

NEWS RELEASE

Hundreds of studies find economic freedom works

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For immediate release

TORONTO—According to a wide-ranging literature review, economic freedom helps produce faster economic growth, higher living standards and more happiness.

“In the academic world, there’s a growing consensus that increased economic freedom correlates with positive outcomes for people in countries around the world,” said Robert A. Lawson, professor of economics at Southern Methodist University and author of *Economic Freedom in the Literature—What Is It Good (Bad) For?*

The review examined 721 empirical papers (published between 1996 and 2022) using the *Economic Freedom of the World* index, which measures economic freedom—the ability of individuals to make their own economic decisions—by analyzing the policies and institutions of jurisdictions and assessing indicators such as regulation, size of government, property rights, government spending and taxation.

More than 50 per cent of the papers reported good correlations between economic freedom (as measured by the index) and good outcomes (faster economic growth, higher living standards, reduced conflict, etc.) while about 45 per cent report mixed/null/uncertain results. Only one out of 20 papers reported a bad outcome.

“The research shows that economic freedom boosts prosperity and economic growth and also leads to positive outcomes in others areas,” said Lawson. “When free to do so, individuals and families—not crony elites or over-powerful governments—make the best decisions for themselves.”

The majority of studies in the following areas found economic freedom was related to:

- reduced conflict, wars, civil unrest and terrorist attacks
- increased entrepreneurship and innovation
- stronger economic growth
- improved human rights and social development
- boosted income and productivity
- improved labour market outcomes including reduced unemployment and increased wages and participation

“Personal choice, voluntary exchange and open markets remain the cornerstones of economic freedom, which is key to prosperity worldwide,” Lawson said.

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