

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 69.8, far higher than the world average of 61.6. The Middle East and North Africa score of 61.8 is slightly above the world average, while the scores for the Asia–Pacific and Americas regions are near the world average at 61.1 and 60.0, respectively. The Sub-Saharan Africa region falls significantly short at only 55.1.

The benefits of economic freedom—greater income and 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 levels 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 focus on reducing 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, investment freedom and financial freedom fall far below world standards. Rule-of-law indicators such as judicial effectiveness and government integrity also need to be improved. Action by populous countries such as 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 such as those of 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.



THE AMERICAS

THE AMERICAS

The Western Hemisphere's North and South American continents form a region of 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 like 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 Chavez of Venezuela, continues to blight some nations in the region that cling stubbornly to long-discredited Communist/socialist economic theories that for the most part have lost sway elsewhere.

The continent-wide and sweeping pivot away from those flawed theories and back to market-based democracy that began in 2015 has received boosts and suffered setbacks.

- Voters in Brazil, disgusted by the disastrous consequences of more than a decade of socialism, decisively rejected the Workers' Party and elected reform-minded Jair Bolsonaro as President;
- Ecuadoran President Lenín Moreno has rejected the *Chavista* policies of his predecessor, ex-President Rafael Correa, in favor of market-friendly and pro-Western policies;
- Late in the year, Bolivians forced *Chavista* President Evo Morales to flee the country after he tried to steal reelection to a fourth term;
- The biggest setback for economic freedom in the region in 2019 was the return to power of the left-wing populist Peronist Party in Argentina, which defeated center-right President Mauricio Macri; and
- The late-breaking decision by the Chilean government to conduct an April 2020 constitutional referendum could portend trouble ahead for Latin America's freest economy.

The total population of the Americas is just under one billion. Among the five global regions in the *Index*, the Americas has the second-largest population-weighted GDP per capita (\$32,570 at purchasing power parity). Within the region, economies have expanded at an average rate of just 1.3 percent over the past five years. The regional average rate of unemployment has dropped to 6.5 percent, but the regional average rate of inflation (excluding Venezuela) has risen to 4.7 percent. The region's average level of public debt, already the highest in the world, rose to 81.5 percent of GDP in the past year.

The slight improvement in the region's overall average economic freedom score in the 2020

THE AMERICAS: QUICK FACTS

TOTAL POPULATION: 999 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$32,570

1-YEAR GROWTH: 1.5%

5-YEAR GROWTH: 1.3%

INFLATION: 4.7%*

UNEMPLOYMENT RATE: 6.5%

PUBLIC DEBT: 81.5% of GDP

* Excludes Venezuela.

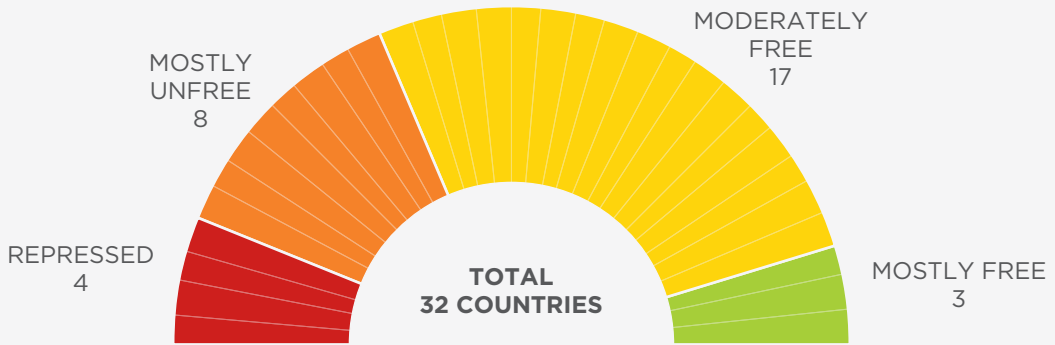
SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

 heritage.org

THE AMERICAS



THE AMERICAS: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 1 heritage.org

THE AMERICAS: COMPONENTS OF ECONOMIC FREEDOM

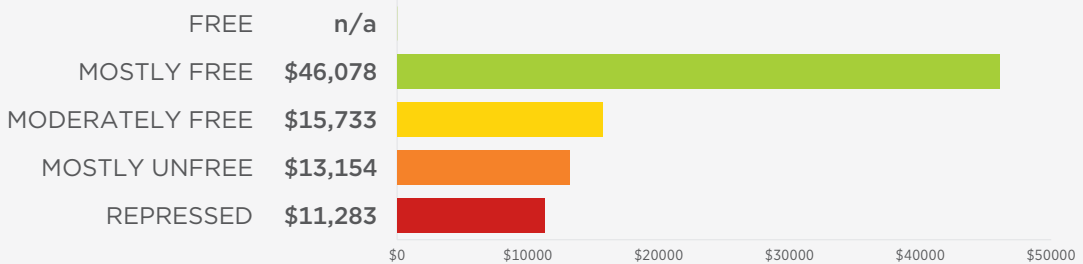
LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE — | HIGHER THAN WORLD AVERAGE ●

		AVERAGES			
		Region	World		
OVERALL		60.0	61.6	●	
RULE OF LAW	Property Rights	51.6	57.3	●	
	Judicial Effectiveness	39.5	45.8	●	
	Government Integrity	42.0	44.4	●	
GOVERNMENT SIZE	Tax Burden	77.0	77.3		
	Government Spending	69.7	66.2		●
	Fiscal Health	64.4	69.1	●	
REGULATORY EFFICIENCY	Business Freedom	62.1	63.8	●	
	Labor Freedom	57.6	59.6	●	
	Monetary Freedom	73.5	75.0		●
MARKET OPENNESS	Trade Freedom	72.9	73.9		●
	Investment Freedom	61.1	57.7		●
	Financial Freedom	49.1	48.8	●	

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 2 heritage.org

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 2018.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <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 2, 2019).

Chart 3 heritage.org

Index reflects somewhat higher scores for the property rights and government integrity indicators. The overall score is still slightly below the global average, however. The foundations of a well-functioning free market remain shallow in many Latin American countries, with widespread corruption and still-weak protection of property rights aggravating such systemic shortcomings as regulatory inefficiency and monetary instability that is caused by various government-driven market distortions.

In the English-speaking Caribbean, only the Bahamas, Trinidad and Tobago, and St. Vincent and the Grenadines registered overall gains in economic freedom. The protectionism that contributes to the high cost of living on many of the islands continued unabated in 2020. Only Dominica, the Dominican Republic, and St. Vincent and the Grenadines registered modest gains in trade freedom this year, and the rule of law remains a problem in many of these countries. In North America, Mexico and Canada registered slight gains in economic freedom while policymakers waited nervously for U.S. congressional approval of the U.S.–Mexico–Canada trade agreement, but the U.S. lost ground as new protectionist policies eroded trade freedom.

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.” Four countries (Suriname, Bolivia, Cuba, and Venezuela) are rated “repressed.”

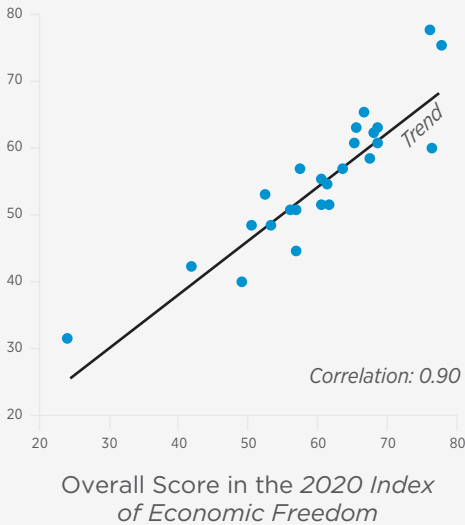
An examination of the various components of economic freedom evaluated in the *Index* reveals that the countries of the Americas as a whole perform as well as or better than the world average on only three of the 12 *Index* indicators. The government spending score highlights the region’s continuing acceptance of the principle of limited government, and levels of market openness (especially investment freedom and financial freedom) are generally consistent with world standards. On the other hand, as shown in Chart 2, the rule of law and regulatory efficiency continue to be major problem areas, reflecting long-standing weaknesses in the protection of property rights, judicial effectiveness, and government integrity.

Chart 3, which highlights the vivid positive correlation between high levels of economic

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, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>, and Legatum Institute, *The Legatum Prosperity Index 2018, 2018*, <http://www.prosperity.com/rankings> (accessed December 2, 2019).

Chart 4  heritage.org

freedom and high GDP per capita, reveals a large freedom gap within the Americas. The failed populist policies implemented by leaders of such repressive economies as Venezuela, Cuba, and Bolivia continue to threaten regional development and stability, trapping millions in poverty while their neighbors in freer countries forge ahead.

As shown in Chart 4, it is noteworthy that countries with greater degrees of economic freedom generally tend to achieve the higher levels of entrepreneurial dynamism that lead to higher growth.

In fact, for the Americas as a whole, there was some encouraging news this year. Nineteen countries in the region posted gains in economic freedom in the 2020 *Index*, and one was unchanged, leaving just 12 in which economic freedom declined. Although many of the overall score improvements were very slight, collectively, it was enough to raise the overall regional average.

NOTABLE COUNTRIES

- This year, the Americas region country with the largest overall score increase was **Ecuador**, which rejected *Chavista* socialism and recorded a substantial increase in fiscal health and upticks in scores for government integrity, monetary freedom, and property rights. To continue this upward trajectory, the government is implementing ambitious structural reforms, but to attract new investment, it will also need to make a major push to strengthen Ecuador's weak rule of law.
- Among the Hemisphere's larger countries, one of the biggest improvements in both *Index* ranking and overall score was achieved by **Brazil**. The new center-right government is committed to a program of deep structural economic reforms, and that commitment is reflected in higher scores this year for government integrity and investment freedom. In 2020, the government, having already won a vitally important set of reforms in Brazil's unsustainably costly pension system, plans to continue to pursue its free-market agenda by seeking congressional approval for simplification of the tax code.
- The overall score for the **United States** declined slightly due to a drop in the trade freedom score, causing its ranking in the 2020 *Index* to fall by five places. Reckless and ongoing deficit spending by Congress and the Executive under both parties explains the lowest U.S. *Index* category

