3. Economic Freedom in the United States and Other Countries

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1. Introduction

For over two decades, scholars have been working to measure the degree to which a nation has implemented a certain set of policies that Adam Smith called a "System of Natural Liberty"; Marx called "Capitalism"; some call "laissez faire"; and we shall call "economic freedom". Economic freedom is present when individuals are permitted to choose for themselves and engage in voluntary transactions as long as they do not harm the person or property of others. Individuals have a right to their own time, talents, and resources, but they do not have a right to take things from others or demand that others provide things for them. The use of violence, theft, fraud, and physical invasions are not permissible in an economically free society, but otherwise, individuals are free to choose, trade, and cooperate with others, and compete as they see fit. When government agents, such as police officers or judges, work to protect people from private predators, government acts in support of economic freedom. On the other hand, government agents, such as tax collectors and regulators, often violate the economic freedom of individuals by preventing them from trading as they see fit. When governments plan at the collective level the economic decisions of people, they violate their economic freedom. In summary, the

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Major elements of this chapter were drawn, with permission, from Chapter 1: Economic Freedom of the World in 2012, in Gwartney, Lawson, and Hall, 2014: 1–23.

cornerstones of economic freedom are (1) personal choice, (2) voluntary exchange coordinated by markets, (3) freedom to enter and compete in markets, and (4) protection of persons and their property from aggression by others.

This chapter will first discuss how economic freedom is measured as a practical matter by the index published in the annual editions of *Economic Freedom of the World*. Second, the chapter will review the actual economic freedom scores for selected nations, with particular emphasis on OECD nations. Finally, recent trends in economic freedom among those countries will be discussed. The case of the United States, which has seen a fairly dramatic decline in economic freedom since 2000, will be a major focus of this final section.

2. Measuring economic freedom

The index published in *Economic Freedom of the World* (EFW) (Gwartney, Lawson, and Hall, 2014) is designed to measure the extent to which the institutions and policies of a nation are consistent with the conception of economic freedom described above. Put another way, the EFW measure is an effort to identify how closely the institutions and policies of a country correspond with a limited government ideal, where the government protects property rights and arranges for the provision of a limited set of "public goods" such as national defense and access to money of sound value, but little beyond these core functions.

In order to receive a high EFW rating, a country must provide secure protection of privately owned property, even-handed enforcement of contracts, and a stable monetary environment. It also must keep taxes low, refrain from creating barriers to both domestic and international trade, and rely more fully on markets rather than government spending and regulation to allocate goods and resources. In many ways, a country's EFW summary rating is a measure of how closely its institutions and policies compare with the idealized structure implied by standard textbook analysis of microeconomics.

Limited government designed to protect the rights of minorities and promote political action based on agreement can be an effective way to protect economic freedom, but elections and simple majoritarian democracy are not enough. Democracy must be buttressed with constraints on the power of the executive, constitutional protection of individual rights, decentralization of government action, and rule of law. If they are not, the result will be political instability and the trampling of economic freedom. This is a vitally important point that has largely been ignored by political leaders, the media, and modern intellectuals. Failure to recognize this point will almost surely lead to disappointment in the results of majoritarian democracy, as well as loss of both political and economic freedom.

The EFW index now covers 152 countries with data available for approximately 100 countries back to 1980. This data set facilitates the ability of scholars to analyze the impact of both cross-country differences in economic freedom and changes in that freedom across a time frame of more than three decades. The EFW measure will also help scholars examine the contribution of economic institutions more thoroughly and disentangle it more completely from political, climatic, locational, cultural, and historical factors as determinants of growth and development.

The construction of the index published in *Economic Freedom of the World* is based on three important methodological principles. First, objective components are always preferred to those that involve surveys or value judgments. Given the multidimensional nature of economic freedom and the importance of legal and regulatory elements, it is sometimes necessary to use data based on surveys, expert panels, and generic case studies. To the fullest extent possible, however, the index uses objective components. Second, the data used to construct the index ratings are from external sources such as the International Monetary Fund, World Bank, and World Economic Forum that provide data for a large number of countries. Data provided directly from a source within a country are rarely used. Importantly, the value judgments of the authors or others in the Economic Freedom Network are never used to alter the raw data or the rating of any country. Third, transparency is present throughout. The report provides information about the data sources, the methodology used to transform raw data into component ratings, and how the component ratings are used to construct both the area and summary ratings.

Table 3.1 gives the structure of the EFW index. The index measures the degree of economic freedom present in five major areas: [1] Size of Government; [2] Legal System and Security of Property Rights; [3] Sound Money; [4] Freedom to Trade Internationally; [5] Regulation. Within the five major areas, there are 24 components in the index. Many of those components are themselves made up of several sub-components. In total, the index comprises 42 distinct variables. Each component and sub-component is placed on a scale from 0 to 10 that reflects the distribution of the underlying data. When sub-components are present, the sub-component ratings are averaged to derive the component rating. The component ratings within each area are then averaged to derive ratings for each of the five areas. In turn, the five area ratings are averaged to derive the summary rating for each country. Following is an overview of the five areas of the EFW index.

