

CHAPTER 5

REGIONAL DEVELOPMENTS IN ECONOMIC FREEDOM

Average levels of economic freedom vary widely among the five regions of the world. Europeans typically enjoy the highest levels of economic freedom with an average score of 68.6, far higher than the world average of 60.8. The Middle East and North Africa, Asia–Pacific, and Americas regions have economic freedom scores near the world average at 61.3, 60.6, and 59.6, respectively, while the Sub-Saharan Africa region falls significantly short at only 54.2.

The benefits of economic freedom—greater income, wealth, better health, and cleaner environments, among many others—are evident in every region, but there are substantial differences among the regions in terms of level of development and social and economic culture that affect the relative importance of the various factors that influence 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 region’s 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, on average, it is market openness and particularly investment freedom and financial freedom that fall far below world standards. 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. In many countries, burdensome levels of taxation and extraordinarily high levels of government spending have led to unsustainable fiscal balances that crowd out more productive private-sector activities.

The Middle East and North Africa region falls far behind others in fiscal health, with governments using debt to finance high spending on consumer subsidies and income-redistribution schemes. 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, especially in scores for fiscal health and business freedom. Ongoing deficiencies in scores for property rights, judicial effectiveness, and government integrity continue to reflect problems in governance that are both the cause and the effect of 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 each country may be found in Chapter 6.



THE AMERICAS

THE AMERICAS

The Western Hemisphere's North and South American continents include 32 sovereign countries, ranging 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. Poor nations in Central America, for example, share Iberian-rooted culture and history but little else with potential economic powerhouses such as Mexico, Brazil, and Argentina. Ideological differences are strong as well: The toxic legacy of Cuba's late dictator, Fidel Castro, and his acolyte, the late Hugo Chávez of Venezuela, continues to blight a diminishing number of nations in the region that cling stubbornly to long-discredited Communist/socialist economic theories that have largely lost sway elsewhere.

The continent-wide and sweeping pivot away from those flawed theories and back to market-based democracy that has been underway for several years received a dramatic boost

in 2018. Voters in Brazil, disgusted and angered by the disastrous consequences of more than a decade of socialism, decisively rejected the Workers' Party in favor of a relatively unknown presidential candidate, Jair Bolsonaro, who was untainted by corruption and campaigned to restore the rule of law and individual liberty, in part by privatizing corrupt (and corrupting) state-owned enterprises. Colombian voters elected a young center-right candidate, Iván Duque, who is a protégé of free-market former President Alvaro Uribe. Even Ecuador, under President Lenín Moreno, has become more centrist and retreated from the *Chávista* policies of ex-President Rafael Correa.

The total population of the Americas is just under one billion. Among the five global regions in the *Index*, the Americas has the second-highest population-weighted average per capita income (\$31,288). Within the region, economies have expanded at an average rate of 1.5 percent over the past five years. The regional average rate of unemployment is 6.9 percent, and the regional average rate of inflation (excluding Venezuela) has dropped significantly in the past year to 4.4 percent. Nevertheless, the region's average level of public debt—the highest in the world—has climbed to 75.5 percent of GDP.

The slight decline of the region's overall average economic freedom score in the 2019 *Index* reflects stagnant and often eroding scores on economic freedom in too many of the nations of the Americas that are the inevitable result of an ongoing failure to commit fully to the pursuit of economic and structural reforms. The election of pro-market, center-right candidates to the presidencies of major Latin American countries such as Argentina, Brazil, Chile, and Colombia in recent years could finally generate enough momentum to surmount the region's historical tendency to revert to the authoritarian cronyism that has held back development, but the foundations of a well-functioning free market in many Latin American countries remain

THE AMERICAS: QUICK FACTS

TOTAL POPULATION: 993.6 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$31,288

1-YEAR GROWTH: 1.6%

5-YEAR GROWTH: 1.5%

INFLATION: 4.4%*

UNEMPLOYMENT RATE: 6.9%

PUBLIC DEBT: 75.5% of GDP

* Excludes Venezuela.

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

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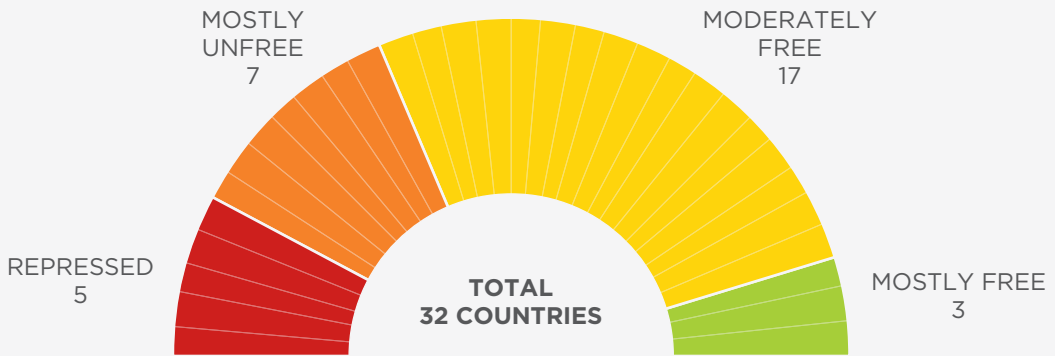
THE AMERICAS



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.



THE AMERICAS: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

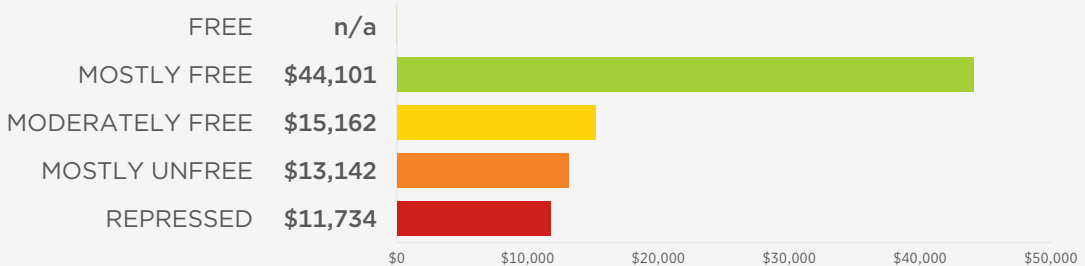
Chart 1 heritage.org

shallow, with widespread corruption and the weak protection of property rights aggravating systemic shortcomings such as regulatory inefficiency and monetary instability caused by government-driven market distortions.

In the English-speaking Caribbean, only Barbados and St. Lucia registered overall gains

in economic freedom. The rule of law remains a problem in many of these countries, and the protectionism that contributes to the high cost of living on many of the islands continues unabated. Only Dominica registered a gain in trade freedom this year. In North America, Mexico and Canada registered almost no change in

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

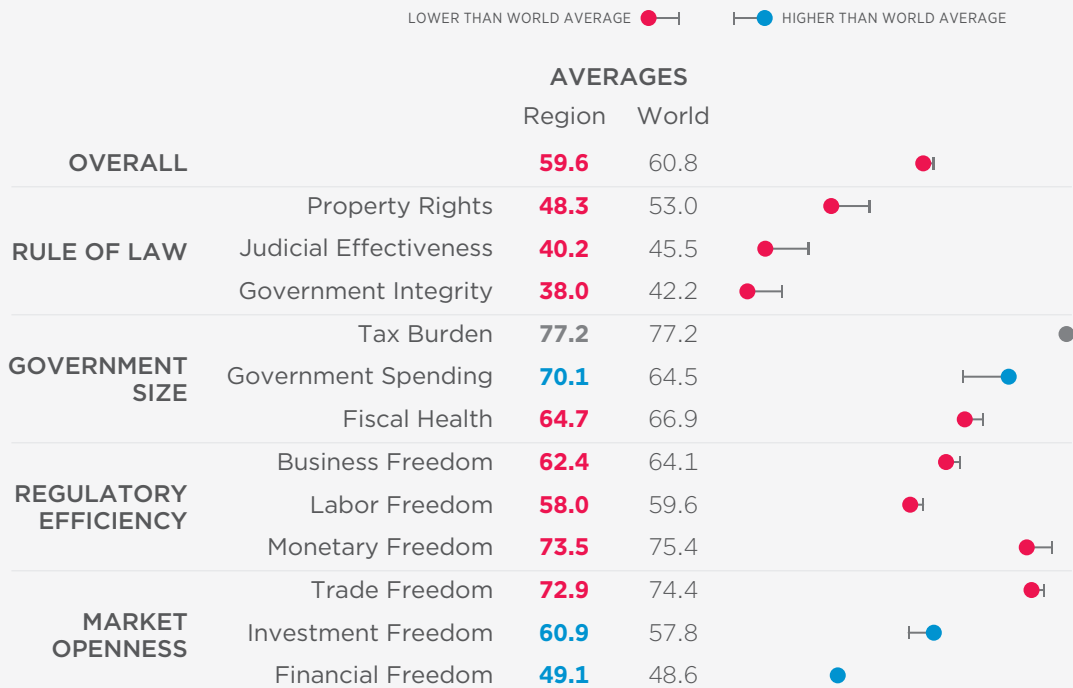


NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2017.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>, and International Monetary Fund, World Economic Outlook Database, April 2018, <http://www.imf.org/external/pubs/ft/weo/2018/01/weodata/weoselgr.aspx> (accessed December 3, 2018).

Chart 2 heritage.org

THE AMERICAS: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

Table 1  heritage.org

economic freedom as policymakers tried to devise a response to a threat by the United States to end the cooperative arrangements of the North American Free Trade Agreement.

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 graded countries in the Americas region (Canada, Chile, and the United States) are rated “mostly free.” Most countries in the region fall into the category of “moderately free” or “mostly unfree.” Five countries (Suriname, Ecuador, 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

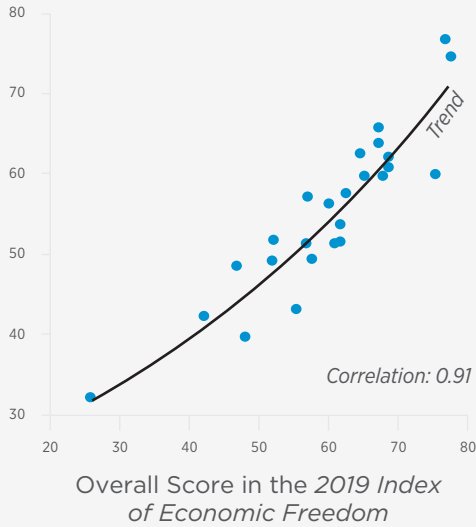
a whole perform as well as or better than the world average on only four of the 12 *Index* indicators. Scores for tax burden and government spending illustrate a broad regional acceptance of the principle of limited government, and levels of market openness are generally consistent with world standards. On the other hand, as shown in Table 1, the rule of law and regulatory efficiency are major problem areas and reflect 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 gap within the Americas. The failed populist policies implemented by leaders of repressive economies such as Venezuela’s Nicolás

THE AMERICAS: ECONOMIC FREEDOM AND ENTREPRENEURIAL DYNAMISM

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

Legatum Prosperity Index Business Environment Pillar Score



NOTE: Based on the 25 countries in the Americas that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>, and Legatum Institute Foundation, *The Legatum Prosperity Index 2017*, 2017, <http://www.prosperity.com/rankings> (accessed August 20, 2018).

Chart 3 heritage.org

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.

As shown in Chart 3, it is significant that countries with greater degrees of economic freedom generally tend to enjoy higher levels of the entrepreneurial dynamism that leads to higher growth.

For the Americas as a whole, however, some disquieting trends have emerged. The seven countries in the region that posted gains in

economic freedom in the 2019 *Index*, along with the two that remained unchanged, were not able to offset declines in a staggering 23 countries. As a result, the overall regional average declined slightly. Such a starkly divided and widening trend is indicative of a region that is still searching for its true economic identity.

NOTABLE COUNTRIES

This year, the Americas region was home to the country with the world's largest overall score increase: **Barbados**, which benefited from major increases in scores for fiscal health and government spending. Increases in arrivals and spending by tourists have helped economic growth, and the new government is executing a fiscal consolidation and debt restructuring plan.

