

Preface

In 1995, former U.S. Treasury Secretary William Simon described the *Index of Economic Freedom* as “the most important study The Heritage Foundation has ever published.” As the *Index* celebrates its 20th anniversary in 2014, we have the opportunity to look back and see whether the publication has lived up to its promise, in Simon’s words, to “revolutionize the debate over ... global economic development.”

In a special essay that leads off the book this year, founding editor Kim R. Holmes traces the development of the *Index* over the past two decades, from its birth as the brainchild of a small group of free-market economists inspired by the renowned Milton Friedman through its development into what has been described as “an essential guide to growth for those who want to understand why some countries prosper and others lag behind.”

New *Index* co-editor Anthony B. Kim looks at the issue from a different direction, charting the progress over the 20 years of the *Index*’s history of those countries that have most vigorously pursued principles of economic freedom. His conclusion is not surprising: Countries that have sustained higher levels of economic freedom have achieved levels of prosperity unheard of in the history of humankind.

It is no coincidence that the explosion of economic liberty has coincided with a massive reduction in worldwide poverty, disease, and hunger. The acceptance of the free-market system as the fundamental basis for economic development in almost every country has provided a foundation for economic growth and human progress throughout the world.

A successful life, of course, is not just about economic prosperity. Freedom itself, whether political or economic, physical or spiritual, may be among the highest attainments of civilization. Amartya Sen, a Nobel Prize winner in economics, has written that “[t]he success of a society is to be evaluated ... primarily by the substantive freedoms that the members of that society enjoy.” In the 2014 *Index*, Professor John Tomasi of Brown University expands on this theme, arguing that economic freedom not only produces massive economic and social benefits, but also is the most moral of societal arrangements and a societal good in its own right.

The 20-year database that now supports the analysis in the *Index of Economic Freedom* has proven to be an invaluable tool for policymakers, researchers, and academics. Yet I think that it may be even more important for those who continue the struggle to advance freedom, and especially economic freedom, around the world.

People will not fight for freedom unless they understand it, value it, and believe it is at risk. For champions of freedom, the *Index* provides an objective measure of their country's progress, or lack thereof, in fostering an environment that unleashes the ingenuity and energy of individuals who, through the "invisible hand" of the free market, promote the good of all through the pursuit of their own personally defined goals.

For Americans like me, who have benefitted from the legacy of a society justly called the "land of the free," the 2014 *Index* paints a disturbing picture. The overall world progress in advancing economic freedom is a source of both satisfaction and pride, given the historical record of the United States in promoting and defending freedom. And yet the recent record of the United States in the *Index*—seven consecutive years of declining economic freedom—is a serious cause for alarm. Families, businesses, and community organizations across America, what the 18th century philosopher Edmund Burke dubbed the "little platoons" of society, are being squeezed by the government's assault on our economic freedom. As a result, we have fewer pathways to individual and collective success.

As my predecessor as President of The Heritage Foundation, Ed Feulner, is wont to say, "There are no permanent victories." Indeed, the struggle for freedom is one that must be renewed by every generation. As the *Index of Economic Freedom* reaches its 20th year, it is time for a new generation of Americans, and freedom-loving people around the world, to join in the struggle for economic freedom. As President Ronald Reagan once reminded us:

You and I are told we must choose between a left or right, but I suggest there is no such thing as a left or right. There is only an up or down. Up to man's age-old dream—the maximum of individual freedom consistent with order—or down to the ant heap of totalitarianism.

The *Index of Economic Freedom* provides ample examples of successful policies proven in action. It is up to the people to provide the political will to implement them.

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