Table 3.1. Areas, Components, and Sub-components of the EFW index

1. Size of Government

A. Government consumption
B. Transfers and subsidies
C. Government enterprises and investment
D. Top marginal tax rate
  (i) Top marginal income tax rate
  (ii) Top marginal income and payroll tax rate

2. Legal System and Property Rights

A. Judicial independence
B. Impartial courts
C. Protection of property rights
D. Military interference in rule of law and politics
E. Integrity of the legal system
F. Legal enforcement of contracts
G. Regulatory restrictions on the sale of real property
H. Reliability of police
I. Business costs of crime

3. Sound Money

A. Money growth
B. Standard deviation of inflation
C. Inflation: most recent year
D. Freedom to own foreign currency bank accounts

4. Freedom to Trade Internationally

A. Tariffs
  (i) Revenue from trade taxes (% of trade sector)
  (ii) Mean tariff rate
  (iii) Standard deviation of tariff rates
B. Regulatory trade barriers
  (i) Non-tariff trade barriers
  (ii) Compliance costs of importing and exporting
C. Black-market exchange rates
D. Controls of the movement of capital and people
  (i) Foreign ownership/investment restrictions
  (ii) Capital controls
  (iii) Freedom of foreigners to visit

5. Regulation

A. Credit market regulations
  (i) Ownership of banks
  (ii) Private sector credit
  (iii) Interest rate controls/negative real interest rates
B. Labor market regulations
  (i) Hiring regulations and minimum wage
  (ii) Hiring and firing regulations
  (iii) Centralized collective bargaining
  (iv) Hours regulations
  (v) Mandated cost of worker dismissal
  (vi) Conscription

Area 1. Size of government

The four components of Area 1 indicate the extent to which countries rely on the political process to allocate resources and goods and services. When government spending increases relative to spending by individuals, households, and businesses, government decision-making is substituted for personal choice and economic freedom is reduced. The first two components address this issue. Government consumption as a share of total consumption (1A) and transfers and subsidies as a share of GDP (1B) are indicators of the size of government. When government consumption is a larger share of the total, political choice is substituted for personal choice. Similarly, when governments tax some people in order to provide transfers to others, they reduce the freedom of individuals to keep what they earn.

The third component (1C) in this area measures the extent to which countries use private investment and enterprises rather than government investment and firms to direct resources. Governments and state-owned enterprises play by rules that are different from those to which private enterprises are subject. They are not dependent on consumers for their revenue or on investors for capital. They often operate in protected markets. Thus, economic freedom is reduced as government enterprises produce a larger share of total output.

The fourth component (1D) is based on (1Di) the top marginal income tax rate and (1Dii) the top marginal income and payroll tax rate and the income threshold at which these rates begin to apply. These two sub-components are averaged to calculate the top marginal tax rate (1D). High marginal tax rates that apply at relatively low income levels are also indicative of reliance upon government. Such rates deny individuals the fruits of their labor. Thus, countries with high marginal tax rates and low income thresholds are rated lower.

Taken together, the four components of Area 1 measure the degree to which a country relies on personal choice and markets rather than government budgets and political decision-making. Therefore, countries with low levels of government spending as a share of the total, a smaller government enterprise sector, and lower marginal tax rates earn the highest ratings in this area.

Area 2. Legal system and property rights

Protection of persons and their rightfully acquired property is a central element of economic freedom and a civil society. Indeed, it is the most important function of government. Area 2 focuses on this issue. The key ingredients of a legal system consistent with economic freedom are rule of law, security of property rights, an independent and unbiased judiciary, and impartial and effective enforcement of the law. The nine components in this area are indicators of how effectively the protective functions of government are performed. These components are from three primary sources: the *International Country Risk Guide* (PRS Group), the *Global Competitiveness Report* (World Economic Forum), and the World Bank's *Doing Business* project.

Security of property rights, protected by the rule of law, provides the foundation for both economic freedom and the efficient operation of markets. Freedom to exchange, for example, is meaningless if individuals do not have secure rights to property, including the fruits of their labor. When individuals and businesses lack confidence that contracts will be enforced and the fruits of their productive efforts protected, their incentive to engage in productive activity is eroded. Perhaps more than any other area, this area is essential for the efficient allocation of resources. Countries with major deficiencies in this area are unlikely to prosper regardless of their policies in the other four areas.

Area 3. Sound money

Money oils the wheels of exchange. An absence of sound money undermines gains from trade. As Milton Friedman informed us long ago, inflation is a monetary phenomenon, caused by too much money chasing too few goods. High rates of monetary growth invariably lead to inflation. Similarly, when the rate of inflation increases, it also tends to become more volatile. High and volatile rates of inflation distort relative prices, alter the fundamental terms of long-term contracts, and make it virtually impossible for individuals and businesses to plan sensibly for the future. Sound money is essential to protect property rights and, thus, economic freedom. Inflation erodes the value of property held in monetary instruments. When governments finance their expenditures by creating money, in effect, they are expropriating the property and violating the economic freedom of their citizens.

