

WebMemo



Published by The Heritage Foundation

No. 1650

September 28, 2007

The Link Between Economic Freedom and Human Rights

Anthony B. Kim

In his address to the United Nations General Assembly on September 25, President Bush urged the nations of the world to work together “to free people from tyranny and violence, hunger and disease, illiteracy and ignorance, and poverty and despair.”¹ That message echoes the enduring confidence that Americans have in freedom as a moral and liberating force for all peoples. It is the foundation of true democracy and human rights. Freedom is the engine that drives sustainable economic growth and provides increased access to prosperity for all people everywhere.

Economic Freedom Empowers People. Economic freedom is essentially about ensuring human rights. Strengthening and expanding it guarantees an individual’s natural right to achieve his or her goals and then own the value of what they create. Amartya Sen, a Nobel laureate economist who has made considerable contributions to development economics, once noted that “Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity for exercising their reasoned legacy.”² People crave liberation from poverty, and they hunger for the dignity of free will. By reducing barriers to these fundamental human rights, forces of economic freedom create a framework in which people fulfill their dreams of success. In other words, the greater the economic freedom in a nation, the easier for its people to work, save, consume, and ultimately live their lives in dignity and peace.

This relationship is well documented in the *Index of Economic Freedom*, published annually by The

Heritage Foundation and *The Wall Street Journal*, which measures economic freedom around the globe. The *Index* identifies strong synergies among the 10 key ingredients of economic freedom, which include, among others, openness to the world, limited government intervention, and strong rule of law. The empirical findings of the *Index* confirm that greater economic freedom empowers people and improves quality of life by spreading opportunities within a country and around the world. As Chart 1 clearly demonstrates, there is a robust relationship between economic freedom and prosperity. People in countries with either “free” or “mostly free” economies enjoy a much higher standard of living than people in countries with “mostly unfree” or “repressed” economies.³

Citizens in nations that are built on greater economic freedom enjoy greater access to ideas and resources, which are the forces that let “all of us exchange, interact and participate”⁴ in an increasingly interconnected world. Access, another form of freedom that has practical promise, is an important transmitting mechanism that allows improvements in human development and fosters better democratic participation. A new cross-country study, recently commissioned and published by the FedEx

This paper, in its entirety, can be found at:
www.heritage.org/Research/WorldwideFreedom/wm1650.cfm

Produced by the Center for International
Trade and Economics (CITE)

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

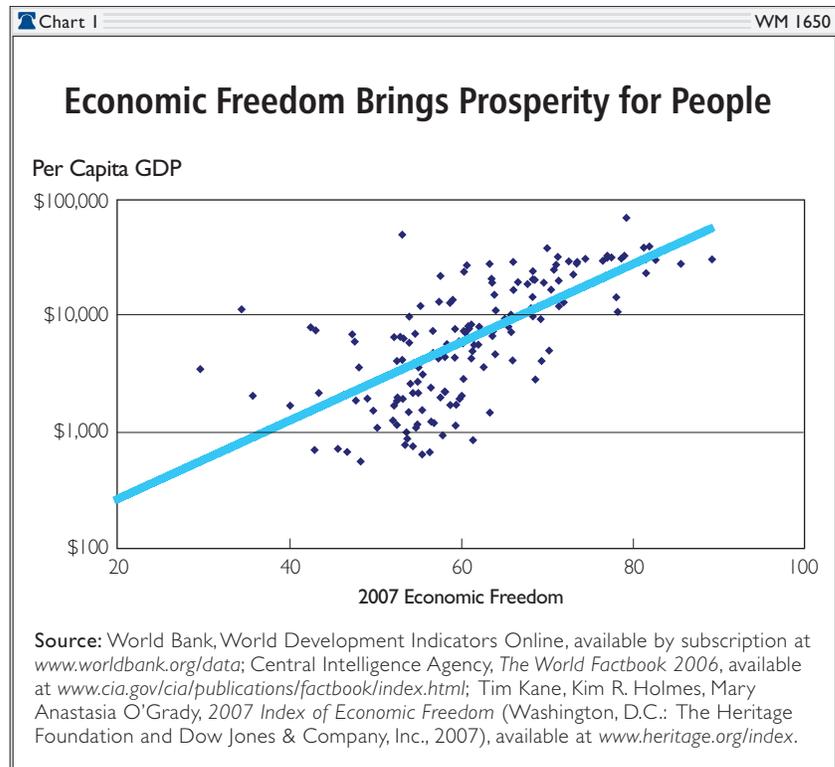
Nothing written here is to be construed as necessarily reflecting
the views of The Heritage Foundation or as an attempt to
aid or hinder the passage of any bill before Congress.

Corporation, measures the level of access that a nation's people, organizations, and government enjoy in comparison to the world and to other countries. The study looks into trade, transport, telecommunication, news, media, and information services in 75 countries.⁵

There is strong positive linkage between degrees of economic freedom and levels of access. As Chart 2 shows, greater economic freedom allows people to have more access to necessary means to success such as new ideas and resources. Reinforcing each other, greater economic freedom and better access to ideas and information combine to empower people, improve their quality of life, and expand opportunities for nations to benefit from global commerce.

