

UNITED STATES

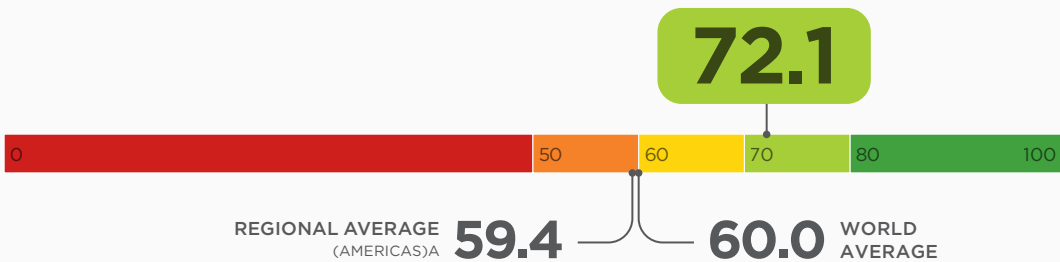
The United States' economic freedom score is 72.1, making its economy the 25th freest in the 2022 *Index*. The United States is ranked 3rd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The U.S. economy, which was growing moderately well before the COVID-19 pandemic, contracted sharply in 2020. Growth recovered in 2021. A decade-long trend of flagging economic freedom, interrupted briefly in 2019, has continued. Driven lower by a sharp decrease in its **fiscal health** score, the U.S. has recorded a 3.0-point overall loss of economic freedom since 2017 and has fallen from the upper half to the lower half of the "Mostly Free" category. Business freedom and rule of law are strong, but the economy is being crushed by reckless government overspending.

IMPACT OF COVID-19: As of December 1, 2021, 782,522 deaths had been attributed to the pandemic in the United States, and the government's response to the crisis ranked 58th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.5 percent in 2020.

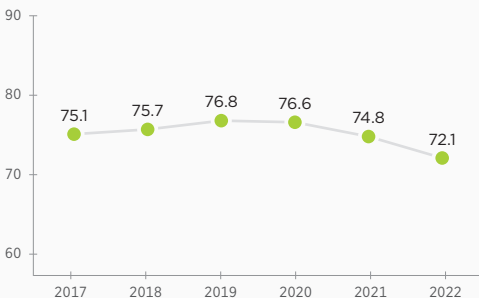


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -4.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
329.5 million

GDP (PPP):
\$20.9 trillion
-3.5% growth in 2020
5-year compound annual growth 1.1%
\$63,416 per capita

UNEMPLOYMENT:
8.3%

INFLATION (CPI):
1.2%

FDI INFLOW:
\$156.3 billion

PUBLIC DEBT:
127.1% of GDP

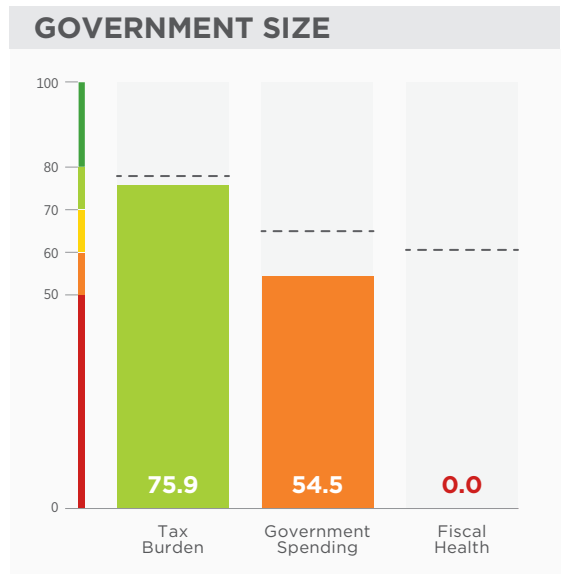
2020 data unless otherwise noted. Data compiled as of September 2021

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. The 2020 pandemic throttled relatively solid economic growth that had been stimulated by tax cuts and a lightened regulatory burden. Unfortunately, unchecked deficit spending and unprecedentedly accommodative monetary policy not only continued, but also accelerated in 2020 and 2021. Meanwhile, racial tensions and bitter political polarization aggravated by the pandemic have deepened, especially since the 2020 presidential election. Since assuming office in 2021 with narrow control of both houses of Congress, President Joseph Biden has pursued a radical left agenda aimed at fundamentally transforming both the country and the economy.

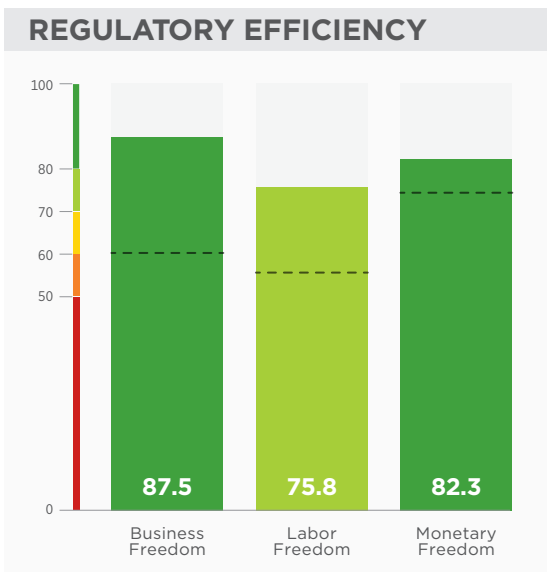
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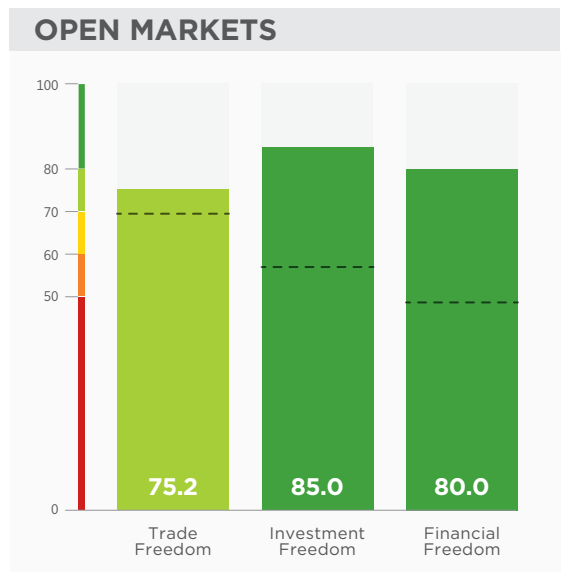
Private property rights, secured interests, and contracts are protected and enforced. The judiciary is independent and reliable, although the judicial appointments process has become increasingly politicized. A troubling and growing tendency of federal governance by the unaccountable administrative state empowered by presidential decrees has undermined public confidence in the rule of law. Public perceptions of corruption and distrust of institutions have been rising 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 24.5 percent of total domestic income. Government spending has amounted to 38.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.0 percent of GDP. Public debt is equivalent to 127.1 percent of GDP.



The U.S. has a high level of business freedom, but regulations vary by state. The Tax Cuts and Jobs Act of 2017 was a significant boost. Labor freedom is mostly high but varies from locality to locality. Massive government borrowing and the printing of money have been worsening inflation, with large deficits persisting and public debt growing.



The United States has 14 preferential trade agreements in force with 20 countries. The trade-weighted average tariff rate is 2.4 percent, and more than 2,300 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.