Among the Hemisphere's larger countries, the biggest improvement in both *Index* ranking and overall score was by the **United States**. Its overall score increased by 1.1 points to its highest level since 2011, driven by significant upticks in scores for the tax burden and government integrity, and its ranking in the 2019 *Index* rose six places. This advance reflects the impact of major regulatory and tax reforms on economic growth, investment, and business confidence. In 2018, the U.S. unemployment rate fell to its lowest point since 1969. New protectionist policies that have raised tariffs and disrupted established manufacturing supply chains, however, are just beginning to have an impact on consumer prices and investment decisions.

Cuba's fiscal health score continued its steep descent in the 2019 *Index*, reflecting the chronic inefficiency of an economy that is dominated almost entirely by the state. Without significant supplies of subsidized oil from nearly bankrupt Venezuela, Cuba's dysfunctional economy is even more dependent on foreign exchange inflows from emigrants' remittances and the tourism-generated foreign currency that the regime needs to survive. Much of the labor force performs low-productivity functions in Cuba's bloated government sector. All courts are subject to political interference, and

ECONOMIC FREEDOM IN THE AMERICAS

World Rank	Regional Rank	Country	Overall Score	Change from 2018	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
8	1	Canada	77.7	0.0	87.0	69.4	84.6	76.8	51.3	83.1	81.9	73.7	77.2	86.8	80	80
12	2	United States	76.8	1.1	79.3	78.6	77.4	75.1	57.1	53.1	83.8	89.4	76.6	86.6	85	80
18	3	Chile	75.4	0.2	68.7	56.3	62.3	77.3	81.0	89.0	76.6	65.0	84.5	88.8	85	70
38	4	Saint Lucia	68.7	1.1	65.9	63.8	50.3	76.2	79.3	81.3	76.3	69.2	83.9	73.2	65	40
39	5	Jamaica	68.6	-0.5	60.7	49.2	45.0	80.2	76.0	80.0	78.0	73.6	82.6	68.4	80	50
40	6	Uruguay	68.6	-0.6	68.3	58.9	69.2	77.2	67.5	69.9	74.3	71.9	72.9	78.6	85	30
45	7	Peru	67.8	-0.9	56.1	34.0	31.8	80.6	86.1	88.5	67.8	63.5	83.9	86.4	75	60
49	8	Colombia	67.3	-1.6	59.2	34.3	33.5	74.3	75.0	79.2	71.4	78.5	75.6	76.0	80	70
50	9	Panama	67.2	0.2	60.4	30.1	34.1	85.0	85.3	91.3	73.6	43.4	79.4	79.2	75	70
55	10	Saint Vincent and The Grenadines	65.8	-1.9	36.5	63.8	50.5	71.2	74.3	85.0	76.5	73.5	82.2	66.6	70	40
61	11	Costa Rica	65.3	-0.3	58.3	54.0	54.5	79.2	88.4	42.5	67.2	55.2	83.2	81.4	70	50
66	12	Mexico	64.7	-0.1	59.1	34.9	26.3	75.8	78.2	83.2	67.8	58.6	75.9	81.4	75	60
67	13	Barbados	64.7	7.7	52.9	59.9	53.8	70.1	65.0	79.5	69.8	59.9	78.3	56.6	70	60
72	14	Dominica	63.6	-0.9	49.2	63.8	54.5	72.1	53.5	84.7	70.7	60.4	85.7	68.2	70	30
76	15	The Bahamas	62.9	-0.4	42.2	46.9	43.7	97.3	86.8	65.7	68.5	67.5	78.1	47.8	50	60
77	16	Guatemala	62.6	-0.8	40.3	32.3	26.4	79.2	95.6	96.2	53.6	48.7	77.0	82.2	70	50
84	17	El Salvador	61.8	-1.4	37.6	29.1	23.4	78.1	86.3	81.9	57.2	53.1	79.0	81.4	75	60
85	18	Paraguay	61.8	-0.3	39.5	30.0	25.5	96.3	78.9	96.3	61.5	29.2	72.8	76.6	75	60
89	19	Dominican Republic	61.0	-0.6	50.6	18.1	23.2	84.6	90.3	89.9	51.9	57.6	79.7	75.8	70	40
93	20	Honduras	60.2	-0.4	43.4	31.0	25.3	82.8	78.2	95.9	56.9	32.0	73.0	79.4	65	60
107	21	Nicaragua	57.7	-1.2	33.4	18.7	20.3	76.9	79.1	93.9	56.0	55.8	72.7	76.0	60	50
112	22	Trinidad and Tobago	57.0	-0.7	52.3	40.6	32.9	82.3	61.9	16.6	67.8	75.6	75.1	68.4	60	50
113	23	Guyana	56.8	-1.9	41.7	42.9	33.2	67.0	69.4	77.6	59.3	62.0	76.9	66.8	55	30
123	24	Belize	55.4	-1.7	41.7	46.9	27.2	79.9	65.9	39.1	61.8	54.8	78.7	64.0	55	50
143	25	Haiti	52.7	-3.1	10.4	25.3	20.3	79.9	88.3	95.9	36.2	62.6	66.5	72.0	45	30
148	26	Argentina	52.2	-0.1	47.8	44.5	33.5	69.3	49.5	33.0	56.4	46.9	60.2	70.0	55	60
150	27	Brazil	51.9	0.5	57.3	51.7	28.1	70.5	55.2	5.9	57.9	51.9	75.5	69.0	50	50
165	28	Suriname	48.1	0.0	49.1	22.2	35.5	70.9	77.2	9.6	48.3	73.5	56.0	64.6	40	30
170	29	Ecuador	46.9	-1.6	35.9	20.2	25.3	77.0	55.5	32.1	54.1	48.2	73.5	66.4	35	40
173	30	Bolivia	42.3	-1.8	20.5	12.3	19.7	82.4	49.3	17.6	58.8	52.9	68.8	70.4	15	40
178	31	Cuba	27.8	-4.1	31.6	10.0	37.7	48.8	0.0	15.6	20.0	20.0	65.6	64.0	10	10
179	32	Venezuela	25.9	0.7	7.6	13.1	7.9	74.7	58.1	17.6	33.9	28.0	0.0	60.0	0	10

private property is strictly regulated. Excessive bureaucracy and the lack of regulatory transparency continue to limit trade and investment.

Haiti's economic freedom dropped precipitously in the 2019 *Index* because of sharp declines in scores for judicial effectiveness, business freedom, property rights, and government integrity. The effectiveness of public finance and the rule of law has been severely

undermined by years of political volatility. Under the supervision of international donors, the government has worked to increase domestic revenues and gradually eliminate subsidies to fund reconstruction of hurricane damage, but it was forced to retreat in the summer of 2018 after violent protests against reduced fuel subsidies.



ASIA-PACIFIC

ASIA-PACIFIC

The Asia-Pacific region covers the Earth's largest land area, 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 almost one-third.

The region continues to lead worldwide economic growth, with average annual expansion of approximately 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 percent) and the second-lowest average inflation rate (3 percent).

The Asia-Pacific is unique among the five global *Index* regions in the extraordinary disparity among its countries' levels of economic freedom. The consequences for the people of the region are enormous. The huge gap in living standards between North Korea (last place,

rated "repressed") and South Korea (29th place, rated "mostly free") illustrates the benefits of economic freedom versus its absence as vividly as does the famous nighttime photograph from space that contrasts the brightly lit South with a North shrouded in darkness.

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." Four countries (Kiribati, Timor-Leste, Turkmenistan, and North Korea) have economies that are considered "repressed."

Although its overall economic freedom score of 60.6 is just below the world average in the 2019 *Index*, the Asia-Pacific scored higher again this year than the world averages in seven of the 12 economic freedom indicators: property rights, judicial effectiveness, tax burden, government spending, fiscal health, business freedom, and labor freedom (see Table 1). In other critical areas of economic freedom such as government integrity, monetary freedom, trade freedom, investment freedom, and financial freedom, the region as a whole lags behind world averages.

As shown by the scores, 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 a region that still remembers the hardships of the financial crisis of 1997-1998, the above-average score in fiscal health is a measure of the successful adoption of significant fiscal and monetary reforms. Although the labor freedom score also beats the world average, many small Pacific island economies still lack fully developed formal labor markets.

As shown in Chart 2, the nine freest Asia-Pacific countries far outpace other countries in the region in per capita income. However, it is

ASIA-PACIFIC: QUICK FACTS

TOTAL POPULATION: 4.16 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$13,103

