

## Chapter 1

# Economic Freedom: Global and Regional Patterns

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**T**he 2014 *Index of Economic Freedom*, covering 186 countries in six regions, finds economic freedom advancing worldwide despite challenging economic and political environments. The global average economic freedom score has reached 60.3, the highest ever recorded in the 20-year history of the *Index*. World economic freedom has improved by 0.7 point from last year and 2.7 points from 1995. Much of the momentum toward greater freedom that had been lost during the past five years has been regained.

Of the 178 economies numerically graded in the 2014 *Index*, six have earned the designation of “free” with scores above 80. The next 28 countries, with scores between 70 and 80, are considered “mostly free.” These 34 economies sustain and provide institutional environments in which individuals and private enterprises enjoy a substantial degree of economic freedom in the pursuit of greater opportunity and prosperity.

The largest portion of the countries graded—117 economies—have freedom scores between 50 and 70. Of those, 56 economies are considered “moderately free” (scores of 60–70),

and 61 are “mostly unfree” (scores of 50–60). Twenty-seven countries have “repressed” economies with scores below 50.

Despite the global progress over the past two decades, which occurred most dramatically in the 10 years from 1998 to 2007, the number of people living in economically “unfree” countries remains very high: 4.5 billion, or about 65 percent of the world’s population. The path to prosperity for these individuals is very difficult indeed. More than half of these people live in just two countries, China and India, where advancement toward greater economic freedom has been patchy at best.

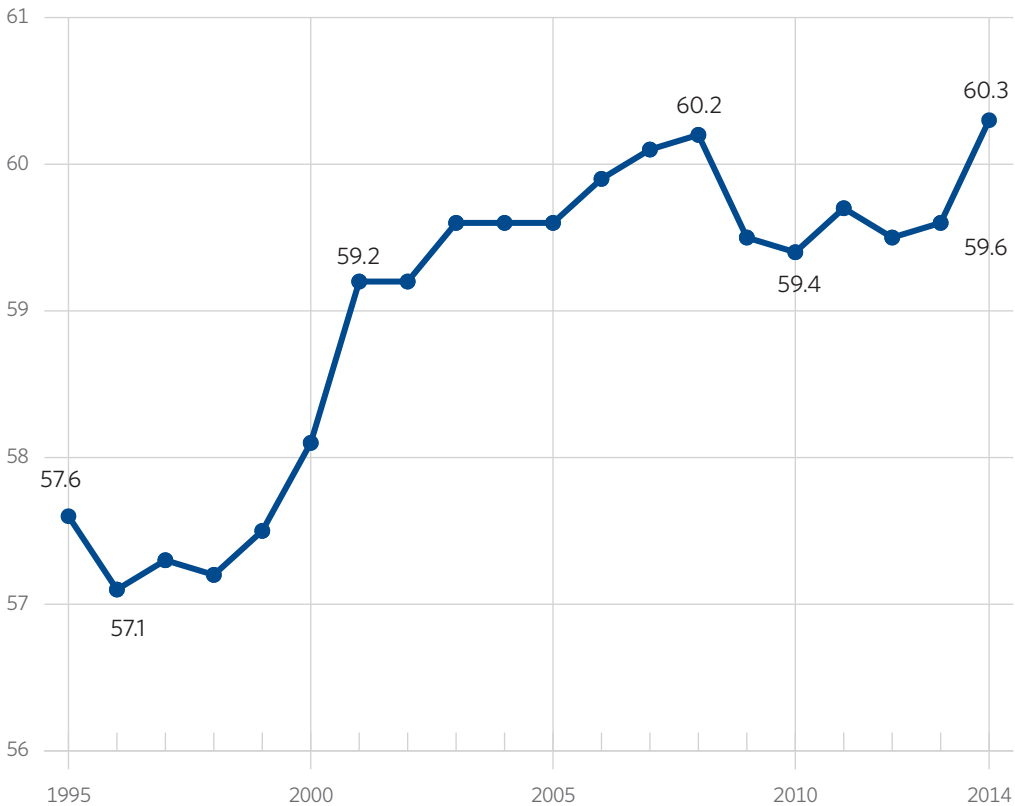
## DIVERGING PATHS OF ECONOMIC FREEDOM

The advancement of global economic freedom to its highest level in the 2014 *Index* is particularly welcome given that the notable upsurge has been driven by developing and emerging economies around the world.

- 114 countries, the majority of which are less developed, contributed to the growth in eco-

## Global Average Economic Freedom

### Average Score in the *Index of Economic Freedom* Since 1995



**Source:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>.

Chart 1  heritage.org

conomic freedom over the past year; 43 countries, including Singapore, Sweden, Colombia, Poland, Cape Verde, and Turkey, achieved their highest economic freedom scores ever in the 2014 *Index*.

- Score improvements in 17 countries, 16 of which are less developed, were significant enough to merit upgrades in the countries' economic freedom status in the *Index*. Notably, Colombia became a "mostly free" economy for the first time. Seven developing countries, including the Philippines and Zambia, have advanced into the ranks of the "moderately free," and eight countries have moved out of the status of economically "repressed."
- Declining economic freedom was reported in 59 countries, including nine advanced economies such as the United States, France, Spain, and Cyprus. Four countries recorded no score change.
- Progress among the so-called BRIC nations has stalled. Brazil plunged 14 places in the rankings to 114th and is now rated "mostly unfree" in the *Index*. The rankings of the other BRIC countries—Russia, India, and China—declined slightly to 140th, 120th, and 137th, respectively.
- Liberia and Sierra Leone, two post-conflict countries, have moved up and are no longer considered "repressed" economies. Notably,

six of the 11 countries that recorded ranking improvements of 10 places or more are from the Sub-Saharan Africa region.

- Four emerging economies have achieved notable score gains over the past five years: Colombia, Poland, the United Arab Emirates, and Indonesia. With a five-year cumulative score increase of over five points, each of these countries has recorded five years of sustained growth in economic freedom, successfully navigating the global economic uncertainty and turning what could have been a setback into an opportunity to upgrade its economic system.
- By sharp contrast, the United States has been on the opposite path as the only country to have recorded a loss of economic freedom for seven straight years.

## COMPOSITION OF THE WORLD'S TOP 10 FREEST ECONOMIES

The top 10 freest economies make up a high-performing group that has demonstrated persistent commitment to the rule of law, limited government, regulatory efficiency, and open markets through good times and bad. The 2014 *Index* has recorded noticeable achievements and a few realignments within this highly ranked group.

- Competition for the top spot in the *Index* rankings has intensified. Hong Kong maintained its status as the world's freest economy, a remarkable distinction that it has achieved for 20 consecutive years. Singapore, the second freest economy, has closed the gap between itself and Hong Kong to only 0.7 point, the second narrowest difference in *Index* history.
- Australia, Switzerland, New Zealand, and Canada join Hong Kong and Singapore as the only economies considered "free" with economic freedom scores above 80 on the 0-to-100 *Index* grading scale. Australia took third place, a position it has held since 2009, while Switzerland has overtaken New Zealand and is now in fourth place, its highest ranking ever. Canada remains the world's sixth freest economy for the fourth year in a row.
- Chile (seventh) and Mauritius (eighth), two small but reform-minded economies, are the

highest ranking developing countries in the *Index*.

- In addition to Switzerland, two other European countries are listed in the top 10. Ireland recorded a small score improvement, ending a half-decade of declining economic freedom, and returned to the top 10 after a year's absence. Denmark earned designation as the world's 10th freest economy.
- With its economic freedom continuing to decline, the United States is no longer one of the world's 10 freest economies. Its score plummeted sharply to 75.5, the second lowest rating the country has ever recorded in the 20-year history of the *Index*. With score declines each year from 2008 until 2014, the U.S. has dropped to 12th place, tying its lowest ranking since the inception of the *Index* two decades ago. Now considered only a "mostly free" economy, the U.S. has earned the dubious distinction of having recorded one of the longest sustained declines in economic freedom, second only to Argentina, of any country in the history of the *Index*.

## DETERIORATION OF THE RULE OF LAW

In measuring economic freedom, the *Index* analyzes countries' commitment to the rule of law, principles of limited government, regulatory efficiency, and open markets. Judged by these standards, the global economy as a whole has become "moderately free." Scores improved in eight of the 10 economic freedoms as summarized in "The 10 Economic Freedoms: A Global Look" on the next page. Investment freedom has gained an impressive 3.3 points on average, while labor freedom and government spending scores were higher by an average of one point or more. Average scores declined only in the area of rule of law, with property rights and freedom from corruption losing 0.3 point each.

## WHY ECONOMIC FREEDOM MATTERS: GLOBAL SNAPSHOTS

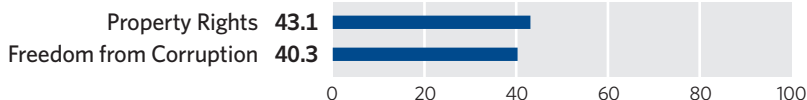
The *Index* results, when compared with data measuring economic and social conditions in countries around the world, provide strong

## The Ten Economic Freedoms: A Global Look

### Score Changes

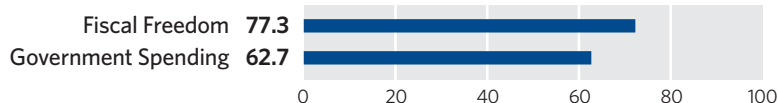
RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-0.3	Fiscal Freedom	+0.1	Business Freedom	+0.3	Trade Freedom	+0.3
Freedom from Corruption	-0.3	Government Spending	+1.6	Labor Freedom	+1.0	Investment Freedom	+3.3
				Monetary Freedom	+0.5	Financial Freedom	+0.1

#### RULE OF LAW



Twelve countries' property rights scores have declined, and some governments have sought to justify expropriations and nationalizations on the basis of the ongoing economic turmoil. The global average score for freedom from corruption continues to lag behind scores for other components of economic freedom. Populations in some countries have responded to repressive government economic policies with demonstrations that have sometimes turned violent.

