

TEACHING FREE ENTERPRISE IN ARKANSAS

GUIDE FOR TEACHERS



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O'NEIL CENTER FOR
GLOBAL MARKETS & FREEDOM



**ARKANSAS CENTER FOR
RESEARCH IN ECONOMICS**

UNIVERSITY OF CENTRAL ARKANSAS

INTRODUCTION TO THE PROGRAM

The O'Neil Center for Global Markets and Freedom developed this Teaching Free Enterprise program to help Arkansas educators gain valuable content knowledge and expertise in order to meet the Arkansas Social Studies Curriculum Framework for Economics regarding Economics in classroom instruction. Top economics scholars from various higher education and research institutions are providing lessons, activities and exercises that can be readily implemented in the classroom.

This document presents one of the units that address some of the most important, yet often misunderstood, aspects of free-enterprise economies.

Q&A

01 *How should this curriculum be used?*

The modules can be taught individually or in sequence in whatever order the educator prefers. The educator can always use this guide and the materials that are available on:

 teachingfreeenterprise.com

02 *What time of year is best?*

In Arkansas, Economics is a One-Half Credit Course per semester class. Most schools offer it twice a year. You can use these materials anytime during the semester.

03 *What grade level?*

The modules are designed for 8-12 grade implementation.

04 *Do I need written permission to use the lessons?*

The use of these lessons and materials in a classroom setting for any educational purpose is allowed. In order to make copies to share with colleagues please contact us for written authorization, although we probably have extra copies of this manual for shipping. There are unique users that we need to set up for the online portal in order to let the system function properly and teachers to have ease of use, thus free individual registration is the best possible choice.

05*How do I get started?*

We strongly recommend giving a complete read through this manual first, then watch some of the online videos of the presentation you attended in case you missed something or didn't attend. Once these steps are taken, decide if you are making copies or using the slides provided in the website, then you are ready to go!

06*Technology Requirements*

The www.TeachingFreeEnterprise.com website is designed to function in all commercially available operating systems and browsers.

If you are planning to project the videos to students, we recommend a large screen set up with a projector or a large monitor for students to be able to see from any portion of the room.

07*How are the lessons organized?*

_____	Title
_____	Introduction
_____	Guiding Questions
_____	Objectives
_____	Suggested Lesson Length
_____	State Standards
_____	Background Reading for direct teaching or adaptations for student reading.
_____	Suggested Classroom Procedures
_____	Classroom Ready Materials
_____	Additional Resources and References from highly regarded institutions.

08

How much time per lesson?

Each unit is designed for 90 minutes of classroom interaction with students. It can be taught over 90 minutes with a small break (block schedule) or over two consecutive days with 45 minutes of instruction each (traditional schedule).

09

Alignment to Standards

These lesson plans, materials and activities align with:

Arkansas Social Studies Curriculum Framework for Economics (2014)

The modules can be taught individually or in groups in whatever order the Teacher prefers.

10

How do I assess student learning?

In the online portal, available for printing:



There is one quiz per unit with 10 multiple choice questions each.

There is one test per unit with 15 multiple choice questions each.

Student Activity Worksheets are also included with each unit.

CONTACT THE DEVELOPING TEAM



You can click on Contact Us on the <http://TeachingFreeEnterprise.com> website to show our most updated contact information, contact us directly at the O'Neil Center for Global Markets and Freedom at: www.oneilcenter.org or contact the Arkansas Center for Research in Economics at acre@uca.edu or by emailing the Program Coordinator Terra Aquia at tvotaw@uca.edu.

ECONOMIC FREEDOM OF THE WORLD

TEACHING FREE ENTERPRISE



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**ARKANSAS CENTER FOR
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ECONOMIC FREEDOM OF THE WORLD

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INTRODUCTION

Why are some nations rich while others are poor? This has been the central question in economics since Adam Smith's *Wealth of Nations* (1776). While the availability of resources, such as water, arable land, and energy on the one hand, and population pressures on the other hand have long figured prominently in popular discussions, most economists find these explanations lacking. If resource availability or population size were important causes of prosperity we would expect resource-rich, low population density countries like Argentina to be rich and resource-poor, population-dense places like Hong Kong to be poor. In fact, we see the opposite is the case. In recent years, more economists have concluded that quality institutions grounded in property rights and the rule of law couple with free trade are critical for economic development. This unit explores one important measure of institutional quality, the Economic Freedom of the World (EFW) index, as an important part of the growth and development. The EFW index is one of the most commonly-used metrics of institutional quality. This unit will demonstrate the strong correlation between high levels of economic freedom and economic development.

GUIDING QUESTIONS

01

What is the meaning economic freedom?

02

How is the concept of economic freedom measured in the EFW index?

03

What kinds of attributes do more economically free societies exhibit compared with less economically free societies?

04

What kind of factors seem to generate more economic freedom?

OBJECTIVES

Students will have a group discussion and hypothesize why some countries are “better off” than others.

Students will paraphrase and develop their own explanation to facilitate peer teaching.

Students will compose a 140-character description of one of the 5 areas of the EFW Index.

Students will collaborate and reframe the explanation of the EFW Index.

Students will locate countries according to their EFW Ratings in 1980, 1990, 2000 and 2010.

Students will produce two bar charts explaining the evolution of two different variables over time demonstrating mastery of graphing single variable charts.

Students will hypothesize 5 recommendations as to what one individual country must do to improve their EFW Index standings.

SUGGESTED LENGTH135

It can be divided into three 45 minute segments.

ARKANSAS CURRICULUM FRAMEWORKS / SOCIAL STUDIES

	Economics	EM.3.E	3
		NE.5.E	1
		NE.6.E	3
		GE.7.E	2, 3
	United States Government	SFG.6.USG	1
	United States History Since 1890	Era10.7.USH	2
		Era10.8.USH	1
	World History	Era9.4.WH	2
Reading Standards for Literacy in History/Social Studies		RH.9-10	1, 2, 3, 4, 5, 10
Writing Standards for Literacy in History/Social Studies		WHST.9-10.1	c, d, e
		WHST.9-10.2	a, b, c, d, e, f
		WHST.9-10.3	a
		WHST.9-10.4	
		WHST.9-10.5	
		WHST.9-10.8	
		WHST.9-10.9	
		WHST.9-10.10	
Reading Standards for Literacy in History/Social Studies		RH.11-12	2, 3, 4, 7, 10
		WHST.11-12.1	c, d, e
		WHST.11-12.2	a, b, c, d, e
		WHST.11-12.3	a
		WHST.11-12.4	
		WHST.11-12.5	
		WHST.11-12.8	
		WHST.11-12.9	
		WHST.11-12.10	

ARKANSAS CURRICULUM FRAMEWORKS

_____ ***EM.3.E*** Students will investigate the role of producers, consumers, and government in a market economy.

_____ ***EM.3.E.3*** Evaluate intended and unintended consequences of government policies created to improve market outcomes (e.g., regulatory, participatory, supervisory).

_____ ***NE.5.E*** Students will analyze the current and future state of the economy using economic indicators.

_____ ***NE.5.E.1*** Analyze economic indicators used to measure economic performance (e.g., Gross Domestic Product, unemployment, Consumer Price Index [CPI])

_____ ***NE.6.E*** Students will analyze monetary and fiscal policies for a variety of economic conditions.

_____ ***NE.6.E.3*** Examine fiscal policy tools used by the executive and legislative branches of the government (e.g., taxation, spending).

