Atlantic Council

FREEDOM AND
PROSPERITY CENTER

The 2026 Freedom and Prosperity Indexes

The legal foundations that enable prosperity are rapidly eroding

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- Globally, adherence to the rule of law has declined significantly since 2020.
- Strong rule of law is a prerequisite for societies to remain free, attract investment, and turn economic growth into broad-based prosperity.
- The rule of law serves as a last barrier against democratic erosion and executive power overreach. It also serves as an amplifier of economic and political reforms.

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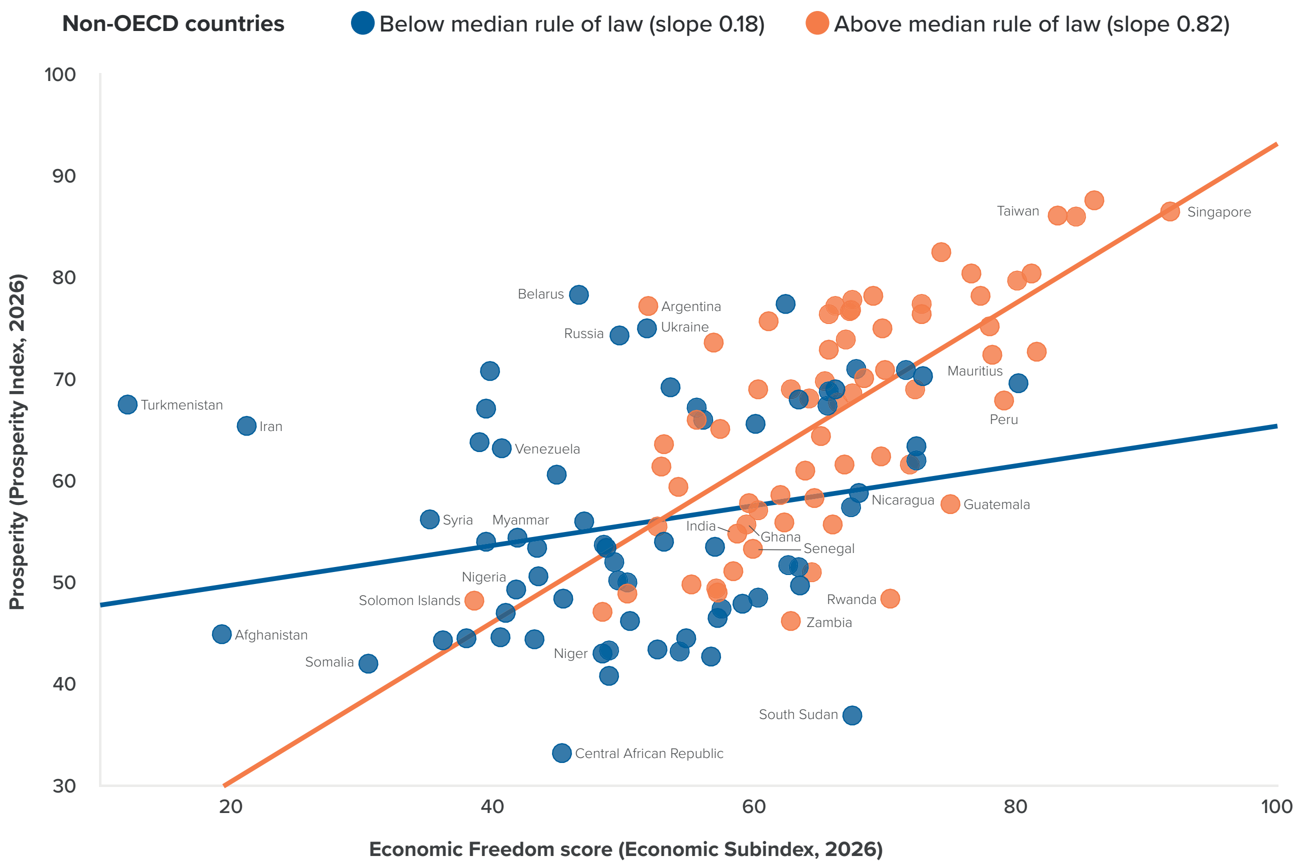
Explore the Freedom and Prosperity Indexes

Prosperity score

Figure 1. Economic freedom reforms pay off far more where the rule of law is strong

For non-OECD countries, the data show that prosperity and the rule of law are positively correlated at 0.56, and rule of law amplifies the prosperity outcomes of economic reforms.



Note: Each dot represents a non-OECD country, with blue being countries below the median score for rule of law and orange being those above the median. The blue trend line is flatter and shows that economic freedom reforms without the rule of law barely raise prosperity. The orange trend line is steeper and shows that improvements in economic freedom combined with strong rule of law yield markedly higher prosperity.