#### GOVERNMENT SIZE



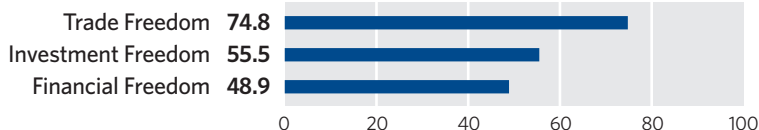
The average top individual income tax rate for all countries is 28 percent, and the average top corporate tax rate is 24.1 percent. The average overall tax burden as a percentage of GDP is 22.3 percent. The average level of government spending as a percentage of GDP is 34.2 percent. The average level of gross public debt as a percentage of GDP in advanced economies has reached over 70 percent.

#### REGULATORY EFFICIENCY



Many economies have continued to streamline and modernize their business frameworks. Globally, starting a business takes seven procedures and 25 days, while completing licensing requirements takes an average of 175 days. For the world as a whole, labor market reform has progressed. The 2014 *Index* registered a continued improvement in monetary freedom as a result of reduced inflationary pressures.

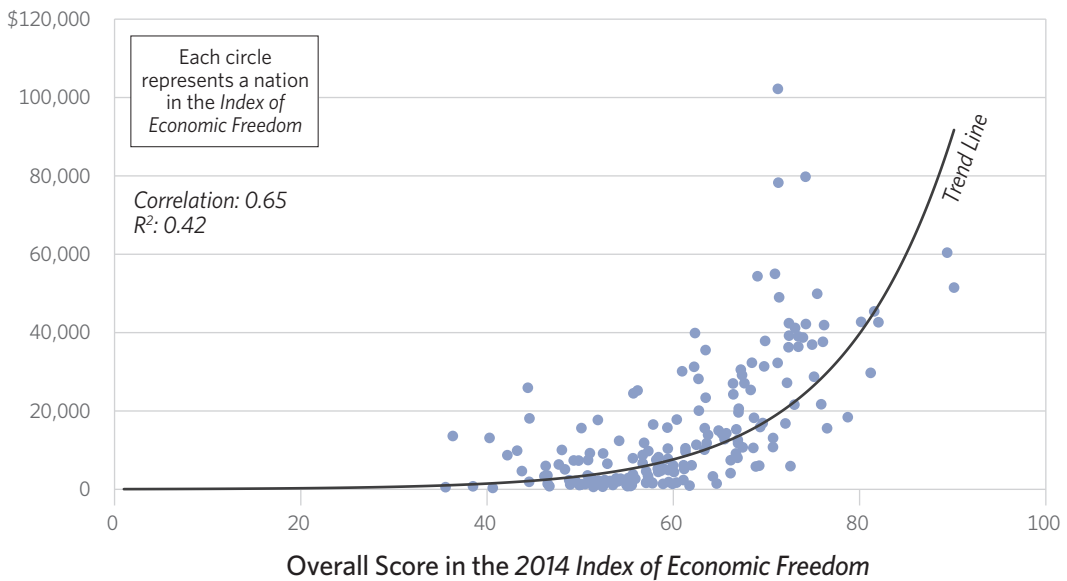
#### OPEN MARKETS



Global trade freedom is stuck in neutral. Although progress was uneven, investment freedom advanced in the 2014 *Index*. Overall, the average financial freedom score remained essentially unchanged from the previous year. Despite some progress toward stability, the global financial system has been under continuing strain and uncertainty, in large part because of the ongoing European sovereign debt turmoil.

## Economic Freedom and Prosperity

### GDP per Capita, Measured by Purchasing Power Parity (PPP)



**Sources:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>; and International Monetary Fund, World Economic Outlook Databases, <http://www.imf.org/external/ns/cs.aspx?id=28> (accessed November 13, 2013).

Chart 2  heritage.org

evidence of the free-market system's success in promoting prosperity, human development, and democratic governance. Key features of that system, including private property rights, openness, and flexibility, are virtually uncontested as desirable features of economic policy.

**Improving Lives Around the Globe.** There are clear relationships between economic freedom and numerous positive economic and social indicators, the most prominent being the strong relationship between the level of economic freedom and the level of prosperity in a given country.

Economies rated “free” or “mostly free” in the 2014 *Index* enjoy incomes that are more than three times higher than average incomes in all other countries and more than 10 times higher than the incomes of “repressed” economies. Economic freedom is key to enhancing overall well-being, taking into account other factors

such as health, education, security, and political governance.

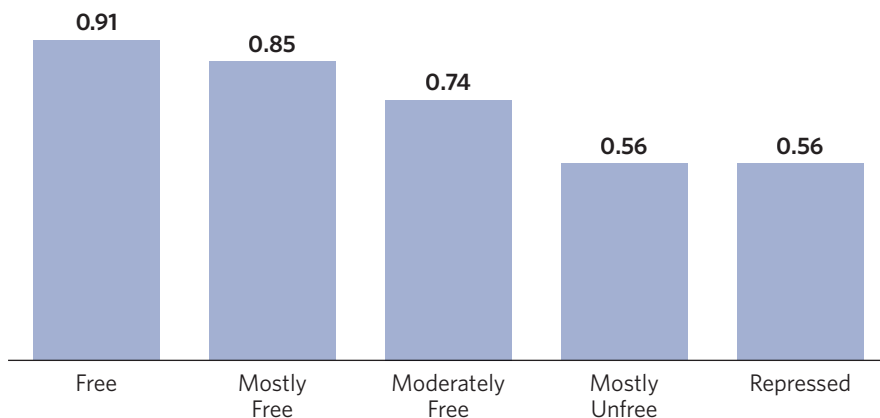
Greater economic freedom is strongly correlated with overall human development as measured by the United Nations Human Development Index, which measures life expectancy, literacy, education, and the standard of living in countries worldwide. The prosperity that flows from economic freedom results in greater access to education, reduced illiteracy, increased access to higher-quality health care and food supplies, and longer life expectancy. (See Chart 3.)

Debate over the complex interplay between economic freedom and democracy or political freedom has been renewed and intensified over the past three years, particularly as the Middle East and North Africa region has undergone a challenging period, but the positive relationship between the two is undeniable. By empowering people to exercise greater control of their daily

## Economic Freedom and Human Development

Human  
Development  
Index

Correlation: 0.64  
 $R^2$ : 0.41



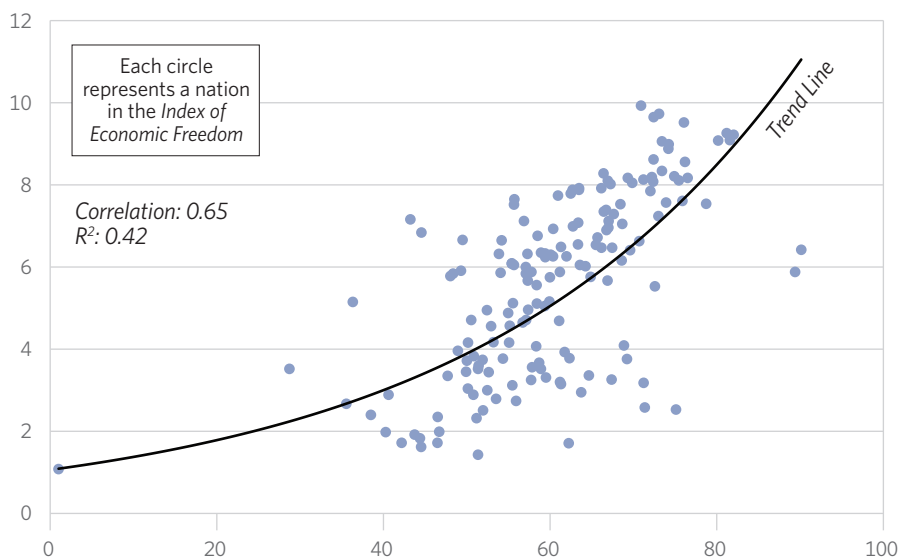
Category in the 2014 Index of Economic Freedom

**Sources:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>; and United Nations, Human Development Programme, "Human Development Report 2013," <http://hdr.undp.org/en/reports/global/hdr2013/> (accessed November 13, 2013).

Chart 3 heritage.org

## Economic Freedom and Democratic Governance

Economist  
Intelligence  
Unit's (EIU)  
Index of  
Democracy



Overall Score in the 2014 Index of Economic Freedom

**Sources:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>; and Economist Intelligence Unit, "Democracy Index 2012: Democracy at a Standstill," [https://portoncv.gov.cy/dhub/porton.por\\_global.open\\_file?p\\_doc\\_id=1034](https://portoncv.gov.cy/dhub/porton.por_global.open_file?p_doc_id=1034) (accessed November 13, 2013).

Chart 4 heritage.org

lives, economic freedom ultimately nurtures political reform as well by making it possible for individuals to gain the economic resources necessary to challenge entrenched interests or compete for political power, thereby encouraging the creation of more pluralistic societies (Chart 4).

Pursuit of greater economic freedom is thus an important stepping stone to democracy. It empowers the poor and builds the middle class. It is a philosophy that encourages entrepreneurship and disperses economic power and decision-making throughout an economy.

**Promoting Innovation and Environmental Sustainability.** Also notably, in countries around the world, economic freedom has been shown to increase countries’ capacity for innovation and to improve overall environmental performance as well. The positive link between economic freedom and higher levels of innovation ensures greater economic dynamism in coping with various developmental challenges, and the most remarkable improvements in clean energy use and energy efficiency over the past decades have occurred not as a result of govern-

ment regulation, but rather because of advances in economic freedom and freer trade that have unleashed greater economic opportunity and generated a virtuous cycle of investment, innovation (including in greener technologies), and dynamic economic growth (Charts 5 and 6).


REGIONAL RESULTS

Each of the six *Index* regions continues to be represented by at least one country that ranks among the top 20 freest economies in the 2014 *Index*. Half of the leading economies are from Europe, led by Switzerland and Ireland. Five of the top 20 performers are in the Asia-Pacific region, with Taiwan further advancing within the ranks of the economically “mostly free.” Canada and the U.S. represent North America among the top 20. The other regions are represented by one country each among the 20 freest economies: Chile (South and Central America/Caribbean); Mauritius (Sub-Saharan Africa); and Bahrain (Middle East and North Africa).