Students will analyze ways in which trade leads to increased economic interdependence.

_____ ***GE.7.E.2*** Explain ways in which current trends in globalization affect economic growth, labor markets, rights of individuals, the environment, technological advancement, and resource and income distribution in different nations.

_____ ***GE.7.E.3*** Research the impact of international and national economic and political policies on global trade using a variety of sources from multiple perspectives.

_____ ***SFG.6.USG*** Students will assess the relationship between the federal government and the economy.

_____ ***SFG.6.USG.1*** Analyze the impact of the federal government's fiscal policy on the economy (e.g., taxing, spending).

Era10.7.USH

Students will analyze domestic and foreign policies of the United States since 1968.

Era10.7.USH.2

Analyze effects of domestic policies on Americans in various social and economic groups (e.g., inflation, recession, taxes, unemployment, deficits, national debt, financial crisis, economic stimulus).

Era10.8.USH

Students will analyze social and economic trends of the United States since 1968.

Era10.8.USH.1

Examine the effects of globalization on the United States (e.g., regional trade blocks, European Union [EU], NAFTA, international organizations, multinational corporations).

Era9.4.WH

Students will analyze the challenges and accomplishments of the contemporary world.

Era9.4.USH.2

Evaluate social, economical, political, and technological causes and effects of accelerating global interdependence.

RH.9-10

Reading Standards for Literacy in History/Social Studies.

RH.9-10.1

Cite specific textual evidence to support analysis of primary and secondary sources, attending to such features as the date and origin of the information.

RH.9-10.2

Determine the central ideas or information of a primary or secondary source; provide an accurate summary of how key events or ideas develop over the course of the text.

RH.9-10.3

Analyze in detail a series of events described in a text; determine whether earlier events caused later ones or simply preceded them.

RH.9-10.4

Determine the meaning of words and phrases as they are used in a text, including vocabulary describing political, social, or economic aspects of history/social science.

RH.9-10.5

Analyze how a text uses structure to emphasize key points or advance an explanation or analysis

RH.9-10.10

By the end of grade 10, read and comprehend history/social studies texts in the grades 9-10 text complexity band independently and proficiently.

WHST.9-10.1

Write arguments focused on discipline-specific content.

WHST.9-10.1.c

Use words, phrases, and clauses to link the major sections of the text, create cohesion, and clarify the relationships between claim(s) and reasons, between reasons and evidence, and between claim(s) and counterclaims.

WHST.9-10.1.d

Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.

WHST.9-10.1.e

Provide a concluding statement or section that follows from or supports the argument presented.

WHST.9-10.2

Write informative/explanatory texts, including the narration of historical events, scientific procedures/ experiments, or technical processes.

WHST.9-10.2.a

Introduce a topic and organize ideas, concepts, and information to make important connections and distinctions; include formatting (e.g., headings), graphics (e.g., figures, tables), and multimedia when useful to aiding comprehension.

WHST.9-10.2.b

Develop the topic with well-chosen, relevant, and sufficient facts, extended definitions, concrete details, quotations, or other information and examples appropriate to the audience's knowledge of the topic.

WHST.9-10.2.c

Use varied transitions and sentence structures to link the major sections of the text, create cohesion, and clarify the relationships among ideas and concepts.

WHST.9-10.2.d

Use precise language and domain-specific vocabulary to manage the complexity of the topic and convey a style appropriate to the discipline and context as well as to the expertise of likely readers.

WHST.9-10.2.e

Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.

WHST.9-10.2.f

Provide a concluding statement or section that follows from and supports the information or explanation presented (e.g., articulating implications or the significance of the topic).

WHST.9-10.3

Writing Standards for Literacy in History/Social Studies

WHST.9-10.3.a

Students' narrative skills continue to grow in these grades. The Standards require that students be able to incorporate narrative elements effectively into arguments and informative/explanatory texts. In history/social studies, students must be able to incorporate narrative accounts into their analyses of individuals or events of historical import.

WHST.9-10.4

Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.

WHST.9-10.5

Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach, focusing on addressing what is most significant for a specific purpose and audience.

WHST.9-10.8

Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the usefulness of each source in answering the research question; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and following a standard format for citation.

WHST.9-10.9

Draw evidence from informational texts to support analysis, reflection, and research.

WHST.9-10.10

Write routinely over extended time frames (time for reflection and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences.

RH.11-12

Reading Standards for Literacy in History/Social Studies

RH.11-12.2

Determine the central ideas or information of a primary or secondary source; provide an accurate summary that makes clear the relationships among the key details and ideas.

RH.11-12.3

Evaluate various explanations for actions or events and determine which explanation best accords with textual evidence, acknowledging where the text leaves matters uncertain.

RH.11-12.4

Determine the meaning of words and phrases as they are used in a text, including analyzing how an author uses and refines the meaning of a key term over the course of a text (e.g., how Madison defines faction in Federalist No. 10).

RH.11-12.7

Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., visually, quantitatively, as well as in words) in order to address a question or solve a problem.

RH.11-12.10

By the end of grade 12, read and comprehend history/social studies texts in the grades 11-12 text complexity band independently and proficiently.

WHST.11-12.1

Write arguments focused on discipline-specific content.

WHST.11-12.1.c

Use words, phrases, and clauses as well as varied syntax to link the major sections of the text, create cohesion, and clarify the relationships between claim(s) and reasons, between reasons and evidence, and between claim(s) and counterclaims.

WHST.11-12.1.d

Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.

WHST.11-12.1.e

Provide a concluding statement or section that follows from or supports the argument presented.

WHST.11-12.2

Write informative/explanatory texts, including the narration of historical events, scientific procedures/ experiments, or technical processes.

WHST.11-12.2.a

Introduce a topic and organize complex ideas, concepts, and information so that each new element builds on that which precedes it to create a unified whole; include formatting (e.g., headings), graphics (e.g., figures, tables), and multimedia when useful to aiding comprehension.

WHST.11-12.2.b

Develop the topic thoroughly by selecting the most significant and relevant facts, extended definitions, concrete details, quotations, or other information and examples appropriate to the audience's knowledge of the topic.

WHST.11-12.2.c

Use varied transitions and sentence structures to link the major sections of the text, create cohesion, and clarify the relationships among complex ideas and concepts.

WHST.11-12.2.d

Use precise language, domain-specific vocabulary and techniques such as metaphor, simile, and analogy to manage the complexity of the topic; convey a knowledgeable stance in a style that responds to the discipline and context as well as to the expertise of likely readers.

WHST.11-12.2.e

Provide a concluding statement or section that follows from and supports the information or explanation provided (e.g., articulating implications or the significance of the topic).

WHST.11-12.3

Write informative/explanatory texts, including the narration of historical events, scientific procedures/ experiments, or technical processes.

WHST.11-12.3.a

Note: Students' narrative skills continue to grow in these grades. The Standards require that students be able to incorporate narrative elements effectively into arguments and informative/explanatory texts. In history/social studies, students must be able to incorporate narrative accounts into their analyses of individuals or events of historical import.

WHST.11-12.4

Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.

WHST.11-12.5

Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach, focusing on addressing what is most significant for a specific purpose and audience.

WHST.11-12.8

Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the strengths and limitations of each source in terms of the specific task, purpose, and audience; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and overreliance on any one source and following a standard format for citation.