1-YEAR GROWTH: 6.2%

5-YEAR GROWTH: 6.3%

INFLATION: 3.0%

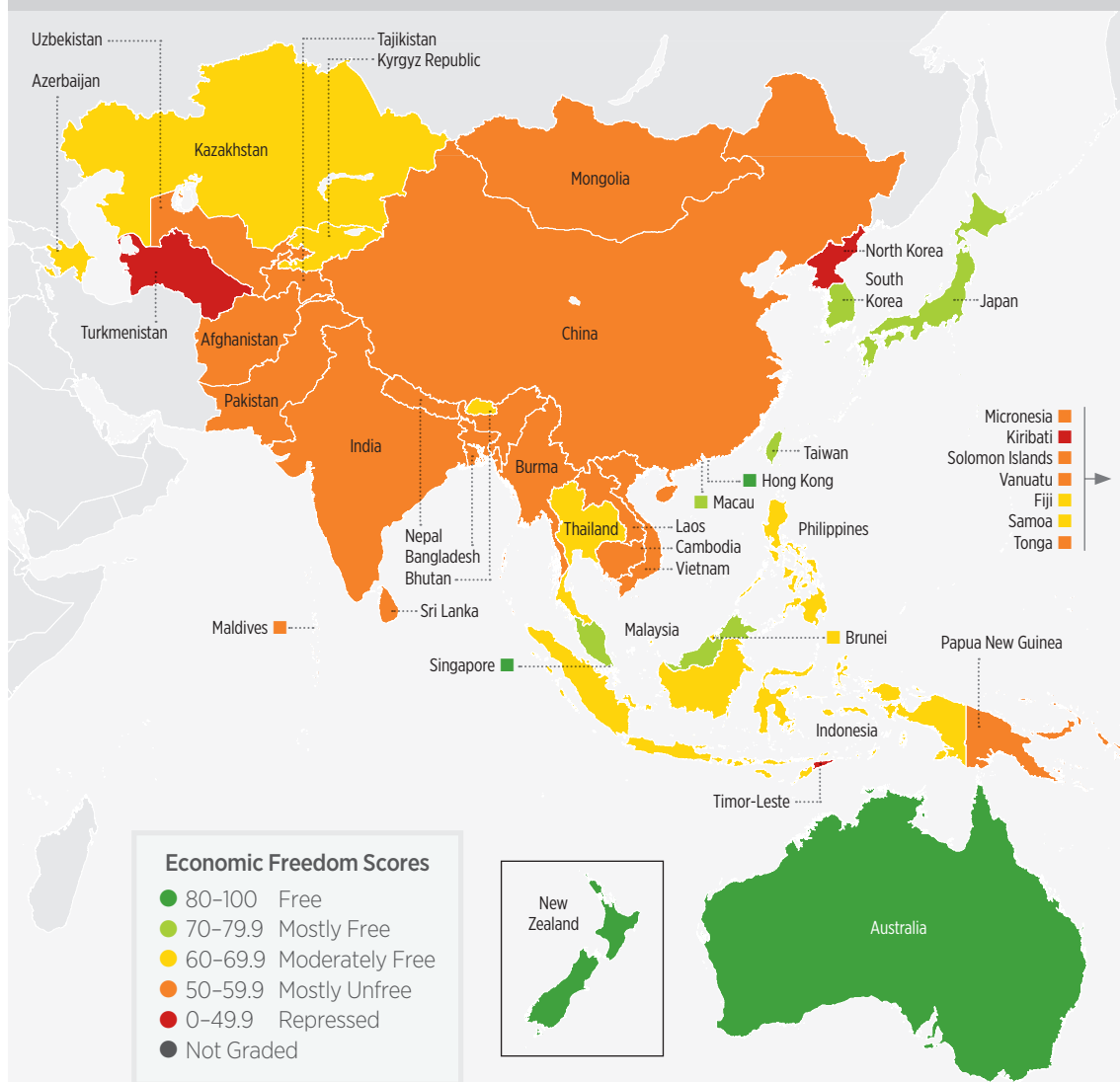
UNEMPLOYMENT RATE: 4.0%

PUBLIC DEBT: 58.7% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

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ASIA-PACIFIC



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

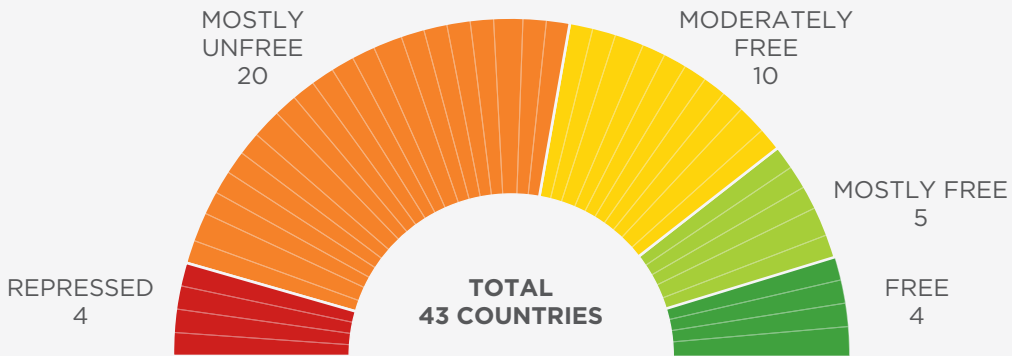
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among the less free countries—notably China and India, both “mostly unfree” and ranked only 100th and 129th, respectively—that we find some of the region’s highest growth rates. In part, this is simply the result of the much lower base from which economic 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 2019) 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 China and India 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 blocked by those who have a political interest in maintaining

ASIA-PACIFIC: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

Chart 1 heritage.org

the status quo, and there is considerable room for improvement.

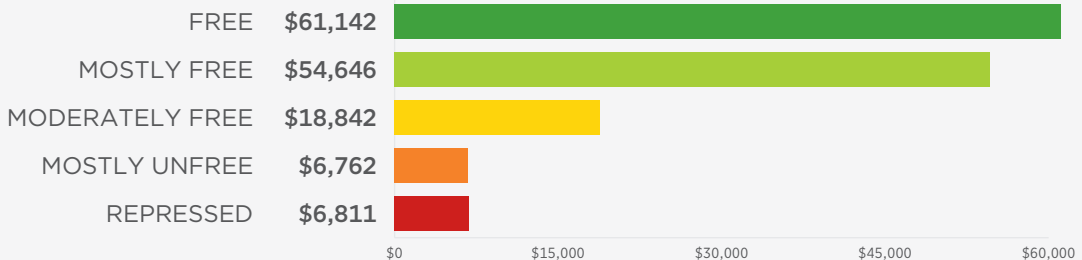
In the 2019 *Index*, the scores of 23 countries in the Asia–Pacific region have improved, those of 18 have declined, and two were unchanged. That bodes well for a majority of the region’s population. As shown in Chart 3, countries with

greater degrees of economic freedom generally tend to achieve the higher levels of social progress that their citizens demand.

NOTABLE COUNTRIES

Laos’s economic freedom score increased in the 2019 *Index*, driven by greater trade freedom

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

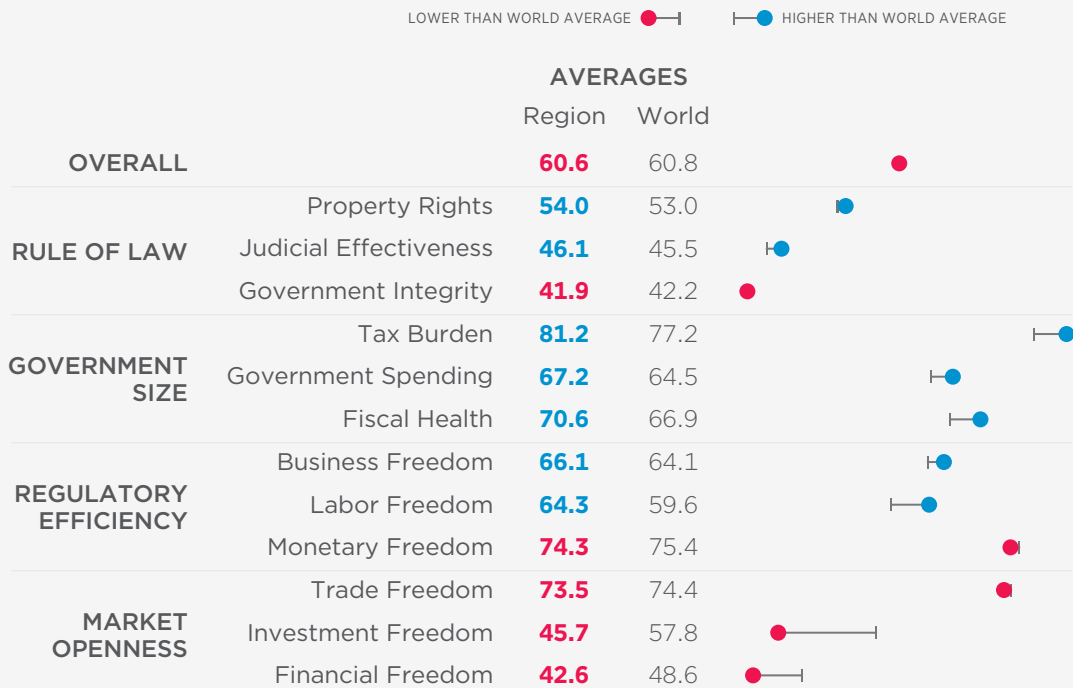


NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2017.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>; International Monetary Fund, World Economic Outlook Database, April 2018, <http://www.imf.org/external/pubs/ft/weo/2018/01/weodata/weoselgr.aspx> (accessed December 3, 2018); and the CIA World Factbook.

Chart 2 heritage.org

ASIA-PACIFIC: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

Table 1  heritage.org

and higher scores for government spending, fiscal health, labor freedom, and property rights. Unfortunately, although the government professes a desire to achieve upper-middle-income status by 2030, the business environment remains opaque. Politically connected vested interests block entry into some sectors, and actions to increase state control (for example, by reducing land concession tenures) do not inspire investor confidence. Deeper institutional and systemic reforms are needed to overcome such obstacles to economic freedom as weak property rights, pervasive corruption, burdensome bureaucracy, and government interference and regulatory controls.

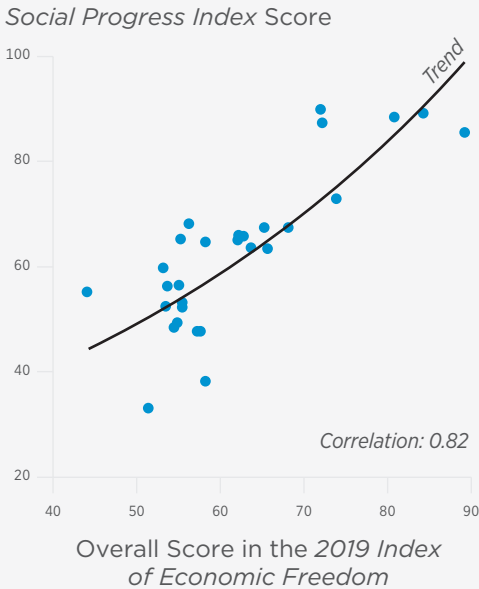
A significant increase in fiscal health boosted **Vietnam's** economic freedom score in the 2019 *Index*. The economy expanded at a very

fast rate in 2018 and will benefit from new global supply chains that evolve from ongoing U.S.–China trade tensions. To continue strong economic growth, Vietnam will need to reform state-owned-enterprises, reduce red tape, increase business-sector transparency, and increase recognition of private property rights. Strengthening institutions to make the regulatory regime more efficient, shrinking the bloated and opaque bureaucracy and making it more transparent, and bolstering the weak judicial system would also promote economic freedom.

The world's largest drop in economic freedom this year—and one of the biggest such declines ever measured—was recorded by **Vanuatu**, precipitated by a nearly total collapse in fiscal health and sharply lower scores for

ASIA-PACIFIC: ECONOMIC FREEDOM AND SOCIAL PROGRESS

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



NOTE: Based on the 29 countries in Asia-Pacific that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>, and The Social Progress Imperative, *2018 Social Progress Index Report*, 2018, <https://www.socialprogress.org/index> (accessed December 3, 2018).

Chart 3  heritage.org

government spending, government integrity, judicial effectiveness, and trade freedom. Strong factionalism continues to undermine policymaking in the islands. Economic development is hindered by dependence on relatively few commodity exports, vulnerability to natural disasters, and long distances to major markets. There is an overall lack of commitment to institutional reforms. Property rights are poorly protected, and investment is deterred by Vanuatu’s inadequate physical and

legal infrastructure as well as by rigid labor regulations and widespread corruption.

Tonga’s economic freedom score was also sharply lower in the 2019 *Index*. The government still hopes to attract investment to the small island economy to develop a larger private sector, but the public sector’s dominance thwarts economic dynamism, and institutional capacity is weak. The judicial system is inefficient and lacks transparency. A lack of commitment to fully open markets impedes investment growth. The state’s oversized role in the economy crowds out private-sector development.

Japan’s overall score declined slightly in the 2019 *Index*, but “Abenomics,” which includes important reforms such as slashing business regulations, liberalizing the labor market and agricultural sector, and cutting corporate taxes, has contributed to an ongoing recovery that, if maintained until 2020, will be Japan’s longest period of economic growth since the 1980s. Trade liberalization is also a goal, but it has been overshadowed by rising tensions in global commerce. Japan has one of the world’s heaviest government debt burdens. Political stability and a well-maintained rule of law strengthen its economic freedom.

China’s economic freedom score improved in the 2019 *Index*, with higher scores for judicial effectiveness and labor freedom outpacing a sharp drop in fiscal health. Increasing tensions in the U.S.–China economic relationship have heightened business uncertainties, and the Chinese government adopted looser economic policies in 2018 to mitigate mounting risks to future growth. Despite still-impressive growth rates, China remains “mostly unfree.” Non-transparent state-owned enterprises dominate the financial sector and many basic industries. The official ideology of “Socialism with Chinese Characteristics” has chilled liberalization, heightened reliance on mercantilism, raised bureaucratic hurdles to trade and investment, weakened the rule of law, and strengthened resistance from vested interests that impedes more dynamic economic development.