While these countries differ greatly in their histories, political systems, and economic pro-

Comparing Regional Average Scores to the Global Average							
Above or Equal to Global Average				Below Global Average			GLOBAL AVERAGE
	North America	Europe	Middle East/ North Africa	South and Central America/ Caribbean	Asia-Pacific	Sub-Saharan Africa	
Overall	74.1	67.1	61.5	59.7	58.5	54.6	60.3
Property Rights	73.3	61.0	43.3	40.0	38.2	30.5	43.1
Freedom from Corruption	63.2	55.5	41.7	38.3	35.8	29.3	40.3
Fiscal Freedom	75.5	71.8	88.3	78.3	80.2	75.3	77.3
Government Spending	58.1	41.7	66.1	69.6	66.6	73.5	62.7
Business Freedom	85.1	78.1	67.6	61.6	65.5	51.8	64.9
Labor Freedom	79.5	62.1	62.6	59.4	67.2	55.9	61.6
Monetary Freedom	76.4	77.2	72.5	74.5	72.6	72.7	74.2
Trade Freedom	86.9	86.3	72.4	73.7	71.3	67.9	74.8
Investment Freedom	73.3	74.0	51.3	54.3	44.3	49.3	55.5
Financial Freedom	70.0	63.0	48.7	47.2	43.3	40.2	48.9

Sources: Terry Miller, Anthony B. Kim, and Kim R. Holmes, 2014 *Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>.

Table 1  heritage.org

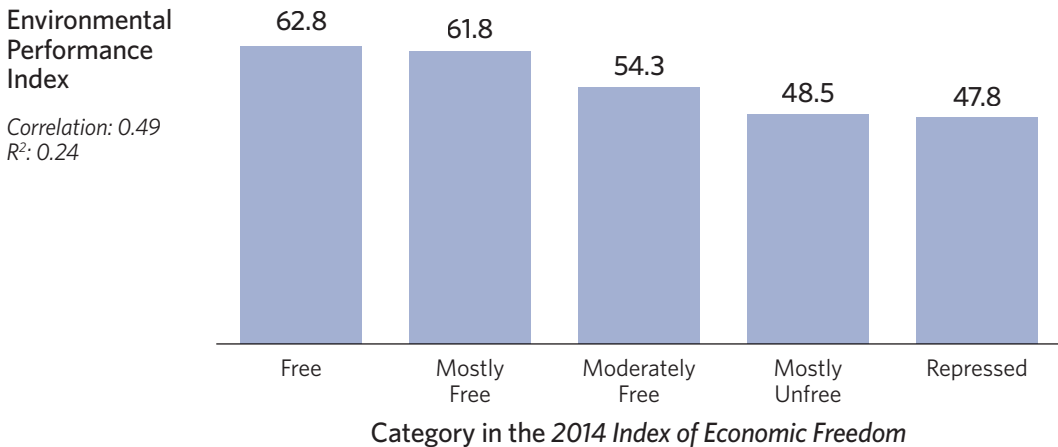
## Economic Freedom and Innovation



**Sources:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>; and *The Global Innovation Index 2013: The Local Dynamics of Innovation* (Geneva, Ithaca, and Fontainebleau: Cornell University, INSEAD, and WIPO, 2013), <http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013> (accessed November 13, 2013).

Chart 5  heritage.org

## Economic Freedom and the Environment



**Sources:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>; and Yale University, "2012 Environmental Performance Index," <http://epi.yale.edu/downloads> (accessed November 13, 2013)

Chart 6  heritage.org

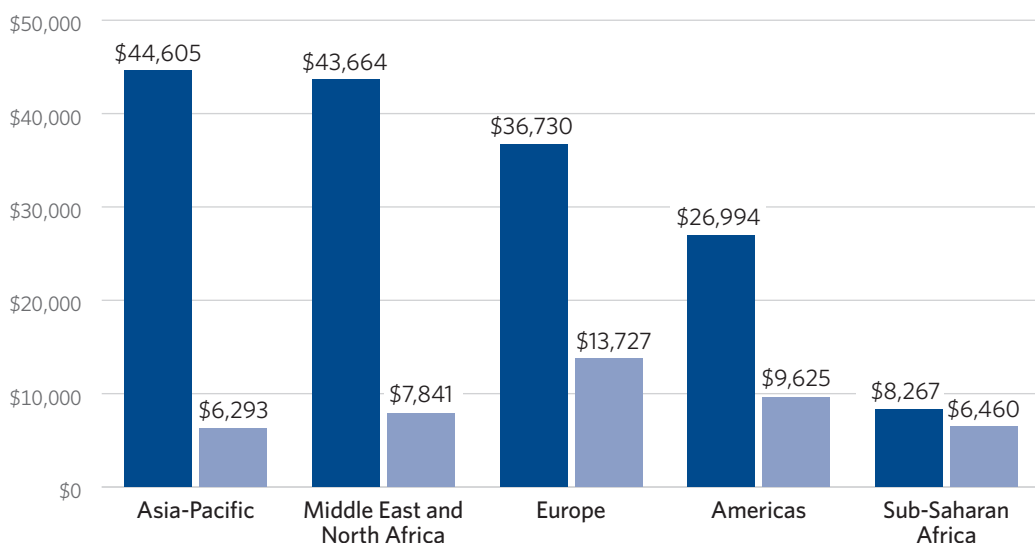


## Per Capita Income by Region

### GDP per Capita (Purchasing Power Parity)

■ Five Most Free

■ Five Least Free



**Sources:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, 2014 *Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>, and International Monetary Fund, World Economic Outlook Databases, <http://www.imf.org/external/ns/cs.aspx?id=28> (accessed November 13, 2013).

Chart 7  heritage.org

files, they share key characteristics. These top-performing economies in the *Index* are not necessarily geographically large or richly blessed with natural resources. Many economies have managed to expand opportunities for their citizens by enhancing their economic dynamism and vitality with high levels of economic freedom.

While the global average score for the 2014 *Index* has advanced notably, progress has not been uniform across the regions. On average, economic freedom made no progress in North America and actually declined in the Middle East/North Africa region. In the other four regions, economic freedom advanced. The Asia-Pacific region achieved the largest score improvement, with countries gaining slightly over one point on average. Sub-Saharan Africa gained the second most economic freedom on average: 0.9 point. Europe and the South and Central America/Caribbean region also recorded average score improvements of 0.5 point and 0.3 point, respectively.

Average levels of economic freedom vary widely among the regions. North America and Europe continue to record the highest average economic freedom scores among the six regions: 74.1 and 67.1, respectively. Despite the ongoing economic and political turmoil in some countries in the Middle East and North Africa, the region as a whole still achieved an average economic freedom score above 60 due to high levels of economic freedom in Bahrain, Qatar, and the United Arab Emirates. Average economic freedom scores in the South and Central America/Caribbean region, the Asia-Pacific region, and Sub-Saharan Africa continue to be below 60.

Although levels of economic freedom vary across the regions, the strongly positive relationship between economic freedom and prosperity is apparent throughout the world: In every region, per capita incomes are much higher in countries that are economically free. (See Chart 7.)

# Economic Freedom: Regional Variations (Regional Average)

Regional Ranking	North America (74.1)	Middle East / North Africa (61.5)	South and Central America/ Caribbean (59.7)	Asia-Pacific (58.5)	Europe (67.1)	Sub-Saharan Africa (54.6)
1	Canada	Bahrain	Chile	Hong Kong	Switzerland	Mauritius
2	United States	United Arab Emirates	Saint Lucia	Singapore	Ireland	Botswana
3	Mexico	Qatar	Colombia	Australia	Denmark	Cape Verde
4		Jordan	The Bahamas	New Zealand	Estonia	Rwanda
5		Israel	Uruguay	Taiwan	United Kingdom	Ghana
6		Oman	Barbados	Japan	The Netherlands	South Africa
7		Kuwait	Peru	Macau	Luxembourg	Madagascar
8		Saudi Arabia	Saint Vincent and the Grenadines	South Korea	Germany	Swaziland
9		Lebanon	Costa Rica	Malaysia	Finland	Zambia
10		Morocco	Jamaica	Brunei	Sweden	Uganda
11		Tunisia	El Salvador	Kazakhstan	Lithuania	The Gambia
12		Yemen	Dominica	Thailand	Georgia	Namibia
13		Egypt	Panama	Azerbaijan	Iceland	Burkina Faso
14		Algeria	Trinidad and Tobago	Samoa	Austria	Gabon
15		Iran	Paraguay	Kyrgyz Republic	Czech Republic	Tanzania
16			Dominican Republic	The Philippines	Norway	Côte d'Ivoire
17			Guatemala	Sri Lanka	Belgium	Kenya
18			Nicaragua	Vanuatu	Armenia	Benin
19			Honduras	Mongolia	Latvia	Seychelles
20			Brazil	Fiji	Macedonia	Djibouti
21			Belize	Indonesia	Cyprus	Mali
22			Guyana	Tonga	Spain	Malawi
23			Suriname	Cambodia	Poland	Senegal
24			Haiti	Bhutan	Hungary	Niger
25			Bolivia	India	Albania	Mozambique
26			Ecuador	Pakistan	Slovak Republic	Nigeria
27			Argentina	Bangladesh	Malta	Guinea
28			Venezuela	Papua New Guinea	Bulgaria	Mauritania
29			Cuba	China	Romania	Cameroon
30				Tajikistan	Turkey	Liberia
31				Laos	Montenegro	Burundi
32				Maldives	Portugal	Comoros
33				Vietnam	France	Guinea-Bissau
34				Nepal	Slovenia	Sierra Leone
35				Micronesia	Italy	Ethiopia
36				Burma	Croatia	Togo
37				Uzbekistan	Serbia	Lesotho
38				Kiribati	Bosnia and Herzegovina	São Tomé and Príncipe
39				Solomon Islands	Moldova	Angola
40				Timor-Leste	Greece	Central African Republic
41				Turkmenistan	Russia	Chad
42				North Korea	Belarus	Equatorial Guinea
43					Ukraine	Congo, Rep. of
44						Congo, Dem. Rep. of
45						Eritrea
46						Zimbabwe


**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 Ranked

## North America



**Source:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>.

Map 1  heritage.org

### NORTH AMERICA: AMERICA'S STARTLING DECLINE

North America's three countries have been linked by a regional trade agreement, the North American Free Trade Agreement (NAFTA), since 1994. Over the past 20 years, NAFTA has been a positive force, connecting more than 400 million people in an economic area with about one-third of the world's total GDP. The region has long benefited from its openness to international trade and investment. Although it enjoys the highest degree of economic freedom among the six regions, it has undergone a notable reordering in recent years: While Canada has solidified its status as a "free" economy, the U.S. and Mexico are seemingly stuck in the

"mostly free" and "moderately free" categories, respectively.