The important thing is that individuals have access to sound money: who provides it makes little difference. Thus, in addition to data on a country's rate of inflation and its government's monetary policy, it is important to consider how difficult it is to use alternative, more credible, currencies. If bankers can offer saving and checking accounts in other currencies or if citizens can open foreign bank accounts, then access to sound money is increased and economic freedom expanded.

There are four components to the EFW index in Area 3. All of them are objective and relatively easy to obtain and all have been included in the earlier editions of the index. The first three are designed to measure the consistency of monetary policy (or institutions) with long-term price stability. Component 3D is designed to measure the ease with which other currencies can be used via domestic and foreign bank accounts. In order to earn a high rating in this area, a country must follow policies and adopt institutions that lead to low (and stable) rates of inflation and avoid regulations that limit the ability to use alternative currencies.

Area 4. Freedom to trade internationally

In our modern world of high technology and low costs for communication and transportation, freedom of exchange across national boundaries is a key ingredient of economic freedom. Many goods and services are now either produced abroad or contain resources supplied from abroad. Voluntary exchange is a positive-sum activity: both trading partners gain and the pursuit of the gain provides the motivation for the exchange. Thus, freedom to trade internationally also contributes substantially to our modern living standards.

At the urging of protectionist critics and special-interest groups, virtually all countries adopt trade restrictions of various types. Tariffs and quotas are obvious examples of roadblocks that limit international trade. Because they reduce the convertibility of currencies, controls on the exchange rate also hinder international trade. The volume of trade is also reduced if the passage of goods through customs is onerous and time consuming. Sometimes these delays are the result of administrative inefficiency while in other instances they reflect the actions of corrupt officials seeking to extract bribes. In both cases, economic freedom is reduced.

The components in this area are designed to measure a wide variety of restraints that affect international exchange: tariffs, quotas, hidden administrative restraints, and controls on exchange rates and capital. In order to get a high rating in this area, a country must have low tariffs, easy clearance and efficient administration of customs, a freely convertible currency, and few controls on the movement of physical and human capital.

Area 5. Regulation

When regulations restrict entry into markets and interfere with the freedom to engage in voluntary exchange, they reduce economic freedom. The fifth area of the index focuses on regulatory restraints that limit the freedom of exchange in credit, labor, and product markets. The first component (5A) reflects conditions in the domestic credit market. One sub-component provides evidence on the extent to which the banking industry is privately owned. The final two sub-components indicate the extent to which credit is supplied to the private sector and whether controls on interest rates interfere with the market in credit. Countries that use a private banking system to allocate credit to private parties and refrain from controlling interest rates receive higher ratings for this regulatory component.

Many types of labor-market regulations infringe on the economic freedom of employees and employers. Among the more prominent are minimum wages, dismissal regulations, centralized wage setting, extension of union contracts to nonparticipating parties, and conscription. The labor-market component (5B) is designed to measure the extent to which these restraints upon economic freedom are present. In order to earn high marks in the component rating regulation of the labor market, a country must allow market forces to determine wages and establish the conditions of hiring and firing, and refrain from the use of conscription.

