

HIGHLIGHTS OF THE
2021 INDEX OF
**ECONOMIC
FREEDOM**



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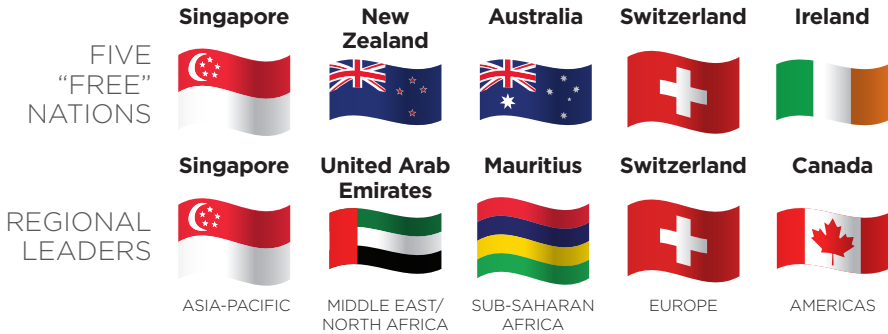
RANKING THE WORLD BY ECONOMIC FREEDOM

Rank	Country	Overall Score	Rank	Country	Overall Score	Rank	Country	Overall Score
1	Singapore	89.7	65	Mexico	65.5	129	São Tomé and Príncipe	55.9
2	New Zealand	83.9	66	Albania	65.2	130	Egypt	55.7
3	Australia	82.4	67	Barbados	65.0	131	Sri Lanka	55.7
4	Switzerland	81.9	68	Italy	64.9	132	Comoros	55.7
5	Ireland	81.4	69	Jordan	64.6	133	Mali	55.6
6	Taiwan	78.6	70	Bahamas	64.6	134	Tajikistan	55.2
7	United Kingdom	78.4	71	Oman	64.6	135	Burma	55.2
8	Estonia	78.2	72	Costa Rica	64.2	136	Maldives	55.2
9	Canada	77.9	73	Philippines	64.1	137	Eswatini	55.1
10	Denmark	77.8	74	Kuwait	64.1	138	Kenya	54.9
11	Iceland	77.4	75	Guatemala	64.0	139	Guinea-Bissau	54.9
12	Georgia	77.2	76	Turkey	64.0	140	Angola	54.2
13	Mauritius	77.0	77	Cabo Verde	63.8	141	Laos	53.9
14	United Arab Emirates	76.9	78	Kyrgyz Republic	63.7	142	Lesotho	53.5
15	Lithuania	76.9	79	Croatia	63.6	143	Brazil	53.4
16	Netherlands	76.8	80	Montenegro	63.4	144	Cameroon	53.4
17	Finland	76.1	81	Morocco	63.3	145	Malawi	53.0
18	Luxembourg	76.0	82	Bosnia and Herzegovina	62.9	146	Afghanistan	53.0
19	Chile	75.2	83	Namibia	62.6	147	Dominica	53.0
20	United States	74.8	84	Paraguay	62.6	148	Argentina	52.7
21	Sweden	74.7	85	Moldova	62.5	149	Ecuador	52.4
22	Malaysia	74.4	86	Mongolia	62.4	150	Sierra Leone	51.7
23	Japan	74.1	87	Fiji	62.2	151	Ethiopia	51.7
24	Korea, South	74.0	88	Dominican Republic	62.1	152	Pakistan	51.7
25	Austria	73.9	89	Samoa	61.9	153	Mozambique	51.6
26	Israel	73.8	90	Vietnam	61.7	154	Lebanon	51.4
27	Czech Republic	73.8	91	Côte d'Ivoire	61.7	155	Haiti	50.8
28	Norway	73.4	92	Russia	61.5	156	Congo, Rep.	50.7
29	Germany	72.5	93	Tanzania	61.3	157	Nepal	50.7
30	Latvia	72.3	94	El Salvador	61.0	158	Chad	50.4
31	Qatar	72.0	95	Belarus	61.0	159	Zambia	50.4
32	Armenia	71.9	96	Greece	60.9	160	Micronesia	50.4
33	Cyprus	71.4	97	Vanuatu	60.5	161	Burundi	49.9
34	Kazakhstan	71.1	98	Honduras	59.8	162	Algeria	49.7
35	Bulgaria	70.4	99	South Africa	59.7	163	Equatorial Guinea	49.2
36	Malta	70.2	100	Benin	59.6	164	Liberia	49.2
37	Belgium	70.1	101	Ghana	59.2	165	Congo, Dem. Rep.	49.0
38	Azerbaijan	70.1	102	Trinidad and Tobago	59.0	166	Central African Republic	48.8
39	Spain	69.9	103	Papua New Guinea	58.9	167	Turkmenistan	47.4
40	Bahrain	69.9	104	Gambia	58.8	168	Iran	47.2
41	Poland	69.7	105	Nigeria	58.7	169	Suriname	46.4
42	Thailand	69.7	106	Uganda	58.6	170	Timor-Leste	44.7
43	Romania	69.5	107	China	58.4	171	Kiribati	44.4
44	Uruguay	69.3	108	Uzbekistan	58.3	172	Bolivia	42.7
45	Jamaica	69.0	109	Bhutan	58.3	173	Eritrea	42.3
46	North Macedonia	68.6	110	Gabon	58.1	174	Zimbabwe	39.5
47	Rwanda	68.3	111	Senegal	58.0	175	Sudan	39.1
48	Slovenia	68.3	112	Madagascar	57.7	176	Cuba	28.1
49	Colombia	68.1	113	Togo	57.5	177	Venezuela	24.7
50	Peru	67.7	114	Belize	57.5	178	Korea, North	5.2
51	Botswana	67.6	115	Tonga	57.5			
52	Portugal	67.5	116	Guyana	57.4			
53	Saint Lucia	67.5	117	Niger	57.3			
54	Serbia	67.2	118	Cambodia	57.3			
55	Hungary	67.2	119	Tunisia	56.6			
56	Indonesia	66.9	120	Bangladesh	56.5			
57	Brunei Darussalam	66.6	121	India	56.5			
58	Kosovo	66.5	122	Solomon Islands	56.5			
59	St. Vincent & Grenadines	66.3	123	Guinea	56.5			
60	Seychelles	66.3	124	Burkina Faso	56.5			
61	Slovakia	66.3	125	Nicaragua	56.3			
62	Panama	66.2	126	Djibouti	56.2			
63	Saudi Arabia	66.0	127	Ukraine	56.2			
64	France	65.7	128	Mauritania	56.1			

