ECONOMIC FREEDOM: REGIONAL VARIATIONS (REGIONAL AVERAGE)

Regional Ranking	The Americas (59.4)	Asia-Pacific (58.5)	Europe (69.5)	Middle East/ North Africa (56.9)	Sub-Saharan Africa (53.4)
1	Canada	Singapore	Switzerland	United Arab Emirates	Mauritius
2	Chile	New Zealand	Ireland	Israel	Cabo Verde
3	United States	Taiwan	Luxembourg	Qatar	Botswana
4	Barbados	Australia	Estonia	Bahrain	Côte d'Ivoire
5	Uruguay	Korea, South	Netherlands	Jordan	Seychelles
6	Bahamas	Japan	Finland	Morocco	Benin
7	Jamaica	Samoa	Denmark	Kuwait	São Tomé and Príncipe
8	Peru	Malaysia	Sweden	0man	Senegal
9	St. Vincent & Grenadines	Brunei Darussalam	Iceland	Saudi Arabia	Ghana
10	Costa Rica	Indonesia	Norway	Tunisia	Tanzania
11	Panama	Kazakhstan	Germany	Egypt	Namibia
12	Colombia	Mongolia	Lithuania	Lebanon	Madagascar
13	Saint Lucia	Thailand	Latvia	Algeria	Burkina Faso
14	Mexico	Vanuatu	Czech Republic	Iran	Gambia
15	Guatemala	Philippines	Austria	Iraq	Togo
16	Dominican Republic	Micronesia	Cyprus	Libya	Rwanda
17	Paraguay	Tonga	United Kingdom	Syria	South Africa
18	El Salvador	Vietnam	Georgia	Yemen	Mali
19	Guyana	Bhutan	Malta		Gabon
20	Honduras	Kiribati	Bulgaria		Mauritania
21	Trinidad and Tobago	Cambodia	Portugal		Djibouti
22	Belize	Solomon Islands	Slovenia		Niger
23	Nicaragua	Fiji	Slovakia		Nigeria
24	Dominica	Kyrgyz Republic	Belgium		Uganda
25	Ecuador	Uzbekistan	Poland		Guinea
26	Brazil	Papua New Guinea	Spain		Malawi
27	Argentina	India	Croatia		Cameroon
28	Haiti	Sri Lanka	Romania		Kenya
29	Suriname	Bangladesh	Hungary		Angola
30	Bolivia	Tajikistan	Albania		Sierra Leone
31	Cuba	Nepal	France		Eswatini
32	Venezuela	Burma	North Macedonia		Mozambique
33	VCIICZUCIU	Laos	Italy		Comoros
34		Pakistan	Armenia		Chad
35		China	Serbia		Ethiopia
36		Maldives	Bosnia and Herzegovina		Zambia
37		Timor-Leste	Azerbaijan		Congo, Rep.
38		Turkmenistan	Greece		Lesotho
39		Korea, North	Moldova		Liberia
40		Afghanistan	Kosovo		Congo, Dem. Rep.
41		Algilallistall	Montenegro		Equatorial Guinea
42			Turkey		Guinea-Bissau
42			Russia		Central African Republic
44	conomic Freedom Scores				Eritrea Eritrea
	80–100 Free 70–79.9 Mostly Free		Ukraine Belarus		
45	60-69.9 Moderately Free				Burundi
_	50-59.9 Mostly Unfree 0-49.9 Repressed		Liechtenstein	l	Zimbabwe
4/	Not Graded				Sudan
48					Somalia

REGIONAL DEVELOPMENTS IN ECONOMIC FREEDOM

The benefits of economic freedom—greater income and wealth, better health, and cleaner environments, among many others—are evident in each of the five global regions covered by the *Index of Economic Freedom*. However, there are substantial differences among the regions in terms of their levels of development and social and economic cultures that affect the relative importance of the various factors that influence an economic freedom score.

Scores this year also appear to have been affected significantly by government responses to the COVID pandemic, and the stringency of those responses differed markedly among the regions:

- Most stringent in the Asia–Pacific region and the Americas,
- Moderately stringent in Europe and the Middle East and North Africa, and
- Least stringent in Sub-Saharan Africa.

The various lockdowns and other restrictive measures taken by governments have reduced (and in certain sectors or geographic areas have virtually eliminated) levels of business freedom, labor freedom, and trade freedom, but it is on fiscal health that anti-COVID policies appear to have had the biggest impact, with every region except Sub-Saharan Africa losing more than 10

points of economic freedom in that category. It is imperative that governments everywhere restore the ability of firms and individuals to pursue their economic activities in as normal a way as possible, both to restore the tax base and to reduce the need for extra government spending to mitigate the negative impacts of these restrictive government policies.

In the longer term, individual countries looking to improve their scores should focus, as always, on the indicators in which they perform most poorly. A country that lags in the rule of law, for example, should 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. For a variety of historical, cultural, geographic, and other reasons, groups of individual countries in a region can reflect the same impact.

Many European countries, for example, have state-owned and state-operated operated facilities to provide health care, education, telecommunications, postal and delivery services, and elaborate social welfare programs. European governments participate in their economies in other ways as well, including through state-owned enterprises. These activities translate into high rates of government spending and taxation, which have a negative impact on economic freedom. Burdensome levels of taxation and extraordinarily high levels of

government spending can create 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 lack of investment freedom in many countries.

While the Asia–Pacific region continues to lead the world in economic growth, expanding by an average annual rate of around 4 percent over the past five years, scores for investment freedom and financial freedom fall far below world standards in many countries. The region has several flourishing democracies, but authoritarian governments in China, North Korea, and other countries drag down regional averages on such rule-of-law indicators as judicial effectiveness and government integrity.

The continued presence of Bolivia, Cuba, and Venezuela in the very bottom ranks of the *Index* has been a significant drag on the regional score for the Americas—especially with respect to the rule of law. 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 private businesses and the formal economy.

Sub-Saharan African countries trail world averages in almost every category of economic freedom, especially in scores for government integrity, business freedom, and financial freedom. Ongoing deficiencies in scores for property rights and judicial effectiveness 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.

In terms of overall scores:

- Europe has long enjoyed the world's highest levels of economic freedom. Its overall score in 2022 is nearly 10 points higher than the global average, and it has recorded margins of similar magnitude over the past five years.
- Economic freedom in the Middle East and North Africa region has fluctuated during the past half-decade but has generally scored near the world average overall.
- Similarly, the average economic freedom scores for the **Asia-Pacific** region and the **Americas** have tracked within two points above or below the global average in recent years, but there are wide variations in scores in both regions.
- Sub-Saharan Africa's average overall economic freedom scores have consistently lagged behind those of the other four regions.

The following pages provide a more detailed look at each region and highlight significant developments in a few notable countries.



THE AMERICAS

he 32 sovereign countries of the North and South American continents range from the advanced economies of Canada and the United States to the Caribbean's tiny island states and the huge emerging markets of Latin America. Together, they account for more than one-quarter of the globe's landmass and form one of the world's most economically diverse regions. Poor nations in Central America, for example, share Iberian-rooted culture and history but little else with potential economic powerhouses like Mexico, Brazil, and Argentina.

Unfortunately, it seems that many countries in the region are at risk of sliding into another period of populist-leftist political resurgence. Not coincidentally, Communist China has become a dominant foreign power in Latin America. Apparently, many citizens in the region are either unaware of or have largely forgotten its painful history of suffering under past leftist governments that exploited now-unfamiliar but long-discredited Communist-socialist theories to justify the imposition of destructive Marxist economic

THE AMERICAS: QUICK FACTS

TOTAL POPULATION: 1.02 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$31,992

1-YEAR GROWTH: -6.1%

5-YEAR GROWTH: -0.4%

INFLATION: 4.3%*

UNEMPLOYMENT RATE: 9.5%**

PUBLIC DEBT: 99.4% of GDP

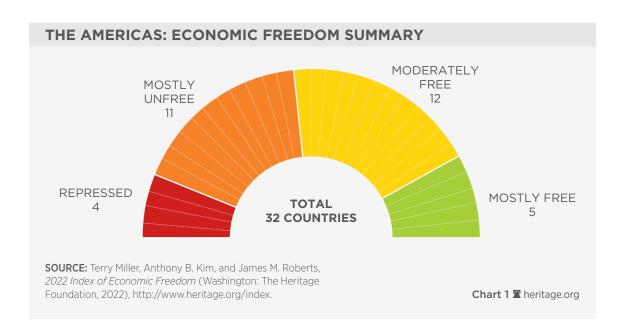
* Excludes Venezuela and Cuba, ** Excludes Dominica. **SOURCE:** Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index.

▲ heritage.org

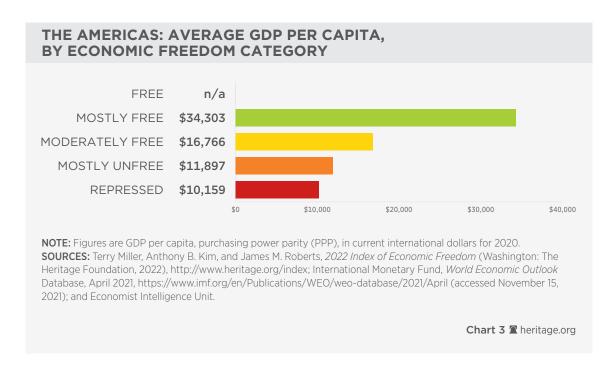
policies. What else could explain the following disturbing developments?

- Colombia, a linchpin of market democracy in the region, was under siege in 2021. Domestic grievances, driven especially by fallout from the coronavirus pandemic, fueled civil unrest, threatening the democratically elected government of President Iván Duque. These legitimate protests turned violent and deadly when they were co-opted as tools of asymmetric warfare by illicit armed non-state actors and urban terrorists affiliated with Venezuela, Cuba, and Iran.
- The election of an unknown leftist as president of **Peru** was another setback for economic freedom in the region in 2021. President Pedro Castillo has already signaled that he will govern according to the Hugo Chávez model, which means using democratic means first to acquire and maintain political power and then to undermine democracy and subvert government institutions to pave the way for an authoritarian state. Castillo has already announced a constituent assembly to rewrite Peru's constitution, which is step number one.
- Ortega and Rosario Murillo in **Nicaragua** strengthened its iron grip on power in 2021. The pair guaranteed their November 2021 reelection by simply locking up all their opponents in advance of the election and excluding them from appearing on the ballot. They also jailed hundreds of other political opponents.
- **Chile**, a traditional home of economic freedom in Latin America, is another leftist target. Again, following the Hugo Chávez





THE AMERICAS: COMPONENTS OF ECONOMIC FREEDOM LOWER THAN WORLD AVERAGE | WORLD AVERAGE | HIGHER THAN WORLD AVERAGE **AVERAGES** Region World OVERALL 59.4 60.0 55.3 **Property Rights** 51.4 **RULE OF LAW** Judicial Effectiveness 55.5 50.2 45.3 Government Integrity 44.5 Tax Burden 77.5 77.9 **GOVERNMENT** 68.6 **Government Spending** 65.0 SIZE Fiscal Health 49.5 60.6 **Business Freedom** 61.2 60.3 REGULATORY Labor Freedom 55.9 55.7 **EFFICIENCY** Monetary Freedom 73.1 74.4 Trade Freedom 67.3 69.5 **MARKET** Investment Freedom 59.5 57.0 **OPENNESS** Financial Freedom 49.4 48.7 SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, 2022 Index of Economic Freedom (Washington: The Heritage Chart 2 A heritage.org Foundation, 2022), http://www.heritage.org/index.



model, a leftist-dominated constituent assembly is drafting a new constitution that could remake the policy infrastructure through which the country became one of the economically freest in Latin America. That prospect grew more worrisome in December 2021 with the resounding victory of leftist President Gabriel Boric, a 35-year-old former student protest leader.