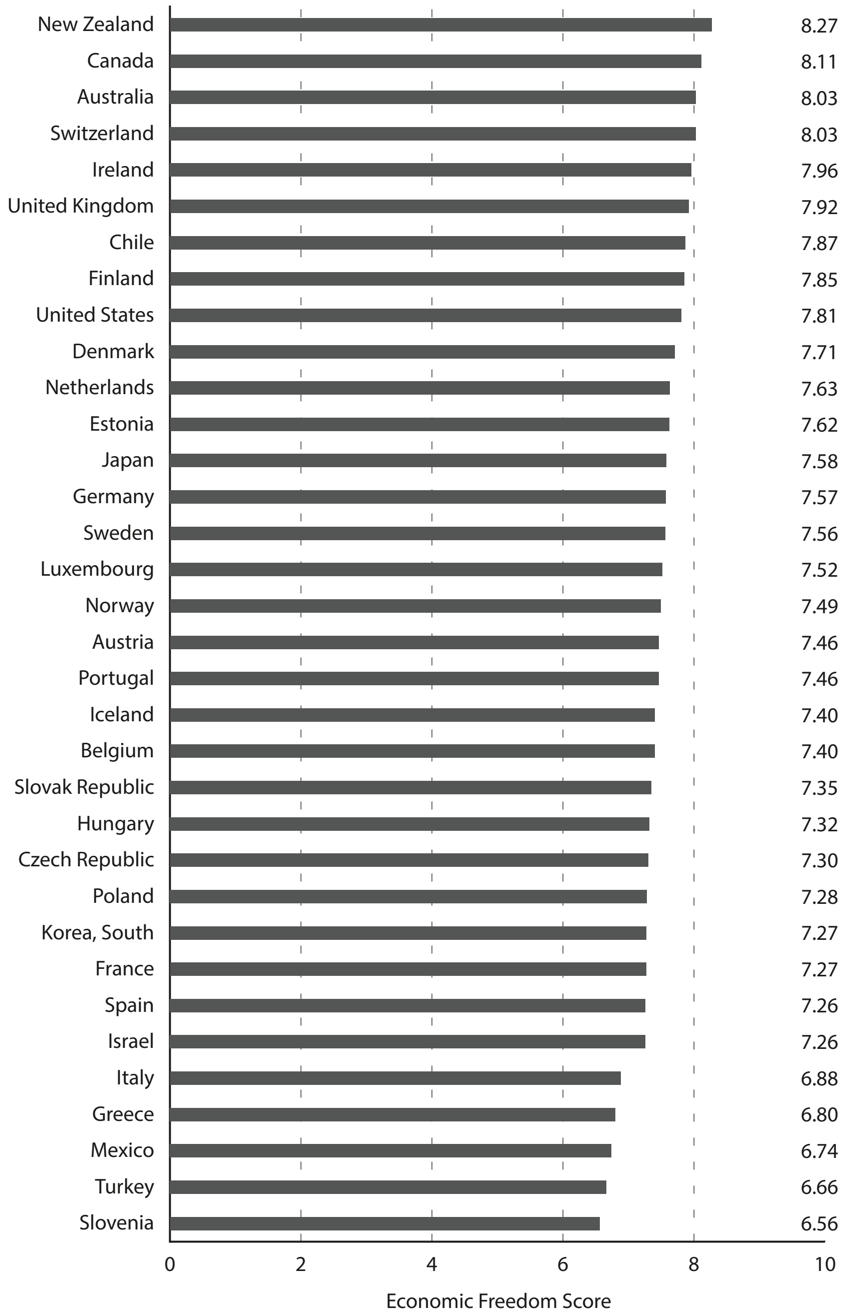
Like the regulation of credit and labor markets, the regulation of business activities (component 5C) inhibits economic freedom. The sub-components of 5C are designed to identify the extent to which regulations and bureaucratic procedures restrain entry and reduce competition. In order to score high in this portion of the index, countries must allow markets to determine prices and refrain from regulatory activities that retard entry into business and increase the cost of producing products. They also must refrain from "playing favorites", that is, from using their power to extract financial payments and reward some businesses at the expense of others.

3. Economic freedom of the OECD nations

Figure 3.1 presents the summary economic freedom ratings for 2012, sorted from highest to lowest, for the 34 *current* members of the Organisation for Economic Co-operation and Development (OECD).[1] The OECD began in 1960 with 18 European counties plus Canada and the United States. Very quickly, advanced non-European countries like Australia, New Zealand, and Japan were added. In recent years, the OECD has expanded membership to several middle-income European economies in southern and eastern Europe as well as to Mexico and Chile. It should be noted that several important nations with high income and a high degree of

1. Throughout this chapter, the chain-linked version of the EFW index is used. Please consult Gwartney, Lawson, and Hall, 2014 for details. The Appendix (p. 83) provides chain-linked EFW scores for all the OECD nations from 1970 to 2012.

Figure 3.1. Summary ratings on EFW index, OECD nations, 2012



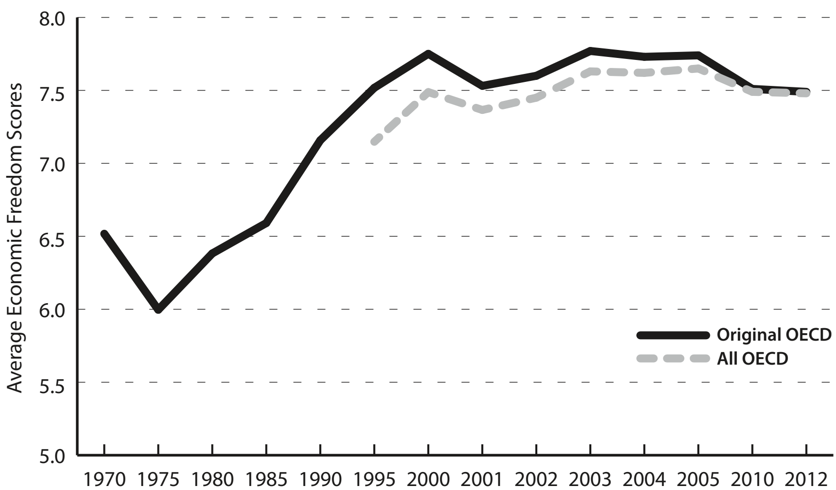
Source: Gwartney, Lawson, and Hall, 2014. Scores are from the chain-linked version of the EFW index.

economic freedom, such as Hong Kong and Singapore, are not members of the OECD; nor are large economic powers such as the so-called BRICs (Brazil, Russia, India, China) included. Nevertheless, using OECD membership is a fairly objective way to select for countries that are highly economically developed or show significant promise.

In general, OECD nations enjoy relatively high levels of economic freedom. At present, New Zealand has the highest economic freedom score (8.27) and Slovenia the lowest (6.56). Only Greece, Mexico, Turkey, and Slovenia are below the world average of 6.84. Unsurprisingly, there is less variation among the OECD nations than among the world as a whole. The standard deviation of scores in the OECD is half (0.42) that of the world (0.90).