The diagnosis

- The most important warning sign in this year's Freedom and Prosperity Indexes is the global weakening of the rule of law as measured in the Legal Subindex.
    - The rule of law captures whether citizens and public officials are bound by clear and predictable laws, disputes are resolved by independent and effective courts, public administration is relatively free of corruption and bureaucratic abuse, and people can live and conduct economic activity under conditions of basic security.
    - The rule of law serves as the foundation of political and economic freedom, allowing societies to remain free, attract investment, and turn growth into broad-based prosperity.
- Political freedom continues to decline across much of the world.
    - The world has seen a thirteen-year slide toward authoritarianism. Both OECD and non-OECD economies have seen a weakening of the system of checks and balances that constrains executive power, especially legislative controls and freedom of expression and the press.

- Core economic freedom (property rights protection, trade and investment freedom) has been largely flat in recent years.
  - Economic liberalization has slowed and may be weakening.
  - The impact of the 2025 trade upheavals is not yet fully reflected in the data.
- Prosperity has risen worldwide over the past thirty years, but the gains have not been broadly shared. Prosperity is more than income per capita, and the components that capture whether growth is widely shared and sustainable—income equality, opportunities for minorities, and the state of the environment—have improved far less than income levels.
- Because there is a lag before institutional change affects prosperity, the full cost of recent institutional decline has yet to be fully seen.

The prescription

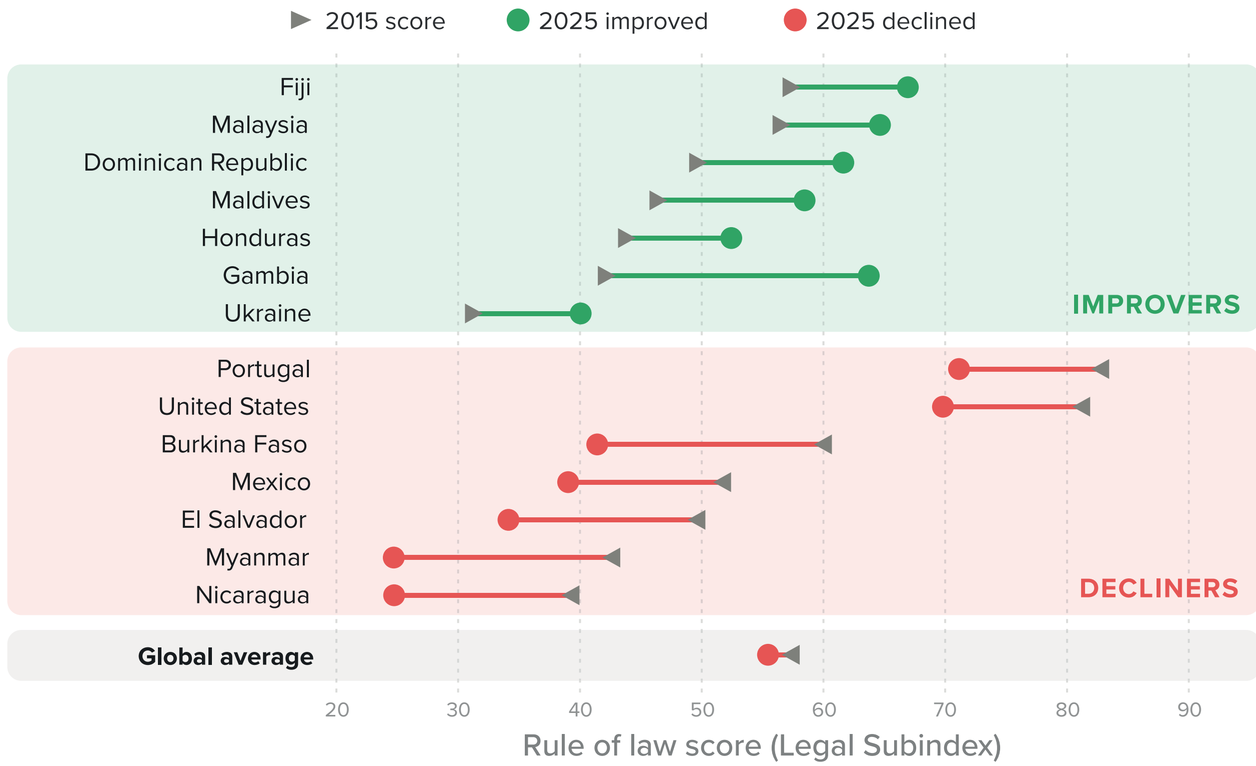
- **Non-OECD economies** should treat rule-of-law reform as a development priority, not as a secondary governance agenda.
  - Economic and political liberalization should be accompanied by investments in legal capacity and public-sector integrity.
  - These economies start from much lower levels of rule of law performance. For them, stagnation or reversal in the Legal Subindex may become a development constraint if left unaddressed.
  - Important economic reforms aimed at opening markets and attracting investment will remain fragile if courts are ineffective, rules are unpredictable, or public administration is captured by corruption.
- **Advanced economies** also face a warning.
  - The legal foundations of a strong economy can erode even where democratic and market institutions are established.
  - Polarization, populism, and institutional conflict can weaken safeguards against political deterioration.
  - To preserve both freedom and prosperity in a more unstable world, the data shows it is critical to protect judicial independence, legal predictability and public sector integrity.