Economic Freedom Scores

- 80-100 Free
- 70-79.9 Mostly Free
- 60-69.9 Moderately Free
- 50-59.9 Mostly Unfree
- 0-49.9 Repressed

KEY FINDINGS OF THE 2021 INDEX

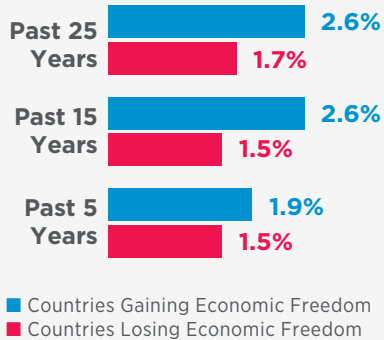


The data reported in the 2021 *Index of Economic Freedom* confirm the importance of economic freedom in promoting rapid growth and sustainable social progress.

- Citizens of “free” or “mostly free” countries enjoy incomes that are more than double the global average and more than six times higher than in “repressed” economies.
- People in economically free societies live longer and enjoy healthier lives. They have access to higher quality “social goods” such as education, health care, and a cleaner environment.
- As economic freedom has grown since 1995, the global economy has more than doubled, lifting hundreds of millions of people out of poverty and helping to promote more effective democratic governance.

ECONOMIC GROWTH

Average Annual Growth of GDP per Capita (PPP)

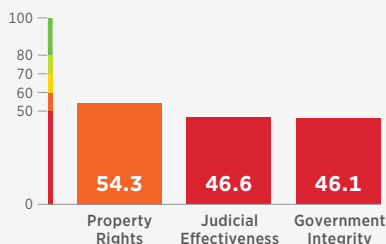


The 2021 global average economic freedom score is 61.6, which is unchanged from last year and remains the highest score recorded in the 27-year history of the *Index*. Of the 178 economies ranked in the *Index*, five are considered free, and an additional 92 are at least moderately free. On the other hand, 81 economies received scores below 60 and are rated “mostly unfree” or “repressed.”

The maintenance of historically high global economic freedom in the 2021 *Index* reflects increases in economic freedom in 89 of the 178 economies graded. Eighty countries registered declines in economic freedom, and the scores for nine countries were unchanged. As the world continues to recover from the coronavirus pandemic, economic freedom will be more important than ever.

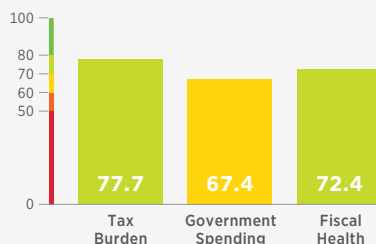
THE 12 ECONOMIC FREEDOMS: A GLOBAL LOOK

RULE OF LAW



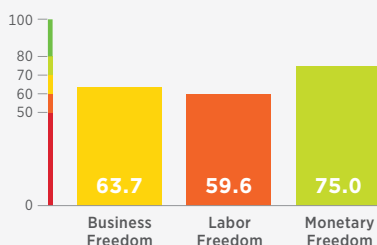
Several governments made progress in enhancing judicial effectiveness by increasing institutional independence and accountability, and the worldwide average score for judicial effectiveness has increased. Global average scores for property rights have declined, however, reflecting persistent problems throughout much of the world in protecting private property. Government integrity has improved globally in the 2021 *Index*, but the low average scores for the three rule-of-law indicators continue to reflect the problem of systemic corruption of government institutions in many countries by such practices as bribery, cronyism, and graft.

GOVERNMENT SIZE



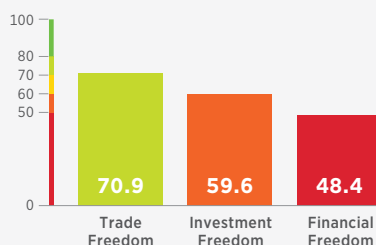
The average top individual income tax rate for all countries in the 2021 *Index* increased to 28.8 percent, but the average top corporate tax rate declined to 23.5 percent. The average overall tax burden as a percentage of GDP has declined to just 21.2 percent. The average level of government spending has declined to 31.6 percent of GDP, but the average level of gross public debt for countries covered in the *Index* has risen to 59.2 percent of GDP.