ECONOMIC FREEDOM IN THE AMERICAS

World Rank	Regional Rank	Country	Overall Score	Change from 2019	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	78.2	0.5	87.7	72.7	90.3	76.5	50.9	83.3	81.7	72.0	76.0	87.0	80	80
15	2	Chile	76.8	1.4	69.9	61.1	73.4	76.4	80.8	90.5	75.0	64.7	85.2	89.0	85	70
17	3	United States	76.6	-0.2	81.8	83.7	77.2	74.6	56.5	54.3	83.3	87.9	75.5	79.8	85	80
45	4	Colombia	69.2	1.9	61.1	32.8	46.1	70.4	77.0	85.5	71.3	78.0	77.5	81.2	80	70
47	5	Uruguay	69.1	0.5	72.0	59.8	73.5	75.2	66.5	72.3	73.6	71.0	72.7	77.4	85	30
49	6	Jamaica	68.5	-0.1	62.1	50.5	46.8	80.0	74.8	80.2	77.7	74.0	77.7	68.4	80	50
50	7	Saint Lucia	68.2	-0.5	69.8	62.6	41.8	76.9	80.6	83.8	76.7	66.4	82.0	73.2	65	40
51	8	Peru	67.9	0.1	54.9	30.6	33.5	80.8	86.4	89.0	67.1	62.9	86.3	88.4	75	60
55	9	Panama	67.2	0.0	58.8	30.0	37.2	85.3	85.7	91.2	70.8	43.3	79.4	79.2	75	70
59	10	St. Vincent & Grenadines	66.8	1.0	50.5	62.6	46.1	72.4	73.7	89.0	75.8	73.3	80.8	67.2	70	40
67	11	Mexico	66.0	1.3	58.3	34.7	36.7	76.1	79.3	87.5	67.0	58.4	70.9	87.6	75	60
68	12	Costa Rica	65.8	0.5	66.7	54.4	57.2	78.9	88.4	39.7	66.5	55.0	81.2	81.4	70	50
69	13	Bahamas	64.5	1.6	54.9	46.4	46.0	96.8	87.4	69.2	69.0	70.0	76.3	47.8	50	60
73	14	Guatemala	64.0	1.4	45.5	32.2	29.6	79.2	95.6	95.7	62.6	48.4	77.4	82.2	70	50
80	15	Paraguay	63.0	1.2	44.7	26.4	29.6	96.1	88.6	98.0	60.9	29.0	72.5	75.4	75	60
90	16	El Salvador	61.6	-0.2	41.6	30.1	31.6	77.8	82.8	80.0	53.6	52.3	78.6	80.8	70	60
92	17	Barbados	61.4	-3.3	56.6	36.1	44.0	73.6	69.2	63.1	69.4	60.0	77.9	56.6	70	60
93	18	Honduras	61.1	0.9	48.6	34.2	28.6	82.3	78.2	96.7	56.7	31.5	72.2	79.4	65	60
95	19	Dominican Republic	60.9	-0.1	55.8	18.2	31.2	84.5	90.5	82.4	50.3	57.5	73.5	76.6	70	40
97	20	Dominica	60.8	-2.8	59.8	62.6	51.2	70.5	16.0	86.2	70.4	60.7	83.5	68.4	70	30
109	21	Trinidad & Tobago	58.3	1.3	56.6	42.1	37.4	82.6	66.5	15.9	67.3	76.0	77.4	67.8	60	50
111	22	Belize	57.4	2.0	44.4	46.4	33.5	79.5	66.3	53.9	60.9	54.3	80.4	64.2	55	50
115	23	Nicaragua	57.2	-0.5	33.5	19.5	24.3	76.3	77.5	87.2	55.1	55.5	71.5	75.4	60	50
124	24	Guyana	56.2	-0.6	53.6	42.6	34.1	66.0	64.4	58.6	58.9	62.1	82.5	66.8	55	30
144	25	Brazil	53.7	1.8	57.3	46.7	45.6	70.4	54.6	4.6	60.5	49.5	77.2	67.8	60	50
149	26	Argentina	53.1	0.9	50.5	47.0	49.7	69.6	50.7	24.7	60.2	46.5	53.7	69.2	55	60
153	27	Haiti	52.3	-0.4	16.4	23.3	22.3	80.2	89.4	96.3	33.6	62.3	61.5	67.0	45	30
158	28	Ecuador	51.3	4.4	40.4	20.7	33.4	77.5	57.9	62.3	53.8	48.0	81.0	66.0	35	40
163	29	Suriname	49.5	1.4	45.6	19.5	36.9	70.5	74.8	10.3	48.2	71.9	76.1	69.8	40	30
175	30	Bolivia	42.8	0.5	20.1	11.2	23.1	86.3	54.2	14.2	58.3	52.9	69.9	67.8	15	40
178	31	Cuba	26.9	-0.9	20.1	10.0	38.7	49.5	0.0	14.8	20.0	20.0	64.1	65.6	10	10
179	32	Venezuela	25.2	-0.7	10.1	12.6	14.6	72.8	66.3	0.0	30.8	27.7	0.0	58.0	0	10

scores: government spending and fiscal health. Approval of the recently renegotiated NAFTA (now the United States–Mexico–Canada Agreement) should help to ensure continued growth, and resolution of the U.S.–China trade dispute could boost trade freedom.

- **Venezuela's** continuing economic collapse was reflected by another all-time-low overall *Index* score, with its fiscal health score now at zero, matching North Korea's. The policies of the deeply corrupt socialist Maduro government have caused hyperinflation and severe shortages of basic goods that have led to one of the country's worst economic contractions in history and Latin America's worst migration crisis.



ASIA-PACIFIC

ASIA-PACIFIC

The Asia-Pacific region covers the globe's largest geographic area, encompassing 42 countries that stretch from Japan, Southeast Asia, and New Zealand in the East to Mongolia in the North, the islands of the southern Pacific, and all the way across India to the Caspian Basin in the West. With more than four 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 nearly another third is in India.

The region has continued to lead worldwide economic growth, expanding by an average annual 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 the world's lowest average unemployment rate (3.4 percent) and lowest average inflation rate (3.1 percent). Among the five global regions in the *Index*, however, the Asia-Pacific region has the second-lowest population-weighted GDP per capita (\$14,050 at purchasing power parity).

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, at last place ("repressed") in the *Index*, and South Korea, at 25th place ("mostly free"), for example, illustrates the benefits of economic freedom versus its absence almost 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 of countries in the Asia-Pacific region by level of economic freedom. Four of the world's six truly "free" economies (Singapore, Hong Kong, New Zealand, and Australia) call the region home. Another five of the region's 42 economies (Taiwan, Malaysia, South Korea, Japan, and Macau) are rated "mostly free." The majority of the other countries remain "mostly unfree." Four countries (Turkmenistan, Timor-Leste, Kiribati, and North Korea) have economies that are considered "repressed."

Although the region's overall economic freedom score of 61.1 is just below the world average in the 2020 *Index*, the Asia-Pacific scored equal or better 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 Chart 2.) In other critical areas of economic freedom such as government integrity, monetary freedom, trade freedom, investment freedom, and financial freedom, the Asia-Pacific 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 for fiscal health is a measure of the successful adoption

ASIA-PACIFIC: QUICK FACTS

TOTAL POPULATION: 4.18 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$14,050

1-YEAR GROWTH: 6.1%

5-YEAR GROWTH: 6.3%

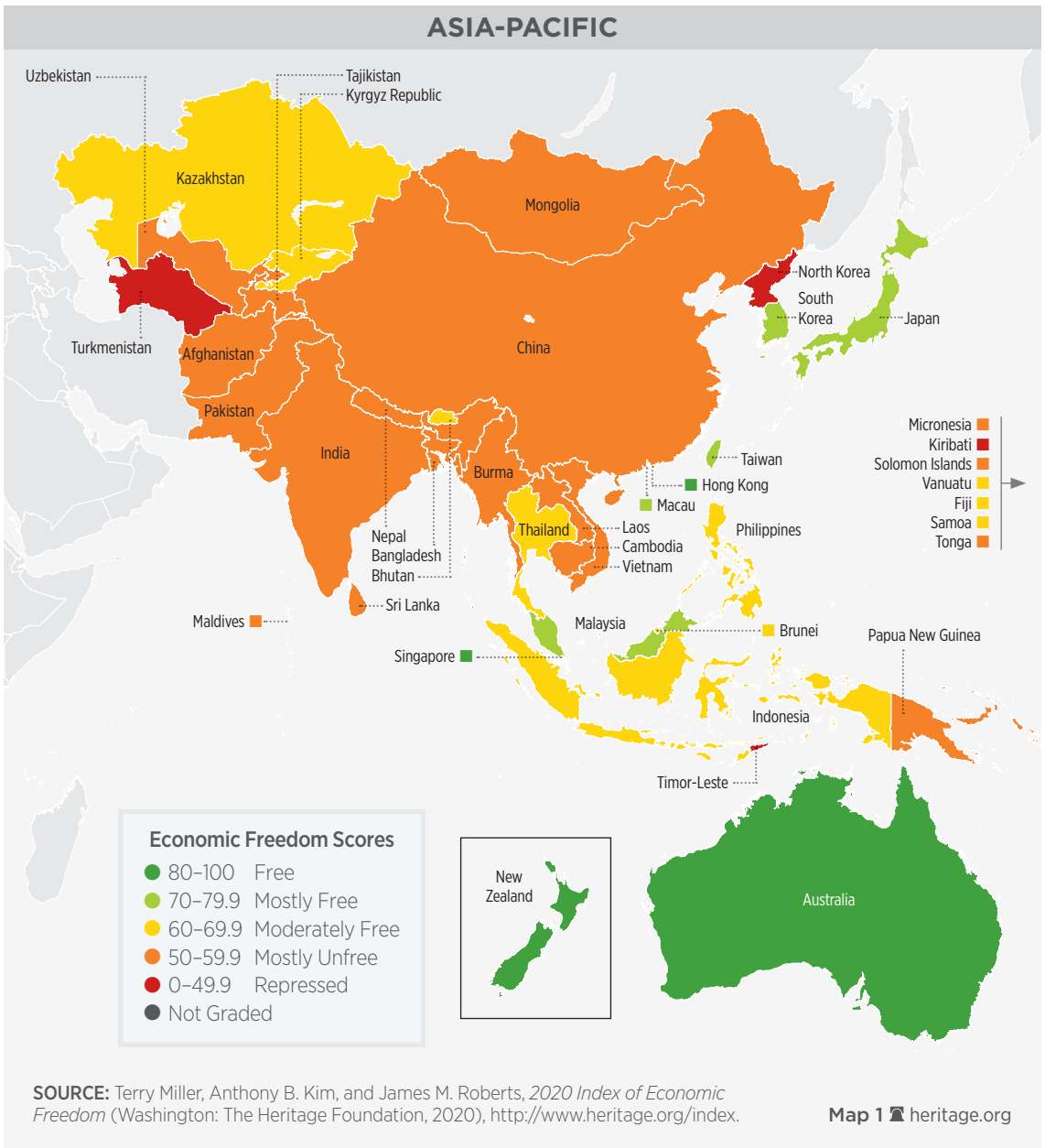
INFLATION: 3.1%

UNEMPLOYMENT RATE: 3.4%

PUBLIC DEBT: 59.9% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

 heritage.org



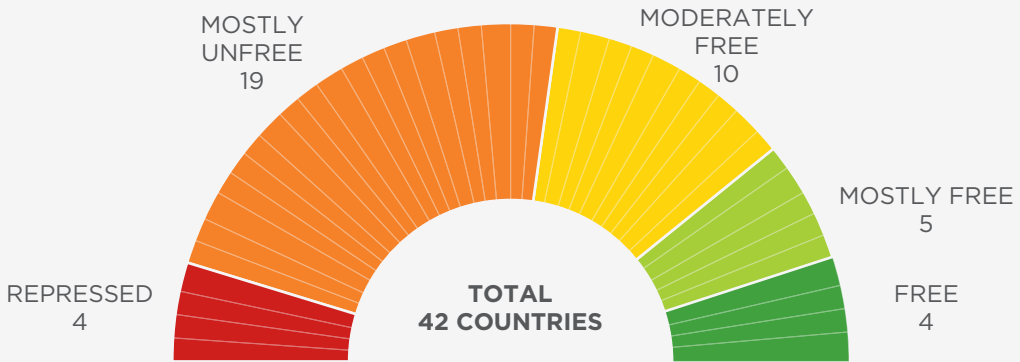
of significant fiscal and monetary reforms. Although the labor freedom score also beats the world average, many small Pacific island economies still lack fully developed formal labor markets.

As shown in the top two bars of Chart 3, the four “free” and five “mostly free” Asia–Pacific countries far outpace other countries in the region in GDP per capita. However, it is among the region’s less free countries—notably China

and India, both “mostly unfree” and ranked only 103rd and 120th, 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 being measured.

