

UNITED STATES

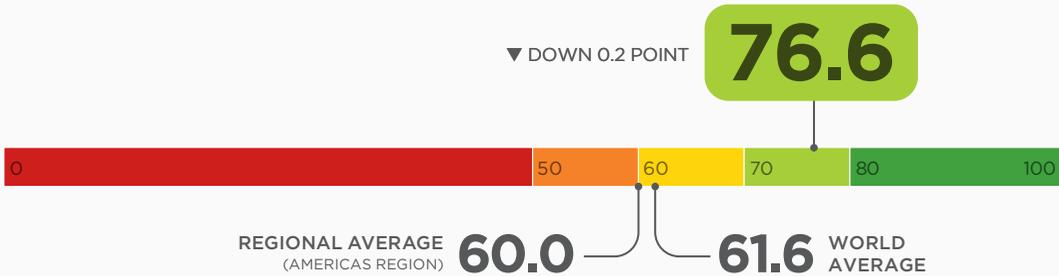
The United States' economic freedom score is 76.6, making its economy the 17th freest in the 2020 *Index*. Its overall score has decreased by 0.2 point due primarily to a lower **trade freedom** score. The United States is ranked 3rd among 32 countries in the Americas region, and its overall score is well above the regional and world averages.

Economic freedom has declined in America over the past decade, primarily because of excessive government spending and intrusive regulation of the health care and financial sectors, although scores have stabilized in recent years. GDP growth has been good recently as well.

Reckless deficit spending by Congress and the Administration under both parties explains the weakest *Index* indicators: government spending and fiscal health. Approval of the recently renegotiated NAFTA (now the United States–Mexico–Canada Agreement) should help to ensure continued growth, and resolution of the U.S.–China trade dispute could boost trade freedom.

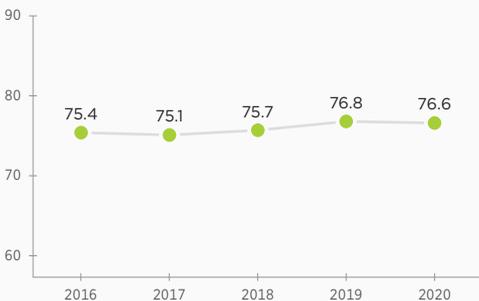


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -0.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
327.4 million

GDP (PPP):
\$20.5 trillion
2.9% growth in 2018
5-year compound annual growth 2.4%
\$62,606 per capita