The total population of the Americas is just over one billion. Among the five global regions in the *Index*, the Americas has the second-largest population-weighted GDP per capita (\$31,992 at purchasing power parity). Within the region, economies have contracted at an average annual rate of 0.4 percent over the past five years. The regional average rate of unemployment has risen to 9.5 percent, although the regional average rate of inflation (excluding Venezuela) fell slightly to 4.3 percent during the past year. The region's average level of public debt—by far the highest in the world—rose to 99.4 percent of GDP during the year.

An examination of the various components of economic freedom evaluated in the *Index* reveals that as a whole, the countries of the

Americas performed as well as or better than the world average on six of the 12 *Index* indicators this year. Business freedom, labor freedom, investment freedom, and financial freedom are generally consistent with world standards. On the other hand, fiscal health is well below the global average, and long-standing weaknesses in the protection of property rights have yet to be successfully addressed.

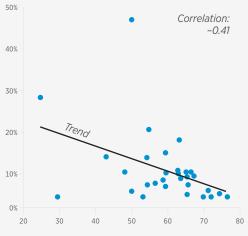
The legal foundations of a well-functioning free market remain shallow in many Latin American countries: Corruption is widespread, and protection of property rights is still weak. The countries of the English-speaking Caribbean tend to score more highly than others in the region on the rule of law-perhaps a legacy of their English colonial roots. The United States and Canada also have benefitted from legal systems that were established on the foundation of British common law. The legal systems in Spanish-speaking and Portuguese-speaking countries, however, are largely based on the Napoleonic Code and for a variety of reasons have correlated with higher rates of corruption and generally weaker rule of law.

Aggravated by much higher deficit spending during the pandemic, fiscal health in the region

THE AMERICAS: ECONOMIC FREEDOM AND UNDERNOURISHMENT

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

Percentage of Population that Is Undernourished



Overall Score in the 2022 Index of Economic Freedom

NOTE: Based on the 30 countries in the Americas that appear in both datasets.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index, and World Bank, "Prevalence of Undernourishment (% of Population)," https://data.worldbank.org/indicator/SN.ITK.DEFC.ZS (accessed December 14, 2021).

Chart 4 Theritage.org

is deteriorating. The size of the region's governments as measured by state spending and taxation as a percentage of GDP is in line with world averages. However, because one-third of the workforce is informal and thus not eligible for many government benefits, many programs administered by Latin American governments end up being of little benefit to their entire populations.

While economic freedom is hindered by systemic shortcomings such as regulatory inefficiency and monetary instability that is caused by various government-driven market distortions, the region's overall performance on the government efficiency pillar is in line with world averages. The same is the case for the open markets pillar.

Chart 1 shows the distribution of countries in the Americas according to their economic freedom. The region has no economically "free" countries. Five of the 32 graded countries in the Americas region (Barbados, Canada, Chile, the United States, and Uruguay) are rated "mostly free." Most countries in the region fall into the "moderately free" or "mostly unfree" category. Four countries (Suriname, Bolivia, Cuba, and Venezuela) are rated "repressed."

Chart 3, which highlights the vivid positive correlation between high levels of economic freedom and high GDP per capita, reveals a large freedom gap within the Americas. The failed populist policies implemented by leaders of 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. This gap will doubtless increase if more Latin countries fall victim to repressive and totalitarian regimes.

As shown in Chart 4, it is noteworthy that countries with greater degrees of economic freedom have fewer undernourished citizens. Malnourishment, especially among children, can cause permanent physiological and psychological damage. It also has devastating and negative long-term consequences for a country's future economic development and prosperity. Improvements in nourishment are more difficult in countries where economic freedom is eroding.

NOTABLE COUNTRIES

• **Barbados** has been an economic freedom standout in recent years. The country has made it over the threshold from the "moderately free" category into the ranks of "mostly free" countries. Judicial effectiveness and monetary freedom continue to strengthen. Ongoing assistance from the International Monetary Fund accounts

FACILICATION		AMERICAC
	FREEDOM IN THE	VMFDILVE

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
15	1	Canada	76.6	89.5	96.4	86.7	75.7	39.6	62.8	78.8	68.7	78.2	83.2	80	80
20	2	Chile	74.4	73.0	91.4	71.4	72.4	78.1	75.3	76.2	58.0	79.4	78.0	70	70
25	3	United States	72.1	95.7	77.9	75.7	75.9	54.5	0.0	87.5	75.8	82.3	75.2	85	80
28	4	Barbados	71.3	72.6	88.2	68.7	80.6	70.8	79.7	64.7	63.4	78.6	58.4	70	60
34	5	Uruguay	70.0	84.0	80.4	75.2	72.4	70.2	75.2	75.7	60.3	70.9	70.4	75	30
38	6	Bahamas	68.7	61.1	78.8	64.3	96.5	85.8	67.3	63.3	69.3	79.2	49.0	50	60
46	7	Jamaica	67.4	65.0	70.6	49.0	76.6	71.6	79.4	56.5	64.7	76.2	69.2	80	50
51	8	Peru	66.5	49.7	49.7	39.7	79.5	84.2	73.1	65.3	59.6	81.4	81.4	75	60
54	9	St. Vincent & Grenadines	65.7	64.0	76.9	62.0	75.5	66.9	68.5	61.4	58.8	84.2	59.8	70	40
55	10	Costa Rica	65.4	66.4	78.4	63.1	79.2	86.6	10.9	66.0	56.6	83.1	74.6	70	50
56	11	Panama	65.4	58.8	50.7	38.0	85.5	81.9	40.7	67.1	61.5	78.1	77.2	75	70
60	12	Colombia	65.1	50.9	59.1	42.0	71.3	66.0	56.7	68.8	60.7	79.3	76.4	80	70
65	13	Saint Lucia	64.3	66.8	76.9	58.1	77.5	78.7	50.1	61.5	58.2	82.2	56.6	65	40
67	14	Mexico	63.7	47.7	40.7	32.0	76.0	78.3	78.0	69.2	58.4	73.0	76.6	75	60
69	15	Guatemala	63.2	39.8	36.9	26.5	91.5	94.0	83.3	62.1	50.3	79.3	75.0	70	50
71	16	Dominican Republic	63.0	54.0	55.9	30.8	84.6	89.9	66.8	68.1	52.9	73.5	69.0	70	40
73	17	Paraguay	62.9	45.5	37.9	29.5	96.1	84.0	68.8	65.4	39.4	75.6	77.0	75	60
90	18	El Salvador	59.6	43.2	46.8	36.1	77.7	74.7	50.3	65.0	54.6	76.8	69.4	60	60
91	19	Guyana	59.5	46.9	47.4	41.5	67.5	74.8	67.4	63.1	67.3	83.3	69.4	55	30
92	20	Honduras	59.5	40.3	29.0	25.4	82.7	78.7	92.1	56.9	39.1	72.7	71.6	65	60
99	21	Trinidad and Tobago	58.8	58.8	59.3	44.2	79.1	69.0	12.9	60.9	57.4	84.6	68.8	60	50
109	22	Belize	56.6	34.7	70.2	38.1	77.0	64.1	37.6	54.0	59.9	82.5	55.6	55	50
122	23	Nicaragua	54.8	30.1	19.5	19.0	75.3	76.2	87.3	53.8	46.9	72.0	67.8	60	50
125	24	Dominica	54.4	68.1	81.6	56.2	71.6	8.5	1.1	55.8	59.0	84.9	55.6	70	40
126	25	Ecuador	54.3	31.4	47.3	37.2	77.5	59.7	63.1	60.3	57.3	81.5	61.0	35	40
133	26	Brazil	53.3	50.3	57.2	40.0	69.9	53.8	0.4	63.2	55.9	78.4	60.0	60	50
144	27	Argentina	50.1	35.1	57.9	45.1	73.3	53.0	16.8	55.1	51.0	37.9	60.6	55	60
145	28	Haiti	50.0	24.1	18.6	14.3	81.5	97.0	94.8	33.5	54.7	56.2	65.4	30	30
156	29	Suriname	48.1	51.2	45.8	37.6	70.2	66.6	0.0	52.7	64.2	58.4	60.6	40	30
169	30	Bolivia	43.0	14.1	28.4	28.7	86.0	58.8	10.9	54.7	46.2	72.8	60.8	15	40
175	31	Cuba	29.5	31.5	15.6	39.9	48.4	0.0	11.4	41.1	20.0	61.8	64.0	10	10
176	32	Venezuela	24.8	0.2	4.6	7.1	74.1	78.3	0.0	30.8	37.6	0.0	54.8	0	10

- in large part for the country's relatively robust fiscal health.
- In **Brazil**, center-right President Jair Bolsonaro, whose election in 2018 marked a shift away from years of leftwing governments, is up for reelection in 2022. He came into office with a generally free-market agenda and pursued reforms that included an overhaul of the public pension system and privatization of government assets. However, he was undermined in part by an activist and adversarial Supreme Court. In addition, his fractious relationships with many parties in Congress impeded his reform agenda, hindering enactment of austerity measures and reforms in the tax system, which consumes about 33 percent of GDP and is one of the most burdensome among emerging economies. Ongoing government bloat creates a plethora of opportunities for corruption. The influence of Communist China is growing as well through "Sinovac-mail" and increasing Belt and Road investments. An ongoing failure to rein in spending and reduce unsustainable debt levels has helped Brazil to register one of the world's lowest Index indicator scores for fiscal health-second only to the United States and Venezuela (among others). In addition, the rule of law in Brazil remains too weak for a potentially world-class country.
- The **United States** has continued its long and gradual decline in the "mostly free" category after a brief respite from 2018 through 2020. The major obstacles to greater economic freedom in the United States remain excessive government spending and unsustainable levels of debt. This year's score of 0.0 on the U.S. fiscal health indicator is unprecedented in the country's 28-year history in the *Index*.
- Guyana's economic growth has accelerated as growing revenue from the offshore

- oil boom has propelled investment and reform. Although economic freedom has fluctuated over the past five years, it began to improve in 2021 and again this year. The Guyanese economy is edging closer to the "moderately free" ranks. Monetary freedom and trade freedom are relatively strong, but rule of law and financial freedom remain weak.
- Mexico's President Andrés Manuel López Obrador of the populist left-wing MORENA party has failed to deliver on promises to solve such problems as crime, corruption, and poverty. Nevertheless, as he lurches further left in the second half of his single six-year term, López Obrador continues his attempts to enhance his power, reverse his predecessor's reforms, and reimpose 1970s-style statist controls over energy and other sectors in the oilrich nation. Meanwhile, he has declared a "hugs, not bullets" policy toward the country's vicious narco-trafficking cartels that exercise de facto control of many regions. Economic freedom has stagnated and may deteriorate further. There are rising concerns over contract rights and rule of law.
- Defying the rising tide of populist leftism in the Andean region, **Ecuador**'s President Guillermo Lasso of the center-right CREO party was elected in April 2021, defeating supporters of former socialist President Rafael Correa. Lasso has continued the reforms begun by centrist former President Lenín Moreno to promote trade and reduce public spending. Lasso has also advanced tax and labor reforms aimed at revitalizing economic growth and diversifying the economy. Even though Ecuador remains in the "mostly unfree" category, five years of reform have helped to encourage a greater level of economic freedom for its people. Property rights, government integrity, and investment freedom, however, continue to exhibit weaknesses.