On the other hand, one of the most interesting findings of the *Index* year after year (and again in 2020) is that economic growth is more highly correlated with a dynamic trend

ASIA-PACIFIC: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 1 heritage.org

ASIA-PACIFIC: COMPONENTS OF ECONOMIC FREEDOM

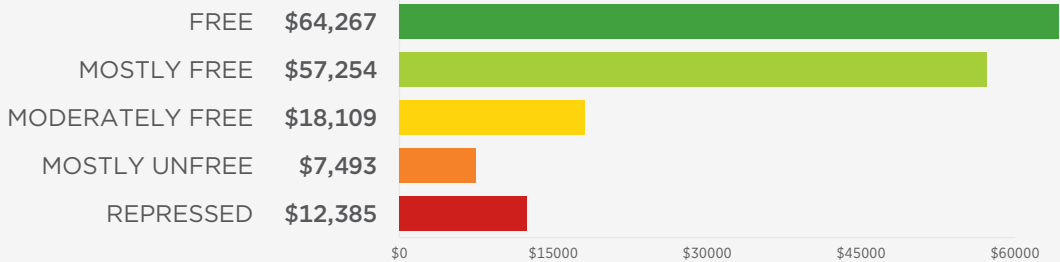
LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE | ● HIGHER THAN WORLD AVERAGE

		AVERAGES			
		Region	World		
OVERALL		61.1	61.6		●
RULE OF LAW	Property Rights	58.5	57.3		●
	Judicial Effectiveness	45.8	45.8	●	
	Government Integrity	42.4	44.4	●	
GOVERNMENT SIZE	Tax Burden	80.8	77.3		●
	Government Spending	68.2	66.2		●
	Fiscal Health	72.6	69.1		●
REGULATORY EFFICIENCY	Business Freedom	66.9	63.8		●
	Labor Freedom	64.5	59.6		●
	Monetary Freedom	73.9	75.0		●
MARKET OPENNESS	Trade Freedom	72.1	73.9		●
	Investment Freedom	45.5	57.7	●	
	Financial Freedom	42.6	48.8	●	

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 2 heritage.org

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



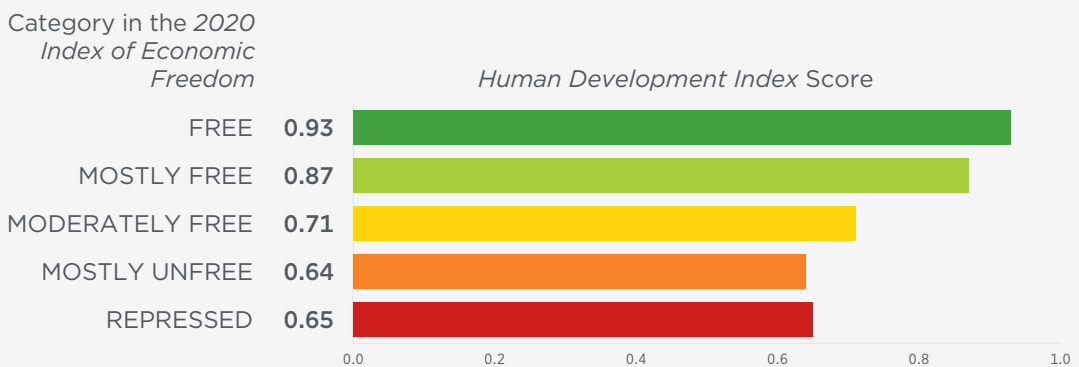
NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2018.
SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>; International Monetary Fund, “World Economic Outlook Database,” April 2018, <http://www.imf.org/external/pubs/ft/weo/2018/01/weodata/weoselgr.aspx> (accessed December 2, 2019); and *The CIA World Factbook*.

Chart 3 heritage.org

of improvement in economic freedom than it is with the actual level of economic freedom. In this context, it should be noted that both China’s and India’s economic freedom scores have shown notable improvement 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.

ASIA-PACIFIC: ECONOMIC FREEDOM AND HUMAN DEVELOPMENT



NOTE: Based on the 39 countries in Asia-Pacific that appear in both indexes.
SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>; U.N. Human Development Program, “Human Development Indices and Indicators 2018 Statistical Update,” <http://hdr.undp.org/en/2018-update> (accessed December 2, 2019); and United Nations Development Program Human Development Reports, “Human Development Data,” <http://hdr.undp.org/en/data> (accessed December 2, 2019).

Chart 4 heritage.org

ASIA-PACIFIC: 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 24 countries in the Asia-Pacific that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>, and Legatum Institute, *The Legatum Prosperity Index 2018, 2018*, <http://www.prosperity.com/rankings> (accessed December 2, 2019).

Chart 5 heritage.org

In the *2020 Index*, the scores of 26 countries in the Asia-Pacific region have improved, those of 14 have declined, and two were unchanged. As depicted in Chart 4 and Chart 5, it is clear that countries in which economic freedom is high are likely to benefit both socially and economically.

As the charts make clear, greater economic freedom is strongly correlated with higher rates of human development and with an improved business climate. That is not mere coincidence. In fact, the two concepts are intertwined, and

they are critical to improved standards of living in the world's most populous region.

Regional advances in human development indicators such as better health care and greater literacy correlate with reduced rates of poverty, greater personal financial security, and better living conditions such as access to water, sanitation, and electricity. This progress, in turn, creates a better business climate. The better business climate makes it easier to start or expand a business. The new or expanded business creates more jobs and increases tax revenue, and that revenue can be used to support additional advancements in health care and literacy. It is a virtuous circle, the key to which is a commitment to expanding economic freedom.

NOTABLE COUNTRIES

- India's** economic freedom score and ranking improved in the *2020 Index*, led by a higher business freedom score. Although the Asia-Pacific's second-largest economy still languishes in the mid-range of the "mostly unfree" category, it has benefitted from several recent waves of economic liberalization. GDP growth over the past five years has been robust, driven by higher private domestic consumption. One area still lagging is financial freedom: The government needs to correct inadequacies in banking regulation and begin to privatize state-owned banks. There is also plenty of room for improvements in the tax code, the investment regime, and labor regulations.
- Significant improvements in scores for fiscal health, investment freedom, and financial freedom drove **Vietnam's** economic freedom ranking and score higher in the *2020 Index* for the third year in a row. Strong GDP growth over the past five years, driven by export-focused manufacturing and processing sectors, has mirrored this improvement. Economic freedom will be enhanced in Vietnam if the government

can successfully expand economic liberalization by promoting international trade and restructuring state-owned enterprises, but progress on the latter is likely to be limited by pushback from established interests within the Communist Party. Improvement of the investment climate will be slow without improvements in judicial effectiveness and stronger efforts to fight corruption.

- **China's** economic freedom ranking dropped in the 2020 *Index*, although its overall score increased slightly. Ongoing tensions in the U.S.–China economic relationship and worldwide pushback against China's debt-trap diplomacy have heightened business uncertainties. Despite impressive but declining growth rates that are likely overstated by the government, the Communist country remains “mostly unfree.” Nontransparent state-owned enterprises continue to dominate the financial sector and many basic industries. General Secretary Xi Jinping's official ideology of “Socialism with Chinese Characteristics” continues to chill liberalization, heighten reliance on mercantilism, raise bureaucratic hurdles to trade and investment, weaken the rule of law, and strengthen resistance from vested interests that impedes more dynamic economic development. Major reforms of the financial system have not occurred. Overall, the economic freedom that does exist in China lacks depth and breadth, and the government needs to ensure that business-friendly policy changes are understood and implemented nationwide, not just in Beijing or the major commercial centers.
- The economic freedom rank of the **Solomon Islands** fell 17 places in the 2020 *Index*. GDP growth over the past five years has been solid because of continued infrastructure development, expansion of tuna processing, and construction of the Tina River hydropower project. An expansion of economic freedom needs to begin by addressing ongoing problems with government integrity. Tackling corruption was a key electoral promise of the current government, and parliament passed an anticorruption bill in 2019.
- **Japan's** overall score improved in the 2020 *Index*, but its economy remains stuck in the lower ranks of the “mostly free” category, where it has resided more than a decade. GDP growth has been constrained for many years as well. The chief culprit holding back greater economic freedom in Japan has been too much government spending. To address fiscal issues, the government is focused on reducing the cost of pensions in an aging society by introducing social security reforms to raise the labor force participation rate and extend the retirement age to 70. More fundamental structural reforms will be required to eliminate cronyism and boost entrepreneurship.

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Change from 2019	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	Singapore	89.4	0.0	96.8	92.9	92.4	90.3	91.1	80.0	92.8	90.9	85.6	94.8	85	80
2	2	Hong Kong	89.1	-1.1	93.6	76.8	84.7	93.0	90.3	99.9	96.2	89.1	80.7	95.0	80	90
3	3	New Zealand	84.1	-0.3	93.3	79.1	93.9	71.0	57.8	98.3	90.4	86.7	87.0	92.2	80	80
4	4	Australia	82.6	1.7	82.8	86.1	89.3	63.0	61.6	91.8	87.8	84.0	86.2	88.2	80	90
11	5	Taiwan	77.1	-0.2	86.9	70.1	68.9	75.0	90.5	91.0	93.9	60.3	82.7	86.0	60	60
24	6	Malaysia	74.7	0.7	86.5	74.6	49.4	85.7	84.6	80.2	87.8	74.5	81.6	82.0	60	50
25	7	South Korea	74.0	1.7	82.5	61.0	67.5	63.9	67.7	96.7	90.5	56.2	82.1	80.0	70	70
30	8	Japan	73.3	1.2	86.6	71.4	80.5	68.3	55.8	62.0	81.4	78.7	84.4	80.0	70	60
35	9	Macau	70.3	-0.7	60.0	60.0	33.5	75.0	89.8	99.9	60.0	50.0	70.0	90.0	85	70
39	10	Kazakhstan	69.6	4.2	61.3	62.1	40.9	92.3	85.5	84.1	74.6	86.0	68.1	80.2	50	50
43	11	Thailand	69.4	1.1	59.5	48.0	43.4	80.7	85.9	96.4	83.0	63.7	74.0	83.0	55	60
54	12	Indonesia	67.2	1.4	59.8	56.2	37.2	83.4	91.7	90.2	70.0	49.2	78.4	80.8	50	60
61	13	Brunei Darussalam	66.6	1.5	69.8	56.8	49.6	89.8	61.5	20.0	84.1	90.5	77.1	85.0	65	50
70	14	Philippines	64.5	0.7	54.6	34.2	38.7	76.7	87.9	96.3	59.5	57.4	66.9	81.6	60	60
77	15	Fiji	63.4	1.2	69.9	42.6	45.6	80.5	68.9	84.2	62.6	76.2	72.5	52.8	55	50
81	16	Kyrgyz Republic	62.9	0.6	53.6	31.3	32.0	94.1	58.5	66.7	73.6	79.6	76.4	79.2	60	50
85	17	Bhutan	62.1	-0.8	69.9	46.4	51.2	82.9	71.1	74.8	68.2	79.4	71.6	79.4	20	30
86	18	Samoa	62.1	-0.1	60.5	31.7	31.5	79.6	62.5	94.6	76.6	78.8	79.5	64.6	55	30
98	19	Vanuatu	60.7	4.3	68.3	36.1	37.4	97.1	61.1	78.4	51.8	54.6	74.6	63.4	65	40
103	20	China	59.5	1.1	60.9	76.3	46.0	70.4	67.9	67.5	76.8	64.4	71.1	72.4	20	20
105	21	Vietnam	58.8	3.5	52.6	40.1	33.8	79.5	75.9	58.0	65.6	62.5	68.2	79.6	40	50
107	22	Tonga	58.8	1.1	60.9	26.5	44.2	85.2	42.8	95.2	75.0	69.8	71.4	74.0	40	20
108	23	Papua New Guinea	58.4	0.0	54.9	48.4	29.7	71.5	86.4	76.4	58.4	69.6	70.7	79.8	25	30
112	24	Sri Lanka	57.4	1.0	47.7	39.2	34.7	84.8	88.9	39.3	76.5	58.6	71.1	67.6	40	40
113	25	Cambodia	57.3	-0.5	43.1	28.1	14.8	89.4	83.9	94.8	31.2	62.5	74.8	65.4	50	50
114	26	Uzbekistan	57.2	3.9	59.1	34.2	28.2	91.6	74.7	98.9	72.6	59.9	59.9	67.6	20	20
119	27	Maldives	56.5	3.3	48.5	31.7	39.2	95.8	67.9	42.9	78.7	70.6	77.0	61.0	35	30
120	28	India	56.5	1.3	63.0	64.1	47.2	79.4	77.9	13.1	65.6	41.2	73.0	73.4	40	40
122	29	Bangladesh	56.4	0.8	41.0	36.1	26.6	72.7	94.3	76.8	52.3	68.4	70.0	63.6	45	30
127	30	Mongolia	55.9	0.5	50.3	23.0	36.9	87.4	66.6	9.3	63.6	75.7	74.2	74.0	50	60
129	31	Laos	55.5	-1.9	42.5	37.3	32.0	87.0	86.6	53.3	54.3	58.6	76.8	82.0	35	20
135	32	Pakistan	54.8	-0.2	48.3	43.2	29.7	80.4	86.8	40.4	54.9	41.3	72.5	64.8	55	40
136	33	Afghanistan	54.7	3.2	48.3	30.0	24.8	91.4	79.2	99.9	54.7	61.6	81.0	66.0	10	10
139	34	Nepal	54.2	0.4	40.7	32.0	31.5	83.4	77.9	98.1	61.6	53.7	71.2	60.4	10	30
141	35	Burma	54.0	0.4	32.5	14.3	31.5	86.6	87.5	84.6	53.1	59.9	77.5	70.8	30	20
150	36	Solomon Islands	52.9	-1.7	54.6	53.7	33.5	65.6	34.2	76.6	67.7	72.0	84.3	48.0	15	30
155	37	Tajikistan	52.2	-3.4	49.1	50.0	32.0	91.8	62.3	26.0	65.9	47.7	71.0	75.0	25	30
156	38	Micronesia	52.0	0.1	30.1	26.5	22.3	92.9	0.0	99.2	56.9	78.2	82.2	70.8	35	30

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Change from 2019	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
170	39	Turkmenistan	46.5	-1.9	20.1	20.0	21.4	95.9	93.1	94.5	30.0	20.0	68.7	74.2	10	10
171	40	Timor-Leste	45.9	1.7	45.2	12.6	32.5	96.3	5.3	19.9	64.0	58.9	76.5	75.0	45	20
172	41	Kiribati	45.2	-2.1	47.5	34.2	24.3	72.4	0.0	99.0	40.6	62.9	82.2	23.8	25	30
180	42	North Korea	4.2	-1.7	20.1	5.0	15.1	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, then far along the Arctic Circle to the Ural Mountains of Russia and south to the Caspian Basin, 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, Latin America, and even the United States, 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, however, is clear: 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 United Kingdom's struggle to extricate itself from the EU is another sign of this trend.

