

Since 1995, *The Wall Street Journal* and the Heritage Foundation have compiled the *Index of Economic Freedom*. The Heritage Foundation defines economic freedom as “the condition in which individuals can act with autonomy while in the pursuit of their economic livelihood and greater prosperity.” The *Index of Economic Freedom* analyses countries’ commitment to the rule of law, principles of limited government, regulatory efficiency, and open markets. The 2014 *Index of Economic Freedom* registers a slight increase of 0.7 in the world’s average of economic freedom in the past year and a 2.7 point improvement since 1995. The authors also point out that much of the momentum lost during 2010–2014 has been regained. According to the report, the global economy has become “moderately free.”

The overall economic freedom score is calculated as the un-weighted average of scores across ten areas of economic freedom, namely property rights, freedom from corruption, fiscal freedom, government spending, business freedom, labor freedom, monetary freedom, trade freedom, investment freedom, and financial freedom.

The 2014 index includes information on 186 countries, encompassing 99 percent of the world’s population. However, the analysis in this snapshot is restricted to the 83 countries that have data for the years 2010–2014, have received at least \$2 million in USAID assistance in fiscal year 2012, and are not considered high income countries using World Bank GNI per capita data for 2012, hereto referred to as USAID-assisted countries. Afghanistan, Iraq, Kosovo, Libya, Liechtenstein, Somalia, Sudan, and Syria were not ranked due to a lack of sufficient comparable data.

Largest Changes, 2013–2014

Seven out of the top ten most improved countries are in the African region; Myanmar, Zimbabwe, and Swaziland lead the best performers list. On the other hand, three out of the ten least improved countries are in the Middle East (ME) region. Central African Republic, Mongolia, and Egypt are the most regressed nations.

The most improved country, Myanmar, now ranks 162nd globally due to improvements in investment freedom, business freedom, and labor freedom. However, Myanmar regressed in property rights and financial freedom since 1996 and is still considered a “repressed” economy. Zimbabwe’s overall score increase was mainly driven by a large score gain in monetary freedom following the end of hyperinflation. Zimbabwe showed declines in seven out of the ten economic freedoms and has been consistently rated a “repressed” economy since 1995. Wide-

Table 1.
Most Improved, 2013–2014

Country	2014 Rank	2014 Score	2013 Score	Change
Myanmar	162	46.5	39.2	7.3
Zimbabwe	176	35.5	28.6	6.9
Swaziland	82	61.2	57.2	4.0
Cote d'Ivoire	107	57.7	54.1	3.6
Liberia	138	52.4	49.3	3.1
Ukraine	155	49.3	46.3	3.0
Ghana	66	64.2	61.3	2.9
Guinea	133	53.5	51.2	2.3
Sierra Leone	148	50.5	48.3	2.2
Belarus	150	50.1	48.0	2.1

NOTE: Countries that score 80 or higher are considered “free” economies, 70–79.9 “mostly free,” 60–69.9 “moderately free,” 50–59.9 “mostly unfree,” and below 50 “repressed.”



spread corruption, including at the highest levels of government, is still a major issue for Zimbabwe's economy. Lastly, Swaziland's score increased due to improvements in the control of government spending, trade freedom, and investment freedom. The report emphasized that deeper institutional reforms are critical to ensuring sustainable economic development and greater poverty reduction for Swaziland. Unlike Myanmar and Zimbabwe, Swaziland was rated as "moderately free."

The country with the most regressed score over the past year is the Central African Republic, reflecting significant declines in property rights, investment freedom, and labor freedom. Since 2002, Central African Republic has deteriorated in eight out of ten economic freedoms, improving only in trade freedom and government spending. Mongolia's overall score decreased because of the deteriorations in the control of government spending, trade freedom, and monetary freedom. Mongolia's rating fell to "mostly unfree" economy after being "moderately free" for two years in a row. Lastly, Egypt's score been decreasing since 2011 and reflected declines in property rights, freedom from corruption, business freedom, trade freedom, and investment freedom. Egypt was rated "mostly unfree."

Table 2.
Most Regressed, 2013–2014

Country	2014 Rank	2014 Score	2013 Score	Change
Central African Republic	161	46.7	50.4	-3.7
Mongolia	97	58.9	61.7	-2.8
Egypt	135	52.9	54.8	-1.9
Tajikistan	139	52.0	53.4	-1.4
Morocco	103	58.3	59.6	-1.3
Honduras	112	57.1	58.4	-1.3
Uganda	91	59.9	61.1	-1.2
Jordan	39	69.2	70.4	-1.2
Cambodia	108	57.4	58.5	-1.1
Burkina Faso	98	58.9	59.9	-1.0

NOTE: Countries that score 80 or higher are considered "free" economies, 70–79.9 "mostly free," 60–69.9 "moderately free," 50–59.9 "mostly unfree," and below 50 "repressed."