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Change from 2018	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	0.0	93.3	75.3	83.8	93.1	90.3	100.0	96.4	89.2	86.4	95.0	90	90
2	2	Singapore	89.4	0.6	97.4	92.4	95.1	90.4	90.7	80.0	90.8	91.0	85.3	94.8	85	80
3	3	New Zealand	84.4	0.2	95.0	83.5	96.7	71.0	50.4	98.6	91.0	86.7	87.5	92.4	80	80
5	4	Australia	80.9	0.0	79.1	86.5	79.9	62.8	60.1	86.2	88.3	84.1	86.6	87.6	80	90
10	5	Taiwan	77.3	0.7	85.4	70.1	69.2	75.0	90.6	91.6	93.2	60.9	84.4	87.0	60	60
22	6	Malaysia	74.0	-0.5	84.1	68.2	55.4	85.6	83.2	82.4	83.9	74.4	78.6	82.0	60	50
29	7	South Korea	72.3	-1.5	79.3	57.5	50.5	64.2	68.6	96.8	91.3	57.4	82.0	80.4	70	70
30	8	Japan	72.1	-0.2	84.1	68.5	78.0	68.2	55.0	55.7	80.5	79.0	85.9	80.0	70	60
34	9	Macau	71.0	0.1	60.0	60.0	33.2	77.1	90.4	100.0	60.0	50.0	76.5	90.0	85	70
43	10	Thailand	68.3	1.2	53.7	45.9	36.4	81.3	85.8	96.5	82.5	63.9	75.2	83.0	55	60
56	11	Indonesia	65.8	1.6	52.2	53.5	39.5	83.7	91.4	88.1	69.3	49.3	77.4	79.8	45	60
59	12	Kazakhstan	65.4	-3.7	59.3	56.1	40.3	93.4	83.7	41.0	73.9	86.2	70.9	80.0	50	50
60	13	Azerbaijan	65.4	1.1	59.1	53.1	44.7	87.5	59.5	89.4	69.5	63.9	63.0	74.6	60	60
63	14	Brunei	65.1	0.9	64.0	56.0	43.7	90.7	59.9	20.0	80.2	90.8	76.5	84.0	65	50
70	15	Philippines	63.8	-1.2	48.7	36.4	30.9	76.9	88.7	97.1	61.3	57.9	69.6	78.2	60	60
74	16	Bhutan	62.9	1.1	62.5	55.4	54.5	83.0	71.6	77.6	68.7	79.5	72.6	79.4	20	30
79	17	Kyrgyz Republic	62.3	-0.5	49.9	27.9	27.2	94.1	54.2	78.4	73.4	79.8	74.4	78.6	60	50
81	18	Fiji	62.2	0.2	67.3	42.9	23.4	81.1	71.7	82.4	63.0	72.9	73.5	62.8	55	50
82	19	Samoa	62.2	0.7	53.8	31.0	37.7	79.9	62.3	93.6	77.0	78.2	83.5	63.8	55	30
100	20	China	58.4	0.6	49.9	75.2	49.1	70.4	70.1	76.0	56.2	64.2	71.9	73.0	25	20
101	21	Papua New Guinea	58.4	2.7	37.4	49.0	37.2	71.8	89.1	75.2	62.2	72.6	70.0	80.9	25	30
105	22	Cambodia	57.8	-0.9	37.4	27.6	16.7	89.7	85.9	89.1	29.9	63.0	79.4	65.4	60	50
108	23	Tonga	57.7	-5.4	59.2	26.6	38.1	85.5	40.9	93.4	75.3	69.9	69.4	73.6	40	20
110	24	Laos	57.4	3.8	38.8	42.5	33.5	86.9	85.3	66.5	60.1	60.1	78.5	81.8	35	20
115	25	Sri Lanka	56.4	-1.4	44.7	39.4	28.9	84.9	88.3	30.4	75.1	58.8	70.1	76.2	40	40
116	26	Vanuatu	56.4	-13.1	65.9	36.4	51.9	97.3	54.1	15.3	52.4	58.8	75.0	64.4	65	40
121	27	Bangladesh	55.6	0.5	36.1	34.5	24.4	72.7	94.5	77.6	50.9	68.2	69.9	63.6	45	30
122	28	Tajikistan	55.6	-2.7	47.8	52.1	36.4	91.8	64.6	60.3	67.3	49.2	68.5	73.6	25	30
126	29	Mongolia	55.4	-0.3	48.2	23.8	29.8	88.5	63.1	6.2	66.0	75.0	77.8	75.8	50	60
128	30	Vietnam	55.3	2.2	49.8	40.3	34.0	79.7	74.1	40.7	63.5	62.8	68.9	79.2	30	40
129	31	India	55.2	0.7	57.3	61.6	47.8	79.4	77.3	14.7	57.1	41.8	72.4	72.4	40	40
131	32	Pakistan	55.0	0.6	41.5	40.2	30.6	80.5	87.6	49.2	56.1	41.8	72.6	64.8	55	40
133	33	Solomon Islands	54.6	-2.9	49.9	51.7	33.5	65.5	36.5	89.4	68.6	72.0	86.0	56.8	15	30
136	34	Nepal	53.8	-0.3	39.2	34.7	26.2	84.0	83.7	98.5	61.8	47.9	69.4	60.4	10	30
139	35	Burma	53.6	-0.3	34.7	18.1	30.6	86.6	85.4	78.3	52.8	65.7	69.6	70.8	30	20
140	36	Uzbekistan	53.3	1.8	49.8	34.3	25.2	91.3	67.4	98.7	72.5	58.7	58.9	62.6	10	10
141	37	Maldives	53.2	2.1	43.9	36.4	33.5	95.8	60.8	10.7	78.3	70.8	81.0	62.6	35	30
149	38	Micronesia	51.9	-0.4	7.6	26.6	36.6	92.8	0.0	98.8	57.4	71.9	85.8	80.6	35	30

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Change from 2018	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
152	39	Afghanistan	51.5	0.2	19.6	29.6	25.2	91.7	80.3	99.3	49.2	60.4	76.7	66.0	10	10
164	40	Turkmenistan	48.4	1.3	31.6	29.8	20.3	95.9	92.0	92.3	30.0	20.0	73.4	76.0	10	10
168	41	Kiribati	47.3	-3.5	44.1	34.3	35.1	73.0	0.0	98.6	41.9	50.7	81.1	53.2	25	30
172	42	Timor-Leste	44.2	-3.9	29.7	13.1	32.1	96.3	0.9	20.0	60.5	58.8	79.5	75.0	45	20
180	43	North Korea	5.9	0.1	31.6	5.0	24.4	0.0	0.0	0.0	5.0	5.0	0.0	0.0	0	0



EUROPE

EUROPE

The European continent stretches from Iceland in the North Atlantic to Ireland and the Normandy beaches and 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, but the Communist and socialist philosophy 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 Switzerland and Ireland are showing them the path toward 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 \$34,960, with inflation (3.7 percent) generally under control. However, the European continent has long been plagued by high unemployment rates (7.9 percent) and a growing level of public debt (63.6 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 35 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

EUROPE: QUICK FACTS

TOTAL POPULATION: 828.5 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$34,960

1-YEAR GROWTH: 2.9%

5-YEAR GROWTH: 1.8%

INFLATION: 3.7%

UNEMPLOYMENT RATE: 7.9%

PUBLIC DEBT: 63.6% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

 heritage.org



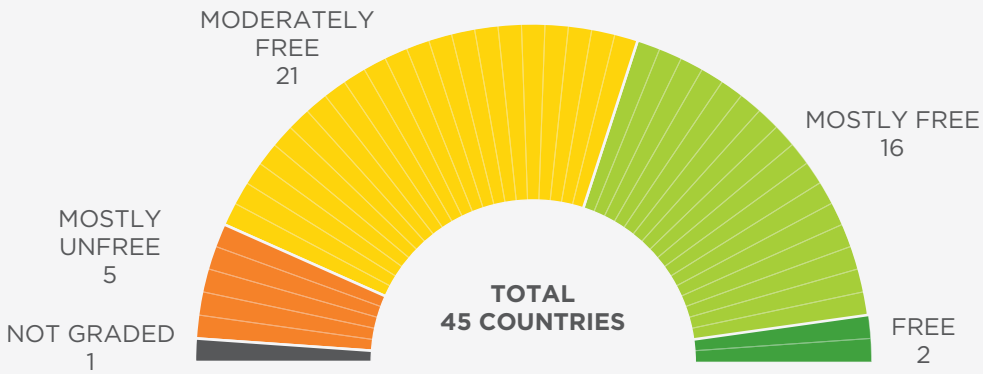
points ahead in judicial effectiveness, government integrity, fiscal health, business freedom, and financial freedom. The region's average scores on property rights and investment freedom continue to exceed world averages by more than 15 points.

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. Europe has benefited from centuries of substantial internal economic competition, which may help to explain why economic repression is so rare, but some of the Eastern European countries, insulated from both internal and external competition

EUROPE: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

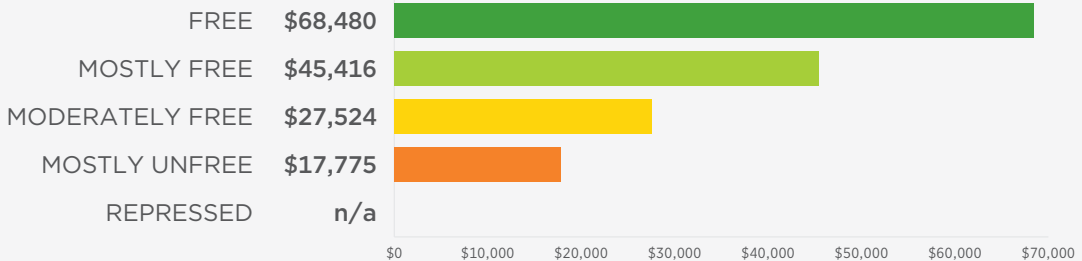
Chart 1 heritage.org

for decades under their former Communist regimes, still lag in needed reforms. Many post-Communist countries, such as Russia, Belarus, and Ukraine, are found at the “less free” end of the distribution.

In the 2019 *Index*, the scores of 21 countries in the European region have improved, those

of 21 declined, and the scores of Kosovo and Iceland were unchanged. As shown in Chart 3, around the region, countries with higher economic freedom tend to maintain cleaner environments and greater protection of ecosystem vitality.

EUROPE: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY

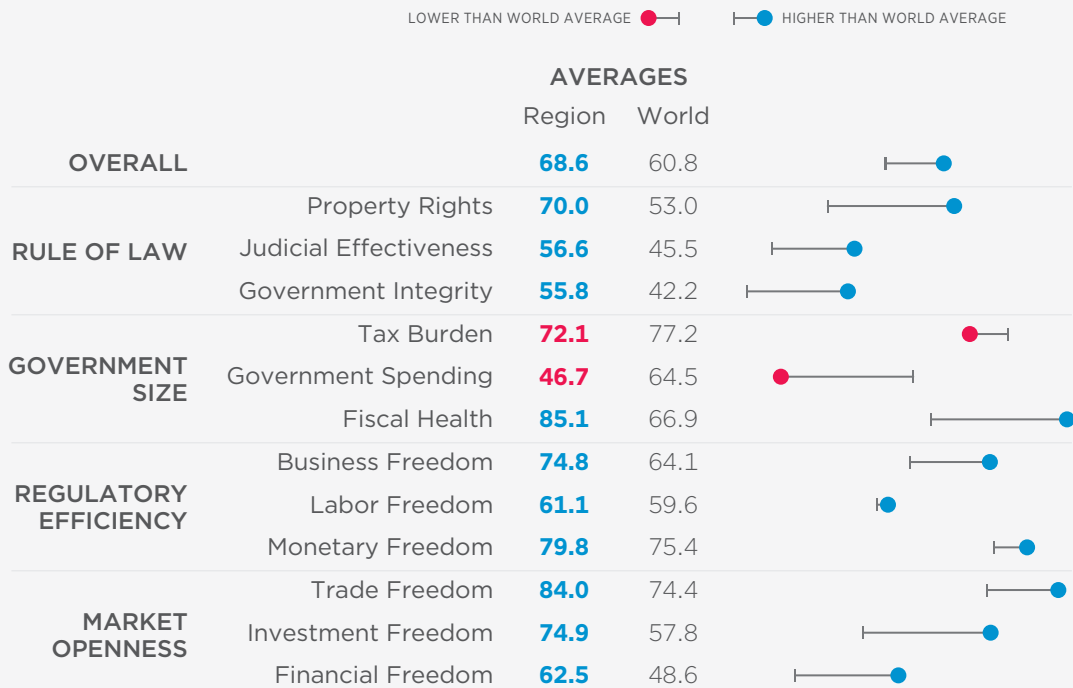


NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2017.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>, and International Monetary Fund, World Economic Outlook Database, April 2018, <http://www.imf.org/external/pubs/ft/weo/2018/01/weodata/weoselgr.aspx> (accessed December 3, 2018).

Chart 2 heritage.org

EUROPE: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

Table 1 heritage.org

NOTABLE COUNTRIES

Economic freedom in the **United Kingdom** increased again in the 2019 *Index*, led by a big jump in fiscal health. The U.K.'s 2019 departure from the European Union has prompted policymakers to address such structural deficiencies as lackluster productivity growth. The resilient economy's recovery from the financial crisis was aided by effective rule of law, an open trade regime, and a well-developed financial sector. The country's already liberalized labor market can be made more flexible after Brexit. The U.K. has one of the world's most efficient business and investment environments and will soon be open to expanded global trade relationships.

