

CHAPTER 3

REGIONAL DEVELOPMENTS IN ECONOMIC FREEDOM

Average levels of economic freedom vary widely among the five regions of the world. Europeans on average enjoy the highest levels of economic freedom with an average score of 68.8, far higher than the world average of 61.1. The Middle East/North Africa, Asia-Pacific, and Americas regions have average economic freedom scores near the world average at 61.5, 61.0, and 60.1, respectively, while the Sub-Saharan Africa region falls significantly short at only 54.4.

The benefits of economic freedom—greater income, wealth, better health, cleaner environments, and many more—are evident in every region, but there are substantial differences among the regions in terms of level of development and even economic culture that affect the relative importance of the various factors that go into an economic freedom score.

The 12 indicators that make up an economic freedom score are equally weighted in determining the rankings. For individual countries looking to improve their scores, however, a focus on the indicators in which they perform most poorly provides the greatest opportunity for major increases in economic freedom. A country that lags in fiscal health, for example, might want to prioritize reductions in fiscal deficits and debt. A country that lags in the rule of law could concentrate on addressing corruption, judicial effectiveness, and the protection

of property rights. Such focus can bring significant immediate gains in economic freedom and corresponding improvements in economic growth and prosperity.

While there is diversity within every region, certain patterns have emerged that point to the relative importance of various factors in holding back or promoting economic freedom in each region. The countries of the Americas, for example, lag significantly in the rule of law and regulatory efficiency. Particularly for most of the Latin American countries in the region, a culture of corruption holds back foreign investment and job growth. And the typically poor quality of the regulatory environment stifles entrepreneurship. These, then, are the most important areas for reform in a typical country in the Americas.

In the Asia-Pacific region, it is market openness and particularly investment freedom and financial freedom that fall far below world standards on average. Action by populous countries like China and India to relax restrictions on foreign investment and open their banking systems to competition from around the world would improve the livelihoods of hundreds of millions of people. High-performing Asian economies like those of Hong Kong, Singapore, New Zealand, and Australia have shown the way.

It is in the area of government size that the European countries tend to lose points in their

economic freedom scores. Burdensome levels of tax and extraordinarily high levels of government spending have led to unsustainable fiscal balances in many countries and have crowded out more productive private-sector activities.

The Middle East/North Africa region falls far behind others in fiscal health, with levels of government spending, particularly on consumer subsidies and income redistribution, far outpacing tax receipts in many countries. Problems related to the rule of law are notable throughout the region, as is a serious lack of investment freedom in many countries.

Sub-Saharan African countries trail world averages in almost every category of economic freedom. Particularly notable are the serious deficits in the property rights, judicial effectiveness, and government integrity scores, which are both cause and effect of the high levels of political instability and conflict throughout the region.

The following pages provide a summary snapshot of economic freedom in the various regions while highlighting significant developments in a few notable countries. A full description of the status of economic freedom in every country may be found in Chapter 4.

THE 12 ECONOMIC FREEDOMS: A GLOBAL LOOK

Rule of Law

A number of governments made progress in enhancing judicial effectiveness by increasing institutional independence and accountability. Global scores for property rights and government integrity registered little, if any, change. The low average scores for these indicators reflect a poor overall level of protection for private property as well as the systemic corruption of government institutions by such practices as bribery, cronyism, and graft.

Government Size

The average top individual income tax rate for all countries in the world is about 28.5 percent, and the average top corporate tax rate is 24.1 percent. The average overall tax burden as a percentage of GDP corresponds to approximately 23.6 percent. The average level of government spending as a percentage of GDP is equal to 32.9 percent. The average level of gross public debt for countries covered in the *Index* is equivalent to about 55.6 percent of GDP.

Regulatory Efficiency

Many economies have continued to streamline and modernize their business frameworks, although the overall pace of reform in developed countries has generally lagged behind the pace in developing countries. For the world as a whole, a movement toward higher minimum wages continues with a risk of increasing poverty and dependence on government. Monetary freedom is stable, reflecting subdued inflationary pressures worldwide.

Open Markets

Global trade freedom is stuck in neutral with its score virtually unchanged from last year. Investment freedom advanced in the 2018 *Index*, but progress was uneven, and investment policy measures in many countries remain geared toward sectoral investment promotion rather than general market openness. Despite some progress in stability, financial institutions in many countries continue to face uncertain regulatory environments.



THE AMERICAS

THE AMERICAS

The 32 countries of the Americas region scored in the 2018 *Index* range from the advanced economies of Canada and the United States to the Caribbean’s tiny island states and the huge emerging markets of Latin America. The region accounts for more than one-quarter of the globe’s landmass and is one of its most economically diverse regions. Poor nations in Central America, for example, share Iberian-rooted culture and history but little else with potential economic powerhouses like Mexico, Brazil, or Argentina. Ideological differences are strong as well: The toxic legacy of Cuba’s late dictator Fidel Castro continues to blight a handful of nations in the region that cling stubbornly to long-discredited Communist–Socialist economic theories that for the most part have lost sway elsewhere.

The total population of the Americas is just under 1 billion. Among the five global regions in the *Index*, the Americas has the second highest population-weighted average per capita income (\$30,289). Within the region, economies have expanded at an average rate of 1.7 percent

over the past five years. The regional average rate of unemployment is 6.9 percent, and the regional average rate of inflation is 14.4 percent. The region has the highest average level of public debt at 73.9 percent of GDP.

With a few notable exceptions, stagnant or sometimes even eroding scores on economic freedom in the Americas reflect a failure by many countries to commit fully to the pursuit of economic and structural reforms. Some countries have reversed free-market policies.

Although there has been uneven progress in surmounting the region’s historical tendency to revert to 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 shallow, 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 according to their 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 of the other countries in the region fall into the category of “moderately free” or “mostly unfree.” Five countries (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 on only four of the 12 *Index* indicators. Scores for tax burden and government spending illustrate a broad acceptance in the region 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

THE AMERICAS: QUICK FACTS

TOTAL POPULATION: 984.2 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$30,289

1-YEAR GROWTH: 0%

5-YEAR GROWTH: 1.7%

INFLATION: 14.4%

UNEMPLOYMENT RATE: 6.9%

PUBLIC DEBT: 73.9% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

 heritage.org

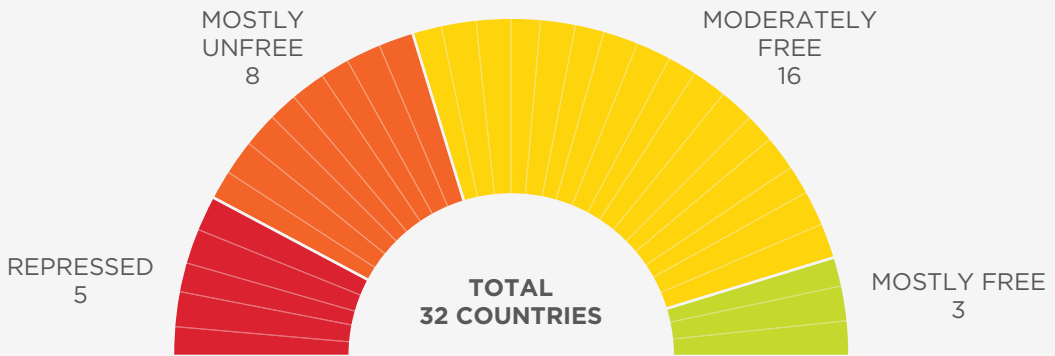
AMERICAS



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.



THE AMERICAS: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

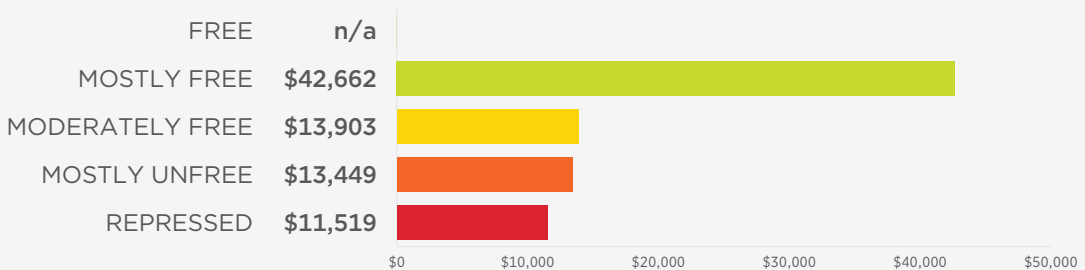
Chart 1 heritage.org

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 leaders of repressive economies such 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 forge ahead.

THE AMERICAS: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY

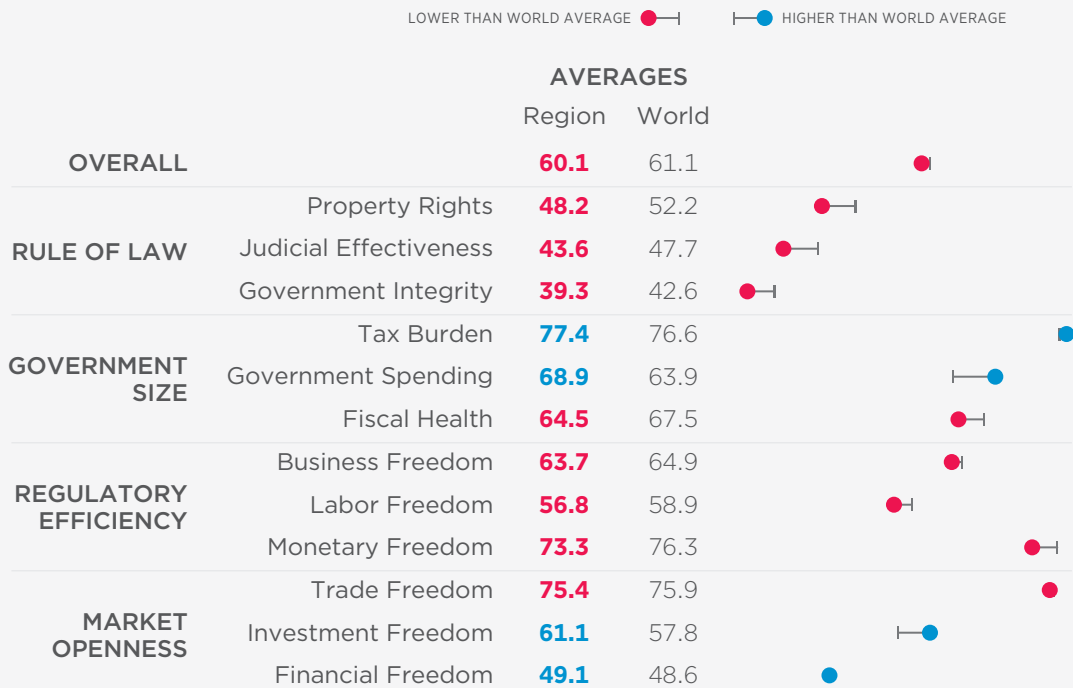


NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2016. Due to data incompatibility, Cuba has been excluded.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and International Monetary Fund, World Economic Outlook Database, April 2017, <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx> (accessed November 29, 2017).

Chart 2 heritage.org

THE AMERICAS: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

Table 1  heritage.org

As shown in Chart 3, it is very significant 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. Fifteen countries in the region posted gains in economic freedom, but the other 17 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 in recent years, after a prolonged period of populist domination, the pendulum has swung back to the center-right in a number of the region's most important countries, including Argentina, Brazil, and Peru, but the region remains ideologically in flux overall.

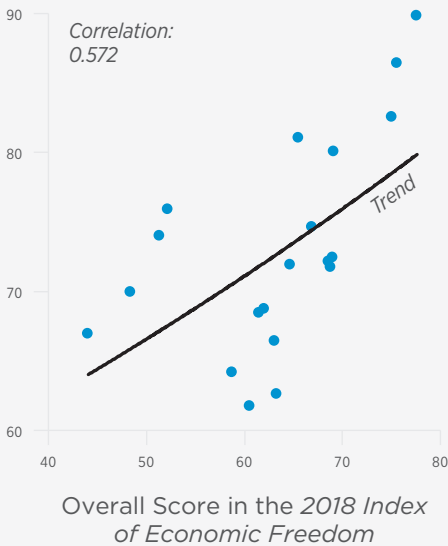
NOTABLE COUNTRIES

- For the second year in a row, **Argentina** is a regional standout in the 2018 *Index* because of its improving economic freedom. The country continues to reap the benefits of significant reforms, implemented since President Mauricio Macri took office at the end of 2015, to improve the regulatory framework, spur business creation, and increase competitiveness. The liberalization measures have included lifting capital controls, floating the peso, removing export controls on some agricultural commodities, cutting some energy subsidies, reforming the official statistics agency, and securing a final exit from the country's 2001 sovereign debt default.

THE AMERICAS: ECONOMIC FREEDOM AND SOCIAL PROGRESS

Each circle represents a nation in the *Index of Economic Freedom*

Social Progress Index Score



NOTE: Based on the 20 countries in the Americas that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and Social Progress Imperative, *2017 Social Progress Index*, <http://www.socialprogressimperative.org> (accessed November 6, 2017).

Chart 3 heritage.org

Macri has also reintegrated Argentina internationally, but his reformist agenda at home faces roadblocks from the opposition-controlled Congress.

- Although the *Index* ranking of the **United States** dropped because of comparatively better scores in other countries, the increase in the overall U.S. score in 2018 would seem to indicate that the decade-long decline in America's economic freedom may have been halted.

There are signs of renewed economic growth, and major regulatory and tax reforms are encouraging business confidence and investment.