The overall economic policy direction of the United States in recent years has involved substantial growth in the size and scope of government, accelerating the erosion of economic freedom and contributing directly to America's fall from the top 10 freest economies. Specific policies that have curtailed economic freedom in the U.S. have entailed intrusive and costly regulations in areas like finance, health care, and the environment. These have injected uncertainty into business decision-making that has slowed job creation and hiring and hurt economic recovery and growth. The absence of meaningful fiscal reform has weakened the government's

## Economic Freedom in North American Countries

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
6	1	Canada	80.2	0.8	90	87.7	79.7	47.3	89.3	83.1	76.3	88.3	80	80
12	2	United States	75.5	-0.5	80	72.0	65.8	48.1	89.2	97.2	75.4	86.8	70	70
55	3	Mexico	66.8	-0.2	50	29.7	80.9	78.9	76.8	58.3	77.4	85.6	70	60

Table 2  heritage.org

balance sheet and led to the explosive growth of government debt. The increasing cronyism that has accompanied the growth of government has undermined the rule of law, further eroding America's economic freedom and bringing it down to its second lowest level in the 20-year history of the *Index*.

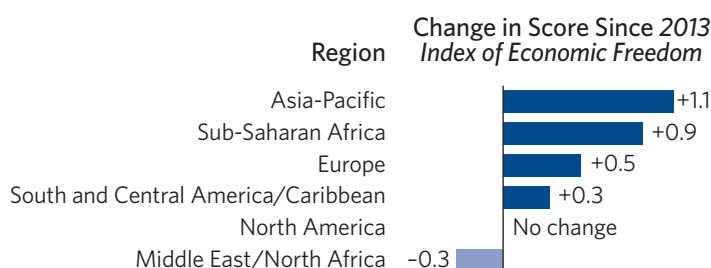
### EUROPE: CHANGING OF THE GUARD

In Europe, long-established free-market institutions in many countries allow the region to score above the world averages in most categories of economic freedom. Taken as a whole, however, the region has been undergoing tumultuous and

uncertain times epitomized by the ongoing sovereign debt crisis affecting the eurozone. Europe's overall economic freedom rating remains undermined by weak scores in the management of public spending, reflecting the cost of expanding government services and transfer payments that plainly hinder both productivity growth and dynamic job creation. Stagnant growth has also exacerbated debt levels, leaving many European countries with no choice but to cut spending to reduce unsustainable fiscal deficits.

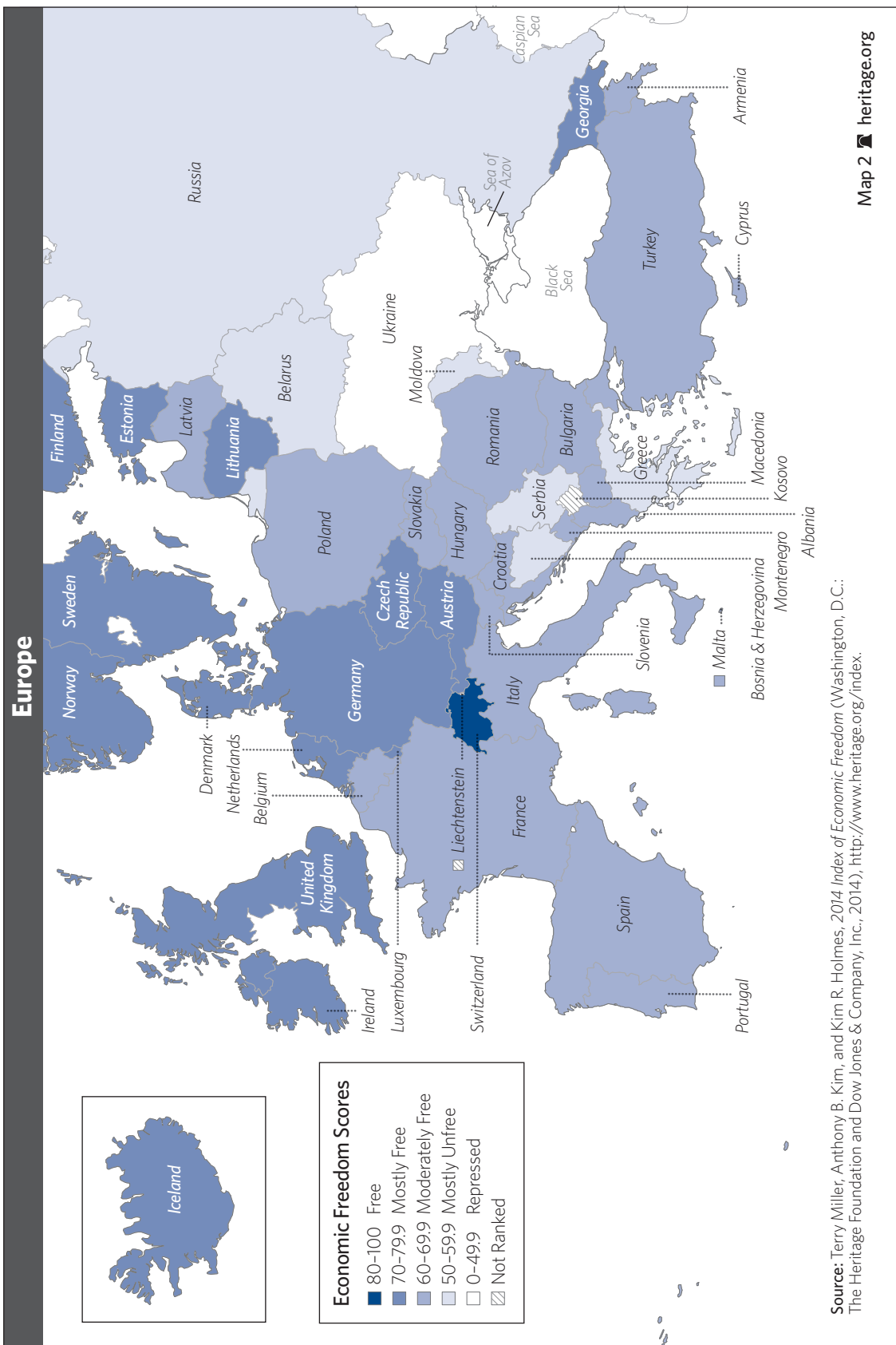
Still, 10 of the world's 20 freest countries, led by Switzerland, are in Europe. A notable realignment of European countries continues to be underway in terms of advancing economic freedom. Eighteen, including Germany, Sweden, Lithuania, Georgia, Austria, the Czech Republic, Norway, Macedonia, Latvia, Poland, Bulgaria, and Romania, recorded their highest economic freedom scores ever in the 2014 *Index*. By contrast, five others (Greece, Italy, France, Cyprus, and the United Kingdom) registered scores lower than those they first received nearly two decades ago when the *Index* began to record economic freedom.

### One-Year Freedom Score Change



Source: Terry Miller, Anthony B. Kim, and Kim R. Holmes, 2014 *Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>.

Chart 8  heritage.org



# Economic Freedom in European Countries

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
4	1	Switzerland	81.6	0.6	90	88.1	68.9	65.7	75.4	87.4	85.2	90.0	85	80
9	2	Ireland	76.2	0.5	90	74.8	74.0	30.6	83.4	79.5	81.7	87.8	90	70
10	3	Denmark	76.1	0.0	90	93.7	39.3	0.5	98.1	91.2	80.0	87.8	90	90
11	4	Estonia	75.9	0.6	90	64.2	80.4	56.0	77.6	55.9	76.9	87.8	90	80
14	5	United Kingdom	74.9	0.1	90	76.4	56.6	29.5	92.0	73.1	73.5	87.8	90	80
15	6	The Netherlands	74.2	0.7	90	88.0	51.7	25.6	89.7	59.6	79.9	87.8	90	80
16	7	Luxembourg	74.2	0.0	90	84.1	62.8	47.6	72.6	43.1	78.9	87.8	95	80
18	8	Germany	73.4	0.6	90	80.1	61.2	38.2	89.9	46.4	80.8	87.8	90	70
19	9	Finland	73.4	-0.6	90	93.4	65.1	8.9	93.6	46.5	78.9	87.8	90	80
20	10	Sweden	73.1	0.2	90	92.3	42.9	21.4	91.1	52.9	82.5	87.8	90	80
21	11	Lithuania	73.0	0.9	60	49.9	92.9	55.9	85.7	59.0	78.6	87.8	80	80
22	12	Georgia	72.6	0.4	40	42.8	87.3	69.7	87.8	91.2	78.4	88.6	80	60
23	13	Iceland	72.4	0.3	90	84.2	72.9	32.9	91.2	59.1	76.0	87.9	70	60
24	14	Austria	72.4	0.6	90	75.5	51.0	23.5	76.3	80.5	79.5	87.8	90	70
26	15	Czech Republic	72.2	1.3	70	45.3	81.7	43.8	70.1	84.0	79.4	87.8	80	80
32	16	Norway	70.9	0.4	90	88.1	50.6	42.2	90.9	44.6	78.7	89.1	75	60
35	17	Belgium	69.9	0.7	80	74.2	44.8	14.8	89.9	72.7	79.5	87.8	85	70
41	18	Armenia	68.9	-0.5	30	26.7	86.5	81.3	83.1	78.5	77.0	85.5	70	70
42	19	Latvia	68.7	2.2	50	43.6	84.6	54.9	82.5	68.5	79.7	87.8	85	50
43	20	Macedonia	68.6	0.4	35	39.6	91.4	70.7	81.0	78.8	83.5	85.9	60	60
46	21	Cyprus	67.6	-1.4	70	64.0	79.7	36.2	79.7	70.2	78.8	82.8	65	50
49	22	Spain	67.2	-0.8	70	62.6	54.0	38.7	77.3	52.2	79.9	87.8	80	70
50	23	Poland	67.0	1.0	60	54.8	76.1	43.2	70.1	60.4	77.8	87.8	70	70
51	24	Hungary	67.0	-0.3	60	48.6	81.1	26.8	79.3	65.7	75.6	87.8	75	70
54	25	Albania	66.9	1.7	30	30.4	92.7	75.6	78.1	49.7	80.0	87.5	75	70
57	26	Slovak Republic	66.4	-2.3	50	41.8	80.2	56.0	67.0	53.6	78.1	87.8	80	70
58	27	Malta	66.4	-1.1	75	55.8	63.7	47.2	62.4	53.2	79.1	87.8	80	60
61	28	Bulgaria	65.7	0.7	30	35.2	91.2	64.5	73.5	80.2	79.6	87.8	55	60
62	29	Romania	65.5	0.4	40	37.7	87.0	59.2	71.0	65.2	77.1	87.8	80	50
64	30	Turkey	64.9	2.0	50	44.0	77.5	63.5	67.6	59.7	71.8	84.5	70	60