The European region encompasses nations as diverse as Russia, Ukraine, Switzerland, Iceland, and Greece. Its population-weighted average GDP per capita is the highest in the world (\$36,453 at purchasing power parity), with inflation (4.0 percent) generally under control. However, the European continent has long been plagued by high unemployment rates (7.3 percent) and heavy, although slightly declining, levels of public debt (60.8 percent of GDP on average).

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

It is notable that over half of the world's 37 freest countries (with 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 categories of "mostly free" or "moderately free."

Only two countries (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

EUROPE: QUICK FACTS

TOTAL POPULATION: 840.1 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$36,453

1-YEAR GROWTH: 2.4%

5-YEAR GROWTH: 2.0%

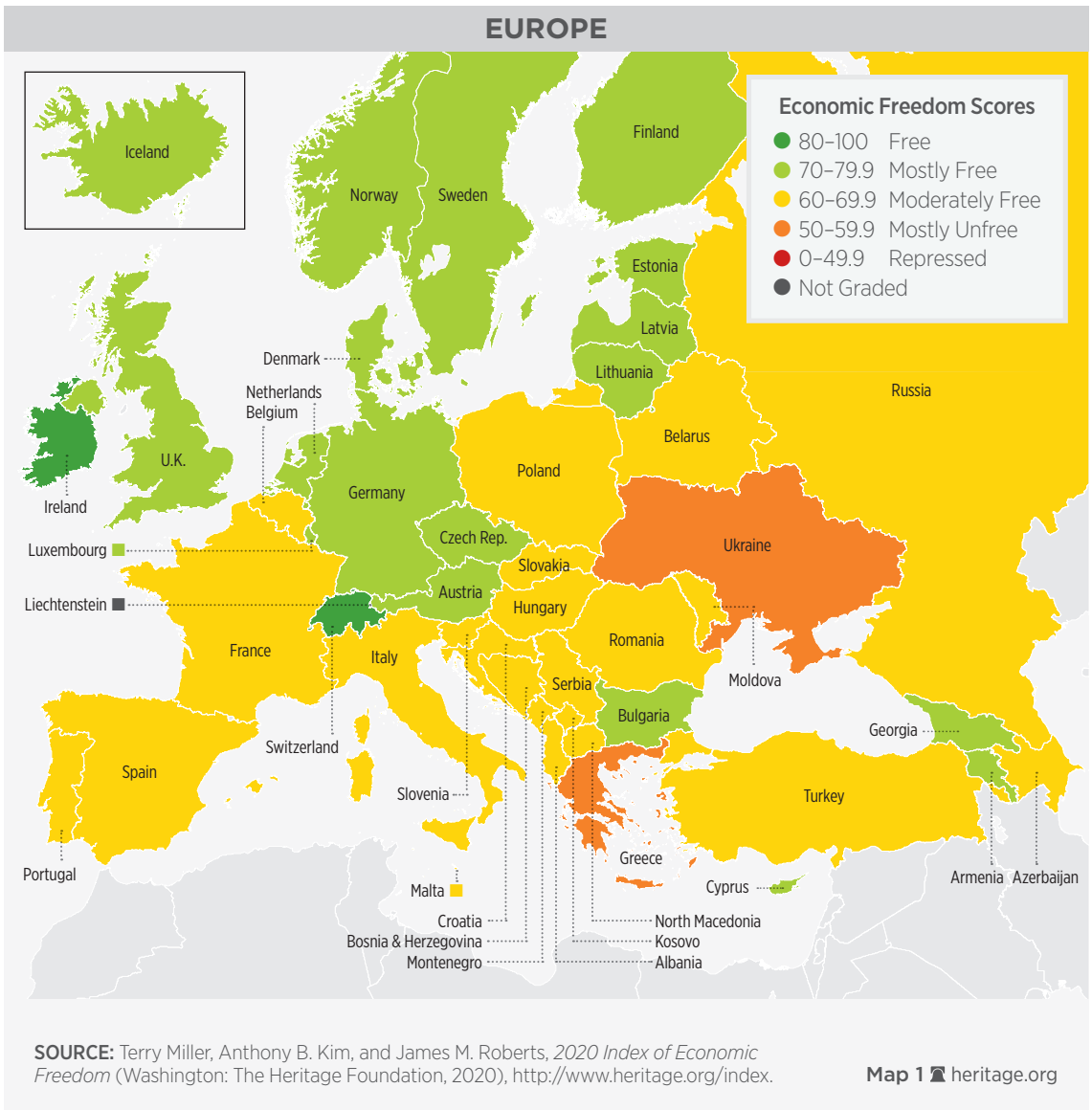
INFLATION: 4.0%

UNEMPLOYMENT RATE: 7.3%

PUBLIC DEBT: 60.8% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

 heritage.org



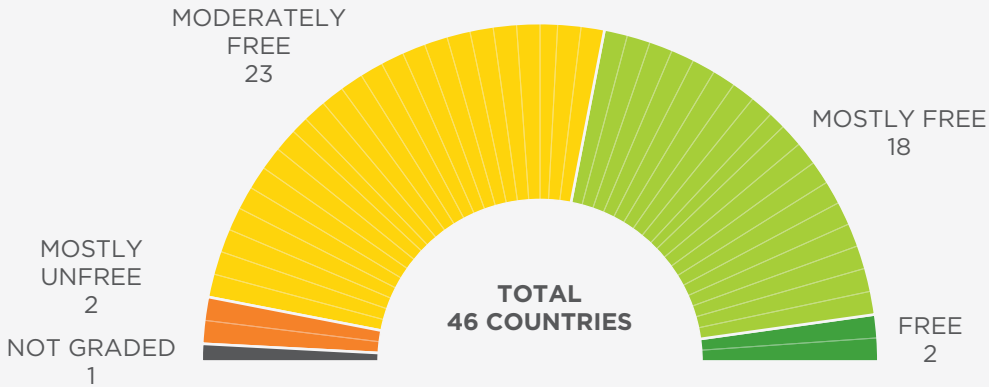
countries allow the region to score far above the world average in most measures of economic freedom. (See Chart 2.) Europe is at least 10 points ahead of global averages in judicial effectiveness, trade freedom, and financial freedom and almost 20 points higher in fiscal health. The region’s average scores on property rights, government integrity, and investment freedom in 2020 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 3 shows the strongly positive correlation between high levels of economic freedom and high GDP per capita. Western Europe has benefited from substantial internal economic competition over the centuries, which may help

EUROPE: ECONOMIC FREEDOM SUMMARY

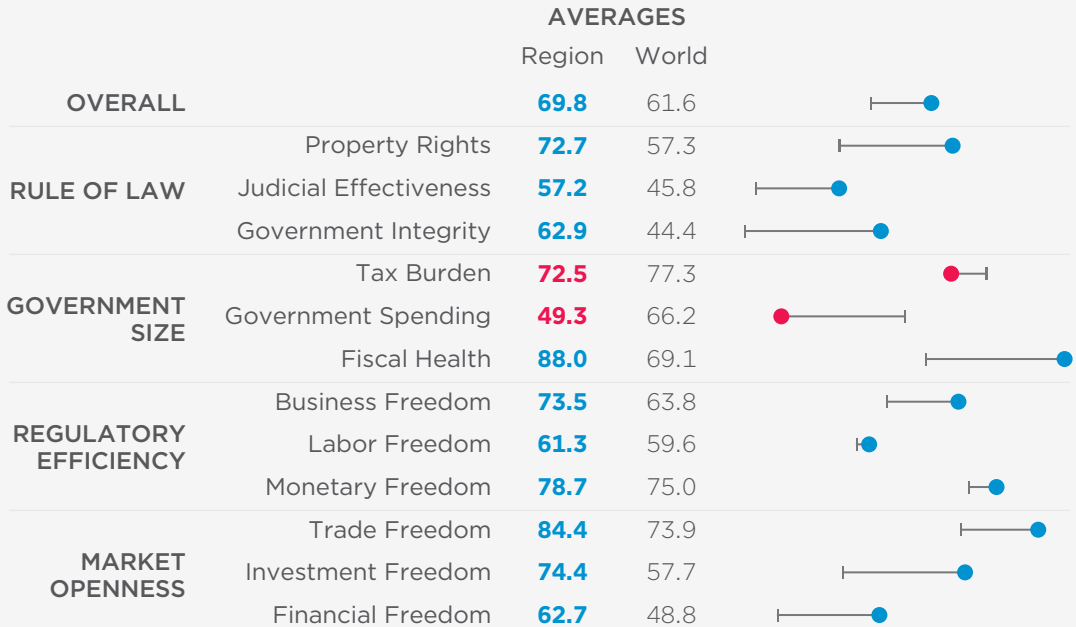


SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 1 heritage.org

EUROPE: COMPONENTS OF ECONOMIC FREEDOM

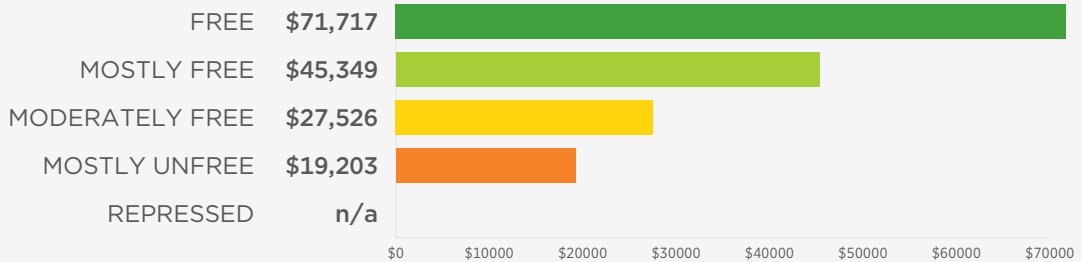
LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE | ● HIGHER THAN WORLD AVERAGE



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 2 heritage.org

EUROPE: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



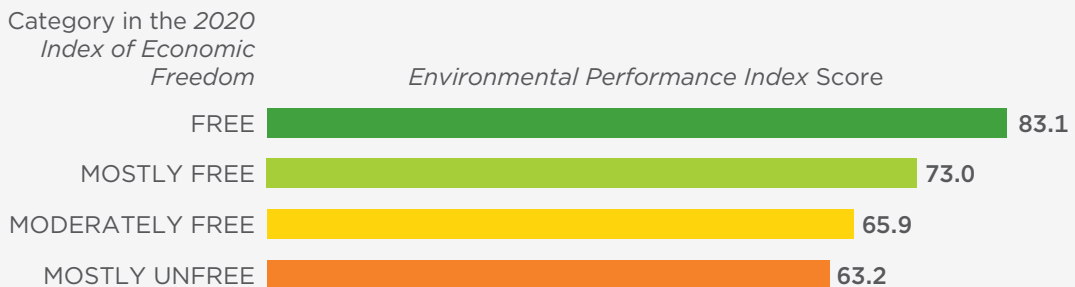
NOTES: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2018.
SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>, and International Monetary Fund, “World Economic Outlook Database,” April 2018, <http://www.imf.org/external/pubs/ft/weo/2018/01/weodata/weoselgr.aspx> (accessed December 2, 2019).