WHST.11-12.9

Draw evidence from informational texts to support analysis, reflection, and research.

WHST.11-12.10

Write routinely over extended time frames (time for reflection and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences.

BACKGROUND READING

THE CONCEPT OF ECONOMIC FREEDOM

The cornerstones of economic freedom are (1) personal choice, (2) voluntary exchange coordinated by markets, (3) freedom to enter and compete in markets, and (4) protection of persons and their property from aggression by others. Economic freedom is present when individuals are permitted to choose for themselves and engage in voluntary transactions as long as they do not harm the person or property of others. Individuals have a right to their own time, talents, and resources, but they do not have a right to take things from others or demand that others provide things for them. The use of violence, theft, fraud, and physical invasions are not permissible in an economically free society, but otherwise, individuals are free to choose, trade, and cooperate with others, and compete as they see fit.

In an economically free society, the primary role of government is to protect individuals and their property from aggression by others. The EFW index is designed to measure the extent to which the institutions and policies of a nation are consistent with this protective function. Put another way, the EFW measure is an effort to identify how closely the institutions and policies of a country correspond with a limited government ideal, where the government protects property rights and arranges for the provision of a limited set of “public goods” such as national defense and access to money of sound value, but little beyond these core functions. In order to receive a high EFW rating, a country must provide secure protection of privately owned property, evenhanded enforcement of contracts, and a stable monetary environment. It also must keep taxes low, refrain from creating barriers to both domestic and international trade, and rely more fully on markets rather than government spending and regulation to allocate goods and resources. In many ways, a country’s EFW summary rating

is a measure of how closely its institutions and policies compare with the idealized structure implied by standard textbook analysis of microeconomics.

WHY IS MEASUREMENT OF ECONOMIC FREEDOM IMPORTANT?

Milton Friedman believed that, if economic freedom could be measured with greater accuracy, this would enhance the ability of researchers to identify more clearly the key elements affecting the performance of economies. Thus, accurate measurement of economic freedom has always been the sole objective of the Economic Freedom of the World project. In recent years, social scientists have focused on identification and measurement of the impact of economic, political, legal and cultural factors on the growth and development of economies. The EFW data set provides the most comprehensive measure of the degree to which countries rely on voluntary exchange and market institutions to allocate resources. A quality measure of differences in economic freedom across countries and over time is essential for the ongoing scholarly research in this important area.

The EFW index now covers 159 countries with data available for approximately 100 countries back to 1980. This data set facilitates the ability of scholars to analyze the impact of both cross-country differences in economic freedom and changes in that freedom across a time frame of more than three decades. The EFW measure will also help scholars examine the contribution of economic institutions more thoroughly and better disentangle it from political, climatic, locational, cultural, and historical factors as determinants of growth and development.

THE ECONOMIC FREEDOM OF THE WORLD INDEX FOR 2015

The construction of the index published in *Economic Freedom of the World* is based on three important methodological principles. First, objective components are always preferred to those that involve surveys or value judgments. Given the multi-dimensional nature of economic freedom and the importance of legal and regulatory elements, it is sometimes necessary to use data based on surveys, expert panels, and generic case studies. To the fullest extent possible, however, the index uses objective components. Second, the data used to construct the index ratings are from external sources such as the International Monetary Fund, World Bank, and World Economic Forum that provide data for a large number of countries. Data provided directly from a source within a country are rarely used. Importantly, the value judgments of the authors or others in the Economic Freedom Network are never used to alter the raw data or the rating of any country. Third, transparency is present throughout. The report provides information about the data sources, the methodology used to transform raw data into component ratings, and how the component ratings are used to construct both the area and summary ratings. Methodological details can be found in the Appendix: Explanatory Notes and Data Sources of this report. The entire data set used in the construction of the index is freely available to researchers at freetheworld.com.

STRUCTURE OF THE EFW INDEX

The index measures the degree of economic freedom present in five major areas: [1] Size of Government; [2] Legal System and Security of Property Rights; [3] Sound Money; [4] Freedom to Trade Internationally; [5] Regulation.

Within the five major areas, there are 24 components in the index. Many of those components are themselves made up of several sub-components. In total, the index comprises 42 distinct variables. Each component and sub-component is placed on a scale from 0 to 10 that reflects the distribution of the underlying data. When sub-components are present, the sub-component ratings are averaged to derive the component rating. The component

ratings within each area are then averaged to derive ratings for each of the five areas. In turn, the five area ratings are averaged to derive the summary rating for each country. The following section provides an overview of the five major areas.

1 SIZE OF GOVERNMENT

The four components of Area 1 indicate the extent to which countries rely on the political process to allocate resources and goods and services. When government spending increases relative to spending by individuals, households, and businesses, government decision-making is substituted for personal choice and economic freedom is reduced. The first two components address this issue. Government consumption as a share of total consumption (1A) and transfers and subsidies as a share of GDP (1B) are indicators of the size of government. When government consumption is a larger share of the total, political choice is substituted for personal choice. Similarly, when governments tax some people in order to provide transfers to others, they reduce the freedom of individuals to keep what they earn.

The third component (1C) in this area measures the extent to which countries use private investment and enterprises rather than government investment and firms to direct resources. Governments and state-owned enterprises play by rules that are different from those to which private enterprises are subject. They are not dependent on consumers for their revenue or on investors for capital. They often operate in protected markets. Thus, economic freedom is reduced as government enterprises produce a larger share of total output.

The fourth component (1D) is based on (1Di) the top marginal income tax rate and (1Dii) the top marginal income and payroll tax rate and the income threshold at which these rates begin to apply. These two sub-components are averaged to calculate the top marginal tax rate (1D). High marginal tax rates that apply at relatively low income levels are also indicative of reliance upon government. Such rates deny individuals the fruits of their labor. Thus, countries with high marginal tax rates and low income thresholds are rated lower.

Taken together, the four components of Area 1 measure the degree to which a country relies on personal choice and markets rather than government budgets and political decision-making. Therefore, countries with low levels of government spending as a share of the total, a smaller government enterprise sector, and lower marginal tax rates earn the highest ratings in this area.

2 LEGAL SYSTEM AND PROPERTY RIGHTS

Protection of persons and their rightfully acquired property is a central element of economic freedom and a civil society. Indeed, it is the most important function of government. Area 2 focuses on this issue. The key ingredients of a legal system consistent with economic freedom are rule of law, security of property rights, an independent and unbiased judiciary, and impartial and effective enforcement of the law. The nine components in this area are Indicators of how effectively the protective functions of government are performed. These components are from three primary sources: the International Country Risk Guide, the Global Competitiveness Report, and the World Bank's Doing Business project.

Security of property rights, protected by the rule of law, provides the foundation for both economic freedom and the efficient operation of markets. Freedom to exchange, for example, is meaningless if individuals do not have secure rights to property, including the fruits of their labor. When individuals and businesses lack confidence that contracts will be enforced and the fruits of their productive efforts protected, their incentive to engage in productive activity is eroded. Perhaps more than any other area, this area is essential for the efficient allocation of resources. Countries with major deficiencies in this area are unlikely to prosper regardless of their policies in the other four areas.