(continued on next page)

Table 3  heritage.org

## Economic Freedom in European Countries (continued)

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
68	31	Montenegro	63.6	1.0	40	37.8	92.5	42.6	77.6	68.6	78.6	83.1	65	50
69	32	Portugal	63.5	0.4	70	61.1	60.1	26.8	84.9	34.6	79.3	87.8	70	60
70	33	France	63.5	-0.6	80	69.9	48.4	5.6	79.9	51.8	76.1	82.8	70	70
74	34	Slovenia	62.7	1.0	60	61.0	58.9	22.6	85.4	51.0	80.3	87.8	70	50
86	35	Italy	60.9	0.3	50	38.5	55.5	25.6	75.5	52.5	78.9	87.8	85	60
87	36	Croatia	60.4	-0.9	40	41.1	69.4	45.8	61.4	39.4	79.2	87.4	80	60
95	37	Serbia	59.4	0.8	40	34.0	83.1	38.6	59.3	70.1	66.9	77.0	75	50
101	38	Bosnia and Herzegovina	58.4	1.1	20	33.9	82.9	27.4	55.5	62.4	80.1	86.9	75	60
110	39	Moldova	57.3	1.8	40	29.5	85.8	54.4	70.1	37.9	75.0	80.1	50	50
119	40	Greece	55.7	0.3	40	33.2	65.9	19.2	75.8	53.9	76.3	82.8	60	50
140	41	Russia	51.9	0.8	25	22.1	85.6	61.5	70.0	55.8	69.4	74.6	25	30
150	42	Belarus	50.1	2.1	20	24.6	89.2	61.2	73.4	77.7	33.9	81.4	30	10
155	43	Ukraine	49.3	3.0	30	21.9	79.1	37.5	59.8	49.8	78.7	86.2	20	30
N/A	N/A	Kosovo	N/A	N/A	30	28.6	92.7	73.0	58.1	71.3	72.7	N/A	65	N/A
N/A	N/A	Liechtenstein	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	90.0	85	80

Table 3  heritage.org

Sweden is a particularly interesting case, rising to 20th place in the *Index* despite extraordinarily high levels of per capita government spending. Unlike the troubled welfare states of Greece, Italy, and Portugal, the Swedish economy boasts highly efficient regulatory and legal regimes in addition to a high level of transparency and low corruption. These institutional assets strongly sustain productivity growth and promote resilience. In the 2014 *Index*, Sweden has recorded its highest economic freedom score ever.

Three Baltic nations—Estonia, Latvia, and Lithuania—continue to advance. All three countries have recorded consecutive years of score improvements, demonstrating high levels of economic resilience. Both Lithuania and Latvia have recorded their highest economic freedom scores ever in the 2014 *Index*.

### SOUTH AND CENTRAL AMERICA/ CARIBBEAN: MIXED PROGRESS

The South and Central America/Caribbean region, which consists of 29 economies, is one of the world's most diverse, economically as well as politically.

Progress toward greater economic freedom has been made in more than half of the countries in the region. Seventeen countries recorded gains in economic freedom, while 12 had declines. The countries in the South and Central America/Caribbean region perform better than the world averages in four of the 10 components of economic freedom, including fiscal freedom and investment freedom. Corruption and a lack of protection for property rights are the major problem areas, reflecting long-standing issues of poor governance and weak rule of law.