ASIA-PACIFIC

he Asia–Pacific region covers the globe's largest geographic area: 40 countries that stretch from Japan, Southeast Asia, and New Zealand in the East to the People's Republic of China and 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. China alone accounts for approximately a third of the total regional population, and India accounts for nearly another third.

The region continues to lead the world in economic growth. Economic expansion has averaged about 4.1 percent annually over the past five years, driven largely by China, India, Bangladesh, Vietnam, and other trade-oriented economies. The region also has the world's lowest average rate of unemployment (5.3 percent) and second-lowest average rate of inflation (3.8 percent). Among the five global regions in the *Index*, however, the Asia–Pacific region also has the second-lowest population-weighted GDP per capita (\$16,807 at purchasing power parity).

ASIA-PACIFIC: QUICK FACTS

TOTAL POPULATION: 4.63 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$16,807*

1-YEAR GROWTH: -2.0%

5-YEAR GROWTH: 4.1%

INFLATION: 3.8%*

UNEMPLOYMENT RATE: 5.3%**

PUBLIC DEBT: 72% of GDP*

* Excludes North Korea, ** Excludes Kiribati and Micronesia. **SOURCE:** Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index.

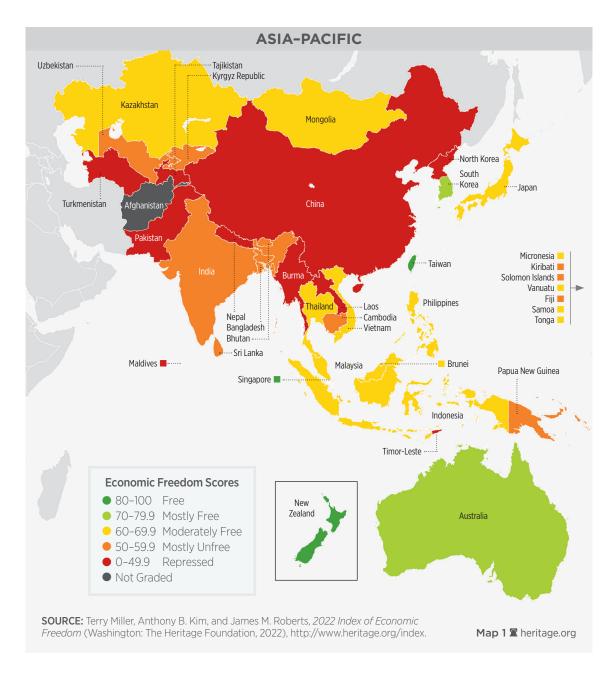
 ☐ heritage.org

The Asia–Pacific is unique among the five global *Index* regions in the extraordinary variations in 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 19th 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 Korea with a North Korea shrouded in darkness.

Chart 1 shows the distribution of countries in the Asia–Pacific region by level of economic freedom. Three of the world's seven truly "free" economies (Singapore, New Zealand, and Taiwan) are in this region. Another two of its 40 economies (Australia and South Korea) are rated "mostly free." A large majority of the remaining countries are either "moderately free" or "mostly unfree." Tragically, there are now 10 countries (Burma, China, Laos, Maldives, Nepal, Pakistan, Tajikistan, Timor-Leste, Turkmenistan, and North Korea) with economies that are considered "repressed."

An examination of the various components of economic freedom evaluated in the *Index* reveals that this year, the countries of the Asia–Pacific as a whole performed below the world averages on six of the 12 *Index* indicators: property rights, judicial effectiveness, government integrity, monetary freedom, investment freedom, and financial freedom. (See Chart 2 components.) In other critical areas of economic freedom—tax burden, government spending, and fiscal health—the Asia–Pacific region exceeds world averages.

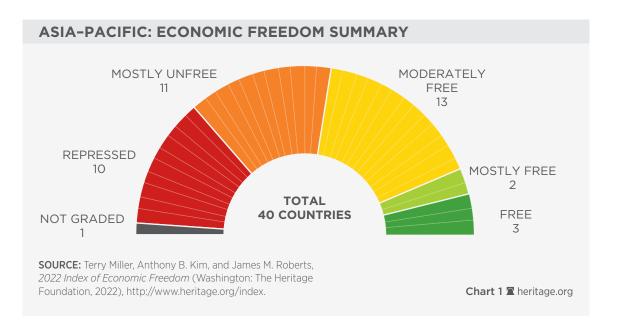
Many Asia-Pacific countries have fallen short on maintaining strong and independent rule-of-law institutions. Australia and New Zealand have very strong rule of law and have benefited from legal systems that were established on the foundation of British common

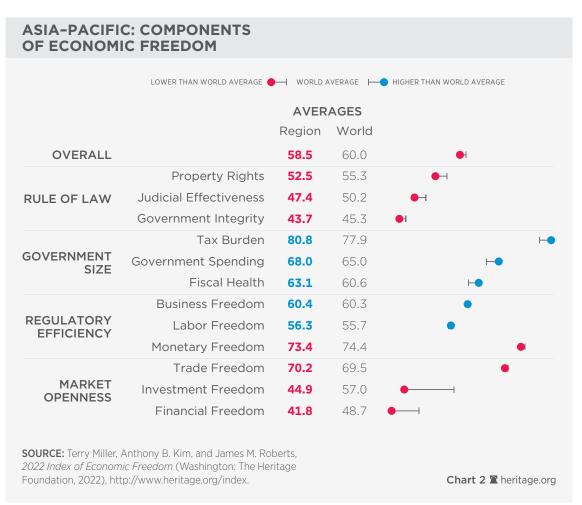


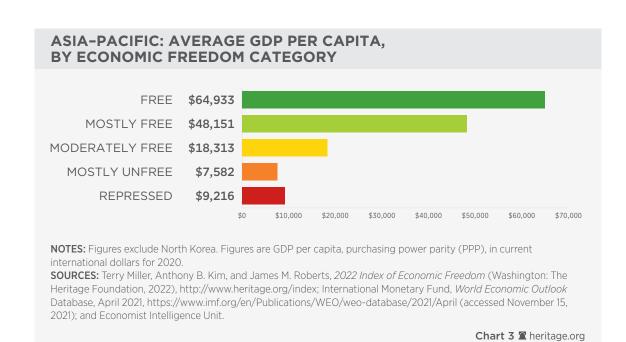
law. Rule of law in India is also founded on British legacy judicial institutions, although it is not as robust. Today, however, in China and increasing numbers of other countries, it is not so much rule of law as it is authoritarian rule by law that is becoming the norm. A rising number of governments in the region have become more arbitrary in recent years in their application of law. They have maintained the appearance of independent judicial institutions, often

based on the legal regimes of past colonial governments, but also have worked to undermine them steadily so that they become increasingly subservient to the executive. The Philippines is a case in point.

The region as a whole has done relatively well in controlling government spending and regulating economic activity efficiently. On the other hand, with respect to open markets, the Asia–Pacific places second to last (above only







sub-Saharan Africa) on financial freedom and last in the world on investment freedom. Many small Pacific Island economies still lack fully developed formal labor markets.

As shown in the top two bars of Chart 3, the three "free" and two "mostly free" Asia–Pacific countries far outpace other countries in the region in GDP per capita. It is among the region's less free countries—notably China and India, the former now "repressed" and the latter "mostly unfree"—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 their economic growth is being measured.

One of the key benefits of economic freedom anywhere in the world is the enabling of entrepreneurship. In a free economy, individuals have the opportunity and access to the means to turn their ideas and dreams into reality. A good regulatory environment enables businesses to start, compete fairly, and expand as market demand grows. As illustrated in Chart 4, a better entrepreneurial climate correlates with greater economic freedom in the Asia–Pacific.

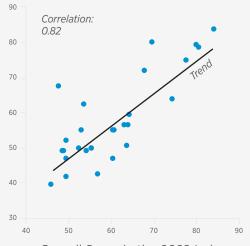
NOTABLE COUNTRIES

- Economic freedom in Japan has stagnated during the past five years. The country has dipped back into the "moderately free" category from which it had emerged in 2018. The rule of law remains strong, but—and this has been true since the first edition of the Index in 1995-the main indicators holding the country back from greater economic freedom are government spending and, especially, extremely weak fiscal health. Unfortunately, those two indicators are not likely to improve in the near term. New Prime Minister Fumio Kishida, promising a better response to the ongoing COVID pandemic, has vowed to implement strong fiscal stimulus measures to reinvigorate Japan's sluggish economy. The public wants strong reforms to remedy the country's endemic economic problems but fears the upheaval that such measures could cause. Fundamental structural reforms are still needed to eliminate cronyism and boost entrepreneurship.
- Australia is one of the wealthiest Asia– Pacific nations, and its economy has

ASIA-PACIFIC: ECONOMIC FREEDOM AND ENTERPRISE CONDITIONS

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

Enterprise Conditions from the 2021 $Legatum\ Prosperity\ Index^{TM}$



Overall Score in the 2022 Index of Economic Freedom

NOTE: Based on the 28 countries in the Asia-Pacific that appear in both datasets.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index, and Legatum Institute, *The Legatum Prosperity Index™*, 2021, https://www.prosperity.com/download_file/view_inline/4429 (accessed December 14, 2021).