3 SOUND MONEY

Money oils the wheels of exchange. An absence of sound money undermines gains from trade. As Milton Friedman informed us long ago, inflation is a monetary phenomenon, caused by too much money chasing too few goods. High rates of monetary growth invariably lead to inflation. Similarly, when the rate of inflation increases, it also tends to become more volatile. High and volatile rates of inflation distort relative prices, alter the fundamental terms of long-term contracts, and make it virtually impossible for individuals and businesses to plan sensibly for the future. Sound money is essential to protect property rights and, thus, economic freedom. Inflation erodes the value of property held in monetary instruments. When governments finance their expenditures by creating money, in effect, they are expropriating the property and violating the economic freedom of their citizens.

The important thing is that individuals have access to sound money: who provides it makes little difference. Thus, in addition to data on a country's rate of inflation and its government's monetary policy, it is important to consider how difficult it is to use alternative, more credible, currencies. If bankers can offer saving and checking accounts in other currencies or if citizens can open foreign bank accounts, then access to sound money is increased and economic freedom expanded.

There are four components to the EFW index in Area 3. All of them are objective and relatively easy to obtain and all have been included in the earlier editions of the index. The first three are designed to measure the consistency of monetary policy (or institutions) with long-term price stability. Component 3D is designed to measure the ease with which other currencies can be used via domestic and foreign bank accounts. In order to earn a high rating in this area, a country must follow policies and adopt institutions that lead to low (and stable) rates of inflation and avoid regulations that limit the ability to use alternative currencies.

4 FREEDOM TO TRADE INTERNATIONALLY

In our modern world of high technology and low costs for communication and transportation, freedom of exchange across national boundaries is a key ingredient of economic freedom. Many goods and services are now either produced abroad or contain resources supplied from abroad. Voluntary exchange is a positive-sum activity: both trading partners gain and the pursuit of the gain provides the motivation for the exchange. Thus, freedom to trade internationally also contributes substantially to our modern living standards.

At the urging of protectionist critics and special-interest groups, virtually all countries adopt trade restrictions of various types. Tariffs and quotas are obvious examples of roadblocks that limit international trade. Because they reduce the convertibility of currencies, controls on the exchange rate also hinder international trade. The volume of trade is also reduced if the passage of goods through customs is onerous and time consuming. Sometimes these delays are the result of administrative inefficiency while in other instances they reflect the actions of corrupt officials seeking to extract bribes. In both cases, economic freedom is reduced.

The components in this area are designed to measure a wide variety of restraints that affect international exchange: tariffs, quotas, hidden administrative restraints, and controls on exchange rates and capital. In order to get a high rating in this area, a country must have low tariffs, easy clearance and efficient administration of customs, a freely convertible currency, and few controls on the movement of physical and human capital.

5 REGULATION

When regulations restrict entry into markets and interfere with the freedom to engage in voluntary exchange, they reduce economic freedom. The fifth area of the index focuses on regulatory restraints that limit the freedom of exchange in credit, labor, and product markets. The first component (5A) reflects conditions in the domestic credit market. One sub-component provides evidence on the extent to which the banking industry is privately owned. The final two sub-components indicate the extent to which credit is supplied to the private sector and whether controls on interest rates interfere with the market in credit. Countries that use a private banking system to allocate credit to private parties and refrain from controlling interest rates receive higher ratings for this regulatory component.

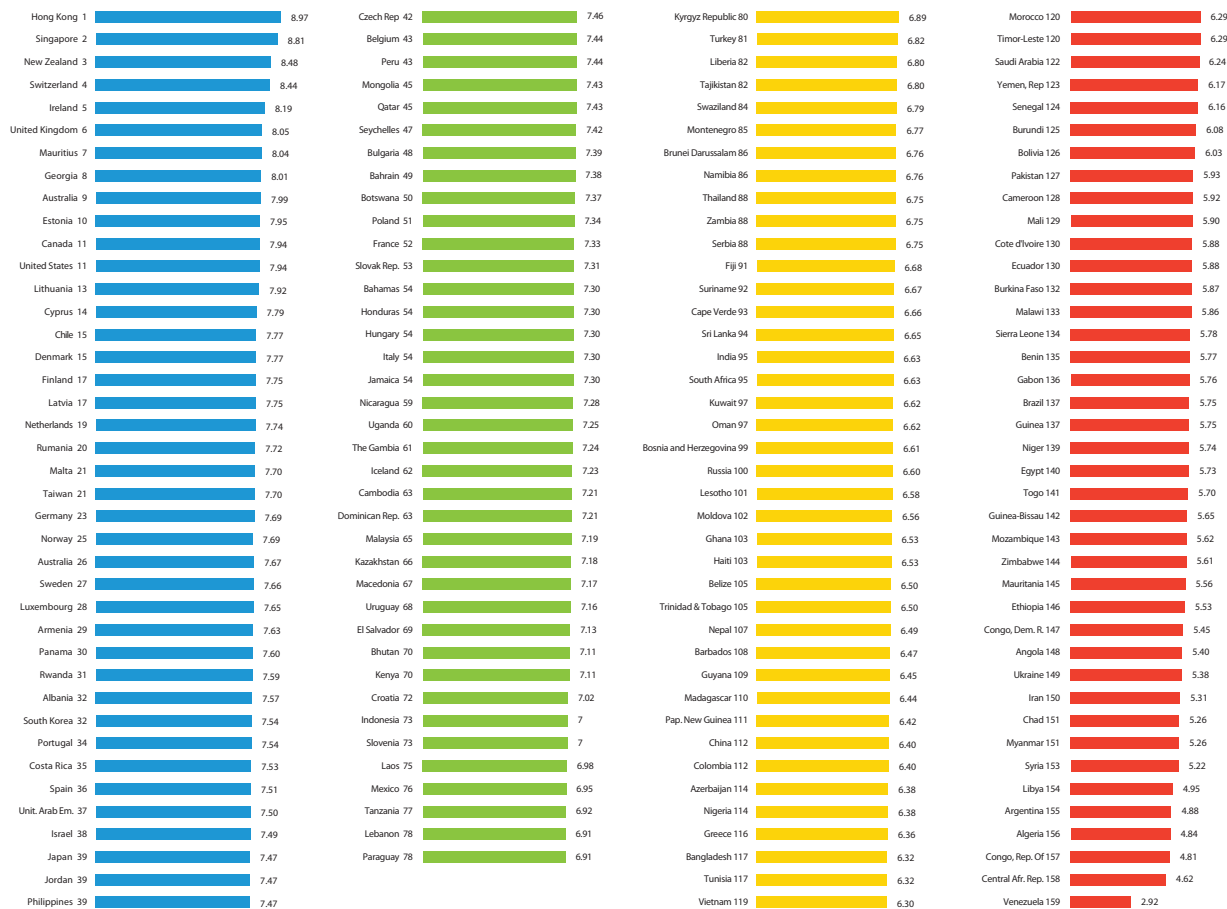
Many types of labor-market regulations infringe on the economic freedom of employees and employers. Among the more prominent are minimum wages, dismissal regulations, centralized wage setting, extension of union contracts to nonparticipating parties, and conscription. The labor-market component (5B) is designed to measure the extent to which these restraints upon economic freedom are present. In order to earn high marks in the component rating regulation of the labor market, a country must allow market forces to determine wages and establish the conditions of hiring and firing, and refrain from the use of conscription.