Top and Bottom Ranked Countries

Among USAID-assisted countries, the top ranked countries are predominantly in Latin America and the Caribbean (LAC) while bottom ranked countries can chiefly be found in Asia and Sub-Saharan Africa.

Table 3.
Top 10 Ranked Countries in 2014

Country	Overall Rank	Score
Georgia	22	72.6
Colombia	34	70.7
Jordan	39	69.2
Armenia	41	68.9
Macedonia	43	68.6
Peru	47	67.4
Costa Rica	53	66.9
Albania	54	66.9
Mexico	55	66.8
Jamaica	56	66.7

NOTE: Countries that score 80 or higher are considered "free" economies, 70–79.9 "mostly free," 60–69.9 "moderately free," 50–59.9 "mostly unfree," and below 50 "repressed."

Table 4.
Bottom 10 Ranked Countries in 2014

Country	Overall Rank	Score
Central African Republic	161	46.7
Myanmar	162	46.5
Uzbekistan	163	46.5
Chad	167	44.5
Timor-Leste	170	43.2
Turkmenistan	171	42.2
Congo (Kinshasa)	172	40.6
Venezuela	175	36.3
Zimbabwe	176	35.5
Cuba	177	28.7

NOTE: Countries that score 80 or higher are considered "free" economies, 70–79.9 "mostly free," 60–69.9 "moderately free," 50–59.9 "mostly unfree," and below 50 "repressed."

This year, eight of the top ten ranked countries are “moderately free” and two are “mostly free.” Georgia, Colombia, and Jordan were on top of the top ten list. Georgia scored 72.6 (mostly free economy), the highest score since 1996 (44.1—repressed economy). It improved in six of the ten economic freedoms including government spending, investment freedom, monetary freedom, and property rights. However, deeper institutional reforms to eradicate lingering corruption and increase judicial independence are still critical to ensure greater economic freedom. Colombia became “mostly free” for the first time, scoring 70.7. Since 1995, Colombia regressed in only one out of the ten economic freedoms, improving greatly in freedom of corruption, labor freedom, and monetary freedom. Lastly, Jordan scored 69.2 (moderately free economy), a slight decline from 2013 report (70.4—mostly free economy). The Arab Spring poses major administrative and resource problems for Jordan because of the influx of hundreds of thousands of Syrian refugees. Despite the slight score decrease the Jordanian economy is still resilient to the regional political and security challenges.

On the other hand, all the economies of the bottom ten countries ranked as “repressed.” With the exception of Central African Republic and Venezuela, all of the bottom ten countries remained the same from 2013 to 2014. Cuba (28.7), Zimbabwe (35.5), and Venezuela (36.3) were the bottom ranked countries in 2014. Cuba remains the least free economy despite a slight score increase (0.2 points), with drops in trade freedom, fiscal freedom, and monetary freedom. Official corruption remains a major problem in Cuba and most means of production are owned by the state. Zimbabwe’s score has been on the increase since 2010 and it increased by 6.9 points since 2013, mainly because of large score gain in monetary freedom. Lastly, Venezuela has been rated as a “repressed” economy since 2004 and its score has the worst decline (–23.5 points) of any country over the 20-year history of the index. The decline is caused by financial freedom, investment freedom, business freedom, and property rights.

Economic Freedom Rankings by Region

Tables 5 and 6 illustrate the top and bottom scores for economic freedom, respectively, in the five USAID regions. For each region except the Middle East, the top and bottom five countries are present. In the Middle East, only six countries received at least \$2 million assistance in fiscal year 2012 and are not considered high income countries using World Bank GNI per capita data for 2012, only the top and bottom three countries are shown. The eleven countries in italics are new to the lists since last year’s (2013) index.

