CHAPTER 1

# Economic Freedom of the World in 2023

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The index published in the *Economic Freedom of the World 2025 Annual Report* (EFW index) measures economic freedom in up to 165 jurisdictions as far back as 1970. Economic freedoms are a subset of human freedoms and concern economic activity such as working, transacting, contracting, and owning and using productive property.[1] Though it is possible to define economic freedom in absolute terms, it is more useful to think of it as a spectrum. Individuals are more economically free when they are allowed to make more of their own economic choices, with others imposing fewer and less-severe constraints on these choices. Their choices, however, must respect the rights of others.

Like human freedom more broadly, economic freedom is based on the concept of self-ownership. If individuals own themselves then they have a right to choose how to use their time, talents, and resources to shape their own lives. And if all individuals own themselves, then no one has a right to the time, talents, and resources of anyone else. Threats to economic freedom may arise from the government or from individuals using fraud or force to limit the economic choices of others.

The EFW index is designed to measure the degree to which the institutions and policies of countries permit people to make their own economic choices. To achieve a high EFW rating, a country's government must do some things, but refrain from others. Governments protect economic freedom when their laws safeguard voluntary exchange and defend individuals and their property from aggressors who might use fraud or force. To this end, the legal system is a particularly important guarantor of economic freedom. In more economically free places, legal institutions protect the person and property of all individuals from the aggressive acts of others and enforce contracts in an even-handed manner. These governments also permit people to access sound money and do not expropriate property through unexpected inflation or deflation. In economically free places, governments do not impose high taxation, barriers to trade, or excessive regulations that restrict personal choice, interfere with voluntary exchange, and limit entry into markets.

1 The *Human Freedom Index* (Vásquez, Mitchell, Murphy, and Schneider, 2024) co-published by the Fraser Institute and the Cato Institute measures human freedom more broadly by adding indicators of personal freedom to the EFW index's measure of economic freedom.

The EFW index might be thought of as an effort to identify how closely the institutions and policies of a country correspond with the classical liberal ideal of a limited government, where the government protects people and property rights from aggressors but otherwise allows them to make their own economic choices.

Before discussing the structure of the index, it may be useful to say a few words about what the EFW index is *not.* First, the only outcome that the EFW index measures is economic freedom. It does not attempt to measure the standard of living, the extent of corruption, the protection of personal freedoms such as speech, or any other indicator of wellbeing. These factors are important for human flourishing. And researchers using the index have found that economic freedom does correlate with many of them. But the index is not itself a measure of these things. Nor should it be. Since the EFW index is used to see if economic freedom relates to these markers of wellbeing, it would be tautological to include them in the index itself.

Second, the EFW index should not be taken as a *net* measure of good policy. It does not weigh the costs of infringements on economic freedom against the hoped-for benefits of these infringements. A tax or a regulation may well produce some good outcome. It might address a negative environmental externality, fund a valuable public good, or correct some social injustice. But the authors of the EFW index make no effort to account for these potential benefits. Instead, they offer the index as a measure of one side of the ledger, believing that this is the first step toward such a full net accounting. They leave it to other scholars to take the next step and assess whether these infringements on economic freedom are in some sense worth it.

Finally, the EFW index should be seen as a measure of "what is" rather than as a judgement about "what ought to be." The authors, like most social scientists, do have their own opinions about economic freedom (on the margin, they would prefer to see most countries become more economically free). But that should not keep skeptics of economic freedom from using the index to study their own hypotheses. Indeed, in recent years, it has become more common for these skeptics to employ the index in their own studies and the authors welcome this development.

## The Economic Freedom of the World index—an overview

The EFW index measures the degree to which a jurisdiction's institutions and policies permit people to make their own economic choices. It is an outgrowth of a series of six conferences hosted by Milton and Rose Friedman and Michael Walker from 1986 to 1994, which resulted in three books (Walker, 1988; Easton and Walker, 1992; Block, 1993) documenting the discussion and various prototype indices that culminated with the initial publication, *Economic Freedom of the World: 1975–1995* (Gwartney, Lawson, and Block, 1996). In addition to the Friedmans, several of the world's leading economists, including Douglass North, Gary Becker, Peter Bauer, William Niskanen, and Gordon Tullock, participated in the discussions leading to the EFW index. The index is published by a network of institutions spearheaded by the Fraser Institute in Canada. Members of the network and other interested parties meet annually to review the structure of the index and consider ideas for its improvement.

Most of the data in the EFW index are drawn from external sources such as the International Monetary Fund, the World Bank, or the Economist Intelligence Unit. The authors rarely use data provided directly from a source within a country. Whenever possible, components are taken from objective data sources rather than surveys. And scores are never altered based on the value judgments of the authors or others in the Economic Freedom Network. The authors strive for transparency throughout. The report provides information about the data sources, the methodology used to transform raw data into the ratings of the components and subcomponents and how these ratings are used to construct both the area and summary ratings. Methodological details can be found in the Appendix: Explanatory Notes and Data Sources of this report (pp. 79–95). The index is freely available at <www.fraserinstitute.org/economic-freedom/dataset>.

The current edition of the EFW index rates up to 165 jurisdictions from 1970 through 2023. Data are available in five-year increments from 1970 through 2000 and then annually to the present.

## Structure of the EFW index

Table 1.1 describes the structure of the EFW index. Five major areas comprise the index: [1] Size of Government, [2] Legal System and Property Rights, [3] Sound Money, [4] Freedom to Trade Internationally, and [5] Regulation.

Each of the five areas is constructed from several components, and many of these are constructed from subcomponents and underlying variables. In total, the index incorporates 45 distinct components and subcomponents.[2] Each component and subcomponent is placed on a scale from zero to 10, reflecting the distribution of the underlying data. When there are subcomponents, they are averaged to derive the component rating. The component ratings within each area are then averaged to derive ratings for each of the five areas. And the five area ratings are averaged to derive the overall EFW rating for each country.

2 Sometimes we use multiple data sources for a single indicator or sub-indicator. We do this when one data source is discontinued and replaced by a different source or when there is more than one source for the same concept, and we think it prudent to average multiple sources.

## Table 1.1. Economic Freedom of the World Index

### 1. Size of Government

A. Government consumption
- i. Government consumption without interest payments
- ii. Government consumption with interest payments

B. Transfers and subsidies

C. Government investment

D. Top marginal tax rate
- i. Top marginal income tax rate
- ii. Top marginal income and payroll tax rate

E. State ownership of assets

### 2. Legal System and Property Rights*

A. Judicial independence

B. Impartial courts

C. Property rights

D. Military interference

E. Integrity of the legal system

F. Contracts

G. Real property

H. Police and crime

* Area 2 ratings calculated both with and without adjustments for inequalities in the legal treatment of women using a Gender Disparity Index produced by Rosemarie Fike. The adjusted Area 2 rating is used to compute the summary rating.

### 3. Sound Money

A. Money growth

B. Standard deviation of inflation

C. Inflation in the most recent year

D. Foreign currency bank accounts

### 4. Freedom to Trade Internationally

A. Tariffs
- i. Trade tax revenue
- ii. Mean tariff rate
- iii. Standard deviation of tariff rates

B. Regulatory trade barriers
- i. Non-tariff trade barriers
- ii. Costs of importing and importing

C. Black market exchange rates

D. Controls on the movement of people and capital
- i. Financial openness
- ii. Capital controls
- iii. Freedom of foreigners to visit
- iv. Protection of foreign assets

### 5. Regulation

A. Credit market regulation
- i. Ownership of banks
- ii. Private sector credit
- iii. Interest rate controls/negative interest rates

B. Labor market regulation
- i. Labor regulations and minimum wage
- ii. Hiring and firing regulations
- iii. Flexible wage determination
- iv. Hours regulation
- v. Costs of worker dismissal
- vi. Conscription
- vii. Foreign labor

C. Business regulation
- i. Regulatory burden
- ii. Bureaucracy costs
- iii. Impartial public administration
- iv. Tax compliance

D. Freedom to compete
- i. Market openness
- ii. Business permits
- iii. Distortion of business environment

**Area 1. Size of Government** measures the effect of government expenditures and tax rates on economic freedom. Taken together, the five components of Area 1 measure the degree to which a country's fiscal policies limit the scope of individual economic choice. Since almost all government spending is financed through either current taxation, future taxation, or inflation, almost all government spending necessarily expropriates money from citizens, limiting their economic choices. Countries with lower levels of government consumption, lower transfers and subsidies, less government investment, lower marginal tax rates, and less state ownership of assets earn the highest ratings in this area.

**Area 2. Legal System and Property Rights** measures the degree to which each jurisdiction's legal system protects economic freedom. When a person and his or her rightfully acquired property are not secure, others (both private individuals and the state) may limit his or her economic choices. The key ingredients of a legal system consistent with economic freedom are rule of law, security of property rights, an independent and unbiased judiciary, and impartial and effective enforcement of the law. The eight components of Area 2 are indicators of how effectively the protective functions of government are performed. The rating for Area 2 is adjusted based on a gender-disparity index that reflects cross-country differences in legal rights based on gender.

**Area 3. Sound Money** measures the degree to which a jurisdiction's monetary policies permit economic freedom. Money is involved in nearly every transaction in an economy so unexpected changes in its value have a profound effect on peoples' ability to make their own economic choices. If a government's monetary authority creates significant unexpected inflation, it makes money less valuable, expropriating property from savers. Conversely, if the government creates significant unexpected deflation, it makes money more valuable and expropriates property from borrowers. High and volatile inflation or deflation therefore interfere with individuals' ability to make their own economic choices. The four components of this area measure the extent to which people have access to sound money—i.e., currencies that maintain their value over time. To earn a high rating in Area 3, a country must permit its citizens to access a currency with low (and stable) rates of inflation and avoid regulations that limit the ability to use alternative currencies.

**Area 4. Freedom to Trade Internationally** measures the degree to which governments interfere with exchange across national boundaries. When governments impose taxes or regulations at the border, they limit their citizen's ability to exchange with people from other countries. The components in Area 4 measure a wide variety of trade restrictions: tariffs, quotas, hidden administrative restraints, and controls on exchange rates and the movement of capital. To get a high rating in this area, a country must have low tariffs, easy clearance and efficient administration of customs, a freely convertible currency, and few controls on the movement of physical and human capital.

**Area 5. Regulation** measures the extent to which regulations that restrict entry into markets and interfere with the freedom to voluntarily exchange reduce economic freedom. The components of Area 5 focus on regulatory restraints that limit the freedom of exchange in credit, labor, and product markets.

## Key changes and challenges in the EFW index in recent years

The last few years have presented a huge challenge for the EFW index as two of our most important data sources became unavailable. The World Bank's *Doing Business* (DB) report was abruptly canceled, and likewise the World Economic Forum's *Global Competitiveness Report* (GCR) has been discontinued. These two sources had been used in whole, or in part, in about 40 percent of components or subcomponents in the EFW index.

