

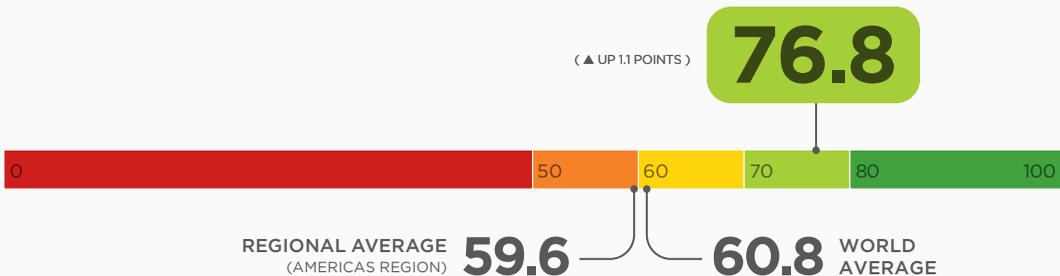
UNITED STATES



The United States' economic freedom score is 76.8, making its economy the 12th freest in the 2019 *Index*. Its overall score has increased by 1.1 points, with significant improvements in scores for **tax burden** and **government integrity** far outpacing modest declines in **fiscal health**, **labor freedom**, **monetary freedom**, and **trade freedom**. The United States is ranked 2nd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The U.S.'s economic freedom ranking has risen six places, and its overall score in the 2019 *Index* is the highest recorded since 2011. This improvement reflects the impact of major regulatory and tax reforms on economic growth, investment, and business confidence. In 2018, the unemployment rate fell to its lowest point since 1969. New protectionist policies that have raised tariffs and disrupted established manufacturing supply chains are just beginning to affect consumer prices and investment decisions.

ECONOMIC FREEDOM SCORE

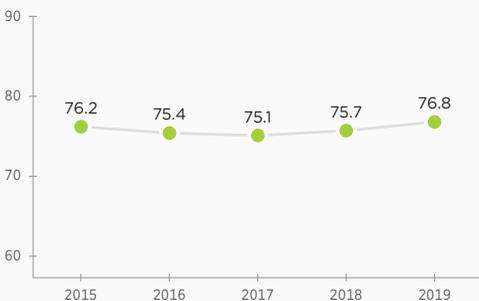


RELATIVE STRENGTHS:
Labor Freedom and Open Markets

HISTORICAL INDEX SCORE CHANGE (SINCE 1995):
+0.1

CONCERNS:
Fiscal Health and Government Spending

FREEDOM TREND



QUICK FACTS

POPULATION:
325.9 million

GDP (PPP):
\$19.4 trillion
2.3% growth in 2017
5-year compound annual growth 2.2%
\$59,501 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
2.1%