Table 5.
Top Ranking Countries by Region, 2014

Country	Overall Rank	Score
<i>Africa</i>		
Rwanda	65	64.7
Ghana	66	64.2
South Africa	75	62.5
<i>Swaziland</i>	82	61.2
<i>Zambia</i>	88	60.4
<i>Asia</i>		
Kazakhstan	67	63.7
Thailand	72	63.3
<i>Kyrgyzstan</i>	85	61.1
<i>Philippines</i>	89	60.1
<i>Sri Lanka</i>	90	60.0

(continued)

Table 6.
Bottom Ranking Countries by Region, 2014

Country	Overall Rank	Score
<i>Africa</i>		
Angola	160	47.7
<i>Central African Republic</i>	161	46.7
Chad	167	44.5
Congo (Kinshasa)	172	40.6
Zimbabwe	176	35.5
<i>Asia</i>		
Nepal	149	50.1
Myanmar	162	46.5
Uzbekistan	163	46.5
Timor-Leste	170	43.2
Turkmenistan	171	42.2

(continued)

**Table 5.
Continued**

Country	Overall Rank	Score
<i>Europe and Eurasia</i>		
Georgia	22	72.6
Armenia	41	68.9
Macedonia	43	68.6
Albania	54	66.9
Montenegro	68	63.6
<i>Latin America and the Caribbean</i>		
Colombia	34	70.7
Peru	47	67.4
Costa Rica	53	66.9
Mexico	55	66.8
Jamaica	56	66.7
<i>Middle East</i>		
Jordan	39	69.2
Lebanon	96	59.4
Morocco	103	58.3

NOTE: Countries that score 80 or higher are considered "free" economies, 70–79.9 "mostly free," 60–69.9 "moderately free," 50–59.9 "mostly unfree," and below 50 "repressed."

**Table 6.
Continued**

Country	Overall Rank	Score
<i>Europe and Eurasia</i>		
Serbia	95	59.4
Bosnia and Herzegovina	101	58.4
Moldova	110	57.3
Belarus	150	50.1
Ukraine	155	49.3
<i>Latin America and the Caribbean</i>		
Haiti	156	48.9
Bolivia	158	48.4
Ecuador	159	48.0
Venezuela	175	36.3
Cuba	177	28.7
<i>Middle East</i>		
Tunisia	109	57.3
Yemen	123	55.5
Egypt	135	52.9

NOTE: Countries that score 80 or higher are considered "free" economies, 70–79.9 "mostly free," 60–69.9 "moderately free," 50–59.9 "mostly unfree," and below 50 "repressed."

Regional Trends in Economic Freedom

A majority of USAID-assisted countries (61 percent) have improved in the 2014 economic freedom index. In the Europe and Eurasia region, 91 percent of countries have improved their scores, followed by Africa (66 percent), LAC (59 percent), and Asia (55 percent). The majority of the Middle East countries (83 percent) have decreased in scores.

**Table 7.
Progress by Region, 2013–2014**

Region	Improved		Regressed		Total Number of Countries
	Number	Percent	Number	Percent	
Africa	19	66	10	34	29
Asia	11	55	9	45	20
Europe and Eurasia	10	91	1	9	11
Latin America and the Caribbean	10	59	7	41	17
Middle East	1	17	5	83	6
USAID-Assisted Countries	51	61	32	39	83

Latin America and the Caribbean has the widest range (42 points) of economic freedom scores (Figure 1), with Cuba scoring the lowest (28.7) and Columbia the highest (70.7). In addition to LAC, Africa had a big range (29.2), having Zimbabwe scoring the lowest (35.5) and Rwanda the highest (64.7). Europe and Eurasia regional score average is the highest (61.5) for economic freedom among the USAID regions in the 2014 index, followed by Middle East region but this result could be skewed due to the small number of countries (six) included in this analysis. The Latin America and Caribbean region is the next freest (57.2), followed by Africa (54.3), and Asia (54.15).

