



The
Heritage Foundation

30TH
ANNIVERSARY
EDITION

HIGHLIGHTS OF THE

2024 INDEX OF
**ECONOMIC
FREEDOM**

Anthony B. Kim

RANKING THE WORLD BY ECONOMIC FREEDOM

Rank	Country	Overall Score	Rank	Country	Overall Score	Rank	Country	Overall Score
1	Singapore	83.5	65	Vanuatu	62.2	128	Niger	52.3
2	Switzerland	83.0	66	Kazakhstan	62.0	129	Malawi	52.1
3	Ireland	82.6	67	Bosnia and Herzegovina	62.0	130	Nepal	52.1
4	Taiwan	80.0	68	Mexico	62.0	131	Russia	52.0
5	Luxembourg	79.2	69	Saudi Arabia	61.9	132	Comoros	52.0
6	New Zealand	77.8	70	Azerbaijan	61.6	133	Lesotho	51.9
7	Denmark	77.8	71	North Macedonia	61.4	134	Burkina Faso	51.9
8	Estonia	77.8	72	Hungary	61.2	135	Rwanda	51.6
9	Sweden	77.5	73	Belize	61.2	136	Chad	51.4
10	Norway	77.5	74	Micronesia	61.0	137	Tajikistan	51.3
11	Netherlands	77.3	75	Kosovo	60.6	138	Kiribati	51.3
12	Finland	76.3	76	Mongolia	60.6	139	Togo	50.9
13	Australia	76.2	77	São Tomé and Príncipe	60.5	140	Uganda	50.7
14	Korea, South	73.1	78	Seychelles	60.4	141	Mozambique	50.7
15	Lithuania	72.9	79	Trinidad and Tobago	60.4	142	Laos	50.6
16	Canada	72.4	80	Paraguay	60.1	143	Timor-Leste	50.2
17	Cyprus	72.2	81	Italy	60.1	144	Liberia	49.9
18	Germany	72.1	82	St. Vincent & the Grenadines	59.8	145	Argentina	49.9
19	Mauritius	71.5	83	Montenegro	59.7	146	Egypt	49.7
20	Latvia	71.5	84	Colombia	59.2	147	Pakistan	49.5
21	Chile	71.4	85	Tonga	59.2	148	Papua New Guinea	49.4
22	United Arab Emirates	71.1	86	Tanzania	59.1	149	Sri Lanka	49.2
23	Iceland	70.5	87	Thailand	59.0	150	Tunisia	48.8
24	Czech Republic	70.2	88	Philippines	59.0	151	China	48.5
25	United States	70.1	89	Honduras	58.6	152	Zambia	48.4
26	Israel	70.1	90	Kuwait	58.5	153	Belarus	48.4
27	Uruguay	69.8	91	Côte d'Ivoire	58.4	154	Lebanon	48.3
28	Qatar	68.8	92	Jordan	58.3	155	Haiti	48.2
29	Portugal	68.7	93	Gambia, The	58.2	156	Ethiopia	47.9
30	United Kingdom	68.6	94	Fiji	58.0	157	Congo, Rep.	47.8
31	Bulgaria	68.5	95	Benin	57.7	158	Maldives	47.8
32	Georgia	68.4	96	Namibia	57.5	159	Equatorial Guinea	47.7
33	Austria	68.4	97	Madagascar	57.3	160	Congo, Dem. Rep.	47.6
34	Jamaica	68.1	98	Guyana	57.3	161	Suriname	46.7
35	Slovakia	68.1	99	Moldova	57.1	162	Turkmenistan	46.3
36	Botswana	68.0	100	Gabon	56.9	163	Sierra Leone	44.6
37	Costa Rica	67.7	101	Morocco	56.8	164	Algeria	43.9
38	Japan	67.5	102	Türkiye	56.2	165	Bolivia	43.5
39	Croatia	67.2	103	Uzbekistan	55.9	166	Guinea-Bissau	42.7
40	Samoa	67.2	104	Ghana	55.8	167	Burma	42.2
41	Barbados	66.8	105	Djibouti	55.8	168	Central African Republic	41.3
42	Poland	66.0	106	Cambodia	55.6	169	Iran	41.2
43	Brunei	65.9	107	Eswatini	55.6	170	Eritrea	39.5
44	Slovenia	65.9	108	Bhutan	55.4	171	Burundi	38.4
45	Malaysia	65.7	109	Senegal	55.4	172	Zimbabwe	38.2
46	Belgium	65.6	110	Mauritania	55.3	173	Sudan	33.9
47	Armenia	64.9	111	South Africa	55.3	174	Venezuela	28.1
48	Albania	64.8	112	Kyrgyz Republic	55.2	175	Cuba	25.7
49	Peru	64.8	113	Greece	55.1	176	Korea, North	2.9
50	Malta	64.5	114	Solomon Islands	55.0			
51	Romania	64.4	115	Ecuador	55.0			
52	Panama	64.1	116	Bangladesh	54.4			
53	Indonesia	63.5	117	El Salvador	54.4			
54	Bahrain	63.4	118	Angola	54.3			
55	Spain	63.3	119	Dominica	54.0			
56	Oman	62.9	120	Kenya	53.6			
57	Cabo Verde	62.9	121	Cameroon	53.6			
58	Dominican Republic	62.9	122	Nicaragua	53.4			
59	Vietnam	62.8	123	Guinea	53.3			
60	Serbia	62.7	124	Brazil	53.2			
61	Bahamas, The	62.5	125	Nigeria	53.1			
62	France	62.5	126	India	52.9			
63	Guatemala	62.4	127	Mali	52.5			
64	Saint Lucia	62.2						