- As reflected by its relatively static performance in the 2018 *Index*, **Peru's** efforts to strengthen market-based democracy were thwarted at times by the opposition-dominated legislature that stymied implementation of President Pedro Pablo Kuczynski's reformist agenda aimed at maintaining the country's business-friendly policy framework and adopting additional structural reforms to sustain its economic competitiveness. Peru has entered into numerous free-trade agreements and has benefitted from significant foreign investment in mining and manufacturing that has reduced poverty rates.
- **Brazil** is still climbing out of a deep recession and struggling with the fallout from major political corruption scandals. Heavy and unsustainable growth of government spending helped to push public debt to 78 percent of GDP at the end of 2016, up from 50 percent in 2012, and was the chief reason for Brazil's significant decline in the 2018 *Index*. The top priority of President Michel Temer, a market-oriented centrist, needs to be the consolidation of public finances.
- **Colombia's** economic freedom declined in the 2018 *Index*, pulled down by a lower score for fiscal health that reflects reduced government revenue caused by lower oil prices. President Juan Manuel Santos's controversial disarmament agreement with the narco-funded Revolutionary Armed Forces of Colombia (FARC) obligates the government to even higher spending levels and will be a contentious issue in the May 2018 presidential election. Deeper institutional reforms are needed to strengthen the rule of law and reduce corruption in Colombia.

ECONOMIC FREEDOM IN THE AMERICAS

World Rank	Regional Rank	Country	Overall Score	Change from 2017	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
9	1	Canada	77.7	-0.8	87.5	77.1	78.3	76.7	52.3	81.2	81.8	71.3	77.5	88.1	80	80
18	2	United States	75.7	0.6	79.3	76.9	71.9	65.1	56.5	54.8	82.7	91.4	78.6	86.7	85	80
20	3	Chile	75.2	-1.3	67.9	63.4	61.2	78.0	81.3	91.7	72.4	60.4	82.4	88.7	85	70
38	4	Uruguay	69.2	-0.5	69.3	67.0	71.6	78.0	68.6	71.1	74.4	64.4	70.7	80.4	85	30
40	5	Jamaica	69.1	-0.4	60.9	56.6	39.4	80.0	77.2	79.5	78.7	74.5	82.0	70.8	80	50
42	6	Colombia	68.9	-0.8	60.7	36.4	33.4	80.3	74.4	82.2	78.6	75.2	73.9	81.6	80	70
43	7	Peru	68.7	-0.2	56.9	33.5	36.6	80.6	85.6	94.7	69.2	62.4	83.1	87.1	75	60
49	8	Saint Vincent and the Grenadines	67.7	2.5	36.7	69.2	51.5	72.7	72.7	83.4	80.0	75.0	85.4	75.7	70	40
51	9	Saint Lucia	67.6	2.6	67.9	69.2	50.9	75.5	72.4	67.7	76.6	69.5	81.7	74.3	65	40
54	10	Panama	67.0	0.7	60.9	29.4	38.8	85.0	84.1	86.1	74.4	43.5	79.5	77.8	75	70
57	11	Costa Rica	65.6	0.6	54.8	57.8	51.8	79.3	88.9	46.8	68.3	50.3	85.0	84.7	70	50
63	12	Mexico	64.8	1.2	58.6	39.0	26.9	75.7	78.1	69.8	67.5	59.8	79.2	88.0	75	60
66	13	Dominica	64.5	0.8	48.6	69.2	49.9	72.9	64.8	85.2	71.7	57.7	86.6	62.6	75	30
73	14	Guatemala	63.4	0.4	40.4	33.1	27.3	79.2	95.3	95.3	57.3	48.3	77.6	87.2	70	50
74	15	Bahamas	63.3	2.2	46.5	53.5	50.9	96.5	82.9	59.0	68.3	64.6	79.2	52.7	45	60
75	16	El Salvador	63.2	-0.9	37.3	35.4	25.2	78.9	86.3	78.5	58.2	52.9	79.8	86.4	80	60
82	17	Paraguay	62.1	-0.3	38.3	28.2	28.3	96.1	82.2	97.1	62.2	29.9	72.4	76.1	75	60
89	18	Dominican Republic	61.6	-1.3	51.7	23.1	26.2	84.6	90.6	90.5	53.2	54.3	77.1	72.4	75	40
94	19	Honduras	60.6	1.8	44.3	34.5	28.2	82.8	76.6	87.4	58.5	31.9	73.8	84.4	65	60
100	20	Nicaragua	58.9	-0.3	29.8	19.0	24.2	77.2	80.0	94.8	60.2	57.3	73.0	81.0	60	50
102	21	Guyana	58.7	0.2	42.1	42.5	34.8	68.4	70.8	73.8	60.3	70.5	79.3	71.5	60	30
112	22	Trinidad and Tobago	57.7	-3.5	54.9	49.8	33.1	83.5	54.4	12.6	68.3	74.5	77.4	73.5	60	50
116	23	Belize	57.1	-1.5	42.1	53.5	34.7	80.0	65.5	50.0	62.9	48.7	78.3	64.9	55	50
117	24	Barbados	57.0	2.5	51.4	54.4	53.8	74.0	39.3	0.0	70.5	63.2	85.0	62.2	70	60
124	25	Haiti	55.8	6.2	25.1	42.5	24.6	80.1	85.6	83.6	48.3	64.1	68.9	71.9	45	30
144	26	Argentina	52.3	1.9	40.8	44.5	32.6	65.7	55.6	52.6	56.2	43.3	51.3	70.3	55	60
153	27	Brazil	51.4	-1.5	55.8	55.5	31.4	70.6	50.7	7.7	58.6	46.8	71.4	68.5	50	50
165	28	Ecuador	48.5	-0.8	36.7	23.3	30.2	79.4	52.5	47.0	55.6	43.7	70.1	68.8	35	40
166	29	Suriname	48.1	0.1	39.7	21.4	39.9	71.4	76.4	11.7	48.3	73.5	50.5	74.8	40	30
173	30	Bolivia	44.1	-3.6	19.0	11.4	23.1	85.7	46.5	46.8	59.2	49.2	67.5	75.5	5	40
178	31	Cuba	31.9	-2.0	29.7	10.0	38.1	49.0	0.0	64.4	20.0	20.0	66.4	64.7	10	10
179	32	Venezuela	25.2	-1.8	5.2	13.8	7.5	72.5	57.3	18.4	35.4	24.2	0.0	58.7	0	10

- **Cuba's** plunging fiscal health score dragged it even lower in the 2018 *Index*, reflecting the economic inefficiency of the state's almost total control of the economy. Although the nearly bankrupt government of one of the world's last Communist dictatorships has eased rules on private employment very slightly in an effort to spur growth, development of a job-creating private sector is unlikely. Much of the labor force continues to perform low-productivity functions in the bloated and inefficient public sector. The formerly substantial subsidies that flowed to the island from now nearly bankrupt Venezuela have dried up, making Cuba's dysfunctional economy even more dependent on emigrants' remittances and tourism-generated foreign currency in order for the Castro dynasty to maintain its grip on power.
- The late Hugo Chávez's hand-picked successor, President Nicolás Maduro, completed the destruction of **Venezuela's** democratic institutions begun by Chávez and established a de facto authoritarian dictatorship in 2017. It is therefore not surprising that Venezuela ranks near the bottom of the 2018 *Index*. Venezuela's economy has been stifled for years by blatant disregard for both the rule of law and the principle of limited government. The government has badly mismanaged state-owned oil company PDVSA. Corruption is pervasive amid spiraling rates of violent crime. With the economy verging on collapse and the government clinging tenaciously to power, much-needed reforms will not be addressed by a regime that has proved unwilling or technically unable to move Venezuela back from the brink of bankruptcy and debt default. Multinational firms have left the country.



ASIA-PACIFIC

ASIA-PACIFIC

The Asia-Pacific region covers the largest land area on the globe, stretching from Japan, Southeast Asia, and New Zealand in the East to Mongolia in the North and all the way to Azerbaijan and the Caspian Basin in the West. With more than 4 billion inhabitants, the region contains over half of the world's population: Of the total regional population, China alone accounts for a little more than one-third, and India accounts for nearly another third.

At the forefront of the worldwide economic recovery, the region has achieved an average annual economic growth rate of about 6.3 percent over the past five years, driven largely by China, India, and other trade-oriented economies. The region also has one of the lowest average unemployment rates (4.2 percent) and the second-lowest average inflation rate (3.4 percent).

The Asia-Pacific is unique among the five global *Index* regions in the extraordinary disparity of its countries' levels of economic freedom. The contrast between the overall scores of North Korea and South Korea, for example,

illustrates the benefits of economic freedom versus its absence as vividly as does the famous nighttime photograph from space of those two countries' electrification levels.

Chart 1 shows the distribution within the *Index* of economic freedom in the Asia-Pacific countries. Four of the world's six truly "free" economies (Hong Kong, Singapore, New Zealand, and Australia) call the region home. Another five of the region's 43 economies (Taiwan, Malaysia, South Korea, Japan, and Macau) are rated "mostly free." The majority of the other countries remain "mostly unfree." Three countries (Timor-Leste, Turkmenistan, and North Korea) have economies that are considered "repressed." North Korea continues to reject any form of free-market activity and remains the least free economy not only in the region, but in the entire world.

Although the region's overall economic freedom score of 61.0 is just below the world average in the 2018 *Index*, the Asia-Pacific scored higher this year than the world averages in seven of the 12 economic freedom indicators: property rights, government integrity, tax burden, government spending, fiscal health, business freedom, and labor freedom. (See Table 1.) Thus, many of the Asia-Pacific countries are performing well in controlling the size of government, maintaining the rule of law, and regulating economic activity efficiently.

For the region as a whole, the fiscal health score is more than five points better than the world average. The region's labor freedom score also beats the world average by about five points, although many small Pacific island economies still lack fully developed formal labor markets. In other critical areas of economic freedom such as judicial effectiveness, monetary freedom, trade freedom, investment freedom, and financial freedom, the Asia-Pacific region as a whole lags behind world averages.

As shown in Chart 2, the nine freest Asia-Pacific countries far outpace other countries

ASIA-PACIFIC: QUICK FACTS

TOTAL POPULATION: 4.13 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$12,332

1-YEAR GROWTH: 6.0%

5-YEAR GROWTH: 6.3%

INFLATION: 3.4%

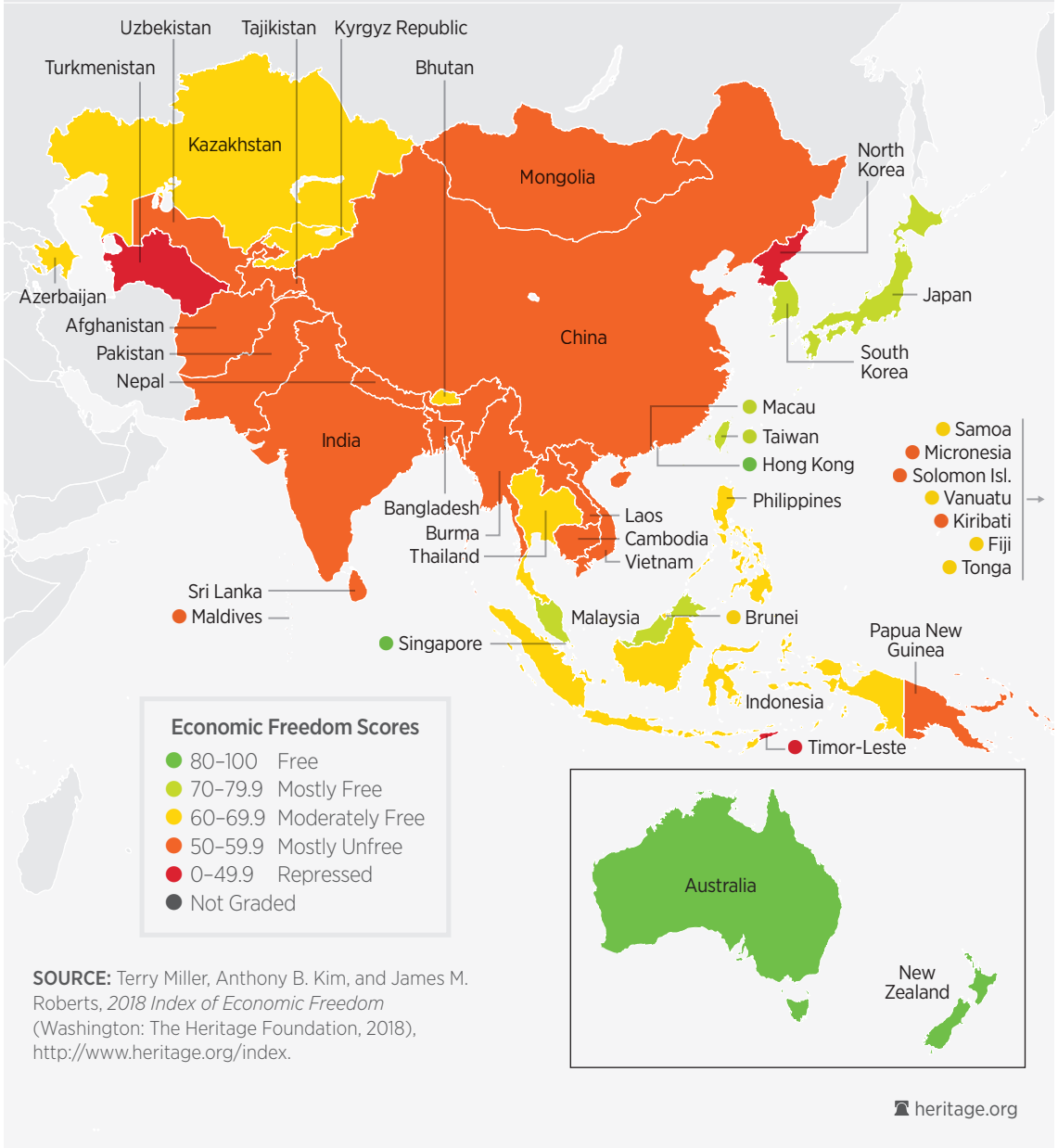
UNEMPLOYMENT RATE: 4.2%

PUBLIC DEBT: 57.9% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

 heritage.org

ASIA-PACIFIC

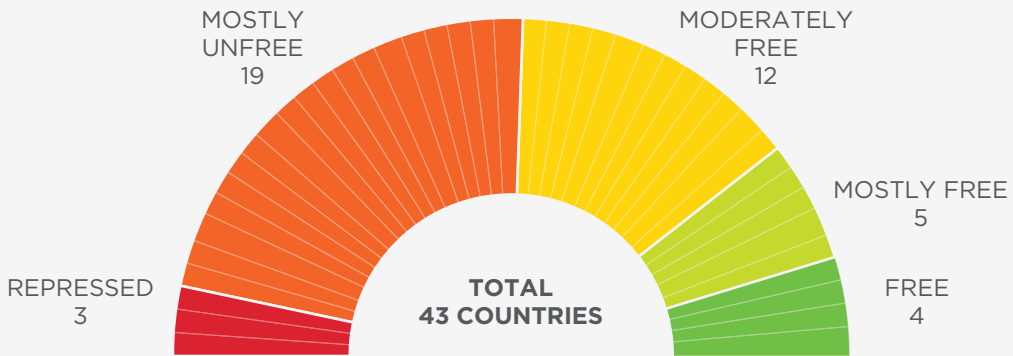


in the region in per capita income. However, it is among the region's less free countries (notably China and India, both "mostly unfree" and ranked only 110th and 130th, respectively) that we find some of the region's highest growth rates. In part, this is simply the result of the much lower base from which economic growth is measured in the less developed

