

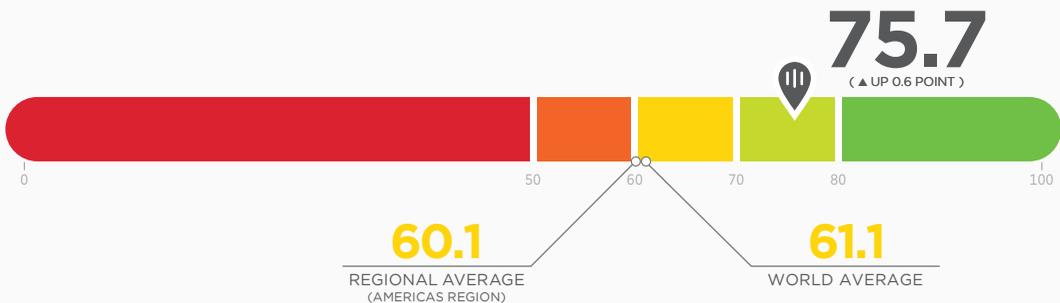
UNITED STATES

The United States' economic freedom score is 75.7, making its economy the 18th freest in the 2018 *Index*. Its overall score has increased by 0.6 point, with a significant improvement in **financial freedom** more than offsetting a lower score for the **government integrity** indicator. The U.S. is ranked 2nd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

While the U.S.'s economic freedom ranking has dropped due to comparatively better improvements in other countries, the increase in its overall score would seem to indicate that the decade-long decline in America's economic freedom may have been arrested. There are signs of renewed labor market dynamism and increased growth, and major regulatory and tax reforms are spurring business confidence and investment. The continuing decline in the score for government integrity reflects a growing perception of cronyism, elite privilege, and corruption.



ECONOMIC FREEDOM SCORE

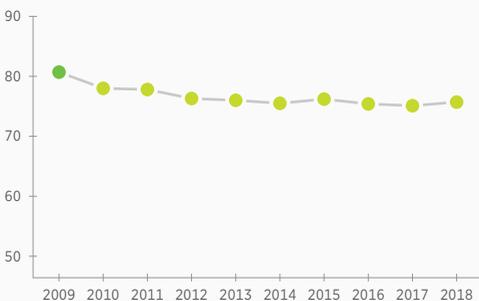


NOTABLE SUCCESSES:
Labor Freedom and Open Markets

CONCERNS:
Fiscal Health, Government Spending, and Tax Burden

OVERALL SCORE CHANGE SINCE 2014:
+0.2

FREEDOM TREND



QUICK FACTS

POPULATION:
323.3 million

GDP (PPP):
\$18.6 trillion
1.6% growth in 2016
5-year compound annual growth 2.1%
\$57,436 per capita

UNEMPLOYMENT:
4.9%

INFLATION (CPI):
1.3%

FDI INFLOW:
\$391.1 billion

PUBLIC DEBT:
107.4% of GDP

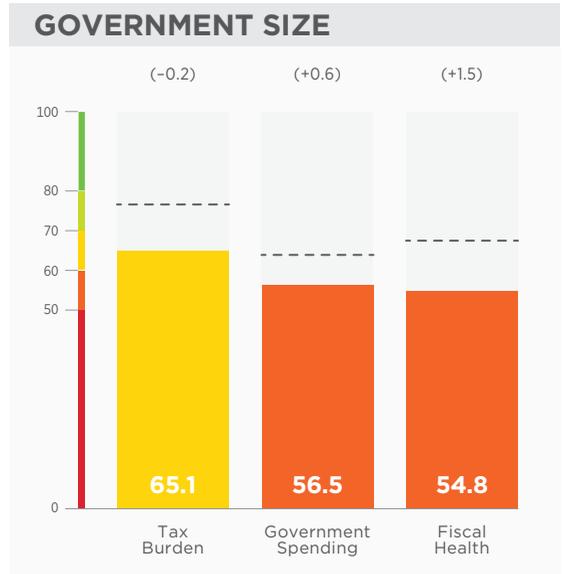
2016 data unless otherwise noted. Data compiled as of September 2017

BACKGROUND: The United States has one of the world's richest and most diversified economies. President Donald Trump was elected in November 2016, promising a sharp break with his predecessor's regulatory, tax, and trade policies. The Republican Party holds a slim majority in Congress but in 2017 was unable to fulfill promises to dismantle major legislation such as the Affordable Care Act, although it did enact major reforms to the tax code at the end of the year. The U.S. leads the world in computers, pharmaceuticals, and the manufacture of medical, aerospace, and military equipment. Although services account for about 80 percent of GDP, the U.S. remains the world's second-largest producer of manufactured goods and the leader in research and development.