REGULATORY EFFICIENCY



Many economies have continued to streamline and modernize their business frameworks, and the overall pace of reform in developing countries has often exceeded the pace in developed countries. Nonetheless, the *Index* global scores for business freedom, labor freedom, and monetary freedom are virtually unchanged this year, reflecting the overall lack of improvement globally among governments that micromanage business decision-making or control prices to achieve politically motivated goals. The global scores for labor freedom and monetary freedom this year were the same as in the 2020 *Index*. Business freedom declined by a tenth of a point.

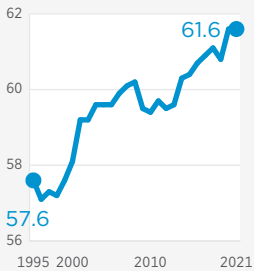
OPEN MARKETS



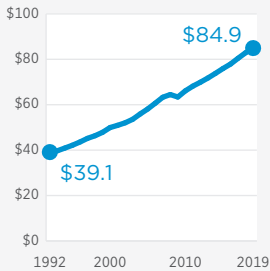
Global trade freedom suffered an apparent setback as the worldwide average trade-weighted applied tariff rate rose from 6.1 percent to 7.6 percent. However, this change should be interpreted with caution given the change in the data source for this indicator. Investment freedom has also declined, and investment policy measures in many countries remain geared to promotion of sectoral investment rather than general market openness. The global score for financial freedom is down as well, reflecting increased government involvement in the sector in a number of countries.

AS ECONOMIC FREEDOM RISES, THE GLOBAL ECONOMY EXPANDS AND POVERTY FALLS

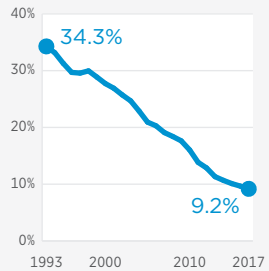
Average Score in the *Index of Economic Freedom*



Global GDP, in Trillions of 2010 U.S. Dollars



Percentage of Global Population in Poverty

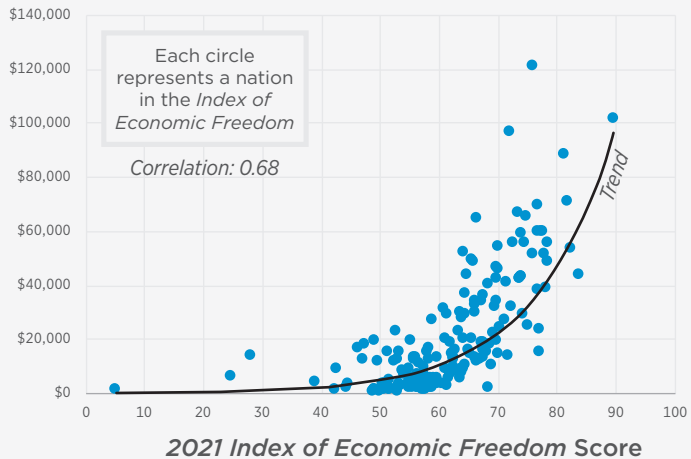


SOURCES: 2021 *Index of Economic Freedom* and The World Bank.

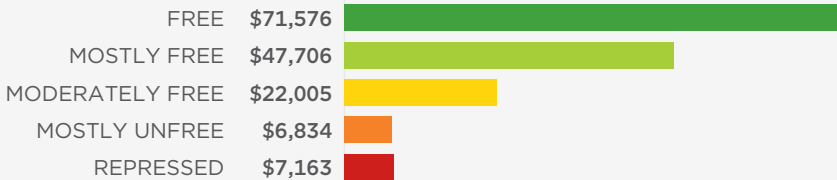
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ECONOMIC FREEDOM AND THE STANDARD OF LIVING

GDP per Capita (PPP)



Average GDP per Capita (PPP), by Economic Freedom Category

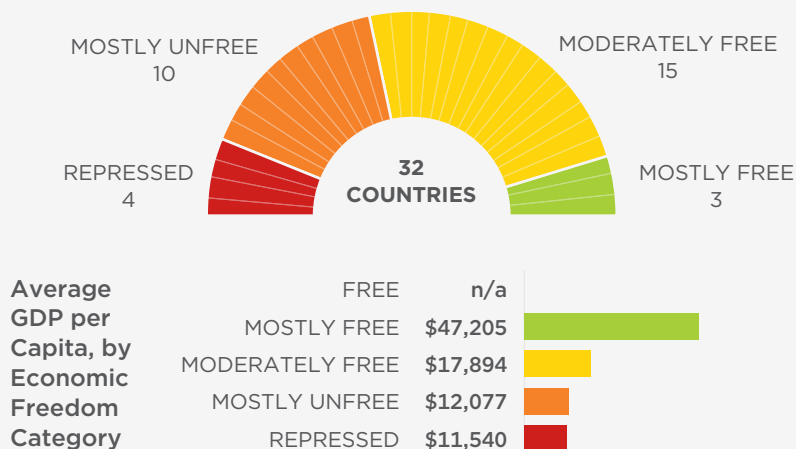


SOURCES: 2021 *Index of Economic Freedom* and IMF.

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THE AMERICAS: SUMMARY

Number of Countries in Each Economic Freedom Category



The Americas region, covering more than one-quarter of the globe’s land-mass, is one of its most economically diverse. With a population of just over 1 billion, the region has the second-highest population-weighted gross domestic product (GDP) per capita (\$33,282 at purchasing power parity). Within the region, economies have expanded at an average rate of just 1.0 percent over the past five years. The regional average rate of unemployment has risen to 6.9 percent, and the regional average rate of inflation (excluding Venezuela) has risen to 5.2 percent. The region’s average level of public debt—already the highest in the world—rose to 85.2 percent of GDP during the past year.