Chart 4 Theritage.org

generally expanded for more than two decades. Rule of law is strong. Although its scores have fallen over the past five years because of high government spending and deteriorating fiscal health, the country has been a leader in economic freedom both in the region and in the world ever since the inception of the *Index* in 1995. Its scores on the *Index*'s property rights, judicial effectiveness, trade freedom, and financial freedom indicators are among the highest

- in the world. Nevertheless, dragged down primarily by a huge drop in its fiscal health score, Australia has fallen from the "free" category to the "mostly free" category for the first time since 2006.
- **India** is the world's most populous stable democracy and the region's second-largest economy. Its diverse economy encompasses traditional village farming, industrialscale agriculture, handicrafts, and a wide range of modern industries. Capitalizing on its well-educated English-speaking population, India has become a major exporter of information technology services, business outsourcing services, and software workers. Before a dip this year, the country had been benefitting from five years of small but steady annual increases in economic freedom. Economic growth has slowed somewhat over the past half-decade. India remains in the middle of the "mostly unfree" category and is ranked in the lower half of countries scored in the Index. Monetary freedom is solid, but investment freedom and financial freedom lag. A move toward greater economic freedom would require substantial and broadbased reforms. In addition to taking steps to improve fiscal health and strengthen the rule of law, the government would need to increase financial freedom and reform the tax code, the investment regime, and the labor code.
- Taiwan's economy is one of the wealthiest in Asia, but it is under increasing threat from mainland China's ongoing attempts to isolate it diplomatically, undermine its economic growth, and threaten its presence in overseas markets. Taiwan's trade-dependent economy is driven by a competitive manufacturing sector that encompasses electronics, machinery, petrochemicals, and information and communication technology products. Taiwan was one of the few countries worldwide to have

FCONOMIC	EDEEDOM	
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World Rank	Regional Rank	Country	Overall Score	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	84.4	94.4	58.3	92.8	90.5	90.1	79.6	83.1	77.0	86.5	95.0	85.0	0.08
4	2	New Zealand	80.6	88.2	95.9	97.5	70.8	53.5	88.3	81.3	70.5	81.8	90.0	70.0	80.0
6	3	Taiwan	80.1	81.3	94.2	73.8	79.2	90.7	86.6	84.3	68.7	86.1	86.0	70.0	60.0
12	4	Australia	77.7	91.7	95.2	87.0	62.5	51.6	52.0	84.6	64.2	83.2	90.0	80.0	90.0
19	5	Korea, South	74.6	90.5	77.1	69.2	60.4	84.5	95.3	84.8	55.6	85.2	73.0	60.0	60.0
35	6	Japan	69.9	94.6	95.3	81.4	67.4	52.5	19.7	78.3	66.6	87.1	75.4	60.0	60.0
40	7	Samoa	68.3	78.4	78.4	53.7	78.6	68.5	95.6	61.5	71.6	81.4	66.4	55.0	30.0
42	8	Malaysia	68.1	65.6	57.6	53.9	83.8	82.9	73.4	67.1	57.0	83.6	82.2	60.0	50.0
62	9	Brunei Darussalam	64.8	67.0	51.6	61.1	90.8	68.1	20.0	72.4	75.0	72.3	84.6	65.0	50.0
63	10	Indonesia	64.4	38.6	43.2	39.9	85.3	91.2	80.1	66.6	59.3	80.3	78.6	50.0	60.0
64	11	Kazakhstan	64.4	55.3	34.5	37.9	92.7	86.5	93.5	64.7	62.7	69.1	75.4	50.0	50.0
66	12	Mongolia	63.9	48.8	57.1	37.0	89.2	68.2	81.9	66.5	67.5	76.0	74.4	50.0	50.0
70	13	Thailand	63.2	44.2	36.2	38.5	81.3	84.4	89.8	63.4	59.6	74.2	71.6	55.0	60.0
72	14	Vanuatu	62.9	57.8	71.2	42.4	96.8	60.1	96.1	49.1	40.0	74.4	61.6	65.0	40.0
80	15	Philippines	61.1	47.1	25.6	34.7	76.8	84.2	81.8	61.5	58.0	69.4	73.8	60.0	60.0
82	16	Micronesia	61.0	54.3	82.2	56.8	80.7	0.0	99.5	52.4	81.5	84.3	74.8	35.0	30.0
83	17	Tonga	60.8	64.2	68.1	40.5	85.4	54.6	96.5	58.7	55.8	71.9	73.4	40.0	20.0
84	18	Vietnam	60.6	49.6	33.8	33.6	80.9	85.5	78.8	73.6	53.9	68.8	78.8	40.0	50.0
94	19	Bhutan	59.3	67.2	60.9	73.5	82.4	71.6	72.4	62.9	57.2	72.7	40.8	20.0	30.0
96	20	Kiribati	59.2	70.6	81.8	45.4	69.3	0.0	99.4	63.2	65.1	80.7	80.0	25.0	30.0
106	21	Cambodia	57.1	41.2	20.9	12.3	88.7	81.5	98.0	55.2	47.8	74.7	64.8	50.0	50.0
110	22	Solomon Islands	56.5	50.6	59.5	42.3	70.5	60.1	98.0	44.4	60.2	79.0	68.6	15.0	30.0
111	23	Fiji	56.4	53.2	43.4	54.3	86.8	69.6	9.1	58.8	66.0	74.9	55.2	55.0	50.0
116	24	Kyrgyz Republic	55.8	25.1	11.8	28.8	94.8	66.7	79.0	56.1	52.2	71.4	73.2	60.0	50.0
117	25	Uzbekistan	55.7	31.6	13.1	23.8	90.8	78.1	96.6	59.1	48.0	61.6	75.6	50.0	40.0
123	26	Papua New Guinea	54.6	42.7	44.2	26.2	72.0	86.0	64.1	47.9	65.1	71.4	80.4	25.0	30.0
131	27	India	53.9	49.9	51.5	42.4	79.5	76.2	4.0	63.9	58.2	70.0	71.0	40.0	40.0
132	28	Sri Lanka	53.3	51.7	57.7	40.1	90.3	87.4	0.0	58.3	55.7	71.6	47.0	40.0	40.0
137	29	Bangladesh	52.7	36.3	28.1	22.2	82.6	93.2	54.0	55.6	36.6	70.0	63.8	50.0	40.0
147	30	Tajikistan	49.7	29.5	9.1	17.8	95.3	72.4	80.0	56.9	43.1	67.1	69.6	25.0	30.0
148	31	Nepal	49.7	37.4	34.1	33.8	82.6	77.2	51.5	60.2	51.5	70.0	57.6	10.0	30.0
149	32	Burma	49.6	23.1	16.7	29.8	87.2	86.8	67.2	41.7	49.6	73.9	69.4	30.0	20.0
151	33	Laos	49.2	41.1	11.1	20.4	87.2	88.4	44.0	60.5	44.3	71.8	66.8	35.0	20.0
153	34	Pakistan	48.8	29.0	28.5	27.4	78.0	85.1	4.8	49.5	51.6	65.9	65.8	60.0	40.0
158	35	China	48.0	43.7	37.4	39.3	71.2	64.2	11.1	68.8	57.2	70.0	73.2	20.0	20.0
161	36	Maldives	47.3	47.2	32.1	43.1	96.9	55.2	0.0	39.8	51.6	77.2	60.0	35.0	30.0
164	37	Timor-Leste	46.3	30.8	35.3	38.2	97.6	0.0	19.7	57.9	56.2	79.5	75.0	45.0	20.0
165	38	Turkmenistan	46.2	19.0	8.3	7.4	92.6	94.5	98.0	37.5	30.7	72.7	74.2	10.0	10.0
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ECONOMIC FREEDOM IN ASIA-PACIFIC														
World Rank Regional Rank Autunoo	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom	
177 39 Korea, North	3.0	16.3	6.5	3.8	0.0	0.0	0.0	5.0	5.0	0.0	0.0	0.0	0.0	
N/A N/A Afghanistan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

experienced continuous economic growth during the past five years. Economic freedom has increased significantly during that period as well. With strong scores across the board boosted by increases in judicial effectiveness and labor freedom, Taiwan has recorded a 3.6-point overall gain of economic freedom since 2017 and has made it over the threshold into the top "free" *Index* category for the first time. Additional improvements in business freedom and financial freedom would propel economic freedom even higher.

china has the world's second-largest economy and is the world's largest exporting country, but its income per capita is below the global average. General Secretary Xi Jinping has centralized his authority, ousted internal political enemies, and tightened control of civil society. He is likely to extend his term in power beyond the usual decade at the 20th Chinese Communist Party Congress in late 2022. A slowdown in economic growth that may be more severe than is officially acknowledged is a serious challenge to the government and to Xi's ideological economic framework. His 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. While China's economic freedom scores seemed to demonstrate some improvement during the past few years, some data-measuring components of economic freedom that are based on surveys conducted only in a country's major cities may give a misleading impression of conditions for the rural poor. Overall, the foundations of economic freedom remain very weak in China, and the economy is repressed. Reforms are usually stymied by those who have a political interest in maintaining the status quo. With a slowing economy, China's lack of investment freedom and financial freedom are serious impediments to productivity growth and development. Other issues such as restrictions on Hong Kong's autonomy, threats to Taiwan, the persecution of China's Uyghur minority, and Beijing's cyberwarfare activities have led to a broad decline in trust and continue to destabilize global relationships.



EUROPE

he European continent stretches from Iceland in the North Atlantic to Ireland and the Normandy beaches of France, 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 ideas of democratic free markets, the rule of law, private property, and individual freedom were shaped, but it was also in Europe that the collectivist philosophies of socialism and Communism took root.

Ultimately, the Communist systems of Russia and Eastern Europe collapsed, having proven themselves incapable of generating living standards for their citizens that even remotely approximated those of democratic Western European capitalist countries. The Communist and socialist philosophy, however, lives on under a variety of different new names and paradigms that have been surging during the pandemic years in parts of Asia, Africa, Latin America, and even the United States, and the struggle continues both in those regions and within countries almost everywhere.

EUROPE: QUICK FACTS

TOTAL POPULATION: 848.3 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$37,331

1-YEAR GROWTH: -4.9% **5-YEAR GROWTH: 0.9%**

INFLATION: 2.6%

UNEMPLOYMENT RATE: 7.8%*

PUBLIC DEBT: 71.1% of GDP

* Excludes Kosovo.

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, 2022 Index of Economic Freedom (Washington: The Heritage Foundation, 2022),

http://www.heritage.org/index.

heritage.org

The old economic rivalries of the Cold War in Europe have been supplanted by new and often subtle forms of competition that have emerged from technology-driven globalization. The fundamental issue—the degree to which the government dominates and directs the economic activity of individuals and businesses-remains the same.

The European Union, far from its humble origins as a mere free trade zone, has evolved into a fledgling and somewhat undemocratic superstate from which one former EU country, the United Kingdom, has now withdrawn. The tension between the quasi-market and secularized EU welfare state model championed in Brussels and the more competitive and entrepreneurial systems favored in other EU member economies, particularly among many of the newer EU member states, is likely to persist in the coming years. In this year's *Index*, small fast-growing European countries such as Switzerland and Ireland are again showing the benefits of staying on the path toward economic freedom-although Ireland has recently yielded to EU pressure and agreed to increase its corporate tax rate to 15.0 percent from 12.5 percent.

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 (\$37,331 at purchasing power parity), with inflation (2.6 percent) generally under control. However, the European continent has long been plagued by high unemployment rates (7.8 percent) and heavy levels of public debt (71.1 percent of GDP on average).

Chart 1 shows the distribution of countries in Europe within the five categories of economic freedom. The region now boasts four of the world's seven truly "free" economies (Switzerland, Ireland, Luxembourg, and Estonia).

