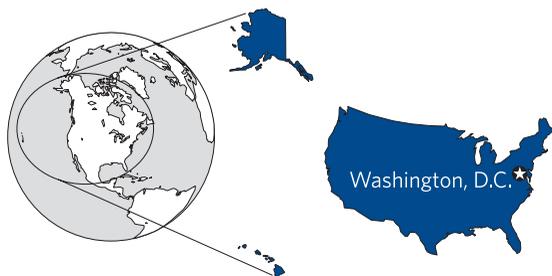


UNITED STATES



World Rank: **12**

Regional Rank: **2**

Economic Freedom Score



The United States' economic freedom score is 76.2, making its economy the 12th freest in the 2015 *Index*. Its score is 0.7 point higher than last year, with modest gains in six of the 10 economic freedoms, including control of government spending, outweighing a slight decline in business freedom.

Although the precipitous downward spiral in U.S. economic freedom since 2008 has come to a halt in the 2015 *Index*, a 1.6-point decline in overall economic freedom over the past five years reflects broad-based deteriorations in key policy areas, particularly those related to upholding the rule of law and limited government. Continuing to trail such comparable economies as Australia, New Zealand, Switzerland, and Canada, America has been ranked “mostly free” since 2010.

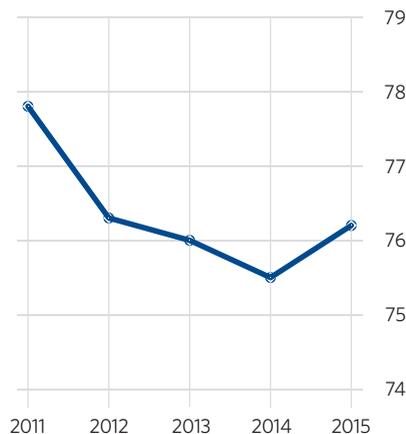
The anemic post-recession recovery has been characterized by slow growth, high unemployment, a decrease in the number of Americans seeking work, and great uncertainty that has held back investment. Increased tax and regulatory burdens, aggravated by favoritism toward entrenched interests, have undercut America's historically dynamic entrepreneurial growth.

BACKGROUND: President Barack Obama's second-term efforts to expand government spending and regulation have been thwarted to some extent by Republican Party opposition in Congress. Economic policy leadership has devolved by default to the Federal Reserve, whose attempts to use monetary policy to stimulate economic activity have not restored robust growth. Implementation of the 2010 health care law, which has reduced competition in most health insurance markets, remains a drag on job creation and full-time employment. Overall, the U.S. economy continues to underperform, despite a private sector-led energy boom that has made the U.S. the world's largest producer of oil and natural gas. The weak economic recovery and uncertain responses to foreign policy challenges, particularly in the Middle East, in Ukraine, and along the southern U.S. border, have contributed to a loss of support for the President and his party and Republican majorities in both chambers of Congress as a result of 2014 midterm elections.

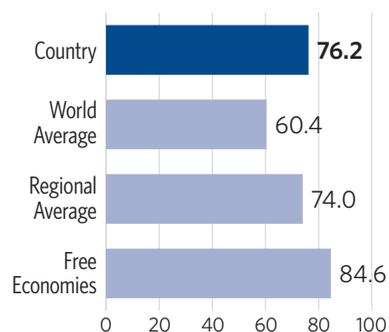
How Do We Measure Economic Freedom?

See page 475 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

Freedom Trend



Country Comparisons

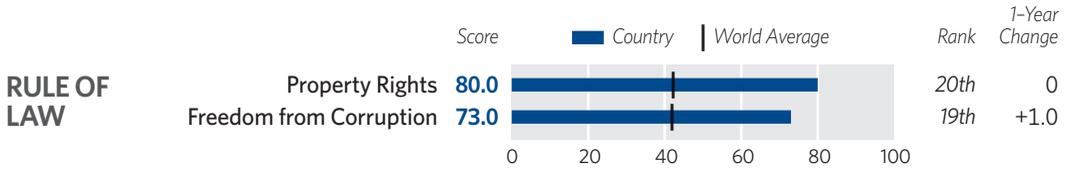


Quick Facts

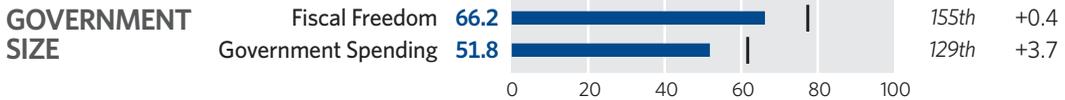
Population: 316.4 million
GDP (PPP): \$16.8 trillion
 1.9% growth in 2013
 5-year compound annual growth 1.2%
 \$53,101 per capita
Unemployment: 5.9% (September 2014)
Inflation (CPI): 1.5%
FDI Inflow: \$187.5 billion
Public Debt: 104.5% of GDP

2013 data unless otherwise noted.
 Data compiled as of September 2014.

THE TEN ECONOMIC FREEDOMS



Corruption in government and the political process remains a concern. High levels of government spending and the expansion and complexity of the government’s regulatory agenda have increased opportunities for political favoritism and cronyism. The judiciary functions independently. Protection of property rights has been uneven, with instances of regulatory overreach by the executive branch requiring court adjudication.



The top individual income tax rate is 39.6 percent, and the top corporate tax rate remains among the world’s highest at 35 percent. Other taxes include a capital gains tax and excise taxes. Tax revenue is equal to 24.3 percent of gross domestic product, and government spending is well over one-third of GDP. Public debt exceeds the value of the economy’s annual production.



The regulatory burden has been mounting. Since 2009, over 150 new major regulations have been imposed at an annual cost of more than \$70 billion. As of 2014, 125 new regulations were in the pipeline. The labor market, primarily regulated at the state level, remains flexible. Subsidies for agriculture, health care, and renewable energy have bred economic distortions.



The average tariff rate is 1.5 percent. Tariffs on clothing are high, sugar imports face tariff-rate quotas, and petroleum and liquefied natural gas exports are restricted. Foreign investment in some sectors is capped. The financial market is well developed, but the 2010 Dodd–Frank Act has instituted more federal regulation, socializing the cost of financial risk-taking and increasing the likelihood of future financial crises and bailouts.

Long-Term Score Change (since 1995)

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-10.0	Fiscal Freedom	+1.4	Business Freedom	+3.8	Trade Freedom	+8.6
Freedom from Corruption	-17.0	Government Spending	-6.0	Labor Freedom	+3.1	Investment Freedom	0
				Monetary Freedom	-7.2	Financial Freedom	0