countries. On the other hand, one of the most interesting findings of the *Index* year after year (and again in 2018) is that economic growth is more highly correlated with a dynamic trend of improvements in economic freedom than it is with the actual level of economic freedom.

In this context, it should be noted that economic freedom scores in both China and India

ASIA-PACIFIC: ECONOMIC FREEDOM SUMMARY



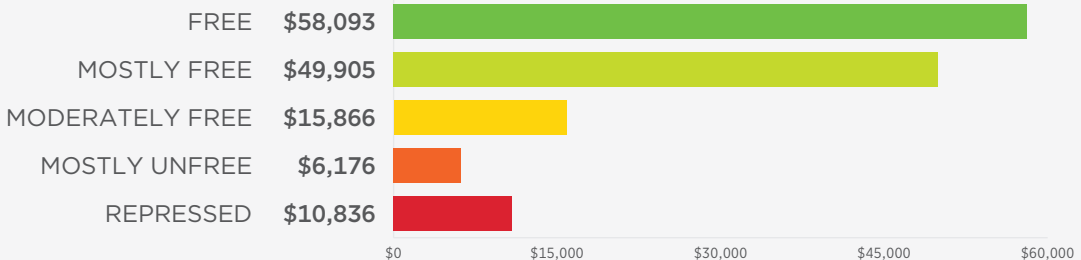
SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

Chart 1 heritage.org

have improved by over five points over the life of the *Index*. Nevertheless, the foundations of economic freedom continue to be shaky in both countries, with reforms often stymied by those who have a political interest in maintaining the status quo, and there is considerable room for improvement.

In the 2018 *Index*, the scores of 31 countries in the Asia-Pacific region have improved, and those of 12 have declined. As shown in Chart 3, around the region, countries with higher economic freedom tend to maintain cleaner environments and greater protection of ecosystem vitality.

ASIA-PACIFIC: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY

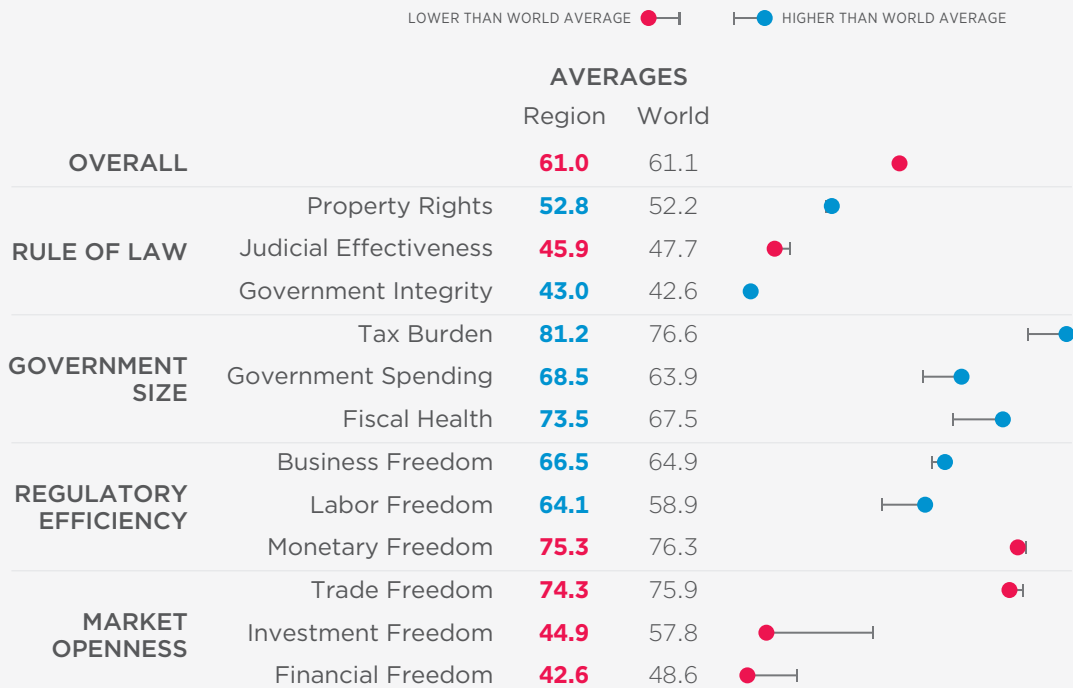


NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2016. Due to data incompatibility, North Korea has been excluded.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and International Monetary Fund, World Economic Outlook Database, April 2017, <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx> (accessed November 29, 2017).

Chart 2 heritage.org

ASIA-PACIFIC: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

Table 1  heritage.org

NOTABLE COUNTRIES

- A dramatic reduction in the deficit helped to improve **Japan's** economic freedom in 2018. The country benefits significantly from political stability and well-maintained rule of law. To jump-start the still-stagnant economy, the newly reelected government plans to pursue further structural reforms and trade liberalization. However, it will need to resist the temptation to double down on its “Abenomics” revitalization agenda that is aimed at quick fixes to reflate the economy through additional monetary easing and a looser fiscal policy, both of which would be damaging to economic freedom.
- **India's** economic freedom score increased significantly in 2018, propelling the country along the path to becoming an open-market economy. Yet traces of its past autarkic policies linger. Economic liberalization measures, including industrial deregulation, greater transparency by and privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and continue to accelerate the country's growth. However, corruption, underdeveloped infrastructure, a restrictive and burdensome regulatory environment in other economic sectors, and poor financial and budget management continue to undermine overall development.

ASIA-PACIFIC: ECONOMIC FREEDOM AND THE ENVIRONMENT

Category in the 2018
Index of Economic
Freedom

Environmental Performance Index Score



NOTE: Based on the 39 countries in Asia-Pacific that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and Yale University, "2016 Environmental Performance Index," <http://epi.yale.edu/reports/2016-report> (accessed November 28, 2017).

Chart 3  heritage.org

- Capitalizing on its gradual integration into the global trade and investment system, **Vietnam** is transforming itself into a more market-oriented economy and has improved its score in the 2018 *Index*. Reforms have included partial privatization of state-owned enterprises, liberalization of the trade regime, and increasing recognition of private property rights. The economy has registered annual growth rates averaging about 6 percent over the past five years. Remaining challenges include the need to reform state-owned-enterprises, reduce red tape, increase business-sector transparency, reduce the level of nonperforming loans in the banking sector, increase financial-sector transparency, liberalize the trade regime, and increase recognition of private property rights.
- Burma's** score also improved in 2018, reflecting the significant economic changes occurring as the country slowly transitions from military dictatorship. Economic sanctions have been eased or lifted, and the government has launched reforms to modernize the economic system and improve the investment climate. A new banking and finance law that lays the foundations for more efficient licensing of financial institutions has been ratified. Nevertheless, it will take many years for Burma to recover from the damage done by the isolationist policies and economic mismanagement of previous governments that left it with poor infrastructure, endemic corruption, underdeveloped human resources, and inadequate access to capital.
- Although its economy remains "mostly unfree" in the 2018 *Index*, **China** continues to benefit from its integration into the global economy. There has been little momentum for reform, however, and state-owned enterprises still dominate the financial sector and many basic industries. With a new guiding ideology of "Socialism with Chinese Characteristics," the leadership appears to be stepping back from further liberalization, increasing the likelihood of less openness to imports and investment, new bureaucratic hurdles, potentially weaker rule of law, and strengthened resistance from vested interests in the state sector that already impede more robust economic development.

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Change from 2017	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
1	1	Hong Kong	90.2	0.4	92.5	84.3	82.8	93.1	90.2	100	96.3	89.4	84.3	90.0	90	90
2	2	Singapore	88.8	0.2	98.4	90.9	91.2	90.4	90.6	80.0	90.9	92.6	85.2	90.0	85	80
3	3	New Zealand	84.2	0.5	95.1	88.4	95.7	70.5	49.5	98.3	91.5	84.4	90.0	87.4	80	80
5	4	Australia	80.9	-0.1	78.7	93.4	77.4	63.0	61.2	84.3	89.1	79.7	87.4	86.2	80	90
13	5	Taiwan	76.6	0.1	84.3	69.2	70.9	76.1	90.4	90.8	93.2	54.9	83.3	86.2	60	60
22	6	Malaysia	74.5	0.7	83.8	65.2	54.8	85.6	81.3	80.7	83.9	75.8	85.6	87.4	60	50
27	7	South Korea	73.8	-0.5	79.4	63.7	49.9	73.3	68.8	97.0	90.7	58.7	83.9	80.4	70	70
30	8	Japan	72.3	2.7	86.0	73.2	79.2	67.4	54.1	49.3	81.7	79.2	85.4	82.3	70	60
34	9	Macau	70.9	0.2	60.0	60.0	36.4	75.3	91.0	100	60.0	50.0	73.6	90.0	85	70
36	10	Vanuatu	69.5	2.1	67.9	47.1	75.4	97.0	78.5	98.0	55.2	59.5	75.7	75.0	65	40
41	11	Kazakhstan	69.1	0.1	56.0	58.1	44.6	92.6	85.3	87.3	74.3	86.8	68.2	75.6	50	50
53	12	Thailand	67.1	0.9	48.6	45.3	34.7	81.3	85.5	96.4	77.2	62.6	75.5	83.1	55	60
61	13	Philippines	65.0	-0.6	45.0	38.2	34.4	78.9	89.3	97.7	62.6	57.6	76.3	80.7	60	60
67	14	Azerbaijan	64.3	0.7	53.6	36.8	39.9	87.5	59.4	95.5	72.3	71.9	65.6	74.6	55	60
69	15	Indonesia	64.2	2.3	49.3	45.2	42.8	83.7	90.7	89.4	57.3	50.3	81.6	80.5	40	60
70	16	Brunei Darussalam	64.2	-5.6	56.6	57.1	45.4	85.6	57.7	20.0	79.9	88.9	75.1	89.1	65	50
76	17	Tonga	63.1	0.1	62.1	25.4	40.5	85.4	68.7	95.9	75.5	86.4	78.3	78.6	40	20
78	18	Kyrgyz Republic	62.8	1.7	50.2	22.1	29.4	93.8	58.2	89.2	73.3	77.9	74.9	74.5	60	50
84	19	Fiji	62.0	-1.4	68.3	47.1	34.8	81.4	68.2	63.0	62.8	70.8	74.1	68.8	55	50
87	20	Bhutan	61.8	3.4	60.9	51.6	50.9	83.0	72.2	80.0	72.5	75.7	70.5	74.4	20	30
90	21	Samoa	61.5	3.1	53.1	38.8	40.1	79.9	55.1	78.1	77.0	76.5	84.8	70.2	55	30
101	22	Cambodia	58.7	-0.8	36.0	24.5	17.7	89.8	86.5	92.1	30.6	57.7	79.7	80.3	60	50
106	23	Tajikistan	58.3	0.1	46.8	50.3	38.2	91.8	71.4	90.4	63.4	52.2	69.6	70.6	25	30
110	24	China	57.8	0.4	46.7	65.4	47.3	70.4	71.6	85.9	54.9	61.4	71.4	73.2	25	20
111	25	Sri Lanka	57.8	0.4	46.5	52.0	30.7	84.9	89.3	24.9	76.2	60.1	74.0	74.5	40	40
114	26	Solomon Islands	57.5	2.5	49.4	57.3	36.8	65.5	35.6	99.8	68.9	72.4	84.0	74.7	15	30
125	27	Mongolia	55.7	0.9	51.0	30.9	34.8	88.4	57.1	3.8	67.0	75.6	79.1	75.9	45	60
127	28	Papua New Guinea	55.7	4.8	38.0	55.1	33.1	71.1	82.0	51.9	60.6	66.7	68.8	85.9	25	30
128	29	Bangladesh	55.1	0.1	32.4	32.6	21.2	72.7	94.2	78.9	52.1	66.4	69.0	61.2	50	30
130	30	India	54.5	1.9	55.4	54.3	47.2	79.4	77.7	13.2	56.4	41.8	75.9	72.4	40	40
131	31	Pakistan	54.4	1.6	36.0	34.0	27.3	78.5	88.2	54.0	55.3	40.6	77.7	65.9	55	40
133	32	Nepal	54.1	-1.0	37.5	36.2	24.6	84.2	87.6	98.5	64.6	43.5	65.8	66.6	10	30
135	33	Burma	53.9	1.4	32.5	17.6	28.2	86.3	84.7	89.2	54.2	65.9	67.6	70.9	30	20
138	34	Laos	53.6	-0.4	34.1	41.4	33.1	86.7	79.3	60.2	65.4	55.0	76.0	56.6	35	20
141	35	Vietnam	53.1	0.7	46.4	36.3	30.4	79.7	74.0	27.3	63.2	60.4	75.4	78.7	25	40
143	36	Micronesia	52.3	-1.8	5.2	25.4	38.8	93.2	7.4	98.7	57.6	67.4	83.8	85.6	35	30
152	37	Uzbekistan	51.5	-0.8	48.7	35.3	24.2	91.0	65.5	99.7	66.9	52.0	61.9	62.5	0	10
154	38	Afghanistan	51.3	2.4	17.9	28.2	26.2	91.8	79.3	98.3	53.0	57.3	77.8	66.0	10	10