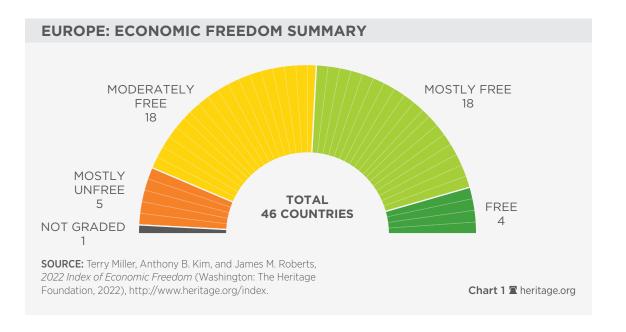
It is notable that nearly two-thirds of the world's 34 economically freest countries (with overall scores above 70) are in Europe, which

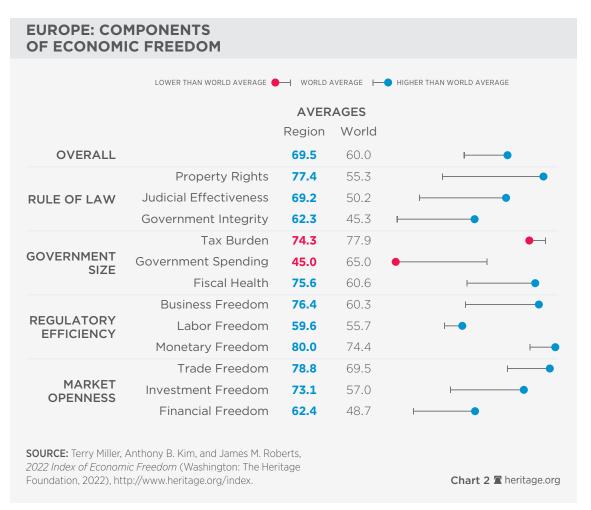


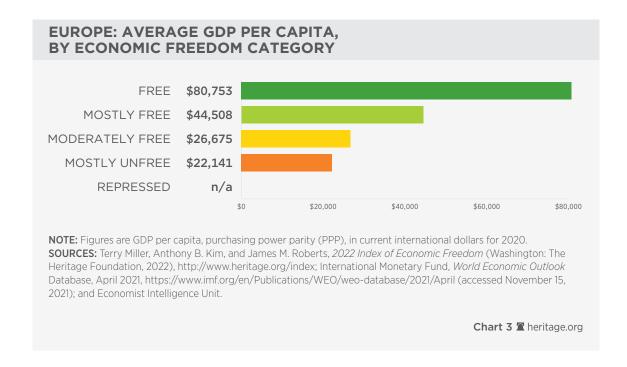
is the only one of the five global regions in the *Index* to have a distribution of economies that is skewed so heavily toward relatively higher levels of economic freedom. Most countries in the region fall into the "mostly free" or "moderately free" categories.

Unfortunately, five European countries are rated "mostly unfree" this year. Montenegro, Turkey, and Russia have now joined Belarus, which remains in the grip of an ironfisted autocrat, and Ukraine, which continues to suffer from political and security turmoil, as the region's least economically free economies.

Relatively extensive and long-established free-market institutions in a number of countries allow the region to score far above the world average in most measures of economic freedom. (See Chart 2.) Europe has the world's highest overall regional score. Its scores on the three rule-of-law indicators—property rights, judicial effectiveness, and government integrity—as well as fiscal health, business freedom, investment freedom, and financial freedom are at least 10 points higher than the global averages. The region's average scores on trade freedom, labor freedom, and monetary freedom







also exceed the world averages. Tax burden and government spending are the only two of the 12 *Index* indicators on which Europe falls below the world averages.

Nevertheless, Europe still struggles with a variety of policy barriers to vigorous economic growth such as overly protective and costly labor regulations, high tax burdens, various marketdistorting 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.

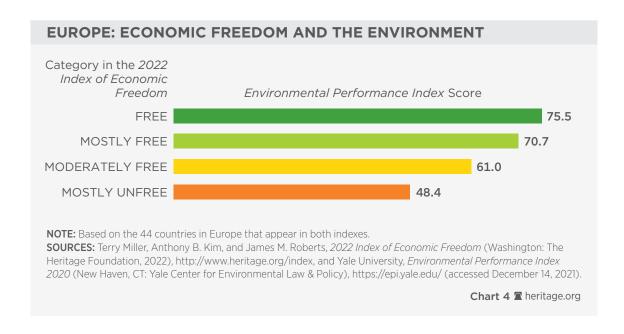


Chart 3 shows the strongly positive correlation between high levels of economic freedom and high GDP per capita in Europe. Western Europe has benefited from substantial internal economic competition over the centuries, which may help to explain why economic repression there is so rare. In recent years, economic freedom has improved in formerly Communist Serbia, Hungary, and Poland. Those countries had enjoyed at least some of the freedoms afforded by Western democracy before World War II. Some other Central and Eastern European countries, however, were insulated from both internal and external competition for decades under their former Communist regimes and still have not instituted needed reforms. Many post-Communist countries, such as Moldova, Russia, Belarus, and Ukraine, are still to be found at the "less free" end of the distribution.

As shown in Chart 4, around the region, the countries with greater economic freedom tend to maintain cleaner environments and greater protection of ecosystem vitality. It is those economically freer countries that generate the resources needed to create cleaner and healthier environments, as well as to incentivize innovations that can mitigate the effects of changing climate conditions.

NOTABLE COUNTRIES

With the approval of British voters, the United Kingdom departed from the European Union at the end of January 2020. A U.K.-EU Trade and Cooperation Agreement was concluded in December of that year, but some aspects of the future relationship remain uncertain. Although it retained its standing in the ranks of the "mostly free," the U.K. economy lost ground in the 2022 Index primarily because of excessive government spending that has been a drag on fiscal health. Nevertheless, the ample opportunities for greater economic freedom in the post-Brexit U.K. economy will continue. The U.K. has one of the world's most efficient business and

- investment environments. Services, particularly banking, insurance, and business services, are key drivers of GDP growth. Unshackled from the strictures of the EU bureaucracy, the post-pandemic economy should be freed to register substantial improvements in *Index* indicator scores for tax burden, government spending, labor freedom, and trade freedom.
- Economic freedom in France has gradually expanded during the past five years, although its longtime "moderately free" ranking remains unchanged. Business freedom, monetary freedom, and trade freedom are strong, but the score for government spending is one of the lowest in the world. In the past few years, the government has pushed a series of reforms to reduce unemployment, restructure a costly and complicated pension system, improve the investment climate, and increase competitiveness. While opposition protests and strikes against those proposed reforms have quieted, reforms remain stalled because of the economic downturn. Even if they were adopted, they would have little impact on the country's very high levels of government spending.
- **Germany** remains the European Union's most politically and economically influential member nation. After September 2021 elections, former Chancellor Angela Merkel, who dominated German politics for 16 years, was succeeded by Olaf Scholz, who became only the fourth Social Democratic chancellor since the end of World War II by forming a complicated coalition government with the environmentalist Alliance '90/Greens and the market-liberal Free Democrats. Nevertheless. Germany's robust business environment should continue to attract the private investment needed for continued growth. The country's steady and strong economic freedom as reported in editions of the Index over

		EC	ON	ОМІ	C F	REE	DO	M II	N El	JRO	PE				
nk	Rank		core	Rights	Judicial Effectiveness	Government Integrity	ue	Government Spending	alth	Business Freedom	edom	Monetary Freedom	edom	Investment Freedom	Financial Freedom
World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial E	Governm	Tax Burden	Governm	Fiscal Health	Business	Labor Freedom	Monetary	Trade Freedom	Investme	Financial
2	1	Switzerland	84.2	95.2	98.0	92.3	70.1	67.2	96.3	84.3	60.0	84.9	86.6	85.0	90.0
3	2	Ireland	82.0	92.6	93.0	80.7	76.5	79.9	89.0	87.2	60.9	85.2	79.2	90.0	70.0
5	3	Luxembourg	80.6	97.4	96.4	89.5	64.1	41.5	98.7	89.3	56.3	80.1	79.2	95.0	80.0
7	4	Estonia	80.0	91.5	92.3	83.9	81.1	48.4	93.3	86.9	61.1	82.8	79.2	90.0	70.0
8	5	Netherlands	79.5	96.2	96.9	92.3	51.2	45.4	93.6	88.1	58.9	82.1	79.2	90.0	80.0
9	6	Finland	78.3	100	97.8	96.4	68.4	10.7	83.2	88.7	65.1	84.9	79.2	85.0	80.0
10	7	Denmark	78.0	98.6	89.6	99.5	42.3	21.1	96.2	89.0	64.4	85.7	79.2	90.0	80.0
11	8	Sweden	77.9	97.3	97.1	95.7	44.9	26.4	95.8	84.6	65.4	83.6	79.2	85.0	80.0
13	9	Iceland	77.0	97.1	94.8	85.3	72.9	36.8	76.1	83.3	67.4	79.3	81.0	80.0	70.0
14	10	Norway	76.9	99.6	97.3	96.0	56.4	19.5	96.6	91.4	68.8	76.9	85.4	75.0	60.0
16	11	Germany	76.1	95.7	95.3	89.4	59.9	34.5	90.4	87.2	52.3	79.5	79.2	80.0	70.0
17	12	Lithuania	75.8	88.6	74.6	66.6	84.5	59.9	86.5	87.3	59.5	82.3	79.2	70.0	70.0
18	13	Latvia	74.8	88.5	75.1	61.1	76.4	53.2	91.4	81.9	62.4	83.8	79.2	85.0	60.0
21	14	Czech Republic	74.4	88.8	81.8	59.6	78.9	44.7	93.2	80.6	56.5	79.0	79.2	70.0	80.0
22	15	Austria	73.8	98.4	94.6	82.9	45.5	20.3	71.7	82.3	78.4	82.3	79.2	80.0	70.0
23	16	Cyprus	72.9	85.6	90.9	62.9	80.3	44.3	71.2	74.9	66.4	83.9	79.2	75.0	60.0
24	17	United Kingdom	72.7	96.2	85.9	87.1	65.4	46.3	22.6	79.1	62.1	83.0	84.2	80.0	80.0
26	18	Georgia	71.8	63.8	56.4	64.4	89.1	72.7	67.1	74.1	61.9	76.0	86.6	80.0	70.0
27	19	Malta	71.5	87.8	89.9	55.8	69.0	54.6	86.2	75.5	61.8	78.5	79.2	70.0	50.0
29	20	Bulgaria	71.0	77.3	61.1	45.6	93.9	60.5	96.2	72.1	64.4	81.9	79.2	60.0	60.0
31	21	Portugal	70.8	89.9	92.1	67.8	60.4	39.5	72.8	76.2	55.5	86.8	79.2	70.0	60.0
32	22	Slovenia	70.5	89.7	91.6	66.7	57.2	36.4	77.4	79.7	63.3	85.1	79.2	70.0	50.0
36	23	Slovakia	69.7	83.2	71.9	53.7	77.3	41.8	76.0	75.9	56.5	75.5	79.2	75.0	70.0
37	24	Belgium	69.6	92.5	91.2	83.6	48.2	10.1	50.3	82.8	57.4	84.3	79.2	85.0	70.0
39	25	Poland	68.7	72.3	54.7	60.6	73.6	41.9	78.3	78.7	55.7	79.1	79.2	80.0	70.0
41	26	Spain	68.2	87.7	74.3	67.2	59.7	38.3	29.7	75.2	61.8	85.4	84.2	85.0	70.0
45	27	Croatia	67.6	81.1	69.9	50.0	82.8	26.3	75.2	72.4	58.7	80.5	79.2	75.0	60.0
47	28	Romania	67.1	81.0	64.8	45.4	94.3	63.9	42.8	71.4	64.1	78.8	79.2	70.0	50.0
48	29	Hungary	66.9	75.8	62.2	44.4	84.1	31.6	58.4	77.2	61.2	78.5	79.2	80.0	70.0
50	30	Albania	66.6	55.5	49.8	35.6	89.1	72.1	70.6	70.7	51.1	82.0	82.6	70.0	70.0
52	31	France	65.9	93.8	85.5	75.9	52.1	0.5	39.1	81.9	58.8	79.1	79.2	75.0	70.0
53	32	North Macedonia	65.7	57.4	50.2	38.7	95.0	67.7	69.8	74.4	54.1	78.3	77.8	65.0	60.0
57	33	Italy	65.4	81.7	78.6	57.3	57.7	20.6	49.0	73.8	70.4	86.2	79.2	80.0	50.0
58	34	Armenia	65.3	50.4	33.1	50.8	86.9	78.9	75.5	64.9	47.2	77.5	73.6	75.0	70.0
59	35	Serbia	65.2	58.8	50.4	37.9	90.9	42.5	85.7	74.4	62.9	81.6	77.0	70.0	50.0
68	36	Bosnia and Herzegovina	63.4	49.2	37.2	33.4	94.0	46.2	95.9	66.6	60.2	84.9	68.8	65.0	60.0
75	37	Azerbaijan	61.6	53.6	15.9	28.6	87.7	62.7	99.1	64.6	55.9	74.5	66.6	70.0	60.0

