

PREFACE

To those of us who track economic freedom around the world, 2020 was a vivid reminder of the continuing struggle between the state and the free market. In times of uncertainty such as the world has experienced with the COVID-19 pandemic, it is natural that people will look to their leaders for answers. Yet the long-term solutions to our current economic problems do not lie in more government controls and regulations. Instead, they rely on a return to free-market principles.

The *2021 Index of Economic Freedom* offers a good place to step back from the temptation of shortsighted quick fixes and reflect on the fundamental principles that have been responsible for the advances that so many nations have achieved.

Since its inception in 1995, the *Index* has recorded the worldwide progress that has resulted from governments' adoption and support of the principles of free exchange, transparency, and fair competition under the rule of law. During that time, there have been dramatic improvements in prosperity and human flourishing around the globe. Poverty rates have dropped by more than two-thirds, and according to the World Bank, the world economy has more than doubled in size, raising the living standards of billions of people.

Economic freedom encourages a constant process of change and improvement and promotes prosperity more surely and sustainably than is possible for any government-directed program that simply redistributes wealth. Countries that have promoted economic freedom and opened themselves to the competition of the global marketplace have experienced startling bursts of productivity, innovation, and

economic growth. On the other hand, leaders who have failed to join the march of freedom have left their citizens lagging behind and—in the worst cases—in destitution.

As we continue to fight the current pandemic, our confidence in economic freedom is being tested, but now is not the time to waver. It is those countries with the greatest economic freedom—and therefore some of the greatest incentives to succeed—that will recover more quickly from the pandemic's economic devastation. And because the economic health of a people affects their mental, emotional, and physical health, good economic policy is good health policy, and the two go hand-in-hand.

Heritage's *2021 Index* looks at 184 sovereign nations from every corner of the globe and demonstrates that economic freedom can improve the quality of life regardless of cultural or geographic settings. Economic freedom fosters an environment in which jobs can be created; wages can grow; consumers can have more choices; and health care, education, and environmental outcomes are better. Experience teaches that even the best efforts of central planners and bureaucrats are unlikely to lead to sustainable growth and benefits such as these. The proven path to revitalizing economic growth, prosperity, and individual well-being is the path of freedom.

It is that path's course that we chart in this *2021 Index of Economic Freedom*.

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