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Change from 2017	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
155	39	Maldives	51.1	0.8	45.0	38.8	36.6	94.3	45.5	6.7	78.6	70.6	83.3	48.4	35	30
159	40	Kiribati	50.8	-0.1	45.0	35.3	37.9	72.4	0.0	98.5	53.1	71.6	82.0	58.2	25	30
167	41	Timor-Leste	48.1	1.8	29.9	13.8	32.0	97.4	30.9	20.0	66.9	62.7	78.4	80.0	45	20
169	42	Turkmenistan	47.1	-0.3	29.8	5.0	27.3	95.9	92.2	98.6	30.0	20.0	76.3	80.0	0	10
180	43	North Korea	5.8	0.9	29.8	5.0	25.2	0.0	0.0	0.0	5.0	5.0	0.0	0.0	0	0

- The Philippines'** economic freedom score declined in the 2018 *Index*. Previous governments pursued reforms to enhance the investment climate and develop a stronger private sector. The resulting strong growth of the Philippine economy has allowed the current government to prioritize domestic law-and-order issues over economic policy concerns, and an absence of entrepreneurial spirit continues to thwart development. Corruption and cronyism are pervasive, and deeper institutional reforms are needed to improve business freedom, investment freedom, and the rule of law. The president's strong-arm tactics have reinforced a culture of impunity.
- Brunei** made the poorest regional showing in the 2018 *Index*, with an overall score drop of 5.6 points precipitated by a staggering 80-point drop in its fiscal health score. Most of the population works directly for the government. The country's economy is struggling to emerge from a long recession, exacerbated by low oil and gas prices upon which the government has depended for 90 percent of its revenue. Government spending annually consumes more than one-third of GDP, but that level of spending will not be sustainable if oil prices remain low in the long-term.



EUROPE

The European continent stretches from Iceland in the North Atlantic to Ireland and the Normandy beaches, then far along the Arctic Circle to the Ural Mountains of Russia and south to the Black Sea and the Mediterranean. It was from its soil that the idea of free markets and individual freedom first sprouted, but it was also in Europe that the collectivist philosophies of Socialism and Communism were developed and took root. Ultimately, the Communist systems of Eastern Europe collapsed, having proved incapable of generating living standards for their citizens that even remotely approximated those of Western European democratic capitalist countries. The Communist and Socialist philosophy, of course, lives on, having spread to parts of Asia, Africa, and Latin America, and the struggle continues to this day both in those regions and within countries almost everywhere.

Although the authoritarian political impulse is manifesting itself anew in Europe, the economic rivalries of the Cold War have been eclipsed to a great extent by a new,

technology-driven globalization and submerged throughout much of the continent under the evolving umbrella of the European Union. One thing is clear, however: Today, many of the large economies in Europe that were built on a quasi-market welfare state model are looking for ways to improve their competitiveness, and small fast-growing European countries such as Ireland and Estonia are showing them the path to economic freedom.

The European region encompasses nations as diverse as Russia, Ukraine, Switzerland, Iceland, and Greece. The population-weighted average GDP per capita for the region stands at \$33,291, with inflation (3.0 percent) generally under control. However, the European continent has long been plagued by high unemployment rates (8.5 percent) and by a high level of public debt (65.4 percent of GDP, on average).

Chart 1 shows the distribution of countries in Europe within the five categories of economic freedom. Two of the world's six truly "free" economies (Switzerland and Ireland) are in this region.

It is notable that 18 of the world's 34 freest countries (overall scores above 70) are in Europe, which is the only one of the five global regions in the *Index* to have a distribution of economies that is skewed toward relatively higher levels of economic freedom. Most countries in the region fall into the category of "mostly free" or "moderately free."

Five countries (Moldova, Russia, Belarus, Greece, and Ukraine) have economies that are rated "mostly unfree." Ukraine, which continues to experience political and security turmoil, remains the region's least economically free economy.

Relatively extensive and long-established free-market institutions in a number of countries allow the region to score far above the world average in most measures of economic freedom. (See Table 1.) Europe is at least 10 points ahead in judicial effectiveness,

EUROPE: QUICK FACTS

TOTAL POPULATION: 826.7 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$33,291

1-YEAR GROWTH: 1.1%

5-YEAR GROWTH: 1.3%

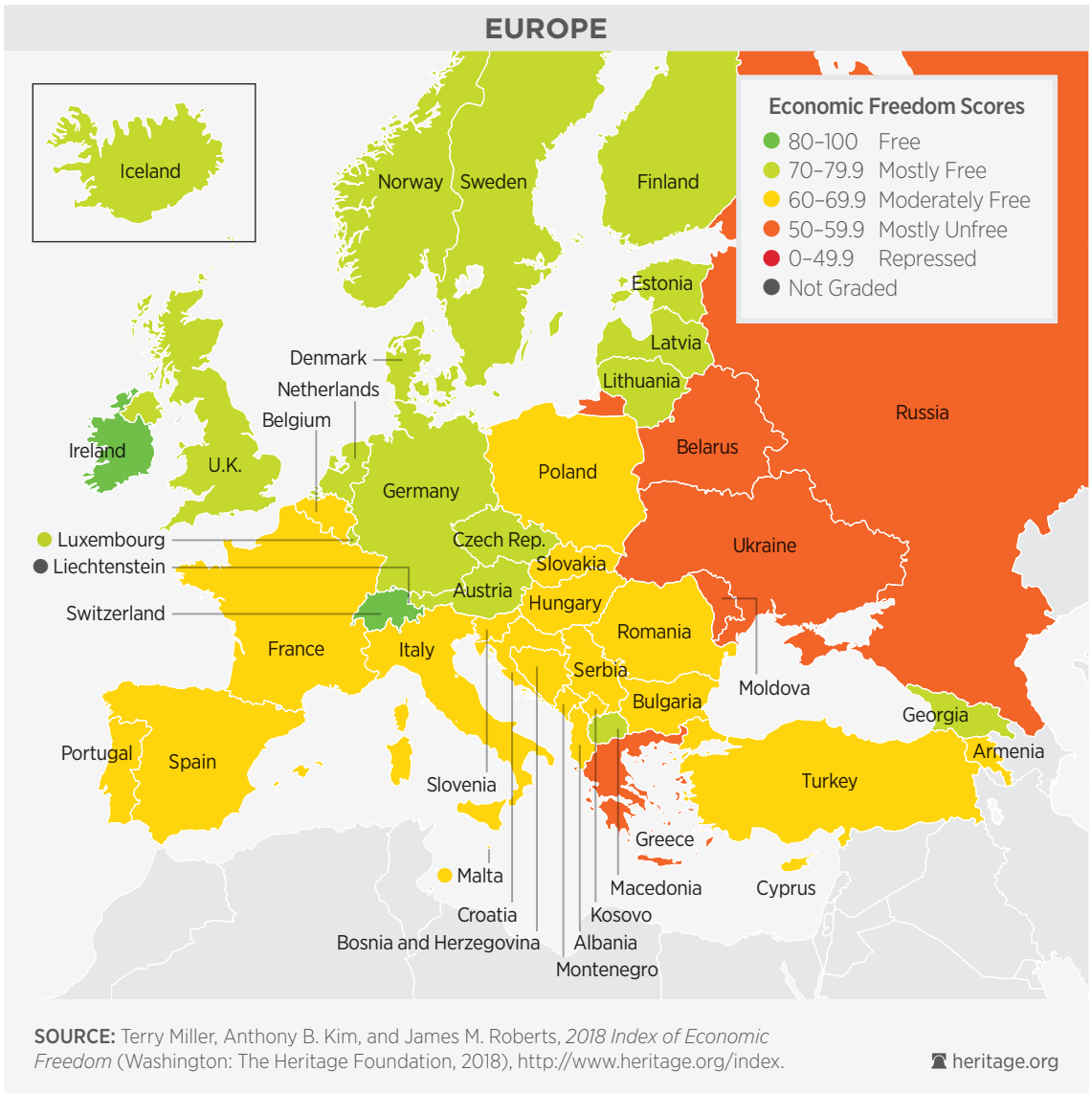
INFLATION: 3.0%

UNEMPLOYMENT RATE: 8.5%

PUBLIC DEBT: 65.4% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

 heritage.org



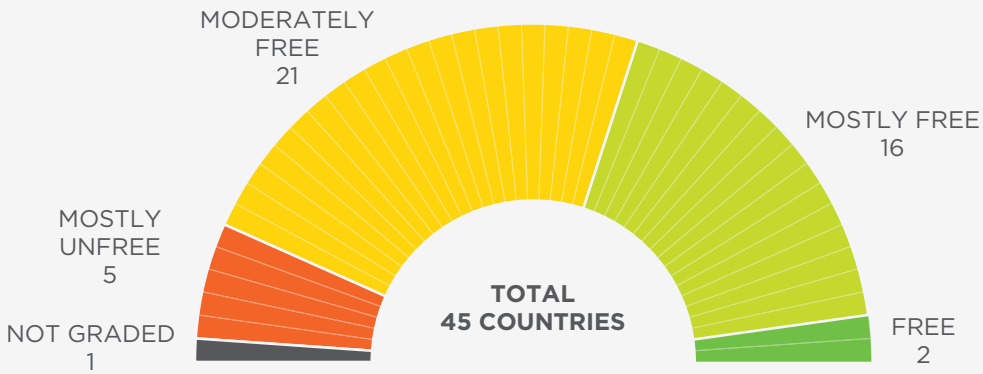
government integrity, fiscal health, business freedom, and financial freedom. The region’s average scores on property rights and investment freedom exceed world averages by more than 15 points.

However, Europe still struggles with a variety of policy barriers to vigorous economic expansion, such as overly protective and costly labor regulations, high tax burdens, various market-distorting subsidies, and continuing problems in public finance caused by years of public-sector expansion. The result has been

stagnant economic growth, which has exacerbated the burden of fiscal deficits and mounting debt in a number of countries in the region.

Chart 2 shows the strongly positive correlation between high levels of economic freedom and high GDP per capita. This “freedom gap” is less pronounced within Europe than it is in other regions. Europe has definitely benefited from economic competition over the centuries, which may help to explain why economic repression is so rare in the West. However, competition has still not generated enough reform

EUROPE: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

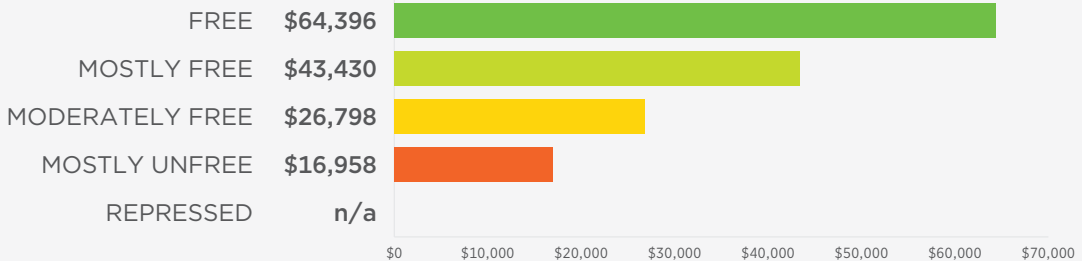
Chart 1 heritage.org

in some of the Eastern European countries. Many post-Communist countries, such as Russia, Belarus, and Ukraine, are found at the “less free” end of the distribution.

In the 2018 *Index*, the scores of 32 countries in the European region have improved, those of 11 have declined, and Italy’s score is unchanged.

As depicted in Chart 3, it is clear that greater economic freedom is also strongly correlated with overall well-being, which takes into account such factors as health, education, security, and personal freedom.