Readers may recall that we began using new (but costly) data from the Economist Intelligence Unit (EIU) in many components/subcomponents a couple of years ago. This helped us greatly in dealing with the loss of the DB and GCR data. Because of the expense, we did not purchase the EIU data for 2023, so we did not update the EIU data for this report. We will have updated EIU data for the data years 2024, 2025, and 2026, so these components/subcomponents will be updated in the next few cycles.

There are still a few components and subcomponents that remain wholly reliant on the DB or GCR data that have not been updated. We are beginning to evaluate the quality of the data coming from the World Bank's new B-Ready project, which released its first batch of data for 50 countries last year. While not a perfect substitute for the DB data, it does appear that some B-Ready data might be useful for the EFW index project in a couple of years, once all the countries have been added.

We discovered two new datasets that cover labor regulations. First, the IMF's Structural Reform Database provides data on labor regulations. Second, the Centre for Business Research in Cambridge, UK, has good labor regulation data. We have now integrated these data into the 5Bi-5Bv subcomponents. These two new data sources allow us to continue updating these subcomponents (along with the EIU data) and have allowed us to fill in a lot of early years' data for many countries. These new data have resulted in significant changes to the ratings for 5Bi through 5Bv from the 2024 report to the 2025 report.

Finally, we have added a new subcomponent 1Aii, which is government consumption expenditures plus government interest payments as a share of total (private plus government) consumption plus government interest payments. Thus, component 1A is now based on the average of 1Ai and 1Aii, where 1Ai is the traditional government consumption as a share of total consumption (without interest payments). This is a relatively small change for most countries, but we believe explicitly accounting for interest on the debt as a size of government indicator was necessary, as government indebtedness continues to grow, at least in some nations.

## Construction of Area and Summary ratings

Theory provides us with some direction about elements that should be included in the five areas and the summary index, but it does not indicate what weights should be attached to the components within the areas or among the areas in the construction of the overall index. It would be convenient if these factors were independent, and a weight could be attached to each of them. In the past, we investigated several methods of weighting the various components, including principal component analysis and a survey of economists. We have also invited others to use their own weighting structure if they believe that it is preferable. Our experience indicates that the overall index is not very sensitive to alternative weighting methods.

Furthermore, there is reason to question whether the areas (and components) are independent of one another, or if instead, they work together like the wheels, motor, transmission, drive shaft, and frame of a car. Just as these interconnected parts allow an automobile to move forward, it may be that a combination of interrelated factors allows people to benefit from economic freedom. Which is more important for the mobility of an automobile: the motor, wheels, or transmission? The question cannot be easily answered because the parts work together.[3] If any of these key parts break down, the car is immobile. Institutional quality may be much the same. If any of the key parts are absent, the overall effectiveness may be undermined.

As a result of these two considerations, we organize the elements of the index in a manner that seems sensible, but we make no attempt to weight the components in any special way when deriving either area or overall ratings. Of course, the component and subcomponent data are available to researchers who would like to consider alternative weighting schemes, and we encourage them to do so.

3 See, for example, Bolen and Sobel (2020).

## Summary Economic Freedom ratings in 2023

Figures 1.1a and 1.1b (pp. 11–12) present the summary economic freedom ratings, sorted from highest to lowest, for the 165 jurisdictions of this year's report. These ratings are for 2023, the most recent year for which reasonably comprehensive data are available. The 10 highest scoring nations are Hong Kong, Singapore, New Zealand, Switzerland, the United States, Ireland, Australia and Taiwan (tied for 7th), Denmark, and the Netherlands.

The rankings of some of the other major world economies are Canada (11th), the United Kingdom (13th), Germany (15th), Japan (17th), Korea (38th), France (44th), Italy (46th), Indonesia (65th), Mexico (70th), India (86th), Brazil (87th), China (108th), and Russia (148th). The 10 lowest-rated countries are: Chad, Libya, Syria, Argentina, Myanmar, Iran, Algeria, Sudan, Zimbabwe, and Venezuela.

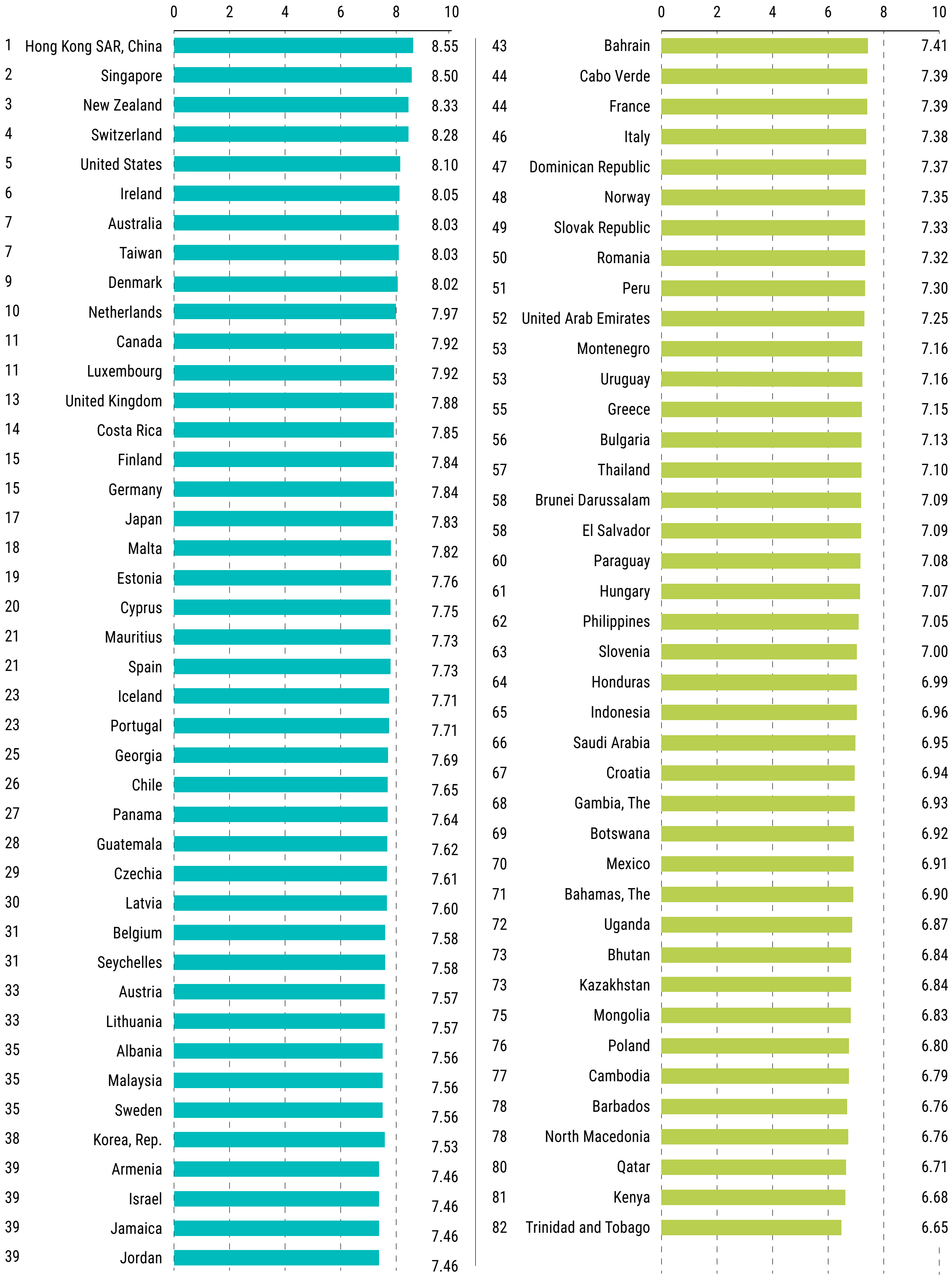
## Ratings and rankings in 2023 for the five Areas of the index

Table 1.2 (pp. 13-17) presents the ratings (and rankings) for each of the five areas of the index. Several interesting patterns emerge from an analysis of these data. High-income industrial economies generally rank quite high for Legal System and Property Rights (Area 2), Sound Money (Area 3), and Freedom to Trade Internationally (Area 4). Their ratings are lower, however, for Size of Government (Area 1) and Regulation (Area 5). This is particularly true for the high-income countries of Western Europe.

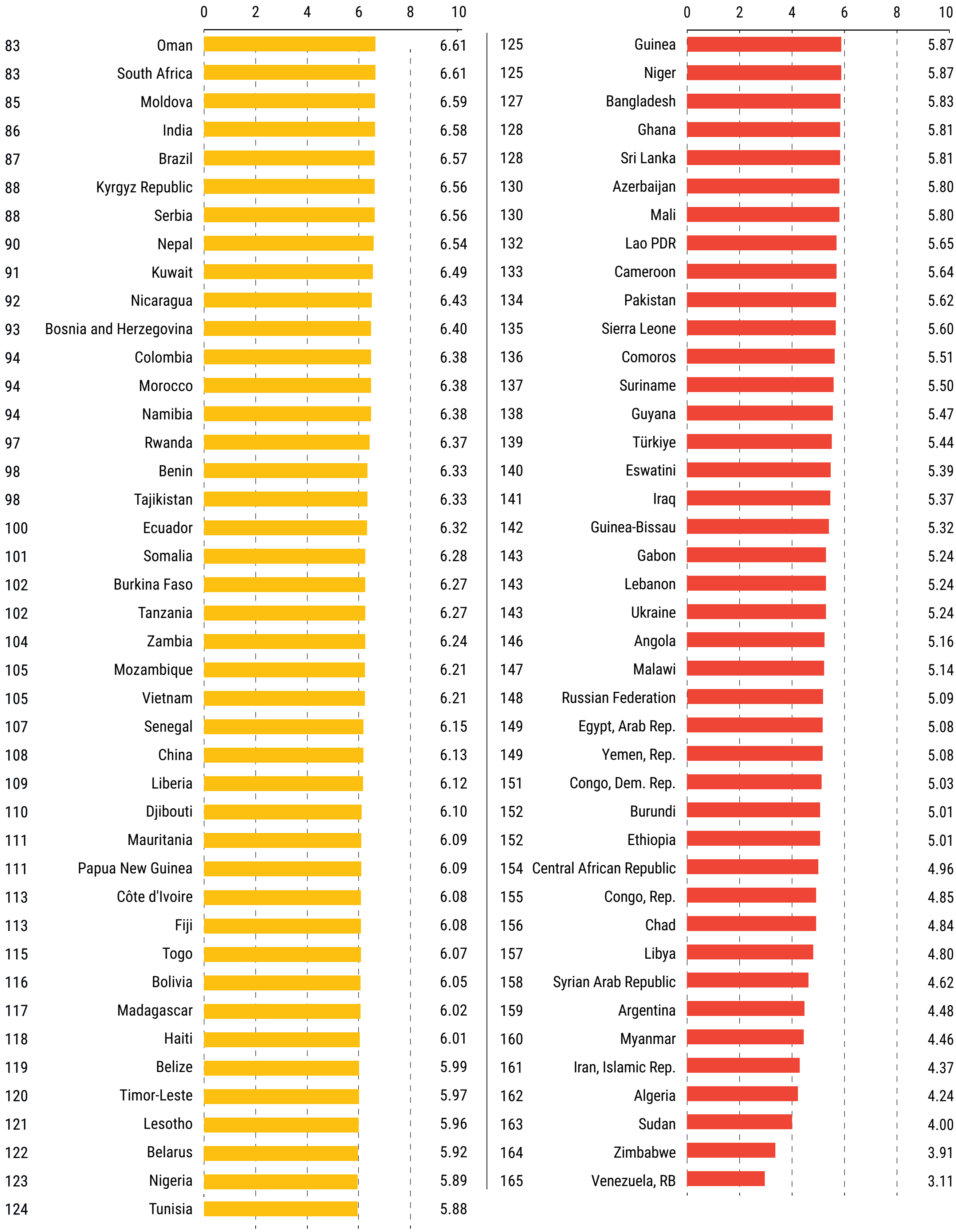
On the other hand, many developing nations have a small fiscal size of government but rate low in other areas, and as a result, have a low overall rating. The lesson from this is clear: a small fiscal size of government is insufficient to ensure prosperity. The other areas of economic freedom—the rule of law and property rights, sound money, trade openness, and limited regulations—are also required.

