2019 (12 categories)

Iraq – 4

Libya – 3

Liechtenstein – 10

Somalia – 8

Syria – 4

Yemen – 2

2018 (12 categories)

Iraq – 4

Libya – 1

Liechtenstein – 9

Somalia – 9

Syria – 3

Yemen – 3

2017 (12 categories)

Iraq – 4  
Libya – 2

Liechtenstein – 7

Somalia – 5

Syria – 5

Yemen – 4

2016 (10 categories)

Afghanistan – 4

Iraq – 5

Libya – 2

Liechtenstein – 7

Somalia – 9

Sudan – 2

Syria – 3

Yemen – 5

2015 (10 categories)

Afghanistan – 3

Iraq – 5

Kosovo – 3

Libya – 1

Liechtenstein – 7

Somalia – 9

Sudan – 2

Syria – 4

2014 (10 categories)

Afghanistan – 3

Iraq – 4

Kosovo – 2

Libya – 1

Liechtenstein – 7

Somalia – 9

Sudan – 2

Syria – 4

2013 (10 categories)

Afghanistan – 4

Iraq – 7

Kosovo – 3

Libya – 4

Liechtenstein – 7

Somalia – 9

Sudan – 4

Syria – 1

2012 (10 categories)

Afghanistan – 10

Iraq – 10

Kosovo – 10

Liechtenstein – 10

Somalia – 10

Sudan – 10

2011 (10 categories)

Afghanistan – 10

Iraq – 10

Liechtenstein – 10

Somalia – 10  
Sudan – 10

2010 (10 categories)

Afghanistan – 10

Iraq – 10

Liechtenstein – 10

Sudan – 10

2009

Afghanistan – 10

Iraq – 10

Liechtenstein – 10

Sudan – 10

**Rule of Law**

Property Rights:

* Physical property rights
* Intellectual property rights
* Strength of investor protection
* Risk of expropriation
* Quality of land administration

Judicial Effectiveness:

* Judicial independence
* Quality of the judicial process
* Likelihood of obtaining favorable judicial decisions

Government Integrity:

* Public trust in politicians
* Irregular payments and bribes
* Transparency of government policymaking
* Absence of corruption
* Perceptions of corruption
* Governmental and civil service transparency

**Government Size**

Tax Burden:

* Top marginal tax rate on individual income
* Top marginal tax rate on corporate income
* Total tax burden as a percentage of GDP

Government Spending:

* Level of government expenditures as a percentage of GDP

Fiscal Health:

* Average deficits as a percentage of GDP for the most recent three years (80% of score)
* Debt as a percentage of GDP (20% of score)

**Regulatory Efficiency**

Business Freedom:

* Starting a business—procedures (number)
* Starting a business—time (days)
* Starting a business—cost (% of income per capita)
* Starting a business—minimum capital (% of income per capita)
* Obtaining a license—procedures (number)
* Obtaining a license—time (days)
* Obtaining a license—cost (% of income per capita)
* Closing a business—time (years)
* Closing a business—cost (% of estate)
* Closing a business—recovery rate (cents on the dollar)
* Getting electricity-procedures (number);
* Getting electricity-time (days); and
* Getting electricity-cost (% of income per capita)

Labor Freedom:

* Ratio of minimum wage to the average value added per worker
* Hindrance to hiring additional workers
* Rigidity of hours
* Difficulty of firing redundant employees
* Legally mandated notice period
* Mandatory severance pay
* Labor force participation rate

Monetary Freedom:

* The weighted average inflation rate for the most recent three years
* Price controls

**Open Markets**

Trade Freedom:

* Trade-weighted average tariff rate
* Nontariff barriers (NTBs)

Investment Freedom:

* National treatment of foreign investment
* Foreign investment code
* Restrictions on land ownership
* Sectoral investment restrictions
* Expropriation of investments without fair compensation
* Foreign exchange controls
* Capital controls

Financial Freedom:

* Extent of government regulation of financial services
* Degree of state intervention in banks and other financial firms through direct and indirect ownership
* Government influence on the allocation of credit
* Extent of financial and capital market development
* Openness to foreign competition