EUROPE: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY

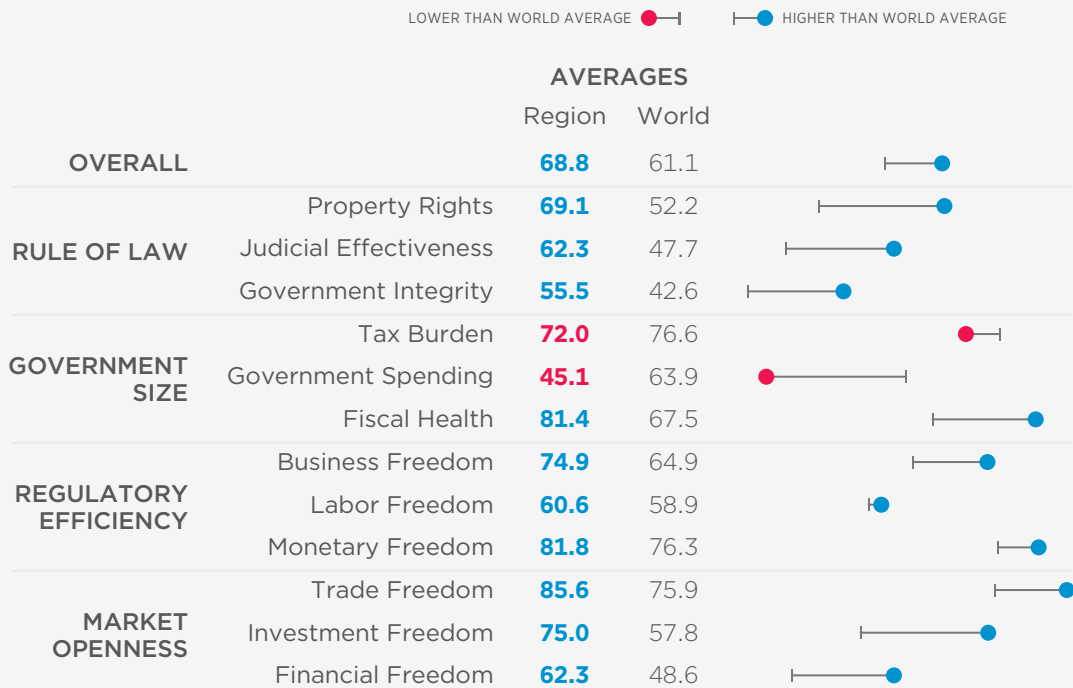


NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2016. Due to data incompatibility, Kosovo has been excluded.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and International Monetary Fund, World Economic Outlook Database, April 2017, <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx> (accessed November 29, 2017).

Chart 2 heritage.org

EUROPE: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

Table 1 heritage.org

NOTABLE COUNTRIES

- **Germany** remains the most politically and economically influential nation in the European Union. Its robust underlying fundamentals, such as business freedom and investment freedom, will attract the additional private investment needed for continued strong growth. Germany's long-term competitiveness and entrepreneurial growth are supported by openness to global commerce, well-protected property rights, and a sound regulatory environment.
- **Slovenia's** economic freedom score jumped in the 2018 *Index* as a result of the government's laser-like focus on fiscal

consolidation to ensure the long-term stability of public finances. The government is also implementing structural reforms in the corporate and banking sectors, restructuring and pursuing privatization of indebted state-owned enterprises, and improving corporate governance in the hope of attracting new foreign direct investment.

- Economic freedom in the **United Kingdom** increased again in the 2018 *Index*. The process of exiting the EU over the next two years will afford the government new opportunities to correct any remaining structural deficiencies that might be holding back the already high-performing U.K. economy. The country is a world leader in

EUROPE: ECONOMIC FREEDOM AND OVERALL WELL-BEING

Each circle represents a nation in the *Index of Economic Freedom*



NOTE: Based on the 42 countries in Europe that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and Legatum Institute Foundation, *The Legatum Prosperity Index 2016*, 2016, <http://www.prosperity.com/rankings> (accessed November 29, 2016).

Chart 3 heritage.org

effective rule of law, and its excellent business and investment climate is enhanced by an open trade regime and a well-developed financial sector. Its already liberalized labor market can be made even more flexible after “Brexit.”

- **Iceland’s** economy is surging, helping to propel one of the world’s oldest democracies to the 11th freest rank in the 2018 *Index*. To recover from the 2008 collapse of Iceland’s financial sector, the government

stabilized the krona, reduced the high budget deficit, contained inflation, restructured the financial sector, and diversified the economy.

- Economic growth in **Latvia** was facilitated by openness to global trade and investment supported by efficient business regulations to promote entrepreneurial activity, but the country still stumbled in the 2018 *Index*. Lack of institutional reforms and poor governance of inefficient state-owned enterprises have hindered the emergence of a more profitable private sector. Corruption continues to impede attraction of foreign direct investment, increasing the cost of doing business and undermining government integrity and judicial effectiveness.
- Although **Spain’s** rebound was facilitated by structural reforms that pushed the country higher in the 2018 *Index*, the severe constitutional crisis triggered by Catalonia’s push for separation has tested the strength of Spain’s post-financial crisis economy. Resolution of the current political crisis could threaten fiscal stability. Economic recovery has been enhanced by reduction of the inefficient and oversized government sector, tax cuts, labor market reforms, and restoration of the financial sector’s competitiveness.
- **Russia’s** economy continues to be severely hampered by blatant disdain for the rule of law, weak protection of property rights, and rejection of even the concept of limited government. Further economic reforms have been subordinated to the imperatives of political stability and regime longevity. The private sector has been marginalized by structural and institutional constraints caused by ever-growing government encroachment into the marketplace. Large and corrupt state-owned institutions and an inefficient public sector dominate the economy.

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Change from 2017	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
4	1	Switzerland	81.7	0.2	84.2	82.1	82.8	70.5	65.4	95.9	75.7	73.9	85.2	90.0	85	90
6	2	Ireland	80.4	3.7	87.7	79.0	79.0	76.1	69.6	80.8	81.8	76.4	87.4	86.9	90	70
7	3	Estonia	78.8	-0.3	80.4	83.9	75.7	80.7	52.6	99.8	75.6	54.8	85.1	86.9	90	80
8	4	United Kingdom	78.0	1.6	92.2	93.8	79.0	65.2	44.4	53.5	91.1	74.4	85.2	86.9	90	80
11	5	Iceland	77.0	2.6	86.7	72.6	77.3	72.1	44.2	94.3	89.5	61.8	81.7	88.5	85	70
12	6	Denmark	76.6	1.5	84.8	83.6	84.1	41.4	10.6	96.7	92.5	82.8	86.4	86.9	90	80
14	7	Luxembourg	76.4	0.5	82.7	77.9	79.0	65.1	48.5	99.0	69.2	46.2	87.6	86.9	95	80
15	8	Sweden	76.3	1.4	92.6	88.2	92.9	43.9	23.2	96.1	89.3	53.7	83.8	86.9	85	80
16	9	Georgia	76.2	0.2	62.8	64.2	61.8	87.0	73.3	91.8	86.9	77.3	79.6	89.4	80	60
17	10	Netherlands	76.2	0.4	87.9	74.1	86.0	52.5	39.1	88.2	80.5	61.5	87.5	86.9	90	80
19	11	Lithuania	75.3	-0.5	73.8	66.7	50.9	86.4	63.9	96.7	73.4	64.5	89.9	86.9	80	70
23	12	Norway	74.3	0.3	86.4	86.0	93.6	56.4	29.2	97.8	90.4	54.6	73.9	87.9	75	60
24	13	Czech Republic	74.2	0.9	73.0	57.9	51.1	82.9	48.6	96.2	72.5	76.8	85.2	86.9	80	80
25	14	Germany	74.2	0.4	81.0	78.0	75.3	61.3	41.3	90.8	86.1	53.3	86.2	86.9	80	70
26	15	Finland	74.1	0.1	89.0	82.7	89.8	66.5	2.3	81.1	89.9	50.5	86.0	86.9	85	80
28	16	Latvia	73.6	-1.2	68.3	58.9	45.4	84.0	59.0	95.3	80.1	72.5	87.3	86.9	85	60
32	17	Austria	71.8	-0.5	83.5	80.9	73.5	49.9	19.4	81.1	75.5	66.7	83.7	86.9	90	70
33	18	Macedonia	71.3	0.6	64.8	57.0	47.4	91.6	70.3	78.1	82.9	69.0	81.8	87.8	65	60
37	19	Romania	69.4	-0.3	61.0	59.7	40.0	87.3	66.9	91.1	65.2	66.8	82.8	86.9	75	50
44	20	Armenia	68.7	-1.6	55.3	47.4	40.5	84.7	80.0	67.2	78.7	69.9	75.8	80.0	75	70
45	21	Poland	68.5	0.2	61.8	56.6	50.9	75.9	47.8	81.5	67.2	63.9	85.0	86.9	75	70
46	22	Malta	68.5	0.8	68.1	62.8	49.9	64.7	51.0	90.0	64.0	61.1	78.8	86.9	85	60
47	23	Bulgaria	68.3	0.4	63.6	42.5	38.2	90.9	60.5	94.3	64.3	66.1	82.8	86.9	70	60
48	24	Cyprus	67.8	-0.1	71.2	56.7	41.3	75.2	52.9	79.3	77.0	55.7	83.0	86.9	75	60
52	25	Belgium	67.5	-0.3	81.2	69.5	70.9	44.0	12.1	67.9	80.6	59.5	82.6	86.9	85	70
55	26	Hungary	66.7	0.9	57.6	57.1	36.4	78.6	29.4	82.4	61.8	68.7	91.6	86.9	80	70
56	27	Kosovo	66.6	-1.3	52.3	59.0	45.4	93.2	77.9	92.8	72.6	58.3	81.2	70.8	65	30
58	28	Turkey	65.4	0.2	54.7	54.5	42.0	74.7	68.1	93.6	63.3	47.6	72.3	78.6	75	60
59	29	Slovak Republic	65.3	-0.4	68.2	38.8	38.2	78.9	44.3	84.9	63.9	54.0	81.0	86.9	75	70
60	30	Spain	65.1	1.5	73.1	62.0	51.5	62.0	42.8	36.1	66.3	59.0	86.7	86.9	85	70
64	31	Slovenia	64.8	5.6	76.6	57.7	52.1	58.7	31.2	66.3	79.5	61.3	87.3	86.9	70	50
65	32	Albania	64.5	0.1	54.1	25.4	39.9	85.1	72.7	67.5	69.1	50.4	82.4	87.8	70	70
68	33	Montenegro	64.3	2.3	54.2	51.3	38.1	85.2	35.7	69.1	72.9	70.9	84.9	84.7	75	50
71	34	France	63.9	0.6	84.0	72.7	65.1	47.3	2.7	60.8	80.2	45.0	81.6	81.9	75	70
72	35	Portugal	63.4	0.8	69.2	70.1	56.8	59.8	29.8	46.0	83.2	44.1	85.3	86.9	70	60
79	36	Italy	62.5	0.0	71.2	60.9	40.1	55.2	24.1	68.2	70.3	50.3	88.2	86.9	85	50
80	37	Serbia	62.5	3.6	46.2	48.2	36.5	83.5	40.6	67.0	68.3	69.2	82.9	87.4	70	50
91	38	Bosnia and Herzegovina	61.4	1.2	39.5	43.7	28.4	83.5	41.5	94.4	49.3	59.6	83.5	87.8	65	60

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Change from 2017	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
92	39	Croatia	61.0	1.6	65.9	56.5	40.5	66.0	32.5	67.2	58.9	43.0	79.1	87.4	75	60
105	40	Moldova	58.4	0.4	53.5	26.3	26.6	85.3	56.7	90.0	66.0	39.9	73.2	78.3	55	50
107	41	Russia	58.2	1.1	48.7	46.9	38.1	85.8	62.5	87.7	77.0	52.0	60.8	79.4	30	30
108	42	Belarus	58.1	-0.5	53.5	57.3	42.0	89.8	47.9	75.4	74.1	73.1	62.3	81.4	30	10
115	43	Greece	57.3	2.3	52.3	59.0	37.9	60.4	20.9	70.5	74.4	54.4	81.0	81.9	55	40
150	44	Ukraine	51.9	3.8	41.0	29.5	29.0	80.2	45.0	75.9	62.7	52.8	60.1	81.1	35	30
N/A		Liechtenstein	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	90.0	85	80



MIDDLE EAST



NORTH AFRICA

MIDDLE EAST AND NORTH AFRICA

Stretching from Morocco’s Atlantic coast across the mighty Nile, Jordan, and Euphrates river valleys, then to Iranian and Yemeni beaches on the Persian Gulf and the Arabian Sea, the Middle East and North Africa (MENA) region remains at the crux of global politics. Although the countries of the region are successors to some of the world’s most ancient civilizations, relatively few of them are enjoying the benefits of economic freedom in the 21st century. At once blessed and cursed by enormous mineral resources, the demographic profiles of most countries tend to be distinguished by extreme concentrations of wealth and poverty. Most worrisome is the region’s ongoing notoriety as the world’s most acute hot spot for economic, political, and security vulnerabilities.

The population-weighted average GDP per capita for the region is approximately \$20,265, third highest among the five global *Index* regions. Monetary stability has been relatively well maintained. In the past five years, the MENA region

has registered soft economic growth (2.4 percent) but has continued to suffer from high levels of unemployment (11.6 percent).

Many countries in the region have been grappling since 2011 with fallout from socio-economic upheaval or outright conflict growing out of citizens’ demands for more freedom. Generally speaking, however, the lives of most people have not changed for the better. Of the so-called Arab Spring nations, Tunisia and Egypt have recorded the most positive results over the past year. Yemen and Bahrain have slipped badly, and grading of economic freedom for Iraq, Libya, Syria, and Yemen remains suspended because of ongoing violence and unrest.

Chart 1 shows the distribution of countries in the MENA region according to the five categories of economic freedom measured by the *Index*. The region does not have any economically “free” countries. The United Arab Emirates, Qatar, and Israel are the region’s only “mostly free” economies. The majority of the 14 countries in the region that are graded in the *Index* fall into the “moderately free” or “mostly unfree” categories, with Algeria categorized as “repressed” and Iran just barely above that dismal threshold.