The slight decline in the region’s overall average economic freedom score in the 2021 *Index* mainly reflects drops in scores for the trade freedom and property rights indicators. The overall score has fallen further behind the global average this year and is the world’s second lowest, ahead only of sub-Saharan Africa. The foundations of a well-functioning free market remain shallow in many Latin American countries, with widespread corruption and weak protection of property rights aggravating such systemic shortcomings as regulatory inefficiency and monetary instability that is caused by various government-driven market distortions.

Notable Countries

- The biggest setback for economic freedom in the region in 2021 is the return to power of the left-wing populist Peronist Party in **Argentina** after four years of the center-right Macri government’s rollback of growth-stifling regulations and socialist policies. New President Alberto Fernandez pledges a renewed turn to the left.

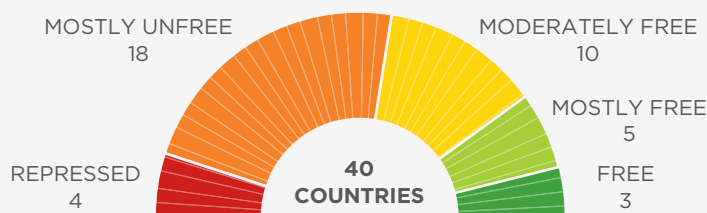
THE AMERICAS: COUNTRIES



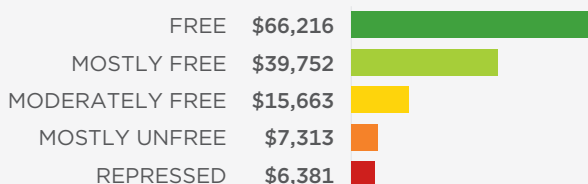
- Another trouble spot is **Chile**, whose economic freedom has generally been in decline since 2013 and is now planted even more firmly in the “mostly free” category.
- The **United States** received its lowest score and lowest ranking ever in the *Index*, although it remains “mostly free.”

ASIA-PACIFIC: SUMMARY

Number of Countries in Each Economic Freedom Category



Average GDP per Capita, by Economic Freedom Category



The **Asia-Pacific** region has over half of the world’s population and spans its largest surface area: Of the total regional population, almost two-thirds resides in either China or India. The region has continued to lead worldwide economic growth, expanding by an average annual rate of about 6.0 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 rate of unemployment (4.5 percent) and lowest average rate of inflation (3.7 percent). Among the five global regions in the *Index*, however, the Asia-Pacific region also has the second-lowest population-weighted GDP per capita (\$13,094 at purchasing power parity).

The Asia-Pacific’s overall economic freedom score of 60.2 is below the world average in the 2021 *Index*. The region also scored lower than the world averages this year in seven of the 12 economic freedom indicators: property rights, judicial effectiveness, government integrity, monetary freedom, trade freedom, investment freedom, and financial freedom. In other critical areas of economic freedom—tax burden, government spending, fiscal health, business freedom, and labor freedom—the Asia-Pacific region exceeds world averages.

Notable Countries

- **Singapore** again leads the world in economic freedom, with the highest score in the *Index*.
- **New Zealand** and **Australia** also achieved designation as “free” economies.
- **Japan’s** economy remains only “mostly free,” held back by excessive government spending.

ASIA-PACIFIC: COUNTRIES



BY THE NUMBERS

Total population:
4.25 billion

GDP per capita (PPP): \$13,094

Inflation: 3.7%
(excluding North Korea and Kiribati)

Unemployment rate: 4.5%
(excluding North Korea and Kiribati)

Public debt: 62.4% of GDP

1-year growth: 5.0%

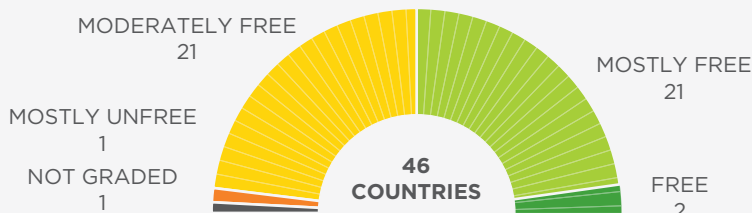
5-year average annual growth: 6.0%

Note: Economic indicators are population-weighted averages.

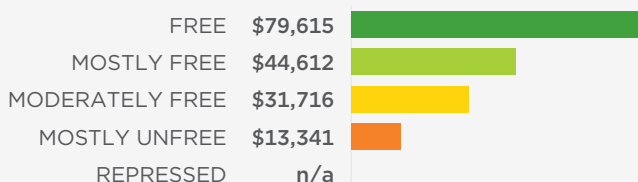
- **China and India**, the world's most populous countries, remain "mostly unfree," in need of substantial and broad-based economic reforms.

EUROPE: SUMMARY

Number of Countries in Each Economic Freedom Category



Average
GDP per
Capita, by
Economic
Freedom
Category



Concepts of free markets and individual liberty first took root in **Europe**, but so did the collectivist philosophies of Communism and socialism. That tension remains characteristic of the region’s economic policy mix. Nevertheless, more than half of the world’s 38 freest countries (overall scores above 70) are in Europe, thanks in large part to relatively extensive and long-established free-market institutions, robust rule of law, and exceptionally strong investment freedom.