To promote its EU candidacy, **Albania** has been transitioning to a more open and flexible economic system by implementing substantial

restructuring. Those efforts are reflected in the country's higher economic freedom score in the 2019 *Index*. Progress in income growth and poverty reduction has been considerable. A competitive trade regime supported by a relatively efficient regulatory framework has encouraged development of the growing entrepreneurial sector. To sustain this progress, the government plans additional reforms to improve the rule of law, encourage the growth of economic freedom, and ensure continued vibrant economic development.

Portugal's economic freedom score also improved, thanks to a higher score for fiscal health. Over the years, however, and despite sound institutions that contribute to an efficient business framework and independent judicial system, Portugal's indebted and inefficient

EUROPE: ECONOMIC FREEDOM AND THE ENVIRONMENT

Category in the 2019
*Index of Economic
Freedom*

Environmental Performance Index Score



NOTE: Based on the 43 countries in Europe that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>, and Yale University, *2018 Environmental Performance Index* (New Haven, CT: Yale University), <https://epi.envirocenter.yale.edu> (accessed December 3, 2018).

Chart 3  heritage.org

public sector has worn away the private sector's dynamism and reduced the economy's overall competitiveness.

Montenegro's economic freedom score dropped sharply in the 2019 *Index*, precipitated by a steep plunge in fiscal health. The economy is growing, but future prospects are uncertain in the absence of major policy reforms. Privatization of state-owned enterprises has slowed, and the institutional commitment to strong protection of property rights or effective measures against corruption remains weak.

The economic freedom score for **Latvia** also registered a disappointing decline in the 2019 *Index*. The government's fiscal and monetary policies have ended Latvia's dramatic mid-2000s boom-and-bust cycle, improved competitiveness, and returned the country to economic growth. However, lack of institutional reforms and the prevalence of state-owned enterprises hinder the emergence of a more profitable private sector. Corruption continues to impede the attraction of foreign direct investment, increase business costs, and undermine the rule of law.

Although its score dipped slightly in the 2019 *Index*, **Germany** remains the most politically and economically influential nation in the European Union. Its robust underlying fundamentals, such as business freedom and investment freedom, should 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.

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 2018	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	81.9	0.2	85.3	82.0	88.0	70.5	64.8	96.3	75.4	72.5	85.2	87.4	85	90
6	2	Ireland	80.5	0.1	85.8	68.4	78.0	76.3	77.4	89.0	83.1	75.3	87.0	86.0	90	70
7	3	United Kingdom	78.9	0.9	92.3	85.9	83.8	64.7	48.2	68.6	92.9	73.5	81.2	86.0	90	80
11	4	Iceland	77.1	0.1	87.4	63.8	83.8	72.7	44.0	96.7	88.4	64.1	81.7	87.0	85	70
13	5	Netherlands	76.8	0.6	88.0	74.7	89.1	51.6	42.9	93.3	81.4	60.3	84.0	86.0	90	80
14	6	Denmark	76.7	0.1	86.2	77.8	85.8	42.0	14.4	96.7	90.7	86.4	84.1	86.0	90	80
15	7	Estonia	76.6	-2.2	81.5	76.0	73.1	79.9	51.1	99.8	75.3	57.2	79.6	86.0	90	70
16	8	Georgia	75.9	-0.3	65.9	54.6	58.5	87.1	73.6	93.9	85.8	76.6	76.0	88.6	80	70
17	9	Luxembourg	75.9	-0.5	83.0	72.4	85.8	65.4	46.6	98.9	68.8	45.9	82.6	86.0	95	80
19	10	Sweden	75.2	-1.1	89.5	84.0	88.0	43.2	26.7	96.6	88.0	53.9	82.0	86.0	85	80
20	11	Finland	74.9	0.8	89.6	81.2	92.5	66.8	7.2	86.4	89.4	50.3	84.8	86.0	85	80
21	12	Lithuania	74.2	-1.1	73.6	61.2	47.8	86.4	65.1	97.3	75.2	63.6	84.6	86.0	80	70
23	13	Czech Republic	73.7	-0.5	74.8	47.6	52.1	82.6	52.1	97.6	72.4	78.1	81.5	86.0	80	80
24	14	Germany	73.5	-0.7	79.9	75.4	81.3	60.8	42.3	91.8	83.3	52.8	77.9	86.0	80	70
26	15	Norway	73.0	-1.3	86.1	81.2	92.3	57.4	25.3	97.3	89.4	53.7	75.4	83.2	75	60
31	16	Austria	72.0	0.2	84.2	71.3	77.4	50.5	24.5	85.5	74.9	68.7	81.5	86.0	90	70
33	17	Macedonia	71.1	-0.2	65.1	60.7	44.7	91.8	70.0	82.9	80.2	71.5	78.7	82.0	65	60
35	18	Latvia	70.4	-3.2	67.3	48.4	35.5	77.0	57.1	96.9	77.5	73.3	81.1	86.0	85	60
37	19	Bulgaria	69.0	0.7	62.5	41.9	35.1	90.2	63.9	98.8	62.7	68.4	88.0	86.0	70	60
41	20	Malta	68.6	0.1	69.8	50.4	50.3	64.2	56.1	94.5	67.1	61.3	78.2	86.0	85	60
42	21	Romania	68.6	-0.8	66.7	51.9	39.8	89.7	69.0	89.3	63.1	64.5	82.7	86.0	70	50
44	22	Cyprus	68.1	0.3	73.1	48.1	43.7	74.9	55.2	80.3	76.9	59.5	84.0	86.0	75	60
46	23	Poland	67.8	-0.7	62.3	44.0	49.8	74.9	48.8	86.4	65.4	63.9	82.1	86.0	80	70
47	24	Armenia	67.7	-1.0	57.2	46.3	38.6	84.7	79.0	53.0	78.3	71.4	77.8	80.8	75	70
48	25	Belgium	67.3	-0.2	81.3	61.6	72.5	47.1	15.2	73.4	78.1	61.0	76.1	86.0	85	70
51	26	Kosovo	67.0	0.4	57.2	53.5	44.7	92.5	77.7	96.0	73.8	64.9	78.3	70.8	65	30
52	27	Albania	66.5	2.0	54.8	30.6	40.4	86.3	73.9	80.6	69.3	52.7	81.5	87.8	70	70
57	28	Spain	65.7	0.6	72.9	51.4	51.9	62.3	46.2	51.1	66.8	57.8	87.5	86.0	85	70
58	29	Slovenia	65.5	0.7	76.4	46.5	53.6	58.4	38.3	82.6	79.3	61.2	83.6	86.0	70	50
62	30	Portugal	65.3	1.9	71.5	64.3	59.5	59.9	35.6	69.8	79.7	44.3	83.0	86.0	70	60
64	31	Hungary	65.0	-1.7	60.9	45.2	35.3	78.6	31.7	85.0	61.1	64.7	81.8	86.0	80	70
65	32	Slovakia	65.0	-0.3	68.5	37.2	37.7	78.6	46.1	87.2	61.3	53.4	78.6	86.0	75	70
68	33	Turkey	64.6	-0.8	55.8	49.8	41.2	76.4	65.1	92.2	66.0	49.2	70.0	79.6	70	60
69	34	Serbia	63.9	1.4	50.1	44.8	37.2	82.0	45.1	90.1	72.9	67.4	80.0	77.0	70	50
71	35	France	63.8	-0.1	82.5	66.1	67.9	48.4	3.9	64.9	81.2	45.2	79.1	81.0	75	70
80	36	Italy	62.2	-0.3	71.7	49.8	43.7	55.6	26.5	71.3	71.7	51.1	84.0	86.0	85	50
83	37	Bosnia and Herzegovina	61.9	0.5	40.2	37.9	30.2	84.3	46.1	96.6	49.7	67.0	83.1	82.6	65	60
86	38	Croatia	61.4	0.4	66.0	42.9	38.6	66.4	33.4	85.4	60.7	44.0	78.5	86.0	75	60

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Change from 2018	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	Montenegro	60.5	-3.8	55.4	51.8	39.5	85.3	32.6	23.2	73.3	73.4	81.6	84.7	75	50
97	40	Moldova	59.1	0.7	55.2	29.6	25.4	85.4	59.1	92.0	67.0	39.0	73.5	78.0	55	50
98	41	Russia	58.9	0.7	52.4	45.1	36.6	89.4	62.3	86.6	78.4	52.5	65.1	77.8	30	30
104	42	Belarus	57.9	-0.2	55.2	51.7	37.7	89.4	41.3	85.4	75.0	75.3	67.0	76.4	30	10
106	43	Greece	57.7	0.4	52.4	49.5	37.7	59.1	23.3	79.0	74.1	52.5	79.1	81.0	55	50
147	44	Ukraine	52.3	0.4	43.9	31.5	29.6	81.8	46.9	82.6	66.1	46.7	58.6	75.0	35	30
N/A	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	N/A	85	80



**MIDDLE EAST
AND
NORTH AFRICA**

MIDDLE EAST AND NORTH AFRICA

Stretching from Morocco’s Atlantic coast across the mighty Nile, Jordan, and Euphrates river valleys 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. The countries of the region are successors to some of the world’s most ancient civilizations, but 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 one that is most susceptible to economic, political, and security vulnerabilities. This instability is illustrated by the fact that four of the six countries in the 2019 *Index* that cannot be graded or ranked because of the lack of reliable data are in the MENA region.

The population-weighted average GDP per capita for the region is approximately \$21,732, third-highest among the five global *Index* regions. Monetary stability has been relatively well maintained. During the past five years, the MENA region has registered soft economic growth (2.9 percent) but has continued to suffer from high levels of unemployment (9.9 percent), particularly among the young.

Many countries in the region have been grappling since 2011 with fallout from social upheaval or outright conflict growing out of citizens’ demands for more freedom. Unfortunately, the lives of most people have not changed for the better during the past eight years. The most vivid illustration of this regional policy failure is the sharp drop in the economic freedom score for Tunisia, birthplace of the “Arab Spring.” Scores for Egypt, Bahrain, Kuwait, and Lebanon were also lower. The grading of economic freedom for Iraq, Libya, Syria, and Yemen remains suspended in the 2019 *Index* because of the ongoing violence and unrest in those countries.

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 has no economically “free” countries. The United Arab Emirates, Israel, and Qatar 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

MIDDLE EAST/NORTH AFRICA: QUICK FACTS

TOTAL POPULATION: 433.4 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$21,732

1-YEAR GROWTH: 2.9%

5-YEAR GROWTH: 3.2%

INFLATION: 9.7%

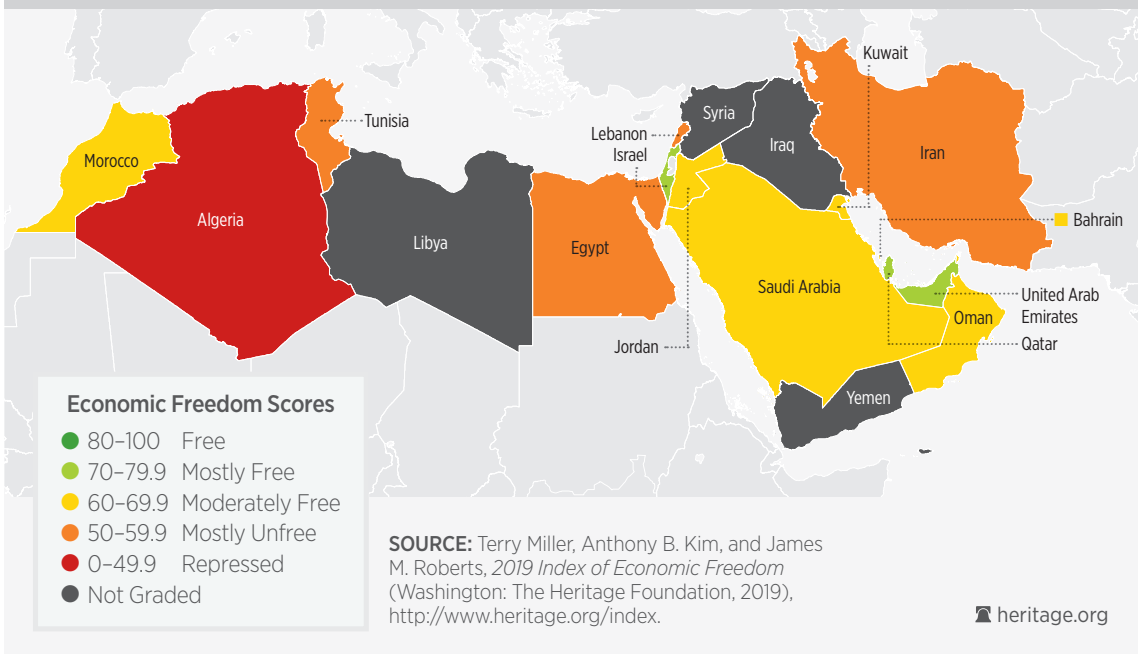
UNEMPLOYMENT RATE: 9.9%

PUBLIC DEBT: 58.2% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

 heritage.org

MIDDLE EAST/NORTH AFRICA



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 exceeds 25 percent. Social upheaval is the predictable result.

