

UNITED STATES

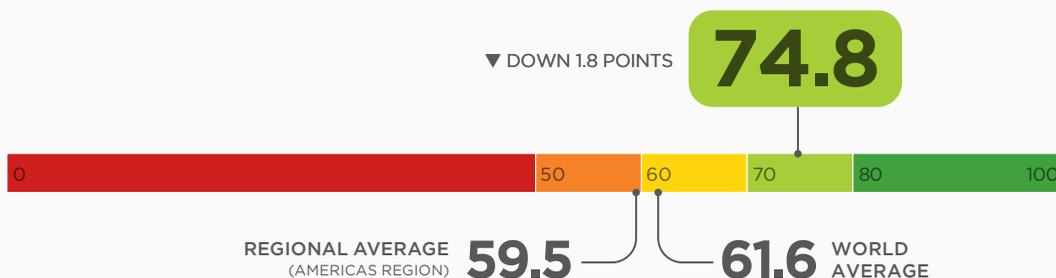
The United States' economic freedom score is 74.8, making its economy the 20th freest in the 2021 *Index*. Its overall score has decreased by 1.8 points, primarily because of a decline in **fiscal health**. The United States is ranked 3rd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The United States received its lowest score and lowest ranking ever in the *Index*, although it remains "mostly free." The major obstacles to greater economic freedom in the United States continue to be excessive government spending, unsustainable levels of debt, and intrusive regulation of the health care and financial sectors.

IMPACT OF COVID-19: As of December 1, 2020, 270,642 deaths had been attributed to the pandemic in the United States, and the economy was forecast to contract by 4.3 percent for the year.

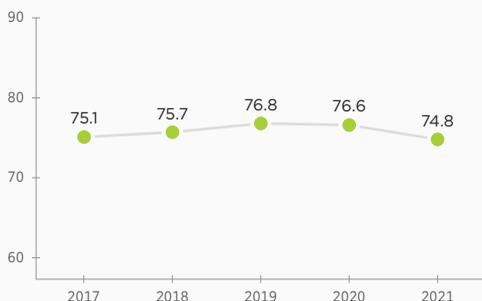


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
328.2 million

GDP (PPP):
\$21.4 trillion
2.3% growth in 2019
5-year compound annual growth 2.4%
\$65,118 per capita