Economic Freedom Scores

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

HIGHLIGHTS OF THE 2024 INDEX OF ECONOMIC FREEDOM

This year marks the 30th anniversary of the *Index of Economic Freedom*. Such an occasion gives us pause and allows us to step back and contemplate the improvement various nations have made toward freedom over the past three decades. In the decades since 1995 when The Heritage Foundation published the first edition of the *Index*, the world has undergone countless tests of the benefits of economic freedom.

The year 2023 was yet another rife with tragic events. From Russia’s ongoing war with Ukraine and the Chinese Communist Party’s saber rattling to Hamas’s horrific terrorist attack on Israel and Houthi terrorists attacking ships in the Red Sea, the past year has served as a powerful reminder that economic freedom isn’t inevitable. Indeed, it is always under attack.

And not just from America’s foreign enemies. Despite conservative wins beating back bad liberal policies on the state level, the progressive agenda in Washington continues to severely undercut the economic freedom of Americans. The Biden Administration bends over backwards for well-connected special interests, but it won’t lift a finger or even listen to the millions of hard-working American men and women across this country.

We know from history that human flourishing comes in part from economic fairness, opportunity, and liberty. We also know, however, that the enemies of freedom are persistently pursuing collectivism, equity, and “social justice.” Conservatives know that these false idols produce disastrous results—such as economic stagnation, poverty, deprivation, and oppression—but too often we forget the source of their appeal.

The truth is that “a moral and religious people,” to quote John Adams, would never be tempted by socialism. Because they are virtuous and capable of governing themselves, the freedom to “reap what you sow” would come naturally to them. That’s why progressives in Washington are so laser focused on destroying families, sowing chaos and disorder in our local communities, and undermining fair elections. They know that if Americans are permitted to govern themselves, personally and politically, all interest in their redistributionist schemes will fall apart.

To defeat our progressive elites, we must defend the efficiency of free markets but, more importantly, the morality of free markets: the dignity they give every human person to create, serve, and reap the fruits of his labor. Just as importantly, we must defend and fortify the institutions that undergird free markets: the American dinner table, the American town square, and the American local militia.

This is the challenge we now face. We are at a crossroads and must choose between self-governance, human dignity, and ordered liberty or a society run by the managerial elite with no room for dissent or responsibility. One path leads to prosperity; the other leads to ruin. As President Ronald Reagan once reminded us:

You and I are told we must choose between a left or right, but I suggest there is no such thing as a left or right. There is only an up or down. Up to man's age-old dream—the maximum of individual freedom consistent with order—or down to the ant heap of totalitarianism.

Now is the time for choosing and correcting the course. The Heritage Foundation's *Index of Economic Freedom* provides practical examples of successful policies proven in action. It is up to us to provide the political will to implement them.

Kevin D. Roberts, PhD
President
The Heritage Foundation
February 2024

EXECUTIVE HIGHLIGHTS

The months since mid-2022 have been tempestuous for the global economy, and the 2024 *Index of Economic Freedom* reveals just how fragile that economy has become. The cumulative downward pressure on the world economy is the product of bad economic policy choices from the coronavirus pandemic period, higher inflation, Russia's ongoing invasion of Ukraine, and a broader conflict in the Middle East, among other economic and geopolitical tensions.

The abrupt and shortsighted renunciation of the principles of economic freedom in many countries has further risked not only undercutting much-needed stronger economic recovery, but also sacrificing long-term economic resilience and prosperity. Many countries around the world, for example, are already mired in a greater debt burden that prolongs economic stagnation.

A return to business as usual will not suffice. In addition to the impacts of the pandemic on public finances, countries face many long-term structural challenges in the policy areas of transparency, efficiency, openness, and government effectiveness.

More than ever, it should be remembered that a nation's true capacity for lasting growth and prosperity hinges on the quality of its institutions and economic system. Many nations around the globe are now at a crossroads. The question is whether they will recognize the paramount need to correct the current policy course and reinvigorate their commitment to preserving and advancing economic freedom, which has proven to be crucial to human flourishing and the achievement of real progress.