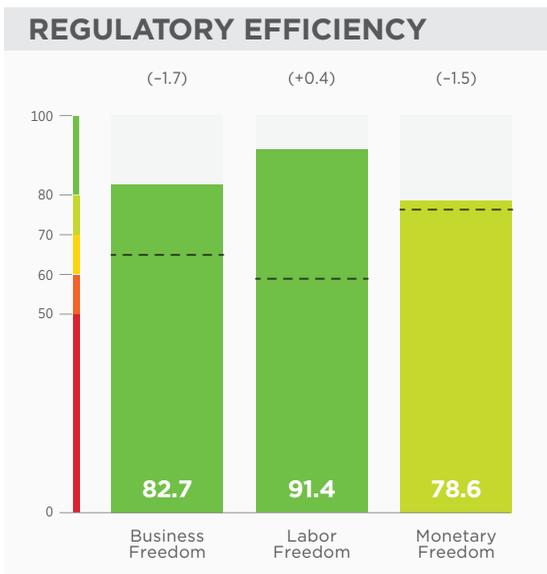
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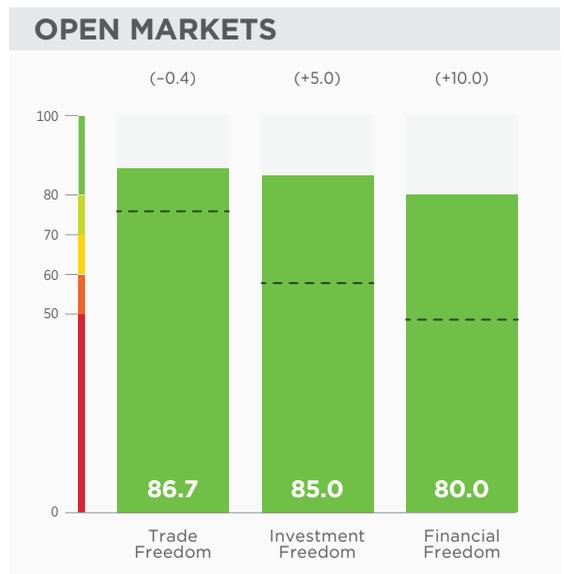
Property rights are guaranteed, and the judiciary generally functions in an independent and predictable fashion. Protection of property rights has been improved by the rolling back of various acts of federal regulatory overreach in areas such as environmental protection, education, and health care that had infringed upon them. American society has a tradition of intolerance toward government corruption, and media reporting on it is aggressive.



The top individual income tax rate was 39.6 percent, and the top corporate tax rate remained among the world's highest at 35 percent in 2017. The overall tax burden equals 26.4 percent of total domestic income. Over the past three years, government spending has amounted to 38.1 percent of total output (GDP), and budget deficits have averaged 4.0 percent of GDP. Public debt is equivalent to 107.4 percent of GDP.



The number of federal regulations increased substantially during Barack Obama's presidency. Annual compliance costs for businesses increased about \$120 billion in eight years. The Trump Administration has undertaken regulatory reforms, but it is too early to judge their full scope and effect. Through a wide variety of programs, the government effectively subsidizes many goods and services in such sectors as agriculture, health care, and "green" energy.



Trade is moderately important to the U.S. economy; the combined value of exports and imports equals 28 percent of GDP. The average applied tariff rate is 1.6 percent. Nontariff barriers impede some trade. In general, government policies do not significantly interfere with foreign investment. The number of banks in which the government holds stakes has fallen steadily, but major financial reform legislation remains pending in Congress.