As the area ratings show, weakness in the rule of law and property rights is particularly pronounced in Sub-Saharan Africa, among Islamic nations, and for some nations that were formerly part of the Soviet bloc, though several countries in the latter group have made impressive strides toward improvement. Many nations in Latin America and Southeast Asia also score poorly for rule of law and property rights. The nations that rank poorly in this category also tend to score poorly in the trade and regulation areas, even though several have reasonably sized governments and sound money.

## Figure 1.1a: Summary Economic Freedom Ratings for 2023, First and Second Quartiles



## Figure 1.1b: Summary Economic Freedom Ratings for 2023, Third and Fourth Quartiles



## Table 1.2: Economic Freedom by Area and Ranking in 2023

| Countries | 1 Size of Government | Rank | 2 Legal System & Property Rights | Rank | 3 Sound Money | Rank | 4 Freedom to trade internationally | Rank | 5 Regulation | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| Albania | 7.64 | 30 | 5.55 | 68 | 8.95 | 39 | 8.54 | 33 | 7.11 | 35 |
| Algeria | 4.30 | 163 | 3.79 | 131 | 6.38 | 125 | 2.59 | 164 | 4.12 | 160 |
| Angola | 7.83 | 22 | 3.48 | 138 | 4.38 | 153 | 4.97 | 154 | 5.14 | 145 |
| Argentina | 6.18 | 112 | 5.54 | 69 | 1.25 | 162 | 3.62 | 161 | 5.79 | 121 |
| Armenia | 8.03 | 18 | 5.69 | 63 | 9.06 | 24 | 8.13 | 55 | 6.39 | 88 |
| Australia | 6.21 | 111 | 8.68 | 6 | 8.87 | 44 | 8.15 | 52 | 8.22 | 4 |
| Austria | 5.29 | 144 | 8.50 | 10 | 8.44 | 65 | 8.69 | 26 | 6.92 | 44 |
| Azerbaijan | 4.67 | 158 | 4.64 | 103 | 6.48 | 123 | 7.21 | 83 | 5.98 | 111 |
| Bahamas, The | 8.81 | 6 | 6.25 | 46 | 6.31 | 129 | 5.65 | 142 | 7.45 | 19 |
| Bahrain | 7.29 | 52 | 4.70 | 101 | 9.10 | 22 | 8.35 | 45 | 7.59 | 18 |
| Bangladesh | 8.37 | 10 | 3.45 | 139 | 6.24 | 132 | 5.64 | 143 | 5.43 | 136 |
| Barbados | 7.33 | 50 | 6.13 | 50 | 7.42 | 95 | 6.74 | 105 | 6.20 | 98 |
| Belarus | 6.13 | 114 | 3.59 | 135 | 8.77 | 49 | 6.46 | 119 | 4.67 | 147 |
| Belgium | 4.57 | 161 | 7.94 | 15 | 9.27 | 12 | 8.86 | 16 | 7.25 | 26 |
| Belize | 6.24 | 109 | 3.98 | 128 | 6.29 | 131 | 6.57 | 116 | 6.89 | 48 |
| Benin | 8.04 | 17 | 4.32 | 121 | 6.74 | 113 | 6.07 | 130 | 6.47 | 82 |
| Bhutan | 6.87 | 71 | 6.81 | 34 | 6.52 | 122 | 6.91 | 98 | 7.07 | 37 |
| Bolivia | 5.94 | 122 | 4.13 | 124 | 9.29 | 11 | 6.46 | 120 | 4.42 | 154 |
| Bosnia and Herzegovina | 6.71 | 80 | 4.55 | 112 | 6.18 | 135 | 7.72 | 67 | 6.85 | 53 |
| Botswana | 6.43 | 99 | 6.04 | 51 | 8.73 | 51 | 7.36 | 77 | 6.06 | 105 |
| Brazil | 6.54 | 90 | 5.07 | 87 | 8.60 | 56 | 7.49 | 73 | 5.14 | 144 |
| Brunei Darussalam | 6.67 | 81 | 5.80 | 58 | 8.21 | 75 | 7.56 | 71 | 7.20 | 32 |
| Bulgaria | 6.74 | 78 | 5.56 | 67 | 8.19 | 76 | 8.41 | 43 | 6.74 | 59 |
| Burkina Faso | 7.02 | 61 | 4.27 | 122 | 6.88 | 108 | 6.63 | 109 | 6.56 | 72 |
| Burundi | 6.48 | 96 | 3.41 | 143 | 5.74 | 140 | 3.61 | 162 | 5.79 | 122 |
| Cabo Verde | 7.48 | 38 | 6.19 | 47 | 9.20 | 19 | 7.61 | 69 | 6.49 | 77 |
| Cambodia | 8.87 | 4 | 3.27 | 147 | 9.15 | 20 | 7.40 | 76 | 5.28 | 141 |
| Cameroon | 7.55 | 35 | 3.26 | 148 | 6.13 | 137 | 5.47 | 146 | 5.81 | 119 |
| Canada | 6.39 | 102 | 7.91 | 17 | 8.85 | 46 | 8.53 | 34 | 7.93 | 7 |
| Central African Republic | 6.64 | 83 | 2.20 | 162 | 6.43 | 124 | 5.13 | 151 | 4.41 | 155 |
| Chad | 7.55 | 33 | 2.73 | 157 | 4.56 | 149 | 5.23 | 149 | 4.11 | 161 |
| Chile | 7.45 | 41 | 6.77 | 36 | 8.58 | 59 | 8.56 | 32 | 6.90 | 46 |
| China | 4.70 | 157 | 4.94 | 91 | 8.34 | 70 | 7.08 | 91 | 5.57 | 131 |
| Colombia | 6.94 | 65 | 4.78 | 96 | 6.74 | 114 | 6.80 | 103 | 6.65 | 65 |

## Table 1.2: Economic Freedom by Area and Ranking in 2023 (continued)

| Countries | 1 Size of Government | Rank | 2 Legal System & Property Rights | Rank | 3 Sound Money | Rank | 4 Freedom to trade internationally | Rank | 5 Regulation | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| Comoros | 6.38 | 103 | 2.92 | 153 | 5.87 | 139 | 6.47 | 118 | 5.93 | 114 |
| Congo, Dem. Rep. | 7.44 | 42 | 2.62 | 158 | 5.16 | 145 | 5.27 | 147 | 4.66 | 148 |
| Congo, Rep. | 5.92 | 124 | 3.44 | 141 | 4.87 | 147 | 5.67 | 141 | 4.37 | 156 |
| Costa Rica | 7.46 | 39 | 6.76 | 37 | 9.53 | 4 | 8.50 | 36 | 6.98 | 42 |
| Côte d'Ivoire | 6.59 | 86 | 5.27 | 80 | 6.69 | 116 | 5.88 | 135 | 5.97 | 113 |
| Croatia | 5.56 | 137 | 6.18 | 48 | 8.31 | 72 | 8.47 | 39 | 6.16 | 100 |
| Cyprus | 6.76 | 76 | 6.93 | 31 | 9.26 | 13 | 8.92 | 13 | 6.87 | 51 |
| Czechia | 6.03 | 119 | 7.68 | 21 | 8.36 | 69 | 8.87 | 14 | 7.09 | 36 |
| Denmark | 5.41 | 142 | 8.88 | 2 | 9.05 | 26 | 8.95 | 10 | 7.82 | 8 |
| Djibouti | 5.15 | 147 | 3.70 | 133 | 9.23 | 16 | 5.76 | 138 | 6.66 | 63 |
| Dominican Republic | 8.34 | 11 | 5.40 | 73 | 8.75 | 50 | 8.14 | 54 | 6.24 | 96 |
| Ecuador | 6.62 | 85 | 4.51 | 114 | 7.87 | 82 | 6.84 | 101 | 5.76 | 124 |
| Egypt, Arab Rep. | 5.32 | 143 | 3.49 | 137 | 5.96 | 138 | 6.12 | 129 | 4.50 | 152 |
| El Salvador | 7.77 | 25 | 4.43 | 117 | 9.03 | 29 | 7.97 | 61 | 6.25 | 93 |
| Estonia | 6.29 | 107 | 7.68 | 20 | 8.05 | 78 | 8.97 | 8 | 7.82 | 9 |
| Eswatini | 5.19 | 146 | 3.02 | 152 | 7.76 | 85 | 5.64 | 144 | 5.35 | 139 |
| Ethiopia | 6.77 | 75 | 4.33 | 120 | 4.47 | 150 | 4.32 | 156 | 5.14 | 143 |
| Fiji | 5.58 | 135 | 4.82 | 95 | 6.85 | 109 | 6.22 | 127 | 6.93 | 43 |
| Finland | 4.92 | 151 | 8.86 | 3 | 9.14 | 21 | 8.69 | 27 | 7.60 | 16 |
| France | 4.77 | 156 | 7.31 | 26 | 9.01 | 33 | 8.96 | 9 | 6.91 | 45 |
| Gabon | 6.48 | 95 | 3.87 | 129 | 5.65 | 141 | 5.57 | 145 | 4.65 | 149 |
| Gambia, The | 7.89 | 20 | 5.41 | 72 | 7.23 | 100 | 7.28 | 81 | 6.80 | 56 |
| Georgia | 7.35 | 48 | 5.82 | 56 | 8.90 | 40 | 8.77 | 19 | 7.62 | 14 |
| Germany | 5.81 | 127 | 8.24 | 13 | 9.01 | 32 | 8.74 | 23 | 7.40 | 21 |
| Ghana | 8.13 | 14 | 5.31 | 78 | 2.70 | 161 | 6.66 | 107 | 6.27 | 92 |
| Greece | 4.88 | 152 | 6.46 | 43 | 9.02 | 30 | 8.51 | 35 | 6.89 | 47 |
| Guatemala | 9.18 | 2 | 4.61 | 106 | 8.87 | 43 | 8.34 | 46 | 7.07 | 38 |
| Guinea | 7.44 | 43 | 3.36 | 145 | 7.07 | 105 | 5.93 | 134 | 5.53 | 133 |
| Guinea-Bissau | 6.45 | 97 | 2.76 | 155 | 6.14 | 136 | 6.32 | 124 | 4.90 | 146 |
| Guyana | 3.87 | 164 | 4.27 | 123 | 6.52 | 121 | 6.23 | 126 | 6.48 | 78 |
| Haiti | 8.78 | 7 | 2.56 | 159 | 4.93 | 146 | 7.77 | 65 | 6.02 | 106 |
| Honduras | 8.84 | 5 | 4.00 | 126 | 8.60 | 57 | 7.06 | 92 | 6.45 | 84 |
| Hong Kong SAR, China | 7.49 | 37 | 7.60 | 22 | 9.53 | 3 | 9.66 | 1 | 8.49 | 3 |
| Hungary | 6.05 | 118 | 6.62 | 41 | 7.36 | 99 | 8.72 | 25 | 6.61 | 66 |