KEY FINDINGS OF THE 2024 INDEX

- The 2024 *Index*, which considers economic policies and conditions in 184 sovereign countries from July 1, 2022, through June 30, 2023, reveals a world economy that, taken as a whole, is “mostly unfree.” Regrettably, the global average score for economic freedom has fallen further from the previous year's 59.3 and is now the lowest it has been since 2001: only 58.6.
- Globally, fiscal soundness has deteriorated significantly. Rising deficits and mounting public debt in many countries have undermined and will likely further undercut their overall productivity growth and ultimately lead to economic sluggishness rather than vibrant growth.
- Despite the notable downturn in global economic freedom, there continues to be a clear relationship between improved economic freedom and improved economic dynamism as well as greater overall well-being. No matter what their existing level of development may be, countries can measurably boost their economic growth by implementing policies that reduce taxes, rationalize the regulatory environment, open the economy to greater competition, and fight corruption, all of which will also help to advance their overall economic freedom.
- The standard of living, measured by incomes per capita, is much higher in economically freer countries. Countries rated “free,” “mostly free,” or “moderately free” in the 2024 *Index* generate incomes that are more than double the average levels in other countries and more than three times

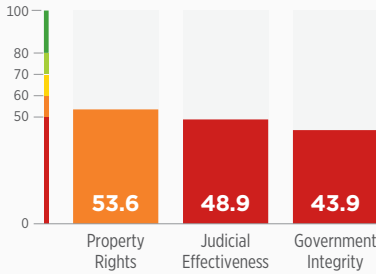
higher than the incomes of people living in economically “repressed” countries.

- As documented once again in the 2024 *Index*, economic freedom also correlates significantly with overall well-being, which includes such factors as health, education, the environment, innovation, societal progress, and democratic governance.
- As shown in the ranking table below, only four countries (down from seven in the 2022 *Index*) recorded economic freedom scores of 80 or more, putting them in the ranks of the economically “free;” 22 countries earned a designation of “mostly free” by recording scores of 70.0 to 79.9; and an additional 55 countries were considered at least “moderately free” with scores of 60.0 to 69.9. Thus, a total of 81 countries, or slightly less than half of the 176 countries graded in the 2024 *Index*, have institutional environments in which individuals and private enterprises benefit from at least a moderate degree of economic freedom in the pursuit of greater economic development and prosperity.
- On the opposite side of the spectrum, more than 50 percent of the countries graded in the 2024 *Index* (95 economies) have registered economic freedom scores below 60. Of those, 62 are considered “mostly unfree” (scores of 50.0 to 59.9), and 33, including China and Iran, are in the economically “repressed” category.
- Within the top 10 rankings, a notable reshuffling has taken place. Singapore has maintained its status as the world’s freest economy, demonstrating a high level of economic resilience. Switzerland is the world’s second freest economy, followed by Ireland, and Taiwan has moved up to the fourth slot, the highest rank the country has ever achieved in the *Index of Economic Freedom*. Both New Zealand and Australia have lost their top-tier economic freedom status, with Australia no longer among the world’s 10 freest economies.
- Especially notable is the continuing decline within the “mostly free” category of the United States, whose score plummeted to 70.1, its lowest level ever in the 30-year history of the *Index*. The U.S. is now the world’s 25th freest economy. The major causative factor in the erosion of America’s economic freedom is excessive government spending, which has resulted in mounting deficit and debt burdens.

All in all, the ongoing recovery remains uneven and uncertain with strikingly different outcomes across countries, sectors, and demographic groups. Output and employment gaps remain in many countries, particularly in emerging markets and developing economies, suggesting that countries face vastly different policy challenges during recovery and beyond.

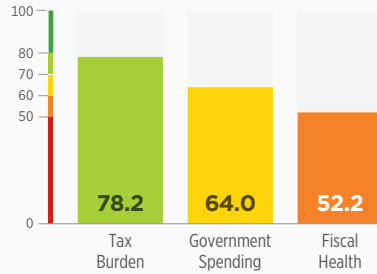
12 ECONOMIC FREEDOMS: A GLOBAL LOOK

RULE OF LAW



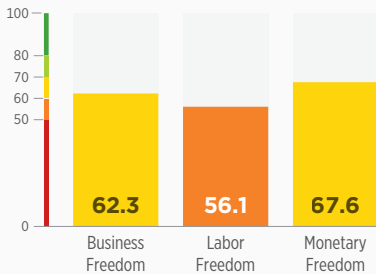
On average, of the four pillars of economic freedom on which *Index* grading is based, the rule of law indicator has the lowest scores on a scale of 0 to 100. This reflects the systemic corruption of government institutions in many countries. Without a robust rule of law, business owners and entrepreneurs find it difficult to know what to expect when making economic decisions.