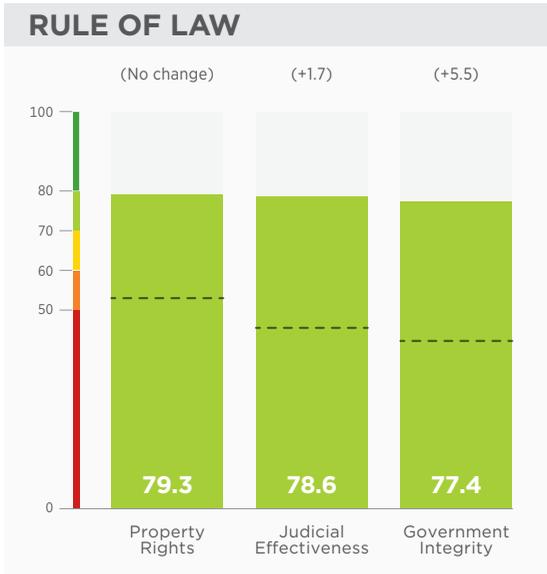
FDI INFLOW:
\$275.4 billion

PUBLIC DEBT:
107.8% of GDP

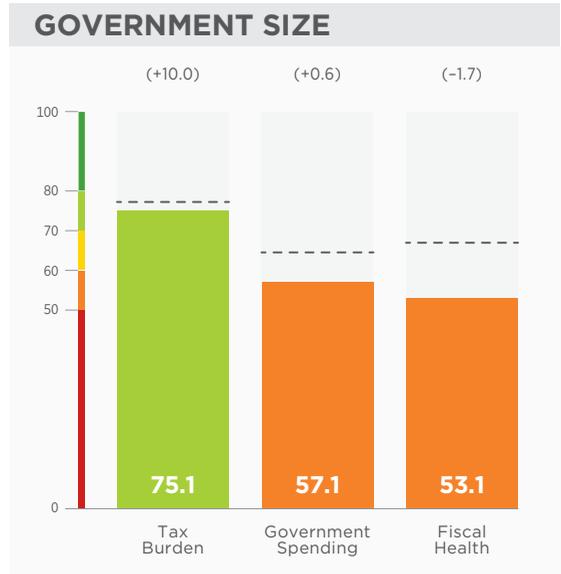
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: The United States has one of the world's wealthiest and most diversified economies. President Donald Trump fulfilled his campaign pledge to reduce burdensome regulations and signed a major tax reform bill into law at the end of 2017, but he also adopted protectionist trade policies. Although it held a slim majority in Congress until 2019, the Republican Party was unable to fulfill such other promises as the dismantling of the Affordable Care Act. With control of the House of Representatives passing to the Democratic Party, prospects for major legislation affecting economic policy have dimmed. 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.

12 ECONOMIC FREEDOMS | UNITED STATES



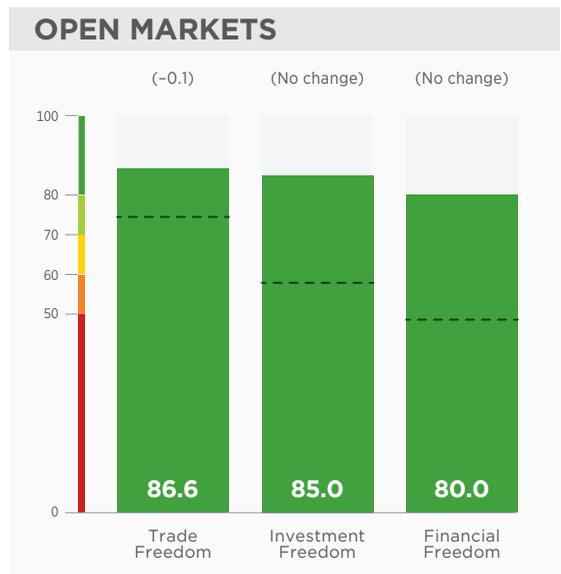
Property rights are guaranteed, but protection has been uneven. For example, civil asset forfeitures by law enforcement and an expansion of occupational licensing requirements have encroached on property rights. The judiciary functions independently and predictably. Corruption is rare, but the Pew Research Center reported in late 2017 that only 18 percent of Americans trust the government always or most of the time.



The top individual income tax rate is now 37 percent, and the top corporate tax rate has been cut to 21 percent. The overall tax burden equals 26.0 percent of total domestic income. Over the past three years, government spending has amounted to 37.8 percent of the country's output (GDP), and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 107.8 percent of GDP.



Significant regulatory reform has resulted in the delay or withdrawal of 2,253 pending regulatory actions since January 2017. Successful challenges to compulsory unionization have expanded the right to work, but new minimum wage laws have curtailed low-income job opportunities in some areas. Subsidies for agriculture, health care, green energy, and corporate welfare continue to add billions of dollars per year to the U.S. national debt.



The combined value of exports and imports is equal to 26.6 percent of GDP. The average applied tariff rate is 1.7 percent. As of June 30, 2018, according to the WTO, the United States had 2,228 nontariff measures in force. The Foreign Investment Risk Review Modernization Act and the Economic Growth, Regulatory Relief, and Consumer Protection Act (which amends certain aspects of the Dodd-Frank bill) were signed into law in 2018.