Like the regulation of credit and labor markets, the regulation of business activities (component 5C) inhibits economic freedom. The sub-components of 5C are designed to identify the extent to which regulations and bureaucratic procedures restrain entry and reduce competition. In order to score high in this portion of the index, countries must allow markets to determine prices and refrain from regulatory activities that retard entry into business and increase the cost of producing products. They also must refrain from "playing favorites," that is, from using their power to extract financial payments and reward some businesses at the expense of others.

SUMMARY ECONOMIC FREEDOM RATINGS FOR 2015

Exhibit 1.2 of the report presents the summary economic freedom ratings, sorted from highest to lowest, for the 159 countries of this year's report. These ratings are for 2015, the most recent year for which comprehensive data are available.

Exhibit 1.2



Hong Kong and Singapore, once again, occupy the top two positions. The other nations in the top 10 are New Zealand, Switzerland, Ireland, United Kingdom, Mauritius, Georgia, Australia, and Estonian. The rankings of some other major countries are the United States (11th), Japan (39th), Germany (23th), South Korea (tied for 32th), Italy (tied for 54th), France (52th), Mexico (76rd), Russia (100th), China (112th), India (tied for 95th), and Brazil (tied for 137th). The 10 lowest-rated countries are: Iran, Chad, Myanmar, Syria, Libya, Argentina, Algeria, Republic of Congo, Central African Republic, and lastly Venezuela.

The EFW index is calculated back to 1970 as the availability of data allows; see freetheworld.com for information from past years. Because some data for earlier years may have been updated or corrected, researchers are always encouraged to use the data from the most recent annual report to assure the most reliable figures.

THE DECLINING ECONOMIC FREEDOM OF THE UNITED STATES

While economics has generally been rising globally since our earliest measurement in 1970, there has been a modest reversal of the trend of rising economic freedom since 2000. For example, the average rating for the original OECD nations has fallen by 0.18 points since 2000. Nowhere has the reversal in the economic freedom trend been more evident than in the United States. Throughout the period from 1970 to 2000, the United States ranked as the world's freest OECD nation (generally third freest economy overall behind Hong Kong and Singapore). The chain-linked summary rating of the United States in 2000 was 8.62. By 2005, the US rating had slipped to 8.22. The slide has continued. The 7.94 chain-linked rating of the United States in 2015 was 0.7 units lower than the 2000 rating. Thus, the decline in economic freedom in the United States has been about three times greater than the average decline in the OECD!

The 0.7 point decline in the summary rating between 2000 and 2013 on the 10-point scale of the index may not sound like much, but scholarly work on this topic indicates that a one-point decline in the EFW rating is associated with a reduction in the long-term growth of GDP of between 1.0 and 1.5 percentage points annually (Gwartney, Holcombe, and Lawson, 2006). This implies that, unless policies undermining economic freedom are reversed, the future annual growth of the US economy will be lower than its historic average of 3%.

What accounts for the US decline? While the US ratings and rankings have fallen in all five areas of the EFW index, the reductions have been largest in the Legal System and Protection of Property Rights (Area 2), Freedom to Trade Internationally (Area 4), and Regulation (Area 5). The plunge in Area 2 has been particularly alarming. In 2000, 9.01 was the Area 2 rating for the United States but by 2015 the area rating had plummeted to 7.23. While it is difficult to pinpoint the precise reason for the decline in Area 2, the increased use of eminent domain to transfer property to powerful political interests, the ramifications of the wars on terrorism and drugs, and the violation of the property rights of bondholders

in the auto-bailout case have weakened the US tradition of rule of law. We believe these factors have contributed to the sharp decline in the legal system area.

Expanded use of regulation has also been an important contributing factor to the rating reductions of the United States. During the past decade, non-tariff trade barriers, restrictions on foreign investment, and business regulation have all grown extensively. The expanded use of regulation in the United States has resulted in sharp rating reductions for components such as independence of the judiciary, impartiality of the courts, and regulatory favoritism. To a large degree, the United States has experienced a significant move away from rule of law and toward a highly regulated, politicized, and heavily policed state.

Looking at some of the components of Area 2 provides some insight. The magnitudes of some of the declines in components are truly remarkable. For example, the measures for Judicial Independence (2A) and Impartial Courts (2B) have respectively fallen to values of 7.1 and 6.6 in 2015 from 8.0 and 9.0 in 2000. Could the expanded use of secret Foreign Intelligence Surveillance Courts (FISA Courts), where government requests are rubber stamped nearly 100% of the time be responsible for this? Is the interference of the executive branch of the federal government in the bankruptcy proceedings of GM and Chrysler responsible for this?

Component 2C (Property Rights) has fallen to 7.7 from 9.1. Could the Supreme Court's notorious *Kelo v. City of New London* decision in 2005 making it easier to condemn private property and transfer that property to politically connected private interests be the cause? Could the expanded use of civil asset forfeiture, in which the government can take your property without any proof of guilt, in prosecuting the war on drugs be responsible for this? Could increasing environmental, safety, and health rules and new acts like Sarbanes-Oxley, Dodd-Frank, and the Affordable Care Act be seen as a threat to property rights?

Component 2D (Military Interference in the Political Process) has fallen to 6.7 from 10. Could the growth of political power of the military and military contractors (for example, Halliburton) be driving this? Or could the fact that local police officers now sport armored cars, assault rifles, and body armor and look more like soldiers at war than cops keeping the peace (Balko, 2013) be a factor? Could the nationalization of airport security by TSA agents be responsible? The answer to all these questions is likely to be "yes". We will never know which of these various factors figure most prominently in the construction of these ratings. However, whatever the underlying causes, when multiple indicators from different sources each using very different methods arrive at the same conclusion, we should take the results very seriously. It is clear in the data that property rights and the rule of law are under attack in the United States.

ECONOMIC FREEDOM AND HUMAN PROGRESS

The EFW index can be used to illustrate relationships between economic freedom and various other indicators of human and political progress. The graphs begin with the data on the relationship between economic freedom

and the level of per-capita GDP and economic growth. In recent years, numerous scholarly studies have analyzed these relationships in detail and, almost without exception, have found that countries with higher and improving economic freedom grow more rapidly and achieve higher levels of per-capita GDP. (See Hall and Lawson, 2014).

Many of the relationships illustrated in the graphs below reflect the impact of economic freedom as it works through increasing economic growth. In other cases, the observed relationships may reflect the fact that some of the variables that influence economic freedom may also influence political factors like trust, honesty in government, and protection of civil liberties. Thus, we are not necessarily arguing that there is a direct causal relation between economic freedom and the variables considered below. In other words, these graphics are no substitute for real, scholarly investigation that controls for other factors. Nonetheless, we believe that the graphs provide some insights about the contrast between the nature and characteristics of market-oriented economies and those dominated by government regulation and planning. At the very least, these figures suggest potential fruitful areas for future research.

01

How does Economic Freedom make my life better?

Think about this on two levels. (1) Freedom itself is a good thing. I mean who likes being told what to do?! This should resonate with everyone! (2) Freedom is a possible ingredient for getting other good things. More houses, cars, clothes, at lower and lower prices, etc. This relies on some knowledge of economics (e.g., trade), but even if you don't know economics the correlations in the data are clear.

02

How does the measurement of EFW make a difference in my practical daily life versus other indexes of wellness?

Most other measures track OUTCOMES like health, incomes, life expectancy, etc. This measure measures policy INPUTS. So these other indexes tell us that nice places are -- well -- nice. But if we are correct, EFW is an input into the process that yields good outcomes--that is, the EFW index tells us WHY nice countries are nice.