## Table 1.2: Economic Freedom by Area and Ranking in 2023 (continued)

| Countries | 1 Size of Government | Rank | 2 Legal System & Property Rights | Rank | 3 Sound Money | Rank | 4 Freedom to trade internationally | Rank | 5 Regulation | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| Iceland | 5.95 | 121 | 8.54 | 9 | 8.65 | 53 | 8.43 | 42 | 7.00 | 40 |
| India | 7.68 | 29 | 5.43 | 71 | 7.59 | 90 | 6.21 | 128 | 5.99 | 109 |
| Indonesia | 8.40 | 9 | 4.71 | 100 | 8.99 | 37 | 7.04 | 93 | 5.65 | 128 |
| Iran, Islamic Rep. | 6.97 | 64 | 3.20 | 149 | 5.20 | 144 | 2.48 | 165 | 4.02 | 162 |
| Iraq | 4.79 | 155 | 2.49 | 160 | 6.65 | 118 | 7.13 | 88 | 5.80 | 120 |
| Ireland | 6.42 | 100 | 7.93 | 16 | 8.87 | 45 | 9.00 | 5 | 8.06 | 6 |
| Israel | 5.93 | 123 | 6.32 | 45 | 9.03 | 28 | 8.81 | 17 | 7.21 | 31 |
| Italy | 5.49 | 140 | 6.78 | 35 | 9.04 | 27 | 8.99 | 6 | 6.58 | 69 |
| Jamaica | 8.12 | 15 | 5.81 | 57 | 8.40 | 68 | 7.28 | 79 | 7.72 | 10 |
| Japan | 5.83 | 126 | 7.78 | 19 | 9.39 | 8 | 8.56 | 31 | 7.59 | 17 |
| Jordan | 7.38 | 47 | 4.93 | 92 | 9.55 | 2 | 8.18 | 50 | 7.25 | 27 |
| Kazakhstan | 7.83 | 23 | 5.67 | 65 | 7.42 | 96 | 7.03 | 94 | 6.24 | 94 |
| Kenya | 6.54 | 88 | 5.10 | 86 | 8.88 | 42 | 6.41 | 121 | 6.48 | 79 |
| Korea, Rep. | 6.18 | 113 | 7.15 | 28 | 9.24 | 14 | 8.00 | 59 | 7.07 | 39 |
| Kuwait | 5.80 | 129 | 5.34 | 76 | 7.76 | 84 | 7.35 | 78 | 6.20 | 97 |
| Kyrgyz Republic | 7.42 | 44 | 4.34 | 119 | 7.37 | 97 | 7.50 | 72 | 6.19 | 99 |
| Lao PDR | 7.33 | 51 | 4.45 | 116 | 4.11 | 154 | 6.60 | 111 | 5.76 | 123 |
| Latvia | 6.34 | 106 | 7.11 | 29 | 8.32 | 71 | 8.79 | 18 | 7.43 | 20 |
| Lebanon | 8.67 | 8 | 3.54 | 136 | 4.39 | 152 | 3.63 | 160 | 5.98 | 112 |
| Lesotho | 5.51 | 139 | 4.43 | 118 | 7.54 | 92 | 6.58 | 113 | 5.74 | 126 |
| Liberia | 7.10 | 58 | 3.83 | 130 | 8.46 | 64 | 5.82 | 136 | 5.37 | 138 |
| Libya | 3.60 | 165 | 3.36 | 146 | 7.06 | 106 | 5.70 | 140 | 4.27 | 158 |
| Lithuania | 6.91 | 68 | 7.10 | 30 | 7.92 | 81 | 8.77 | 20 | 7.16 | 33 |
| Luxembourg | 5.05 | 148 | 8.58 | 8 | 9.38 | 9 | 8.99 | 7 | 7.62 | 15 |
| Madagascar | 6.89 | 69 | 3.20 | 150 | 7.23 | 101 | 7.02 | 96 | 5.75 | 125 |
| Malawi | 6.22 | 110 | 4.82 | 94 | 4.42 | 151 | 4.18 | 158 | 6.07 | 104 |
| Malaysia | 7.22 | 54 | 5.71 | 62 | 9.33 | 10 | 7.89 | 63 | 7.66 | 13 |
| Mali | 6.99 | 62 | 3.38 | 144 | 6.74 | 112 | 6.38 | 122 | 5.50 | 135 |
| Malta | 6.51 | 94 | 7.18 | 27 | 9.06 | 25 | 9.03 | 4 | 7.31 | 23 |
| Mauritania | 6.39 | 101 | 3.45 | 140 | 7.75 | 86 | 6.79 | 104 | 6.08 | 103 |
| Mauritius | 7.40 | 46 | 6.67 | 39 | 8.61 | 55 | 8.76 | 21 | 7.24 | 29 |
| Mexico | 8.09 | 16 | 4.63 | 104 | 7.66 | 88 | 8.11 | 57 | 6.09 | 102 |
| Moldova | 7.59 | 32 | 5.79 | 59 | 6.30 | 130 | 7.63 | 68 | 5.64 | 129 |
| Mongolia | 6.75 | 77 | 5.77 | 60 | 7.78 | 83 | 7.28 | 80 | 6.57 | 71 |

## Table 1.2: Economic Freedom by Area and Ranking in 2023 (continued)

| Countries | 1 Size of Government | Rank | 2 Legal System & Property Rights | Rank | 3 Sound Money | Rank | 4 Freedom to trade internationally | Rank | 5 Regulation | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| Montenegro | 6.65 | 82 | 5.67 | 64 | 8.28 | 74 | 8.29 | 49 | 6.88 | 49 |
| Morocco | 6.88 | 70 | 5.36 | 75 | 6.35 | 128 | 7.09 | 89 | 6.24 | 95 |
| Mozambique | 7.12 | 57 | 4.52 | 113 | 7.51 | 93 | 6.57 | 114 | 5.32 | 140 |
| Myanmar | 6.84 | 73 | 2.81 | 154 | 3.89 | 155 | 4.26 | 157 | 4.52 | 151 |
| Namibia | 7.34 | 49 | 6.16 | 49 | 6.37 | 126 | 6.51 | 117 | 5.52 | 134 |
| Nepal | 7.16 | 55 | 4.98 | 88 | 7.37 | 98 | 6.05 | 131 | 7.14 | 34 |
| Netherlands | 5.25 | 145 | 8.93 | 1 | 9.23 | 17 | 9.16 | 3 | 7.25 | 28 |
| New Zealand | 6.36 | 105 | 8.73 | 5 | 8.99 | 36 | 8.94 | 11 | 8.65 | 1 |
| Nicaragua | 6.54 | 89 | 3.43 | 142 | 8.43 | 66 | 7.90 | 62 | 5.86 | 117 |
| Niger | 7.81 | 24 | 3.19 | 151 | 6.72 | 115 | 5.75 | 139 | 5.90 | 115 |
| Nigeria | 8.87 | 3 | 4.00 | 127 | 6.66 | 117 | 3.52 | 163 | 6.39 | 89 |
| North Macedonia | 6.85 | 72 | 4.76 | 97 | 7.18 | 103 | 7.72 | 66 | 7.29 | 24 |
| Norway | 4.99 | 149 | 8.86 | 4 | 7.58 | 91 | 8.33 | 47 | 7.00 | 41 |
| Oman | 4.85 | 154 | 5.57 | 66 | 8.29 | 73 | 7.46 | 74 | 6.87 | 50 |
| Pakistan | 8.27 | 13 | 4.03 | 125 | 3.83 | 156 | 5.97 | 133 | 6.01 | 108 |
| Panama | 7.55 | 34 | 5.74 | 61 | 9.21 | 18 | 8.87 | 15 | 6.83 | 54 |
| Papua New Guinea | 5.65 | 134 | 4.73 | 98 | 6.37 | 127 | 7.26 | 82 | 6.46 | 83 |
| Paraguay | 7.97 | 19 | 4.51 | 115 | 8.90 | 41 | 7.41 | 75 | 6.59 | 68 |
| Peru | 7.63 | 31 | 5.12 | 85 | 8.53 | 62 | 8.48 | 38 | 6.73 | 61 |
| Philippines | 7.88 | 21 | 4.57 | 109 | 9.01 | 34 | 7.15 | 86 | 6.65 | 64 |
| Poland | 5.58 | 136 | 6.47 | 42 | 6.93 | 107 | 8.48 | 37 | 6.54 | 74 |
| Portugal | 6.02 | 120 | 7.81 | 18 | 9.07 | 23 | 8.93 | 12 | 6.74 | 60 |
| Qatar | 5.67 | 133 | 5.47 | 70 | 7.61 | 89 | 8.39 | 44 | 6.41 | 87 |
| Romania | 6.72 | 79 | 6.85 | 33 | 8.18 | 77 | 8.44 | 41 | 6.43 | 86 |
| Russian Federation | 5.78 | 130 | 4.68 | 102 | 5.44 | 142 | 5.13 | 150 | 4.44 | 153 |
| Rwanda | 4.98 | 150 | 5.99 | 52 | 6.77 | 111 | 7.56 | 70 | 6.54 | 73 |
| Saudi Arabia | 6.55 | 87 | 5.86 | 55 | 8.58 | 60 | 7.13 | 87 | 6.66 | 62 |
| Senegal | 7.10 | 59 | 4.60 | 107 | 6.22 | 134 | 6.85 | 99 | 5.98 | 110 |
| Serbia | 6.36 | 104 | 5.40 | 74 | 6.54 | 120 | 8.06 | 58 | 6.44 | 85 |
| Seychelles | 7.40 | 45 | 5.99 | 53 | 9.42 | 7 | 8.30 | 48 | 6.80 | 58 |
| Sierra Leone | 7.15 | 56 | 4.97 | 89 | 3.83 | 157 | 6.63 | 110 | 5.42 | 137 |
| Singapore | 7.54 | 36 | 8.58 | 7 | 8.59 | 58 | 9.56 | 2 | 8.20 | 5 |
| Slovak Republic | 6.25 | 108 | 6.62 | 40 | 8.40 | 67 | 8.60 | 29 | 6.80 | 57 |
| Slovenia | 4.88 | 153 | 6.76 | 38 | 8.61 | 54 | 8.47 | 40 | 6.31 | 90 |

