

Freedom and Prosperity Indexes 2025

As political
freedom declines for
the twelfth straight year,
new data analysis shows its true
importance for lasting prosperity.



Atlantic Council

FREEDOM AND
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Key takeaways

- ◆ Political freedom worldwide has steadily declined for the past twelve years. The decline is evident across all regions and all income groups, and even in well-established democracies in North America and Europe.
- ◆ 91 percent of the world's population is living in countries where political freedom has declined since 2012.
- ◆ Authoritarian governments promise economic prosperity, but data show democratizing countries see an average 8.8 percent boost in GDP per capita over twenty years compared to their autocratic peers—a missed opportunity for autocracies.
- ◆ Complacency in the face of democratic backsliding may ultimately jeopardize the prosperity of the next generation.

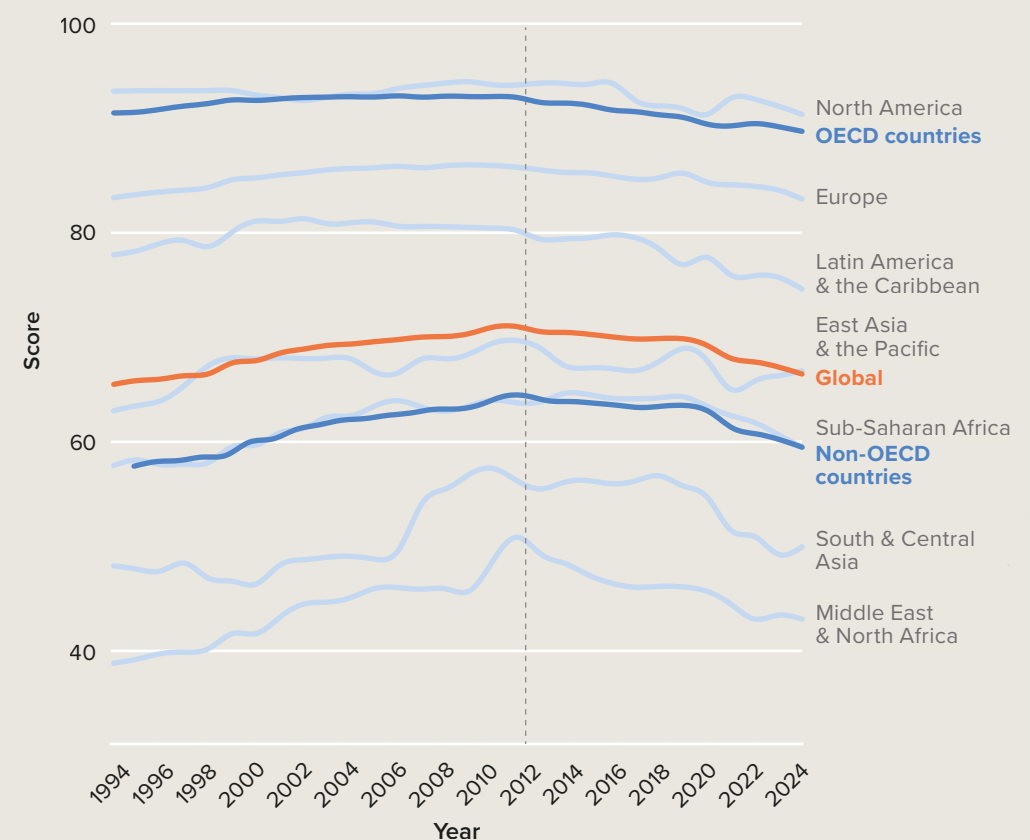
Political freedom is in decline worldwide.

This is true across all regions, all income groups, and for democracies and autocracies alike. It is also true for the legal subindex, reflecting widespread erosion to the rule of law. This is critically important because political freedom and rule of law correlate strongly with prosperity.

