

## FEATURE

# Economic Freedom of the World

<https://www.cato.org/economic-freedom-world>

The foundations of economic freedom are personal choice, voluntary exchange, and open markets. As Adam Smith, Milton Friedman, and Friedrich Hayek have stressed, freedom of exchange and market coordination provide the fuel for economic progress.

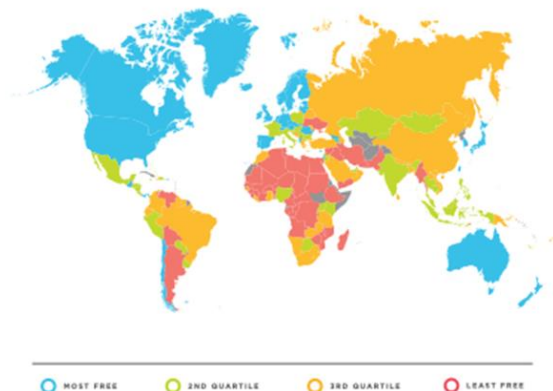
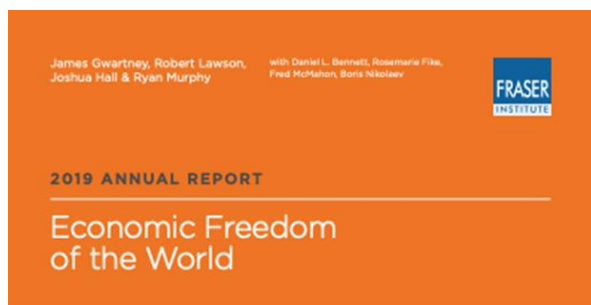
Without exchange and entrepreneurial activity coordinated through markets, modern living standards would be impossible.

Potentially advantageous exchanges do not always occur. Their realization is dependent

on the presence of sound money, rule of law, and security of property rights, among other factors. *Economic Freedom of the World* seeks to measure the consistency of the institutions and policies of various countries with voluntary exchange and the other dimensions of economic freedom.

The report is co-published by the Cato Institute, the Fraser Institute in Canada and more than 70 think tanks around the world.

## Economic Freedom of the World: 2019 Annual Report



By James Gwartney, Robert Lawson, Joshua Hall & Ryan Murphy, with Daniel L. Bennett, Rosemarie Fike, Fred McMahon, Boris Nikolaev.

**Hong Kong and Singapore retain the top two positions with a score of 8.91 and 8.71 out of 10, respectively.**

The rest of this year's top scores are New Zealand, Switzerland, United States, Ireland, United Kingdom, Canada, Australia, and Mauritius.

It is worth noting that the United States ranks in the top 5 in 2017 after having ranked in 12th place as recently as 2014. The rankings of other large economies in this year's index are Japan (17th), Germany (20th), Italy (46th), France (50th), Mexico (76th), Russia (85th), India (79th), China (113th), and Brazil (120th). The 10 lowest-rated countries are: Iraq, Republic of Congo, Egypt, Syria, Democratic Republic of Congo, Angola, Algeria, Sudan, Libya, and lastly Venezuela.

Nations in the top quartile of economic freedom had an average per capita GDP of US\$36,770 in 2017, compared to \$6,140 for bottom quartile nations. Moreover, the average income of the

poorest 10% in the most economically free nations is almost twice the average per capita income in the least free nations. Life expectancy is 79.4 years in the top quartile compared to 65.2 years in the bottom quartile, and political and civil liberties are considerably higher in economically free nations than in unfree nations. The first Economic Freedom of the World Report, published in 1996, was the result of a

