



Written by [Bob Adelman](#) on June 1, 2016

United States No Longer First in Global Competitiveness

According to a [study just released](#) by the International Institute for Management Development (IIMD), the “U.S. economy is no longer the most competitive and pro-business in the world.” It has held the top spot for the last three years but has, thanks to increasing government regulation and taxation, slipped to third place. Said Arturo Bris, IIMD’s director, “The U.S. still boasts the best economic performance in the world, but there are many other factors that we take into account when assessing competitiveness. The common pattern among all of the countries in the top 20 is their focus on business-friendly regulation, physical and intangible infrastructure and inclusive institutions.”



Based on its analysis of more than 300 criteria, the United States no longer excels based on the health of its economy, intrusive government policy, the declining efficiency of the business sector, and the failure to keep the state of the nation’s infrastructure in good repair.

In a parallel study by the Heritage Foundation, the same downward spiral has been tracked: Economic freedom in the United States has declined in seven of the last eight years [during the Obama administration] and now ranks 11th in the world. According to the authors of the foundation’s 2016 Economic Freedom Index,

Americans continue to lose economic freedom. Following declines in seven of the past eight years, the United States this year has equaled its worst score ever in [our] Index of Economic Freedom. Ratings for labor freedom, business freedom, and fiscal freedom have flagged notably, and the regulatory burden is increasingly costly.

The authors added that not only has the U.S. dropped out of the top 10 free countries in the world, it has now be relegated to the middle tier of “mostly free” states, along with Denmark, Lithuania, Germany, Bahrain, Luxembourg, and Iceland.

Heritage blames the policies of the Obama administration for the continued decline, which policies include successful “efforts to expand government spending [and] the scope of the administrative state.” This has resulted, said the authors, in Americans’ level of trust in their government being “the lowest it has been in the past 10 years ... with 75 percent of respondents [in three recent Gallup polls] saying they believe corruption is widespread in the government and in government regulation of business.”

To fund government’s intervention takes vast sums of taxpayer monies, resulting in a tax burden that “equals 25.4 percent of total domestic income [with] total government spending amount[ing] to about 39 percent of GDP.”

Government intervention has resulted in 180 new major federal regulations that have been imposed on



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businesses since the beginning of the Obama administration, with annual compliance costs approaching \$80 billion annually, according to the study.

Perhaps the worst example of government intervention is Dodd-Frank, the law passed in 2010 in response to the Great Recession. A peculiar type of law, it continues to be defined with additional regulations being published and promulgated ever since Obama signed it into law. These have, according to Heritage, "increased both costs and uncertainty."

In the freedom fight, why does economic freedom matter? Friedrich Hayek answered that question: "To be controlled in our economic pursuits means to be all ways controlled ... [and if government controls all economic decisions, then] we should really be controlled in everything." That was the purpose, now increasingly forgotten, of a Constitution that gave the federal government only carefully limited enumerated powers. As Thomas Jefferson noted, "A wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement."

Jefferson also noted that the Constitution was put in place to restrain the government from doing much more than that, because "the natural progress of things is for the government to gain ground and for liberty to yield."

These two studies chart America's decline, as the country is increasingly being deliberately severed from its constitutional bounds and moved toward becoming just another socialist state among the whole panoply of socialist states gathering to be subsumed into one international state. To reverse that decline is simple but not easy: increase the understanding of the average citizen of the meaning and purpose of the most magnificent expression of freedom in the history of mankind, also by Jefferson:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.—

That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, —

That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness.

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelman@thenewamerican.com.



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