## South and Central America/Caribbean

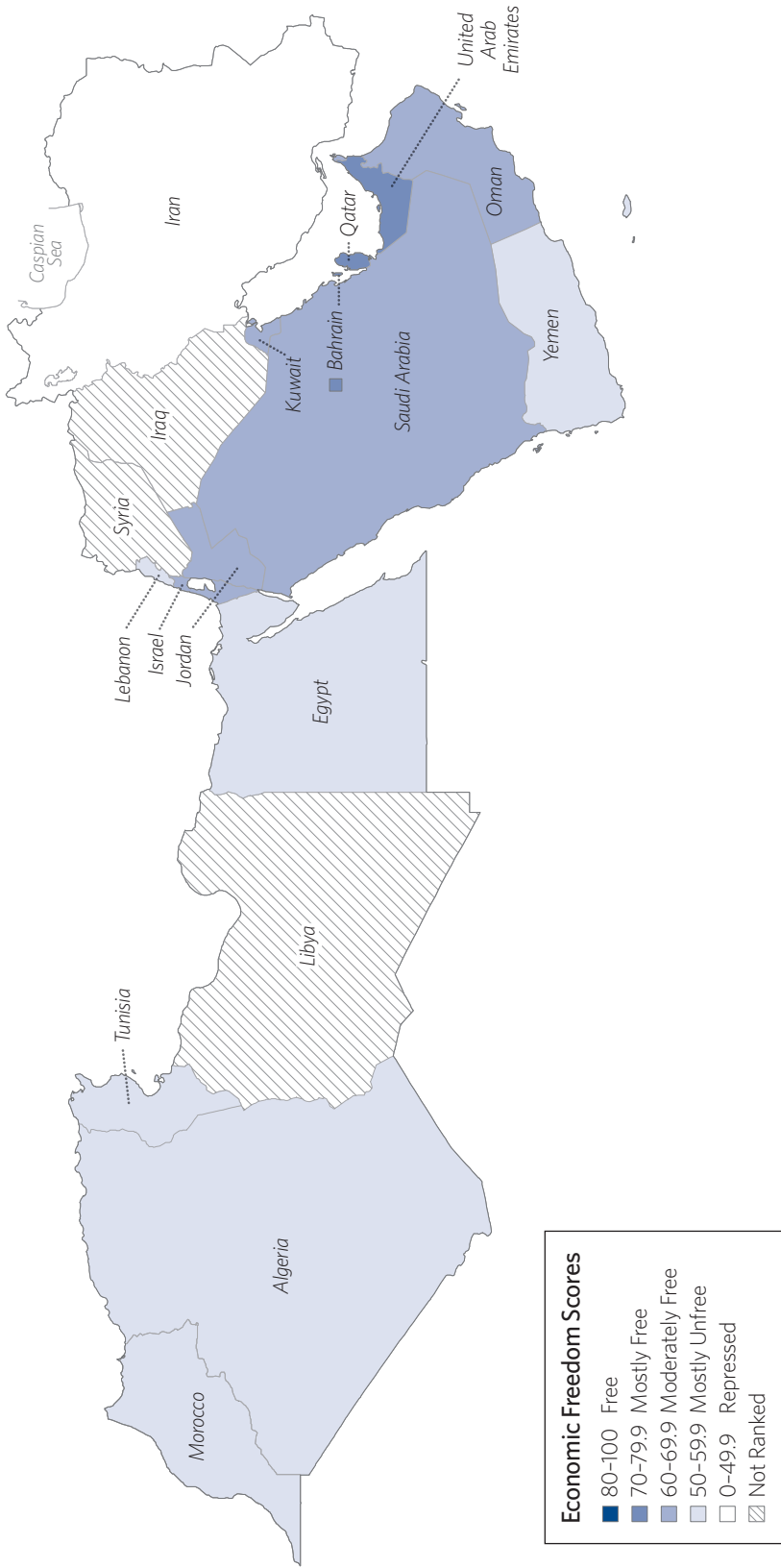




## Economic Freedom in South and Central America/ Caribbean Countries

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
7	1	Chile	78.7	-0.3	90	72.3	76.5	83.8	69.3	69.3	84.1	82.0	90	70
33	2	Saint Lucia	70.7	0.3	70	70.6	75.7	63.6	83.1	84.5	82.7	71.9	65	40
34	3	Colombia	70.7	1.1	50	33.2	80.6	74.9	85.2	80.5	78.8	78.8	75	70
36	4	The Bahamas	69.8	-0.3	70	66.6	97.3	84.1	70.7	81.5	75.1	52.2	30	70
38	5	Uruguay	69.3	-0.4	70	70.6	77.4	68.0	74.5	68.1	72.1	82.5	80	30
45	6	Barbados	68.3	-1.0	80	77.9	74.0	49.8	72.8	78.4	74.6	60.6	55	60
47	7	Peru	67.4	-0.8	40	34.0	79.1	89.1	70.6	61.4	83.3	87.0	70	60
52	8	Saint Vincent and the Grenadines	67.0	0.3	70	61.1	73.7	72.4	76.3	78.7	79.8	67.6	50	40
53	9	Costa Rica	66.9	-0.1	50	50.9	80.0	90.0	64.9	53.3	76.3	83.8	70	50
56	10	Jamaica	66.7	-0.1	40	33.0	77.2	69.4	84.6	75.6	77.3	75.1	85	50
59	11	El Salvador	66.2	-0.5	40	34.3	79.6	85.8	59.6	63.3	80.0	79.0	70	70
63	12	Dominica	65.2	1.3	60	53.5	72.9	61.7	75.0	70.7	85.8	72.7	70	30
71	13	Panama	63.4	0.9	30	34.0	84.3	78.7	73.0	39.4	75.1	74.2	75	70
73	14	Trinidad and Tobago	62.7	0.4	50	34.0	84.8	62.5	59.4	76.4	71.7	78.6	60	50
78	15	Paraguay	62.0	0.9	30	20.5	96.2	89.0	58.0	28.9	80.9	81.1	75	60
80	16	Dominican Republic	61.3	1.6	30	27.3	83.7	92.3	56.1	55.2	75.7	77.8	75	40
83	17	Guatemala	61.2	1.2	25	28.7	79.6	93.6	58.4	49.3	76.7	85.4	65	50
102	18	Nicaragua	58.4	1.8	15	24.1	78.6	80.0	52.6	60.3	72.8	85.4	65	50
112	19	Honduras	57.1	-1.3	30	23.7	84.9	79.8	55.4	26.5	75.1	75.4	60	60
114	20	Brazil	56.9	-0.8	50	37.9	68.8	54.1	53.8	49.8	69.9	69.3	55	60
115	21	Belize	56.7	-0.6	30	6.7	82.1	74.2	71.6	67.2	77.6	67.8	40	50
121	22	Guyana	55.7	1.9	30	24.4	68.4	71.8	64.3	72.6	78.1	72.0	45	30
130	23	Suriname	54.2	2.2	40	32.9	69.0	78.3	41.8	81.8	71.8	66.2	30	30
156	24	Haiti	48.9	0.8	10	16.9	80.3	66.3	33.3	68.5	73.6	70.4	40	30
158	25	Bolivia	48.4	0.5	10	28.1	87.1	62.5	53.4	29.9	70.0	77.6	15	50
159	26	Ecuador	48.0	1.1	20	26.0	79.8	41.8	52.8	52.0	66.1	71.8	30	40
166	27	Argentina	44.6	-2.1	15	29.5	63.5	49.9	53.9	44.9	60.0	68.9	30	30
175	28	Venezuela	36.3	0.2	5	16.5	75.3	51.8	43.4	33.7	49.7	62.7	5	20
177	29	Cuba	28.7	0.2	10	41.2	60.0	0.0	20.0	20.0	65.8	60.0	0	10

Table 4  heritage.org



**Source:** Terry Miller, Anthony B. Kim, and Kim R. Holmes, 2014 *Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>.

## Economic Freedom in Middle East/North African Countries

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
13	1	Bahrain	75.1	-0.4	60	49.4	99.9	71.4	76.3	82.0	78.4	78.6	75	80
28	2	United Arab Emirates	71.4	0.3	55	66.4	99.6	83.1	74.4	82.9	84.6	82.5	35	50
30	3	Qatar	71.2	-0.1	70	72.4	99.9	72.1	71.7	70.0	81.2	79.8	45	50
39	4	Jordan	69.2	-1.2	60	45.6	94.0	66.9	62.0	72.9	81.3	79.6	70	60
44	5	Israel	68.4	1.5	75	59.3	60.1	40.3	73.2	63.0	80.6	82.9	80	70
48	6	Oman	67.4	-0.7	50	48.2	98.5	56.0	68.3	75.5	73.6	78.7	65	60
76	7	Kuwait	62.3	-0.8	50	43.7	97.7	55.6	57.7	63.6	73.2	76.7	55	50
77	8	Saudi Arabia	62.2	1.6	40	43.7	99.7	63.1	67.3	75.8	68.7	74.0	40	50
96	9	Lebanon	59.4	-0.1	20	24.5	90.9	73.7	55.6	58.7	74.5	75.8	60	60
103	10	Morocco	58.3	-1.3	40	33.3	71.3	64.1	76.2	31.5	78.1	58.8	70	60
109	11	Tunisia	57.3	0.3	40	39.2	74.3	63.8	80.7	72.6	75.9	61.8	35	30
123	12	Yemen	55.5	-0.4	30	19.4	91.7	74.9	59.2	54.9	62.1	82.4	50	30
135	13	Egypt	52.9	-1.9	20	28.6	85.6	69.6	62.7	45.7	60.5	71.4	45	40
146	14	Algeria	50.8	1.2	30	28.7	80.5	51.0	66.3	48.3	67.8	60.8	45	30
173	15	Iran	40.3	-2.9	10	23.4	80.6	85.9	62.3	41.7	47.3	41.4	0	10
N/A	N/A	Iraq	N/A	N/A	N/A	13.7	95.5	40.3	56.9	73.4	70.0	N/A	N/A	N/A
N/A	N/A	Libya	N/A	N/A	10	18.3	95.0	0.0	50.1	77.9	66.9	N/A	5	20
N/A	N/A	Syria	N/A	N/A	10	23.3	N/A	N/A	60.4	55.1	N/A	N/A	0	20

Table 5  heritage.org

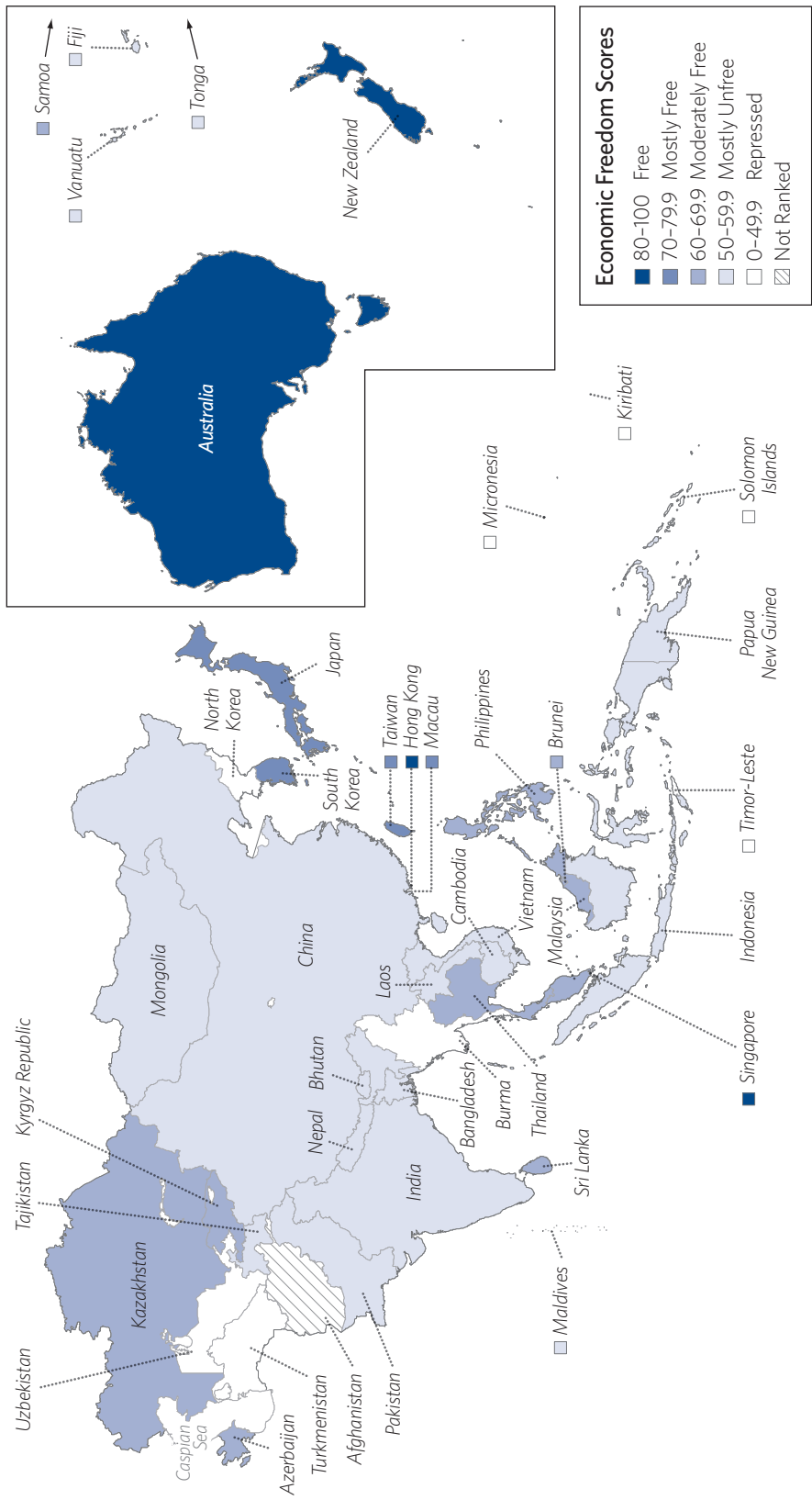
Chile has been rated consistently as one of the “mostly free” economies with economic freedom scores above 70. Achieving its highest economic freedom score ever in the 2014 *Index*, Colombia has become a “mostly free” economy for the first time. By sharp contrast, Cuba remains the least free economy in the region, and Argentina has plunged further to the ranks of the economically “mostly unfree.”

### MIDDLE EAST/NORTH AFRICA: AT A CRITICAL CROSSROADS

The Middle East/North Africa region, which consists of 18 countries, continues to undergo widespread turmoil, and many of its econo-

mies remain only “moderately free” or “mostly unfree.”

Structural and institutional problems abound, and the regional unemployment rate, which averages more than 10 percent, is among the highest in the world and is most pronounced among younger members of the labor force. The region’s troubles are complex, rooted in decades of authoritarianism that has kept power and resources monopolized in the hands of a few. The problems will not be solved simply by holding elections with more political parties or allowing freedom of expression. Hard institutional reforms that reduce the state’s role in the economy and in people’s lives are required. Leaders



Source: Terry Miller, Anthony B. Kim, and Kim R. Holmes, 2014 *Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2014), <http://www.heritage.org/index>.