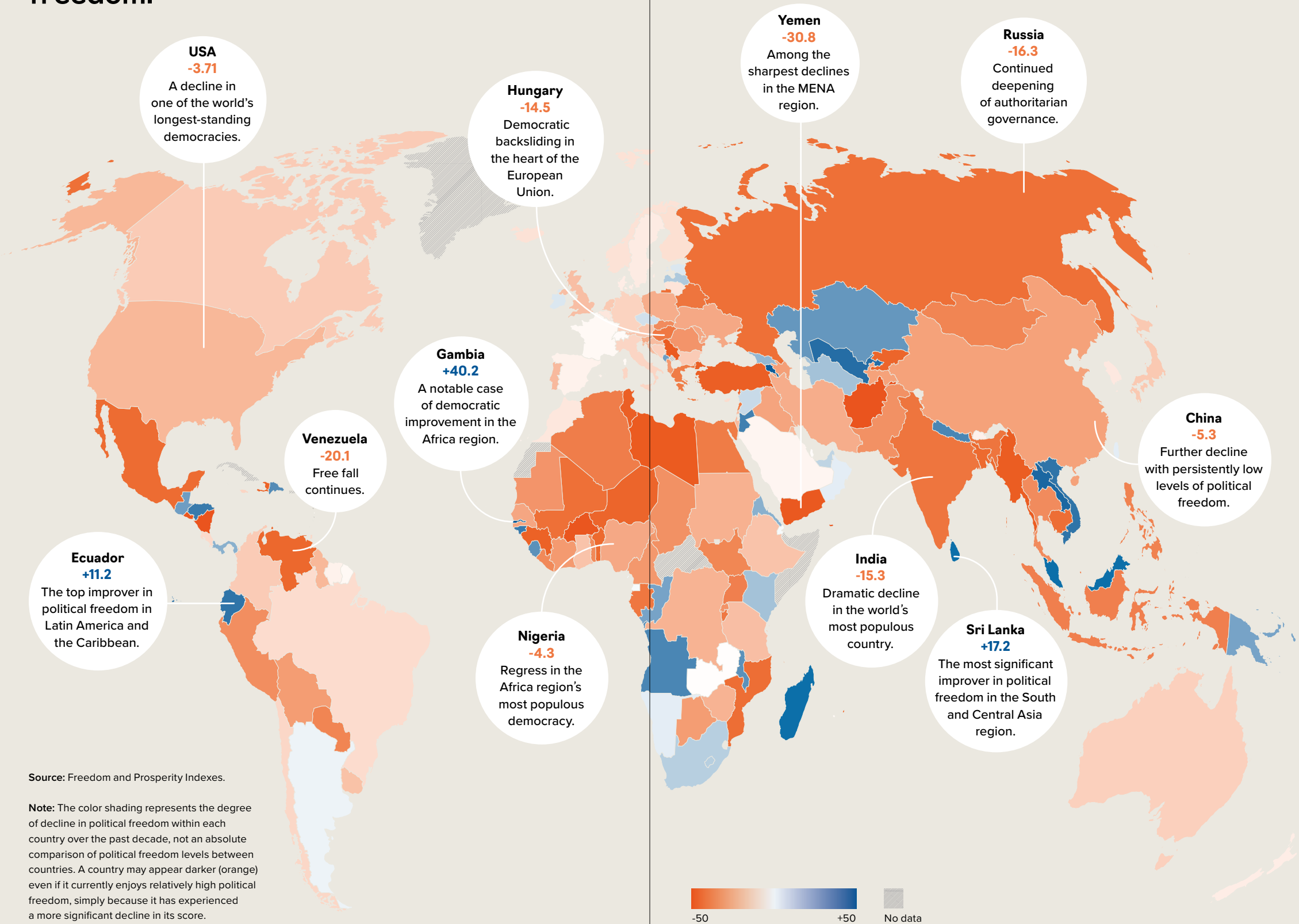
The drop of political freedom is even more severe when we account for population. Our data reveal that some of the most populous countries are experiencing the largest declines when it comes to political freedom. Alongside these trends, an authoritarian narrative has emerged, promoting the idea that freedom is not necessary for prosperity.

