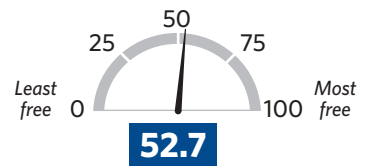


# LIBERIA

## Economic Freedom Score



World Rank: **141**

Regional Rank: **31**

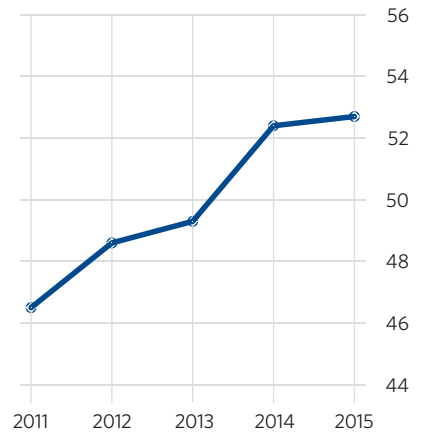
Liberia's economic freedom score is 52.7, making its economy the 141st freest in the 2015 *Index*. Its score is 0.3 point higher than last year, reflecting improvements in freedom from corruption and trade freedom that offset declines in six of the 10 economic freedoms, including property rights, labor freedom, and business freedom. Liberia is ranked 31st out of 46 countries in the Sub-Saharan Africa region, and its overall rating remains below the world and regional averages.

Liberia's high economic growth rates have corresponded with five years of strong advances in economic freedom. With Sub-Saharan Africa's third largest increase in economic freedom over the past half-decade, Liberia's score has advanced by 6.2 points. Progress in reducing corruption, improving fiscal accounts, and opening the economy to trade and investment have further cemented Liberia's progression out of the "repressed" category.

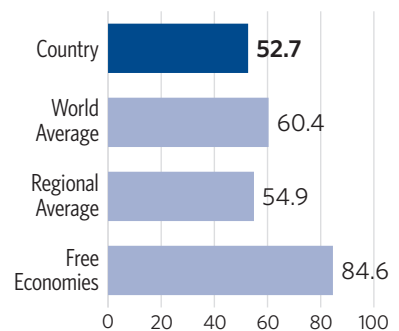
Nevertheless, the judicial system and the property rights regime remain weak. Efforts to reform land titling are progressing but not fully implemented. Business and labor regulations are becoming more efficient, but more progress is needed to promote sustained entrepreneurial and job growth.

**BACKGROUND:** In the 1990s, civil war killed a quarter of a million Liberians. A peace agreement was reached in 1995, and Charles Taylor was elected president. He was forced to step down and was subsequently found guilty of war crimes in April 2012. Ellen Johnson Sirleaf, elected president in 2005 and re-elected in 2011, was awarded the Nobel Peace Prize in 2011. The country remains fragile. In 2013, the United Nations Refugee Agency repatriated 155,000 Liberians who had fled during the civil war. Rampant corruption, high unemployment, and widespread illiteracy hinder development. Political instability and international sanctions have destroyed most large businesses and driven out many foreign investors. Liberia is rich in natural resources including rubber, mineral resources, and iron ore. It has suffered significantly from the 2014 Ebola virus outbreak in West Africa.

## Freedom Trend



## Country Comparisons



## Quick Facts

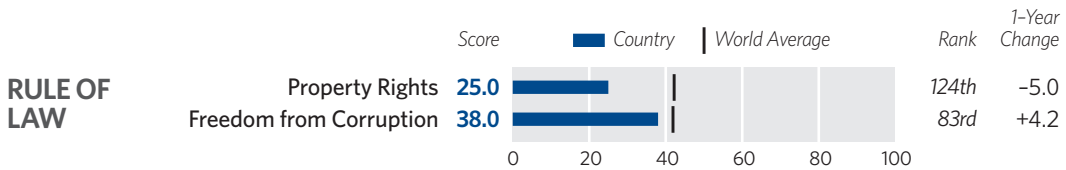
**Population:** 4.1 million  
**GDP (PPP):** \$2.9 billion  
 8.0% growth in 2013  
 5-year compound annual growth 7.0%  
 \$703 per capita  
**Unemployment:** 3.8%  
**Inflation (CPI):** 7.6%  
**FDI Inflow:** \$1.1 billion  
**Public Debt:** 29.5% of GDP

### How Do We Measure Economic Freedom?

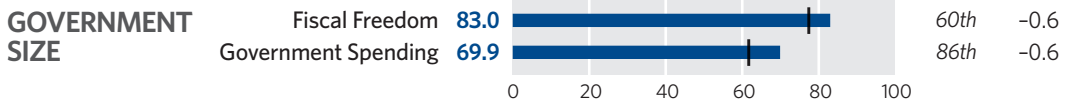
See page 475 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2013 data unless otherwise noted.  
 Data compiled as of September 2014.

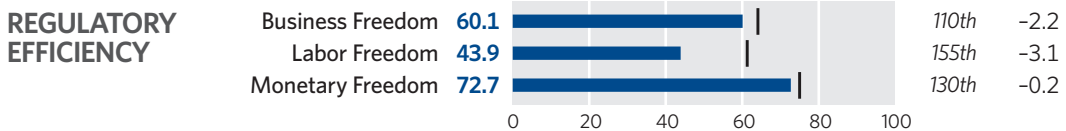
**THE TEN ECONOMIC FREEDOMS**



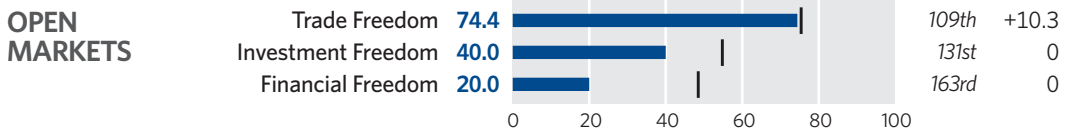
The Senate candidacy of the president’s son in the October 2014 elections focused public attention on claims of nepotism and graft. Despite government efforts to fight it, corruption is endemic. Property rights are not strongly protected, and the rule of law remains uneven across the country. The judiciary lacks adequate facilities. Legislation to reconcile statutory and customary land tenure systems is pending.



Liberia’s top individual and corporate income tax rates are 25 percent. Other taxes include a property tax and a goods and services tax. The overall tax burden equals 21.1 percent of gross domestic product. Government expenditures are equivalent to 31.7 percent of the domestic economy, and public debt is equal to around 30 percent of domestic output.



Reform measures have streamlined the procedures for establishing a business, but start-ups are discouraged by other institutional deficiencies such as pervasive corruption and very limited access to credit. Obtaining necessary licenses remains time-consuming. The labor market remains underdeveloped. The effectiveness of Liberian monetary policy is limited in the near term, given the high dollarization of the economy.



Liberia’s average tariff rate is 5.3 percent. Imports may face customs delays, and state-owned enterprises may distort the economy. Foreign investment in several sectors is restricted. The rate of nonperforming loans is high. The high cost of credit and scarce access to financing hold back private-sector development. A large part of the population remains outside of the formal banking sector.

**Long-Term Score Change (since 2009)**

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+9.2	Business Freedom	+19.9	Trade Freedom	+20.6
Freedom from Corruption	+17.0	Government Spending	-27.3	Labor Freedom	-5.9	Investment Freedom	+10.0
				Monetary Freedom	+2.6	Financial Freedom	0