Chart 3 heritage.org

to explain why economic repression there is so rare. Some of the Eastern European countries, however, insulated from both internal and external competition for decades under their former Communist regimes, still have not instituted needed reforms. Many post-Communist countries, such as Moldova, Russia, Belarus, and Ukraine, are found at the “less free” end of the distribution.

Remarkably, the scores of 39 of the 45 countries graded in the European region in the 2020 *Index* have improved. Just four declined, while the scores for Germany and Iceland were unchanged. As shown in Chart 4, around the region, countries with greater economic freedom tend to maintain cleaner environments and greater protection of ecosystem vitality.

EUROPE: ECONOMIC FREEDOM AND THE ENVIRONMENT



NOTE: Based on the 44 countries in Europe that appear in both indexes.
SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>, and Yale University, *2018 Environmental Performance Index* (New Haven, CT: Yale University), <https://epi.envirocenter.yale.edu> (accessed December 2, 2019).

Chart 4 heritage.org

NOTABLE COUNTRIES

- Economic freedom in the **United Kingdom** increased again in the 2020 *Index*. The U.K.'s economy has slowly been climbing the ranks of the “mostly free” for the past decade and is now very close to the “free” category. GDP growth has been solid for the past five years, although it slowed in 2018 amid confusion about Brexit. The U.K. has one of the world's most efficient business and investment environments, but the future of economic freedom in the country, as well as the immediate prospects for economic growth, are inextricably tied to the issue of withdrawal from the EU.
- **Slovenia, Hungary, and Slovakia** all improved their scores in the 2020 *Index*, primarily because of higher scores on government integrity as they continue to shed the toxic legacy of Communism. Although all three are now solidly in the “moderately free” category, Slovenia is furthest ahead, with two of its rule-of-law indicators (property rights and government integrity) now higher than the regional averages. The biggest threat to economic freedom for all three countries is excessive government spending.
- **Armenia's** economic freedom ranking rose 13 places in the 2020 *Index*, primarily due to an improvement in fiscal health. The government is pursuing structural reforms, export promotion, and greater foreign investment to boost future economic growth. To attract greater investment, however, Armenians will need to focus more intently on improving judicial effectiveness and government integrity. Right next door, **Azerbaijan**, which is included this year in the European rather than Asia-Pacific regional rankings, also recorded a dramatic rise in economic freedom. Its ranking rose 16 places in the 2020 *Index* as a result of dramatically higher scores for business freedom, investment freedom, and fiscal health. Further improvements in areas like government integrity and judicial effectiveness will depend to some extent on the government's willingness to undertake significant institutional and structural changes in what is still an authoritarian political and economic system. For both Armenia and Azerbaijan, settlement of their long-running conflict in Nagorno-Karabakh should be a high priority that could release significant resources for peaceful development.
- **France's** economic freedom score increased in the 2020 *Index*, and its ranking rose seven positions. The government continues to push its package of reforms to lower stubbornly high unemployment, especially among young people; improve foreign investors' negative views of the country; increase competitiveness; and improve public finances. Unfortunately, the proposed reforms, even if implemented, would probably not have much impact either in curtailing levels of government spending that are among the highest in the world or in reducing stifling rigidities in the labor market.
- **Germany's** economic freedom score was unchanged in the 2020 *Index*. The German economy has resided in the lower half of the “mostly free” ranks for more than a decade. Excessive government spending and costly labor regulations have slowed the expansion of economic freedom, and near-term prospects for market-oriented reforms are slim. The government remains committed to expensive measures to address climate change. Nevertheless, Germany remains the most politically and economically influential nation in the EU. Its robust business environment should continue to attract the private investment needed for continued growth.

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Change from 2019	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
5	1	Switzerland	82.0	0.1	87.4	81.5	90.1	70.1	65.3	96.7	74.2	72.4	84.4	86.6	85	90
6	2	Ireland	80.9	0.4	86.6	64.4	82.8	76.4	78.8	91.4	82.7	75.9	85.3	86.4	90	70
7	3	United Kingdom	79.3	0.4	92.2	82.7	89.9	64.7	49.5	78.1	94.7	73.1	80.3	86.4	80	80
8	4	Denmark	78.3	1.6	86.3	84.6	93.0	42.0	19.7	97.7	88.7	86.2	84.6	86.4	90	80
10	5	Estonia	77.7	1.1	83.2	73.7	85.9	81.1	53.3	99.9	73.5	57.3	78.6	86.4	90	70
12	6	Georgia	77.1	1.2	68.6	57.9	64.8	87.1	73.6	94.4	85.3	76.3	78.3	88.6	80	70
13	7	Iceland	77.1	0.0	87.6	63.2	90.3	71.7	44.1	97.5	84.7	63.5	80.3	86.8	85	70
14	8	Netherlands	77.0	0.2	90.0	73.9	90.1	51.7	45.2	94.1	80.4	60.2	82.5	86.4	90	80
16	9	Lithuania	76.7	2.5	77.9	62.1	67.4	84.9	66.0	97.4	71.9	76.5	79.7	86.4	80	70
19	10	Luxembourg	75.8	-0.1	86.4	74.4	90.3	64.1	45.4	99.0	66.8	45.3	76.4	86.4	95	80
20	11	Finland	75.7	0.8	92.3	80.5	96.1	67.5	11.2	90.7	84.8	50.3	83.6	86.4	85	80
22	12	Sweden	74.9	-0.3	88.8	79.9	91.4	43.6	25.8	97.0	85.3	53.8	81.2	86.4	85	80
23	13	Czech Republic	74.8	1.1	76.8	49.9	64.2	82.0	52.7	97.8	69.7	77.6	80.8	86.4	80	80
27	14	Germany	73.5	0.0	80.5	74.3	82.8	60.9	42.2	92.9	82.8	53.0	76.7	86.4	80	70
28	15	Norway	73.4	0.4	84.3	82.8	95.6	57.7	25.6	97.3	86.1	57.4	74.8	83.8	75	60
29	16	Austria	73.3	1.3	87.3	73.2	84.0	51.3	27.2	87.9	73.0	68.3	81.0	86.4	90	70
32	17	Latvia	71.9	1.5	72.3	51.1	46.4	76.9	58.3	96.5	77.0	72.4	80.2	86.4	85	60
34	18	Armenia	70.6	2.9	60.7	54.1	43.4	84.9	80.6	68.8	81.0	72.5	76.0	80.6	75	70
36	19	Bulgaria	70.2	1.2	64.2	45.4	44.2	90.3	66.1	99.2	62.6	68.1	85.7	86.4	70	60
37	20	Cyprus	70.1	2.0	77.4	50.5	57.6	74.8	58.6	80.0	76.6	59.7	84.3	86.4	75	60
38	21	Romania	69.7	1.1	72.5	56.1	55.1	90.3	70.4	85.6	58.6	63.0	78.1	86.4	70	50
42	22	Malta	69.5	0.9	70.5	49.6	55.1	64.8	60.0	95.9	68.0	61.1	77.1	86.4	85	60
41	23	North Macedonia	69.5	-1.6	62.5	42.7	42.2	91.5	71.0	87.7	80.6	67.0	77.7	86.2	65	60
44	24	Azerbaijan	69.3	3.9	67.1	53.9	38.7	88.0	63.0	99.2	80.8	66.2	69.8	74.6	70	60
46	25	Poland	69.1	1.3	63.1	42.8	64.6	74.7	48.8	92.2	62.6	62.0	82.0	86.4	80	70
48	26	Belgium	68.9	1.6	84.5	62.5	80.2	46.7	17.2	77.0	75.2	61.1	80.5	86.4	85	70
52	27	Slovenia	67.8	2.3	76.5	48.6	67.4	59.2	42.9	90.3	78.4	61.4	82.2	86.4	70	50
53	28	Kosovo	67.4	0.4	66.3	54.1	39.2	92.6	76.5	94.0	75.0	61.0	78.4	76.2	65	30
56	29	Portugal	67.0	1.7	75.4	65.6	68.9	59.6	39.8	74.4	76.5	44.1	83.0	86.4	70	60
57	30	Albania	66.9	0.4	57.1	33.0	38.8	85.9	74.6	86.3	65.7	52.1	81.2	88.4	70	70
58	31	Spain	66.9	1.2	74.9	51.8	55.1	62.1	48.3	62.6	66.8	57.7	82.0	86.4	85	70
60	32	Slovakia	66.8	1.8	73.1	41.7	49.7	78.5	50.2	92.6	55.3	52.6	75.9	86.4	75	70
62	33	Hungary	66.4	1.4	64.8	45.7	47.5	79.9	34.5	83.6	60.2	64.6	79.9	86.4	80	70
64	34	France	66.0	2.2	85.9	71.2	83.3	48.8	4.5	67.1	82.5	46.1	76.7	81.4	75	70
65	35	Serbia	66.0	2.1	55.4	46.8	44.0	83.7	49.7	94.1	72.6	66.9	80.7	78.0	70	50
71	36	Turkey	64.4	-0.2	57.4	53.7	44.6	76.7	64.1	86.1	67.0	49.2	66.1	78.0	70	60
74	37	Italy	63.8	1.6	75.4	51.3	62.2	56.0	28.5	71.1	70.4	50.9	83.2	86.4	80	50
82	38	Bosnia & Herzegovina	62.6	0.7	44.4	33.9	41.8	83.6	49.3	97.3	45.7	67.4	82.7	80.0	65	60

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Change from 2019	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
84	39	Croatia	62.2	0.8	69.9	39.6	51.0	65.9	34.7	89.1	53.6	44.0	77.6	86.4	75	60
87	40	Moldova	62.0	2.9	60.5	31.7	37.2	86.1	71.6	96.2	68.1	37.0	72.0	78.0	55	50
88	41	Belarus	61.7	3.8	63.2	48.4	37.4	88.8	54.1	95.4	76.4	74.8	69.8	82.0	30	20
91	42	Montenegro	61.5	1.0	59.1	55.3	47.5	85.4	32.1	23.4	70.8	74.8	80.3	83.8	75	50
94	43	Russia	61.0	2.1	56.8	44.4	41.3	88.5	63.8	98.7	80.2	52.1	68.2	77.8	30	30
100	44	Greece	59.9	2.2	57.0	48.6	51.2	59.0	31.5	80.0	73.7	52.0	79.4	81.4	55	50
134	45	Ukraine	54.9	2.6	47.5	42.2	37.9	81.1	47.2	83.9	61.3	48.3	63.0	81.2	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

- Although **Russia's** economic freedom score increased in the 2020 *Index* and the Russian economy became “moderately free” for the first time in more than a decade, GDP growth remains weak, burdened by structural weaknesses, low levels of investment, and a poor demographic outlook. As long as the government pursues statist, nationalist, and protectionist economic policies and maintains a cautious approach to inward foreign investment, the advancement of economic freedom in Russia will be difficult. A subservient judiciary, rampant corruption, and links among bureaucrats and organized criminal groups compromise government integrity. Large and corrupt state-owned institutions and an inefficient public sector dominate the economy.



**MIDDLE EAST
AND
NORTH AFRICA**

MIDDLE EAST AND NORTH AFRICA

Stretching from Morocco’s Atlantic coast across the 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 center of global politics. Although the countries of the region are successors to some of the world’s most ancient civilizations, relatively few are enjoying the benefits of economic freedom in the 21st century. The demographic profiles of most of these countries, at once blessed and cursed by enormous mineral resources, 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. This instability is illustrated by the fact that four of the six countries in the 2020 *Index* that cannot be graded or ranked because of lack of data are in the MENA region.

