



THE AMERICAS

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The countries of the Americas range from the continent-spanning advanced economies of Canada and the United States to the island microstates of the Caribbean. The region is one of the world's most economically diverse. Poor nations of Central America, for example, share culture and history but little else with potential South American economic powerhouses like Brazil or Argentina. Ideological differences are strong as well: The tragic legacy of Cuba's Fidel Castro includes a few states in the region still experimenting with discredited Communist/socialist economic theories that for the most part have lost sway in other regions.

The overall population of the Americas is 965 million, second only to Asia. Among the five regions, the Americas has the second highest population-weighted average per capita income. Across the region, economies have expanded at an average rate of 2.4 percent over the past five years. Regional average rates of unemployment and inflation have been over 8 percent.

The lack—and in some cases erosion—of economic freedom in the Americas reflects

reversals of free-market policies in some countries and a failure in others to commit fully to the pursuit of economic reform. Despite some progress in moving away from the authoritarian cronyism that has held back development in Latin America, the stark common reality across the region is that the foundations of a well-functioning free market remain fragile, with widespread corruption and the weak protection of property rights aggravating systemic shortcomings such as regulatory inefficiency and monetary instability caused by various government-driven market distortions.

Chart 1 shows the distribution of countries in the Americas in terms of economic freedom. The region does not have any economically “free” countries. Three of the 32 countries in the Americas region (Canada, Chile, and the United States) are rated “mostly free.” Most countries in the region fall in the category of “moderately free” and “mostly unfree.” Six countries (Haiti, Ecuador, Suriname, Bolivia, Cuba, and Venezuela) are rated “repressed.”

An examination of the various components of economic freedom evaluated in the *Index* reveals that the countries of the Americas as a whole perform better than the world average in only four of the 12 categories. Scores for tax burden and government spending indicate broad regional acceptance of the principle of limited government, and levels of market openness are consistent with world standards. On the other hand, as shown in Table 1, the rule of law and regulatory efficiency are major problem areas, reflecting long-standing weakness in the protection of property rights, ineffectiveness in the judiciary, and lack of government integrity.

Chart 2, which highlights the vivid positive correlation between high levels of economic freedom and high GDP per capita, reveals a large freedom gap within the Americas. The failed populist policies implemented by such

THE AMERICAS: QUICK FACTS

TOTAL POPULATION: 965.4 million

POPULATION WEIGHTED AVERAGES

GDP PER CAPITA (PPP):	\$28,484
GROWTH:	1.0%
5 YEAR GROWTH:	2.4%
INFLATION:	8.3%
UNEMPLOYMENT:	5.9%
PUBLIC DEBT:	71.0%

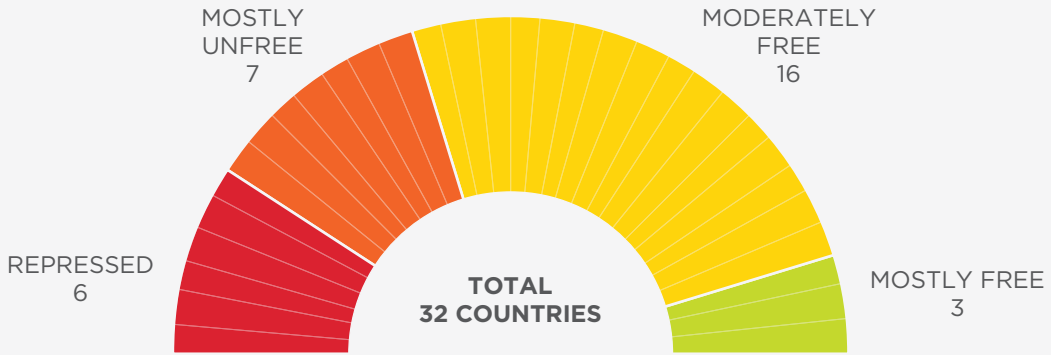
SOURCE: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>.

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AMERICAS



THE AMERICAS: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>.

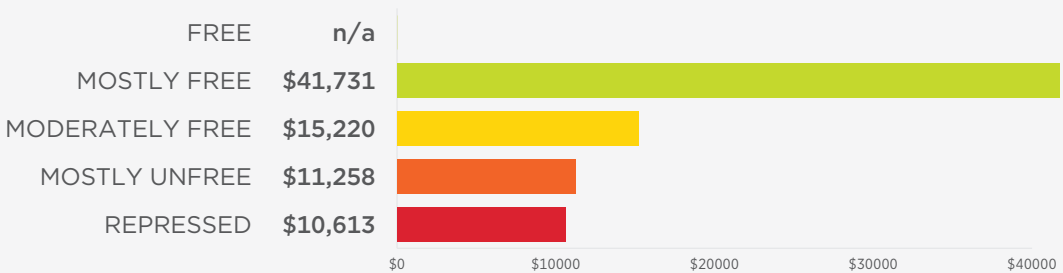
Chart 1 heritage.org

leaders of repressive economies as Venezuela’s Nicolás Maduro and Bolivia’s Evo Morales continue to threaten regional development and stability, trapping millions in poverty while their neighbors in freer countries leap ahead.