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

The region’s population-weighted average GDP per capita is the highest in the world (\$38,897 at purchasing power parity), with inflation (3.8 percent) generally under control. However, the European continent has long been plagued by high levels of unemployment (7.1 percent) and heavy public debt (60 percent of GDP on average).

Notable Countries

- **Switzerland** and **Ireland** achieved designation as “free” economies this year.
- The **United Kingdom’s** very efficient business and investment environments are reflected in its high *Index* ranking. Now free from the

EUROPE: COUNTRIES



BY THE NUMBERS

Total population: 837.3 million	Unemployment rate: 7.1%	1-year growth: 1.7%
GDP per capita (PPP): \$38.897	Public debt: 60.0% of GDP	5-year average annual growth: 2.1%
Inflation: 3.8%		

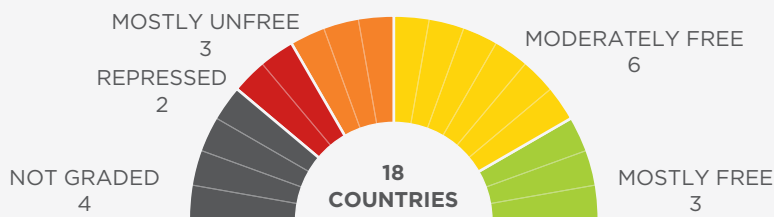
Note: Economic indicators are population-weighted averages.

European Union's bureaucratic strictures, the British economy is poised for further gains in indicator scores for tax burden, government spending, labor freedom, and trade freedom.

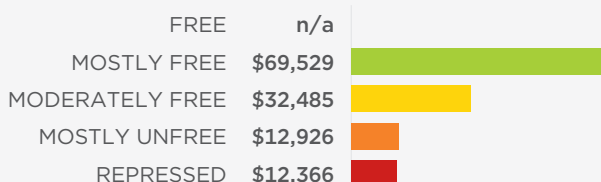
- **Armenia's** decades-long occupation of parts of **Azerbaijan's** territory ended after more than six weeks of heavy fighting in 2020 when the two sides agreed to a Russian-backed peace plan. Both economies could now benefit from improvements in judicial effectiveness and government integrity.

MIDDLE EAST / NORTH AFRICA: SUMMARY

Number of Countries in Each Economic Freedom Category



Average GDP per Capita, by Economic Freedom Category

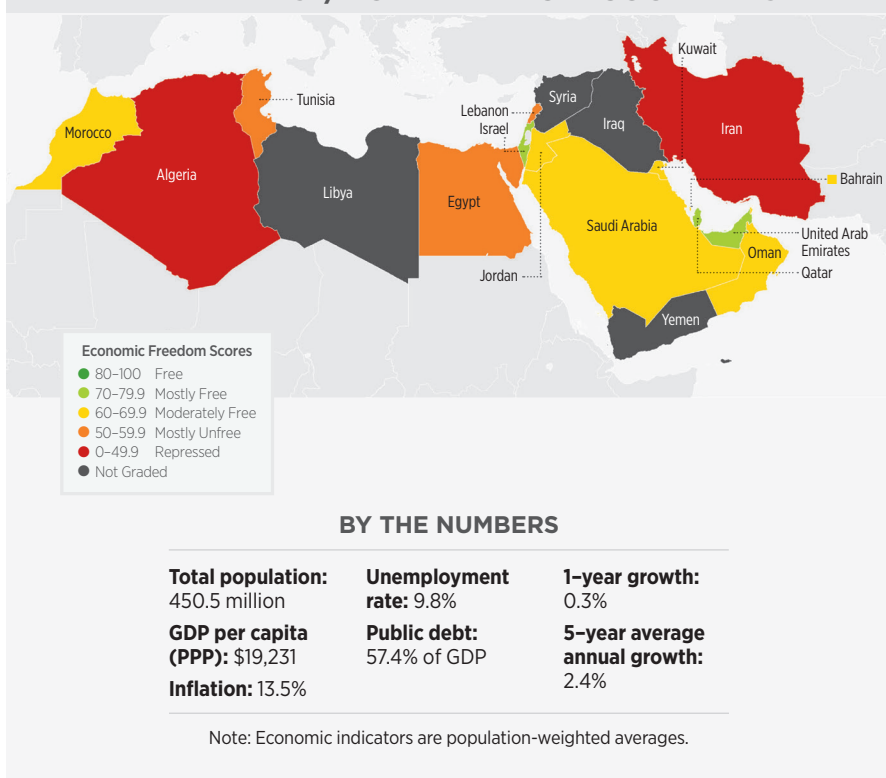


Middle East and North Africa (MENA) countries are successors to some of the world’s most ancient civilizations and remain at the crux of global politics, but relatively few enjoy economic freedom in the 21st century. At once blessed and cursed by enormous mineral resources, most countries in the region are defined by extreme concentrations of wealth and widespread poverty. Most worrisome is the region’s ongoing notoriety as the world’s most acute hot spot for economic, political, and security vulnerabilities, which its authoritarian governments have tried to address with costly subsidies.

