

ACTIVITY 2.1

POLITICAL AND ECONOMIC FREEDOM: ANALYZING THE RELATIONSHIP

Directions: Read the brief descriptions of the *Freedom in the World* survey and the *Wall Street Journal/Heritage Foundation Index of Economic Freedom*. Next, review the data in Table 2.1. Complete the graphing tasks and answer the Questions for Discussion that follow.

Measuring Political Freedom

Each year since 1972, Freedom House (<http://www.freedomhouse.org>) has conducted the *Freedom in the World* survey. This survey analyzes the state of civil and political freedoms globally by gathering information on freedom in every country around the world. Freedom House defines freedom as “the opportunity to act spontaneously in a variety of fields outside the control of the government and other centers of potential domination.”³ It divides freedom into two broad categories: political rights and civil liberties. Political rights include the right to vote freely for distinct alternatives in legitimate elections, the right to compete for public office, the right to join political parties and organizations, and the right to elect representatives who have a decisive impact on public policies and are accountable to the electorate. Civil liberties, according to Freedom House, “allow for the freedoms of expression and belief, associational and organizational rights, rule of law, and personal autonomy without interference from the state.”

The 2006 survey provides freedom ratings for 192 countries. In these ratings, countries are assigned two numerical ratings (on a scale of 1 to 7): one for political rights and one for civil liberties. A rating of 1 indicates the *highest* degree of freedom; a rating of 7 indicates the *least*. Countries with combined average ratings between 1.0 and 2.5 are labeled Free; those with average ratings between 3.0 and 5.0 are labeled Partly Free; and those with average ratings between 5.5 and 7.0 are labeled Not Free.

Measuring Economic Freedom

Each year since 1995, *The Wall Street Journal* and The Heritage Foundation have produced the *Index of Economic Freedom* (IEF). The IEF measures the presence of 10 freedoms (from property rights to entrepreneurship) for 161 countries.

Here are the 10 economic freedoms that make up the IEF:

- Business freedom
- Trade freedom
- Monetary freedom
- Freedom from government
- Fiscal freedom

³ Source: http://www.freedomhouse.org/template.cfm?page=351&ana_page=298&year=2006.

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- Property rights
- Investment freedom
- Financial freedom
- Freedom from corruption
- Labor freedom⁴

The IEF is a simple composite index based on an average of the 10 freedoms. The higher the IEF rating, the more economic freedom a country has. A country's IEF score can range from 0 (no economic freedom) to 100 (complete economic freedom). In 2008, IEF ratings ranged from 3 (North Korea) to 90.25 (Hong Kong).

Political and Economic Freedom in Selected Countries

The following table (Table 2.1) reports the Freedom House civil and political freedom rating and the *Wall Street Journal*/Heritage Foundation IEF rating for 30 nations selected randomly from the 161 for which both indices were available.⁵

⁴ Source: http://www.heritage.org/research/features/index/chapters/htm/index2007_chap3.cfm.

⁵ Note: Countries were chosen using simple stratified random sampling. Within each Freedom House category (Free, Partly Free, Not Free), 10 countries were selected at random.

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TABLE 2.1: POLITICAL AND ECONOMIC FREEDOM IN 30 RANDOMLY SELECTED COUNTRIES

Country	Index of Economic Freedom (IEF) Rating	Freedom House Status
Cuba	29.7	Not Free
Zimbabwe	35.8	Not Free
Myanmar (Burma)	40.1	Not Free
Turkmenistan	42.5	Not Free
Syria	48.2	Not Free
Chad	46.4	Not Free
Laos	49.1	Not Free
Algeria	52.2	Not Free
Russia	54.0	Not Free
Guinea	55.1	Not Free
Sierra Leone	48.4	Partly Free
Djibouti	52.6	Partly Free
Yemen	53.8	Partly Free
Burkina Faso	55.0	Partly Free
Turkey	59.3	Partly Free
Kenya	59.4	Partly Free
Albania	61.4	Partly Free
Madagascar	61.4	Partly Free
Nicaragua	62.7	Partly Free
Georgia	68.7	Partly Free
Mongolia	60.1	Free
Brazil	60.9	Free
Peru	62.1	Free
South Africa	64.1	Free
Czech Republic	69.7	Free
Australia	71.3	Free
Lithuania	72.0	Free
Germany	73.5	Free
Ireland	81.3	Free
United Kingdom	81.6	Free

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QUESTIONS FOR DISCUSSION

1. Briefly review Table 2.1. What is the range (lowest to highest) of IEF ratings for Free countries? For Partly Free? For Not Free?
2. Based on the information presented here, do you see a correlation between the IEF ratings and the political freedom ratings of these countries? What might that correlation be?
3. Use data from Table 2.1 to plot a bar graph for each country's IEF rating (see the Cuba example). When you have plotted the data, draw a vertical line to separate the Not Free countries from the Partly Free countries, and another line to separate the Partly Free countries from the Free countries.

Do you see a correlation in the IEF ratings among these countries? What might that correlation be?

4. Use the data from Table 2.1 to calculate the average IEF rating for each of the Freedom House ratings: Not Free, Partly Free, Free:
 - a. Not Free average rating: _____
 - b. Partly Free average rating: _____
 - c. Free average rating: _____

Using bar graphs, plot these averages for each of the three Freedom House categories.

5. Do you see a correlation between the average IEF ratings of these countries and their political freedom ratings? What might that correlation be?
6. Using your analysis of data and the quotations presented at the beginning of this lesson, write a two-paragraph response to this question: "Is there a relationship between political and economic freedom in the world today?" Explain your answer.