### Table 1.2: Economic Freedom by Area and Ranking in 2023 (continued)

| Countries | 1 Size of Government | Rank | 2 Legal System & Property Rights | Rank | 3 Sound Money | Rank | 4 Freedom to trade internationally | Rank | 5 Regulation | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| Somalia | 9.53 | 1 | 2.15 | 164 | 9.00 | 35 | 6.38 | 123 | 4.33 | 157 |
| South Africa | 6.05 | 117 | 5.88 | 54 | 7.68 | 87 | 6.97 | 97 | 6.47 | 81 |
| Spain | 6.08 | 116 | 7.41 | 25 | 9.24 | 15 | 8.68 | 28 | 7.26 | 25 |
| Sri Lanka | 7.45 | 40 | 5.19 | 83 | 3.29 | 159 | 6.84 | 102 | 6.27 | 91 |
| Sudan | 7.72 | 27 | 1.66 | 165 | 1.25 | 162 | 5.24 | 148 | 4.14 | 159 |
| Suriname | 6.53 | 91 | 4.86 | 93 | 3.61 | 158 | 6.63 | 108 | 5.90 | 116 |
| Sweden | 4.62 | 160 | 8.41 | 11 | 8.69 | 52 | 8.73 | 24 | 7.35 | 22 |
| Switzerland | 7.69 | 28 | 8.31 | 12 | 9.58 | 1 | 8.14 | 53 | 7.69 | 11 |
| Syrian Arab Republic | 7.04 | 60 | 2.74 | 156 | 4.70 | 148 | 5.03 | 153 | 3.58 | 163 |
| Taiwan | 7.76 | 26 | 7.53 | 24 | 9.49 | 6 | 8.16 | 51 | 7.23 | 30 |
| Tajikistan | 5.78 | 131 | 3.76 | 132 | 8.80 | 48 | 7.20 | 84 | 6.09 | 101 |
| Tanzania | 5.87 | 125 | 5.22 | 82 | 7.92 | 80 | 5.76 | 137 | 6.60 | 67 |
| Thailand | 6.98 | 63 | 5.12 | 84 | 9.50 | 5 | 7.08 | 90 | 6.83 | 55 |
| Timor-Leste | 4.35 | 162 | 4.55 | 111 | 6.23 | 133 | 7.84 | 64 | 6.86 | 52 |
| Togo | 6.94 | 67 | 4.56 | 110 | 6.58 | 119 | 6.26 | 125 | 6.01 | 107 |
| Trinidad and Tobago | 6.62 | 84 | 5.32 | 77 | 7.95 | 79 | 6.85 | 100 | 6.53 | 75 |
| Tunisia | 5.41 | 141 | 4.62 | 105 | 7.14 | 104 | 6.59 | 112 | 5.61 | 130 |
| Türkiye | 6.79 | 74 | 4.72 | 99 | 2.79 | 160 | 7.18 | 85 | 5.72 | 127 |
| Uganda | 6.94 | 66 | 4.96 | 90 | 8.97 | 38 | 7.03 | 95 | 6.48 | 80 |
| Ukraine | 5.80 | 128 | 4.57 | 108 | 5.26 | 143 | 5.99 | 132 | 4.58 | 150 |
| United Arab Emirates | 5.73 | 132 | 6.89 | 32 | 8.48 | 63 | 8.57 | 30 | 6.57 | 70 |
| United Kingdom | 6.10 | 115 | 8.06 | 14 | 8.83 | 47 | 8.74 | 22 | 7.68 | 12 |
| United States | 7.25 | 53 | 7.59 | 23 | 9.02 | 31 | 8.11 | 56 | 8.51 | 2 |
| Uruguay | 6.45 | 98 | 6.32 | 44 | 8.55 | 61 | 7.99 | 60 | 6.51 | 76 |
| Venezuela, RB | 4.62 | 159 | 2.48 | 161 | 0.74 | 165 | 5.03 | 152 | 2.67 | 165 |
| Vietnam | 6.52 | 92 | 5.30 | 79 | 6.81 | 110 | 6.57 | 115 | 5.85 | 118 |
| Yemen, Rep. | 8.30 | 12 | 2.17 | 163 | 7.47 | 94 | 4.61 | 155 | 2.85 | 164 |
| Zambia | 6.52 | 93 | 5.27 | 81 | 7.19 | 102 | 6.67 | 106 | 5.53 | 132 |
| Zimbabwe | 5.53 | 138 | 3.61 | 134 | 1.25 | 162 | 3.98 | 159 | 5.19 | 142 |

## THE EFW PANEL DATASET

Over the years, the EFW index has become more comprehensive and the available data more complete. As a result, the number and composition of the components and subcomponents for many countries vary across time. This makes it difficult to directly compare index values from earlier periods with those of later periods. To assist researchers who are interested in a consistent time-series for a particular country and/or longitudinal data for a panel of countries, we have developed the EFW Panel Dataset.

The EFW Panel Dataset is a chain-linked version of the index. It uses the most recent year as the base year, and changes in a country's scores backward in time are based only on changes in components that were present in adjoining years. See p. 16 of the 2023 report for additional details on this process. Note that the EFW Panel Dataset contains area and summary ratings only for those years in which the country received a regular EFW index rating. Because some data for earlier years may have been updated or corrected, we always encourage researchers to use the data from the most recent annual report to ensure the most reliable figures.

Figure 1.2 presents the global average for all nations with complete data since 2000 using the EFW Panel Dataset. It also shows the population-weighted global average, which indicates how the average global citizen fares. Because it gives greater weight to large, relatively unfree countries like India, China, and Brazil, the population-weighted average is lower than the simple average. Overall, the index shows that economic

**Figure 1.2: Global Economic Freedom (2000–2023)**

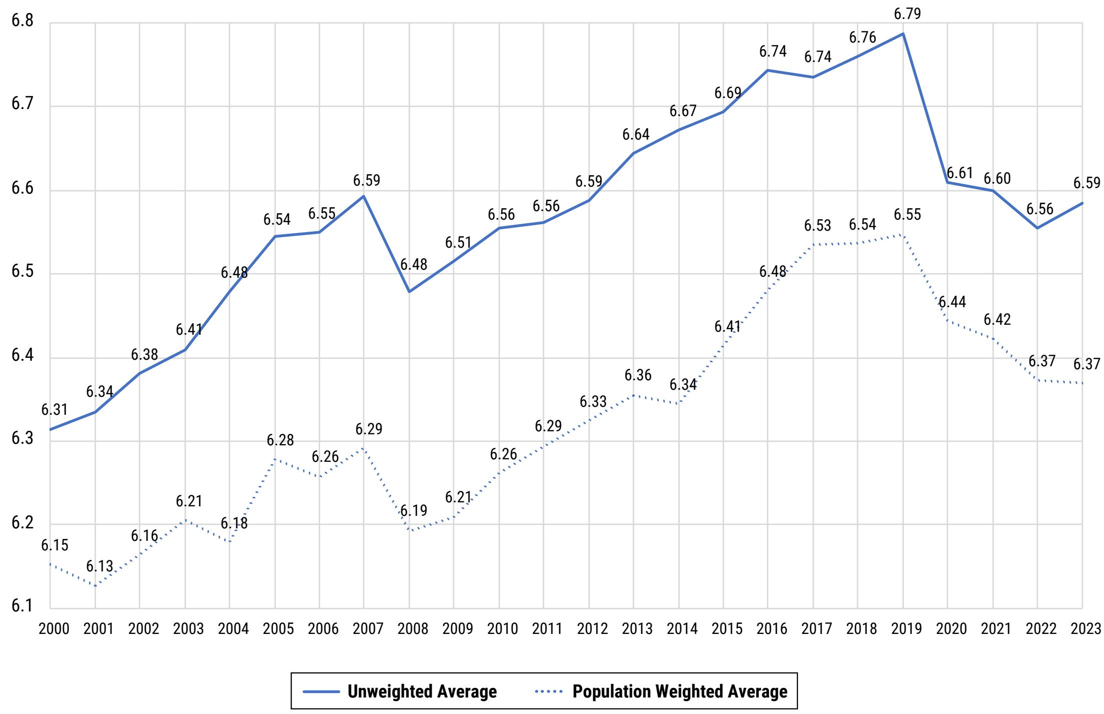
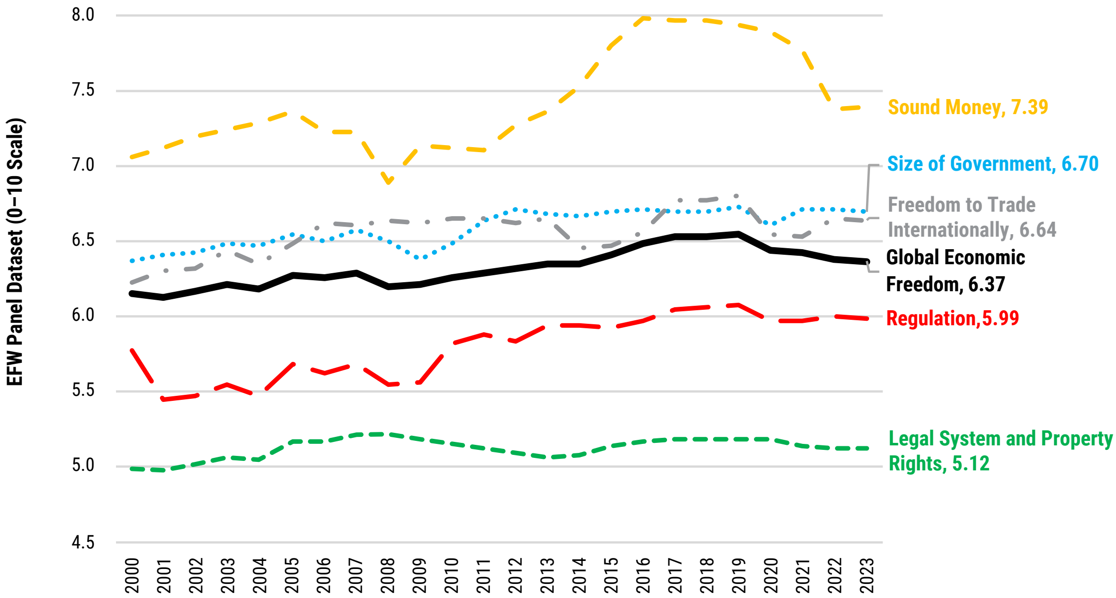