The instability in the region is being driven, in part, by more than a decade of social upheaval or outright conflict growing out of citizens’ demands for more freedom. Unfortunately, the lives of most people have yet to change for the better. Even in Tunisia, birthplace of the “Arab Spring,” economic freedom has failed to blossom. This regional policy failure is most palpable in Iran, which registered the largest decline in economic freedom of any country in the region this year. Iran has descended into the lower reaches of the *Index*’s “repressed” category amidst the authoritarian government’s ever-intensifying oppression of its citizens. Ironically, the Iranian regime’s most fervent regional political opponents—in Saudi Arabia and other Arab states—recorded sometimes sharply higher economic freedom scores in 2021.

The region’s population-weighted average GDP per capita is the third highest among the five *Index* global regions (\$19,231), although it fell substantially this year. Inflation shot up to 13.5 percent, and economic growth has been soft. The region continues to suffer from high levels of unemployment (9.8 percent), particularly among the young.

MIDDLE EAST/NORTH AFRICA: COUNTRIES



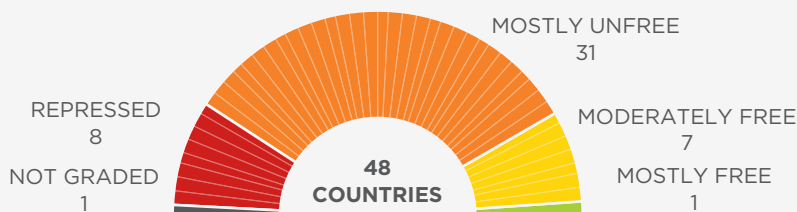
The grading of economic freedom for Iraq, Syria, Libya, and Yemen remains suspended because of ongoing violence and unrest.

Notable Countries

- **Israel's** economic freedom score dipped slightly in the 2021 *Index*, although the economy remains “mostly free.” The signing of the Abraham Accords with some of its neighbors in 2020 should work to strengthen the Israeli economy’s attractiveness and dynamism.
- One of the region’s most improved countries this year is **Bahrain**, where economic freedom has rebounded. The country is now poised to make it back into the ranks of the “mostly free.”
- After a decade-long slide, **Algeria's** economic freedom score also turned upward this year. It remains “repressed” but is very close to the threshold for a higher ranking.
- Economic freedom in **Egypt** was also higher in the 2021 *Index*. To maintain that momentum, the government should reduce public debt and upgrade institutional performance to strengthen property rights, judicial effectiveness, and government integrity.

SUB-SAHARAN AFRICA: SUMMARY

Number of Countries in Each Economic Freedom Category



Average GDP per Capita, by Economic Freedom Category

Economic Freedom Category	Average GDP per Capita
FREE	n/a
MOSTLY FREE	\$23,942
MODERATELY FREE	\$10,973
MOSTLY UNFREE	\$4,065
REPPRESSED	\$4,064

Sub-Saharan African countries' scores generally fall into the lower categories of economic freedom, although the region's overall economic freedom climbed again this year. Its scores on property rights, government integrity, and business freedom, however, are all lower than world averages by 10 points or more. Average GDP per capita (\$3,998) is the lowest for any of the five global *Index* regions. Unemployment rose to 6.5 percent, a small setback for the goal of reducing widespread underemployment and shrinking the region's large informal sectors.

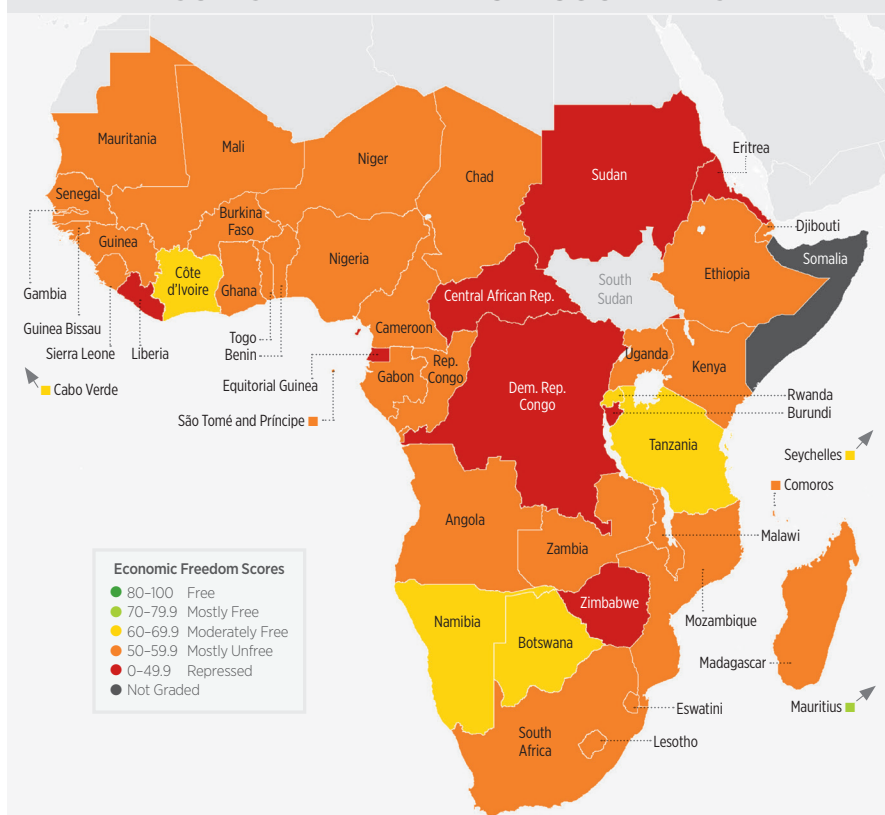
As it stands, however, the region's continuing underperformance reflects repeated failures to implement policy changes to improve the business and investment climates and strengthen the rule of law. The economic opportunities missed because of corruption and conflict represent a special tragedy for the region's huge population of young people, who lose developmental ground that is increasingly difficult to make up as such conditions persist.

