

Human Freedom Index *ranks the state of liberty around the world*

## Finding Freedom in an Unfree World

**W**hat is freedom? How do we define what is or isn't a free country? It's an ambitious question, and it's one that the *Human Freedom Index* (HFI) uniquely sets out to answer. Now in its sixth annual edition, the *Index* is a collaborative project of the Cato Institute and the Canada-based Fraser Institute, authored by Cato's Ian Vásquez and Fraser's Fred McMahon. While other reports rank countries or jurisdictions on the basis of a particular policy area, such as economic freedom or fiscal policy, the *Human Freedom Index* uses a grand scope to produce a score and a ranked list for almost every country in the world, taking into account almost every relevant measure of freedom for which data exist.

The HFI regards freedom as “the absence of coercive restraint”—the starting point for many advocates of liberty and one of the guiding principles of Cato's mission. But beneath this simple maxim are a wide range of factors to consider. The 2020 HFI, released online in mid-December and available in print in January, uses 76 distinct indicators of personal and economic freedom. These include the rule of law, freedom of movement, freedom of religion, size of government, sound money, free trade, regulation of commerce, and legal equality for women and minorities.

All these factors are evaluated individually using the best available data to produce a score from 0 to 10 for each of the 162 countries in the report. In this edition, which uses data through 2018 (and thus does not reflect Covid-related restrictions or recent legal changes in Hong Kong), the average score was 6.93, just barely improved (by 0.01) over the previous year. Derived using the same data and metrics back to 2008, the average score has decreased slightly, by 0.04. Of countries whose measurements are available since 2008, 70 coun-

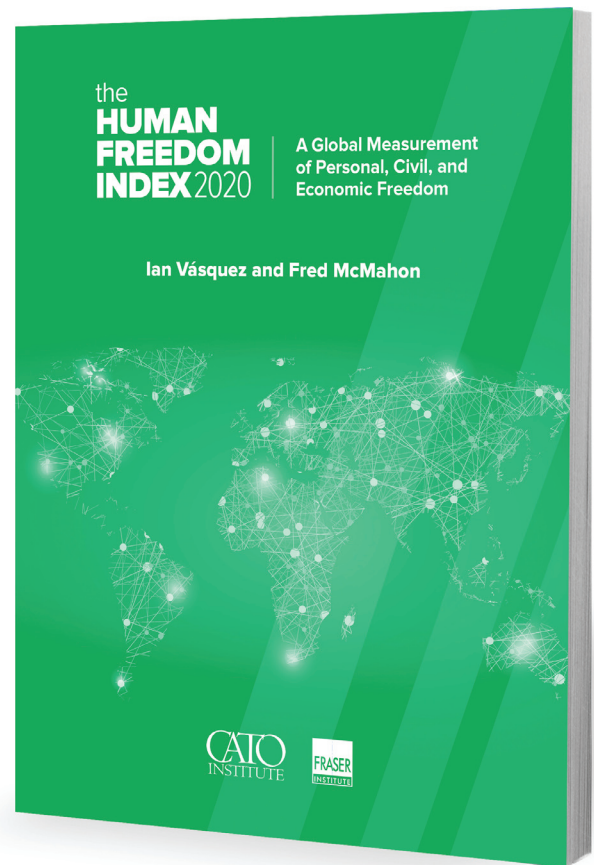
tries have improved their ranking and 70 countries have seen their score decline.

Behind those averages are wide variations. There is a dramatically unequal distribution of freedom. Only 15 percent of the world's population lives in the top quartile of countries in the HFI, and about a third live in the bottom quartile. Moreover, the gap between the most free and least free countries has widened over the past decade.

One thing that hasn't changed much is which countries come out on top. The nations in the top 10 of the HFI, in order, are New Zealand, Switzerland, Hong Kong, Denmark, Australia, Canada, Ireland, Estonia, and Germany and Sweden (which are tied). The United Kingdom and the United States are tied in 17th place—still near the top, but with substantial room for improvement. More worryingly, both have slipped in the relative rankings: the United Kingdom is down five spots compared with the previous edition, and the United States has dropped nine places.

As Vásquez explains, the decline in the ranking for the United States is due to falls in both overall categories of Economic Freedom and Personal Freedom, but the decline in Economic Freedom was the greater of the two. In the economic category, the decrease was due to worse scores for regulation (especially labor regulations), trade, sound money, and rule of law. For personal freedom, the scores for expression and information, religion, and civil justice also declined.

High rankings in the HFI are strongly correlated with both material prosperity



and functioning democracy, with Hong Kong as the substantial outlier on democracy. The authors of the report note that, because the data in this HFI only go to 2018, Hong Kong's score does not reflect the severe crackdown by the Chinese Communist Party that has taken place in the past two years. Still, countries in the top quartile enjoy a per capita income of \$50,340, compared with the least free quartile, which suffers under just \$7,720 average income per person.

By combining all these measures in a way that no other report does, the HFI emphasizes the ways in which the rule of law, liberal democracy, free markets, and ultimately individual freedom are closely interrelated and mutually dependent. It also provides an important data set that can be used to find correlations between freedom and other measures of human flourishing. ■