Political freedom is declining across all regions and all income groups

Source: Freedom and Prosperity Indexes.



Neither the world's longest-standing democracy nor its most populous country are exempt from the decline of political freedom.



These countries have seen some of the biggest changes—the steepest falls and the rarer big improvements—over the past twelve years.

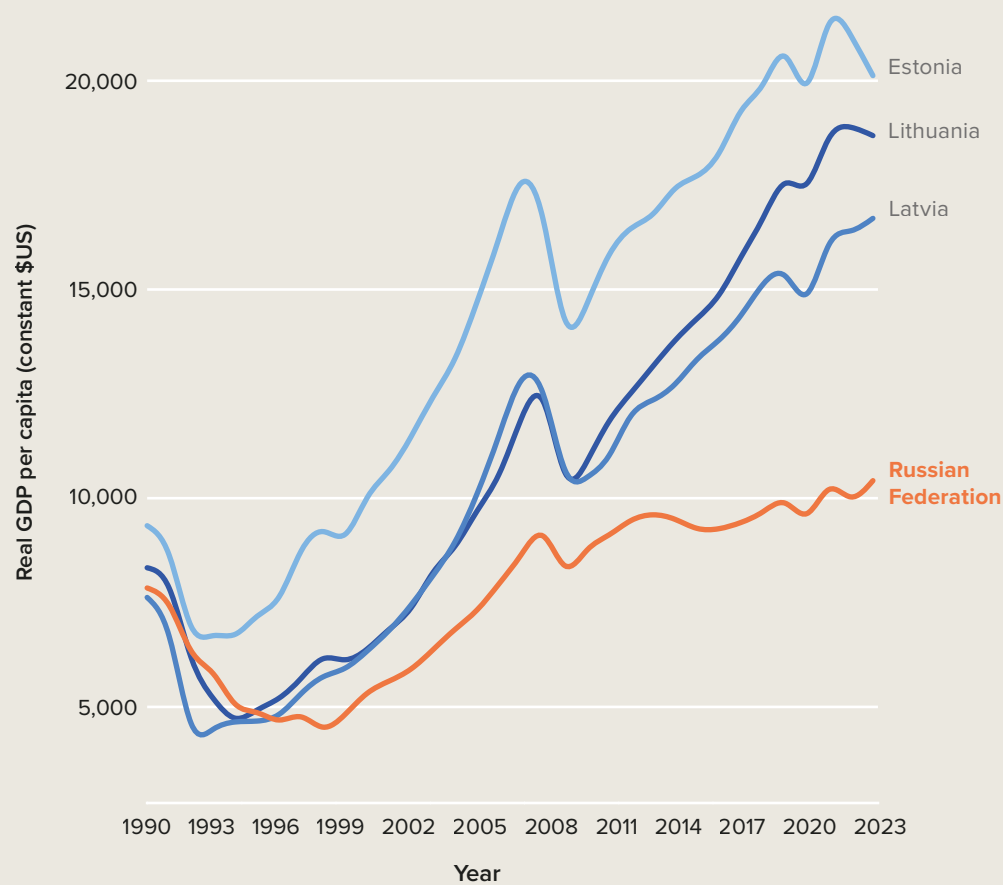
The positive economic impact of political freedom is becoming clearer—but it takes time to unfold.

Historical examples demonstrate that a shift toward politically free institutions leads to significantly higher GDP per capita, as seen in the case of the three Baltic states—Estonia, Latvia, and Lithuania—compared to Russia.

Despite starting from similar income levels, the Baltic states have more than doubled Russia’s GDP per capita growth over the past thirty years.

Baltic democracies have clearly outperformed autocratic Russia since 1991

Source: World Bank.