Structural and institutional problems abound, and private-sector growth in the region still lags far behind levels needed to provide enough job creation for proliferating populations. Despite exports of crude oil for energy generation, overall trade flows in the region remain very low, reflecting a lack of economic dynamism and vitality. The MENA region’s lack of economic opportunities remains a serious problem, particularly for the younger working-age population, whose average unemployment rate is close to 25 percent. Social upheaval is the predictable result.

There is one *Index* indicator in which the MENA region is the clear global leader: tax

MIDDLE EAST/NORTH AFRICA: QUICK FACTS

TOTAL POPULATION: 420.3 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$20,265

1-YEAR GROWTH: 3.1%

5-YEAR GROWTH: 2.4%

INFLATION: 7.8%

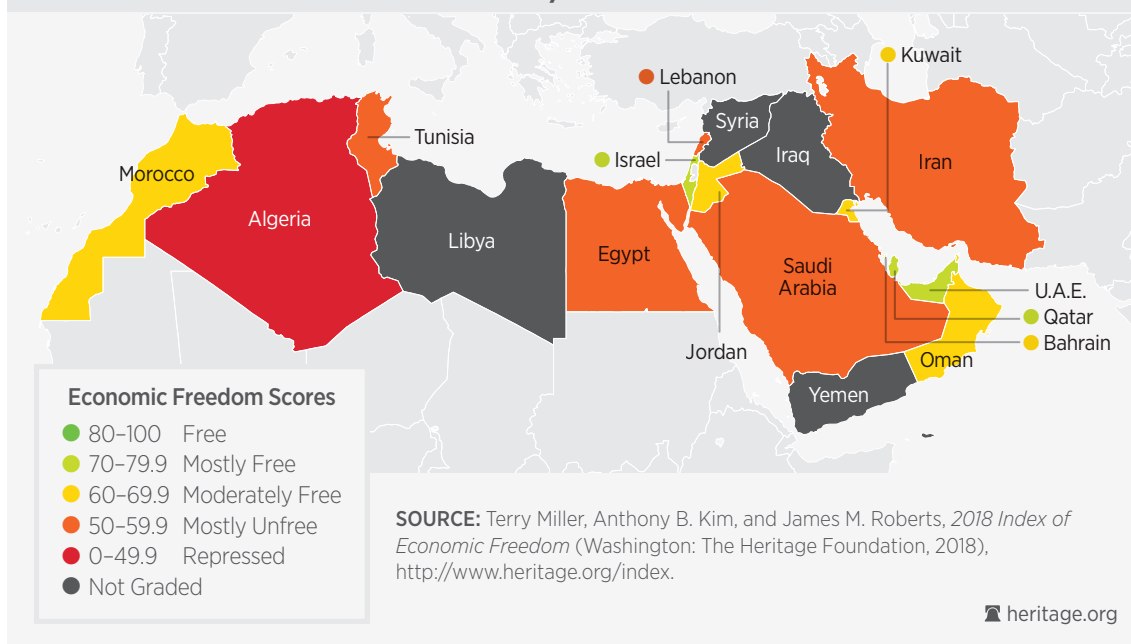
UNEMPLOYMENT RATE: 11.6%

PUBLIC DEBT: 57.1% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

 heritage.org

MIDDLE EAST / NORTH AFRICA



burden. (See Table 1.) The region’s tax burden score beats the world average by more than 10 points, a level reached because of the low income tax rates typically found in the oil kingdoms. The region also scores slightly above the world average in all three indicators related to the rule of law and in business freedom, monetary freedom, trade freedom, and financial freedom.

The region is endowed with the world’s highest concentration of oil reserves, but that does not automatically translate into high levels of economic freedom. Even so, the positive relationship between high levels of economic freedom and high GDP per capita still holds true in the region, as vividly illustrated by Chart 2. The ongoing transformation of relatively economically advanced states such as the United Arab Emirates, Qatar, and Israel may yet light the way to broader-based economic growth, more political stability, and greater economic freedom in the region.

In the 2018 *Index*, the scores of six countries in the MENA region have improved, and the scores of the other eight graded countries have declined.

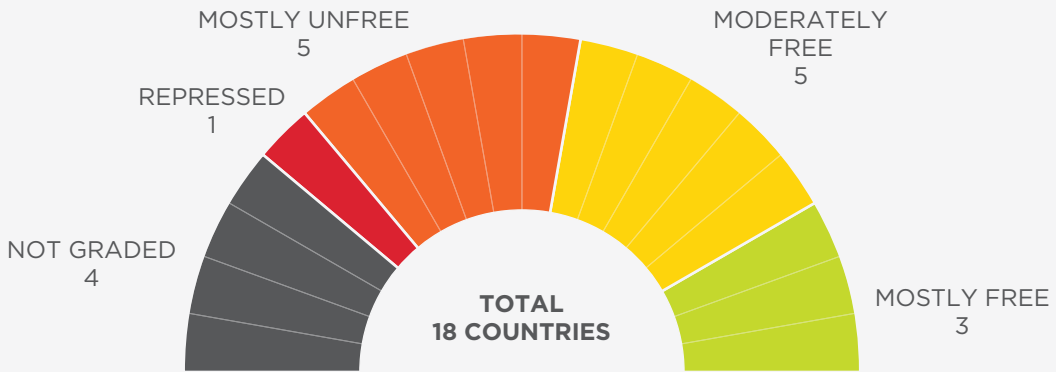
As shown in Chart 3, across the region, greater economic freedom is also strongly correlated with overall human development as measured by the United Nations Development Programme’s *Human Development Index*, which measures life expectancy, literacy, education, and the standard of living.

As the positive impact of the Arab Spring fizzles out, it is clear that the region’s escalating economic problems cannot be solved simply by holding elections or allowing greater expressions of dissent if the underlying political and economic architecture continues to repress economic freedom. Costly subsidies to quell social and political unrest are still being funded by too many of the region’s governments, even at the cost of heavy and unsustainable budget deficits.

NOTABLE COUNTRIES

- **Israel’s** technologically advanced free-market economy, bolstered by strong trade and investment ties outside the Middle East that insulate it from

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM SUMMARY



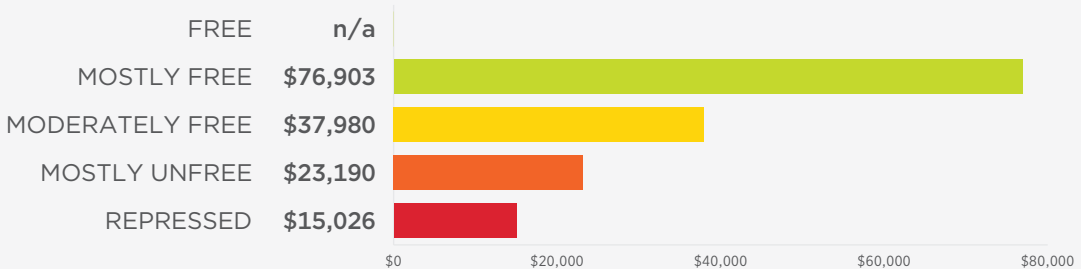
SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

Chart 1 heritage.org

regional political instability, propelled it to a significant increase in economic freedom in the 2018 *Index*. Dubbed the “Start-up Nation,” Israel enjoys economic competitiveness anchored in strong protection of property rights, efficient coordination of regulatory processes, and

a sound judicial framework that sustains the rule of law. Although the government plans further economic liberalization, it made the risky decision in 2017 to put fiscal consolidation on hold because of populist pressures.

MIDDLE EAST/NORTH AFRICA: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY

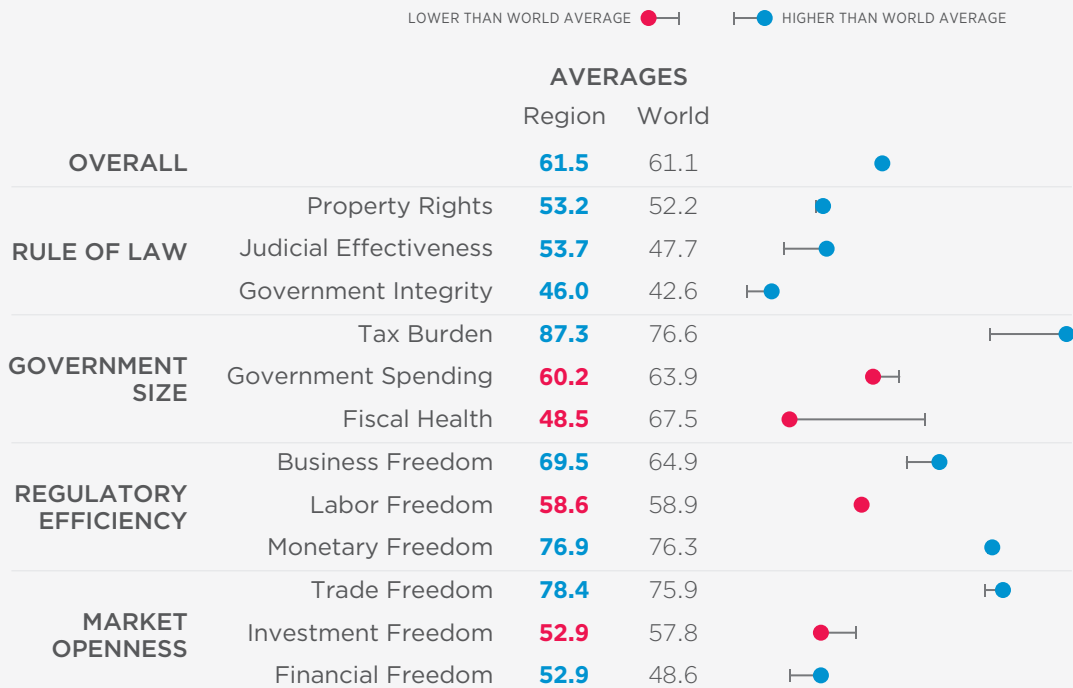


NOTE: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2016.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and International Monetary Fund, World Economic Outlook Database, April 2017, <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx> (accessed November 29, 2017).

Chart 2 heritage.org

MIDDLE EAST/NORTH AFRICA: COMPONENTS OF ECONOMIC FREEDOM



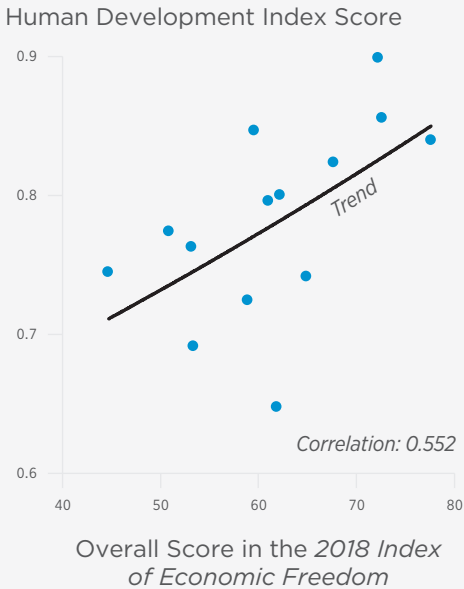
SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

Table 1  heritage.org

- The **United Arab Emirates'** ongoing efforts to strengthen the business climate, boost investment, and foster the emergence of a more vibrant and diverse private sector were rewarded with a higher score in the 2018 *Index*. To realize its ambition to diversify the economy and promote the UAE as a global trade, finance, and tourism hub, the government will need to implement additional reform of or privatize state-owned enterprises while also improving regulatory regimes governing the financial, real-estate, cyber, and free-trade zone sectors. Making the legal framework even more effective and independent should also be a priority.
- **Tunisia's** economic freedom score increased in the 2018 *Index*, led by significant improvements in trade freedom, investment freedom, and fiscal health. The government hopes to boost growth further with additional fiscal and monetary reforms and by reducing the bloated bureaucracy, cutting subsidies, restructuring loss-making state enterprises, and reining in public-sector debt. Other institutional weaknesses such as a burdensome regulatory regime, a generally closed trade regime, and rigid labor markets will have to be addressed when the political situation stabilizes in order to improve the country's economic freedom ranking.

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM AND HUMAN DEVELOPMENT

Each circle represents a nation in the
Index of Economic Freedom



NOTE: Based on the 14 countries in Middle East/North Africa that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and U.N. Human Development Programme, *2016 Human Development Report*, <http://hdr.undp.org/en/2016-report> (accessed November 29, 2017).

Chart 3  heritage.org

- Low labor costs and proximity to Europe, along with the government's commitment to reform, have helped **Morocco** to build a diversified and market-oriented economy and make gradual but notable progress in liberalization and economic freedom. Policies that facilitate competitiveness and diversification of the productive base have contributed to robust economic expansion in recent years. However, a large part of the labor force remains marginalized due to inflexible labor laws, and

the government has yet to confront other long-standing challenges that require deeper reforms, particularly in connection with the rule of law.

- The civil war that began in **Syria** in 2011 has inflicted a horrific human cost and caused a near collapse of economic output. The ongoing devastation and chaos precludes ranking Syria in the 2018 *Index*. The rule of law has been ravaged by extrajudicial killings, kidnappings, and torture. The government has struggled to address the effects of international sanctions, widespread infrastructure damage, diminished domestic consumption and production, and high inflation. Foreign exchange reserves have dwindled, budget and trade deficits have risen, the value of the Syrian pound has dropped, and household purchasing power has fallen.
- Stimulus spending drove **Saudi Arabia's** budget deficit to record levels and caused the country's economic freedom score to plunge in the 2018 *Index*. The government plans to cut the deficit by introducing a value-added tax, reducing subsidies, partially privatizing state-owned oil company ARAMCO, and recovering ill-gotten gains from corruption. Additional reforms needed to improve regulatory efficiency, attract investment, and enhance the economy's overall competitiveness may become more difficult in the wake of the severe political crisis that erupted in the country at the end of 2017.

