



## U.S. Economic Freedom Ranking Falls to 18th. Looking Up to Canada.

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Here are the top ten economically most-free countries according to the latest [Economic Freedom of the World \(EFW\) report](#) published by Canada's Fraser Institute and the Cato Institute:

1. Hong Kong
2. Singapore
3. New Zealand
4. Switzerland
5. Australia
5. Canada
7. Bahrain
8. Mauritius
9. Finland
10. Chile

Where is the U.S.? If you think we're just out of the top ten, think again. You have to look all the way down to 18 to find the U.S., based on 2010 economic data. We are just behind Denmark and Qatar and ahead of Kuwait.

Inspired by the Nobel Prize-winning economist, Milton Friedman, the EFW shows the linkage between economic health and economic freedom. Economists James Gwartney, Robert Lawson, and Joshua Hall write, that studies using this data have concluded “that countries with institutions and policies more consistent with economic freedom have higher investment rates, more rapid economic growth, higher income levels, and more rapid reductions in poverty rates.”

The EFW ranks countries based on five broad categories: size of government; legal systems and property rights; sound money; freedom to trade internationally; and regulations. The U.S. saw declines in four out of five of these areas--only sound money remained the same. The report’s authors found that rising government spending financed by deficits, increased time costs for clearing customs, and increased regulatory burdens all led to the decline in the overall rating.

This report is another indication that the U.S. is falling behind globally. The Index of Economic Freedom published by the Heritage Foundation and the *Wall Street Journal* ranks the U.S. as the [tenth freest economy](#), and the World Economic Forum places the U.S. as only the [seventh most competitive economy](#). In all these instances the trend is downward.

Our neighbor to the north, Canada, is tied with Australia for fifth place. [Sarah Boesveld’s story on Canada’s](#) *National Post* [via [memeorandum](#)] has a chart showing how the two North American neighbors’ category rankings have changed. This sobering news is more reason why we should [look north for ideas](#) on unleashing free enterprise to make the U.S. more competitive, improve economic growth, and create more jobs.