There is one *Index* indicator in which the MENA region is the clear global leader: tax 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 typical in the oil kingdoms. The region also scores 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 MENA 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

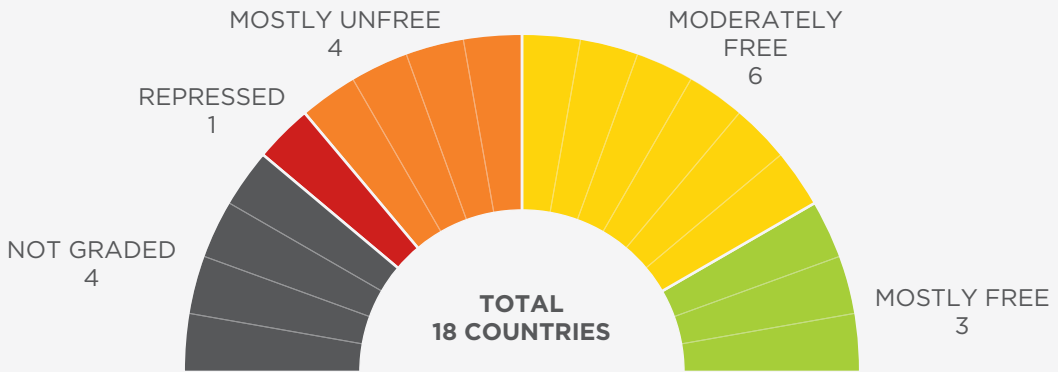
relatively economically advanced states like the United Arab Emirates, Qatar, and Israel may yet show the way to broader-based economic growth, more political stability, and greater economic freedom in the region.

In the 2019 *Index*, the scores of six countries in the MENA region have improved, three were unchanged from 2018, and the scores of the other five graded countries 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.

The Arab Spring continues to morph into an “Arab Winter” that is increasingly characterized by repressive and authoritarian government, and the results of the 2019 *Index* reflect that the region’s 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,

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

Chart 1 heritage.org

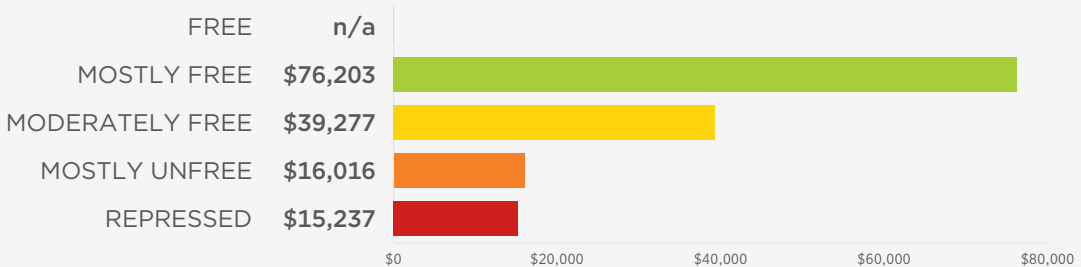
even at the cost of heavy and unsustainable budget deficits.

NOTABLE COUNTRIES

Jordan's economic freedom score rose robustly in the 2019 *Index*, led by a surge in the score for fiscal health. The government is trying

to balance its goals of economic modernization, higher growth, and job creation with the need to consolidate public finances and maintain political stability. More progress is needed on labor market reform, however, and economic freedom is further constricted by corruption and the judicial system's vulnerability to political influence.

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

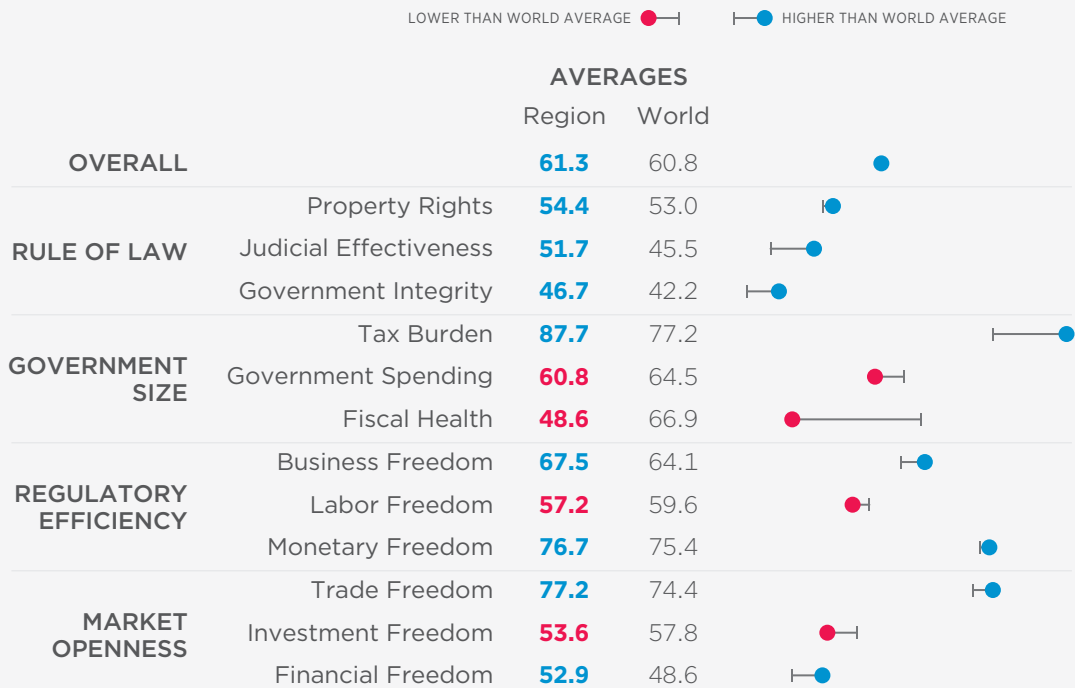


NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2017.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>, and International Monetary Fund, World Economic Outlook Database, April 2018, <http://www.imf.org/external/pubs/ft/weo/2018/01/weodata/weoselgr.aspx> (accessed December 3, 2018).

Chart 2 heritage.org

MIDDLE EAST/NORTH AFRICA: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

Table 1  heritage.org

Economic freedom increased in **Algeria** as well, albeit from a very low base, but efforts to introduce additional economic reforms have been stymied by powerful vested interests. As a result the government has made little progress in improving fiscal governance, has halted the privatization of state-owned industries, and has restricted imports and foreign engagement in its economy. These policies and other institutional weaknesses, combined with ongoing political uncertainty, continue to undermine prospects for sustained long-term economic development.

Israel's technologically advanced free-market economy, bolstered by strong trade and investment ties outside the Middle East that insulate it from regional political instability, propelled it to another increase in economic freedom in the 2019 *Index*. Israel has been

dubbed the “Start-up Nation,” and its economic competitiveness is anchored in strong protection of property rights, efficient coordination of regulatory processes, and a sound judicial framework that sustains the rule of law.

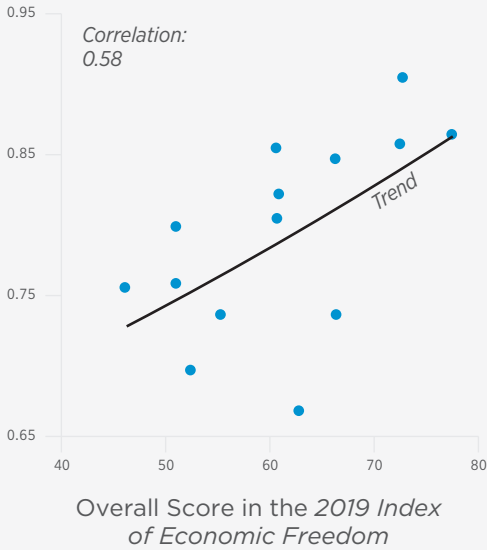
Tunisia lost ground in the 2019 *Index* as its economic freedom score dropped sharply because of a plunge in fiscal health and lower scores for trade freedom, business freedom, labor freedom, and monetary freedom. Other institutional weaknesses, left unaddressed because of political instability, include a burdensome regulatory regime and rigid labor markets. Many market-oriented reforms are opposed by political parties and trade unions that espouse a strong economic role for the state.

Lebanon's economic freedom score declined in the 2019 *Index*, at least in part because

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM AND HUMAN DEVELOPMENT

Each circle represents a nation in the
Index of Economic Freedom

Human Development Index Score



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, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and U.N. Human Development Programme, *2018 Human Development Report*, <http://hdr.undp.org/en/2018-update> (accessed December 3, 2018).

Chart 3  heritage.org

of a long political deadlock in 2018 that interrupted policy implementation and delayed all but the most pressing financial legislation. Notwithstanding the stark divisions of different religious groups' vested interests, Lebanon has a free-market tradition and a strong history of private commercial activity. Nevertheless, the economy performs weakly because of ongoing fiscal and current-account deficits and chronic political turmoil.

ECONOMIC FREEDOM IN MIDDLE EAST/NORTH AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2018	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	United Arab Emirates	77.6	0.0	81.8	87.1	78.8	99.2	68.8	88.9	79.9	81.1	80.9	84.4	40	60
27	2	Israel	72.8	0.6	80.0	73.4	67.9	61.9	52.4	85.3	71.4	65.1	86.2	84.4	75	70
28	3	Qatar	72.6	0.0	64.5	60.0	77.4	99.7	56.8	94.0	71.2	65.9	78.4	83.2	60	60
53	4	Jordan	66.5	1.6	58.4	52.6	50.3	91.4	73.4	60.6	61.8	52.7	85.0	81.4	70	60
54	5	Bahrain	66.4	-1.3	63.5	50.7	53.6	99.7	62.7	3.7	71.4	71.1	81.6	83.8	75	80
75	6	Morocco	62.9	1.0	57.2	47.1	39.2	72.2	72.7	66.9	70.3	33.1	83.5	77.4	65	70
88	7	Oman	61.0	0.0	58.1	51.6	53.8	97.8	32.5	16.1	75.2	57.3	77.7	87.0	65	60
90	8	Kuwait	60.8	-1.4	52.9	43.3	35.3	97.7	17.3	99.1	57.4	61.7	70.6	79.0	55	60
91	9	Saudi Arabia	60.7	1.1	55.0	62.7	49.8	99.8	57.5	19.4	72.3	63.3	78.1	76.0	45	50
125	10	Tunisia	55.4	-3.5	49.2	42.7	36.6	74.4	74.4	37.9	76.7	50.3	76.0	71.4	45	30
144	11	Egypt	52.5	-0.9	37.0	48.3	29.2	85.2	68.1	0.0	65.9	51.6	62.3	71.8	60	50
154	12	Lebanon	51.1	-2.1	39.5	26.6	18.2	91.8	75.6	0.0	47.9	46.5	78.1	79.0	60	50
155	13	Iran	51.1	0.2	33.5	41.3	35.0	80.9	89.8	89.5	62.2	50.7	60.1	54.6	5	10
171	14	Algeria	46.2	1.5	31.6	36.2	28.9	76.4	48.7	18.7	61.6	49.9	74.9	67.4	30	30
N/A	N/A	Iraq	N/A	N/A	37.0	12.3	20.3	N/A	52.8	13.3	54.4	53.1	81.4	N/A	N/A	N/A
N/A	N/A	Libya	N/A	N/A	7.6	24.4	15.8	N/A	0.0	20.0	40.2	51.3	52.8	N/A	5	N/A
N/A	N/A	Syria	N/A	N/A	37.0	24.4	20.3	N/A	N/A	N/A	49.6	58.2	48.3	47.0	0	N/A
N/A	N/A	Yemen	N/A	N/A	19.6	22.2	20.3	N/A	83.7	0.0	45.1	49.8	61.5	71.4	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 2019 *Index*, scores for the 47 countries in the region that were graded generally fall into the lower categories of economic freedom. Although there was a very slight decline in the region's overall economic freedom, the significantly higher rate of year-over-year economic growth recorded in the countries of Sub-Saharan Africa could permit those nations to make the additional but politically painful institutional reforms that are needed to ensure long-term economic development.