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 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 the many other challenges in the region—is more economic freedom.

Notable Countries

- **Mauritius** remained the region's freest nation in the 2021 *Index* and the only one considered "mostly free." Chronic problems with government integrity still hold it back.

SUB-SAHARAN AFRICA: COUNTRIES



BY THE NUMBERS

Total population: 1.02 billion	Unemployment rate: 6.5% (excluding Seychelles)	1-year growth: 3.8%
GDP per capita (PPP): \$3,998	Public debt: 54.1% of GDP	5-year average annual growth: 3.9%
Inflation: 8.6% (excluding Zimbabwe)		

Note: Economic indicators are population-weighted averages.

- The **Republic of the Congo** had the region’s most improved overall score in the 2021 *Index*, which was just enough for the economy to escape from the lowest “repressed” category.
- **South Africa**, with a solid improvement in judicial effectiveness, just missed making it back into the “moderately free” category in 2021.

POLICIES FOR PROSPERITY

The *Index of Economic Freedom* evaluates the extent and effectiveness of government activity in 12 areas known to have a significant impact on levels of economic growth and prosperity. Policies that allow greater freedom in any of the areas measured tend to spur growth. Growth, in turn, is an essential element in generating more opportunities for people to advance themselves economically, thereby reducing poverty and building lasting prosperity.

Some aspects of economic freedom concern a country's interactions with the rest of the world (for example, the extent of an economy's openness to global investment or trade). Most, however, focus on policies within a country, assessing the liberty of individuals to use their labor or finances without undue restraint and government interference.

These metrics of economic freedom play a vital role in promoting and sustaining personal and national prosperity. All are complementary in their impact, however, and progress in one area is often likely to reinforce or even inspire progress in another. Similarly, repressed economic freedom in one area (for example, a lack of respect for property rights) may make it much more difficult to achieve high levels of freedom in other categories.

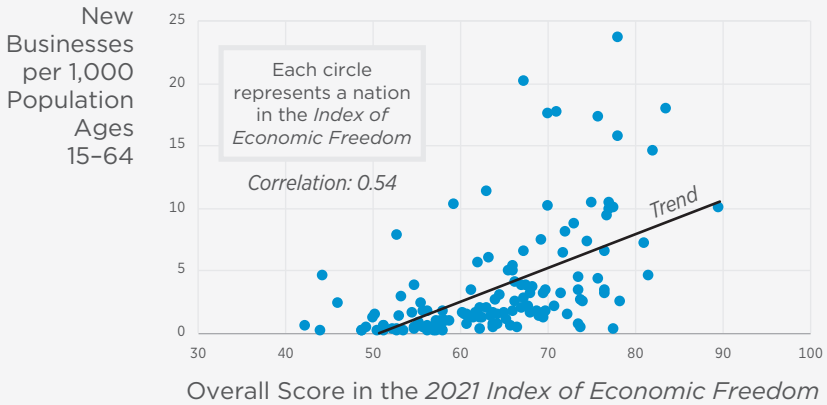
- **Property Rights.** The ability to accumulate private property and wealth is a central motivating force for workers and investors in a market economy and a primary factor in the accumulation of capital for production and investment. Secure titling unlocks wealth that is embodied in land and real property, providing collateral for investment financing. Another key aspect of the protection of property rights is the evenhanded enforcement of contracts.
- **Judicial Effectiveness.** Well-functioning legal frameworks protect the rights of all citizens against infringement of the law by others, including by governments, monopolies, and other powerful parties.
- **Government Integrity.** The systemic corruption of government institutions by such practices as bribery, nepotism, cronyism, patronage, embezzlement, and graft or the toleration by society of the ability of some individuals or special interests to gain government benefits at the expense of others are grossly incompatible with the principles of fair and equal treatment that are essential ingredients of an economically free society.
- **Tax Burden.** The higher the government's share of income or wealth as a percentage of total gross domestic product (GDP), the lower the individual's reward for his or her economic activity and the lower the incentive to undertake work at all. Higher tax rates reduce the ability of individuals and firms to pursue their goals in the marketplace and thereby also reduce the level of overall private-sector activity.
- **Government Spending.** Taken together, the cost, size, and intrusiveness of government represent a central economic freedom issue that is measured in the *Index* in a variety of ways. Government spending can be positive (e.g., investments in infrastructure, research, or human capital). All government spending, however, must eventually be financed by higher

taxation and entails an opportunity cost. This cost is the value of the consumption or investment that would have occurred had the resources involved been left in the private sector.

