



Written by [Bob Adelman](#) on January 15, 2014

America's "Economic Freedom" Score Drops — Again

The latest Index of Economic Freedom [released by](#) the Heritage Foundation and the *Wall Street Journal* shows just how successful the Bush and Obama administrations have been in their seeming attempts to turn the United States into a Third World economy. The index shows America's economic freedom declining for the seventh year in a row, pushing it out of the top 10 freest economies in the world, just behind Estonia and just ahead of Bahrain.



Said Nathaniel Ward, [writing at My Heritage](#):

The United States, with an economic score of 75.5, is [now] the 12th freest economy.... Its score is half a point lower than last year, primarily due to deteriorations in property rights, fiscal freedom, and business freedom....

Substantial expansion in the size and scope of government, including through new and costly regulations in areas like finance and health care, has contributed significantly to the erosion of U.S. economic freedom.

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The growth of government has been accompanied by increasing cronyism that has undermined the rule of law and perceptions of fairness.

The index measures performance [in 10 categories](#), including fiscal freedom (a measure of the tax burden imposed by the government on its citizens) and government spending (which measures spending compared to the country's economic output). In both of those, the United States' score has fallen precipitously, to 65.8 in fiscal freedom (compared to the world average of 77.3), and to 48.1 in government spending (compared to the world's 62.7). By way of comparison, Hong Kong, which has been rated first in the index [for 20 years](#), scored 90.1 overall, and had a 93.0 on fiscal freedom and 89.7 on government spending.

The world economy, however, according to the index, is doing just great. The global economy has grown by nearly 70 percent over the past 20 years, from \$32 trillion in 1993 to \$54 trillion in 2012, raising hundreds of millions from poverty and improving living standards across the globe.

The contrast is even more remarkable when it is noted that America's decline of nearly six points since 2006, dramatic as it is by itself, reflects the larger fact that America is the only country to have recorded a loss of economic freedom [in each of the last seven years](#).

The increase in the overall tax burden is starkly revealed: It now amounts to more than a quarter of the country's economic output, with total government expenditures — federal, state, and local — soaking up more than 40 percent of the country's gross domestic product. Total public debt, at \$17 trillion and growing, exceeds 100 percent of the country's output.



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Heritage isn't shy about saying why, either. Not only is it caused by increasing regulation on what's left of the free market, but the new healthcare laws under ObamaCare "appear to be significantly hurting job creation and full-time employment."

And there's more to come:

The full effects of the onerous Dodd-Frank bill ... have yet to be felt. A backlog of ongoing rulemakings has prolonged business uncertainty, [also] impeding economic growth.

After Deroy Murdock of *National Review* analyzed the report, [he couldn't restrain himself](#):

This sad, maddening interval began in 2007 with Republican George W. Bush's reckless expenditures, brand new regulations ... and the post-crisis nationalization of American enterprises [i.e., GM and Chrysler].

This folly continues with President Obama's trillion-dollar annual deficits, his 24/7 red-tape factory, and the triumph of ObamaCare, now blossoming in its entire splendor.

As Terry Miller exclaimed [in his Journal commentary](#):

It is inexcusable that a country like the U.S. continues to pursue policies antithetical to its own growth, while wielding its influence to encourage other countries to chart the same disastrous course....

This year's index demonstrates that the U.S. needs a drastic change in direction.

Tell that to the president and his czars who are no doubt delighted to see their efforts to bring America down to the level of Third World countries succeeding magnificently. The bright spot in the report appears to be that those other countries aren't listening to the current administration, but instead many are headed in the other direction. Of the 178 countries included in the analysis, a remarkable 114 of them have taken steps in the last year to reduce government spending and interventions into their economies, resulting in 43 of them reaching their highest economic freedom ranking in the index's history.

Once the current administration passes from the scene and is hopefully replaced by real Americans, along with sensible support from more limited-government advocates in the House and Senate, it may reasonably be hoped that America's downward slide may be slowed, stopped, and reversed.

A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics. He can be reached at badelman@thenewamerican.com



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