The region's continuing underperformance reflects 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 manages to grow at a rate of only 3 percent or 4 percent year after year is that the region's huge population of young people is never able to make up that lost ground.

The population-weighted average GDP per capita for the region is just \$4,005, the lowest for any of the five global regions in the 2019 *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 African region by level of economic freedom. Unlike regions that benefit from 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 only Mauritius and Rwanda are counted among the ranks of the "mostly free." Six countries are considered to have "moderately free" economies, but a clear majority of the 47 nations graded in the 2019 *Index* are ranked "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,

SUB-SAHARAN AFRICA: QUICK FACTS

TOTAL POPULATION: 1.01 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$4,005

1-YEAR GROWTH: 4.0%

5-YEAR GROWTH: 4.7%

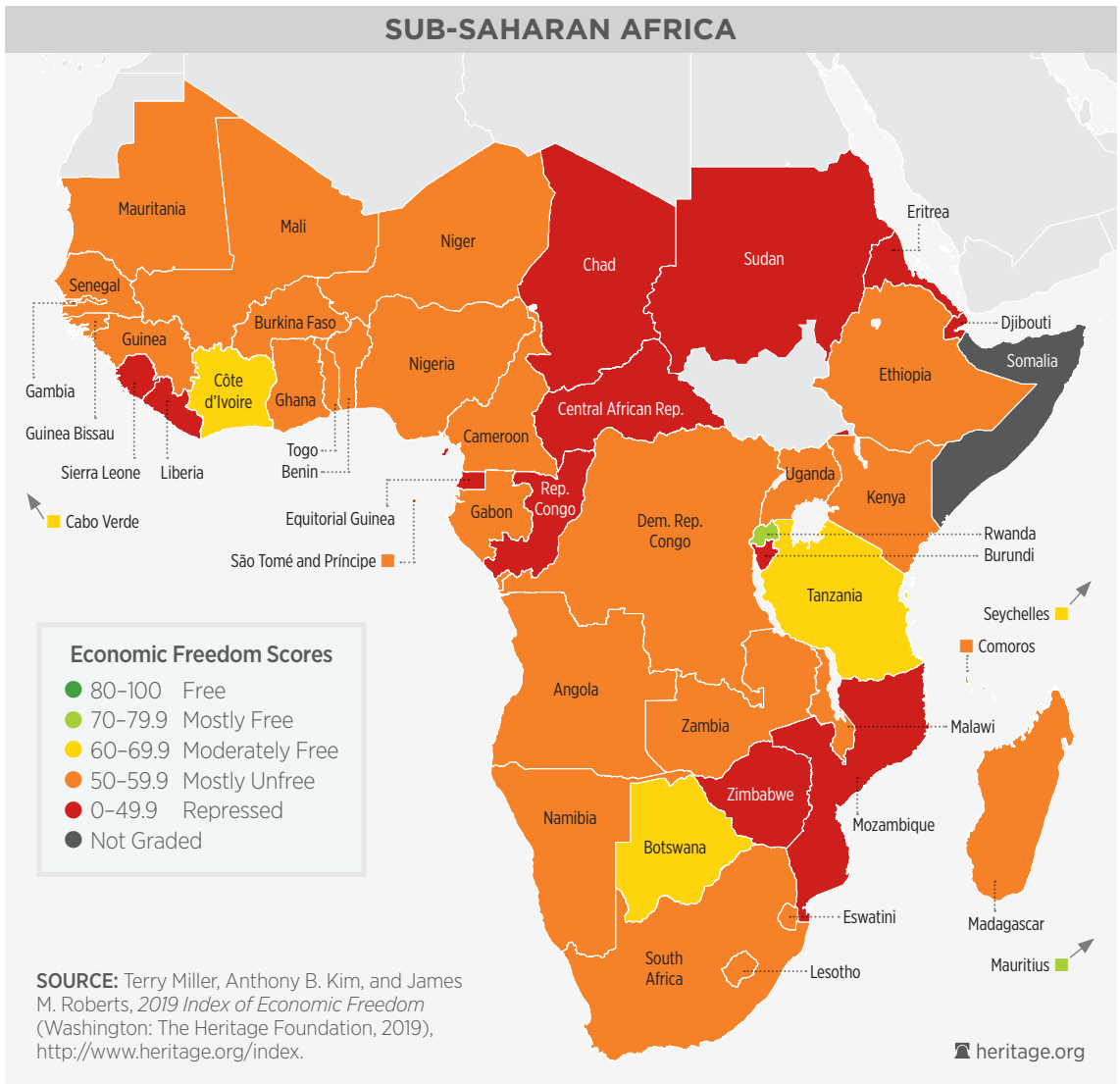
INFLATION: 13.2%

UNEMPLOYMENT RATE: 7.5%

PUBLIC DEBT: 48.4% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

 heritage.org



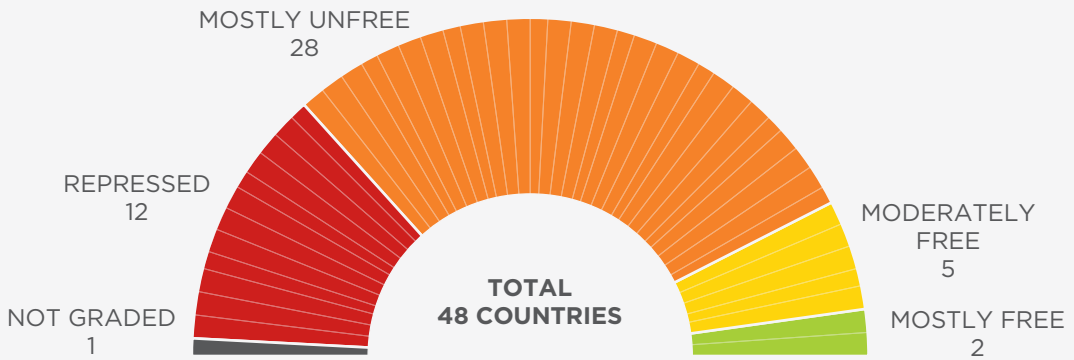
That is a hollow victory, however, because the score is more indicative of the inability of poorly resourced governments to perform the complicated tasks required to manage 21st century economies than it is of any particular efforts at spending restraint.

Another irony emerges from the region’s relatively positive average tax burden score, which derives from the small formal GDP base upon which the scores are calculated, not from any particular restraint in efforts to extract revenue from the population. That labor freedom is likewise restricted is demonstrated by the magnitude of the region’s informal economic

activity. The 2019 *Index* scores also document Sub-Saharan Africa’s continuing failure to improve 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 pockmarked by weak rule of law, inadequate protection of property rights, cronyism, and endemic corruption. The region’s scores on property rights, government integrity, fiscal health, and

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

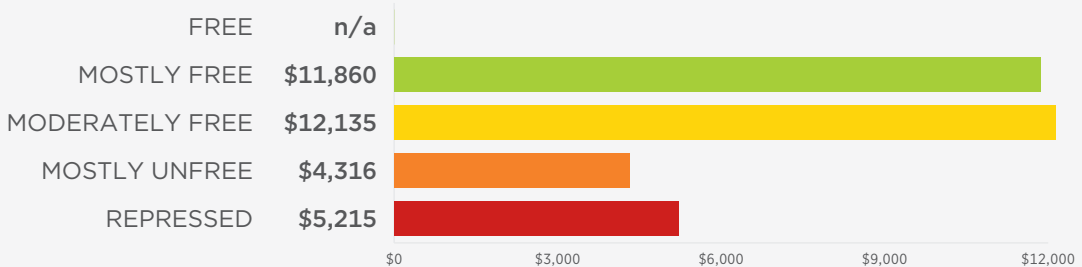
Chart 1 heritage.org

business freedom are all lower than world averages by 10 points or more.

The message of Table 1 to the vast majority of citizens of Sub-Saharan Africa who lack political connections is that the absence of improvements in economic freedom severely limits their prospects for a brighter future.

Although Chart 2 confirms that 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 among countries in the “repressed”

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

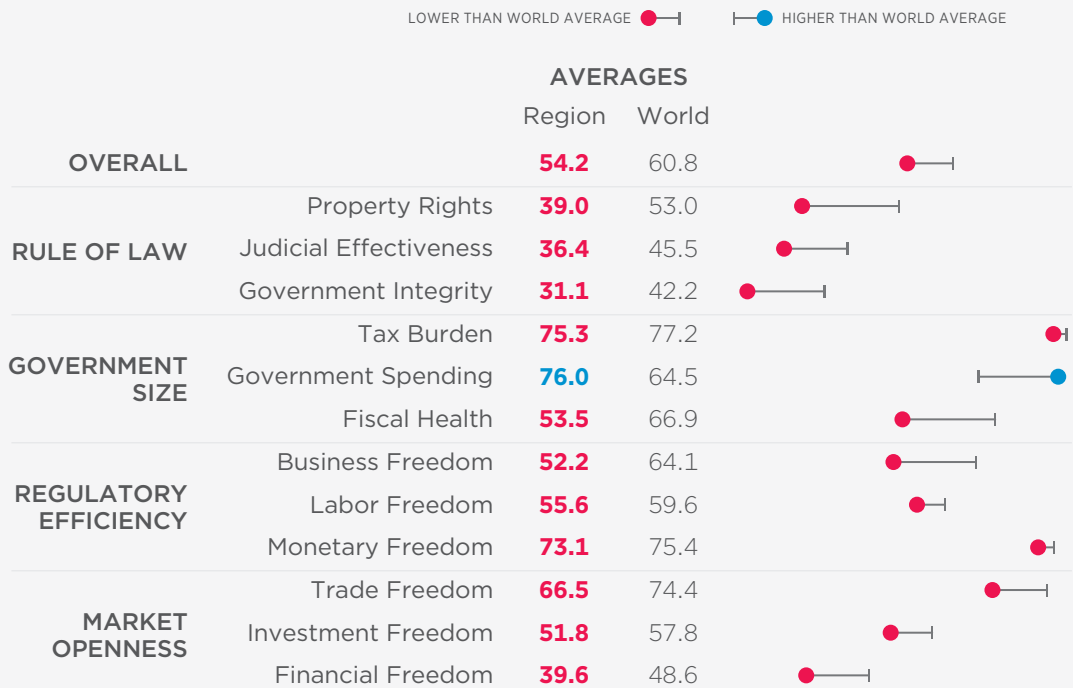


NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2017.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>, and International Monetary Fund, *World Economic Outlook Database*, April 2018, <http://www.imf.org/external/pubs/ft/weo/2018/01/weodata/weoselgr.aspx> (accessed December 3, 2018).