**Figure 1.3: Global Economic Freedom and Its Areas, Weighted by Population (2000–2023)**



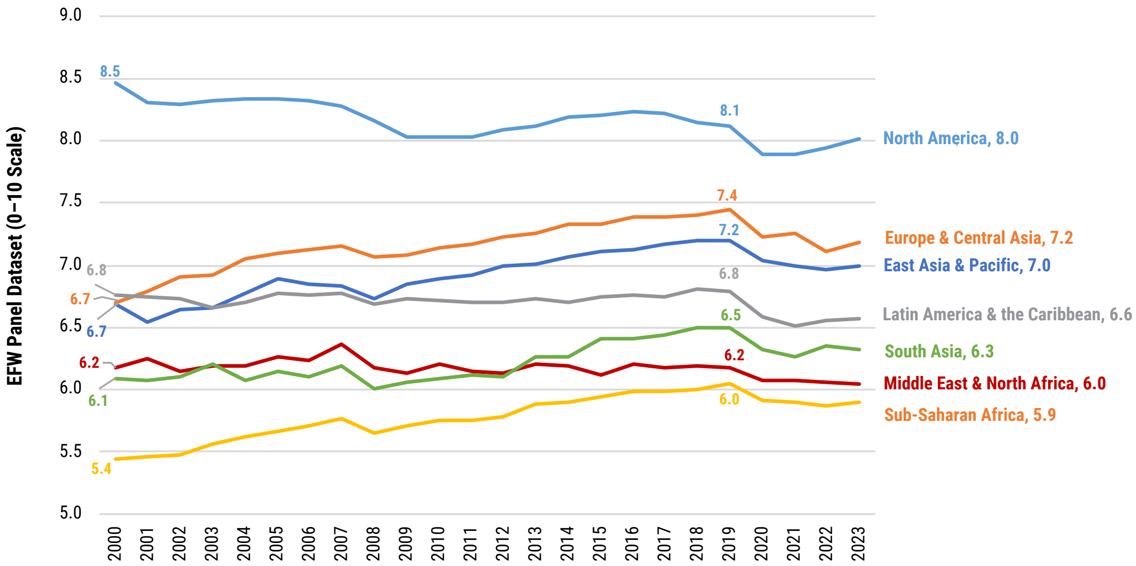

freedom has increased since 2000, but fell precipitously following the coronavirus pandemic, erasing nearly a decade of progress.

We take no position on the efficacy of the various public-health policies designed to deal with the coronavirus pandemic; they very well may have saved millions of lives, or they may have been completely ineffectual. That is a question for epidemiologists and health economists to work out. Our concern is economic freedom, and on that margin, there is no question that government policies responding to the coronavirus pandemic have reduced economic freedom.

Figure 1.3 shows population-weighted global economic freedom by each of the five areas of the index. A few patterns are evident. First, throughout this period, countries have tended to score relatively well in sound money and relatively poorly in legal systems and property rights. Second, the area with the greatest improvement over this period is freedom to trade internationally (see Chapter 2 for a preview of how President Trump's trade wars are likely to affect US economic freedom). Finally, each of the index's five areas declined since 2019, with the sound money area experiencing the largest drop.

Figure 1.4 shows economic freedom by global region. Overall, the figure suggests some degree of global convergence. North America experienced the largest decline over this period, followed by Latin America and the Caribbean, and the Middle East and North Africa. The latter region's decline is especially tragic given its low starting point. The regions with the greatest gains from 2000 to 2023 were Europe and Central Asia, and Sub-Saharan Africa. While every region is now lower than it was in 2019, Europe and Central Asia experienced the largest declines.

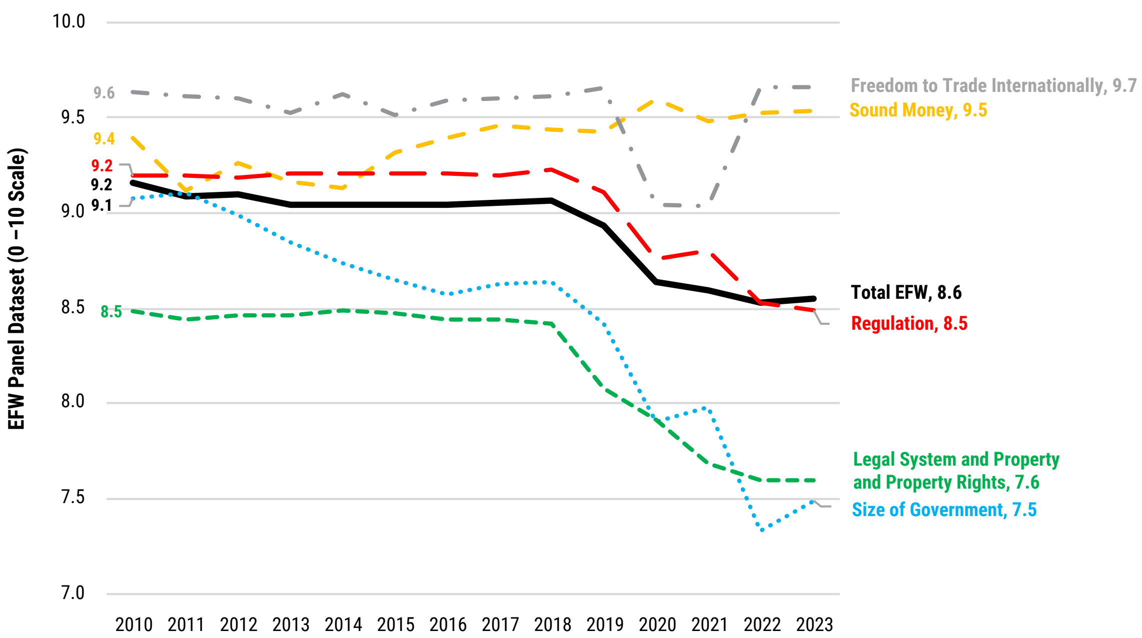
**Figure 1.4: Economic Freedom by Region (2000–2023)**




## Economic freedom in Hong Kong

Hong Kong continues to top the list as the world's most economically free jurisdiction. But there is more to the story than the top-line rankings. Figure 1.5 shows the special administrative region's overall economic freedom as well as each of its five components from 2010 through 2023. Hong Kong's overall score has declined by 0.52 points since 2018, led by significant declines in three of the five areas. The deterioration in the territory's regulation and legal system and property rights areas is no doubt due to a

**Figure 1.5: Economic Freedom in Hong Kong (2010–2023)**



notorious 2020 security law that seems to have ended China's promise of "one country, two systems." The literature suggests that such a decline is associated with a 0.28 to 0.75 percentage point decrease in the average annual growth of real GDP per capita. Since 2010, Hong Kong's real GDP per capita has, on average, grown by one percent annually, so such a decline would have a significant effect on the territory's growth prospects.[4]

## Economic freedom and human wellbeing

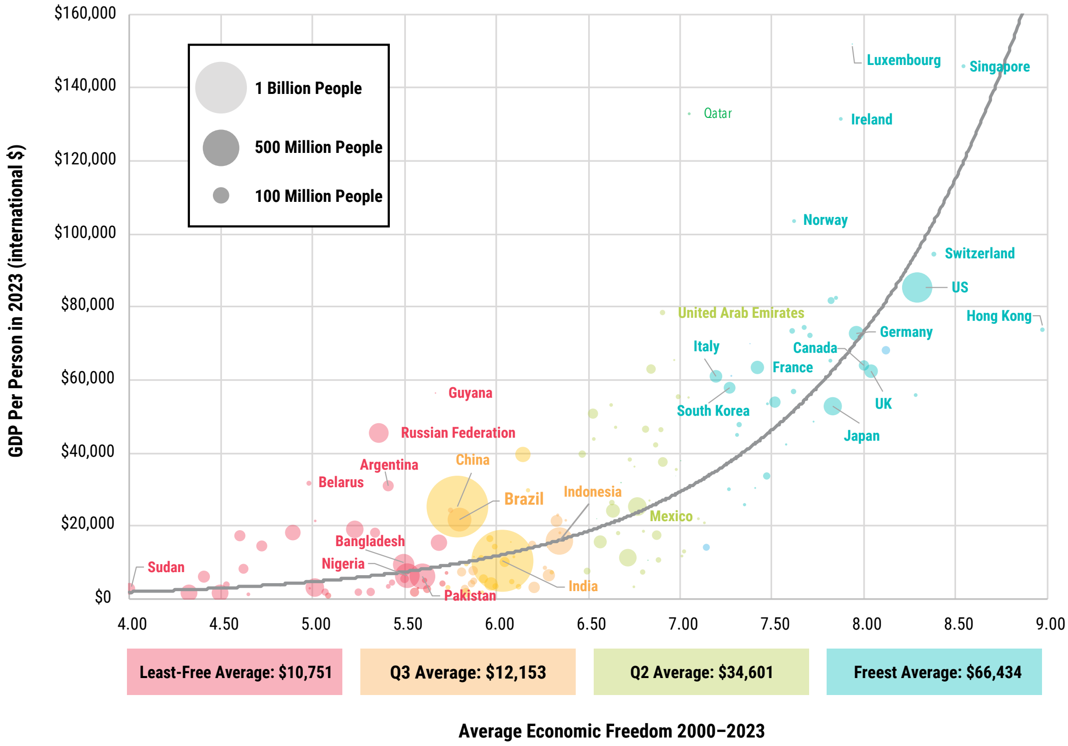
As is customary, this chapter concludes with some simple graphs illustrating relationships between economic freedom and various other indicators of human wellbeing (figures 1.6–1.15). The graphs use the average of the EFW panel dataset from 2000 to 2023. Because persistence is important and the impact of economic freedom will be felt over a lengthy period, it is better to use the average rating over a long period rather than the current rating to observe the impact of economic freedom on performance.

The graphs begin with the data on the relationship between economic freedom and the level of GDP per capita and then go on to examine the correlation with other economic and social outcomes. We are not necessarily arguing that there is a direct causal relation between economic freedom and the variables considered below. These graphs only establish how economic freedom correlates with other socio-economic outcomes over their respective time periods. To argue for a causal relationship between economic freedom and these outcomes would require econometric modelling with appropriate strategies for identifying causal effects.[5] For instance, many of the relationships illustrated in the graphs below likely reflect the impact of economic freedom as it works through increasing per capita income. At the very least, these graphs suggest fruitful areas for future research.

4 See Gwartney, Holcombe, and Lawson (2006). According to the Human Freedom Index, Hong Kong fell from third place in 2010 to 50th in 2022 (Vásquez, Mitchell, Murphy, and Schneider, 2024).

5 For recent reviews of the literature, see Lawson (2022), Lawson, Miozzi, and Tuszynski (2024), Mitchell (2024), and Berggren (2024).

