

[Not so free after all](#) [1]

Written by [Tom Clougherty](#) [2] | Tuesday 29 January 2008



According to the Heritage Foundation and Wall Street Journal's annual [Index of Economic Freedom](#) [3], Britain now ranks as a "mostly free" economy, rather than a "free" one. That's because the UK's scores have worsened in four of the ten economic freedoms measured by the index: trade freedom, monetary freedom, fiscal freedom, and freedom from government. By far the worst scores are in fiscal freedom (where we get 61.2 percent) and in freedom from government (where we score just 40.1 percent). Basically, that means our taxes and public spending have gone up, and we are less economically free as a result.

People will dismiss the *Index* as being just another pointless list, but these things do matter. Higher taxes blunt incentives to work and produce, and discourage businesses from investing in the UK. That stunts economic growth, making us all poorer. Public spending increases achieve the same end by taking money away from the private sector, where it is productive, and spending it in the public sector, where it is not. The private sector is crowded out, and less wealth is created.

As Fraser Nelson [pointed out](#) [4] on the Spectator blog, public spending has grown faster in Britain since 2000 than in any other OECD country (except for Korea). Government spending as a proportion of GDP has risen from 37.1 percent to 44.8 percent, without any real improvement in public services. Given that, it amazes me that so many people still believe that more public spending is, de facto, a good thing. Even the more adventurous Tories are only suggesting that public spending growth be slower than the government plans.

On a political level, that position is understandable. But intellectually, why should public spending rise any further at all? Isn't £600bn a year enough? At the very least, spending should rise only in line with inflation. Better than that though, would be to freeze actual spending, and starve the big government beast. That way, the government would be forced to prioritize, cut waste, and become far leaner and more efficient.

[blog comments powered by Disqus](#) [6]

Source URL: <http://www.adamsmith.org/blog/tax-and-economy/not-so-free-after-all>

Links:

- [1] <http://www.adamsmith.org/blog/tax-and-economy/not-so-free-after-all>
- [2] <http://www.adamsmith.org/authors/tom-clougherty>
- [3] <http://www.heritage.org/index/>
- [4] <http://www.spectator.co.uk/coffeehouse/471201/clegg-and-spending.shtml>
- [5] http://disqus.com/?ref_noscript
- [6] <http://disqus.com>