59.9

17.9 67.6

70.3

61.1

78.6

79.2

61.5

76.0

69.9

52.3

77 38 **Greece**

50.0

55.0

	ECONOMIC FREEDOM IN EUROPE														
World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
78	39	Moldova	61.3	55.9	30.7	34.7	94.1	68.1	87.2	64.2	46.4	72.4	76.6	55.0	50.0
86	40	Kosovo	60.1	47.4	31.0	37.5	92.5	71.6	67.4	68.0	53.1	79.1	78.6	65.0	30.0
103	41	Montenegro	57.8	61.3	43.0	46.4	83.9	29.5	11.9	67.1	61.7	85.6	78.8	75.0	50.0
107	42	Turkey	56.9	42.0	25.6	39.4	74.7	63.8	59.2	63.4	47.1	61.9	75.6	70.0	60.0
113	43	Russia	56.1	36.8	34.7	29.7	93.1	62.6	99.3	62.5	57.3	68.0	69.0	30.0	30.0
130	44	Ukraine	54.1	39.7	31.4	33.8	89.1	44.5	73.6	61.1	60.7	71.2	78.6	35.0	30.0
135	45	Belarus	53.0	34.5	15.5	43.7	93.3	56.7	95.3	54.5	46.8	70.2	75.6	30.0	20.0
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	N/A

the past half-decade reflects that good reputation, although the German economy remains among the "mostly free" ranks. Systemically high government spending as well as costly and rigid labor laws have stymied the potential for greater economic freedom, and government spending is likely to increase, not decrease, in the near future.

In terms of area, **Russia** is the world's largest nation. Vladimir Putin has consolidated his authoritarian power as president amid allegations of electoral fraud. His aggressive and destabilizing policies to acquire control of some of the lands that were formerly in the Soviet Union are adversely affecting economic freedom in those neighboring countries. Large and corrupt state-owned institutions and an inefficient public sector dominate the Russian economy, which depends heavily on exports of oil and gas. Ongoing Western economic sanctions have led to a brain drain and capital flight, and a subservient judiciary, rampant corruption, and links among bureaucrats and organized criminal groups continue to compromise government integrity. A five-year trend

of slowly expanding economic freedom in Russia has faltered, and the country has fallen back into the ranks of "mostly unfree" countries. Fiscal health is very strong, but Russia's investment freedom and financial freedom are at the same level as those in some of the world's least developed countries.

Turkey's economy has lost economic freedom over the past five years. President Recep Tayyip Erdogan's Justice and Development Party (AKP) has pursued an Islamist agenda and has eroded democracy. The economy enjoyed significant growth in 2021, but that growth came in part after a currency devaluation driven by Erdogan's policy to keep interest rates artificially low, which affected price stability. Turkey's largely free-market and diversified economy is driven by its industrial and service sectors, but traditional agriculture still accounts for about 25 percent of employment. The country has fallen from the "moderately free" category into the "mostly unfree" category. Trade freedom and investment freedom are highlights, but monetary freedom has deteriorated.

• Croatia has increased its level of economic freedom since 2017 and has moved from the lower half to the upper half of the "moderately free" category. Monetary freedom and trade freedom are strong, but government integrity is weak, and government spending levels are quite high. The government has enacted tax cuts, increases in the minimum wage, and enlarged health care and defense budgets. Shipbuilding and tourism are major industries. A weak export base, emigration, labor shortages, and the slow pace of privatization remain significant challenges.

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 crux of global politics. Although the region's countries 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 seven countries in the 2022 *Index* that cannot be graded or ranked because of the lack of reliable data are in the MENA region.

MIDDLE EAST/NORTH AFRICA: QUICK FACTS

TOTAL POPULATION: 458.2 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$18,547

1-YEAR GROWTH: -1.7%

5-YEAR GROWTH: 1.6%

INFLATION: 12.5%

UNEMPLOYMENT RATE: 10.5%

PUBLIC DEBT: 66% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), http://www.horitage.com/index.

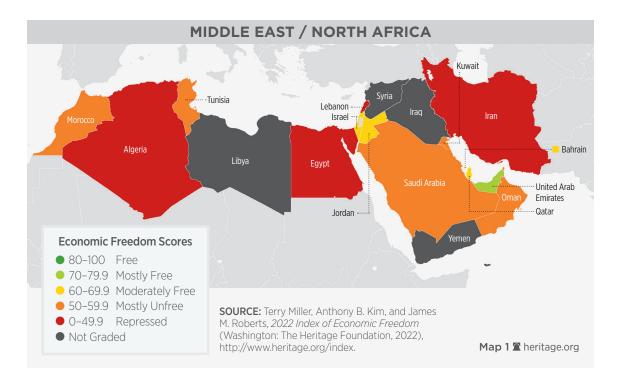
http://www.heritage.org/index.

▲ heritage.org

The region's population-weighted average GDP per capita remains the third highest among the five *Index* global regions (approximately \$18,547 at purchasing power parity), although it fell substantially again this year. The regional population-weighted average rate of inflation is still very high at 12.5 percent. During the past five years, economic growth in the MENA region has weakened to 1.6 percent. The region continues to suffer from high levels of unemployment (10.5 percent), particularly among the young.

The MENA region is endowed with the world's highest concentration of oil reserves, but that has not automatically translated into high levels of economic freedom. In fact, economic freedom is in decline across the entire region. Scores were lower for every one of the 14 MENA countries that were scored in the 2022 *Index*. Many of these countries have been grappling for more than a decade with social upheaval or outright conflict arising from citizens' demands for greater freedom. Regrettably, the lives of most people have yet to change for the better. The effect of the pandemic has been to provoke further anger and generally to reduce economic freedom across the region.

This regional policy failure is most palpable in Iran, which continues to be misruled by theocratic and corrupt authoritarians who oppress and deny economic freedom to the country's citizens. Iran has been sinking ever lower in the *Index*'s "repressed" category. Meanwhile, Saudi Arabia, the Iranian regime's most significant rival among the Sunni Muslim nations, also has lost economic freedom over the past half-decade. Even the region's only "mostly free" country, the United Arab Emirates, has lost ground. The region's other erstwhile economic freedom champion, Israel, has also seen its star tarnished. The grading of economic freedom for Iraq, Syria, Libya, and



Yemen remains suspended because of ongoing violence and unrest.

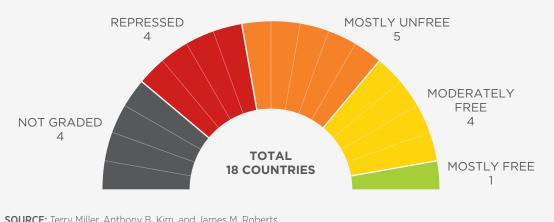
Chart 1 shows the distribution of countries in the MENA region according to the five categories of economic freedom identified by the *Index*. The region has no economically "free" countries, and the United Arab Emirates is its only "mostly free" economy. The majority of the 14 countries in the region that are graded in the *Index* fall into the "moderately free" or "mostly unfree" categories, and Egypt, Lebanon, Iran, and Algeria are 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 remain very low, reflecting a lack of economic vitality. The MENA region's lack of economic opportunities remains one of its most serious problems, particularly for the younger workingage population (15–24 years old) whose average unemployment rate exceeds 25 percent. Social upheaval is the predictable result.

There is one *Index* indicator in which the MENA region remains the clear global leader: tax burden. (See Chart 2.) The region's tax burden score beat the world average by more than eight points in 2022, a level reached because of the low income tax rates typically found in the oil kingdoms. That score is both a blessing and a curse, however, because it reflects the region's wide and deeply detrimental disparities. The very wealthy few have the power to avoid taxation, while most of the population earns too little to be heavily taxed. In fact, some regional regimes borrow to subsidize the poor and tamp down discontent instead of providing the economic freedom that would allow individuals to better themselves. The region scores below world averages in all three indicators related to the rule of law and in business freedom, and it scores well below the world average for fiscal health.

As shown in Chart 4, greater economic freedom (or the lack of it) is strongly correlated across the region with levels of overall human development as measured by the United Nations *Human Development Index*, which measures life expectancy, literacy, education, and standard of living.

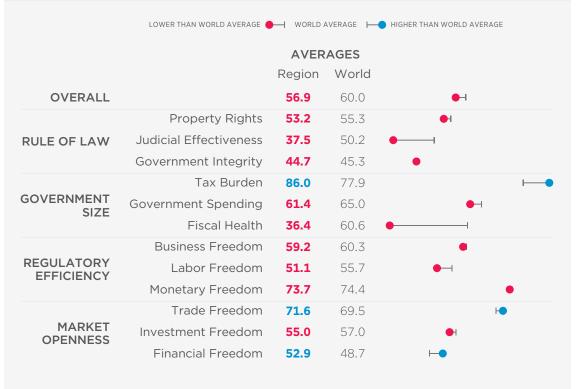




SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, 2022 Index of Economic Freedom (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index.

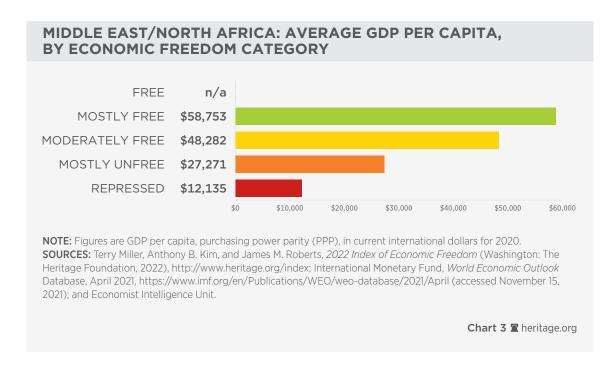
Chart 1 ☐ heritage.org

MIDDLE EAST/NORTH AFRICA: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index.

Chart 2 Theritage.org



The results of the 2022 *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. In an effort to quell social and political unrest, too many of the region's governments are still funding costly subsidies that help to generate heavy and unsustainable budget deficits.