GOVERNMENT SIZE



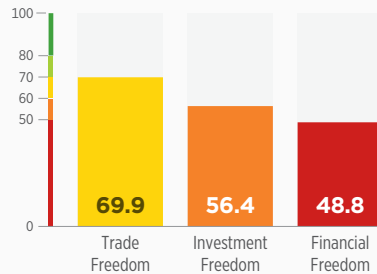
The average top individual income tax rate for all countries in the 2024 *Index* is about 30 percent; the average top corporate tax rate is about 25 percent; and the average overall tax burden (measured by tax revenue) has declined to 19.8 percent of GDP. The average level of government spending remains about 31 percent of GDP, and the average level of gross public debt is now above 65 percent.

REGULATORY EFFICIENCY



Globally, of the three regulatory efficiency subfactors of economic freedom scored in the *Index*, monetary freedom scores the highest, followed by business freedom and then labor freedom. The notable countries by average regulatory efficiency score in the 2024 *Index* include Singapore, Switzerland, Taiwan, Denmark, and Finland. By contrast, the worst offenders by average regulatory efficiency score in descending order are Sierra Leone, Cuba, Zimbabwe, Sudan, Venezuela, and North Korea.

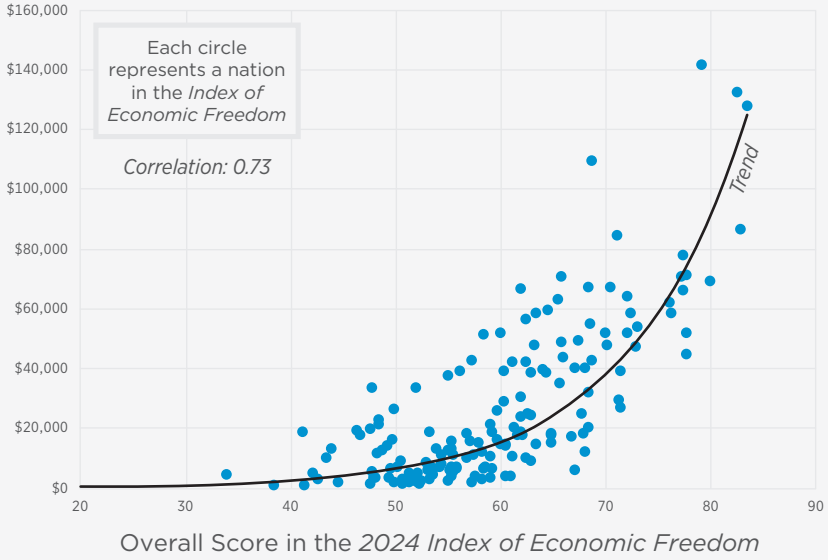
OPEN MARKETS



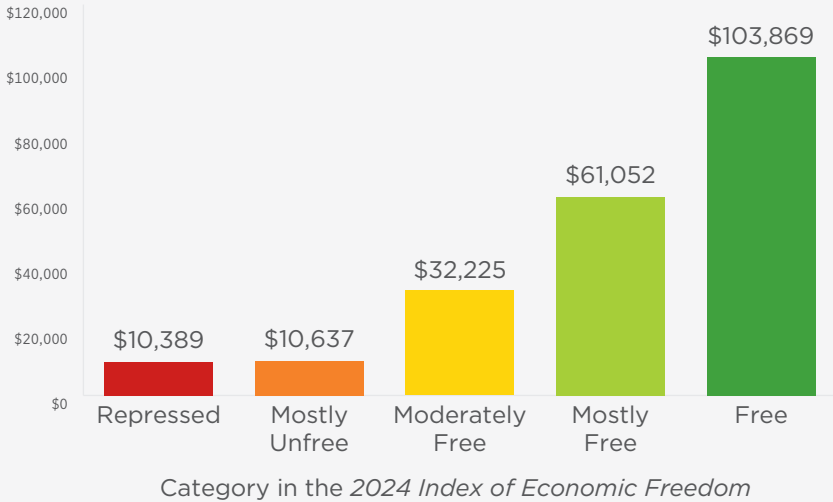
The worldwide average trade-weighted applied tariff rate is 7.7 percent. The fact that many countries' investment policy measures are geared toward promotion of sectoral investment rather than general market openness contributes to a global investment freedom score of just 56.4. The global financial freedom score is the lowest of the three open-markets indicators at 48.8. Government interference in the financial sector unfortunately has become pervasive in many countries.

ECONOMIC FREEDOM AND STANDARD OF LIVING

GDP per Capita, Purchasing Power Parity, 2022



Average GDP per Capita, Purchasing Power Parity, 2022



NOTE: Lebanon and North Korea are not included.

SOURCES: 2024 Index of Economic Freedom, IMF, Economist Intelligence Unit, and CIA.