The region’s population-weighted average GDP per capita is the third highest among

the five *Index* global regions (approximately \$21,975 at purchasing power parity). The regional population-weighted average rate of inflation is 8.0 percent. In the past five years, the MENA region has registered soft annual economic growth (2.9 percent) and has continued to suffer from high levels of unemployment (9.8 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 in the past eight years. The most vivid illustration of this regional policy failure is in Tunisia, birthplace of the “Arab Spring,” where the country’s 2019 *Index* economic freedom score dropped sharply and the 2020 score increased only negligibly. Scores declined in two of the region’s three economic freedom leaders: the United Arab Emirates and Qatar. Overall, the region’s score improved only very slightly in 2020. The grading of economic freedom for Iraq, Syria, Libya, 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, and the United Arab Emirates, Israel, and Qatar are its 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 Iran and Algeria categorized as “repressed.”

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, the region’s overall trade flows

MIDDLE EAST/NORTH AFRICA: QUICK FACTS

TOTAL POPULATION: 444.1 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$21,975

1-YEAR GROWTH: 1.6%

5-YEAR GROWTH: 2.9%

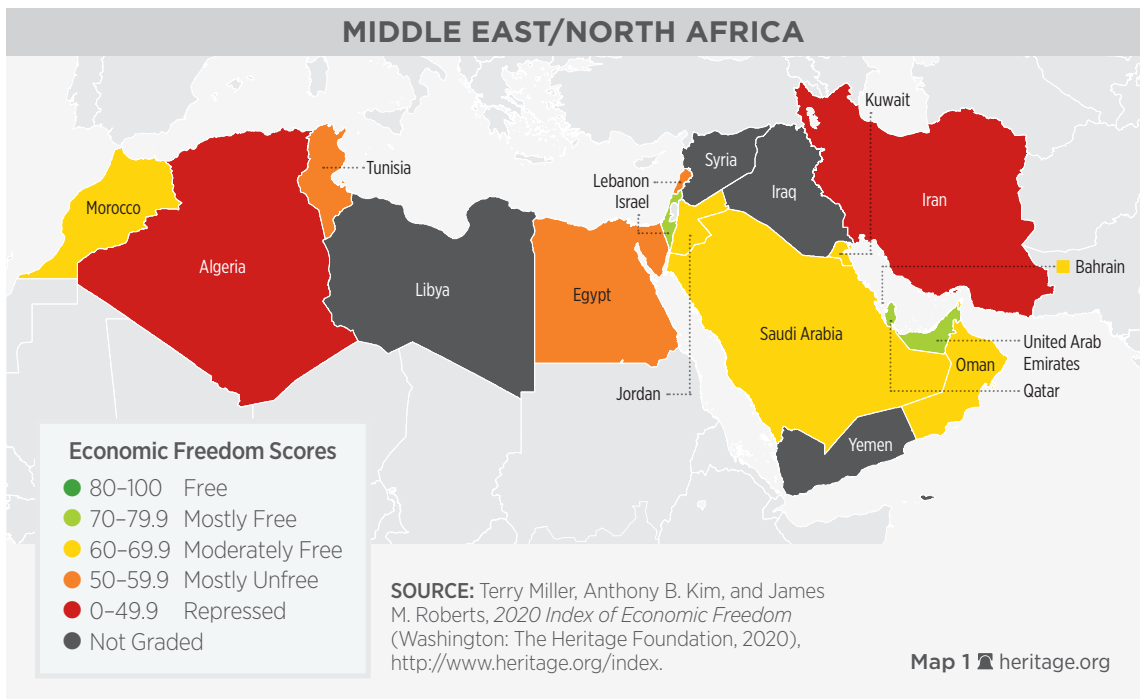
INFLATION: 8.0%

UNEMPLOYMENT RATE: 9.8%

PUBLIC DEBT: 55.2% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

 heritage.org



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 Chart 2.) The region’s tax burden score beat the world average by more than 10 points again in 2020, 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, 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 illustrated by Chart 3. The ongoing transformation of relatively economically advanced states such as 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 this region.

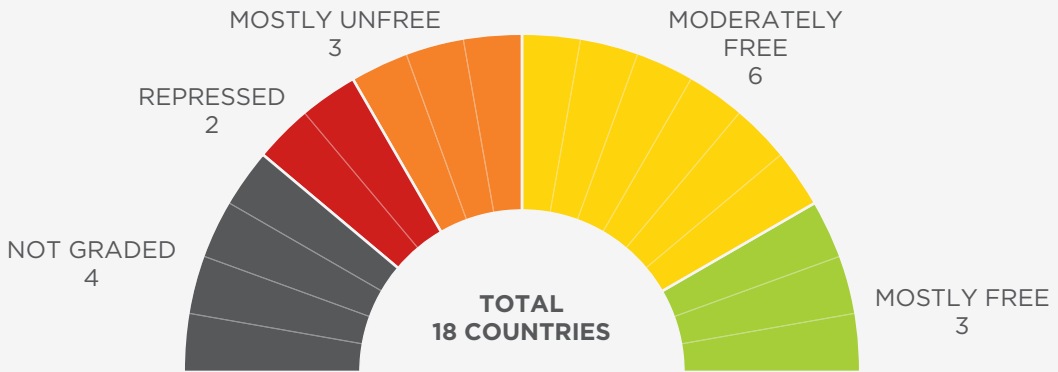
In the 2020 *Index*, the scores of nine countries in the MENA region improved, and the scores of the other five graded countries declined. As shown in Chart 4, across the region, greater economic freedom is also strongly correlated with overall human development as measured by the United Nations Human Development Index, which measures life expectancy, literacy, education, and standard of living.

The results of the 2020 *Index* reflect that the region’s underlying political and economic architecture, dominated by authoritarian governments, continues to repress economic freedom a decade after the exhilarating promises of the Arab Spring. 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** economic freedom score and ranking increased in the 2020 *Index*. The

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM SUMMARY

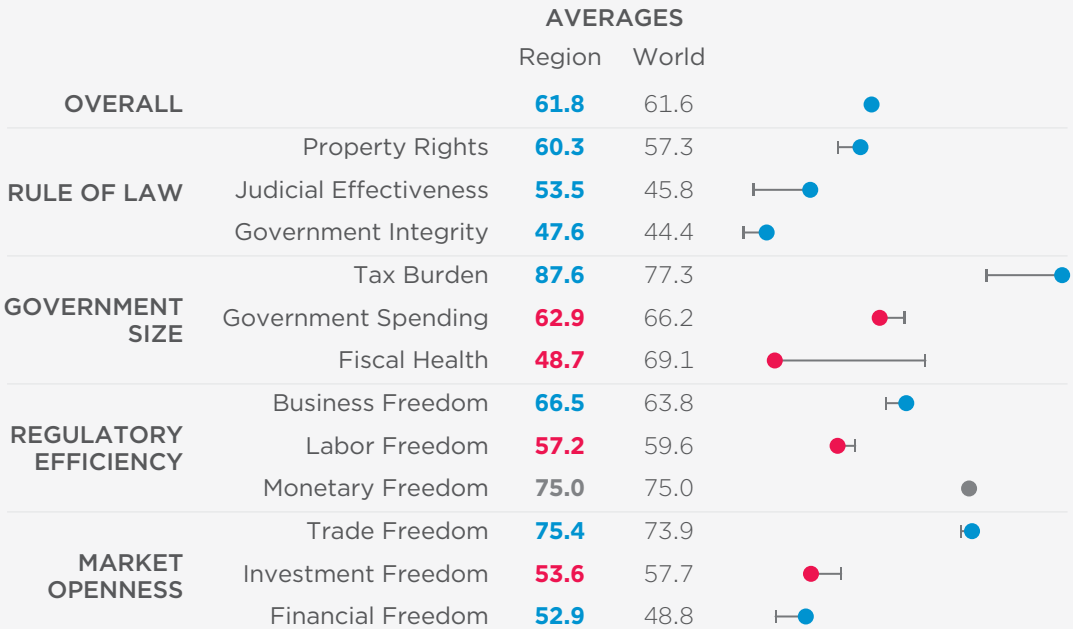


SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 1 heritage.org

MIDDLE EAST/NORTH AFRICA: COMPONENTS OF ECONOMIC FREEDOM

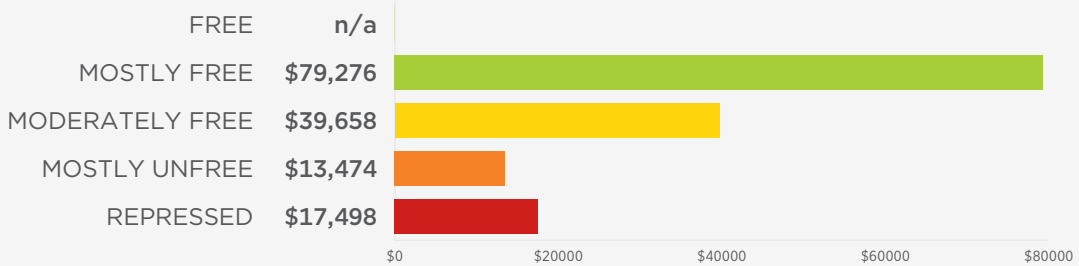
LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE | ● HIGHER THAN WORLD AVERAGE



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 2 heritage.org

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 2018.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <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 2, 2019).

Chart 3  heritage.org

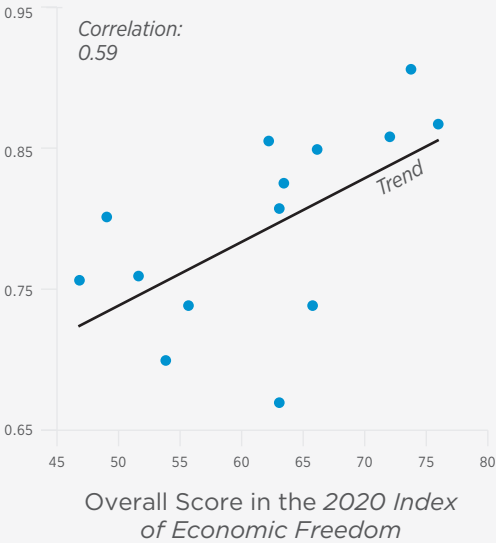
Israeli economy has risen higher in the “mostly free” category for the third year in a row. Ever since the beginning of the *Index* in 1995, government spending has consistently hindered greater economic freedom in Israel. It remains to be seen whether a new government can muster the political will to address the problem by implementing spending cuts and other fiscal restraints. The economic competitiveness of the “Start-up Nation” has been anchored in strong protection of property rights, efficient coordination of regulatory processes, and a sound judicial framework that sustains the rule of law.

- Economic freedom in **Egypt** also improved in the 2020 *Index*. The Egyptian economy has languished in the “mostly unfree” category for more than two decades. Growth of GDP in the past five years, however, has been healthy. The construction and energy sectors are the main engines of growth. To begin making real progress in expanding economic freedom, the government will need to pursue pro-business policies to improve the investment climate; hold fast to its schedule of cuts in subsidies; and continue fiscal reforms (such as the pension reform passed in 2019) to reduce its crippling level of public debt.
- **Saudi Arabia’s** economic freedom rank and score increased markedly in the 2020 *Index*. The Saudi economy has been rated “moderately free” for most of the past two decades. The government is continuing efforts to diversify the economy away from its dependence on oil, but the momentum of its ambitious Vision 2030 program has been diminished as its main proponent, Crown Prince Mohammad bin Salman, has been embroiled in controversy surrounding the murder of dissident journalist Jamal Khashoggi. The greatest need at present is perhaps to restore Saudi Arabia’s somewhat tarnished reputation for government integrity.
- The most improved country in the region this year was **Oman** due to significant gains in the rule of law. Oman’s economy has been in the “moderately free” category for 25 years, and further improvements

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 13 countries in Middle East/North Africa that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>; U.N. Human Development Program, “Human Development Indices and Indicators 2018 Statistical Update,” <http://hdr.undp.org/en/2018-update> (accessed December 2, 2019); and United Nations Development Program Human Development Reports, “Human Development Data,” <http://hdr.undp.org/en/data> (accessed December 2, 2019).

