

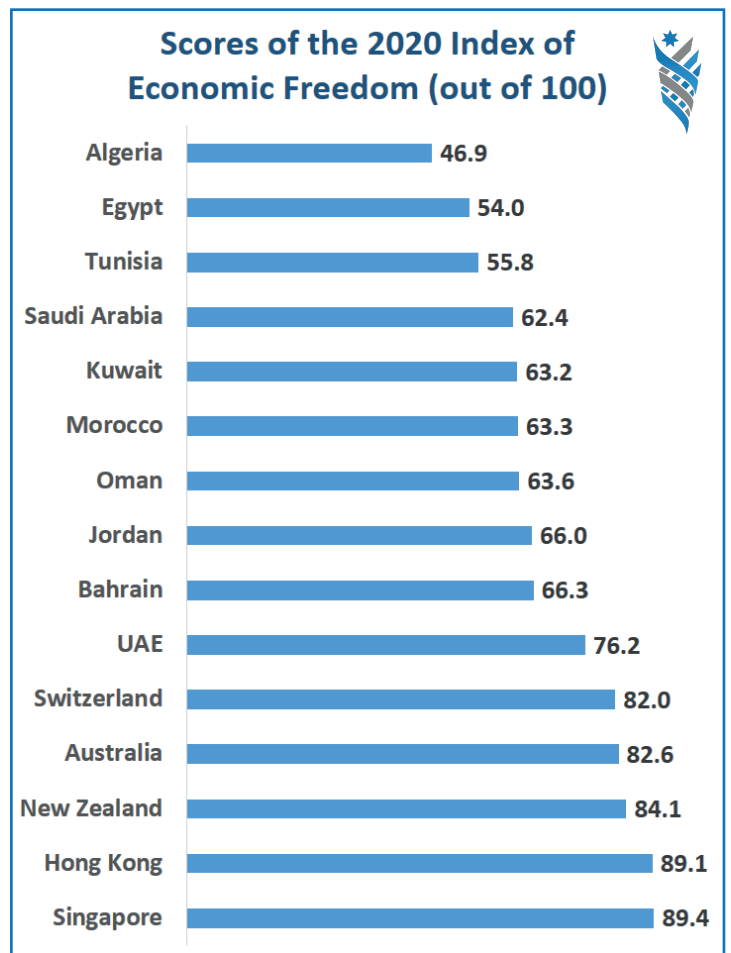
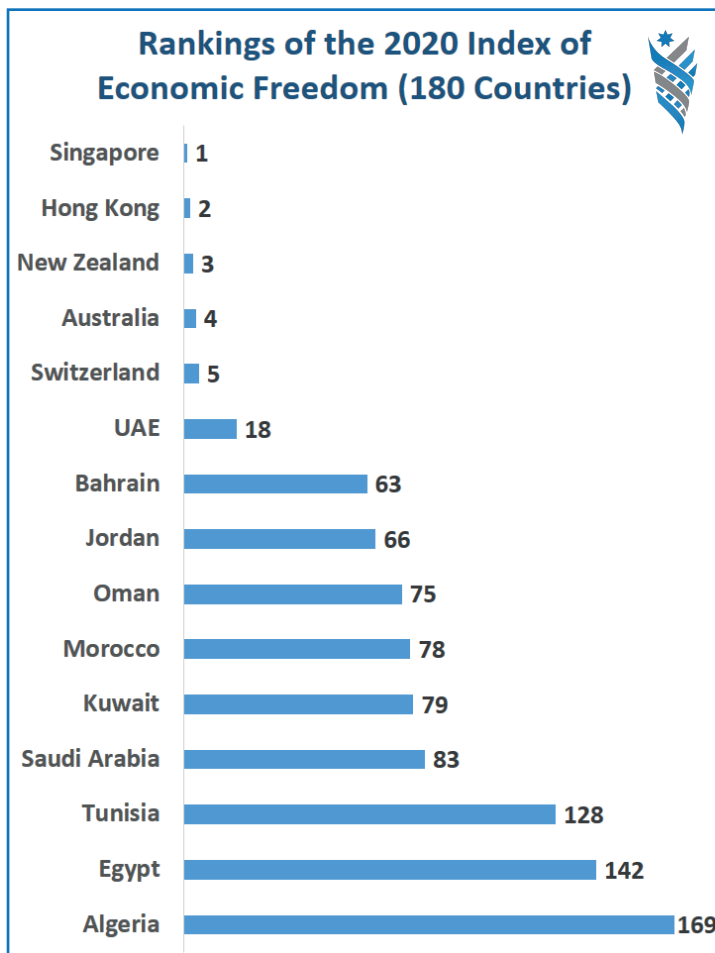
## The 2020 Index of Economic Freedom: Where Does Jordan Stand?

One interesting publication of the Heritage Foundation is the “2020 Index of Economic Freedom”. This Index considers four categories:

1. Rule of Law (Property Rights, Judicial Effectiveness, and Government Integrity).
2. Government size (Tax Burden, Government Spending, and Fiscal Health).
3. Regulatory efficiency: Business Freedom, Labor Freedom, and Monetary Freedom.
4. Market openness (trade Freedom, investment Freedom, and Financial Freedom).

“Per capita incomes are much higher in countries that are more economically free. Economies rated “free” or “mostly free” in the 2020 Index generate incomes that are more than double the average levels in other countries and more than five times higher than the incomes of people living in countries with “repressed” economies” (2020 Index of Economic Freedom / The Heritage Foundation).

Based on the 2020 Index, the top five countries in the World are Singapore, Hong Kong, New Zealand, Australia, and Switzerland. Jordan, with a score of 66 / 100 ranks 66th (out of 180 countries). Among Arab countries; Jordan ranks 3rd, and the United Arab Emirates tops the Arab countries with a score of 76.2 /100.



## IN A NUTSHELL

To improve “economic freedom”, relevant stakeholders should look at the indicators in which Jordan’s scores are low. The categories of both “government integrity” and “labor freedom” score the lowest. Government integrity includes irregular payments and bribes, transparency of government policymaking, absence of corruption, perceptions of corruption, and governmental and civil service transparency. Labor freedom includes ratio of minimum wage to the average value added per worker, hindrance to hiring additional workers, rigidity of hours, difficulty of firing redundant employees, legally mandated notice period, mandatory severance pay, and labor force participation rate.