Higher economic freedom also has a strong positive correlation with the United Nation's Human Development Index, which measures life expectancy, literacy, education, and standard of living for countries worldwide.⁶ By creating virtuous cycles and reinforcing mechanisms, the prosperity created by economic freedom results in reduced illiteracy (through greater access to education) and increased life expectancy (through access to higher quality health care and food supplies).⁷

Economic Freedom Paves a Path to Political Liberty. Debate over the relationship between eco-



nomical freedom and political freedom and the question of causation has been somewhat controversial due to the complex interplay between the two freedoms. Yet it is well recognized that economic freedom leading to economic prosperity can enhance political liberty. As the late Milton Friedman, the father of economic freedom, once noted in his book *Capitalism and Freedom*:

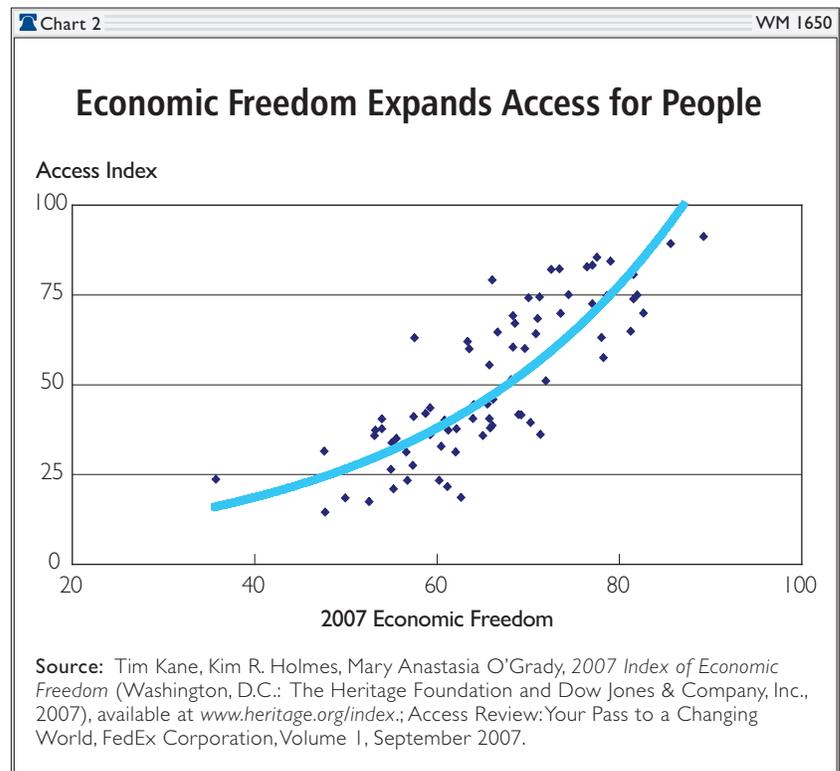
Economic freedom plays a dual role in the promotion of a free society. On the one hand, freedom in economic arrangements is itself a component of freedom broadly un-

1. President Bush Addresses The United Nations General Assembly, Office of the Press Secretary, September 25, 2007, at www.whitehouse.gov/news/releases/2004/09/20040921-3.html.
2. Amartya Sen, *Development as Freedom* (New York: Anchor Books, 1999), p. xii.
3. The *Index of Economic Freedom* defines freedom categories as the following: "free": 80–100% free; "mostly free": 70–79.9% free; "moderately free": 60–69.9% free; "mostly unfree": 50–59.9% free; and "repressed": 0–49.9% free.
4. "Access Review: Your Pass to a Changing World," FedEx Corporation, Volume 1, September 2007.
5. *Ibid.*
6. More information on the Human Development Index available at <http://hdr.undp.org>.
7. More empirical analyses on the relationship between wealth and quality of life can be found in Indur Goklany's recent book *The Improving State of the World: Why We're Living Longer, Healthier, More Comfortable Lives on a Cleaner Planet*, published by the Cato Institute.

derstood, so economic freedom is an end in itself. In the second place, economic freedom is also an indispensable means toward the achievement of political freedom.

As we have witnessed over the past decades, economic progress through advancing economic freedom has allowed more people to discuss and adopt different views more candidly, ultimately leading societies to be more open and inclusive. Although transformation has been somewhat slower than one might hope, the process has been facilitated by the battle of ideas and greater access to information, guided by forces of economic freedom and innovation. Economic freedom makes it possible for independent sources of wealth to counterbalance political power and to cultivate a pluralistic society. In other words, economic freedom has underpinned and reinforced political liberty and market-based democracy.

Conclusion. The cause of freedom has swept around the world over the last century. It is the compelling force of economic freedom that empowers people, unleashes powerful forces of choice and opportunity, and gives nourishment to other liberties. As the 21st century progresses, freedom's



champions must confront both the dark ideology of extremists and those who would restore the failed socialist models of the past. Confidence in, and commitment to, economic freedom as a liberating force must continue to serve as the foundation of open societies and human rights.

—Anthony B. Kim is Policy Analyst in the Center for International Trade and Economics at The Heritage Foundation.