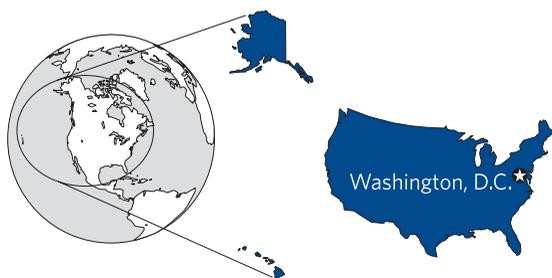


UNITED STATES



World Rank: **11**

Regional Rank: **2**

Economic Freedom Score



Americans continue to lose economic freedom. Following declines in seven of the past eight years, the United States this year has equaled its worst score ever in the *Index of Economic Freedom*. Ratings for labor freedom, business freedom, and fiscal freedom have flagged notably, and the regulatory burden is increasingly costly.

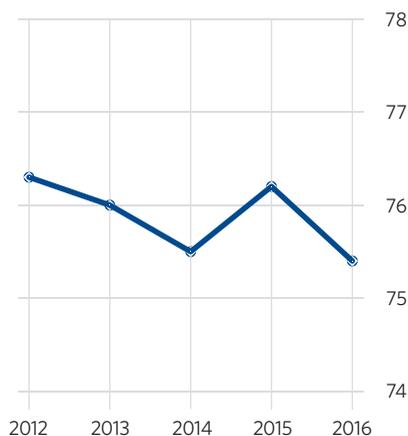
ECONOMIC FREEDOM SNAPSHOT

- 2016 Economic Freedom Score: **75.4** (down 0.8 points)
- Economic Freedom Status: **Mostly Free**
- Global Ranking: **11th**
- Regional Ranking: **2nd in North America**
- Notable Successes: **Open Markets**
- Concerns: **Management of Public Finance and Rule of Law**
- Overall Score Change Since 2012: **-0.9**

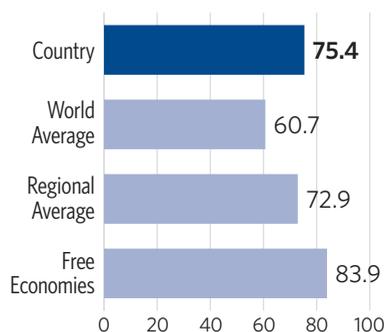
The United States remains mired in the ranks of the “mostly free,” the second-tier economic freedom status into which it dropped in 2010. America’s historically vibrant entrepreneurial growth is significantly hampered by intrusive, expensive, and often ineffective government policies in areas ranging from health care to energy to education. Government favoritism toward entrenched interests has hurt innovation and contributed to a lackluster recovery and stagnant income growth.

BACKGROUND: President Barack Obama’s second-term efforts to expand government spending, the scope of the administrative state, and regulation have been stymied to some degree by political opposition in Congress. Yet the U.S. economy continues to underperform despite a private sector-led energy boom that has made the U.S. the world’s largest producer of oil and natural gas. Uncertain responses to foreign policy challenges, particularly concerning the Middle East, have contributed to a loss of support for the President and strong gains for Republicans in Congress and state legislatures. Political tensions related to racial, religious, and social issues have increased over the past year.

Freedom Trend



Country Comparisons



Quick Facts

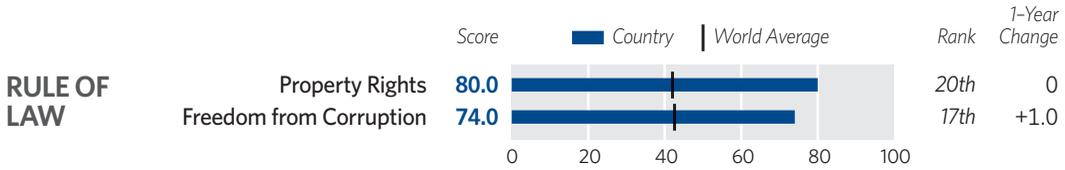
- Population:** 319.0 million
- GDP (PPP):** \$17.4 trillion
- 2.4% growth in 2014
- 5-year compound annual growth 2.2%
- \$54,597 per capita
- Unemployment:** 6.2%
- Inflation (CPI):** 1.6%
- FDI Inflow:** \$92.4 billion
- Public Debt:** 104.8% of GDP

How Do We Measure Economic Freedom?

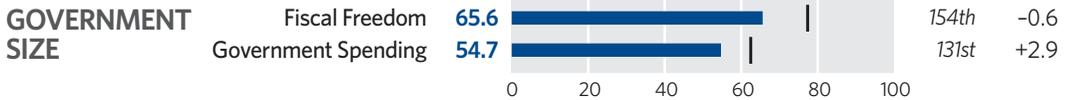
See page 467 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2014 data unless otherwise noted.
Data compiled as of September 2015.

THE TEN ECONOMIC FREEDOMS



The American people’s trust in their government is the lowest it has been in the past 10 years, according to three Gallup polls released in 2015, with 75 percent of respondents saying they believe corruption is widespread in the government and in government regulation of business. Although property rights are guaranteed and the judiciary functions independently and predictably, protection of those rights in practice has been uneven.



The top individual income tax rate is 39.6 percent, and in the absence of comprehensive tax reform, the top corporate tax rate remains among the world’s highest at 35 percent. The overall tax burden equals 25.4 percent of total domestic income. Total government spending amounts to about 39 percent of GDP. Frontloading spending increases, the Bipartisan Budget Act of 2015 has not reduced the size or scope of government.



The regulatory burden continues to increase. Over 180 new major federal regulations have been imposed on business operations since early 2009 with estimated annual costs of nearly \$80 billion. Labor regulations are not rigid, but other government policies, such as excessive occupational licensing, restrict growth in employment opportunities. Damaging monetary policies, tangled webs of corporate welfare, and various subsidies have bred economic distortions.



The average tariff rate in the United States is 1.5 percent. High tariffs increase the price of clothing, sugar imports are restricted, foreign investment in some sectors is capped, and use of domestically built ships is mandated for most domestic maritime transportation. Although detailed regulations have been emerging only gradually, the financial reforms adopted in 2010 have increased both costs and uncertainty.

Long-Term Score Change (since 1995)

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-10.0	Fiscal Freedom	+0.8	Business Freedom	-0.3	Trade Freedom	+8.6
Freedom from Corruption	-16.0	Government Spending	-3.1	Labor Freedom	-4.0	Investment Freedom	0
				Monetary Freedom	-6.8	Financial Freedom	0