- **Fiscal Health.** A government's budget is one of the clearest indicators of the extent to which the principle of limited government is respected. Budget deficits are direct consequences of poor government budget management. Debt is an accumulation of budget deficits over time and a central issue in considerations of intergenerational equity.
- **Business Freedom.** An individual's ability to establish and run an enterprise without undue state interference and burdensome government regulations is one of the most fundamental indicators of economic freedom.
- **Labor Freedom.** The ability of individuals to find employment opportunities and work is a key component of economic freedom. Similarly, the ability of businesses to contract freely for labor and dismiss redundant workers when they are no longer needed is essential to the enhancement of productivity and sustenance of overall economic growth. Intervention by the state distorts those transactions.
- **Monetary Freedom.** Monetary freedom requires a stable currency and market-determined prices. Without it, the creation of long-term value or private capital formation is difficult.
- **Trade Freedom.** Government restrictions on trade can manifest themselves in the form of tariffs, export taxes, trade quotas, or outright trade bans. Trade can also be hampered by nontariff barriers that are related to various licensing, standard-setting, and other regulatory actions. Together, they impede overall economic efficiency and growth and raise prices for individuals and businesses.
- **Investment Freedom.** A free and open investment environment provides maximum entrepreneurial opportunities and incentives for expanded economic activity, greater productivity, and job creation. Restrictions on the movement of capital, both domestic and international, distort economic decision-making by undermining the efficient allocation of resources and reducing productivity.
- **Financial Freedom.** An accessible and efficiently functioning formal financial system ensures that diversified savings, credit, payment, and investment services will be available to individuals and businesses. By expanding financing opportunities and promoting entrepreneurship, an open banking environment encourages competition in order to provide the most efficient financial intermediation between households and firms as well as between investors and entrepreneurs.

Economic freedom is about much more than a business environment in which entrepreneurship and prosperity can flourish. With its far-reaching impacts on various aspects of human development, economic freedom empowers people, unleashes powerful forces of choice and opportunity, nourishes other liberties, and improves the overall quality of life.

ECONOMIC FREEDOM AND ENTREPRENEURIAL DYNAMISM

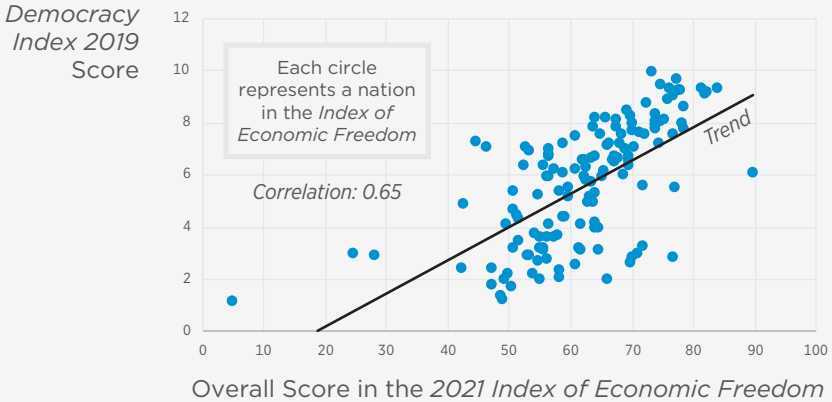


NOTE: Represented are the 131 nations that are in both datasets.

SOURCES: 2021 *Index of Economic Freedom* and The World Bank.

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ECONOMIC FREEDOM AND DEMOCRATIC GOVERNANCE



NOTE: Represented are the 160 nations that are in both datasets.

SOURCES: 2021 *Index of Economic Freedom* and Economist Intelligence Unit.

heritage.org

No other system—and many have been tried—comes close to the record of market-based capitalism in promoting growth and enhancing the human condition. The undeniable link between economic freedom and prosperity is a striking demonstration of what people can do when they have maximum opportunity to pursue their own interests within the rule of law.

THE HERITAGE FOUNDATION'S STEVEN M. SASS ECONOMIC FREEDOM AWARD

The Heritage Foundation is inaugurating an award this year for distinguished service in the promotion of economic freedom. The Steven M. Sass Economic Freedom Award has been established specifically to recognize and encourage individuals and organizations who are promoting free-market principles.

The recipient of The Heritage Foundation Steven M. Sass Economic Freedom Award for 2020 is Daniel Doron. Mr. Doron has been a leading voice promoting market-oriented reform of Israel's economy for more than 60 years. He founded the Israeli Center for Social and Economic Progress in 1983 and continues to serve as its Director. The Center, an independent pro-market public-policy think tank, has been since its founding the most influential advocate of economic freedom in Israel.

In remarks in 2009 that are as relevant today as they were then, Mr. Doron explained why he fights for economic freedom:

Since the recent financial crisis we have heard many voices asserting that it revealed that the market economy was deeply flawed; that the invisible hand cannot be relied upon any longer to promote economic welfare and that we must therefore resort more and more for the correction of its putative faults to the all-too-visible hand of regulation, namely of government.

The powerful lessons we have learned in Israel run in the opposite direction. They teach that government control and regulation aggravate rather than solve problems. They also point out that globalization, namely enhanced global trade, also under attack, has been highly beneficial precisely for developing nations.

But above all we have learned in Israel that free and prosperous markets provide the most powerful incentive for peace, not just paper peace signed by politicians but a real peace between people who recognize the benefits of peace when it is based on the mutual interests of people and on the mutual cooperation that it engenders.

Over the past decades, Israel has risen into the ranks of countries whose economies are "mostly free" according to the rigorous rating scale of the Index of Economic Freedom. Much of that progress is due to the efforts of Daniel Doron.

As Milton Friedman said some years ago, "Daniel Doron has consistently been perhaps the most effective proponent of a strictly free-market approach in Israel." We agree and are delighted through this award to celebrate the remarkable achievements of Daniel Doron in his lifetime of service in the promotion of economic freedom.

Building
an America
where freedom,
opportunity,
prosperity,
and civil society
flourish



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