NOTABLE COUNTRIES

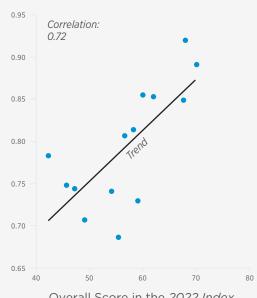
• Israel's modern market economy is fundamentally sound and vibrant. The economic competitiveness of the "Start-up Nation" has long been anchored in strong protection of property rights, efficient coordination of regulatory processes, and a sound judicial framework that sustains the rule of law. The country's 2020 normalization agreements with Bahrain, the United Arab Emirates, Morocco, and Sudan should clear the way for greater regional trade, investment, tourism, and technological and strategic cooperation. Unfortunately, Israel has gradually lost some economic freedom since 2017 and has fallen from the

- "mostly free" category into the "moderately free" category. In the years since the inception of the *Index* in 1995, government spending has been the indicator that has consistently hindered greater economic freedom in Israel.
- In a region where economic freedom has waned, **Tunisia** has fared relatively better than most other countries. In the birth-place of the 2011 Arab Spring protests, younger Tunisians are still insisting on reforms, but parliamentary fragmentation continues to generate political instability, and the transformation to a more market-oriented economy has been slowed. Although Tunisia has lost only a little economic freedom in the past five years, it remains stuck in the lower half of the "mostly unfree" category. Property rights and trade freedom are somewhat strong, but financial freedom is extremely weak.
- Although Algeria has made progress in some areas of economic freedom in the past five years, its overall score since 2017 is slightly lower. The country remains in

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM AND HUMAN DEVELOPMENT

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

Human Development Index Score



Overall Score in the 2022 Index of Economic Freedom

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, 2022 Index of Economic Freedom (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index, and United Nations Development Programme, Human Development Report 2020, http://hdr.undp.org/sites/default/files/hdr2020.pdf (accessed December 14, 2021).

Chart 4 Theritage.org

the middle ranks of the "repressed" category. For Algeria to progress toward greater economic freedom, the government must strengthen the judicial system and other rule-of-law institutions. Monetary freedom is relatively strong, but greater openness and increased financial freedom would improve the investment climate.

- Egypt has less economic freedom today than it had five years ago and has fallen from the "mostly unfree" category into the "repressed" category. To reverse that trend, the government would need to focus on policy reforms to reduce public debt and upgrade institutional performance to strengthen the three rule-of-law indicators: property rights, judicial effectiveness, and government integrity.
- Saudi Arabia, birthplace of Islam and home to its two holiest shrines in Mecca and Medina, is an absolute monarchy ruled by King Salman bin Abdulaziz Al Saud. His son, Crown Prince Mohammed bin Salman Al Saud, remains central to decision-making. Although economic freedom in Saudi Arabia has fluctuated over the past half-decade, the overall trend has been negative. Dragged down by sharply lower scores for fiscal health, judicial effectiveness, and property rights, Saudi Arabia has dropped to the middle of the "mostly unfree" category. The government has a long way to go to get excessive overspending and debt under control. Further liberalization of the investment regime and toughening of anticorruption efforts are also needed to increase economic freedom and diversify the economy.

ECONOMIC FREEDOM IN MIDDLE EAST/NORTH AFRICA

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
33	1	United Arab Emirates	70.2	63.5	35.4	71.8	100.0	71.5	92.8	73.2	64.9	80.8	78.2	50	60
43	2	Israel	68.0	83.2	85.0	65.2	60.4	48.4	23.1	81.1	56.5	84.8	78.8	80	70
44	3	Qatar	67.7	68.6	38.8	60.0	97.8	69.3	89.7	58.6	51.9	76.0	81.4	60	60
74	4	Bahrain	62.0	65.9	27.4	41.6	99.9	65.5	0.0	60.2	54.9	81.1	83.0	85	80
87	5	Jordan	60.1	53.7	42.6	49.5	84.8	71.6	15.9	59.6	57.2	84.2	71.8	70	60
97	6	Morocco	59.2	57.8	32.7	41.0	68.2	69.8	46.0	64.8	46.4	80.0	68.6	65	70
101	7	Kuwait	58.3	41.9	42.0	43.8	97.7	4.0	99.7	55.4	52.7	71.7	75.6	55	60
108	8	Oman	56.6	74.9	27.1	53.3	97.7	32.8	6.9	58.1	45.7	84.7	73.4	65	60
118	9	Saudi Arabia	55.5	46.7	35.8	50.7	99.3	57.3	17.9	68.1	41.2	79.0	74.8	45	50
128	10	Tunisia	54.2	60.9	49.5	47.3	75.2	67.0	20.8	57.7	56.0	74.4	66.2	45	30
152	11	Egypt	49.1	39.0	22.1	28.7	87.1	75.7	3.7	54.1	32.9	70.9	60.2	65	50
162	12	Lebanon	47.3	33.7	27.4	22.8	88.5	77.4	0.0	48.8	54.2	41.1	74.2	50	50
167	13	Algeria	45.8	27.9	29.7	30.1	67.2	57.1	38.6	50.0	51.5	80.1	57.4	30	30
170	14	Iran	42.4	26.6	29.4	19.8	80.8	92.5	54.7	38.9	49.4	42.3	59.2	5	10
N/A	N/A	Iraq	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Libya	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Syria	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Yemen	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

SUB-SAHARAN AFRICA

SUB-SAHARAN AFRICA

he Sub-Saharan region of Africa is home to nearly 1.2 billion people and spans most of the world's second-largest continent. It traverses thousands of miles southward from the vast Sahara Desert to South Africa's Cape of Good Hope and stretches from the Indian Ocean beaches of Mozambique to the North Atlantic coast of Senegal and Mauritania. Unfortunately, the vast majority of the 47 countries in the region that were graded in the 2022 Index fall into the "mostly unfree" or "repressed" categories. In fact, the number of "repressed" countries has grown, reflecting the region's overall decline in economic freedom since 2017. The region was able to record overall positive economic growth during those five years, but much higher rates of growth will be required to move the majority of people onto a sustainable path of long-term economic development. Increasing growth will require economic freedom-oriented institutional reforms that might be painful for ruling elites but nevertheless would liberate and empower others to move forward both economically and socially.

SUB-SAHARAN AFRICA: QUICK FACTS

TOTAL POPULATION: 1.18 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$4,217

1-YEAR GROWTH: -1.0%

5-YEAR GROWTH: 2.7%

INFLATION: 14.8%*

UNEMPLOYMENT RATE: 7.5%**

PUBLIC DEBT: 62.8% of GDP

* Excludes Zimbabwe, ** Excludes Seychelles. **SOURCE:** Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index.

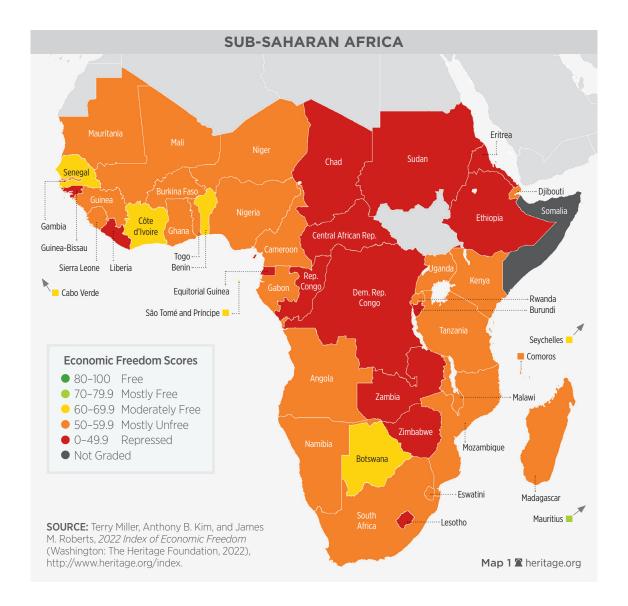
 ⚠ heritage.org

The countries of Sub-Saharan Africa were woefully unprepared for the challenges of COVID-19 and the worldwide economic slowdown that has stressed economies everywhere. Repeated failures to implement policy changes that would improve the business and investment climate and strengthen the rule of law have left the region performing far below its economic potential. 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.

Successful efforts to implement structural reform have been rare, and the modernization of infrastructure and institutions lags severely throughout most of Sub-Saharan Africa. Many of the region's countries 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 portion 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 2022 *Index* (just \$4,217 at purchasing power parity). Unemployment rose again this year to 7.5 percent, and inflation shot up to 14.8 percent. At 2.7 percent, Sub-Saharan Africa's five-year average rate of economic growth is second only to that of the Asia–Pacific region—but this is growth from a very low base. Economic development remains limited by underemployment and the region's large informal sectors.

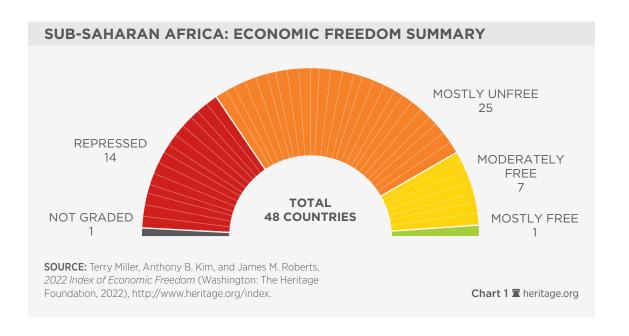
Chart 1 shows the distribution of countries in the Sub-Saharan African region by level of economic freedom. The distinctions among economies in Sub-Saharan Africa, as opposed to



regions that benefit from a diverse range of competitive and innovative free-market economies, are defined primarily by the relative lack of economic freedom. There is not a single "free" economy in the region. Mauritius is counted (just barely) in the ranks of the "mostly free," and the economies of another seven countries are considered "moderately free," but a clear majority of the 47 nations graded in the 2022 *Index* are ranked either "mostly unfree" or "repressed." In fact, 14 of the world's 32 "repressed" economies—close to half—are in Sub-Saharan Africa.

The only one of the 12 indicators in which the region scores higher than the world average is government spending. However, that is a hollow victory because the score reflects the inability of inadequately resourced governments in the region to perform the complicated tasks that are required to manage 21st century economies more than it does any attempt to restrain spending.

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. Because labor freedom is restricted in the formal labor



OF ECONOMIC FREEDOM LOWER THAN WORLD AVERAGE | HIGHER THAN WORLD AVERAGE **AVERAGES** Region World 53.4 **OVERALL** 60.0 55.3 **Property Rights** 39.7 34.7 50.2 Judicial Effectiveness **RULE OF LAW** Government Integrity 31.3 45.3 Tax Burden 76.8 77.9 **GOVERNMENT** Government Spending 80.5 65.0 SIZE Fiscal Health 58.9 60.6 **Business Freedom** 44.5 60.3 **REGULATORY** Labor Freedom 52.5 55.7 **EFFICIENCY** Monetary Freedom 70.9 74.4 Trade Freedom 61.0 69.5 **MARKET** Investment Freedom 50.5 57.0

SUB-SAHARAN AFRICA: COMPONENTS

39.6

48.7

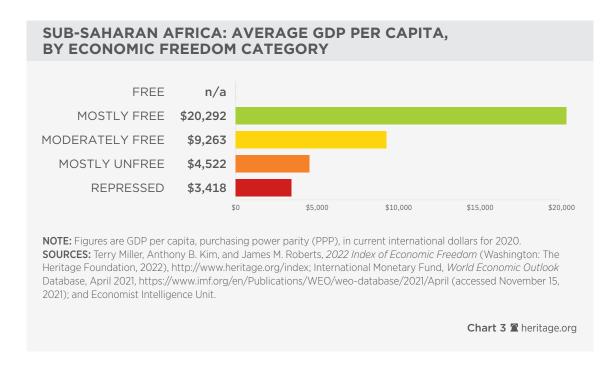
Chart 2 Theritage.org

Financial Freedom

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, 2022 Index of Economic Freedom (Washington: The Heritage

Foundation, 2022), http://www.heritage.org/index.