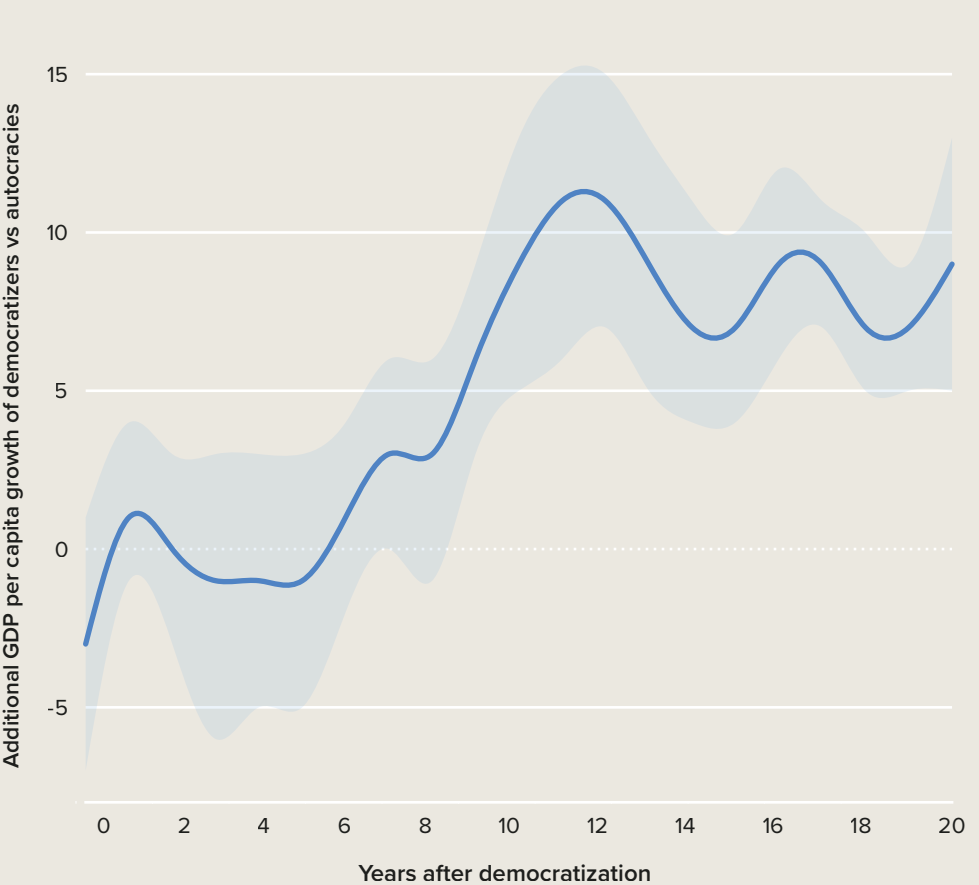
This is not just an exception of a bygone era. The same logic still holds when looking at democratizing countries in the last thirty years.

Democratic transitions are complex processes that may generate short-term frictions. But a deeper analysis shows a consistent trend: Countries that improved in political freedom tend to see long-term economic gains.

On average, democratizing countries have experienced an 8.8 percent boost in GDP per capita over twenty years compared to their autocratic counterparts—a clear “democratization dividend.”

The “democratization dividend” becomes clear in the long run

Notes: Local linear projection of a democratization shock on real GDP per capita, using data from the Freedom and Prosperity Indexes. Light blue band: ± 1 standard deviation. Source: Freedom and Prosperity Indexes.



The prescription

- ◆ **For developed countries:** Wake up to the seriousness of the threat. Democratic erosion is not innocuous and consequences will compound over many years.
- ◆ **For developing countries:** Strengthening the rule of law and political freedom are the next logical steps to cement the gains made by increasing economic freedom.
- ◆ **For all:** Prosperity may take time, but freedom delivers. That's the main message the data are sending us. We would do well to heed it.

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