**Score Categories**

>80: “free”

70-80: “mostly free”

60-70: “moderately free”

50-60: “mostly unfree”

<50: “repressed”

**Regions**

Americas – Rule of law and regulatory efficiency pillars lag

Asia-Pacific – Open market (investment and financial freedom) pillar lags

Europe – Government size pillar lags

Middle East and North Africa – Rule of law, fiscal health, and investment freedom lag

Sub-Saharan Africa – lag in essentially all categories

**Top 10 Countries by Improvement 2009-2019**

1. Zimbabwe (best)
2. Rwanda
3. Burma
4. Seychelles
5. United Arab Emirates
6. Belarus
7. Indonesia
8. Comoros
9. Sao Tome and Principe
10. Macedonia

**Bottom 10 Countries by Regression 2009-2019**

1. Venezuela (worst)
2. Bolivia
3. Trinidad and Tobago
4. Algeria
5. Equatorial New Guinea
6. Bahrain
7. Belize
8. The Bahamas
9. Mongolia
10. Mozambique

World Average Scores

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 2009 | 2019 | Change |
|  | Overall World Average | 59.4 | 60.8 | +1.4 |
| **Rule of Law** | Property Rights | 43.8 | 52.3 | +8.2 |
|  | Judicial Effectiveness | N/A | 44.9 | N/A |
|  | Government Integrity | 40.5 | 41.5 | +1.0 |
| **Government Size** | Tax Burden | 75.4 | 77.2 | +1.8 |
|  | Government Spending | 65 | 64.2 | -1.7 |
|  | Fiscal Health | N/A | 68.6 | N/A |
| **Regulatory Efficiency** | Business Freedom | 64.6 | 63.5 | -1.6 |
|  | Labor Freedom | 62.1 | 59.4 | -3.0 |
|  | Monetary Freedom | 70.6 | 75.1 | +4.5 |
| **Open Markets** | Trade Freedom | 74.2 | 74.3 | +0.1 |
|  | Investment Freedom | 49 | 57.3 | +7.5 |
|  | Financial Freedom | 48.5 | 48.8 | +0.3 |

**Explanation for Score Change by Factors Bar Chart**

Growth in global economic freedom since the global recession in 2009 has been led mostly by improvements in property rights, monetary freedoms, and investment freedoms. The property rights factor is comprised of a country’s property and intellectual rights laws, the enforcement of these laws, risk of expropriation, and level of judiciary independence and presence of corruption. Monetary freedom is calculated using the average inflation rate for the previous three years as well as any price controls. Investment freedom deals with investment restrictions, capital flows, foreign exchange controls, and other investment controls.

The three measurement factors that regressed over the last decade were government spend, business freedom, and labor freedom. The government spend category is no surprise considering its sole measurement is the level of government expenditures as a percentage of a GDP. Since the world just began its recovery from the global recession at the start of the decade, most governments have been providing economic stimulus to their economies in an effort to fuel production which results in running larger budget deficits than normal. The business freedom factor measures the efficiency of a country’s regulation of business which relates specifically to starting, operating, and closing a business. The labor freedom factor deals with minimum wage laws, layoff laws, severance requirements, and other laws relating to hours worked hiring/firing policies.

From my perspective, I grouped property rights, monetary freedom, and investment freedom as more pertinent for high net worth individuals because these individuals tend to own more real estate, don’t generally have their wage growth correlated to the inflation rate which has been lower than expected for the last decade, and actively invest their money in a variety of instruments both domestically and globally. Business freedom and labor freedom more directly affect the lower and middle class. The fact that the largest improvements in freedoms appear to more directly benefit the wealthy could be an interesting topic for further study to determine if that is actually the case. Declines in business freedom and labor freedom signal to me that it has not gotten easier for people to start their own small business or allow people to have much autonomy in their everyday careers.

The Financial Freedom score had the largest decrease over the period due to the fact that there were more strict regulations implemented when it came to the banks since they acted relatively carelessly in the years leading up to the global recession. The Government spending score had the second largest decrease over the time period which makes sense since most governments and central banks had to resort to running budget deficits and increased spending to help stimulate their economies out of the recession.