OPENNESS



markets, there is significant unreported informal economic activity in which workers enjoy no protections whatsoever. The 2022 *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 continues to lag behind the rest of the world.

Overall, the depressing landscape painted by the results of the 2022 *Index* depicts a region dominated by dozens of nations with uneven economic playing fields that are further pockmarked by weak rule of law, inadequate protection of property rights, cronyism, and endemic corruption. The region's scores for property rights, judicial effectiveness, government integrity, and business freedom are all lower than world averages by 10 points or more.

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 message that these weak results must convey to the vast majority of citizens of Sub-Saharan Africa who lack political connections is that without improvements in

economic freedom, their prospects for a brighter future are severely limited.

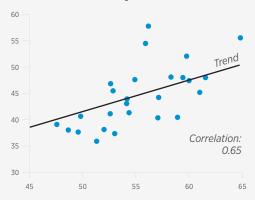
The decisions at the 2021 COP26 (Conference of the Parties) climate conference to impose severe restrictions on Western funding for hydrocarbon-fueled electricity plants is another heavy blow to the region. Despite ample reserves of clean-burning and inexpensive natural gas throughout the continent, a prohibition on their exploitation in favor of unreliable and expensive green energy technologies will translate into more lost opportunities for economic growth and a lower standard of living for tens of millions of Africans.

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.

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM AND FOOD SECURITY

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

Global Food Security Index Score



Overall Score in the 2022 Index of Economic Freedom

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

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), http://www.heritage.org/index, and Economist Intelligence Unit, *Global Food Security Index 2021*, https://impact.economist.com/sustainability/project/food-security-index/Index/ (accessed December 14, 2021).

Chart 4 Theritage.org

NOTABLE COUNTRIES

• Mauritius remains Sub-Saharan Africa's most economically free nation in the 2022 *Index* and is the only one of the region's 47 graded countries in the "mostly free" category. Mauritius has undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper-middle-income country that has attracted considerable foreign investment and has one of the region's highest GDPs per capita. To regain a firmer footing among "mostly free" countries, the government will need to redouble its efforts

- to improve fiscal health and correct its ongoing deficit in government integrity, which persists at a troubling level that is more typical of countries that are ranked much lower overall in economic freedom.
- Rwanda has suffered a steep drop of economic freedom in the years since 2017 and has fallen from the "moderately free" category to the "mostly unfree" category. Monetary freedom is somewhat promising, but judicial effectiveness, fiscal health, and financial freedom are seriously deficient. The loss of economic freedom parallels the increasingly ironfisted rule of President Paul Kagame, who has been in office since 2000 and was reelected to seven-year terms in 2010 and 2017 amid allegations of fraud, intimidation, and violence. In 2015, voters approved a constitutional change that would permit the 62-year-old Kagame to govern until 2034 and strengthen his authoritarian rule. It must be acknowledged, however, that rates of extreme poverty have been reduced under Kagame.
- South Africa has a highly developed economy and an advanced infrastructure. In addition to being one of the world's largest exporters of gold, platinum, and other natural resources, it has well-established financial, legal, communications, energy, and transport sectors and the continent's largest stock exchange. However, rates of formal-sector unemployment and crime are high. Dragged down by a sharply lower score for fiscal health, South Africa has recorded a 6.1-point overall loss of economic freedom since 2017 and remains in the middle ranks of the "mostly unfree" countries. To reverse course back to greater economic freedom, the government would have to prioritize improvements in the judicial system and confront persistent labor market rigidities that trap more than a third of South Africa's workers in the informal economy.

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
30	1	Mauritius	70.9	85.6	81.7	56.5	91.3	73.4	6.8	72.0	69.8	75.9	87.4	80.0	70.0
49	2	Cabo Verde	66.7	66.1	77.4	60.9	77.5	68.1	48.3	59.8	52.4	84.4	66.0	80.0	60.0
61	3	Botswana	64.8	74.2	70.1	61.4	87.4	59.8	19.2	56.7	61.6	75.4	77.2	65.0	70.0
76	4	Côte d'Ivoire	61.6	45.4	30.0	33.8	79.1	89.7	73.8	61.0	55.9	71.3	73.6	75.0	50.0
79	5	Seychelles	61.1	78.8	62.4	65.2	76.4	42.5	36.7	61.2	61.7	82.1	81.2	55.0	30.0
81	6	Benin	61.0	44.3	55.3	40.3	68.4	91.6	83.4	47.7	59.6	80.4	61.4	50.0	50.0
85	7	São Tomé and Príncipe	60.3	44.1	62.2	48.7	88.2	83.1	85.9	49.0	41.6	65.9	65.0	60.0	30.0
88	8	Senegal	60.0	58.0	49.8	47.8	72.3	82.1	56.7	57.9	53.9	76.1	65.8	60.0	40.0
89	9	Ghana	59.8	60.7	57.0	45.4	82.8	83.8	7.8	60.9	55.4	70.8	63.0	70.0	60.0
93	10	Tanzania	59.5	36.9	27.0	36.9	80.6	91.9	93.3	46.3	62.0	73.8	59.8	55.0	50.0
95	11	Namibia	59.2	63.8	67.6	53.9	72.3	56.5	22.4	55.4	63.4	79.0	71.2	65.0	40.0
98	12	Madagascar	58.9	40.3	33.4	23.0	90.7	92.9	87.8	37.4	56.0	75.9	64.8	55.0	50.0
100	13	Burkina Faso	58.3	47.0	36.3	41.4	81.8	82.3	66.1	41.9	61.6	75.6	61.0	65.0	40.0
102	14	Gambia	58.0	47.6	37.2	38.1	79.3	84.1	68.9	50.5	47.3	64.1	63.8	65.0	50.0
104	15	Togo	57.2	36.8	35.1	28.8	68.7	88.9	88.8	51.5	54.5	77.3	65.6	60.0	30.0
105	16	Rwanda	57.1	61.1	26.6	54.7	79.1	76.3	61.6	50.7	42.6	74.4	58.2	60.0	40.0
112	17	South Africa	56.2	43.2	61.3	48.4	63.4	68.1	8.1	65.7	71.1	78.0	72.2	45.0	50.0
114	18	Mali	55.9	34.0	34.1	28.3	69.8	83.9	70.8	44.2	54.2	82.8	64.0	65.0	40.0
115	19	Gabon	55.8	26.8	18.6	24.4	77.4	90.2	89.5	49.9	54.0	81.5	56.8	60.0	40.0
119	20	Mauritania	55.3	36.9	29.9	23.5	75.2	89.4	92.9	35.7	48.9	80.3	60.6	50.0	40.0
120	21	Djibouti	55.3	33.1	28.3	24.5	80.0	83.3	92.1	48.6	50.7	69.5	43.2	60.0	50.0
121	22	Niger	54.9	37.4	35.9	32.5	77.5	85.7	69.0	35.2	53.6	74.6	62.6	55.0	40.0
124	23	Nigeria	54.4	22.1	33.8	22.7	84.8	95.3	58.1	41.2	73.6	67.5	68.6	45.0	40.0
127	24	Uganda	54.2	48.3	29.2	24.0	73.6	89.8	53.5	46.5	54.7	78.2	57.8	55.0	40.0
129	25	Guinea	54.2	21.4	27.8	25.6	69.3	92.8	92.0	45.4	49.5	69.7	66.4	50.0	40.0
134	26	Malawi	53.0	48.1	53.0	29.4	78.7	87.4	11.0	34.0	56.4	71.1	67.4	50.0	50.0
136	27	Cameroon	52.9	39.1	10.9	19.9	74.7	90.1	78.7	60.4	46.4	79.9	55.2	30.0	50.0
138	28	Kenya	52.6	40.6	39.0	30.9	79.0	82.2	10.6	56.1	56.8	75.5	56.0	55.0	50.0
139	29	Angola	52.6	39.8	25.3	20.6	86.6	86.4	80.0	37.6	53.9	61.2	70.0	30.0	40.0
140	30	Sierra Leone	52.0	43.1	41.9	32.4	86.7	84.9	54.0	34.4	38.2	65.1	63.6	60.0	20.0
141	31	Eswatini	51.4	46.1	36.9	32.1	78.6	63.9	15.6	48.9	54.8	77.9	71.8	50.0	40.0
142	32	Mozambique	51.3	31.9	44.1	26.3	72.2	70.3	52.7	36.7	47.4	78.8	70.6	35.0	50.0
143	33	Comoros	50.4	28.9	21.2	20.1	63.0	88.5	96.2	48.3	55.5	81.5	27.0	45.0	30.0
146	34	Chad	49.8	28.9	13.6	13.1	44.6	92.7	96.3	28.2	54.5	74.2	52.0	60.0	40.0
150	35	Ethiopia	49.6	38.1	20.5	33.2	78.3	93.0	81.6	42.7	38.8	57.7	61.4	30.0	20.0
154	36	Zambia	48.7	38.3	45.2	30.8	70.9	73.3	0.0	44.2	41.9	66.4	68.2	55.0	50.0
155	37	Congo, Rep.	48.5	30.4	14.9	13.4	82.4	86.0	80.0	29.5	43.3	80.5	56.4	35.0	30.0
157	38	Lesotho	48.1	45.0	44.1	42.8	77.4	4.5	27.5	44.2	58.3	75.9	62.2	55.0	40.0

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA															
World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
159	39	Liberia	47.9	32.2	23.4	25.1	86.1	68.0	64.6	34.8	43.2	61.7	60.8	55.0	20.0
160	40	Congo, Dem. Rep.	47.6	14.8	13.2	11.8	74.4	95.7	97.4	28.3	54.0	63.7	68.0	30.0	20.0
163	41	Equatorial Guinea	47.2	18.9	6.9	6.5	75.1	91.0	94.8	34.4	46.5	73.0	48.8	40.0	30.0
166	42	Guinea-Bissau	46.0	29.1	14.0	15.9	88.8	85.8	31.3	31.5	56.4	83.4	55.8	30.0	30.0
168	43	Central African Republic	45.7	7.1	12.3	18.3	65.3	88.1	95.2	26.5	39.5	75.3	46.2	45.0	30.0
171	44	Eritrea	39.7	8.6	3.9	11.1	72.7	68.6	79.0	30.1	51.2	61.5	69.2	0.0	20.0
172	45	Burundi	39.4	18.8	7.1	12.2	77.1	76.4	10.3	27.5	41.5	70.3	51.0	50.0	30.0
173	46	Zimbabwe	33.1	20.8	16.3	20.6	66.1	87.2	79.8	36.9	34.9	0.0	0.0	25.0	10.0
174	47	Sudan	32.0	22.2	13.2	14.6	84.9	92.9	0.0	25.0	44.8	13.7	48.0	5.0	20.0
N/A	N/A	Somalia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

• Cabo Verde, which has posted the region's second-highest economic freedom score, has few natural resources but has managed to become a trading center and is now a stable, multiparty parliamentary democracy. Led by increases in scores for rule of law, Cabo Verde has recorded a 9.8-point overall gain of economic freedom since 2017 and has risen to the upper half of the "moderately free" category. Monetary freedom and investment freedom are strong, but fiscal health and labor freedom exhibit weaknesses.