Chart 1 heritage.org

ECONOMIC FREEDOM: THE KEY TO HUMAN FLOURISHING

Free-market capitalism is one of mankind's best ideas. It has led to more practical, measurable advances in living standards, health, knowledge, and societal progress than anything else that man has devised in the past 2,000 years. The Heritage Foundation's 2024 *Index of Economic Freedom* proves that the world needs free markets that conserve and advance economic freedom today more than ever.

For the past 30 years, since 1995, the *Index* has measured economic freedom's advances and retreats around the globe country by country, correlating those changes with fundamental measures of economic well-being like economic growth, reductions in poverty, various social indicators like longevity and health, and environmental protection.

At the same time, the principles of economic freedom have been questioned and put to the test. Populist attacks on the free market, fueled by politics in many countries around the world as well as by actual economic setbacks, have gained greater momentum. Out of all the debate, two things have become clear:

- A nation's capacity to develop and prosper hinges on its economic system and the quality of its institutions, and
- Economic freedom, prosperity, and resilience are undeniably and strongly linked.

The current global economic situation does not change this fundamental truth: Economic freedom, buttressed by the rule of law, fiscal responsibility, market openness, and sound regulatory environments, remains the surest pathway to resilience and prosperity. As the global economy recovers from this challenging period, economic policy must continue to have as its overarching objective preserving the interplay between freedom and prosperity while reinforcing the values of transparency and good economic governance.

The need to advance economic freedom and vibrant entrepreneurial growth is therefore more imperative than ever. No other economic system has proven to be as capable of adapting to new challenges as has free-market capitalism built on the principles of economic freedom. The dispersed information-gathering processes and price-setting power of free markets guide change far more efficiently than centralized political processes—typically slow and often biased in favor of the status quo—ever can.

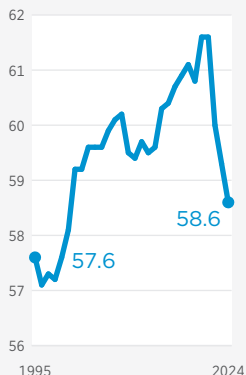
Free markets and free enterprises, sustained by economic freedom, stimulate both the innovation and the practical solutions in all realms that are necessary for progress and sustainable recovery, and this enables better jobs, better products, and healthier, cleaner, and safer societies for all.

RESTORING ECONOMIC FREEDOM: IMPERATIVE FOR RECOVERY AND RESILIENCE

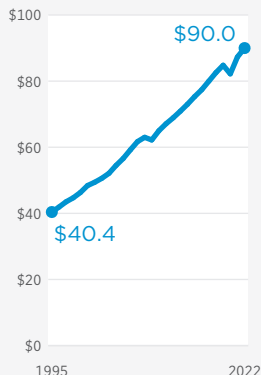
The most fundamental benefit of economic freedom stems from its strong positive relationship to levels of per capita income. As indicated in Chart 1, countries moving up the economic freedom scale show increasingly high levels of

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

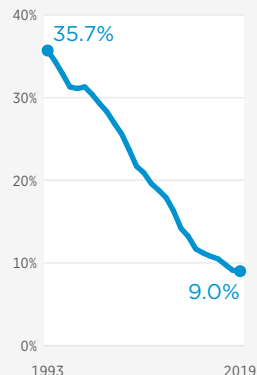
Average Score in the *Index of Economic Freedom*



Global GDP, in Trillions of 2015 U.S. Dollars



Percentage of Global Population Living in Abject Poverty



SOURCES: 2024 *Index of Economic Freedom* and World Bank.

Chart 2  heritage.org

average income. For countries achieving scores that reflect even moderate levels of economic freedom (60 or above), the relationship between economic freedom and per capita gross domestic product (GDP) is highly significant. Economies rated “free” or “mostly free” in the 2024 *Index* enjoy incomes that are more than twice the average levels in all other countries and more than five times higher than the incomes of “repressed” economies.

By a great many measures, over the past decades, countries that have adopted some version of free-market capitalism with businesses supported by efficient regulations and open to the free flow of goods, services, and capital have broken the vicious cycle of poverty and dependence.

Without question, the free-market system that is rooted in empowerment of the individual and open competition has fueled unprecedented economic growth around the world. As Chart 2 illustrates, for more than two decades, as the global economy has moved toward greater economic freedom, becoming “moderately free” overall, it also has achieved real GDP expansion of around 70 percent. This progress has lifted hundreds of millions of people out of poverty.

With global economic freedom rising steadily over the past two decades, the world has recorded significant economic expansion despite some ups and downs. Meanwhile, the global poverty rate has declined by about two-thirds. Opening the gates of prosperity to ever more people around the world, economic freedom has made the world a profoundly better place. More people are living longer and more fulfilling lives than ever before.

