



Written by [Bob Adelman](#) on January 30, 2015

## United States Remains in 12th Place in Economic Freedom

Except for a modest and temporary decline in federal government spending, the United States would have fallen even further from its current 12th-place spot in the Heritage Foundation's 2015 Index of Economic Freedom [just released this week](#). The authors were brutal in their assessment of the reasons behind the country's frightful fall from near the top of the index a decade ago:



Although the precipitous downward spiral in U.S. economic freedom since 2008 has come to a halt in the 2015 Index, a 1.6-percent decline in overall economic freedom over the past five years reflects broad-based deterioration in key policy areas, particularly those related to upholding the rule of law and [that of] limited government.

Economic freedom in the United States has suffered across the board last year by nearly every measure, according to Heritage. This continues a decline from a peak in economic freedom reached in 2000. The four metrics used in the index — the rule of law, the size of government, regulatory “efficiency,” and market freedom — illustrate the fall of the United States compared to its peers ( such as Canada, the United Kingdom, New Zealand, Australia, and Denmark).

Commenting on the decline of the rule of law in the United States, the authors decried the increase in corruption and cronyism that has accompanied the growth of government:

Corruption in government and the political process remains a concern. High levels of government spending and the expansion and complexity of the government's regulatory agenda have increased [the] opportunities for political favoritism and cronyism ... [while] the protection of property rights has been uneven.

The growth of government into Leviathan caused the authors to note:

The top individual income tax rate is 39.6 percent, and the top corporate tax rate remains among the world's highest at 35 percent.... Tax revenue is equal to 24.3 percent of [U.S.] gross domestic product, and government spending is well over one-third of GDP. Public debt exceeds the value of the economy's annual production.

Regarding what's left of the free market in the United States, the authors caustically noted the negative impact of legislation passed, allegedly, to reduce the chances of another Great Recession: “The 2010 Dodd-Frank Act has instituted more federal regulation, socializing the cost of financial risk-taking and increasing the likelihood of future financial crises and bailouts.”

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The authors saved their most scathing comments for the agencies tying down the economy and preventing it from recovering from that recession: “The regulatory burden has been mounting. Since 2009, over 150 new major regulations have been imposed at an annual cost of more than \$70 billion. As of 2014, 125 new [major] regulations were in the pipeline.”



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Little noted by pundits reviewing the Heritage report was the long-term score change of the United States since 1995. In those 20 years, the index for property-rights protection has fallen by a full 10 percentage points, while government corruption has risen by an astounding 17 percentage points.

The Cato Institute hasn't yet released its 2015 Economic Freedom of the World report, but its comments from last year's analysis confirm the conclusions from Heritage:

The United States, once considered a bastion of economic freedom, now ranks 12<sup>th</sup> in the world, tied with the United Kingdom.... Due to a weakening rule of law, increasing regulation, and the ramifications of wars on terrorism and drugs, the United States has seen its economic freedom score plummet in recent years, compared to 2000 when it ranked second globally.

The failure to fall further in the Heritage index was hailed as a major Republican victory by establishment spokesman Representative Paul Ryan (R-Wis.), who spoke at the unveiling of this year's index. According to Ryan,

The fact that our country received an uptick [of 0.7 points] in our rating this year, and one of the reasons why we would see this uptick is because since we [the Republicans] took over the House in 2011, we started cutting spending.... We started capping the kind that Congress is [in] control of on an annual basis — discretionary spending ... we brought some temper to the out-of-control spending that was happening here in Washington.

To see just what sort of "temper" the Republican-controlled House has brought to government spending, one need only look at [total government spending](#) since 1970 to see how specious and out of touch Ryan's comments really are. It reveals a steady, inexorable climb in government spending nearly every year, accelerating greatly under both Democrat President Bill Clinton and Republican President George W. Bush. Over the Clinton and Bush years, government spending *quadrupled* and now, even after a slight decline since 2009, still remains 350 percent ahead of government spending in 1970.

Less cheerleading and more sense was heard from Heritage's own chief economist, who isn't bearing the burden of having to rejoice over the country's dismal decline in economic freedom for political reasons. Said Stephen Moore:

What is important about this document ... is that it teaches us that this is not complicated. These principles about how [to] create economic growth are not complicated.... Cut your tax rates, get your government spending under control, [support] the rule of law, and so on.... One of the reasons I'm nervous ... is that so many political leaders and economists are leading their country in a very wrong direction.... I would make the case that almost every single act that's been put in effect over the last four or five years has been exactly the wrong thing to do.

It's more proof, if more be needed, that the intentions behind those acts were to weaken the economy deliberately and to reduce the economic freedom of the country's citizens. Concluded Moore:

We had Obamacare. We had massive infusions of money, and all of these things have led to the worst [economic] recovery from a recession since the Great Depression ... this didn't happen by accident. It happened because the prescriptions were all wrong. That's why it was almost humorous when President Obama did this kind of icky shuffle in the end zone [during his State of the Union address] when he talked about how we've gotten out of this crisis.

Thanks go to the Heritage Foundation and the Cato Institute for reminding Americans — through measurements of America's economic decline foisted on the country by totalitarians determined to



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reduce us to third-world status — that none of this has happened by accident.

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