

# 2022 Index of Economic Freedom: Economic Freedom Declining Worldwide

## THE ISSUE

The Heritage Foundation’s *2022 Index of Economic Freedom* documents a worldwide decline in economic freedom, with the largest decline in average scores measured since the first *Index* was published in 1995—when the U.S. ranked in fourth place. The United States is no exception: With declines in half of the 12 categories of economic freedom measured by the *Index*, the U.S. dropped to 25th place, its lowest ranking to date.

## BACKGROUND

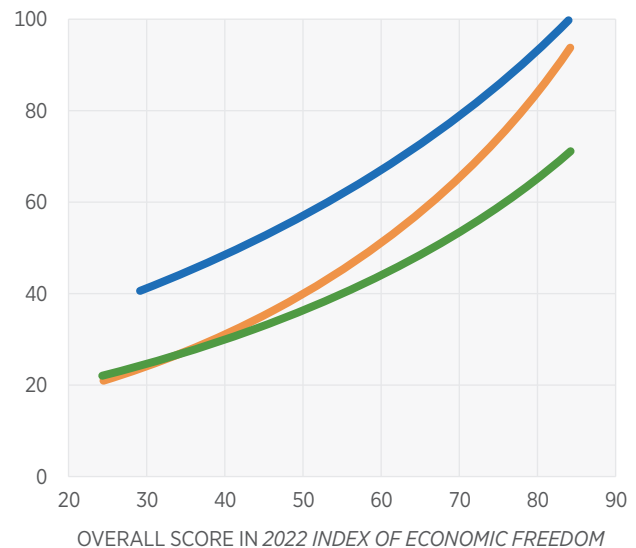
The *Index of Economic Freedom* evaluates 177 countries on a scale from 0 to 100 in 12 categories of economic freedom. Each country receives an overall score reflecting the average of the category scores.

- The average country’s score declined to 60, which is barely “moderately free,” just on the cusp of slipping into the “mostly unfree” category.
- The United States plummeted from 20th place in 2021 to 25th place in this year’s *Index*, its lowest ranking.
- The “fiscal health” score for the United States has dramatically deteriorated due to ballooning deficit spending as a percentage of gross domestic product (GDP) and rising debt as a percentage of GDP.
- Rising deficits and mounting public debt—especially debt incurred to fund higher government consumption and transfer

## People Living in Countries with More Economic Freedom Also ...

- Live Longer
- Spend More Time in School
- Live in Cleaner Natural Environments

ADJUSTED INDEX SCORE (0-100)



**NOTE:** Scores have been adjusted to appear on a universal scale.

**SOURCES:** The Heritage Foundation’s *2022 Index of Economic Freedom*, the *2020 Human Development Index*, and the *2020 Environmental Performance Index*.

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payments—has undermined and will likely further undercut overall productivity in the U.S. and around the world.

This paper, in its entirety, can be found at <http://report.heritage.org/fs229>

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## WHY ECONOMIC FREEDOM MATTERS

Economic freedom allows individuals, who know their own circumstances far better than governments can, to make the best economic decisions for themselves and their families.

The benefits of economic freedom are well established, starting with higher per capita incomes. Rising economic freedom supports faster economic growth. Other benefits associated with economic freedom include better education and health outcomes and cleaner natural environments.

Countries where people have greater economic freedom have less poverty, more innovation, more robust democracies, and greater social progress.

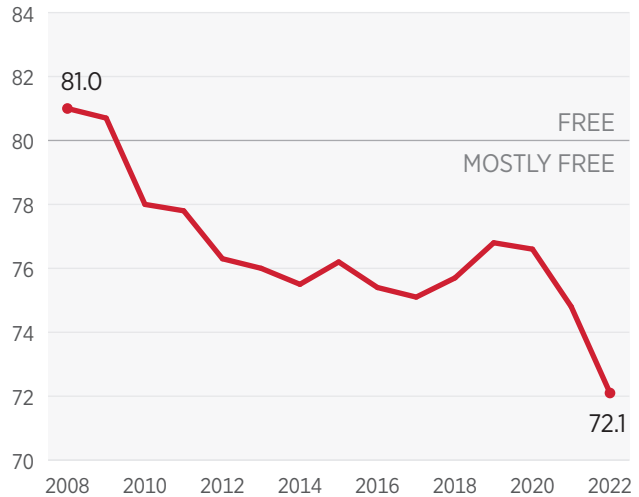
## HOW CONGRESS CAN—AND MUST—REVIVE ECONOMIC FREEDOM IN THE UNITED STATES

Congress should:

- **Hold the line against any further spending bills.** Members of Congress must push back against President Joe Biden’s wasteful attempts to shovel trillions of dollars into debt-financed spending on wasteful pet programs, such as subsidies for electric-car purchases, universal pre-K, or wiping away student-loan debt (at taxpayer expense, of course).
- **Roll back spending on transfer payments to individuals.** Even before the COVID-19 pandemic, the federal budget was unsustainable, with spending driven by the largest entitlement programs. Expansions of welfare without work and other barriers to employment have incentivized Americans to not work, which is terrible for the individual, for the economy, and the fiscal health of the nation. These programs require reform so that they are more effective at helping those who need them, and for the taxpayers.

## Economic Freedom Steadily Declining in U.S.

OVERALL SCORE IN THE INDEX OF ECONOMIC FREEDOM



SOURCE: The Heritage Foundation’s 2022 *Index of Economic Freedom*.

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- **End corporate welfare.** Some well-connected corporations have been thriving during the COVID-19 pandemic thanks to government subsidies and carveouts that exempt them from the punitive COVID-19 restrictions that have gutted small businesses across the country. Congress must end the special breaks for a few and restore a level playing field for all.
- **Ask of each bill coming up for a vote: “Does this bill expand or deplete the economic freedom of the American People?”** People are far more skilled at spending their own money than is the government. Huge amounts paid as taxes are wasted due to fraud and misuse by the government.

It is time to cut government spending—substantially and permanently.