UNEMPLOYMENT:
3.7%

INFLATION (CPI):
1.8%

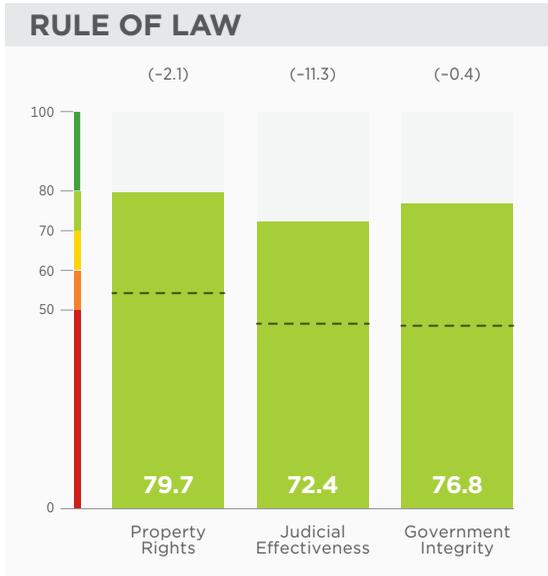
FDI INFLOW:
\$246.2 billion

PUBLIC DEBT:
109.0% of GDP

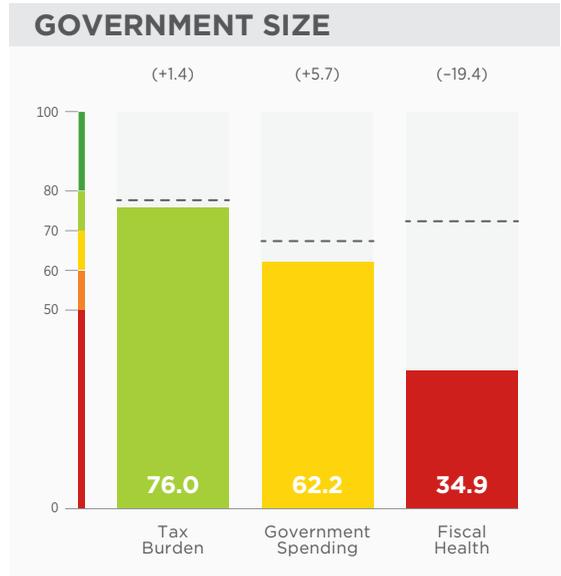
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The United States has one of the world's wealthiest and most diversified economies, led by a highly productive services sector, advanced manufacturing, and world-class research and development. Until the onset of the novel coronavirus pandemic in March 2020, the U.S. was enjoying relatively robust economic growth sparked by cuts in taxes and burdensome regulations. Unfortunately, unchecked deficit spending not only continued, but accelerated. Racial tensions flared in 2020 with rioting and major demonstrations in a number of cities, and the government's response to COVID-19 became a highly partisan issue in a number of jurisdictions. In the 2020 general elections, Joe Biden won the presidency, and the Democratic Party won control by slim margins of both houses of Congress.

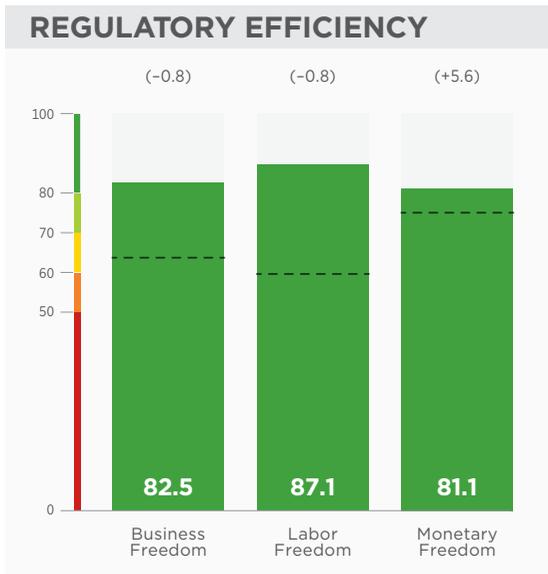
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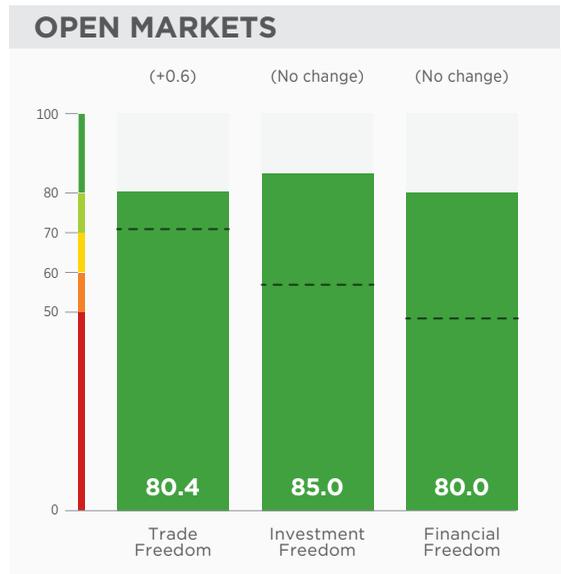
Private property rights are widely respected, but land rights have been somewhat devalued in recent decades by expanded use of eminent domain and the imposition of increasingly detrimental environmental regulations and zoning restrictions. Contracts are enforced effectively. The judiciary functions independently and predictably, although the judicial appointments process is subject to increasing politicization. Public perceptions of corruption have risen in recent years.



The top individual income tax rate is 37 percent, and the top corporate tax rate is 21 percent. The overall tax burden equals 24.3 percent of total domestic income. Government spending has amounted to 35.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.3 percent of GDP. Public debt is equivalent to 109.0 percent of GDP.



Business freedom and labor freedom can vary a great deal from state to state. Both have declined slightly overall. Increases in the minimum wage have outpaced productivity growth in some jurisdictions. According to World Bank data, government transfers and subsidies for agriculture, industry, green energy, health care, housing, transportation, tax breaks, student loans, and numerous other subsidy programs consume about 65 percent of the federal budget.



The United States has 14 preferential trade agreements in force with 20 countries. The trade-weighted average tariff rate is 2.3 percent, and more than 2,000 nontariff measures are in effect. In February 2020, the Foreign Investment Risk Review Modernization Act took effect, widening the mandate of the Committee on Foreign Investment in the United States. The financial sector, one of the world's most developed and competitive, continues to be resilient.