

# NATIONAL REVIEW

## How Can We Recover Our Economic Freedom?

**Big government, trade restrictions, eminent domain — not a recipe for liberty.**

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Just in time for tonight's GOP presidential debate, a consortium of think tanks from nearly 90 countries has released its annual Economic Freedom of the World Report. The report has some good news for much of mankind — economic liberty increased slightly around the globe — but not such good news for the United States, which continues to tumble in the rankings.

As recently as 2000, the United States had the second-freest economy in the world, trailing only Hong Kong. But throughout the Bush and Obama years, we have slipped further and further behind. Last year, we fell out of the top 10, ranking just 12th overall. And this year, we have fallen all the way to 16th. We now squeeze in between 15th-ranked Taiwan and number 17, Romania. Isn't that wonderful? We are freer than Romania!

Among the countries we are not freer than are some that you might expect, like Hong Kong, Singapore, Switzerland, and Chile, but also some that we don't normally associate with free markets, like the United Arab Emirates, Mauritius, Jordan, Georgia, and Qatar. The other countries scoring better than the U.S. were New Zealand, Ireland, Canada, the United Kingdom, and Australia. The criteria included such items as the size of government, rule of law and property rights, soundness of the money supply, regulation, and free trade.

What accounts for the U.S. decline? Perhaps the biggest factor is the continued growth of government. Americans may be aghast at the big governments of Europe, but we actually rank only 74th in the world in this category (measuring a combination of government spending and tax burden). Seventy-fourth! That's worse than Egypt, Mexico, and Turkey.

The United States scores poorly in other areas as well. Once we were a world leader when it came to freedom to trade, but in recent years we have become increasingly mired in protectionism. Seventy-three countries now have fewer trade barriers, import/export restrictions, and tariffs than we do. Regulation has become an increasing economic burden. In 2000 we ranked 2nd in the world in this category. This year we've fallen to 13th. And, while the U.S. dollar remains the world's reserve currency, we continue to slip in the rankings when it comes to the soundness of our money supply. As recently as 2005 we were number one in this category. Today, we rank just 38th.

Finally, the United States has tumbled precipitously when it comes to the rule of law and the protection of property rights. We now rank 29th worldwide, below such countries as Denmark, Iceland, and Germany. Drilling down into the details reveals some even more frightening trends, including a significant decline in the U.S. ranking for “judicial independence.”

On property rights, the authors note: “While it is difficult to pinpoint the precise reason for this decline, it is clear that the increased use of eminent domain to transfer property to powerful political interests, the ramifications of the wars on terrorism and drugs, and the violation of the property rights of bondholders in the auto-bailout case have weakened the U.S. tradition of rule of law.”

One would hope that the candidates on the stage tonight might give us some clue as to how they would reverse our decline. The burden may fall particularly on Donald Trump, both because he is the frontrunner and because his support for trade restrictions and the use of eminent domain flies in the face of economic liberty and free markets. But all the candidates need to show how their plans will reduce the size of government, strengthen the rule of law, respect property rights, reduce regulation, and restore economic growth.

Instead we are likely to hear about Carly’s face, Trump’s hair, and Jeb’s energy level. John Kasich will tell us how his father was a mailman, and everyone will promise to “fight.” But this report should remind us that there are some very real issues out there. Unless we wake up and address them, we will continue to see our economic liberty and our prosperity slip away.

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