ECONOMIC FREEDOM IN MIDDLE EAST/NORTH AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2017	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
10	1	United Arab Emirates	77.6	0.7	76.3	83.4	77.3	98.4	70.9	99.0	79.9	81.1	80.2	84.3	40	60
29	2	Qatar	72.6	-0.5	70.3	59.8	71.6	99.6	60.2	95.4	71.3	65.4	75.0	83.3	60	60
31	3	Israel	72.2	2.5	78.2	83.1	61.2	60.9	51.8	79.0	71.8	65.1	85.3	85.5	75	70
50	4	Bahrain	67.7	-0.8	62.1	55.1	51.8	99.9	66.4	6.5	75.5	76.5	79.9	83.4	75	80
62	5	Jordan	64.9	-1.8	57.6	57.3	51.9	92.4	69.4	27.7	63.0	58.9	88.7	82.0	70	60
81	6	Kuwait	62.2	-2.9	52.0	53.5	36.6	97.7	20.5	99.3	57.2	61.5	73.7	79.1	55	60
86	7	Morocco	61.9	0.4	53.8	44.3	41.3	70.5	70.5	60.6	69.6	36.0	82.3	79.4	65	70
93	8	Oman	61.0	-1.1	59.5	57.4	51.5	98.5	25.0	17.7	76.3	55.2	79.2	86.2	65	60
98	9	Saudi Arabia	59.6	-4.8	53.1	60.2	49.9	99.7	52.0	19.7	74.0	64.8	73.8	78.2	40	50
99	10	Tunisia	58.9	3.2	49.4	41.7	36.8	73.0	75.5	61.6	81.4	52.9	77.2	82.1	45	30
139	11	Egypt	53.4	0.8	32.7	52.5	32.2	84.2	65.1	1.2	71.5	51.5	69.6	70.9	60	50
140	12	Lebanon	53.2	-0.1	39.7	33.6	20.2	91.9	78.2	0.0	48.8	44.2	81.9	84.5	65	50
156	13	Iran	50.9	0.4	32.5	35.3	32.6	81.0	91.1	91.7	64.3	58.2	59.8	54.5	0	10
172	14	Algeria	44.7	-1.8	27.8	35.2	29.0	74.0	45.9	19.2	68.1	48.7	69.9	63.5	25	30
N/A		Iraq	N/A	N/A	36.7	11.4	23.4	N/A	45.4	11.9	59.1	69.8	79.2	N/A	N/A	N/A
N/A		Libya	N/A	N/A	5.2	22.1	23.1	90.5	0.0	19.9	63.5	45.9	56.2	80.0	5	N/A
N/A		Syria	N/A	N/A	36.7	22.1	23.1	N/A	N/A	13.8	61.8	59.2	44.2	56.6	0	N/A
N/A		Yemen	N/A	N/A	17.9	16.6	21.2	N/A	80.9	5.4	52.7	52.1	66.6	N/A	50	N/A



**SUB-SAHARAN
AFRICA**

SUB-SAHARAN AFRICA

The Sub-Saharan region of Africa spans most of the world's second-largest continent, traversing southward from the vast Sahara Desert thousands of miles to South Africa's Cape of Good Hope and stretching from the Indian Ocean beaches of Mozambique to the North Atlantic coast of Senegal and Mauritania. In the 2018 *Index*, the scores for the 47 countries in the region that were graded generally fall into the lower categories of economic freedom. Nevertheless, the modest advance in economic freedom that has accompanied an uptick of economic growth in several countries in the region has generated a virtuous and self-sustaining momentum in those nations to spur the additional institutional reforms that are needed to ensure long-term economic development.

Unfortunately, the region as a whole continues to underperform as a result of repeated failures to implement policy changes to improve the business and investment climate and to strengthen the rule of law. Successful efforts at structural reform are rare, and the modernization of infrastructure and institutions lags

severely throughout most of sub-Saharan Africa. Overdependence on exports of agricultural and mineral commodities that contribute little to sustained increases in productivity and job creation, combined with sluggish progress toward economic diversification, has resulted in a deeply ingrained pattern of suboptimal growth that has caused the region to fall steadily behind the rest of the world. The tragedy of the missed opportunities that occur, for example, when an economy that should be expanding at an annual rate of 5 percent only manages to grow at 4 percent year after year is that the huge population of young people in the region is never able to make up that lost ground.

The population-weighted average GDP per capita for the region is just \$3,891, the lowest for any of the five global regions in the 2018 *Index*. Unemployment hovers at 7.5 percent, and that figure understates the widespread problems of underemployment and the region's large informal sectors, whose workers are not counted in official employment statistics.

Chart 1 shows the distribution of countries in the Sub-Saharan Africa region across the five economic freedom categories. Unlike regions that benefit from having a diverse range of competitive and innovative free-market economies, the distinctions among economies in sub-Saharan Africa are mostly defined by the countries' relative lack of economic freedom. There is not a single "free" economy in the region, and Mauritius is the only country ranked "mostly free." Eight countries are considered to have "moderately free" economies, but a clear majority of the 47 nations graded in the 2018 *Index* are ranked either as "mostly unfree" or "repressed." In fact, 12 of the total of 21 "repressed" economies in the entire world—more than half—are in sub-Saharan Africa.

As shown in Table 1, the only one of the 12 indicators in which the region scores higher than the world average is government spending. That is a hollow victory, however, since the

SUB-SAHARAN AFRICA: QUICK FACTS

TOTAL POPULATION: 988.4 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$3,891

1-YEAR GROWTH: 2.9%

5-YEAR GROWTH: 4.9%

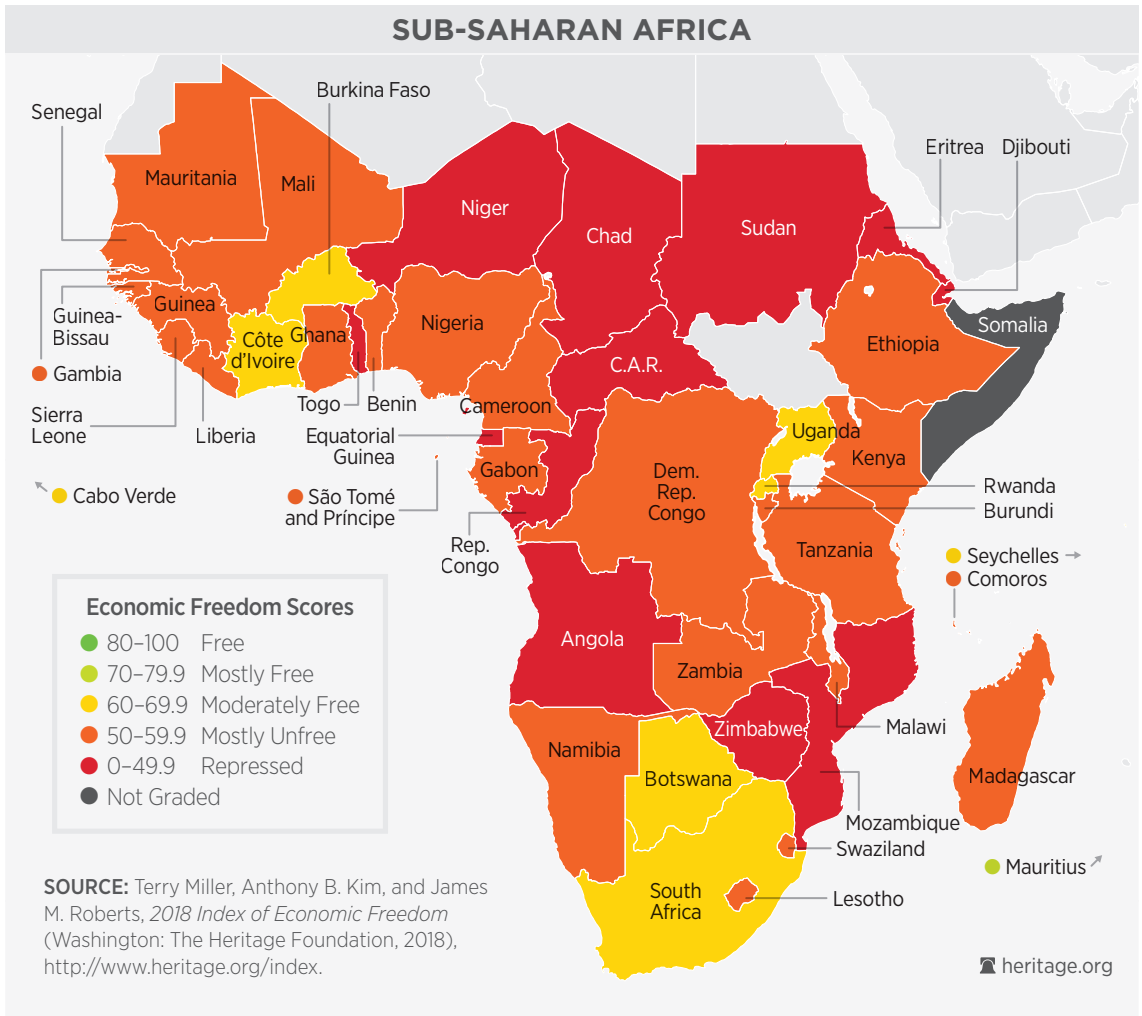
INFLATION: 10.8%

UNEMPLOYMENT RATE: 7.5%

PUBLIC DEBT: 45.4% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

 heritage.org



score reflects the inability of inadequately re-sourced governments in the region to perform the complicated tasks required to manage 21st century economies more than it does any particular efforts at spending restraint.

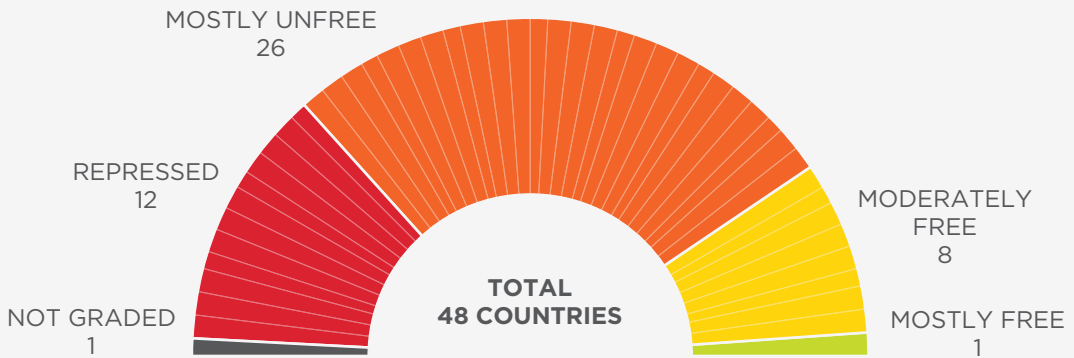
Another irony emerges from the region’s lower-than-world-average tax burden score, which reflects not the pathological crowding out of private capital by reckless and wasteful welfare state spending as in some wealthier countries, but rather the small formal GDP base upon which the scores are calculated. Labor freedom is restricted as well, which is another perverse effect (and cause) of large informal economic sectors. The 2018 *Index* scores also document the lack of progress in sub-Saharan Africa on improving

regulatory efficiency and open markets, thereby providing additional metrics that confirm how the region is falling behind the rest of the world.

Overall, the depressing landscape painted by the numbers in Table 1 depicts a region dominated by dozens of nations with uneven economic playing fields that are further pock-marked by weak rule of law, inadequate protection of property rights, cronyism, and endemic corruption. The region’s scores on property rights, judicial effectiveness, government integrity, fiscal health, and business freedom are all lower than world averages by 10 points or more.

The message of Table 1 to the vast majority of sub-Saharan Africa’s citizens who lack political connections is that their prospects for

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

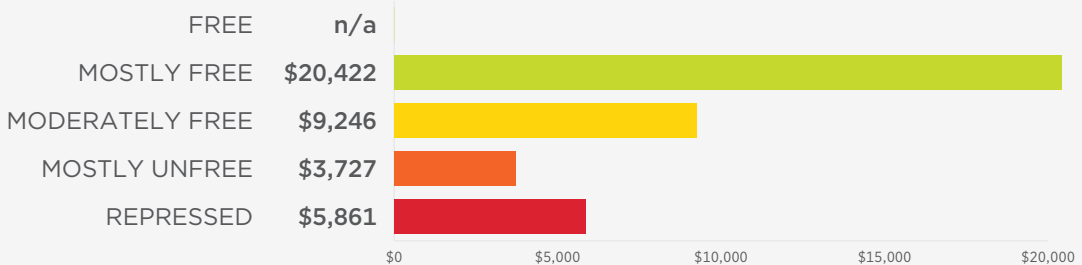
Chart 1 heritage.org

a brighter future are severely limited without improvements in economic freedom.

Although Chart 2 confirms that although the strong relationship between high levels of economic freedom and high GDP per capita holds true even in sub-Saharan Africa, the region's deep economic distortions are also evident in

the counterintuitive spike in average per capita GDP in the “repressed” category. That is because the high GDP of the small, profoundly repressive, and corrupt but oil-rich nation of Equatorial Guinea perversely skews the average GDP per capita upward for the region's least economically free countries.