Chart 4  heritage.org

should help the government’s efforts to develop the nonoil economy. GDP growth over the past half-decade has been steady but unremarkable. An effort is underway to develop a new bankruptcy and insolvency law, which would help to improve the business environment and increase foreign direct investment inflows.

- The biggest regional drop in rank in the 2020 *Index* was by **Jordan**. The Jordanian economy has been in the “moderately free” category for all but one year since the inception of the *Index* in 1995 but has been held back from rising to the ranks of the “mostly free” by consistently low scores on such rule-of-law indicators as property rights and (especially) government integrity.

ECONOMIC FREEDOM IN MIDDLE EAST/NORTH AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2019	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
18	1	United Arab Emirates	76.2	-1.4	80.3	84.6	64.6	99.2	72.1	94.1	78.6	81.3	79.6	80.4	40	60
26	2	Israel	74.0	1.2	82.3	71.8	77.2	61.0	53.5	89.2	72.2	64.4	84.9	86.2	75	70
31	3	Qatar	72.3	-0.3	66.9	58.7	64.6	99.8	64.6	93.7	71.1	65.9	80.6	81.6	60	60
63	4	Bahrain	66.3	-0.1	70.6	48.4	51.0	99.4	66.1	2.6	70.5	71.1	81.1	79.4	75	80
66	5	Jordan	66.0	-0.5	64.8	54.6	49.6	91.8	73.5	55.9	60.1	52.5	77.6	81.2	70	60
75	6	Oman	63.6	2.6	66.4	66.2	64.6	98.4	36.2	14.8	74.6	56.9	78.4	81.6	65	60
78	7	Morocco	63.3	0.4	66.3	48.0	39.2	71.8	72.8	67.2	70.4	33.0	77.0	78.6	65	70
79	8	Kuwait	63.2	2.4	57.1	47.0	46.0	97.7	22.4	99.6	61.3	62.2	73.2	76.4	55	60
83	9	Saudi Arabia	62.4	1.7	64.6	72.3	49.6	99.8	61.8	19.3	66.6	63.3	81.0	75.4	45	50
128	10	Tunisia	55.8	0.4	56.4	43.6	39.7	74.2	73.1	38.8	78.1	49.8	73.9	66.4	45	30
142	11	Egypt	54.0	1.5	48.5	51.2	34.0	86.1	69.9	2.8	62.0	51.5	61.3	70.2	60	50
157	12	Lebanon	51.7	0.6	44.6	30.8	25.0	90.8	72.5	0.0	45.6	47.8	75.6	77.4	60	50
164	13	Iran	49.2	-1.9	36.9	37.1	33.5	81.0	89.2	86.5	57.3	50.7	49.0	54.6	5	10
169	14	Algeria	46.9	0.7	37.9	35.0	28.3	75.4	52.6	17.3	63.0	50.5	76.2	66.2	30	30
N/A	N/A	Iraq	N/A	N/A	43.9	11.2	20.8	N/A	59.5	76.6	52.6	44.8	76.4	N/A	N/A	N/A
N/A	N/A	Libya	N/A	N/A	30.1	20.8	18.9	N/A	0.0	N/A	40.7	53.9	53.6	N/A	5	N/A
N/A	N/A	Syria	N/A	N/A	45.6	20.8	21.9	N/A	N/A	N/A	48.9	59.3	58.8	51.6	0	N/A
N/A	N/A	Yemen	N/A	N/A	22.5	20.1	21.9	N/A	96.5	60.1	43.9	43.8	42.6	70.0	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 2020 *Index*, the scores for the 47 countries in this region that were graded generally fall into the lower categories of economic freedom. Although there was only a very slight improvement in the region's overall economic freedom this year, a second year of economic growth that is significantly higher than the world average 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 strengthen the rule of law. The missed economic opportunities due to corruption and conflict, in particular, represent

a tragedy for the region's huge population of young people, who lose developmental ground that is increasingly difficult to make up as such conditions persist. Successful efforts at structural reform have been rare, and the modernization of infrastructure and institutions lags severely throughout most of Sub-Saharan Africa. Many countries in the region are overly dependent on exports of agricultural and mineral commodities that contribute little to sustained increases in productivity and broad-based job creation, and few have made any sustained progress toward economic diversification. The result is a deeply ingrained pattern of suboptimal and uneven growth that leaves a substantial proportion of the population in many countries living at or near subsistence levels.

The population-weighted average GDP per capita for the region is the lowest for any of the five global regions in the 2020 *Index* (\$4,148 at purchasing power parity). Unemployment dropped to 6.3 percent, however, possibly indicating some progress in reducing widespread underemployment and shrinking the region's large informal sectors.

Chart 1 shows the distribution of countries in the Sub-Saharan African region by level of economic freedom. 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 defined primarily by the countries' relative lack of economic freedom. There is not a single "free" economy in the region. Only Mauritius and Rwanda are counted among the ranks of the "mostly free," and another six countries are considered to have "moderately free" economies, but a clear majority of the 47 nations graded in the 2020 *Index* are ranked either "mostly unfree" or "repressed." In fact, nine of the total of 19 "repressed" economies in the entire world—almost half—are in Sub-Saharan Africa.

As shown in Chart 2, the only one of the 12 indicators in which the region scores higher

SUB-SAHARAN AFRICA: QUICK FACTS

TOTAL POPULATION: 1.04 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$4,148

1-YEAR GROWTH: 3.9%

5-YEAR GROWTH: 4.3%

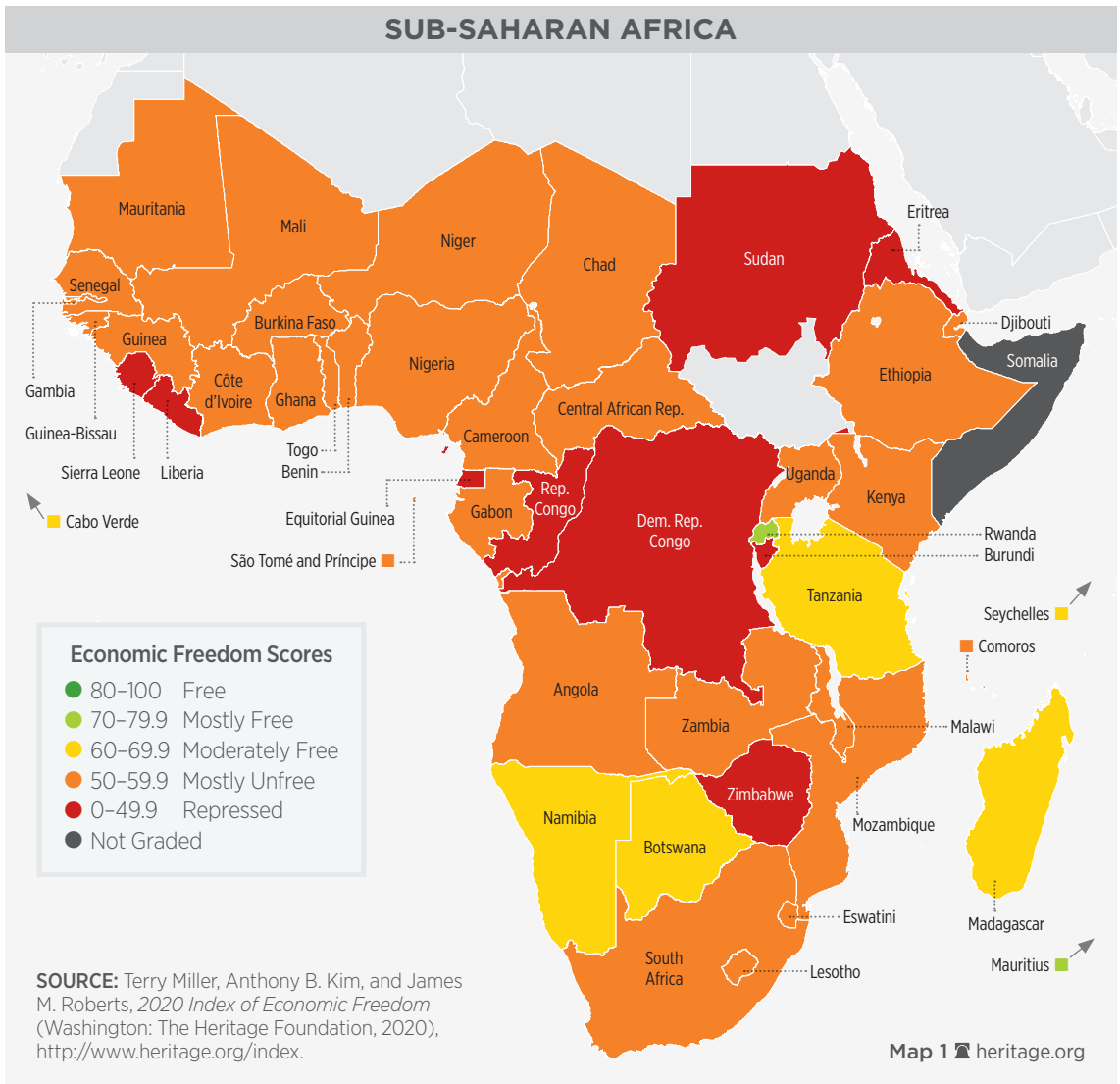
INFLATION: 11.9%

UNEMPLOYMENT RATE: 6.3%

PUBLIC DEBT: 51.7% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

 heritage.org



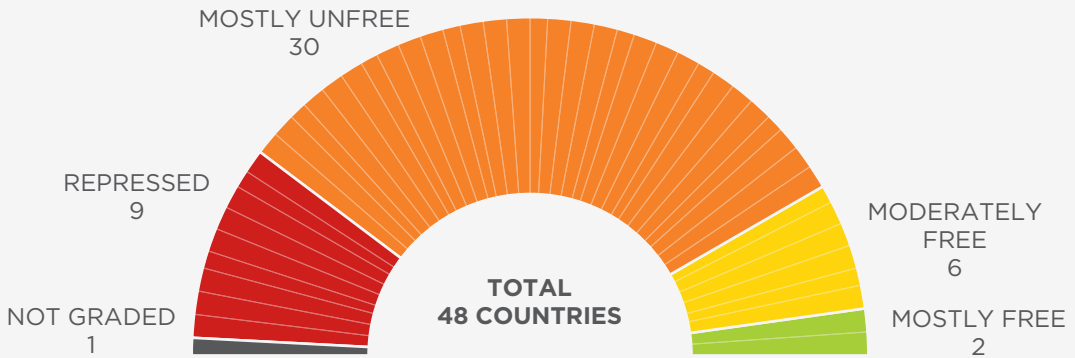
than the world average is government spending. That is a hollow victory, however, since the score reflects the inability of underresourced governments in the region to perform the complicated tasks required to manage 21st century economies more than it does any particular efforts at spending restraint.

Another irony emerges from the region’s relatively positive average tax burden score, which reflects the ineffective or corrupt administration of existing tax laws rather than any particular restraint in the desire to extract revenue from the population. Labor freedom is restricted in the formal labor markets, resulting

in large amounts of unreported informal economic activity in which workers enjoy no protections whatsoever. The *2020 Index* scores also document the region’s continuing lack of progress in improving the rule of law, 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 Chart 2 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

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 1 heritage.org

SUB-SAHARAN AFRICA: COMPONENTS OF ECONOMIC FREEDOM

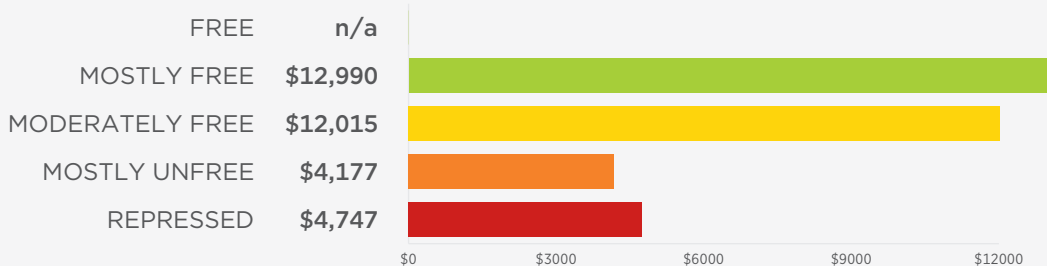
LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE | ● HIGHER THAN WORLD AVERAGE

		AVERAGES			
		Region	World		
OVERALL		55.1	61.6	●	
RULE OF LAW	Property Rights	44.6	57.3	●	
	Judicial Effectiveness	36.7	45.8	●	
	Government Integrity	29.2	44.4	●	
GOVERNMENT SIZE	Tax Burden	76.1	77.3	●	
	Government Spending	79.4	66.2	●	
	Fiscal Health	57.3	69.1	●	
REGULATORY EFFICIENCY	Business Freedom	52.2	63.8	●	
	Labor Freedom	55.5	59.6	●	
	Monetary Freedom	73.5	75.0	●	
MARKET OPENNESS	Trade Freedom	65.7	73.9	●	
	Investment Freedom	51.6	57.7	●	
	Financial Freedom	39.6	48.8	●	

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>.