Chart 2 heritage.org

SUB-SAHARAN AFRICA: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

Table 1  heritage.org

category. The reason for this is that the high GDP of the small, profoundly repressive, and corrupt—but oil rich—nation of Equatorial Guinea pervasively skews upward the average GDP per capita for the region’s least economically free countries.

Also counterintuitively, the ascension this year of Rwanda (with its mere \$2,079 per capita GDP) to the ranks of the mostly free, coupled with Uganda’s descent into the “mostly unfree” category, has had the perverse effect of boosting the average per capita GDP of the moderately free countries to a slightly higher level than the average per capita GDP of the “mostly free” Sub-Saharan African nations.

In the 2019 *Index*, the scores of 23 countries in the Sub-Saharan Africa region improved, and the scores of 24 declined, producing a slight

decline in the region’s average overall economic freedom score.

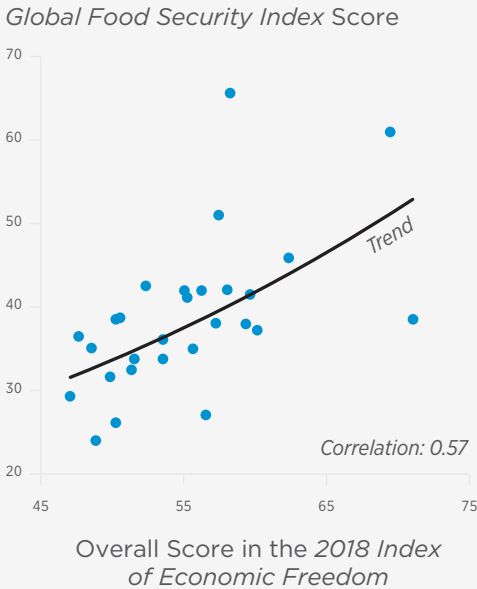
Perhaps the most tragic consequence of the dearth of economic freedom in Sub-Saharan Africa is its correlation with severe food shortages and poor nutrition, which are directly and causally related to the region’s political instability, high infant mortality rates, disease outbreaks, childhood learning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

NOTABLE COUNTRIES

Cabo Verde’s economic freedom score increased significantly again in the 2019 *Index*.

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM AND FOOD SECURITY

Each circle represents a nation in the
Index of Economic Freedom



NOTE: Based on the 28 countries in Sub-Saharan Africa that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2018), <http://www.heritage.org/index>, and The Economist Intelligence Unit, *Global Food Security Index*, September 2018, <http://foodsecurityindex.eiu.com/> (accessed December 3, 2018).

Chart 3  heritage.org

The government has continued its efforts to expand and modernize infrastructure, improve the business environment by cutting red tape and implementing other business-friendly reforms, streamline administrative procedures, increase labor market flexibility, and strengthen the performance of state-owned enterprises.

Guinea's economic freedom score also improved in the 2019 *Index*. However, although the government's efforts to curtail public spending improved scores for fiscal health and government spending, high living costs and

public frustration sparked nationwide strikes in 2018 that complicated efforts to establish macroeconomic stability, improve budget management, and enhance economic growth. Corruption and the judicial system's vulnerability to political interference have weakened the rule of law and the protection of property rights.

South Africa's economic freedom score dropped sharply in the 2019 *Index*, reflecting the severe mismanagement that prevailed under former President Jacob Zuma. The new government of President Cyril Ramaphosa has restored macroeconomic stability but still faces rising public debt, inefficient state-owned enterprises, and spending pressures that have reduced the country's global competitiveness. The judicial system has become increasingly vulnerable to political interference, and numerous scandals and frequent political infighting have severely undermined government integrity.

2019 *Index* economic freedom scores for **Zimbabwe** and **Sierra Leone** also plummeted. In the case of Zimbabwe, a plunge in fiscal health and sharply lower scores for judicial effectiveness, monetary freedom, and business freedom reflected a poor business climate. Excessive government interference and substantial currency risks due to fiscal mismanagement continue to weigh on investor confidence. The failure of Sierra Leone's government to implement fiscal consolidation measures such as reductions in rice subsidies caused a precipitous drop in economic freedom. Growth is also hampered by a restrictive regulatory environment, inadequate infrastructure, weak enforcement of contracts, and nearly nonexistent protection of property rights.

The 2019 *Index* marks the third year of resumed grading of **Sudan's** economic freedom after years of protracted social conflict and civil war that undermined investors' confidence. The petroleum sector provides some economic stability, but other sectors of the economy face serious structural and institutional deficiencies. Greater fiscal constraints in the Arab Gulf States may reduce their future

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2018	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
25	1	Mauritius	73.0	-2.1	69.5	62.1	40.3	92.1	80.3	73.6	79.8	60.8	79.4	88.4	80	70
32	2	Rwanda	71.1	2.0	72.2	83.2	67.9	79.8	79.4	86.3	56.2	82.2	76.1	70.4	60	40
36	3	Botswana	69.5	-0.4	58.1	45.7	52.4	82.7	65.9	94.6	68.7	68.2	78.8	83.8	65	70
73	4	Cabo Verde	63.1	3.1	44.1	49.0	43.7	76.4	71.2	59.7	65.2	55.7	84.1	68.2	80	60
78	5	Côte d'Ivoire	62.4	0.4	40.9	47.8	38.1	77.5	83.9	74.3	61.0	52.5	74.2	73.6	75	50
87	6	Seychelles	61.4	-0.2	58.2	37.5	39.2	76.3	60.3	92.0	63.3	63.2	80.0	81.4	55	30
94	7	Tanzania	60.2	0.3	35.4	41.4	33.2	80.5	90.3	85.2	46.6	66.2	70.4	67.8	55	50
95	8	Uganda	59.7	-2.3	42.2	38.5	25.4	73.3	88.7	68.6	46.3	83.2	80.1	75.4	55	40
96	9	Burkina Faso	59.4	-0.6	49.1	42.9	36.6	81.9	80.0	61.8	51.6	52.3	86.2	65.2	65	40
99	10	Namibia	58.7	0.2	55.9	54.7	49.8	66.5	48.9	15.7	65.8	85.1	74.4	83.0	65	40
102	11	South Africa	58.3	-4.7	58.8	39.3	39.7	62.1	67.6	62.6	64.3	59.1	75.2	76.0	45	50
103	12	Mali	58.1	0.5	33.7	33.4	29.6	68.7	85.4	84.2	53.8	52.2	81.6	69.8	65	40
109	13	Ghana	57.5	1.5	49.1	44.2	35.5	78.8	82.0	23.9	56.5	59.9	66.3	63.4	70	60
111	14	Nigeria	57.3	-1.2	36.5	34.3	20.5	85.0	96.5	68.2	51.2	83.3	65.0	62.4	45	40
114	15	Madagascar	56.6	-0.2	33.2	24.4	14.3	91.0	91.8	85.5	47.3	44.6	72.4	69.2	55	50
117	16	Senegal	56.3	0.6	47.8	40.4	40.3	70.8	73.3	60.0	53.3	39.4	78.2	72.0	60	40
118	17	Gabon	56.3	-1.7	28.1	30.6	35.5	75.8	86.6	82.1	52.1	53.0	80.0	51.2	60	40
119	18	Mauritania	55.7	1.7	27.5	30.6	30.6	78.0	74.2	80.6	61.9	51.5	81.2	62.6	50	40
120	19	Guinea	55.7	3.5	34.7	32.6	25.5	69.4	89.8	87.2	54.6	54.9	66.4	63.2	50	40
124	20	Comoros	55.4	-0.8	36.5	29.6	24.4	63.9	73.4	91.7	57.2	60.3	82.8	70.0	45	30
127	21	Benin	55.3	-1.4	37.2	32.8	28.1	69.3	83.4	27.9	62.4	53.8	86.4	61.8	70	50
130	22	Kenya	55.1	0.4	53.8	46.9	32.1	79.5	77.8	13.8	55.8	63.4	72.7	60.4	55	50
132	23	Eswatini	54.7	-1.2	41.7	42.9	35.0	74.8	65.6	18.3	59.2	67.5	73.7	87.6	50	40
134	24	São Tomé and Príncipe	54.0	0.4	37.4	26.6	35.5	87.2	67.0	62.3	65.1	42.7	70.5	64.2	60	30
135	25	Guinea-Bissau	54.0	-2.9	32.6	42.9	25.3	88.8	86.7	81.4	35.9	61.2	78.1	55.6	30	30
137	26	Ethiopia	53.6	0.8	32.6	40.9	35.1	77.2	90.4	83.3	48.6	58.0	60.8	60.8	35	20
138	27	Zambia	53.6	-0.7	45.0	35.6	32.3	72.3	80.1	12.3	71.1	46.0	70.3	72.6	55	50
142	28	Lesotho	53.1	-0.8	41.5	45.7	30.9	59.4	33.0	63.5	53.3	58.8	75.0	81.0	55	40
145	29	Cameroon	52.4	0.5	42.5	31.3	25.5	74.4	87.5	58.4	44.4	47.8	84.0	53.4	30	50
146	30	The Gambia	52.4	0.1	39.9	42.5	41.2	74.3	70.7	0.0	54.0	67.4	62.4	61.6	65	50
151	31	Niger	51.6	2.1	37.2	31.0	34.1	76.9	75.6	22.2	56.3	48.2	76.7	65.8	55	40
153	32	Malawi	51.4	-0.6	35.8	40.1	25.2	79.8	70.3	19.1	41.7	64.0	65.5	75.4	50	50
156	33	Angola	50.6	2.0	35.9	26.6	20.5	83.9	80.7	58.2	55.7	58.8	55.4	61.2	30	40
157	34	Democratic Republic of Congo	50.3	-1.8	25.3	30.7	26.2	73.8	93.9	96.9	53.2	41.9	49.1	62.6	30	20
158	35	Togo	50.3	2.5	35.5	29.6	28.1	67.8	77.0	24.5	50.4	46.7	79.1	69.4	65	30
159	36	Chad	49.9	0.6	26.7	24.6	23.2	46.1	92.4	85.2	28.1	43.2	82.3	47.2	60	40
160	37	Liberia	49.7	-1.2	26.7	39.0	24.2	82.7	62.1	69.1	50.6	38.3	68.9	60.1	55	20

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2018	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
161	38	Central African Republic	49.1	-0.1	19.6	29.6	23.2	65.2	94.2	94.3	24.2	40.1	72.3	51.0	45	30
162	39	Burundi	48.9	-2.0	20.6	31.0	26.2	74.0	83.3	23.3	50.3	67.5	62.2	68.2	50	30
163	40	Mozambique	48.6	2.3	33.9	35.2	28.1	75.5	66.9	16.6	57.1	42.0	65.4	78.0	35	50
166	41	Sudan	47.7	-1.7	27.5	22.2	26.2	86.3	96.6	76.1	52.1	59.0	56.9	45.0	5	20
167	42	Sierra Leone	47.5	-4.3	35.5	34.5	26.2	87.3	84.4	13.2	44.9	29.3	65.0	69.4	60	20
169	43	Djibouti	47.1	2.0	29.7	18.1	28.1	76.2	27.3	18.1	54.7	60.4	72.7	50.4	80	50
174	44	Equatorial Guinea	41.0	-1.0	29.7	18.1	15.8	71.3	67.6	16.4	37.6	32.7	83.7	48.8	40	30
175	45	Zimbabwe	40.4	-3.6	29.7	24.8	15.8	62.3	74.5	23.7	33.4	43.3	72.4	70.0	25	10
176	46	Republic of Congo	39.7	0.8	33.2	29.6	25.3	59.5	40.6	0.0	38.2	35.8	82.6	56.8	45	30
177	47	Eritrea	38.9	-2.8	35.5	18.1	19.7	81.4	73.9	0.0	17.7	70.0	61.0	69.2	0	20
N/A	N/A	Somalia	N/A	N/A	33.7	26.6	7.9	N/A	N/A	N/A	31.7	N/A	N/A	N/A	N/A	N/A

financial support for Sudan. Poor governance, weak rule of law, rigid labor markets, and an inefficient regulatory regime have impeded economic diversification and led to a large informal economy.