chart

ECONOMIC FREEDOM: DRIVING VIBRANT GROWTH

Economic freedom is closely related to the openness to entrepreneurial activity that allows individuals to seize opportunities in the marketplace, and enjoy success based on their own efforts. Given this position, governments should be cautious in undertaking shortsighted stimulus programs that increase their own spending or actions that reduce economic freedom.

The best results are likely to be achieved instead through policy reforms that improve the incentives for investment. These reforms include improvements in the efficiency of business and labor regulations, reduction of government spending, and financial reforms to increase competition, ensure stability, and improve and broaden the investment environment.

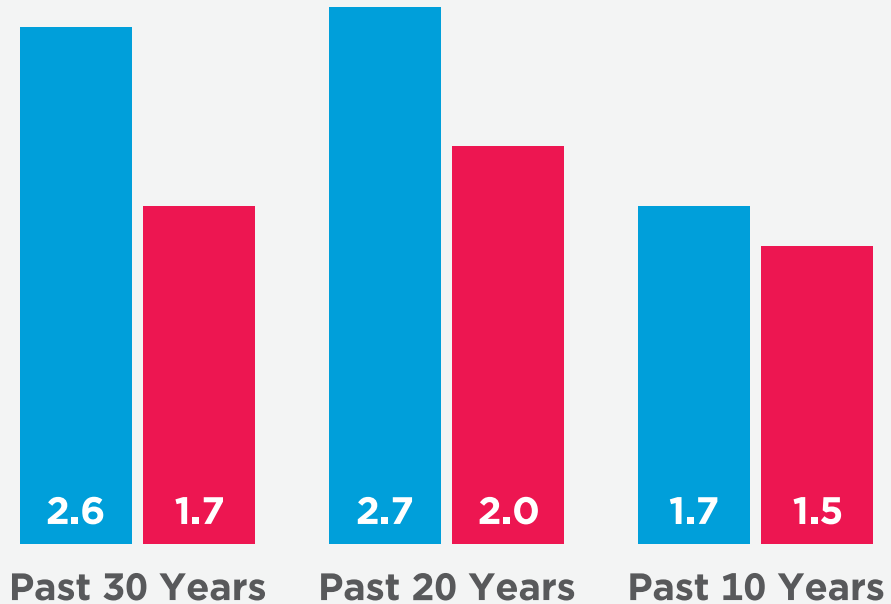
As documented in this edition of the *Index*, as well as in previous editions and volumes of academic research, economic growth is most likely to occur when governments implement policies that enhance economic freedom through greater choice and more opportunities. Advancing economic freedom is a proven policy for driving growth. It will be the surest path to true progress for the greatest number of people.

As Chart 4 demonstrates, there is a robust relationship between improving economic freedom and driving economic growth. Whether long-term (30 years), medium-term (10 to 15 years), or short-term (five years),

economic freedom and changes in economic growth is consistently positive. Improvements in rates of economic expansion that the record shows will reduce poverty.

INCREASING ECONOMIC FREEDOM AND ECONOMIC

Average Annual Growth of GDP per Capita (Purchasing Power Parity)



NOTES: Figures are country averages in which both Index scores and data on GDP growth. Five-year growth rates include 172 countries, 10-year growth rates include 171 countries, 20-year growth rates include 100 countries, and 30-year growth rates include 96 countries.

SOURCES: World Bank, "GDP per Capita Growth (Annual %)," <https://data.worldbank.org> (January 30, 2024), and Anthony B. Kim, 2024 Index of Economic Freedom (Washington: Heritage Foundation, 2024). <http://www.heritage.org/index>.