Greater economic freedom, because it is one of the most effective means by which to eliminate poverty, has a major positive impact on overall levels of poverty as well. Poverty intensity as measured by the United Nations Development Programme’s Multidimensional Poverty Index (MPI), which assesses the nature and intensity of deprivation at the individual level in education, health outcomes, and standard of living, is also much lower on average in countries with higher levels of economic freedom. As depicted in Chart 3, the level of poverty in countries with economies that are considered “mostly free” or “moderately free” is only about one-fourth the level in countries that are rated “less free.”

ECONOMIC FREEDOM: DRIVING VIBRANT GROWTH

Economic freedom is closely related to the openness to entrepreneurial activity that allows individuals to innovate, respond to new opportunities in the marketplace, and enjoy success based on their own efforts. Given this positive relationship, governments should be cautious in undertaking short-sighted stimulus programs that increase their own spending or add new layers of regulation, both of which reduce economic freedom.

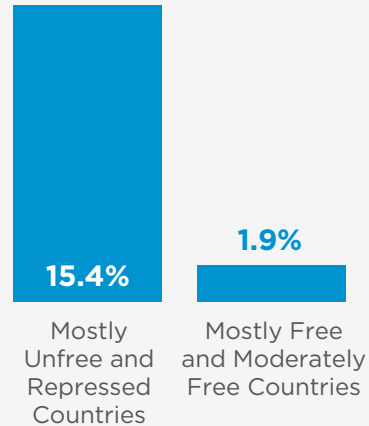
The best results are likely to be achieved instead through policy reforms that improve the incentives that drive entrepreneurial activity. These reforms include improvements in the efficiency of business and labor regulations, reductions in tariffs and other barriers to trade or investment, and financial reforms to increase competition, ensure stability, and improve and broaden access to credit.

As documented in this edition of the *Index*, as well as in previous editions and volumes of academic research, vibrant and lasting economic growth is most likely to occur when governments implement policies that enhance economic freedom and empower individuals with greater choice and more opportunities. Advancing economic freedom is a proven policy for dynamic economic expansion and is likely to be the surest path to true progress for the greatest number of people.

As Chart 4 demonstrates, there is a robust relationship between improving economic freedom and achieving higher per capita economic growth. Whether

POVERTY INTENSITY

Average Percentage of Population Living in Multidimensional Poverty



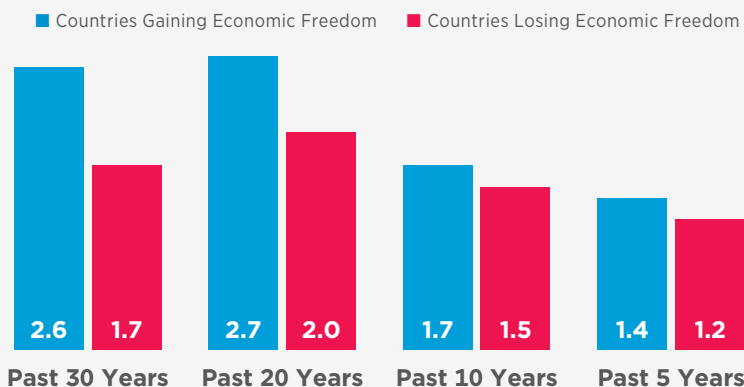
NOTE: Represented are the 103 developing countries scored in both indexes.

SOURCES: 2024 *Index of Economic Freedom* and U.N. Development Programme.

Chart 3  heritage.org


INCREASING ECONOMIC FREEDOM AND ECONOMIC GROWTH

Average Annual Growth of GDP per Capita (Purchasing Power Parity)



NOTES: Figures are country averages in which both Index scores and data on GDP growth are available over the same time period. Five-year growth rates include 172 countries, 10-year growth rates include 171 countries, 20-year growth rates include 148 countries, and 30-year growth rates include 96 countries.

SOURCES: 2024 *Index of Economic Freedom* and World Bank.

Chart 4  heritage.org

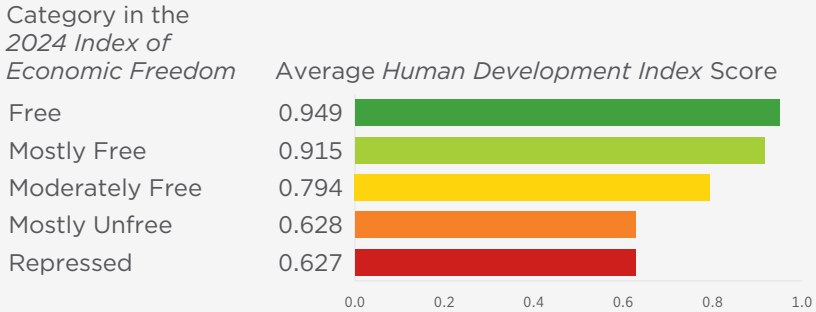
long-term (30 years), medium-term (10 to 15 years), or short-term (five years), the relationship between changes in economic freedom and changes in economic growth is consistently positive. Improvements in economic freedom are a vital determinant of rates of economic expansion that the record shows will reduce poverty.

