



**Texas GOP Vote**  
Restore ★ Renew ★ Reunite

[Home](#) » [Blogs](#) » [Tom Donelson's blog](#)

## America, The Shrinking Giant

By Tom Donelson

September 27<sup>th</sup>, 2012

---

In a world where economic freedom is slowly being extinguished, the United States has seen a reversal in both the competitiveness and the loss of economic freedom over the past decade. This loss in both areas has resulted in the slowest recovery in history, if you want to call this recovery a true recovery. Just a few years ago, the World Economic Forum had the United States ranked as the number one nation in their ranking of competitiveness, but today, it has fallen to number seven with much of the drop occurring over the past four years.

The Cato Institute and Canadian Frazier Institute ranks nations' economic freedom, and they had the United States near the top just a decade ago. However, over the past several years, it has dropped to number 18th behind not only Canada and Australia, but also Chile and the island nation of Mauritius. Richard Rahn noted, "The U.S. has declined in the rule of law and property rights because of such things as the ramifications of the wars of terrorism and drugs, and violation of the rights of bondholders in the bailout of automobile companies. The country also has suffered because of a decline in the freedom to trade internationally, fiscal deficits caused by the growth in government, and various forms of regulation." In fairness to Obama, the decline with many of these surveys began in the Bush administration, but the decline has continued ever downward under Obama, and Obama has no policy that will reverse it. Obama's policy will actually make it worse.

The Heritage Foundation's own review has shown similar decline for the United States in their ranking of economic freedom, but the drop is not as steep. Both Heritage and Cato have the United States now declared "mostly free" as opposed to being a "Free" economy. The Cato Institute's Michael Tanner noted, "The United States has also seen a substantial increase in business regulations, labor-market restrictions, and barriers to trade. Our standing fell in all those categories, and we have undergone a long-term deterioration in ranking on property rights

as well. As with so many disastrous legacies of the Bush era, Barack Obama took a bad thing and made it worse. To anyone wondering why the U.S. is having such a hard time recovering from this recession, the 2012 report provides a pretty devastating diagnosis. We are clearly headed in the wrong direction.” (Note again, Cato Institute does not lay all of the blame at Obama’s feet but also Bush’s).

The Heritage Foundation noted in their report, “The U.S. economy, the world’s largest, has not recovered fully from the 2008 financial crisis and ensuing recession. Under Democratic President Barack Obama, the federal system of government, designed to reserve significant powers to the state and local levels, has been strained by the national government’s rapid expansion. Spending at the national level rose to over 25 percent of GDP in 2010, and gross public debt surpassed 100 percent of GDP in 2011. A 2010 health care bill that greatly expanded the central government’s reach has been under challenge in the courts, and the Dodd–Frank financial overhaul bill has roiled credit markets. Although the election of a Republican Party majority in the House of Representatives in late 2010 slowed spending growth, divided government has left U.S. economic policy in flux.”

These studies show America in decline and unless these policies are reversed, the next generation will be the first generation poorer than the previous generation. Economic freedom is essential to economic prosperity, and we have a President who truly doesn’t understand the link between prosperity and economic freedom. Republicans have studies that show that America is in decline, the real question is will they make the case that they will reverse the decline?