Bottom lines

- The weakening of the rule of law undermines prosperity, while protection of it is strongly correlated with high prosperity.
  - The rule of law acts as a threshold, above which economic freedom and growth flourish—and below which high prosperity is rare.
  - A country may liberalize markets, hold elections, or improve formal rights, but if people cannot safely travel, work, invest, or participate in public life, prosperity will remain constrained.
  - Once the rule of law begins to erode, the costs of political polarization and institutional conflict become much higher.

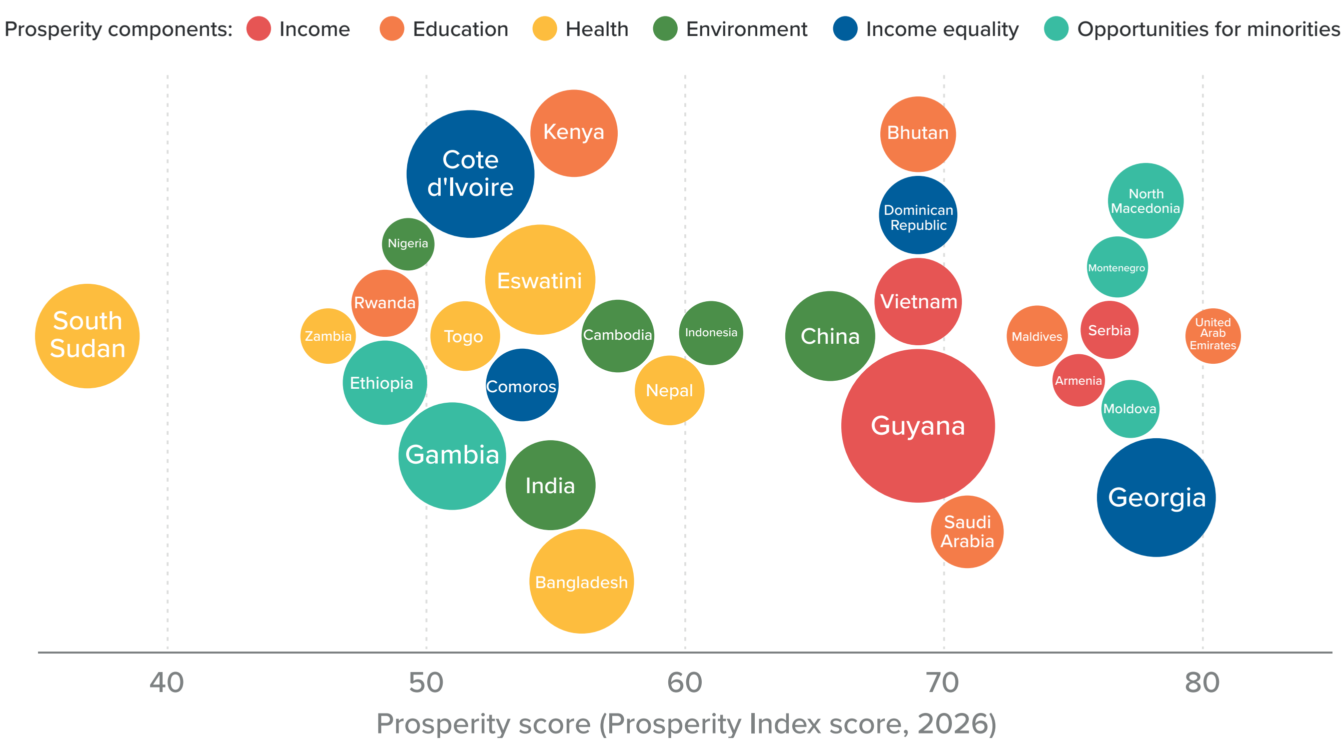
The Atlantic Council's Freedom and Prosperity Center, which produces the Indexes annually, studies how political rights, economic freedom, and the rule of law shape human well-being and economic growth. The Center ranks 171 countries using thirty years of data and presents the results in interactive format for researchers, policymakers, and the public.

Figure 2. The world's top movers in the rule of law, with varying baseline



Note: This graph shows the top seven improvers and decliners in their Legal Subindex score (rule of law) between 2015 and 2025 (on a 0–100 scale). Across all 171 countries, the rule of law slipped by an average of 1.3 points over the decade.

Figure 3. It's not just about money—Prosperity gains show up in different ways



Note: This graph shows the thirty countries with the greatest improvement in their Prosperity Index score between 2015 and 2025 (on a 0–100 scale). Colors indicate which component of the Prosperity Index was the main driver of the increase, and relative size shows the magnitude of the score increase.