Undeniably, countries moving toward greater economic freedom tend to achieve higher growth rates of per capita GDP over time. Throughout all the time periods considered, the average annual per capita economic growth rates of countries that have increased economic freedom the most are at least about 25 percent higher than those of countries in which freedom has stagnated or declined.

ECONOMIC FREEDOM: ENSURING GREATER HUMAN DEVELOPMENT AND POLITICAL FREEDOM


Increasing economic freedom is unequivocally about achieving greater overall prosperity that includes but also goes beyond the materialistic and monetary dimensions of well-being. The societal benefits of economic freedom extend far beyond higher incomes or lower rates of poverty. Countries with higher levels of economic freedom enjoy higher levels of overall human development as measured by the United Nations Human Development Index (HDI), which measures life expectancy, literacy, education, and standards of living in countries worldwide.

ECONOMIC FREEDOM AND HUMAN DEVELOPMENT



NOTE: Represented are the 176 nations that are in both datasets.

SOURCES: 2024 Index of Economic Freedom and U.N. Human Development Programme.

Chart 5  heritage.org

As Chart 5 shows, governments that choose policies that increase economic freedom are placing their societies on the path to more educational opportunities, better health care, and greater standards of living for their citizens.

In recent years, environmentally related government policies and actions have been more intrusive and economically distortionary. Many of the world's governments are promoting programs to tax carbon emissions, increase taxes on gasoline, and set up nontransparent and economically harmful exchanges and marketplaces for the buying and selling of carbon emissions and are using government revenue to subsidize various types of so-called clean energy. Such policies impose a huge cost on society and discourage economic growth. Fortunately, the same free-market principles that have proven to be the key to economic success can also deliver environmental success.

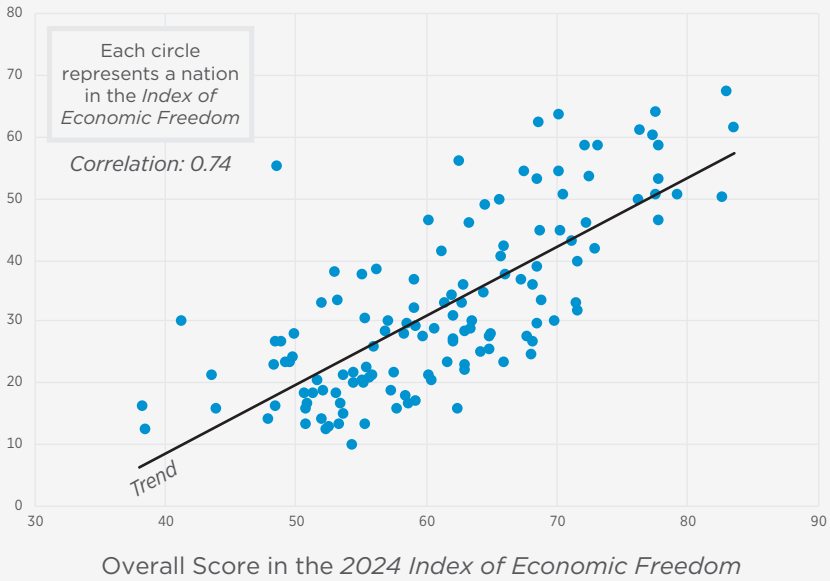
In countries around the world, economic freedom has been shown to increase the capacity for environmentally friendly innovation. The positive link between economic freedom and higher levels of innovation ensures greater capacity to cope with environmental challenges. Moreover, the most remarkable improvements in clean energy use and energy efficiency over the past decades have occurred not as a result of government regulation, but rather because of advances in economic freedom and freer trade.

The regulatory power of the marketplace, which is generally ignored and certainly underappreciated by advocates of big government, pushes firms to identify ever more efficient means of production and respond to consumer demands for environmental cleanliness and sustainability. The result is a virtuous cycle of investment, innovation (including greener technologies), and dynamic economic growth. (See Chart 6.)

Greater economic freedom can also provide more fertile ground for effective and democratic governance. Admittedly, the achievement of political freedom through a well-functioning democratic system is a messy and often excruciating


ECONOMIC FREEDOM AND GLOBAL INNOVATION

Global Innovation Index Score



NOTE: Represented are the 130 nations that are in both datasets.

SOURCES: 2024 Index of Economic Freedom and World Intellectual Property Organization.

Chart 6  heritage.org

process, but the positive relationship between economic freedom and democratic governance is undeniable. (See Chart 7.)