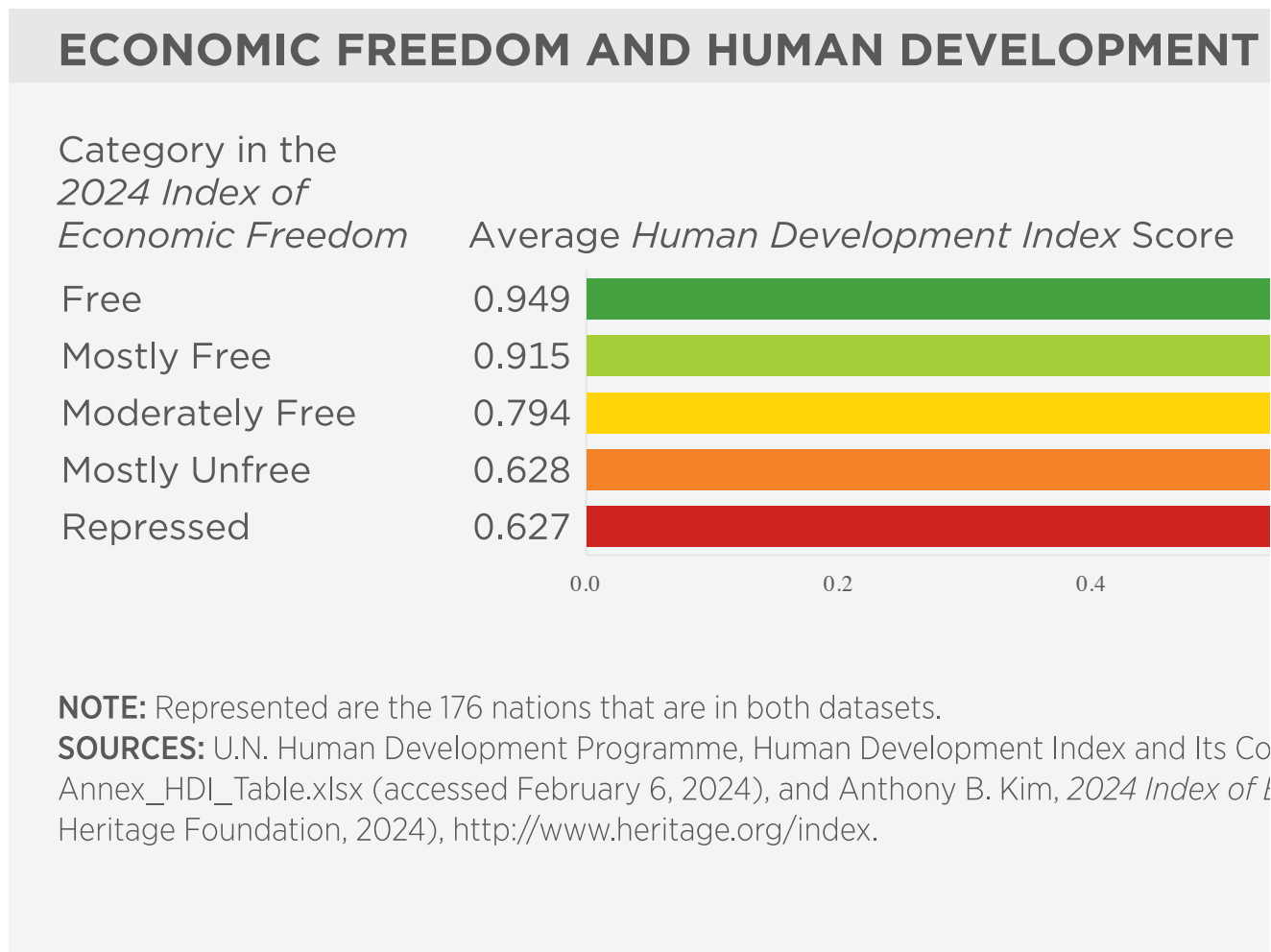
Undeniably, countries moving toward greater economic freedom tend to achieve higher growth rates. Throughout all the time periods considered, the average annual per capita economic growth rate in countries with greater economic freedom the most are at least about 25 percent higher than those of countries in which economic freedom is lower.

ECONOMIC FREEDOM: ENSURING GREATER HUMAN DEVELOPMENT AND POLITICAL FREEDOM

Increasing economic freedom is unequivocally about achieving greater overall prosperity that includes both the materialistic and monetary dimensions of well-being. The societal benefits of economic freedom include lower rates of poverty. Countries with higher levels of economic freedom enjoy higher levels of human development as measured by the United Nations Human Development Index (HDI),^[2] which measures life expectancy, literacy, and income per capita.

countries worldwide.

As Chart 5 shows, governments that choose policies that increase economic freedom are placir educational opportunities, better health care, and greater standards of living for their citizens.



In recent years, environmentally related government policies and actions have been more intrusive of the world's governments are promoting programs to tax carbon emissions, increase taxes or economically harmful exchanges and marketplaces for the buying and selling of carbon emissions subsidize various types of so-called clean energy. Such policies impose a huge cost on society. Fortunately, the same free-market principles that have proven to be the key to economic success

In countries around the world, economic freedom has been shown to increase the capacity for a positive link between economic freedom and higher levels of innovation ensures greater capacity. Moreover, the most remarkable improvements in clean energy use and energy efficiency over time result of government regulation, but rather because of advances in economic freedom and free

The regulatory power of the marketplace, which is generally ignored and certainly underappreciated, pushes firms to identify ever more efficient means of production and respond to consumer demand for sustainability. The result is a virtuous cycle of investment, innovation (including greener technology) (See Chart 6 and Chart 7.)

ECONOMIC FREEDOM AND ENVIRONMENTAL PERFORMANCE

Category in the
*2024 Index of
Economic Freedom*

Environmental Performance Index Score

Free and Mostly Free

58.4



Moderately Free

47.5



Mostly Unfree

36.6



Repressed

35.8



0 10 20 30

NOTE: Represented are the 174 nations that are in both datasets.