03

How does an economically free society improve people's lives?

There are a couple of ways. In a free society, individuals can only get ahead themselves if they provide something for other people. Bill Gates got rich by writing software code that makes it easier for me to write these words. LeBron James got rich by providing amazing entertainment for literally millions of people. At the end of the day, market societies encourage people to do things for other people -- if only so they can get rich themselves. (This of course is Adam Smith's invisible hand principle).

The corollary to this is that in unfree societies you can get rich by pillaging your fellow citizens. This is how the royalty gets rich. They don't provide value to people, they just take stuff. Today, we don't have royalty but we have politicians and so-called crony capitalists.

Of course, we have elements of both here in America ...so in practice. Sure we have our Bill Gates and LeBron James examples, but we also have guys like Frank Hague, the long time mayor/boss of Jersey City, who never made more than \$8500 in 30 years as mayor but somehow managed to die with \$10 million in the bank. http://blog.nj.com/njv_john_farm-er/2009/08/corruption_aint_what_it_used_t.html

Second, economic freedom opens up more opportunities for trade and exchange and we know (from the trade section) that this makes us happier and unleashes the power of specialization and comparative advantage.

SUGGESTED CLASSROOM PROCEDURES

01

WARM UP: (6 MINUTES)

Display videos



<http://www.learnliberty.org/videos/economic-freedom-and-growth>

<http://www.learnliberty.org/videos/economic-freedom-and-a-better-life>

 **02**

READING ACTIVITY: (25 MINUTES)

Have students read the background activity by pairs, have each of them rate the comprehension (one on the left margin, one on the right margin) they have about each paragraph on a scale of 1-10, compile the data, focus on the lowest comprehended paragraphs and have students with a comprehension of 9-10 give a mini lesson in front of classroom.

03

GROUP ACTIVITY: (14 MINUTES)

Gather the three most important ideas from each of the four components of the index. Write down in a sheet of paper the explanation of each of the 12 main ideas.

End Day 1

04

WARM UP: CLASSROOM TWITTER: (20 MINUTES)

Create a tweet (140 characters or less) and 1 Instagram drawing of each of the 12 main ideas, share them on the classroom “newsfeed” (white board). Teacher: Make the whiteboard look like a Twitter Feed.

05

MAPPING ECONOMIC FREEDOM: (25 MINUTES)

Using a blank world map, color in for 1980, 1990, 2000, and 2010 the countries using this key: Blue (7.5-10), Green (6.5-7.4), Yellow (5.5-6.4), Pink (0-5.4). What has happened to economic freedom across the world over time?

End Day 2

 **06**

TEACHER MODELS STUDENT DATA ACTIVITY: (13 MINUTES)

Using the data from Exhibit 1.2, create a bar chart similar to the ones at the end of Chapter 1 of the EFW index for Life Expectancy (<http://data.worldbank.org/indicator/SP.DYN.LE00.IN>).



WORKSHEET 1

07


STUDENT PRACTICE DATA ACTIVITY: (25 MINUTES)

Using the data from Exhibit 1.2, create a bar chart similar to the ones at the end of Chapter 1 of the EFW index for a variable of your choice from the World Development Indicators (<http://databank.worldbank.org/data/>)



WORKSHEET 2








08

EXIT TICKET: (7 MINUTES)

Students will develop their 5 recommendations as to what one country must do to improve their EFW Index standing.

End Day 3

ADDITIONAL RESOURCES

1. Chapter 1 of Economic Freedom of the World,
 <http://www.freetheworld.com/2015/economic-freedom-of-the-world-2015.pdf>
2. Economic Freedom and the Quality of Life,
 <https://www.youtube.com/watch?v=v1U1Jzdghjk>
3. Economic Freedom and Income Inequality,
 https://www.youtube.com/watch?v=8B_btJT8kzw
4. Economic Freedom and America and Freedom Today,
 <https://www.youtube.com/watch?v=F4fWQnguRIE>
5. Economics Freedom of the World Lesson Plans from the Fraser Institute,
 <https://www.fraserinstitute.org/research/economic-freedom-world-lesson-plans>
6. Economic Freedom in Action: Changing Lives (PBS Documentary),
 <https://vimeo.com/76291039>
7. "Economic Freedom",
 <http://www.econlib.org/library/Enc/EconomicFreedom.html>

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- Gwartney, James, Randall Holcombe and Robert Lawson. 2006. "Institutions and the Impact of Investment on Economic Growth." *Kyklos* 59(2): 255-273.
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- Lawson, Robert. 2015. "Economic Freedom in the United States and Other Countries." In Donald Boudreaux, editor, *What America's Decline in Economic Freedom Means for Entrepreneurship and Prosperity*. Vancouver, Fraser Institute.



ECONOMIC FREEDOM OF THE WORLD

WORKSHEET 1 / MAPPING ECONOMIC FREEDOM
WORKSHEET 2 / DATA ACTIVITY



ECONOMIC FREEDOM OF THE WORLD

WORKSHEET 1 / MAPPING ECONOMIC FREEDOM

DATE: _____

NAME: _____ PERIOD/SECTION: _____

MAPPING ECONOMIC FREEDOM

Using the blank world maps in the following pages, color in for 1980, 1990, 2000, and 2010 the countries using this key:

Blue (7.5-10), Green (6.5-7.4), Yellow (5.5-6.4), Pink (0-5.4). While you do this, think about what has happened to economic freedom across the world over time?