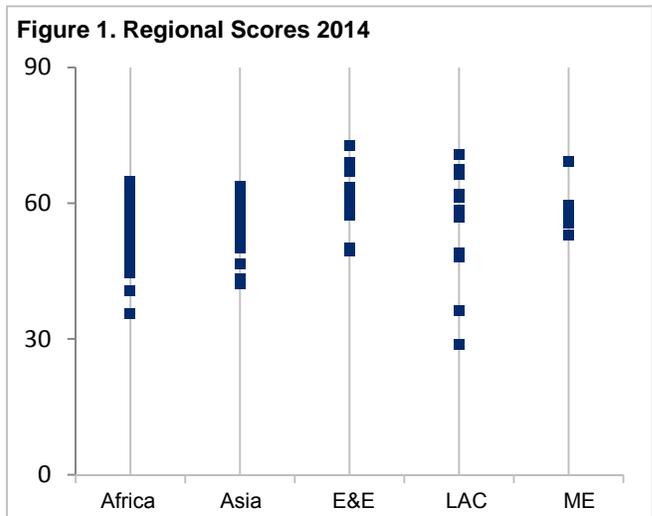
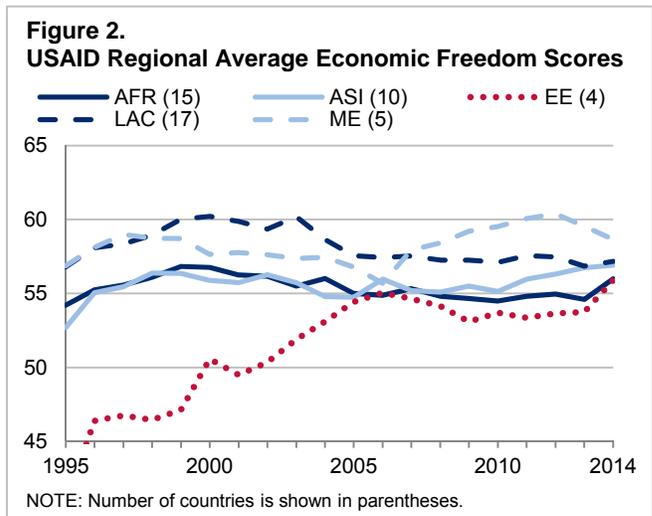


Figure 2 shows the regional average economic freedom scores including countries that have data from 1995 to 2014 (51 countries in total). The Europe and Eurasia region has experienced the greatest improvement of its average score (32 percent) and has also experienced the largest expansion in economic freedom since 1995. Asia's average score has improved by 7.7 percent, followed by the Middle East (4.7 percent), Africa (0.7 percent), and LAC (0.06 percent). Compared to 2013, Middle East was the only region that contracted (-1.5 percent), but all the other regions improved with Europe and Eurasia having the highest improvement (4 percent), Africa (2.6), LAC (0.58), and Asia (0.3).



How Economic Freedom is Measured

The economic freedom index is based on ten quantitative and qualitative factors, grouped into four broad pillars. Each of the ten economic freedoms is graded on a scale of 0 to 100. More information on the grading and methodology can be found on the 2014 *Index of Economic Freedom* website (<http://www.heritage.org/index/about>).

Components of Economic Freedom

<p>Rule of Law</p> <ul style="list-style-type: none"> • property rights • freedom from corruption 	<p>Limited Government</p> <ul style="list-style-type: none"> • fiscal freedom • government spending
<p>Regulatory Efficiency</p> <ul style="list-style-type: none"> • business freedom • labor freedom • monetary freedom 	<p>Open Markets</p> <ul style="list-style-type: none"> • trade freedom • investment freedom • financial freedom

Countries Included in this Analysis				
Africa	Asia	Europe and Eurasia (E&E)	Latin America and the Caribbean (LAC)	Middle East (ME)
Angola Benin Burkina Faso Central African Republic Chad Congo (Kinshasa) Cote d'Ivoire Ethiopia Ghana Guinea Kenya Lesotho Liberia Malawi Mali Mauritania Mozambique Namibia Niger Nigeria Rwanda Senegal Sierra Leone South Africa Swaziland Tanzania Uganda Zambia Zimbabwe	Bangladesh Cambodia China (P.R.C.) India Indonesia Kazakhstan Kyrgyzstan Laos Mongolia Myanmar Nepal Pakistan Philippines Sri Lanka Tajikistan Thailand Timor-Leste Turkmenistan Uzbekistan Vietnam	Albania Armenia Azerbaijan Belarus Bosnia and Herzegovina Georgia Macedonia Moldova Montenegro Serbia Ukraine	Bolivia Brazil Colombia Costa Rica Cuba Dominican Republic Ecuador El Salvador Guatemala Haiti Honduras Jamaica Mexico Nicaragua Paraguay Peru Venezuela	Egypt Jordan Lebanon Morocco Tunisia Yemen

Additional Information

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USAID Assistance: This snapshot utilizes total USAID assistance amounts for fiscal year 2012, obtained from *U.S. Overseas Loans and Grants, Obligations and Loan Authorizations*. These data are available at <http://gbk.eads.usaidallnet.gov/>.

Heritage Foundation Data: To access the entire *Index of Economic Freedom* dataset, please visit the Economic and Social Database (ESDB) at <http://esdb.eads.usaidallnet.gov/>. The ESDB website also offers related datasets from the IMF, World Bank, and other sources.