Chart 2 heritage.org

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 2018.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <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 2, 2019).

Chart 3  heritage.org

corruption. The region’s scores on property rights, government integrity, fiscal health, and business freedom are all lower than world averages by 10 points or more.

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

Although Chart 3 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 in the “repressed” category. That is because 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.

In a bit of good news in the 2020 *Index*, the scores of 31 countries in the Sub-Saharan Africa region improved, one was unchanged, and only 15 declined, producing an increase of nearly one point in the region’s overall economic freedom average score, although it remains in the “mostly unfree” category.

Perhaps the most tragic consequence of the dearth of economic freedom in Sub-Saharan Africa is its correlation (shown in Chart 4) with severe food shortages and poor nutrition, which in turn 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 that problem—and to many other challenges in the region—is more economic freedom.

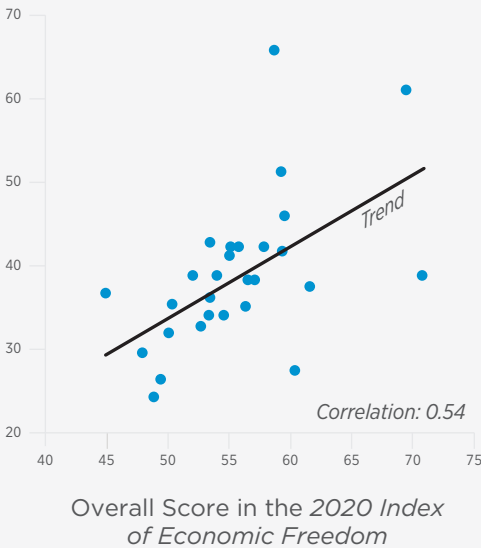
NOTABLE COUNTRIES

- Economic freedom in **Togo** registered a strong improvement in both score and rank in the 2020 *Index*, and the economy avoided a return to the “repressed” category. Achieving the government’s ambitious goal of establishing Togo as a financial and logistics hub will require massive economic freedom-friendly changes including reforms in the judicial system and a commitment to tackling the serious and long-standing problem of corruption.

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM AND FOOD SECURITY

Each circle represents a nation in the
Index of Economic Freedom

Global Food Security Index Score



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, *2020 Index of Economic Freedom* (Washington: The Heritage Foundation, 2020), <http://www.heritage.org/index>, and The Economist Intelligence Unit, *Global Food Security Index 2018*, <http://foodsecurityindex.eiu.com/> (accessed December 2, 2019).

Chart 4  heritage.org

- **Madagascar's** economy returned to the ranks of the “moderately free” in the 2020 *Index* after three years as “mostly unfree.” The government aims to maintain economic growth through a structural reform agenda designed to enhance investment capacity and reduce the fiscal risks of its

state-owned electricity and water utilities. To achieve those goals, the government will need to strengthen the rule of law, make the labor market more flexible, and maintain political stability to boost investor confidence.

- The neighboring island of **Mauritius** remained Sub-Saharan Africa's economically freest country in the 2020 *Index*. To put economic freedom in Mauritius on a faster trajectory and make the leap to a top-10 ranking, the government will need to take even stronger action to correct continuing serious deficits in government integrity and judicial effectiveness, which are eroded by levels of corruption that are more typical of much poorer and less-developed countries.
- **South Africa's** economic freedom increased slightly, but its rank dropped in the 2020 *Index*, and it remains “mostly unfree.” To turn the trajectory of economic freedom positive again in South Africa and achieve its goals of economic growth and job creation, the government needs to confront persistent labor market rigidities and pursue stricter application of rules against anticompetitive behavior.
- **Zimbabwe** remains near the bottom of the 2020 *Index*. The government's ambitious economic reform program to promote and protect private enterprise, reduce the costs of doing business, and encourage foreign direct investment has the potential for positive results, but its implementation is hamstrung by the lack of government integrity and flawed governance practices across many sectors.

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2019	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	74.9	1.9	75.8	62.6	53.3	91.5	82.1	79.3	82.5	60.2	73.8	88.2	80	70
33	2	Rwanda	70.9	-0.2	76.5	78.3	57.6	79.2	79.8	86.7	60.3	81.8	79.8	70.4	60	40
40	3	Botswana	69.6	0.1	60.9	45.2	46.4	87.0	69.1	97.5	69.3	68.2	73.6	82.8	65	70
72	4	Seychelles	64.3	2.9	68.3	46.4	53.3	76.8	58.9	93.2	65.3	62.8	78.6	82.6	55	30
76	5	Cabo Verde	63.6	0.5	47.5	48.0	46.1	77.7	71.7	66.2	58.5	55.6	83.1	68.2	80	60
89	6	Tanzania	61.7	1.5	41.9	43.4	32.5	80.6	91.6	92.9	45.9	66.4	72.2	67.8	55	50
96	7	Namibia	60.9	2.2	58.9	58.5	46.0	65.7	58.1	28.7	65.6	84.9	75.9	83.2	65	40
99	8	Madagascar	60.5	3.9	45.6	39.6	25.0	90.7	91.5	90.6	47.3	44.6	72.7	73.6	55	50
101	9	Côte d'Ivoire	59.7	-2.7	48.5	33.0	25.5	77.8	82.5	66.9	62.3	49.2	75.7	69.4	75	50
102	10	Uganda	59.5	-0.2	45.6	36.9	21.4	80.3	88.4	64.3	46.0	83.1	78.0	75.4	55	40
104	11	Ghana	59.4	1.9	52.5	46.1	32.2	78.4	88.1	35.6	58.4	59.3	68.9	63.8	70	60
106	12	South Africa	58.8	0.5	58.4	38.0	46.6	63.7	67.4	64.0	62.0	58.8	75.9	75.8	45	50
110	13	Senegal	58.0	1.7	52.4	39.8	40.6	70.2	84.4	75.2	50.4	38.1	79.7	65.4	60	40
116	14	Nigeria	57.2	-0.1	38.1	32.2	22.3	85.1	96.2	64.1	54.7	84.0	61.7	62.4	45	40
117	15	Burkina Faso	56.7	-2.7	46.9	42.6	34.1	81.3	77.0	49.2	47.6	52.1	82.4	61.8	65	40
118	16	Gabon	56.7	0.4	36.9	20.8	36.7	74.3	89.3	88.9	52.1	52.3	77.3	51.2	60	40
121	17	Guinea	56.5	0.8	38.7	33.3	16.1	70.0	91.4	93.8	55.4	58.0	70.6	60.4	50	40
123	18	Gambia	56.3	3.9	43.9	43.4	39.2	74.6	85.6	25.3	53.5	67.4	63.3	64.6	65	50
125	19	São Tomé & Príncipe	56.2	2.2	41.0	26.5	37.4	88.3	77.1	73.0	64.8	43.4	68.1	64.2	60	30
126	20	Mali	55.9	-2.2	36.1	32.7	20.7	69.2	85.8	73.6	49.2	52.2	81.6	65.0	65	40
130	21	Mauritania	55.3	-0.4	32.5	20.8	21.9	80.9	76.4	85.9	61.7	51.3	79.6	62.6	50	40
131	22	Eswatini	55.3	0.6	49.8	42.4	37.2	72.8	62.8	17.6	58.9	67.9	75.2	88.6	50	40
132	23	Kenya	55.3	0.2	63.2	48.6	28.2	78.7	79.6	13.5	55.0	55.8	75.0	60.4	55	50
133	24	Benin	55.2	-0.1	41.3	36.4	29.6	69.0	84.2	46.6	58.0	53.7	84.3	49.4	60	50
137	25	Niger	54.7	3.1	45.6	42.6	33.4	76.7	79.0	44.7	55.4	47.9	74.8	61.2	55	40
138	26	Lesotho	54.5	1.4	45.2	47.0	29.6	73.0	34.4	60.3	52.8	58.8	75.7	82.2	55	40
140	27	Togo	54.1	3.8	41.6	31.7	31.2	67.5	78.6	59.4	55.0	46.9	79.5	63.2	65	30
143	28	Comoros	53.7	-1.7	43.1	31.7	23.8	63.6	73.6	85.0	47.8	60.3	81.7	59.2	45	30
145	29	Cameroon	53.6	1.2	45.3	30.8	20.8	74.8	88.3	63.7	46.0	50.1	84.1	59.6	30	50
146	30	Ethiopia	53.6	0.0	36.5	45.1	29.4	77.4	90.8	79.2	48.6	57.6	62.7	60.8	35	20
147	31	Zambia	53.5	-0.1	45.2	31.3	28.4	73.2	81.7	18.4	66.4	47.0	72.2	72.6	55	50
148	32	Guinea-Bissau	53.3	-0.7	41.3	48.4	14.8	88.7	86.7	67.3	39.1	61.2	82.7	49.0	30	30
151	33	Djibouti	52.9	5.8	58.8	31.7	25.5	75.3	53.6	10.9	62.3	60.6	76.5	49.8	80	50
152	34	Malawi	52.8	1.4	43.1	42.1	24.8	79.0	71.7	23.6	41.9	62.8	69.1	75.4	50	50
154	35	Angola	52.2	1.6	36.9	14.3	15.1	87.3	85.7	71.9	57.7	61.1	59.6	66.2	30	40
159	36	Central African Republic	50.7	1.6	38.1	31.7	24.3	65.5	93.5	95.3	24.3	40.4	73.3	47.2	45	30
160	37	Mozambique	50.5	1.9	34.9	31.7	23.2	74.1	69.6	40.3	55.3	41.7	72.0	78.0	35	50
161	38	Chad	50.2	0.3	32.4	27.4	15.1	45.8	93.5	95.6	26.8	43.0	76.1	47.2	60	40

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162	39	Dem. Rep. Congo	49.5	-0.8	30.1	26.5	13.1	74.4	95.4	98.0	51.2	41.6	49.6	64.6	30	20
165	40	Liberia	49.0	-0.7	31.1	37.9	23.8	86.1	65.5	59.7	48.2	38.2	62.1	60.6	55	20
166	41	Burundi	49.0	0.1	24.9	26.9	22.3	73.7	85.8	13.2	55.1	67.4	70.3	68.2	50	30
167	42	Equatorial Guinea	48.3	7.3	38.1	19.5	15.1	75.1	86.4	77.2	37.5	34.2	78.1	48.8	40	30
168	43	Sierra Leone	48.0	0.5	40.7	39.4	21.8	87.5	83.5	9.8	50.1	29.7	64.2	69.4	60	20
173	44	Sudan	45.0	-2.7	33.7	20.8	25.5	86.1	94.5	12.4	53.5	60.0	77.0	52.0	5	20
174	45	Zimbabwe	43.1	2.7	33.7	28.3	18.9	62.3	88.0	36.2	39.1	43.1	62.8	70.0	25	10
176	46	Rep. Congo	41.8	2.1	40.7	30.0	23.1	63.3	56.2	0.6	37.5	35.3	83.2	56.8	45	30
177	47	Eritrea	38.5	-0.4	32.5	14.3	21.4	81.4	74.7	0.0	18.2	69.7	61.0	69.2	0	20
N/A	N/A	Somalia	N/A	N/A	20.1	26.5	13.1	N/A	N/A	N/A	31.6	N/A	N/A	N/A	N/A	N/A