The EFW index is calculated back to 1970 as the availability of data allows. *Figure 3.2* shows the average EFW ratings for the original 20 OECD members since 1970 and for all 34 members since 1995.[2] Two worthwhile ideas can be seen in figure 3.2. First, the average level of economic freedom has increased over the long run. This is true whether looking only at the original OECD members or all members. Second, while the average of the newer OECD members was once lower than the

Figure 3.2. Average ratings on the EFW index, OECD Nations, 1970–2012



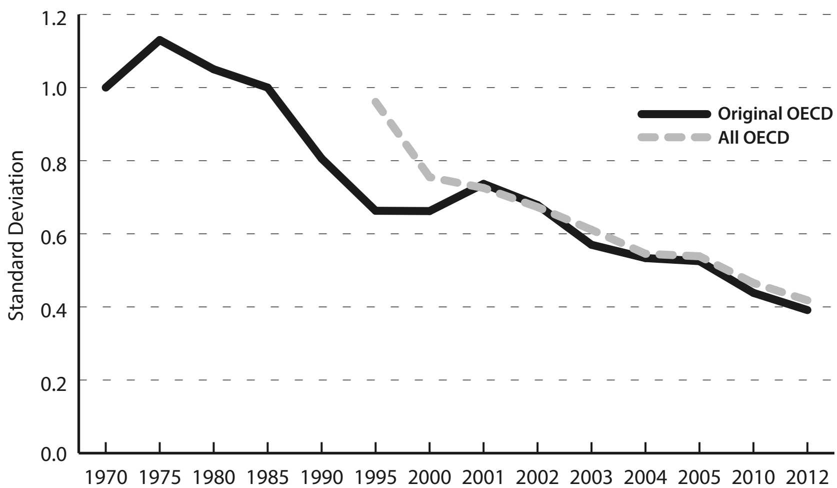
Source: Gwartney, Lawson, and Hall, 2014. Scores are from the chain-linked version of the EFW index.

2. The original OECD members all have data starting in 1970. 1995 is the first year in which data are available for all 34 countries.

original members' average, by 2012 there was essentially no difference in average economic freedom between the two groups. This is suggestive of convergence of economic freedom among the member states.

Figure 3.3 shows the standard deviation of EFW scores for the 20 original OECD members since 1970 and for all 34 current members since 1995. Here we see clear evidence of convergence among OECD nations. Among the original OECD members, the standard deviation began with a value of around one unit in 1970 but had fallen to 0.40 units by 2012. And, similar to the pattern seen in figure 3.2, although there was more variation initially when the new members were added, there is no long any difference in the variation of economic freedom when the original membership is compared with the expanded membership of the OECD.

Figure 3.3. Standard deviation of scores on the EFW index, OECD Nations, 1970–2012



Source: Gwartney, Lawson, and Hall, 2014. Based on the chain-linked version of the EFW index.

These patterns may surprise many observers who think economic freedom has to have been decreasing during this period. One needs to remember the intellectual environment of the postwar era continuing through the 1960s and 1970s however. Most of the high-income nations of the world were instituting their modern expansive welfare states during this period, and quite a few of them were dallying with outright centralized economic planning. Inflation, and in some cases such as Israel, borderline hyperinflation, was endemic in the 1970s and national wage and price controls were instituted even in the relatively economically free

United States. The intellectual climate matched the real world. Economists at the very top of the profession were advocating nationalization of industries and massive industrial planning (Thurow, 1980) and liberal (using the term in the correct sense) economists like Milton Friedman were considered fringe curiosities if not laughing stocks.

Consider how much the political and intellectual environment has changed since 1980. Privatization and deregulation of transportation, communications, and (on some margins) financial markets has taken hold. Marginal tax rates are down in almost all nations. Conscription is a dying policy in Europe in the post-Cold War era. Inflation of any significant degree is unheard of in the OECD and for that matter the entire world save for a couple exceptions like Zimbabwe and Venezuela. Tariffs are way down thanks to GATT negotiations and the creation of the WTO, and many nations have at least partially privatized their pension systems. The last few decades have even been called "The Age of Milton Friedman" (Shleifer, 2009).

Intellectually, there has been a resurgence of acceptability for the concept of economic freedom to the point where opponents have invented a new sneer-term, "neo-liberal", to describe the move toward more economic freedom since 1980 (Boas and Gans-Morse, 2009). While there is no one of Milton Friedman's stature living today (Klein, 2013), it is fair to say that there are vastly more adherents of economic freedom in the economics profession today than 30 or 40 years ago.

With all this said, there has been a modest reversal of the trend toward economic freedom since 2000 when the EFW index peaked for OECD nations. The average rating for the original OECD nations has fallen by 0.26 points since 2000, even while the overall average remained relatively constant (indicating offsetting improvements in economic freedom among the newer additions). Although the trend begins earlier, the financial crisis that began in earnest in 2008 has unleashed more regulations, nationalizations, bailouts, and economic stimulus in almost all these nations. It is hard to say if the gains to economic freedom won during the 1980s and 1990s will be entirely erased by this new trend.

