Economic Freedom of the World

**Economic Freedom of the World: 2018 Annual Report**

Introduction

The index published in [*Economic Freedom of the World*](https://www.fraserinstitute.org/studies/economic-freedom) by the [Fraser Institute](https://www.fraserinstitute.org/) measures the degree to which the policies and institutions of countries are supportive of economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to enter markets and compete, and security of the person and privately owned property. Forty-two data points are used to construct a summary index and to measure the degree of economic freedom in five broad areas.

Areas

* Area 1: Size of Government - As government spending, taxation, and the size of government-controlled enterprises increase, government decision-making is substituted for individual choice and economic freedom is reduced.
* Area 2: Legal System and Property Rights - Protection of persons and their rightfully acquired property is a central element of both economic freedom and civil society. Indeed, it is the most important function of government.
* Area 3: Sound Money - Inflation erodes the value of rightfully earned wages and savings. Sound money is thus essential to protect property rights. When inflation is not only high but also volatile, it becomes difficult for individuals to plan for the future and thus use economic freedom effectively.
* Area 4: Freedom to Trade Internationally - Freedom to exchange—in its broadest sense, buying, selling, making contracts, and so on—is essential to economic freedom, which is reduced when freedom to exchange does not include businesses and individuals in other nations.
* Area 5: Regulation - Governments not only use a number of tools to limit the right to exchange internationally, they may also develop onerous regulations that limit the right to exchange, gain credit, hire or work for whom you wish, or freely operate your business.