As shown in Chart 3, it is also notable that countries with greater degrees of economic freedom tend to achieve the higher levels of social progress that their citizens demand.

For the Americas as a whole, there has been little change in economic freedom over the past year. Sixteen countries in the region posted gains in economic freedom, and 16 recorded declines. Such a starkly divided trend is indicative of a region that is still searching for its true economic identity. It is noteworthy that after a prolonged period of populist domination, the pendulum has swung back to the center-right in a number of the region’s

THE AMERICAS: GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



SOURCES: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>, and International Monetary Fund, *World Economic Outlook Database*, April 2016, <https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx> (accessed December 13, 2016).

Chart 2 heritage.org

THE AMERICAS: COMPONENTS OF ECONOMIC FREEDOM

LOWER THAN WORLD AVERAGE ● | HIGHER THAN WORLD AVERAGE ●

		AVERAGES			
		Region	World		
OVERALL		60.0	60.9		●
RULE OF LAW	Property Rights	48.5	53.0	●	
	Judicial Effectiveness	40.3	45.0	●	
	Government Integrity	39.8	43.0	●	
GOVERNMENT SIZE	Tax Burden	77.3	77.1		●
	Government Spending	68.5	63.4		●
	Fiscal Health	65.4	68.0		●
REGULATORY EFFICIENCY	Business Freedom	64.1	64.6		●
	Labor Freedom	57.5	59.2		●
	Monetary Freedom	74.5	76.4		●
MARKET OPENNESS	Trade Freedom	75.1	75.9		●
	Investment Freedom	60.5	57.2		●
	Financial Freedom	48.4	48.2	●	

SOURCE: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>.

Table 1  heritage.org

countries, including Argentina, Brazil, Chile, and Peru, but the region remains ideologically in flux overall.

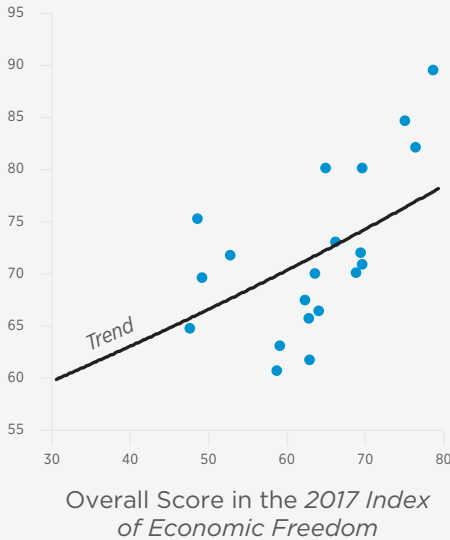
NOTABLE COUNTRIES

- Argentina has implemented a number of significant changes in its economic policies since December 2015. President Mauricio Macri’s administration has swiftly adopted critical reforms such as modernization of the import regime, measures against inflation, and reform of the national statistics system. The 2016 settlement with creditors has allowed Argentina to access international capital markets for the first time in 15 years.
- The Brazilian economy has been in deep recession. Coupled with a political crisis, the sharp contraction of economic growth, exacerbated by falling commodity prices, has helped to undermine the confidence of consumers and investors. Brazil’s fiscal condition has been severely damaged by a combination of high inflation, political paralysis, and widening budget deficits that have increased the burden of public debt.
- Cuba’s bloated government sector continues to account for much of that country’s economic activity, although the government has eased the rules on private employment in an effort to improve efficiency. In the absence of significant future oil subsidies from nearly bankrupt Venezuela,

THE AMERICAS: ECONOMIC FREEDOM AND SOCIAL PROGRESS

Each circle represents a nation in the
Index of Economic Freedom

Social Progress Index Score



SOURCES: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>, and Social Progress Imperative, "2016 Social Progress Index," <http://www.socialprogressimperative.org/global-index/> (accessed December 13, 2016).

Chart 3  heritage.org

Cuba's dysfunctional economy is even more dependent on external assistance such as remittances from Cuban émigrés.

- Peru was one of the year's most positive stories, thanks to a move toward market-based democracy through the election of President Pedro Pablo Kuczynski, a conservative 77-year-old former World Bank economist and investment banker who defeated right-wing populist Keiko Fujimori, daughter of autocratic former President Alberto Fujimori.
- The United States continued its string of discouraging trends in the 2017 *Index*, registering its lowest economic freedom score ever and now not even one of the world's 15 freest economies. The substantial expansion in the size and scope of the U.S. government, increased regulatory and tax burdens in many sectors, and the loss of trust and confidence that has accompanied a growing perception of cronyism have severely undermined America's global competitiveness.