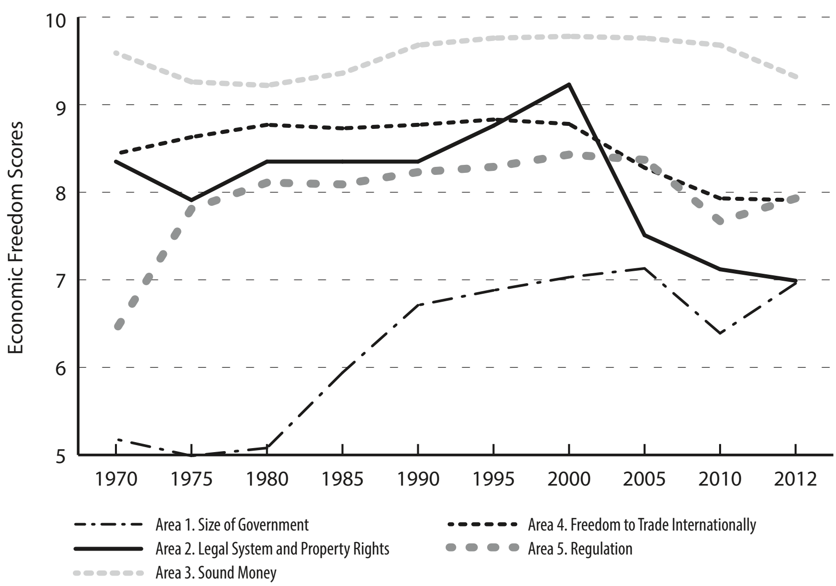
4. The declining economic freedom in the United States

Nowhere has the reversal in the economic freedom trend been more evident than in the United States. Throughout the period from 1970 to 2000, the United States ranked as the world's freest OECD nation (generally third freest economy overall behind Hong Kong and Singapore). The chain-linked summary rating of the United States in 2000 was 8.65. By 2005, the US rating had slipped to 8.20. The slide has continued. The 7.81 chain-linked rating of the United States in 2012 was more 0.8 units lower than the 2000 rating. Thus, the decline in economic freedom in the United States has been more than three times greater than the average decline in the OECD.

The 0.8 point decline in the summary rating between 2000 and 2012 on the 10-point scale of the index may not sound like much, but scholarly work on this topic indicates that a one-point decline in the EFW rating is associated with a reduction in the long-term growth of GDP of between 1.0 and 1.5 percentage points annually (Gwartney, Holcombe, and Lawson, 2006). This implies that, unless policies undermining economic freedom are reversed, the future annual growth of the US economy will be only about half its historic average of 3%.

What accounts for the US decline? While the US ratings and rankings have fallen in all five areas of the EFW index, the reductions have been largest in the Legal System and Protection of Property Rights (Area 2), Freedom to Trade Internationally (Area 4), and Regulation (Area 5). The plunge in Area 2 has been particularly alarming. In 2000, 9.23 was the Area 2 rating for the United States but by 2012 the area rating had plummeted to 6.99 (*figure 3.4*). While it is difficult to pinpoint the precise reason for the decline in Area 2, the increased use of eminent domain to transfer property to powerful political interests, the ramifications of

Figure 3.4. Ratings for Areas 1–5 of the EFW index, United States, 1970–2012



Source: Gwartney, Lawson, and Hall, 2014. Scores are from the chain-linked version of the EFW index.

the wars on terrorism and drugs, and the violation of the property rights of bondholders in the auto-bailout case have weakened the US tradition of rule of law. We believe these factors have contributed to the sharp decline in the legal system area.

Expanded use of regulation has also been an important contributing factor to the rating reductions of the United States. During the past decade, non-tariff trade barriers, restrictions on foreign investment, and business regulation have all grown extensively. The expanded use of regulation in the United States has resulted in sharp rating reductions for components such as independence of the judiciary, impartiality of the courts, and regulatory favoritism. To a large degree, the United States has experienced a significant move away from rule of law and toward a highly regulated, politicized, and heavily policed state.

Figure 3.5 reports the ratings for seven of the nine components in Area 2. Legal System and Property Rights.[3] All seven indicators, which come from three underlying sources, show declining values for the United States.[4] The magnitudes of some of the declines are truly remarkable. The measures for Judicial Independence (2A) and Impartial Courts (2B) have respectively fallen to values of 6.7 and 5.9 in 2012 from 8.0 and 9.0 in 2000. Could the expanded use of secret Foreign Intelligence Surveillance Courts (FISA Courts), where government requests are rubber stamped nearly 100% of the time be responsible for this? Is the interference of the executive branch of the federal government in the bankruptcy proceedings of GM and Chrysler responsible for this?