COUNTRIES	1980 RANK	1980 EFW	1990 RANK	1990 EFW	2000 RANK	2000 EFW	2010 RANK	2010 EFW	COUNTRIES	1980 RANK	1980 EFW	1990 RANK	1990 EFW	2000 RANK	2000 EFW	2010 RANK	2010 EFW	
Albania			97	4.36	77	6.26	35	7.43	Jordan	50	5.35	46	5.85	33	7.45	13	7.75	
Algeria	90	3.82	106	3.43	117	4.69	120	4.76	Kenya	65	4.80	63	5.43	62	6.72	56	7.07	
Argentina	85	3.96	95	4.42	36	7.41	107	5.86	Korea, South	45	5.49	36	6.31	53	6.81	45	7.28	
Australia	13	6.85	12	7.56	8	8.22	5	8.10	Kuwait	61	4.99	61	5.45	41	7.14	39	7.40	
Austria	22	6.34	23	6.99	15	7.96	28	7.53	Latvia						46	6.98	61	7.02
Bahamas	23	6.29	32	6.47	63	6.72	71	6.70	Lithuania						67	6.60	52	7.12
Bahrain	7	7.42	25	6.88	21	7.69	17	7.69	Luxembourg	6	7.51	8	7.80	14	8.03	25	7.58	
Bangladesh	96	3.38	91	4.57	85	6.01	83	6.52	Madagascar	83	4.00	93	4.48	88	5.96	78	6.56	
Barbados	32	5.79	37	6.30	74	6.41	75	6.63	Malawi	69	4.61	65	5.39	115	4.91	101	5.97	
Belgium	10	7.11	14	7.40	17	7.89	32	7.47	Malaysia	11	6.96	13	7.40	54	6.81	62	7.00	
Belize	36	5.70	40	6.11	71	6.52	89	6.45	Mali	35	5.73	71	5.11	80	6.20	102	5.93	
Benin	57	5.14	70	5.16	107	5.39	108	5.84	Malta	43	5.53	57	5.50	57	6.79	21	7.61	
Bolivia	82	4.01	64	5.43	47	6.98	92	6.39	Mauritius	68	4.70	44	5.93	23	7.62	8	7.92	
Botswana	55	5.25	45	5.92	37	7.36	49	7.22	Mexico	58	5.13	39	6.13	72	6.49	72	6.69	
Brazil	89	3.84	92	4.50	86	6.00	81	6.55	Morocco	77	4.45	69	5.18	81	6.18	88	6.45	
Bulgaria			101	3.90	106	5.41	50	7.22	Myanmar	75	4.50	109	3.13	123	3.67	122	4.12	
Burundi	84	3.99	89	4.63	116	4.73	118	5.02	Namibia			72	5.11	78	6.23	86	6.51	
Cameroon	39	5.62	47	5.81	92	5.84	79	6.56	Nepal	46	5.49	73	5.11	91	5.86	104	5.92	
Canada	5	7.68	5	8.15	7	8.37	6	8.05	Netherlands	8	7.23	10	7.60	10	8.12	24	7.58	
Central Afr. Rep.			85	4.83	111	5.23	112	5.72	New Zealand	21	6.35	7	7.82	6	8.52	4	8.10	
Chad			81	4.93	105	5.43	109	5.78	Nicaragua	93	3.68	113	2.75	60	6.73	65	6.93	
Chile	47	5.39	27	6.79	34	7.42	7	7.94	Niger	72	4.53	78	5.05	108	5.33	103	5.92	
China	92	3.74	94	4.43	98	5.78	98	6.07	Nigeria	99	3.25	107	3.31	110	5.30	97	6.11	
Colombia	67	4.74	74	5.07	104	5.52	95	6.33	Norway	33	5.79	19	7.14	40	7.28	37	7.43	
Congo, Dem. R.	102	2.76	108	3.22	122	3.97	115	5.61	Oman			34	6.34	28	7.54	26	7.58	
Congo, Rep. Of	74	4.50	80	4.97	120	4.35	119	4.92	Pakistan	80	4.30	84	4.87	102	5.53	100	5.98	
Costa Rica	59	5.07	28	6.64	29	7.52	38	7.41	Panama	41	5.56	33	6.45	27	7.55	47	7.25	
Cote d'Ivoire	48	5.39	55	5.57	89	5.91	105	5.91	Pap. New Guinea			41	6.07	93	5.84	84	6.52	
Croatia					75	6.35	64	6.97	Peru	88	3.90	100	3.98	39	7.30	31	7.51	
Cyprus	42	5.53	42	6.04	65	6.66	23	7.60	Philippines	52	5.33	48	5.79	48	6.97	55	7.09	
Czech Rep.					51	6.90	40	7.35	Poland			104	3.55	66	6.66	54	7.09	
Denmark	20	6.38	16	7.25	11	8.07	14	7.75	Portugal	44	5.52	38	6.24	24	7.61	58	7.06	
Dominican Rep.	56	5.17	98	4.34	58	6.75	57	7.06	Romania			99	4.29	109	5.31	42	7.29	
Ecuador	53	5.30	66	5.36	99	5.76	113	5.70	Russia					112	5.14	94	6.35	
Egypt	79	4.40	90	4.60	56	6.80	69	6.79	Rwanda			83	4.90	103	5.52	43	7.29	
El Salvador	76	4.46	88	4.69	22	7.69	34	7.43	Senegal	78	4.43	68	5.31	100	5.75	110	5.78	
Estonia					30	7.51	11	7.76	Sierra Leone	62	4.99	102	3.88	114	4.98	66	6.91	
Fiji	40	5.57	49	5.72	79	6.23	93	6.36	Singapore	4	7.76	2	8.59	4	8.61	2	8.53	
Finland	15	6.64	17	7.23	13	8.03	16	7.73	Slovak Rep					61	6.72	33	7.44	
France	25	6.09	21	7.07	31	7.51	36	7.43	Slovenia					59	6.75	80	6.55	
Gabon	73	4.51	60	5.48	96	5.82	114	5.62	South Africa	31	5.85	58	5.50	44	7.09	67	6.87	
Germany	9	7.16	9	7.65	18	7.88	29	7.53	Spain	24	6.10	30	6.56	19	7.84	46	7.26	
Ghana	101	3.05	76	5.06	101	5.66	73	6.67	Sri Lanka	66	4.77	86	4.81	82	6.17	96	6.25	
Greece	34	5.74	43	5.97	50	6.93	70	6.75	Sweden	38	5.66	22	6.99	20	7.72	20	7.61	
Guatemala	30	5.87	53	5.62	68	6.57	48	7.24	Switzerland	2	8.14	4	8.30	2	8.76	3	8.23	
Guinea-Bissau			111	2.98	121	4.07	117	5.40	Syria	98	3.30	105	3.52	113	5.13	111	5.73	
Guyana					70	6.53	87	6.51	Taiwan	16	6.58	15	7.26	35	7.42	15	7.74	
Haiti	18	6.57	52	5.66	49	6.95	68	6.86	Tanzania	95	3.65	103	3.87	87	5.98	82	6.54	
Honduras	29	5.97	62	5.45	64	6.67	60	7.04	Thailand	26	6.08	26	6.83	69	6.55	74	6.66	
Hong Kong	1	9.03	1	8.60	1	8.86	1	8.86	Togo	81	4.06	50	5.71	97	5.79	116	5.61	
Hungary	86	3.94	79	5.04	45	7.08	41	7.32	Trinidad & Tob.	63	4.85	56	5.54	32	7.47	63	6.99	
Iceland	54	5.25	24	6.95	12	8.04	91	6.41	Tunisia	64	4.82	67	5.32	83	6.17	99	6.06	
India	51	5.34	77	5.05	76	6.34	77	6.59	Turkey	91	3.77	75	5.06	95	5.83	85	6.52	
Indonesia	60	5.05	31	6.50	84	6.07	59	7.05	Uganda	100	3.14	112	2.86	52	6.81	27	7.56	
Iran	97	3.37	96	4.40	90	5.87	90	6.42	Ukraine					118	4.58	106	5.87	
Ireland	19	6.47	20	7.13	9	8.21	12	7.75	Unit. Arab Em.	28	6.06	18	7.23	38	7.31	18	7.68	
Israel	94	3.67	82	4.92	42	7.12	22	7.60	United Kingdom	17	6.57	6	8.09	5	8.61	9	7.91	
Italy	49	5.38	29	6.61	26	7.56	53	7.11	United States	3	7.92	3	8.35	3	8.65	10	7.76	
Jamaica	87	3.92	59	5.48	25	7.58	51	7.12	Uruguay	27	6.06	35	6.33	43	7.09	44	7.29	
Japan	12	6.89	11	7.56	16	7.91	30	7.51	Venezuela	14	6.69	51	5.69	94	5.84	123	3.84	
									Zambia	70	4.60	110	3.09	55	6.80	19	7.68	
									Zimbabwe	71	4.55	87	4.81	119	4.57	121	4.38	