# Economic Freedom in Asia-Pacific Countries

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
1	1	Hong Kong	90.1	0.8	90	82.3	93.0	89.7	98.9	95.5	82.0	90.0	90	90
2	2	Singapore	89.4	1.4	90	91.9	91.2	91.2	96.8	96.5	81.5	90.0	85	80
3	3	Australia	82.0	-0.6	90	87.7	64.2	62.6	94.6	79.2	80.5	86.4	85	90
5	4	New Zealand	81.2	-0.2	95	94.0	71.2	32.3	96.1	90.2	86.3	86.8	80	80
17	5	Taiwan	73.9	1.2	70	59.7	80.3	84.7	93.9	53.1	81.7	85.8	70	60
25	6	Japan	72.4	0.6	80	77.8	69.2	47.1	80.0	79.8	87.5	82.4	70	50
29	7	Macau	71.3	-0.4	60	49.7	71.4	91.7	60.0	55.0	79.8	90.0	85	70
31	8	South Korea	71.2	0.9	70	54.0	72.6	72.6	92.8	47.8	79.6	72.6	70	80
37	9	Malaysia	69.6	3.5	55	44.3	84.6	75.6	85.6	78.5	81.0	76.4	55	60
40	10	Brunei	69.0	N/A	40	53.3	90.2	66.1	68.2	96.5	74.2	81.8	70	50
67	11	Kazakhstan	63.7	0.7	30	25.7	92.9	85.0	74.4	86.7	74.4	78.2	40	50
72	12	Thailand	63.3	-0.8	45	33.6	79.7	83.6	71.4	61.6	68.6	75.0	45	70
81	13	Azerbaijan	61.3	1.6	20	22.7	88.1	64.8	73.5	77.9	78.8	77.2	60	50
84	14	Samoa	61.1	4.0	60	38.0	79.9	42.2	73.7	80.3	76.1	75.8	55	30
85	15	Kyrgyz Republic	61.1	1.5	20	19.2	94.6	60.2	74.2	83.8	73.7	75.2	60	50
89	16	The Philippines	60.1	1.9	30	26.1	79.2	92.3	59.9	49.7	78.0	75.5	60	50
90	17	Sri Lanka	60.0	-0.7	40	33.4	84.9	86.3	74.4	59.2	68.0	73.6	40	40
93	18	Vanuatu	59.5	2.9	40	33.5	97.3	81.7	54.8	56.8	82.7	48.0	60	40
97	19	Mongolia	58.9	-2.8	30	28.2	81.8	39.1	71.8	81.1	72.4	74.7	50	60
99	20	Fiji	58.7	1.5	25	20.0	82.3	76.2	64.9	73.1	75.2	70.2	50	50
100	21	Indonesia	58.5	1.6	30	28.0	83.4	89.8	54.8	47.8	76.4	74.8	40	60
104	22	Tonga	58.2	2.2	20	28.6	86.7	74.8	74.6	91.2	71.3	79.5	35	20
108	23	Cambodia	57.4	-1.1	30	18.7	90.8	88.4	36.6	50.2	77.9	71.0	60	50
116	24	Bhutan	56.7	1.7	60	58.8	82.9	57.2	59.4	83.6	65.8	49.4	20	30
120	25	India	55.7	0.5	50	31.5	79.4	77.8	37.7	74.0	65.5	65.6	35	40
126	26	Pakistan	55.2	0.1	30	22.7	80.6	88.3	69.4	47.3	68.5	64.8	40	40
131	27	Bangladesh	54.1	1.5	20	23.3	72.5	92.3	70.8	51.9	65.9	59.0	55	30
132	28	Papua New Guinea	53.9	0.3	20	20.2	66.7	75.4	57.0	73.7	75.5	85.1	35	30
137	29	China	52.5	0.6	20	35.0	69.9	82.9	49.7	61.9	73.3	71.8	30	30
139	30	Tajikistan	52.0	-1.4	20	19.4	92.3	78.1	58.4	45.5	67.7	73.2	25	40

(continued on next page)

Table 6  heritage.org

## Economic Freedom in Asia-Pacific Countries (continued)

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
144	31	Laos	51.2	1.1	15	18.6	86.6	86.7	60.7	54.9	75.5	58.6	35	20
145	32	Maldives	51.0	2.0	20	21.9	97.4	43.8	87.4	71.7	69.4	43.8	25	30
147	33	Vietnam	50.8	-0.2	15	26.9	77.0	71.4	62.0	68.3	63.6	78.7	15	30
149	34	Nepal	50.1	-0.3	30	21.3	85.9	89.6	58.5	43.8	76.3	61.0	5	30
153	35	Micronesia	49.8	-0.3	30	30.0	97.5	0.0	51.7	77.9	75.2	81.0	25	30
162	36	Burma	46.5	7.3	10	11.6	86.9	89.2	28.3	75.7	64.8	73.6	15	10
163	37	Uzbekistan	46.5	0.5	15	13.4	90.3	70.4	75.7	60.8	63.1	66.1	0	10
164	38	Kiribati	46.3	0.4	30	29.2	71.4	0.0	57.0	83.6	81.3	55.4	25	30
165	39	Solomon Islands	46.2	1.2	30	25.0	61.4	21.3	65.2	65.2	75.4	73.0	15	30
170	40	Timor-Leste	43.2	-0.5	20	25.4	64.7	0.0	45.4	79.2	68.3	64.4	45	20
171	41	Turkmenistan	42.2	-0.4	5	13.4	95.2	93.0	30.0	30.0	65.9	79.2	0	10
178	42	North Korea	1.0	-0.5	5	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
N/A	N/A	Afghanistan	N/A	N/A	N/A	10.0	91.2	84.2	63.1	75.0	74.3	N/A	65	N/A

Table 6  heritage.org

have already fallen, yet regimes and institutions remain and craftily guard their power.

Scores for most of the countries in the region are concentrated between 50 and 70. Saudi Arabia and Israel have recorded two of the largest score gains. Progress made in those two countries has been underpinned by efforts to strengthen the business climate, boost investment, and foster the emergence of a more vibrant private sector. The United Arab Emirates has advanced its economic freedom for five consecutive years. In the 2014 *Index*, the UAE has advanced steadily into the ranks of the “mostly free” economies, with progress due in large part to the government’s consistent commitment to economic reforms that have encouraged a dynamically evolving private sector.

Bahrain, ranked 13th globally with an economic freedom score of 75.1, is the only Middle Eastern country among the world’s 20 freest

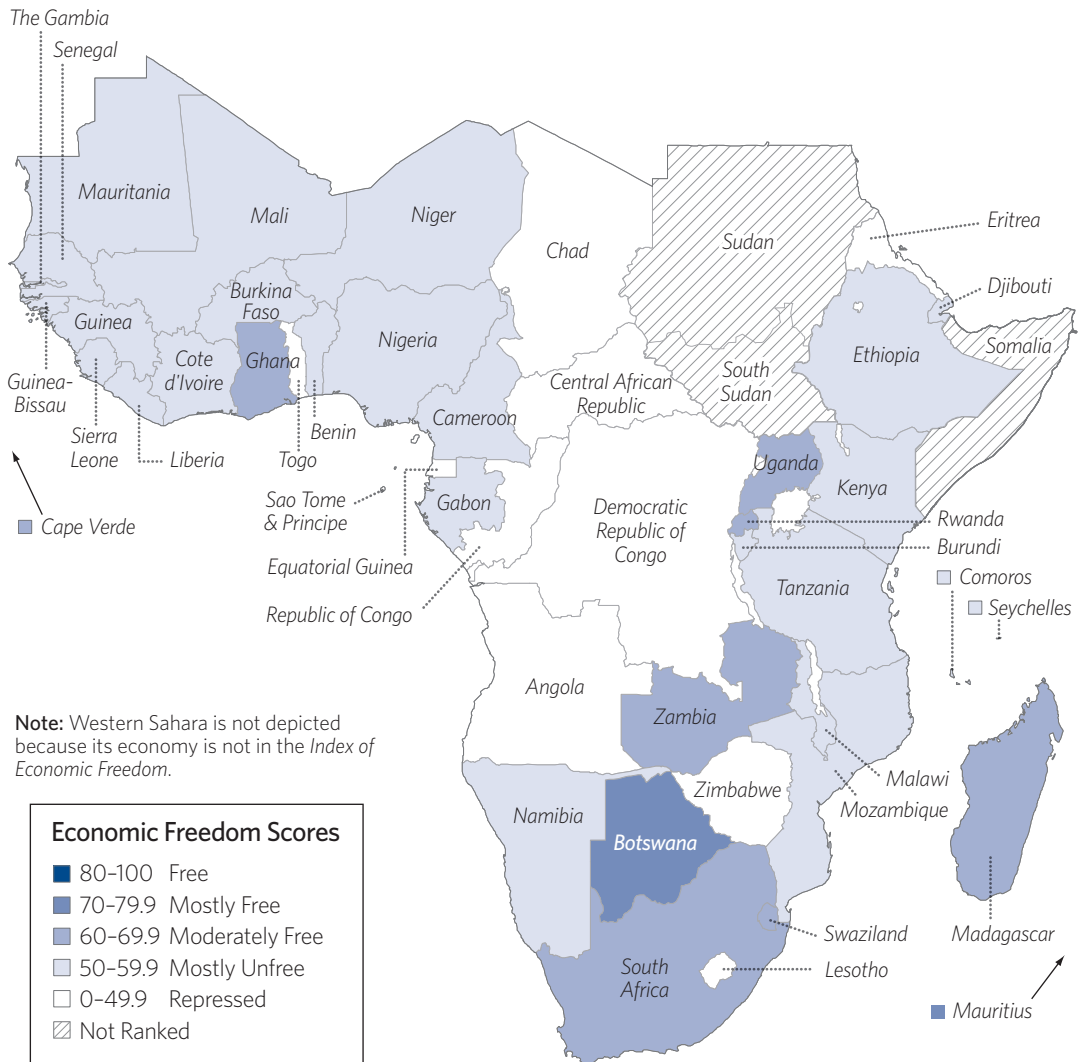
economies. It has been undertaking a challenging transition to greater openness and transparency, more visibly since early 2011. Enhancing the foundations of economic freedom through improvements in property rights and corruption will be critical to ensuring success.

Qatar continues as the other “mostly free” economy in the region. While very different politically, five “moderately free” economies, including Jordan, Israel, Oman, Kuwait, and Saudi Arabia, share a common commitment to economic freedom that is significantly greater than that of the remaining countries in the region.

### ASIA-PACIFIC: THE MOST IMPROVED REGION

The Asia-Pacific region contains over half of the world’s population: one-third in China and nearly another third in India.