Component 2C (Property Rights) has fallen to 7.0 from 9.1. Could the Supreme Court's notorious *Kelo v. City of New London* decision in 2005 making it easier to condemn private property and transfer that property to politically connected private interests be the cause? Could the expanded us of civil asset forfeiture, in which the government can take your property without any proof of guilt, in prosecuting the war on drugs be responsible for this? Could increasing environmental, safety, and health rules and new acts like Sarbanes-Oxley, Dodd-Frank, and the Affordable Care Act be seen as a threat to property rights?

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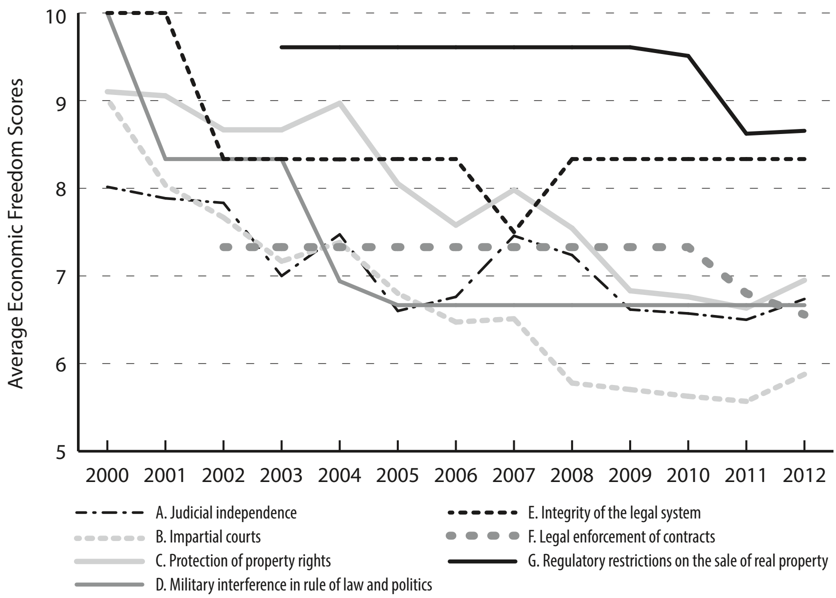
3. Components 2H (Reliability of Police) and 2I (Business Costs of Crime) are omitted from figure 3.5 because they have been included in the EFW index only since 2005. Both of these components have exhibited declines as well.

4. Components 2A, 2B, and 2C are from the World Economic Forum's *Global Competitiveness Report*; 2D and 2E are from the PRS Group's *International Country Risk Guide*; 2F and 2G are from the World Bank's *Doing Business* project. For details about sources, see Appendix: Explanatory Notes and Data Sources, pp. 231–243 in Gwartney, Lawson, and Hall, 2014.

Figure 3.5. Ratings for Components 2A–2G of Area 2. Legal System and Property Rights of the EFW index, United States, 2000–2012



Source: Gwartney, Lawson, and Hall, 2014. Scores are from the chain-linked version of the EFW index.

Component 2D (Military Interference in the Political Process) has fallen to 6.7 from 10. Could the growth of political power of the military and military contractors (for example, Hallibuton) be driving this? Or could the fact that local police officers now sport armored cars, assault rifles, and body armor and look more like soldiers at war than cops keeping the peace (Balko, 2013) be a factor? Could the nationalization of airport security by TSA agents be responsible?

The answer to all these questions is likely to be “yes”. We will never know which of these various factors figure most prominently in the construction of these ratings. However, whatever the underlying causes, when multiple indicators from different sources each using very different methods arrive at the same conclusion, we should take the results very seriously. It is clear in the data that property rights and the rule of law are under attack in the United States.

5. Conclusions

The economic freedom of the world’s most developed nations has changed a lot over the last 40 years. The post-war expansions of government power—reductions in economic freedom—were apparent in many countries such that by 1970 and

1975, when EFW data become available, many OECD countries had low scores for economic freedom. The effects of the Reagan and Thatcher political revolutions and the intellectual rebirth of classically liberal ideas led to increases in economic freedom and convergence among OECD nations. The so-called Washington Consensus of lower taxes, lower trade barriers, privatization, and deregulation is quite evident in the data in the EFW index. The last decade on the other hand has not been as kind to the cause of economic freedom.

Only time will tell if the recent reversal in the economic freedom trend is permanent or not. Most worrisome perhaps is that the United States appears to have clearly lost its high-ground status as the most economically free nation in the OECD. It is not at all clear which OECD nation, if any, will take up the mantle to champion an economically free future.

Appendix

Chain-linked EFW scores for all OECD nations, 1970–2012.