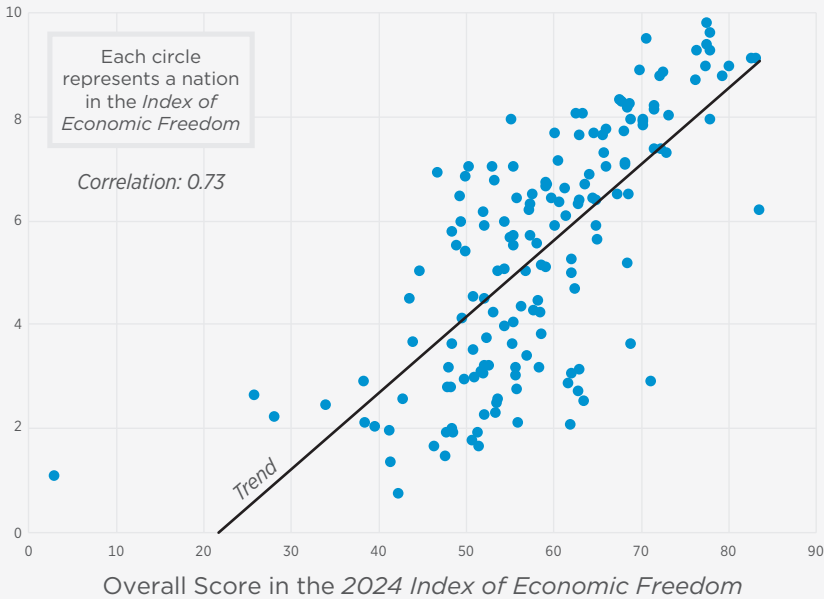
By empowering people to exercise greater control of their daily lives, economic freedom ultimately nurtures political reform by making it possible for individuals to gain the economic resources they can use to challenge entrenched interests or compete for political power, thereby encouraging the creation of more pluralistic societies. Pursuit of greater economic freedom is thus an important stepping-stone to democracy: It empowers the poor and builds the middle class.

ECONOMIC FREEDOM: THE FOUNDATION OF UPWARD MOBILITY AND SOCIAL PROGRESS

The massive improvements in global indicators of income and quality of life in recent decades reflect a paradigm shift in the debate about how societies should be structured economically to achieve the most optimal outcomes. This debate has largely been won by free-market capitalism. Criticisms persist, however, based primarily on the inequality of outcomes in a system that rewards individual effort and ability, which differ within any population, and


ECONOMIC FREEDOM AND DEMOCRATIC GOVERNANCE

Democracy Index 2022 Score



NOTE: Represented are the 161 nations that are in both datasets.

SOURCES: 2024 *Index of Economic Freedom* and Economist Intelligence Unit.

Chart 7  heritage.org

where differences in individuals' starting positions can sometimes have a profound effect on their end results.

Alternatives to free-market capitalism, such as socialism, have proven to be both unequal to the task of eliminating inequality and counterproductive in that they tend to slow economic growth and thus reduce the resources that society has available to reduce poverty or pollution. Most advanced societies have thus opted for some version of free-market capitalism with various types of government intervention to redistribute resources within society. It is our hope that the *Index of Economic Freedom's* data on governments' tax, spending, and regulatory activities can shed light on the relative impacts of such interventions.

Ultimately, discussions of inequality are more about a society's values than they are about its economic system. At the heart of ensuring upward economic mobility is the task of advancing economic freedom so that dynamic and inclusive growth can occur meaningfully for *all* members of society. The evidence is strong that societies based on economic freedom are the societies in which social progress is strongest. Advancing economic freedom is really about putting

in place growth-inducing pro-market policies that benefit the greatest possible number of people rather than a select few.

TIME FOR RENEWAL, NOT RETREAT

A recurring theme in human history has been resilience and revival. The results of the 2024 *Index of Economic Freedom* demonstrate that by building on what works, countries can accelerate their progress against even the most difficult challenges and chart ever greater economic success.

The record is clear: Economically free and dynamic societies have demonstrated repeatedly that they are able to improve standards of living and respond effectively to any crises that may arise. This record includes countless individual stories of human progress and the achievements of countries and their citizens—billions of people around the world whose lives have measurably improved and who continue to strive for greater freedom. The path by which the global economy can emerge stronger than it was before runs through the renewal of commitments to the proven ideas of the free-market system.

Since early 2020, the global economy has been dealing with one of the greatest political, social, and economic challenges the world has ever faced. The livelihoods of millions of people have been deeply disrupted both by the health impacts of the COVID-19 pandemic and—perhaps even more—by governments' responses to it in the form of lockdowns, travel bans, and restrictions on trade, all of which have exacted real and heavy economic and social costs. Around the world, the economic policy landscapes have taken sharp and varying turns with divergent impacts across countries.

From an economic policy perspective, the imperative now is for governments to avoid compounding the problem with ill-advised actions that distort markets, destroy incentives to work and innovate, or otherwise diminish the prospects for rapid recovery and growth. In the long run, the proven way to revitalize the economic life of societies in the most broad-based, meaningful way is by restoring what we know has worked best: economic freedom that has unambiguously made our societies strong, vibrant, and flourishing.



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