SUB-SAHARAN AFRICA: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY

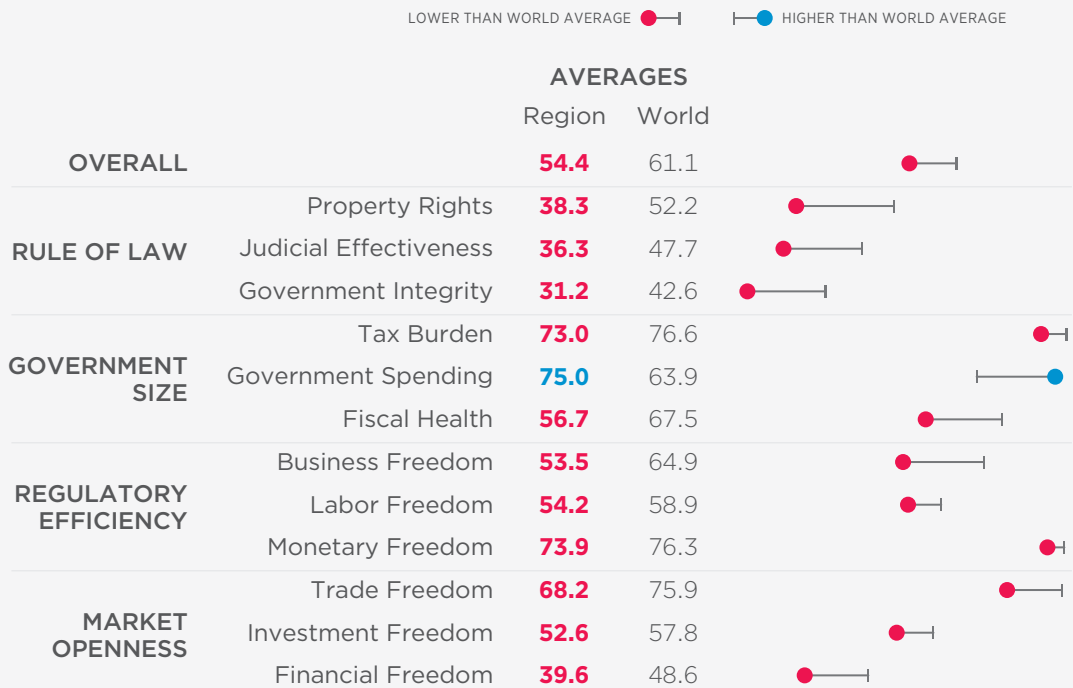


NOTE: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2016.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and International Monetary Fund, *World Economic Outlook Database*, April 2017, <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx> (accessed November 29, 2017).

Chart 2 heritage.org

SUB-SAHARAN AFRICA: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>.

Table 1 heritage.org

In the 2018 *Index*, the scores of 18 countries in the Sub-Saharan Africa region improved, 27 declined, and two were unchanged.

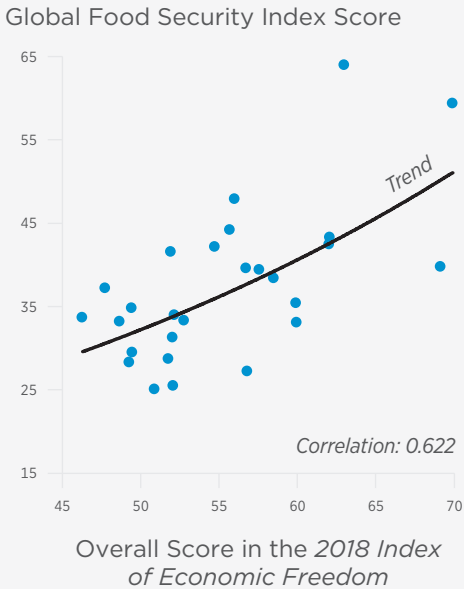
Perhaps the most tragic consequence of the dearth of economic freedom in sub-Saharan Africa is its correlation (shown in Chart 3) with severe food shortages and poor nutrition. They are directly and causally related to the region's political instability, high infant mortality rates, disease outbreaks, childhood learning disabilities, and frequent famines. In the longer term, foreign aid from the West cannot solve the food security problem in sub-Saharan Africa. The solution to the problem and to many other challenges in the region is more economic freedom.

NOTABLE COUNTRIES

- Efforts to improve macroeconomic stability in **Nigeria**, Africa's most populous nation, were rewarded with a higher score for economic freedom in the 2018 *Index*. Nevertheless, Nigerian governments historically have not paid much more than lip service to free-market reforms; actual implementation of such reforms has been very slow. Severe economic policy distortions and a lack of transparency in the economic system continue to deter progress in Nigeria. The government's overreliance on oil, which accounts for over 90 percent of export earnings, has exposed the economy to major risks amid declining oil prices.

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM AND FOOD SECURITY

Each circle represents a nation in the
Index of Economic Freedom



NOTE: Based on the 27 countries in Sub-Saharan Africa that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2018 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and The Economist Intelligence Unit, *Global Food Security Index*, September 2017, <http://foodsecurityindex.eiu.com/> (accessed November 29, 2017).

Chart 3  heritage.org

- **Cabo Verde's** economic freedom score improved substantially in the 2018 *Index* as a result of the government's focused effort to reduce the fiscal deficit. Government debt, unfortunately, has continued to grow. The country's economy has benefited from monetary stability, a relatively high level of market openness that facilitates trade and investment, a sound and transparent legal framework, and an independent judiciary that to some extent institutionalizes and supports the rule of law.
- A significant improvement in investment freedom helped **South Africa's** economic freedom score to rise in the 2018 *Index*, but growth has decelerated due to declining global competitiveness, growing political instability, and weakened rule of law that led in 2017 to a downgrading of the country's credit rating. The government faces a combination of rising public debt, inefficient state-owned enterprises, and spending pressures. The judicial system has become increasingly vulnerable to political interference, and numerous scandals and frequent political infighting have severely undermined government integrity.
- The 2018 *Index* marks the second year of resumed grading of **Sudan's** economic freedom after years of protracted social conflict and civil war that undermined investor confidence. The petroleum sector provides some economic stability, but other sectors of the economy face serious structural and institutional deficiencies. Poor governance, weak rule of law, rigid labor markets, and an inefficient regulatory regime impede economic diversification and have created a large informal economy.
- Although **Togo** benefited from the implementation of a series of economic reforms in recent years to modernize the country's banking, electricity, and transportation sectors and other commercial infrastructure, its economic freedom score in the 2018 *Index* was dragged down by very steep declines in fiscal health and judicial effectiveness. The country's inefficient business environment and weak public administration continue to undermine overall competitiveness and drive a significant portion of economic activity to the informal sector. Foreign direct investment is allowed only in certain sectors, and regulatory and judicial systems are vulnerable to corruption and political interference.

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2017	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
21	1	Mauritius	75.1	0.4	68.7	69.6	52.1	91.0	80.7	73.7	77.5	66.8	82.9	88.7	80	70
35	2	Botswana	69.9	-0.2	57.7	54.7	56.6	76.1	63.4	98.2	69.5	64.6	79.0	83.9	65	70
39	3	Rwanda	69.1	1.5	69.8	79.6	61.2	75.8	77.7	82.3	55.0	81.2	76.5	70.7	60	40
77	4	South Africa	63.0	0.7	67.7	65.9	45.4	62.5	68.1	74.6	65.1	60.1	74.6	71.6	50	50
83	5	Uganda	62.0	1.1	43.5	40.3	28.3	73.0	90.9	80.7	45.4	83.9	80.5	78.1	60	40
85	6	Côte d'Ivoire	62.0	-1.0	39.4	44.2	36.6	76.4	84.6	80.8	62.1	47.6	73.6	73.7	75	50
88	7	Seychelles	61.6	-0.2	60.7	38.8	38.8	73.4	63.0	90.6	63.4	57.5	81.5	86.7	55	30
95	8	Burkina Faso	60.0	0.4	42.1	47.1	31.8	80.6	83.7	80.4	51.5	47.0	84.5	65.8	65	40
96	9	Cabo Verde	60.0	3.1	42.1	52.0	42.8	74.0	71.5	40.2	64.6	40.5	83.5	68.2	80	60
97	10	Tanzania	59.9	1.3	38.0	34.7	31.8	79.8	89.8	79.0	50.0	63.9	70.3	76.9	55	50
103	11	Namibia	58.5	-4.0	56.6	54.2	45.4	63.0	50.4	16.5	67.5	85.5	74.8	83.3	65	40
104	12	Nigeria	58.5	1.4	38.0	39.6	14.4	84.4	96.3	80.9	49.3	81.5	66.9	65.5	45	40
109	13	Gabon	58.0	-0.6	29.9	27.8	33.4	74.3	84.6	92.3	49.3	61.7	81.4	60.9	60	40
113	14	Mali	57.6	-1.0	31.9	32.4	31.4	68.1	85.3	84.8	52.8	48.4	81.9	68.7	65	40
118	15	Guinea-Bissau	56.9	0.8	31.1	53.5	27.3	86.4	85.6	87.1	47.8	61.1	77.4	65.2	30	30
119	16	Madagascar	56.8	-0.6	33.2	21.4	17.8	90.3	92.9	82.5	45.6	41.5	73.4	78.0	55	50
120	17	Benin	56.7	-2.5	35.5	31.3	30.2	67.4	85.6	49.7	60.7	49.9	84.7	55.6	80	50
121	18	Comoros	56.2	0.4	36.7	28.2	27.5	59.7	77.8	96.6	57.5	58.7	81.2	74.9	45	30
122	19	Ghana	56.0	-0.2	48.9	43.7	32.9	83.5	79.0	9.5	59.5	56.2	63.7	65.1	70	60
123	20	Swaziland	55.9	-5.2	55.3	35.3	26.9	74.8	65.2	39.7	61.1	69.5	73.2	79.7	50	40
126	21	Senegal	55.7	-0.2	41.3	40.4	42.6	68.5	72.7	58.4	51.5	41.4	84.7	66.7	60	40
129	22	Kenya	54.7	1.2	47.9	44.0	27.5	78.5	77.5	14.1	55.5	62.9	74.0	69.8	55	50
132	23	Zambia	54.3	-1.5	46.0	40.6	36.3	72.1	80.2	14.4	69.8	43.5	65.4	78.3	55	50
134	24	Mauritania	54.0	-0.4	23.9	17.6	28.9	75.9	72.8	71.8	64.2	59.2	82.4	61.5	50	40
136	25	Lesotho	53.9	0.0	49.4	52.7	32.9	48.2	23.8	90.5	52.9	58.9	74.2	68.5	55	40
137	26	São Tomé and Príncipe	53.6	-1.8	38.0	28.2	39.4	82.0	69.5	45.8	65.9	42.7	70.1	71.8	60	30
142	27	Ethiopia	52.8	0.1	31.1	37.6	37.7	76.5	90.6	85.5	40.2	51.3	67.1	60.7	35	20
145	28	Gambia	52.3	-1.1	34.4	38.8	36.8	71.9	74.0	0.0	54.2	64.0	63.2	64.7	75	50
146	29	Guinea	52.2	4.6	32.4	28.2	26.9	65.9	80.6	61.0	54.1	54.0	71.8	61.2	50	40
147	30	Congo, Dem. Rep.	52.1	-4.3	24.1	23.9	27.3	73.2	94.8	99.1	60.2	47.8	60.3	64.6	30	20
148	31	Malawi	52.0	-0.2	33.1	47.1	28.9	76.9	70.7	28.1	47.7	59.9	60.4	71.5	50	50
149	32	Cameroon	51.9	0.1	40.6	29.4	23.4	73.7	86.1	72.0	44.0	42.9	82.5	53.4	25	50
151	33	Sierra Leone	51.8	-0.8	33.6	29.6	22.0	79.9	89.8	65.9	51.3	30.5	69.5	69.4	60	20
157	34	Burundi	50.9	-2.3	17.6	21.7	26.2	71.0	78.6	54.8	53.0	63.2	70.2	69.2	55	30
158	35	Liberia	50.9	1.8	28.2	42.4	32.0	77.5	59.4	39.1	53.1	59.5	71.4	72.8	55	20
160	36	Niger	49.5	-1.3	37.4	32.6	30.4	73.3	72.9	15.8	45.5	45.7	83.5	61.5	55	40
161	37	Sudan	49.4	0.6	27.8	21.4	21.2	85.9	95.3	87.2	52.3	58.8	62.2	56.1	5	20
162	38	Chad	49.3	0.3	25.1	24.1	23.1	44.8	90.5	81.9	29.4	40.3	79.9	52.2	60	40

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2017	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
163	39	Central African Republic	49.2	-2.6	17.9	28.2	24.6	64.6	94.6	96.4	27.2	34.5	70.5	57.2	45	30
164	40	Angola	48.6	0.1	36.0	25.4	18.9	82.4	69.1	54.8	58.3	50.9	58.5	59.5	30	40
168	41	Togo	47.8	-5.4	32.7	28.2	31.4	64.3	73.3	7.5	49.7	45.2	78.5	67.2	65	30
170	42	Mozambique	46.3	-3.6	35.4	36.3	28.2	70.6	60.7	0.0	58.0	37.8	66.7	76.7	35	50
171	43	Djibouti	45.1	-1.6	19.0	13.8	29.0	69.8	27.2	18.0	51.7	58.9	69.5	54.9	80	50
174	44	Zimbabwe	44.0	0.0	27.6	33.0	18.9	61.1	72.0	59.1	37.1	38.8	76.9	69.1	25.0	10
175	45	Equatorial Guinea	42.0	-3.0	29.8	17.6	26.2	69.6	61.0	19.1	45.6	29.8	81.7	53.8	40	30
176	46	Eritrea	41.7	-0.5	35.5	13.8	23.4	79.9	75.6	0.0	56.7	65.7	60.9	69.2	0	20
177	47	Congo, Rep.	38.9	-1.1	32.4	28.2	24.6	60.8	33.4	6.2	31.3	34.1	73.8	61.9	50	30
N/A		Somalia	N/A	N/A	33.1	25.4	17.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A