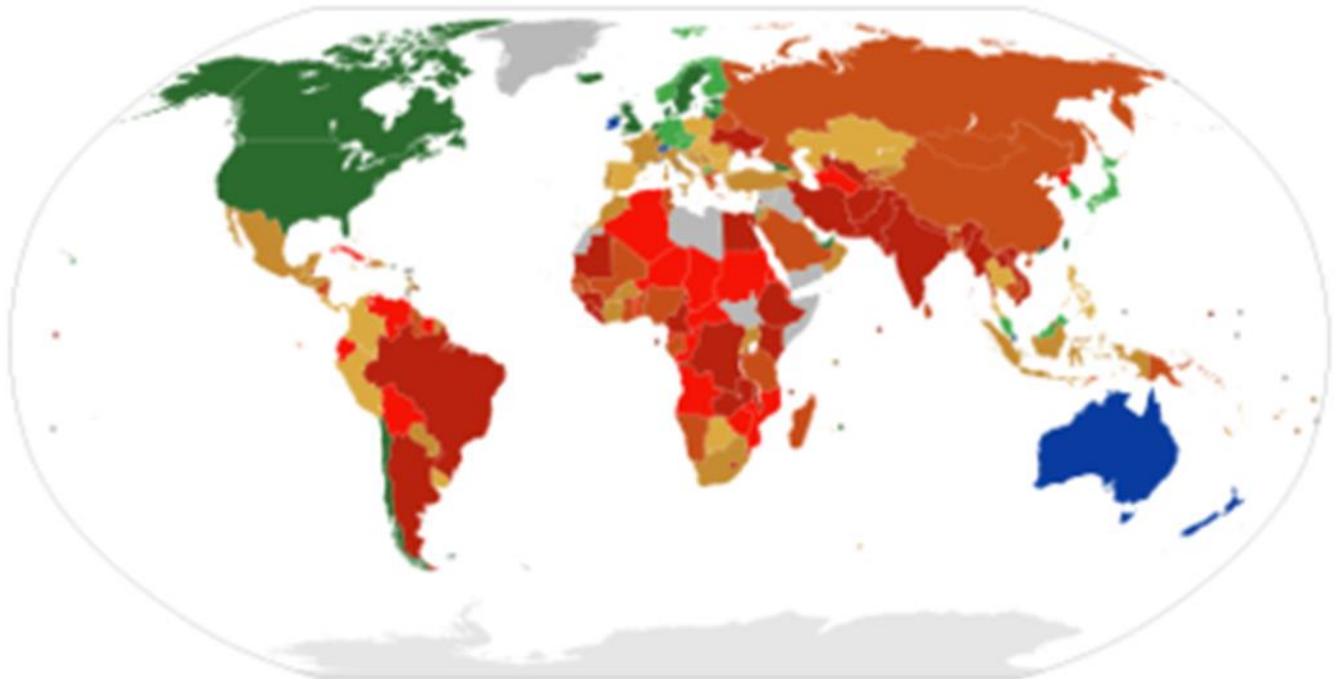
decade of research by a team which included several Nobel Laureates and over 60 other leading scholars in a broad range of fields, from economics to political science, and from law to philosophy. This is the 23rd edition of Economic Freedom of the World and this year's publication ranks 162 countries and territories for 2017, the most recent year for which data are available.

## Index of Economic Freedom

Wikipedia, the free encyclopedia

Excerpted from [https://en.wikipedia.org/wiki/Index\\_of\\_Economic\\_Freedom](https://en.wikipedia.org/wiki/Index_of_Economic_Freedom)

This article is about the index published by the Wall Street Journal and the Heritage Foundation. *For other indices, see [Indices of economic freedom](#).*



*The 2018 Heritage Foundation Index of Economic Freedom overall heatmap*

The ***Index of Economic Freedom*** is an annual index and ranking created in 1995 by [The Heritage Foundation](#) and [The Wall Street Journal](#) to measure the degree of [economic freedom](#) in the world's nations.

The creators of the index took an approach similar to [Adam Smith's](#) in *The Wealth of Nations*, that "basic institutions that protect the liberty of individuals to pursue their own economic interests result in greater prosperity for the larger society".

### 2018 Index

Key:  Free (80–100)  Mostly Free (70–79.9)

Moderately Free (60–69.9) ■ Mostly Unfree (50–59.9) ■ Repressed (0–49.9)

Country <sup>[3]</sup>	Score	Change
 <a href="#">Hong Kong</a>	90.2	▲ 0.4
 <a href="#">Singapore</a>	88.8	▲ 0.2
 <a href="#">Mauritius</a>	84.2	▲ 0.5
 <a href="#">Switzerland</a>	81.7	▲ 0.2
 <a href="#">Australia</a>	80.9	▼ 0.1
 <a href="#">New Zealand</a>	80.4	▲ 3.7
 <a href="#">Estonia</a>	78.8	▼ 0.3
 <a href="#">United Kingdom</a>	78.0	▲ 1.6
 <a href="#">Canada</a>	77.7	▼ 0.8
 <a href="#">United Arab Emirates</a>	77.6	▲ 0.7

Country <sup>[3]</sup>	Score	Change
 <a href="#">Iceland</a>	77.0	▲ 2.6
 <a href="#">Denmark</a>	76.6	▲ 1.5
 <a href="#">Taiwan</a>	76.6	▲ 0.1
 <a href="#">Luxembourg</a>	76.4	▲ 0.5
 <a href="#">Sweden</a>	76.3	▲ 1.4
 <a href="#">Georgia</a>	76.2	▲ 0.2
 <a href="#">Netherlands</a>	76.2	▲ 0.4
 <a href="#">United States</a>	75.7	▲ 0.6
 <a href="#">Lithuania</a>	75.3	▼ 0.5
 <a href="#">Chile</a>	75.2	▼ 1.3