SOURCES: Martin J. Wolf, John W. Emerson, Daniel C. Esty, Alex de Sherbinin, and Zachary
Index 2022 (New Haven, CT: Yale Center for Environmental Law & Policy, 2022), <https://epi.>
Anthony B. Kim, *2024 Index of Economic Freedom* (Washington: The Heritage Foundation,

ECONOMIC FREEDOM AND GLOBAL INNOVATION

Global Innovation Index Score



NOTE: Represented are the 130 nations that are in both datasets.

SOURCES: World Intellectual Property Organization, *Global Innovation Index 2023: Innovation for Growth and Well-being* (<https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2023-en-main-report-global-i>) (accessed January 30, 2024), and Anthony B. Kim, *2024 Index of Economic Freedom* (World Economic Forum) (<http://www.heritage.org/index>).

Greater economic freedom can also provide more fertile ground for effective and democratic political freedom through a well-functioning democratic system is a messy and often excruciatingly difficult task. The relationship between economic freedom and democratic governance is undeniable. (See Chart 8.)

ECONOMIC FREEDOM AND DEMOCRATIC GOVERNANCE

Democracy Index 2022 Score



NOTE: Represented are the 161 nations that are in both datasets.

SOURCES: Economist Intelligence Unit, *Democracy Index 2022*, <https://www.eiu.com/n/c> (accessed January 30, 2024), and Anthony B. Kim, *2024 Index of Economic Freedom* (Washington, D.C.: Heritage Foundation, 2024), <http://www.heritage.org/index>.

By empowering people to exercise greater control of their daily lives, economic freedom ultimately makes it possible for individuals to gain the economic resources they can use to challenge entrenched interests, thereby encouraging the creation of more pluralistic societies. Pursuit of greater economic freedom is the foundation of democracy: It empowers the poor and builds the middle class.

ECONOMIC FREEDOM: THE FOUNDATION OF UPWARD MOBILITY AND SOCIAL PROGRESS

The massive improvements in global indicators of income and quality of life in recent decades provide a clear path for how societies should be structured economically to achieve the most optimal outcomes. This path is free-market capitalism. Criticisms persist, however, based primarily on the inequality of outcomes in a system where individuals' starting positions can differ within any population, and where differences in individuals' starting positions can lead to different end results.

Alternatives to free-market capitalism, such as socialism, have proven to be both unequal to the task and counterproductive in that they tend to slow economic growth and thus reduce the resources that can be used to address environmental issues or pollution. Most advanced societies have thus opted for some version of free-market capitalism with limited government intervention to redistribute resources within society. It is our hope that the *Index of Economic Freedom*, the *Index of Economic Complexity*, and regulatory activities can shed light on the relative impacts of such interventions.

Ultimately, discussions of inequality are more about a society's values than they are about its economic structure. The task of advancing economic freedom so that dynamic and inclusive growth can benefit all members of society is the task of advancing economic freedom so that dynamic and inclusive growth can benefit all members of society. The evidence is strong that societies based on economic freedom are the strongest. Advancing economic freedom is really about putting in place growth-inducing policies that benefit the largest possible number of people rather than a select few.

TIME FOR RENEWAL, NOT RETREAT

A recurring theme in human history has been resilience and revival. The results of the *2024 Index of Economic Freedom* show that by building on what works, countries can accelerate their progress against even the most difficult economic challenges and achieve greater economic success.

The record is clear: Economically free and dynamic societies have demonstrated repeatedly that they can survive, adapt, and respond effectively to any crises that may arise. This record includes countless individual and national achievements of countries and their citizens—billions of people around the world whose lives have been improved and who continue to strive for greater freedom. The path by which the global economy can emerge stronger and more resilient is through a renewal of commitments to the proven ideas of the free-market system.

Since early 2020, the global economy has been dealing with one of the greatest political, social, and economic challenges ever faced. The livelihoods of millions of people have been deeply disrupted both by the health crisis and perhaps even more—by governments' responses to it in the form of lockdowns, travel bans, and other measures that have exacted real and heavy economic and social costs. Around the world, the economic policy landscape has been shaped with divergent impacts across countries.

From an economic policy perspective, the imperative now is for governments to avoid compounding the crisis by policies that distort markets, destroy incentives to work and innovate, or otherwise diminish the prospects for growth. In the long run, the proven way to revitalize the economic life of societies in the most broad-based, market-oriented way is to know what has worked best: economic freedom that has unambiguously made our societies strong, resilient, and

ENDNOTES

[1] United Nations Development Programme and Oxford Poverty and Human Development Initiative, *Global / Global Poverty: Data for High-Impact Action*, <https://hdr.undp.org/system/files/documents/hdp-document/2023mpireportenpdf.pdf> (accessed January 9, 2024).

[2] United Nations Development Programme, *Human Development Index*, <https://hdr.undp.org/data-center/hdr.undp.org/data-center/human-development-index#/indicies/HDI> (accessed January 9, 2024).

Download 