ECONOMIC FREEDOM OF THE WORLD

WORKSHEET 1 / MAPPING ECONOMIC FREEDOM





ECONOMIC FREEDOM OF THE WORLD

WORKSHEET 2 / DATA ACTIVITY

DATE: _____

NAME: _____ PERIOD/SECTION: _____

DATA ACTIVITY

1. Educator Models Student Data Activity: (13:00 Minutes) Using the data from Exhibit 1.2, create a bar chart similar to the ones at the end of Chapter 1 of the EFW index for Life Expectancy <http://data.worldbank.org/indicator/SP.DYN.LE00.IN>
2. Student Practice Data Activity: (25:00 Minutes) Using Data from the Word Development Indicators, create a bar chart similar to the one teacher demonstrated, this time, make the chart for a variable of your choice from the World Development Indicators <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>

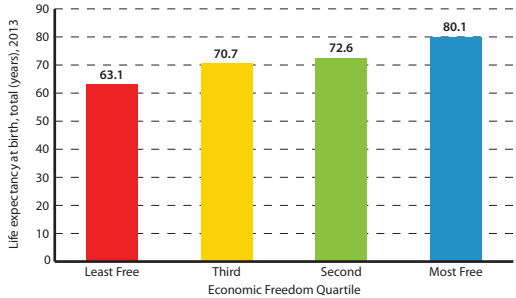
RANK	COUNTRIES	LIFE EXPECTANCY	NEW VARIABLE	RANK	COUNTRIES	LIFE EXPECTANCY	NEW VARIABLE	RANK	COUNTRIES	LIFE EXPECTANCY	NEW VARIABLE
1	Hong Kong	83.83170732		55	Hungary	75.26829268		111	China	75.35302439	
2	Singapore	82.34634146		57	Dominican Rep.	73.31990244		111	Nigeria	52.44214634	
3	New Zealand	81.40731707		58	Malaysia	74.5675122		111	Slovenia	80.27804878	
4	Switzerland	82.74878049		59	Oman	76.84104878		114	India	67.66041463	
5	Unit. Arab Em.	77.19563415		60	Macedonia	75.18704878		115	Bangladesh	71.2452439	
6	Mauritius	74.46		60	Mongolia	69.06180488		116	Tunisia	73.64634146	
7	Jordan	73.90141463		62	Albania	77.5372439		117	Lesotho	49.33146341	
8	Ireland	81.04390244		62	Brunei Darussalam	78.54665854		118	Azerbaijan	70.69314634	
9	Canada	81.40112195		62	Montenegro	74.75836585		118	Brazil	74.12243902	
10	Chile	81.19792683		62	Uruguay	76.83619512		118	Cameroon	55.04180488	
10	United Kingdom	80.95609756		66	Kenya	60.95378049		118	Egypt	70.92578049	
12	Australia	82.19756098		67	Philippines	68.13156098		122	Senegal	65.8787561	
12	Georgia	74.0795122		68	Botswana	64.36080488		123	Mali	57.53519512	
14	Qatar	78.4184878		68	Italy	82.2902439		124	Guyana	66.31002439	
15	Taiwan			70	France	81.96829268		124	Pakistan	65.96368293	
16	United States	78.84146341		70	Gambia, The	59.99926829		124	Yemen, Rep.	63.5835122	
17	Romania	74.46341463		72	Pap. New Guinea	62.44917073		127	Timor-Leste	67.52236585	
18	Armenia	74.56136585		73	Seychelles	74.22682927		128	Ghana	61.14207317	
19	Finland	80.83170732		73	Trinidad & Tob.	70.30529268		128	Ukraine	71.1595122	
19	Lithuania	74.16341463		75	Cyprus	79.94978049		130	Guinea-Bissau	54.83841463	
19	Malta	80.74634146		76	Indonesia	68.70460976		131	Burkina Faso	58.24063415	
22	Denmark	80.30243902		76	Lebanon	80.12887805		132	Sierra Leone	50.36312195	
22	Estonia	76.42439024		78	Bosnia and Herz.	76.27692683		133	Benin	59.3102439	
24	Bahrain	76.54595122		79	Cape Verde	72.97236585		134	Cote d'Ivoire	51.20846341	
25	Costa Rica	79.22521951		79	Zambia	59.23736585		135	Ecuador	75.6485122	
26	Japan	83.33195122		81	Saudi Arabia	74.17763415		136	Malawi	61.466	
27	Luxembourg	81.79756098		82	Tanzania	64.29182927		136	Mozambique	54.6415122	
27	Norway	81.45121951		82	Turkey	75.17595122		138	Burundi	56.25160976	
29	Germany	81.04390244		84	Croatia	77.12682927		139	Mauritania	62.80270732	
30	Netherlands	81.10487805		85	Greece	80.63414634		139	Niger	60.82814634	
31	Austria	80.8902439		85	Iceland	83.11707317		141	Gabon	63.84358537	
31	Kuwait	74.4627561		87	Bhutan	69.10292683		142	Togo	59.13236585	
33	Guatemala	71.48639024		87	Fiji	69.91792683		143	Ethiopia	63.44219512	
34	Rwanda	63.39482927		89	Paraguay	72.79917073		144	Congo, Dem. R.	58.27192683	
35	Latvia	73.9804878		90	Barbados	75.33395122		145	Guinea	58.2164878	
35	Portugal	80.37317073		90	Haiti	62.40114634		146	Myanmar	65.65409756	
37	Bahamas	75.07353659		92	Tajikistan	69.40017073		147	Iran	75.12597561	
37	Nicaragua	74.5147561		93	Mexico	76.53265854		148	Angola	51.86617073	
39	Israel	82.05609756		93	Swaziland	48.93792683		149	Zimbabwe	55.633	
39	Korea, South	81.4597561		95	Suriname	70.99		150	Central Afr. Rep.	49.87987805	
41	Peru	74.28385366		96	South Africa	56.73658537		151	Algeria	74.56895122	
42	Bulgaria	74.46585366		97	Kyrgyz Republic	70.20243902		151	Argentina	75.98609756	
42	Czech Rep.	78.27804878		98	Madagascar	64.67390244		153	Syria	74.71578049	
42	Jamaica	73.46892683		99	Russia	71.07317073		154	Chad	51.1914878	
42	Sweden	81.70487805		100	Namibia	64.34387805		155	Libya	71.65768293	
46	Uganda	57.76768293		101	Serbia	75.13658537		156	Congo, Rep. Of	61.66639024	
47	Poland	76.84878049		102	Belize	69.98204878		157	Venezuela	74.07441463	
47	Slovak Rep	76.26097561		103	Moldova	68.8115122					
49	Honduras	72.94285366		103	Thailand	74.24692683					
49	Panama	77.41921951		105	Sri Lanka	74.24029268					
49	Spain	82.42682927		106	Colombia	73.80973171					
52	Belgium	80.38536585		106	Nepal	69.222					
52	Cambodia	67.77204878		108	Bolivia	67.91343902					
52	Kazakhstan	70.45		109	Morocco	73.70904878					
55	El Salvador	72.49814634		109	Vietnam	75.7564878					



ECONOMIC FREEDOM OF THE WORLD

WORKSHEET 1 / MAPPING ECONOMIC FREEDOM

Economic Freedom and Life Expectancy



Quartiles:	Life Expectancy Average for countries subset:	Average for countries subset:
Quartile 1 Most Free	78.44	
Quartile 2	73.65	
Quartile 3	69.79	
Quartile 4 Least Free	63.01	

10									
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3									
2									
1									