UNEMPLOYMENT:
3.9%

INFLATION (CPI):
2.4%

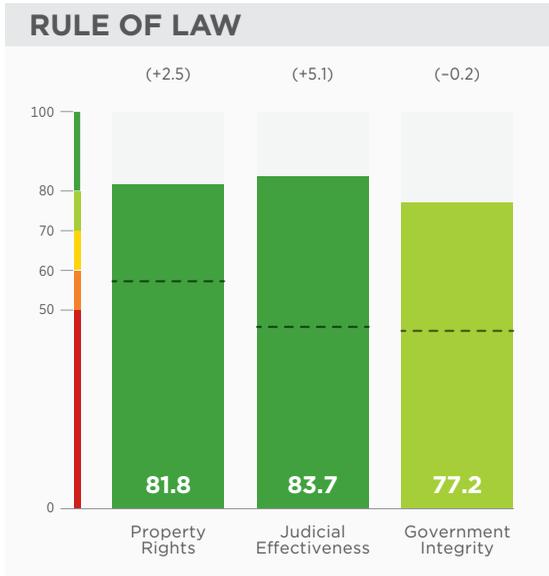
FDI INFLOW:
\$251.8 billion

PUBLIC DEBT:
105.8% of GDP

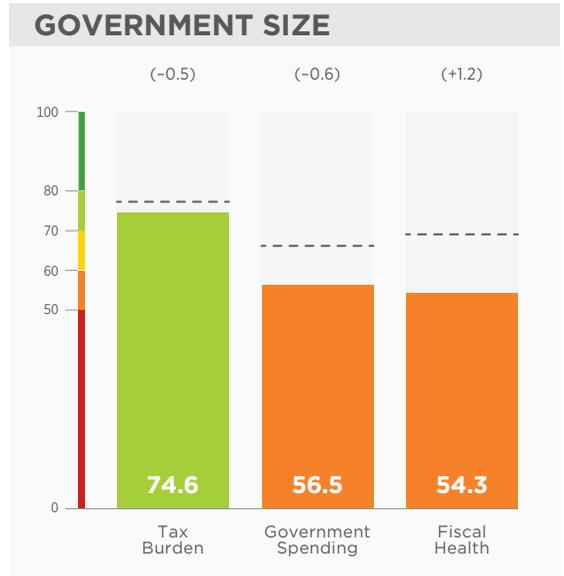
2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: The United States has one of the world's wealthiest and most diversified economies. President Donald Trump sparked relatively robust economic growth by reducing burdensome regulations and signing a major tax reform bill into law, but deficit spending has continued unchecked. The Administration's protectionist trade policies will increasingly be a drag on economic growth if newly applied tariffs are not reversed. The Democratic Party took control of the House of Representatives in January 2019, dimming prospects for passage of major legislation affecting economic policy before the 2020 election. 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.

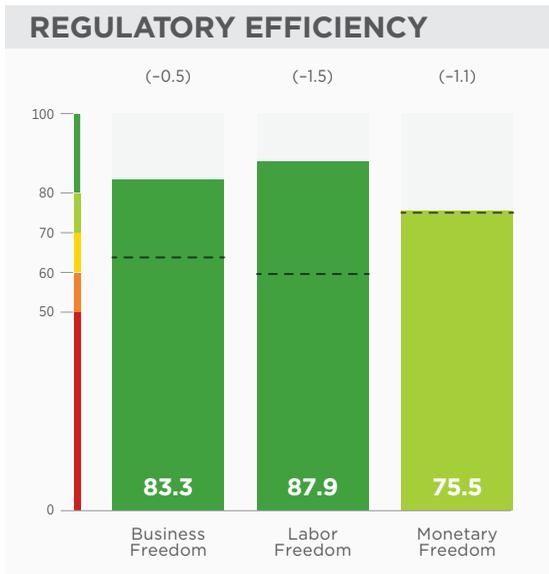
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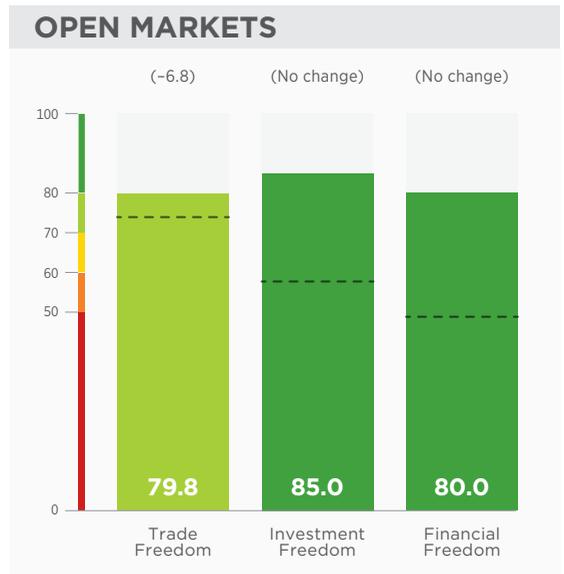
Private property rights are widely respected, but the federal government still owns about 28 percent of all land. Contracts are enforced effectively. The judiciary functions independently and predictably, although the judicial appointments process is subject to increasing politicization. Corruption does not represent a significant business risk, and government actively enforces a well-established anticorruption legislative framework.



The top individual income tax rate is 37 percent, and the top corporate tax rate is 21 percent. The overall tax burden equals 27.1 percent of total domestic income. Government spending has amounted to 38.1 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 4.0 percent of GDP. Public debt is equivalent to 105.8 percent of GDP.



The legal and political environments generally support entrepreneurial activity. Tax and regulatory reforms have pushed the unemployment rate to its lowest level in over 50 years, with unemployment among minority demographic groups at record lows. However, agricultural subsidies have been increased to offset the effects of increased tariffs, and subsidies continue for health care, so-called green energy, and various forms of corporate welfare.



The total value of exports and imports of goods and services equals 27.1 percent of GDP. The average applied tariff rate is 2.6 percent, and over 2,000 nontariff measures are in force. Protectionist policies have created considerable uncertainty for businesses, adding to the overall cost of trade and investment. The financial sector, which is among the most developed in the world, is competitive and stable.