ECONOMIC FREEDOM IN THE AMERICAS

World Rank	Regional Rank	Country	Overall Score	Change from 2016	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
7	1	Canada	78.5	0.5	88.3	80.8	81.6	77.4	52.3	80.3	81.9	73.1	77.8	88.4	80	80
10	2	Chile	76.5	-1.2	68.2	63.7	70.5	77.6	82.2	96.1	72.3	64.3	82.2	86.4	85	70
17	3	United States	75.1	-0.3	81.3	75.1	78.1	65.3	55.9	53.3	84.4	91.0	80.1	87.1	80	70
37	4	Colombia	69.7	-1.1	63.8	25.2	39.6	80.1	74.2	89.8	77.1	77.9	77.0	81.6	80	70
38	5	Uruguay	69.7	0.9	70.2	66.8	70.3	77.5	69.4	77.2	74.8	62.9	71.3	80.6	85	30
41	6	Jamaica	69.5	2.0	58.0	61.5	38.2	81.0	77.5	79.9	78.9	73.7	79.5	75.3	80	50
43	7	Peru	68.9	1.5	58.3	28.2	38.8	80.3	85.1	98.4	69.4	62.8	83.3	87.1	75	60
54	8	Panama	66.3	1.5	61.1	21.5	40.9	85.2	83.1	84.9	74.4	43.0	78.4	77.8	75	70
59	9	Saint Vincent and the Grenadines	65.2	-3.6	37.3	68.8	47.6	72.8	71.7	66.7	80.3	74.5	82.9	65.2	75	40
63	10	Costa Rica	65.0	-2.4	51.6	55.6	55.4	79.4	88.5	42.4	68.1	53.9	80.8	84.7	70	50
62	11	Saint Lucia	65.0	-5.0	65.5	68.8	39.6	76.4	71.6	53.8	77.2	68.7	82.3	71.6	65	40
66	12	El Salvador	64.1	-1.0	45.3	35.4	31.7	79.0	85.9	74.7	57.3	54.5	79.2	86.5	80	60
67	13	Dominica	63.7	-3.3	43.8	67.7	40.9	73.2	67.5	72.6	72.1	59.0	89.5	72.6	75	30
70	14	Mexico	63.6	-1.6	58.1	38.7	30.0	74.9	76.7	66.8	70.7	57.9	78.8	80.0	70	60
74	15	Guatemala	63.0	1.2	45.0	27.8	27.5	79.2	94.8	93.5	58.7	48.2	79.4	87.0	65	50
76	16	Dominican Republic	62.9	1.9	56.1	25.3	30.9	84.6	90.2	90.1	52.8	56.2	76.7	77.0	75	40
80	17	Paraguay	62.4	0.9	38.2	23.3	32.6	96.2	83.0	95.1	62.4	28.5	78.3	76.6	75	60
87	18	Trinidad and Tobago	61.2	-1.7	54.7	48.7	36.8	81.4	57.7	51.8	67.7	71.4	75.9	78.6	60	50
90	19	Bahamas	61.1	-9.8	45.3	48.7	38.2	97.1	83.8	42.3	68.5	71.5	77.0	50.6	50	60
98	20	Nicaragua	59.2	0.6	31.1	15.9	27.4	77.2	80.8	96.1	59.0	55.6	71.2	81.0	65	50
100	21	Honduras	58.8	1.1	45.0	38.2	32.2	83.3	74.7	64.1	56.9	31.2	77.3	78.4	65	60
101	22	Belize	58.6	1.2	43.5	48.7	35.0	81.3	68.6	60.5	62.7	53.6	79.6	70.1	50	50
106	23	Guyana	58.5	3.1	37.7	34.1	33.9	68.0	72.8	80.9	63.2	70.9	79.8	70.7	60	30
130	24	Barbados	54.5	-13.8	55.5	33.0	34.3	74.0	39.0	0.0	69.6	67.7	83.7	62.2	75	60
140	25	Brazil	52.9	-3.6	55.0	49.7	33.4	70.1	53.1	22.8	61.3	52.3	67.0	69.4	50	50
156	26	Argentina	50.4	6.6	32.4	39.6	38.2	62.6	54.6	56.4	57.3	46.1	50.9	66.7	50	50
159	27	Haiti	49.6	-1.7	12.6	25.1	19.1	80.3	81.0	51.8	49.4	62.1	73.8	70.6	40	30
160	28	Ecuador	49.3	0.7	38.7	22.3	33.9	79.1	46.1	56.4	55.4	47.3	67.7	69.7	35	40
167	29	Suriname	48.0	-5.8	45.1	15.4	31.7	70.1	69.6	16.2	48.6	76.1	75.1	68.4	30	30
168	30	Bolivia	47.7	0.3	25.7	15.4	32.6	86.1	49.1	81.4	58.9	35.8	66.4	76.0	5	40
178	31	Cuba	33.9	4.1	32.4	10.0	41.8	51.3	0.0	81.2	20.0	20.0	66.0	64.5	10	10
179	32	Venezuela	27.0	-6.7	6.8	10.3	11.6	72.5	51.5	15.2	39.7	28.5	16.8	60.7	0	10