## Sub-Saharan Africa



Map 6 heritage.org

The Asia–Pacific region is distinguished by the extraordinary disparity in levels of economic freedom among its economies. Four of the world’s 10 freest economies—Hong Kong, Singapore, Australia, and New Zealand—are in this region, yet most of the other countries remain “mostly unfree.” Countries such as Turkmenistan and Burma have economies that are “repressed.” North Korea, which continues to reject any form

of free-market activity, remains the least free economy in both the region and the world.

Leading the world in three of the 10 economic freedoms, Hong Kong once again is the freest economy overall in the 2014 *Index*. With the emergence of a more dynamic and competitive financial sector, Singapore continues to boost its productivity through its openness to global trade and investment and has maintained its hold on

## Economic Freedom in Sub-Saharan Africa Countries

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
8	1	Mauritius	76.5	-0.4	65	53.4	92.2	81.8	74.4	78.0	76.7	76.1	55	60
27	2	Botswana	72.0	1.4	70	61.2	81.0	69.8	68.5	69.7	72.4	77.8	55	50
60	3	Cape Verde	66.1	2.4	70	54.9	77.4	68.6	63.8	48.0	79.1	81.5	65	40
65	4	Rwanda	64.7	0.6	30	46.9	80.3	78.2	69.6	84.1	74.8	84.6	60	50
66	5	Ghana	64.2	2.9	50	40.4	85.4	83.3	62.6	60.2	65.8	75.4	60	40
75	6	South Africa	62.5	0.7	50	41.6	68.7	69.1	74.5	54.4	75.3	65.0	65	50
79	7	Madagascar	61.7	-0.3	40	27.3	90.8	92.3	62.8	43.9	77.6	82.9	50	40
82	8	Swaziland	61.2	4.0	40	31.6	74.7	70.9	64.2	71.7	72.3	67.8	60	40
88	9	Zambia	60.4	1.7	30	31.3	71.8	82.9	74.9	50.1	68.0	61.0	55	40
91	10	Uganda	59.9	-1.2	30	23.8	79.1	87.3	45.1	87.4	71.0	76.8	60	50
92	11	The Gambia	59.5	0.7	30	31.7	79.0	79.8	57.4	65.8	71.3	71.4	50	50
94	12	Namibia	59.4	-0.9	30	44.2	66.9	58.8	64.4	81.9	75.0	72.8	50	50
98	13	Burkina Faso	58.9	-1.0	30	31.3	83.0	82.3	60.7	55.0	78.8	60.0	70	50
105	14	Gabon	57.8	0.0	40	29.1	74.5	81.7	58.9	63.0	75.1	33.4	50	30
106	15	Tanzania	57.8	-0.1	30	28.8	79.7	78.3	47.0	61.1	66.0	54.8	65	50
107	16	Côte d'Ivoire	57.7	3.6	30	22.1	79.1	79.8	55.1	59.0	80.6	73.2	55	40
111	17	Kenya	57.1	1.2	30	21.0	78.0	74.6	55.8	64.0	74.9	72.7	50	50
113	18	Benin	57.1	-0.5	30	29.5	68.3	86.1	51.0	50.5	75.4	73.2	60	40
117	19	Seychelles	56.2	1.3	50	48.5	76.8	61.8	67.6	68.5	75.1	65.6	55	40
118	20	Djibouti	55.9	2.0	30	30.9	80.6	62.8	42.7	65.1	77.2	75.5	45	50
122	21	Mali	55.5	-0.9	20	27.7	69.8	81.7	48.0	63.2	76.7	63.8	40	40
124	22	Malawi	55.4	0.1	45	31.9	78.0	63.0	38.9	60.3	64.1	61.2	50	40
125	23	Senegal	55.4	-0.1	40	29.5	65.1	75.4	47.5	41.5	81.8	69.0	50	40
127	24	Niger	55.1	1.2	30	26.0	76.8	88.4	35.2	45.4	88.3	61.2	35	50
128	25	Mozambique	55.0	0.0	30	26.2	75.7	64.6	65.2	36.7	80.8	64.1	40	20

(continued on next page)

second place in the rankings, narrowing the gap slightly with Hong Kong. Australia and New Zealand continue to set the standard for clean, corruption-free government and benefit significantly from their transparent and efficient business environments and open-market policies.

India and China remain “mostly unfree.” These two countries’ high economic growth has

not been deeply rooted in policies that promote economic freedom. The foundations for long-term economic development continue to be fragile in the absence of effectively functioning legal frameworks. Progress with market-oriented reforms has been uneven and has often backtracked at the urging of those with a political interest in maintaining the status quo.



## Economic Freedom in Sub-Saharan Africa Countries (continued)

World Rank	Region Rank	Country	Overall Score	Change from 2013	Property Rights	Freedom from Corruption	Fiscal Freedom	Government Spending	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
129	26	Nigeria	54.3	-0.8	30	22.7	85.0	74.5	48.0	66.4	73.1	71.8	60	30
133	27	Guinea	53.5	2.3	20	19.2	69.3	86.2	51.8	73.4	64.1	72.7	35	30
134	28	Mauritania	53.2	0.9	25	23.9	81.7	75.8	38.0	53.1	75.5	61.4	30	30
136	29	Cameroon	52.6	0.3	30	21.9	71.7	86.0	45.0	56.1	69.4	70.2	55	20
138	30	Liberia	52.4	3.1	30	33.8	83.6	70.5	62.3	47.0	72.9	64.2	20	20
141	31	Burundi	51.4	2.4	20	15.9	73.5	51.9	59.8	63.1	68.2	62.8	35	30
142	32	Comoros	51.4	3.9	30	22.1	64.5	85.3	49.4	50.1	74.5	68.6	50	40
143	33	Guinea-Bissau	51.3	0.2	20	20.2	89.0	86.6	40.5	61.4	74.4	75.3	50	30
148	34	Sierra Leone	50.5	2.2	15	24.6	80.7	85.7	55.3	28.7	70.2	70.1	40	40
151	35	Ethiopia	50.0	0.6	30	27.0	77.5	89.9	57.8	54.7	59.0	51.8	50	30
152	36	Togo	49.9	1.1	30	23.8	69.7	82.4	43.3	42.8	79.3	55.2	50	40
154	37	Lesotho	49.5	1.6	40	37.1	67.4	0.0	54.0	62.4	75.5	53.8	35	30
157	38	São Tomé and Príncipe	48.8	0.8	20	32.5	86.9	27.9	52.6	44.7	68.3	55.6	20	30
160	39	Angola	47.7	0.4	15	17.7	87.7	55.3	47.5	40.1	63.6	63.0	20	20
161	40	Central African Republic	46.7	-3.7	10	20.6	65.1	92.6	33.9	40.4	72.5	69.1	0	20
167	41	Chad	44.5	-0.7	20	15.9	46.2	80.0	24.9	43.3	69.8	54.2	5	10
168	42	Equatorial Guinea	44.4	2.1	10	16.6	75.5	62.6	43.4	41.5	75.4	N/A	N/A	N/A
169	43	Congo, Rep. of	43.7	0.2	10	20.6	67.5	79.6	35.1	47.0	72.0	55.6	15	N/A
172	44	Congo, Dem. Rep. of	40.6	1.0	10	17.6	69.4	74.6	30.0	38.5	63.0	63.0	20	20
174	45	Eritrea	38.5	2.2	10	22.9	57.0	66.1	18.6	63.6	57.6	69.1	0	20
176	46	Zimbabwe	35.5	6.9	10	19.3	63.3	64.0	34.5	22.2	73.0	54.2	5	10
N/A	N/A	Somalia	N/A	N/A	N/A	5.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Sudan	N/A	N/A	N/A	9.8	85.1	90.3	54.5	49.1	55.8	55.6	15	N/A

Table 7  heritage.org

### SUB-SAHARAN AFRICA: SLOW BUT CONTINUING PROGRESS

Africa's overall level of economic freedom is weaker than that of any other region. However, the 2014 *Index* has identified encouraging developments. No other region has made greater strides in economic freedom than Sub-Saharan Africa over the past two years. With an

average score gain of 0.9 point that reflects a net gain of economic freedom in 20 countries, the Sub-Saharan Africa region is the second most improved region in the 2014 *Index*.

Following Mauritius, which continues to be one of the top 10 freest economies, Botswana remains the region's second freest economy, followed by Cape Verde and Rwanda. Securing its

status as one of the world's "moderately free" economies, Cape Verde, a small island nation, has registered an impressive score gain of more than two points over the past year. Reforms in these countries have supported economic expansion and a gradual reduction in poverty. The positive economic results achieved through advancing economic freedom have created valuable momentum for additional institutional reforms that are needed to ensure long-term economic development. Regrettably, economic freedom in the region's largest economy, South Africa, has declined over the past decade, dimming hopes for a more prosperous and stable future on the African continent's southern tip.

Overall, Africa's competitiveness has improved in specific areas, with many countries ensuring more sustainable fiscal policies, better-managed inflation, and more efficient markets. However, many African countries are low in the rankings: Of the 20 lowest-ranked economies, 13 are from Africa. Looking forward, African economies must continue to develop economic environments that are based on productivity enhancements. This means keeping a clear focus on strengthening the institutional, physical, and human capital prerequisites for a strong and competitive private sector.

## **THE INDEX AT 20: RENEWED COMMITMENT TO ADVANCING FREEDOM**

As documented in this chapter, every region includes positive examples of countries that have chosen freedom and reaped the rewards for their citizens. As shown in the *Index* over the past 20 years, economic freedom is the indispensable link between economic potential and prosperous outcomes. No other system comes close in terms of providing for broad-based economic growth and progress. Those who are looking for solutions rather than excuses will find in this *Index* the economic policies and concrete examples that can promote entrepreneurship and long-term economic growth irrespective of history, resources, or level of development.

A recurring theme of human history has been resilience and revival. As Friedrich A. Hayek

once observed, "If old truths are to retain their hold on men's minds, they must be restated in the language and concepts of successive generations." As we celebrate the 20th edition of the *Index of Economic Freedom*, it is time to renew our commitment to measuring, explaining, and fostering economic freedom with even greater clarity and conviction so that new generations can understand and benefit from its proven principles.