



Cato ‘Economic Freedom’ report ranks U.S. at 12th

By [Sam Rolley](#)
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The Cato Institute reports a slight global decline in economic freedom throughout the world in its annual “Economic Freedom of the World” report, which measures governments’ respect for personal choice, voluntary exchange, and open markets. The United States, which the report describes as having once been “considered a bastion of economic freedom,” rated 12th in Cato’s index.

Using global economic data from 2012, the most recent year for which complete data sets are available, Cato rates the following 10 nations as the most economically free in the world:

1. Hong Kong.
2. Singapore.
3. New Zealand.
4. Switzerland.
5. Mauritius.
6. United Arab Emirates.
7. Canada.
8. Australia.
9. Jordan.
10. a tie between Chile and Finland.

According to Cato’s findings, how democratic a nation is doesn’t necessarily serve as an indicator of how economically free its citizens are.

“Democracy and elections now play a greater role in the shaping of political institutions than at any time in history. In recent years, several countries with little or no democratic foundation have used elections to select political leaders. Iraq, Egypt, Ukraine, and Afghanistan are just a few examples,” the report notes. “Despite the expansion of democracy, there is minimal understanding of its shortcomings and the strength of the case for limitations on the powers of elected political leaders.”

For democratic societies to rate high on the economic freedom scale, elections and majority rule “must be buttressed with constraints on the power of the executive, constitutional protection of individual rights, decentralization of government action, and rule of law.”

Cato's report has shown a decline in economic freedom in the U.S. since 2000, when the nation ranked 2nd globally. The institute ascribes the decline to "a significant move away from rule of law and toward a highly regulated, politicized, and heavily policed state."

This year, the U.S. shares the No. 12 spot with the United Kingdom.

Here are how some of the world's other major economic players ranked:

- Japan (23rd)
- Germany (28th)
- South Korea (33rd)
- France (58th)
- Italy (78th)
- Mexico (91st)
- Russia (98th)
- Brazil (103rd)
- India (110th)
- China (115th)

Cato's report also illustrates that economic freedom is more than just a numbers game, noting: "Nations in the top quartile of economic freedom had an average per capita GDP of US\$39,899 in 2012, compared to US\$6,253 for bottom quartile nations. Moreover, the average income of the poorest 10 per cent in the most economically free countries in 2012, US\$11,610, was almost double the overall average income in the least free countries. Life expectancy is 79.9 years in the top quartile compared to 63.2 years in the bottom quartile, and political and civil liberties are considerably higher in economically free nations than in unfree nations."

Cato's full report:

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