	1970	1975	1980	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012
Australia	6.96	6.07	6.86	7.17	7.57	7.98	8.07	8.24	8.28	8.32	8.21	8.10	8.07	8.05	8.03
Austria*	6.08	5.93	6.33	6.34	6.98	7.16	7.55	7.84	7.81	7.79	7.68	7.62	7.60	7.58	7.46
Belgium*	7.44	6.80	7.06	7.03	7.35	7.43	7.89	7.53	7.50	7.54	7.46	7.42	7.52	7.48	7.40
Canada*	7.91	7.12	7.68	7.78	8.09	8.11	8.36	8.34	8.31	8.29	8.25	8.14	8.17	8.05	8.11
Chile	3.96	3.62	5.38	5.83	6.78	7.53	7.41	7.92	7.93	8.05	7.98	7.92	7.98	7.90	7.87
Czech Republic						5.84	6.53	6.92	6.91	7.14	7.17	7.09	7.13	7.17	7.30
Denmark*	6.84	6.24	6.39	6.53	7.26	7.73	7.92	7.94	7.96	7.97	7.87	7.74	7.94	7.83	7.71
Estonia						6.08	7.61	7.97	7.95	7.94	7.74	7.72	7.80	7.77	7.62
Finland	6.82	6.16	6.65	6.92	7.24	7.50	7.73	7.97	7.87	7.91	7.81	7.79	7.91	7.99	7.85
France*	6.63	5.93	6.09	5.99	7.07	7.02	7.31	7.38	7.38	7.58	7.49	7.47	7.49	7.45	7.27
Germany*	7.44	6.85	7.16	7.25	7.65	7.63	7.67	7.76	7.70	7.61	7.53	7.57	7.58	7.69	7.57
Greece*	6.33	5.86	5.76	5.14	5.99	6.44	6.91	7.31	7.27	7.33	6.92	6.79	6.88	6.77	6.80
Hungary			3.94	4.67	5.04	6.19	6.56	7.23	7.13	7.14	7.18	7.19	7.32	7.61	7.32
Iceland*	6.13	4.40	5.25	5.53	6.95	7.69	8.04	8.09	7.96	7.84	7.15	7.02	7.05	7.33	7.40
Ireland*	6.79	5.97	6.47	6.54	7.13	8.29	8.20	8.41	8.26	8.20	7.82	7.67	7.78	7.82	7.96
Israel	4.58	3.87	3.48	4.03	4.66	6.04	6.77	7.37	7.25	7.26	7.22	7.13	7.31	7.27	7.26
Italy*	5.98	5.17	5.37	5.57	6.60	6.66	7.36	7.33	7.23	6.85	6.76	6.72	6.79	6.81	6.88
Japan	6.78	6.38	6.88	7.05	7.58	7.50	7.90	7.79	7.75	7.74	7.65	7.50	7.58	7.48	7.58
Korea, South	5.39	5.26	5.49	5.54	6.31	6.67	6.79	7.26	7.44	7.47	7.26	7.18	7.28	7.30	7.27
Luxembourg*	7.47	7.62	7.51	7.82	7.79	7.93	8.02	7.72	7.70	7.76	7.77	7.66	7.65	7.61	7.52
Mexico	6.45	5.76	5.13	4.61	6.13	6.43	6.44	6.82	6.86	6.78	6.71	6.60	6.69	6.63	6.74
Netherlands*	7.04	6.55	7.23	7.28	7.60	7.95	8.21	7.92	7.84	7.84	7.78	7.63	7.64	7.76	7.63
New Zealand	6.32	5.69	6.35	6.21	7.82	8.84	8.52	8.56	8.26	8.50	8.41	8.36	8.37	8.51	8.27
Norway*	5.93	5.58	5.79	6.46	7.13	7.56	7.27	7.69	7.54	7.69	7.59	7.46	7.49	7.52	7.49
Poland				3.46	3.55	5.37	6.34	6.89	6.99	6.94	6.99	7.13	7.11	7.18	7.28
Portugal*	5.89	3.73	5.53	5.37	6.25	7.46	7.55	7.43	7.49	7.46	7.36	7.18	7.16	7.43	7.46
Slovak Republic						5.55	6.20	7.64	7.54	7.55	7.59	7.49	7.43	7.47	7.35
Slovenia						5.15	6.72	6.95	7.02	7.02	7.08	7.04	6.58	6.58	6.56
Spain*	6.41	5.85	6.10	6.08	6.57	7.25	7.54	7.60	7.55	7.52	7.44	7.22	7.32	7.50	7.26
Sweden*	5.51	5.35	5.68	6.47	7.11	7.28	7.62	7.58	7.53	7.52	7.49	7.53	7.73	7.67	7.56
Switzerland*	7.45	7.46	7.99	8.15	8.15	8.19	8.63	8.19	8.17	8.20	8.02	8.05	8.13	8.12	8.03
Turkey*	3.49	3.87	3.77	4.85	5.06	5.89	5.81	6.09	6.20	6.33	6.61	6.52	6.54	6.69	6.66
United Kingdom*	5.98	5.92	6.57	7.53	8.08	8.20	8.50	8.38	8.25	8.15	8.08	7.95	7.94	7.97	7.92
United States*	7.60	7.73	7.92	8.11	8.35	8.50	8.65	8.21	8.13	8.21	7.99	7.71	7.75	7.74	7.81

Note: * = original member of Organisation for Economic Co-operation and Development (OECD).
Source: Gwartney, Lawson, and Hall, 2014.

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