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U.S. economic freedom not quite so exceptional

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Since the birth of our nation 240 years ago, America has been held up as a beacon of liberty for the entire world. And while the U.S. is still among the freest countries on earth, there is evidence that this light has dimmed in recent decades.

The decline can be seen in the United States' performance in the "Economic Freedom of the World" reports published by the Fraser Institute and the Cato Institute, falling from a peak of 2nd in 2000 to 16th in 2016 (covering 2014 data). Hong Kong and Singapore grabbed the top two spots, respectively, once again, followed by New Zealand and Switzerland.

"Due to a weakening rule of law, increasing regulation and the ramifications of wars on terrorism and drugs, the United States has seen its economic freedom score plummet in recent years, compared to 2000 when it ranked second globally," the Cato Institute explained in a press release.

The index of economic freedom is based on 42 data points in five categories: size of government, legal structure and security of property rights, access to sound money, freedom to trade internationally and regulation of credit, labor and business.

The change in the U.S. score has been most pronounced in the Legal System and Property Rights category, with greater abuses of civil asset forfeiture, under which law enforcement agents may seize money and other property even if one is never charged — much less convicted — of a crime, and eminent domain (particularly following the U.S. Supreme Court's *Kelo v. City of New London* decision in 2005). In addition, the rule of law has been damaged by the militarization of the police, especially with regard to the "war on drugs" and the "war on terror," and the USA PATRIOT Act of 2001 violated citizens' privacy rights and "opened the door to massive circumvention of the legal system," the authors noted. The U.S. also experienced a sizeable decline in the Freedom to Trade Internationally category, as "non-tariff trade barriers have increased substantially" since 2000.

"While the political and economic institutions in the United States have not changed greatly over the years, there has been a slow evolution that has served to loosen the constitutional restrictions on the powers of government. That erosion of the limits on government has contributed to the decline in economic freedom," the authors asserted. "Expanding economic freedom provides the path to prosperity. The United States is on the wrong path."

Even if the U.S. has faltered a bit in its leadership role as the embodiment of freedom and opportunity, the news is not all bad. Over the past 35 years, worldwide economic freedom has increased significantly, which, not coincidentally, has also led to a drastic reduction in global poverty rates.

As the “Economic Freedom of the World” reports and mountains of economic literature have demonstrated, rededicating the nation to enhancing economic freedom, instead of imposing government restrictions and controls, would not only allow the U.S. to reclaim the mantle of global champion for liberty, but would also bring greater prosperity and help to boost sluggish economic growth and stagnant incomes.