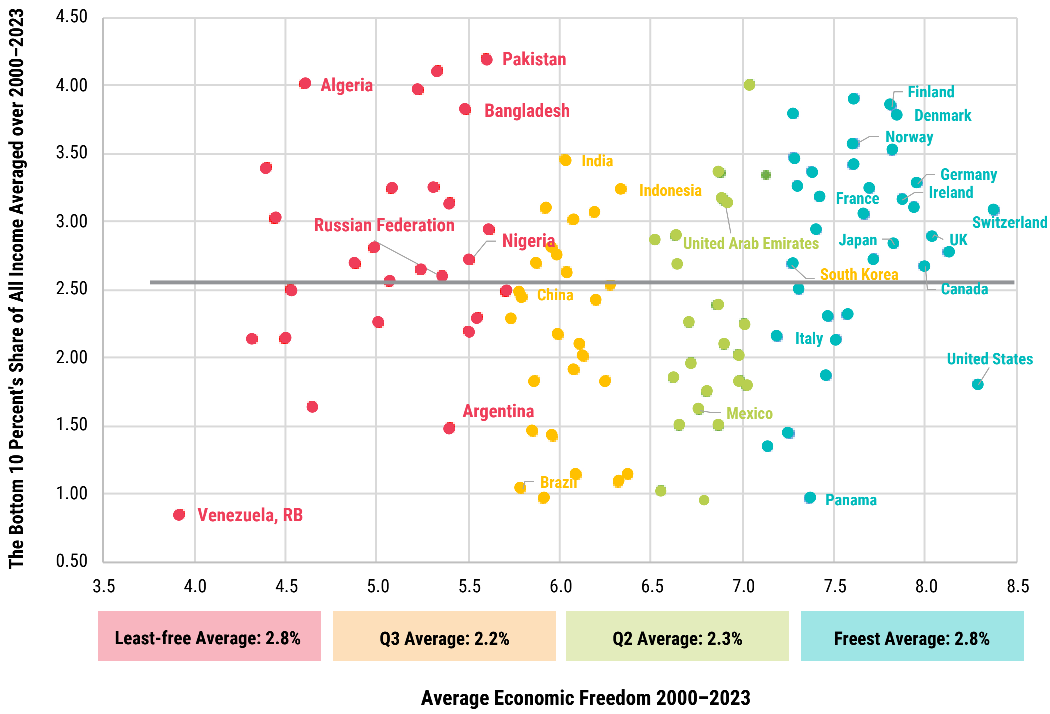
## Figure 1.6: Economic Freedom, GDP Per Person, and Country Size




*In countries with greater economic freedom, citizens enjoy substantially higher incomes. Those in the freest 25% of countries earn, on average, about 6.2 times as much as those in the least free.*

Sources: Economic freedom: Authors' calculations. GDP Per Capita: World Bank, World Development Indicators (2025a).
Note: GDP per capita is in 2023 US dollars, adjusted for purchasing power parity.

## Figure 1.7: Economic Freedom and the Bottom 10 Percent's Share of All Income

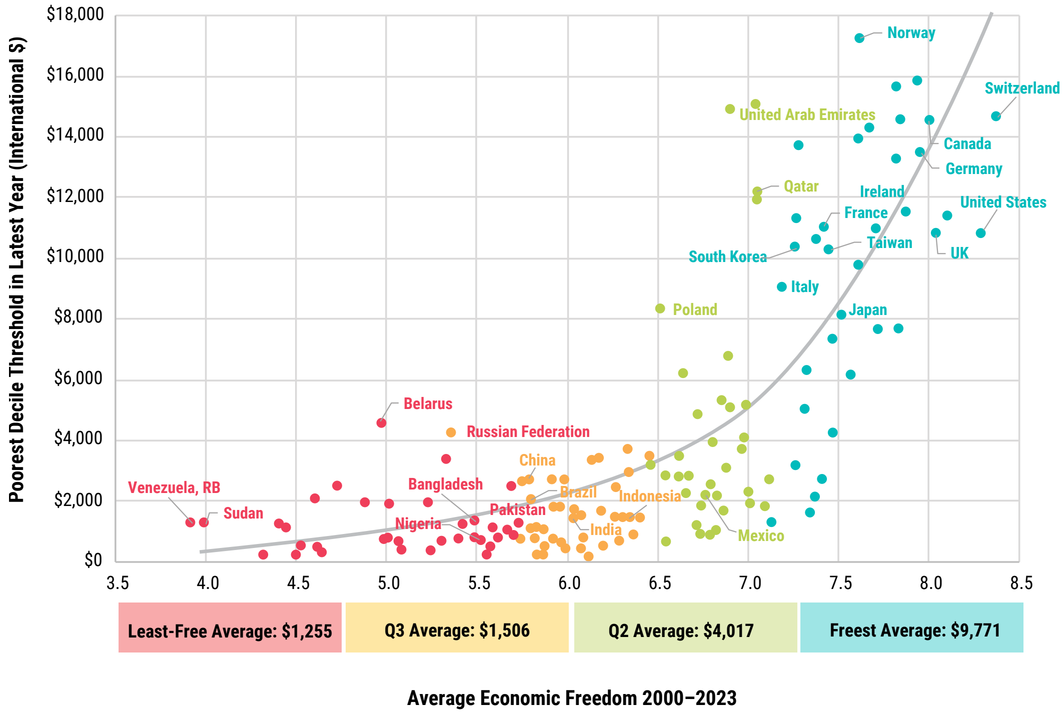



*The share of income earned by the poorest 10% of the population is unrelated to economic freedom.*

Sources: Economic freedom: Authors' calculations. Bottom 10 percent's share of income: World Bank, World Development Indicators (2025a).

## Figure 1.8: Economic Freedom and Bottom 10% Income Threshold

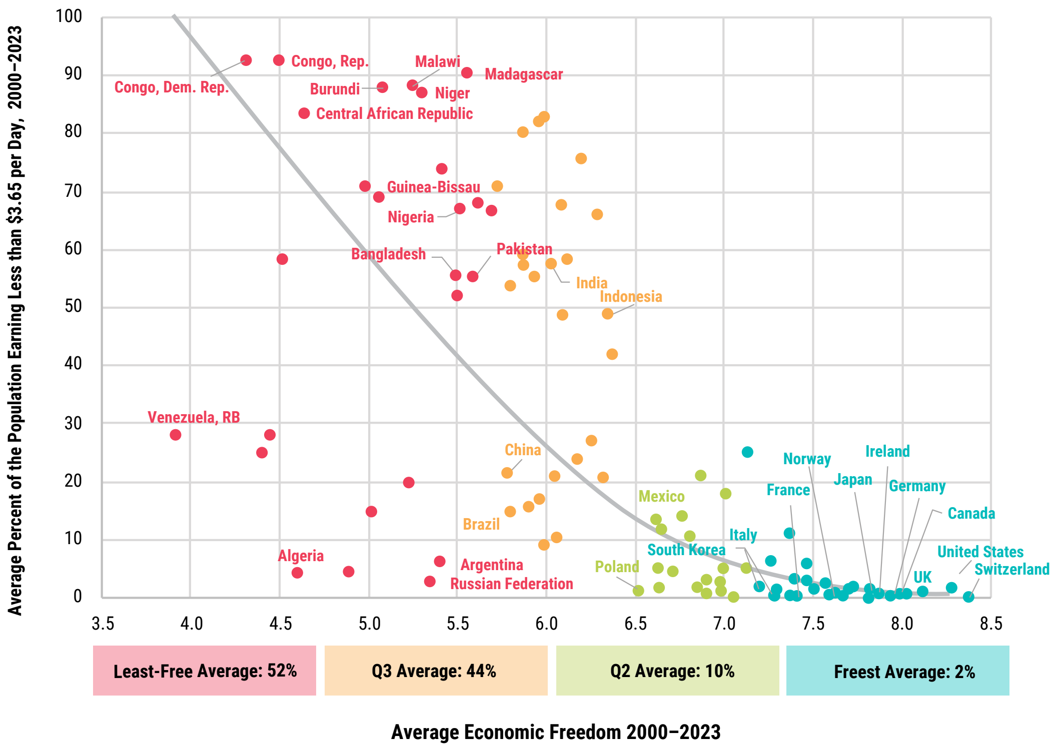
*While the share of income earned by the poorest 10% is unrelated to economic freedom, the level of income earned by the poorest 10% of the population is much higher in countries with greater economic freedom. The bottom 10% threshold is 7.8 times higher in the freest quartile than it is in the least free.*




Sources: Economic freedom: Authors' calculations. Bottom 10 percent threshold: World Bank, World Development Indicators (2025a)
Note: Bottom 10% income threshold is in in 2021 US dollars, adjusted for purchasing power parity

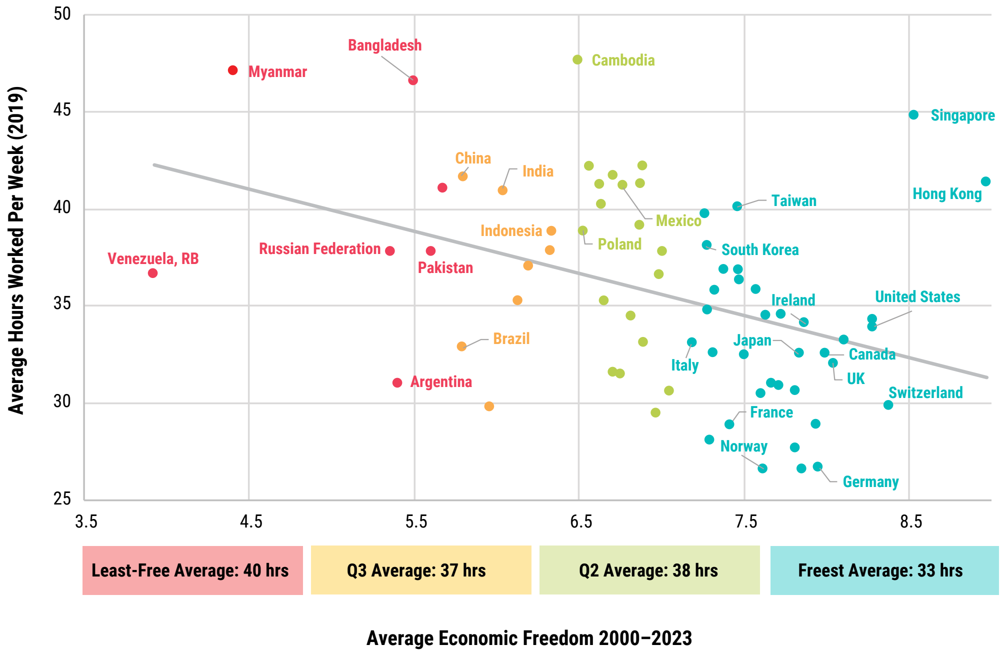
## Figure 1.9: Economic Freedom and Poverty

*The rate of poverty in the least free quartile is about 25 times greater than it is in the freest.*




Sources: Economic freedom: Authors' calculations. Poverty: World Bank, Poverty and Inequality Platform (2025b).

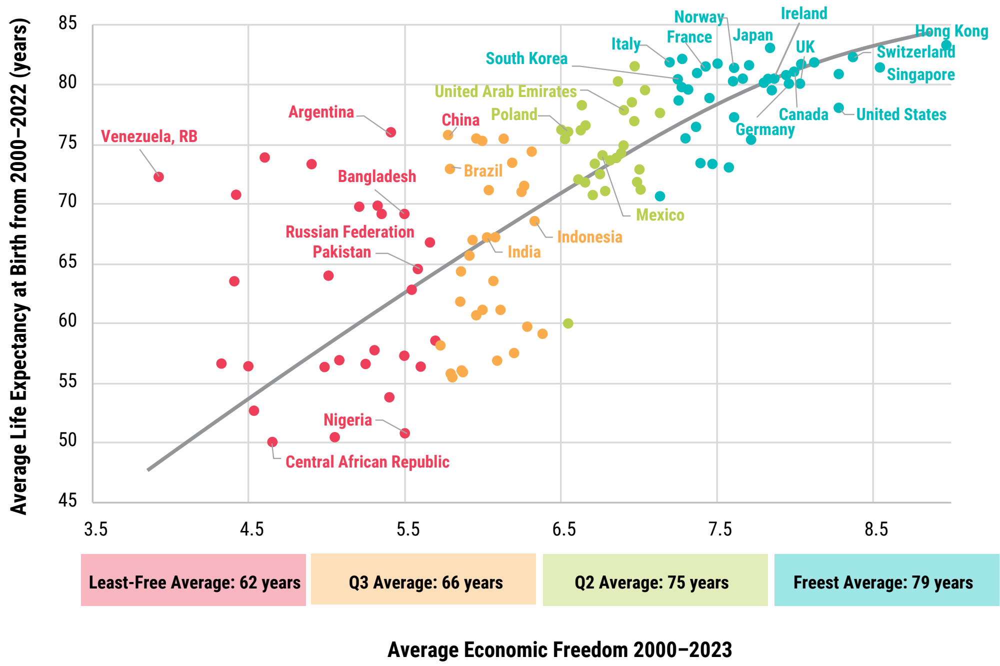
## Figure 1.10: Economic Freedom and Average Hours Worked Per Week




*People in the least-free quartile work about 20% more than those in the freest.*

Sources: Economic freedom: Authors' calculations. Hours Worked: Feenstra et al. (2023).

## Figure 1.11: Economic Freedom and Life Expectancy

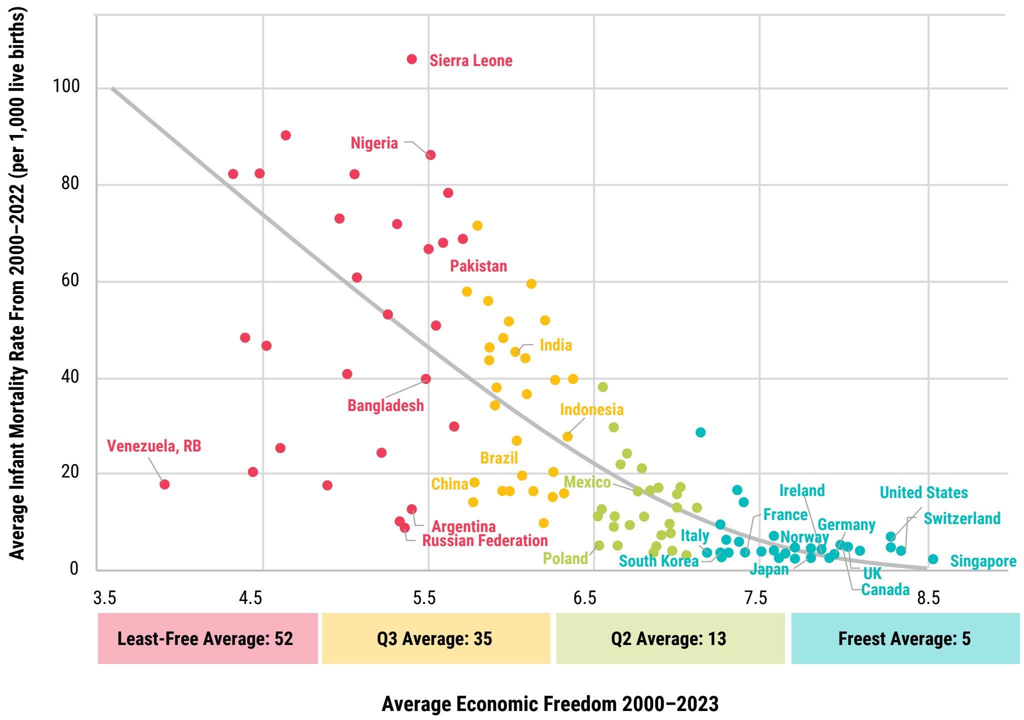



*People in the freest quartile live about 17 years longer than those in the least-free quartile.*

Sources: Economic freedom: Authors' calculations. Life expectancy: World Bank, World Development Indicators (2025a).

## Figure 1.12: Economic Freedom and Infant Mortality

*In the least-free countries, infants die at nearly 10 times the rate as they do in the freest countries.*



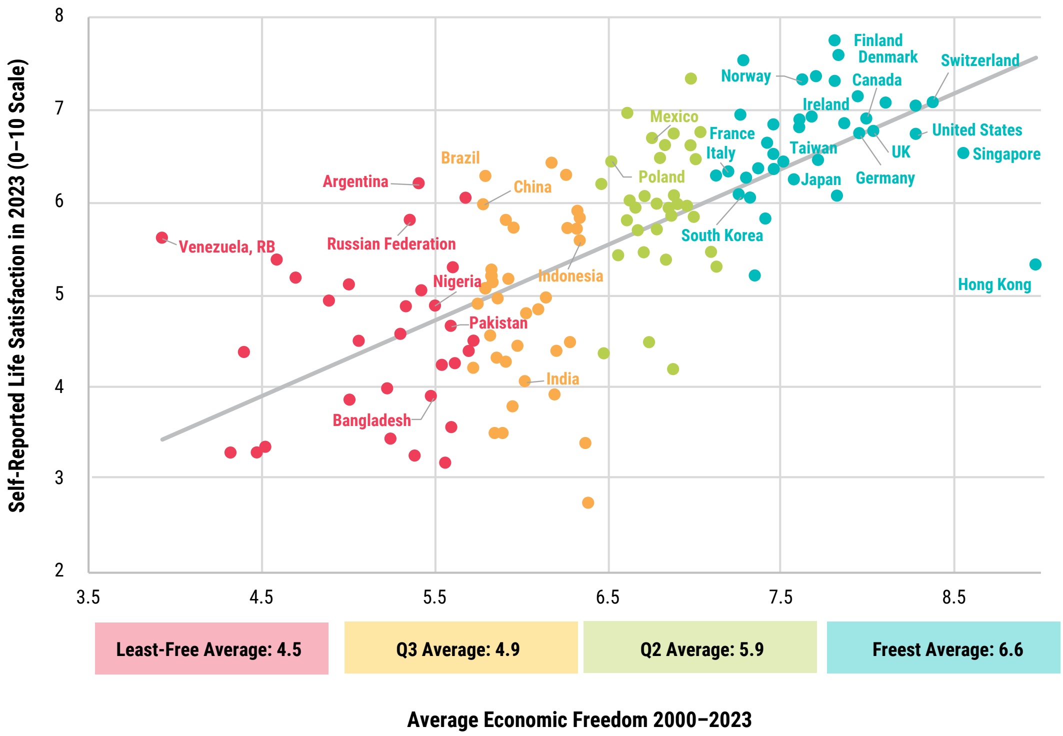

Sources: Economic freedom: Authors' calculations. Life expectancy: World Bank, World Development Indicators (2025a).

## Figure 1.13: Economic Freedom and Personal Freedom

*Economic freedom is positively correlated with personal freedoms.*


Sources: Economic freedom: Authors' calculations. Personal Freedom: Vasquez et al. (2024).

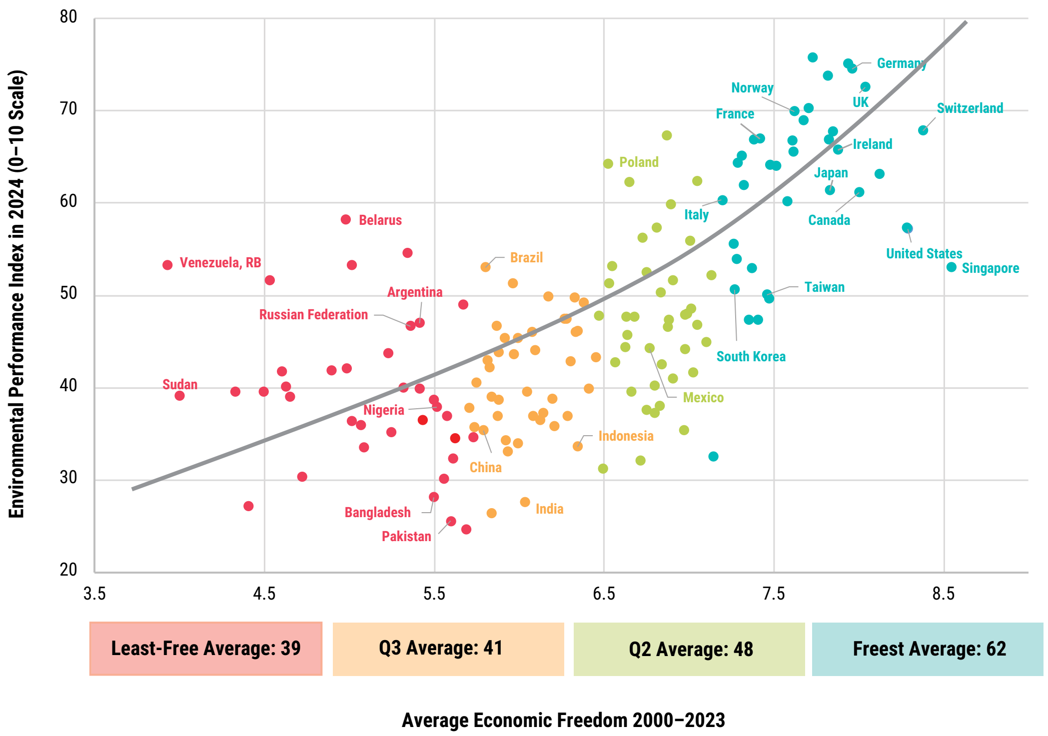
## Figure 1.14: Economic Freedom and Life Satisfaction




*People in economically free societies are more satisfied with their lives.*

Sources: Economic freedom: Authors' calculations. Life satisfaction: Wellbeing Research Centre (2025).

## Figure 1.15: Economic Freedom and Environmental Performance




*Economic freedom is positively related to environmental stewardship as measured by the Environmental Performance Index which rates countries according to climate change performance, environmental health, and ecosystem vitality.*

Sources: Economic freedom: Authors' calculations. Environmental performance: Block et al., 2024.

## Figure 1.16: Economic Freedom and Non-Corruption

*Compared with the governments in the least economically free places, those in the freest places score two and a half times as well on the Corruption Perceptions Index.*


Sources: Economic freedom: Authors' calculations. Non-Corruption: Transparency International (2024).

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