

Problem Statement

Economic freedom is widely recognized as a key driver of prosperity, innovation, and social progress. It encompasses a range of institutional and policy factors, such as property rights, rule of law, regulatory efficiency, and open markets. Within this framework, **Monetary Freedom** occupies a unique position, as it directly influences both individual economic behavior and broader market stability. Defined by the stability of prices, the absence of excessive inflation, and limited government interferenc...

Despite its importance, the role of Monetary Freedom in shaping **overall economic freedom** remains underexplored. While prior analyses often emphasize property rights, judicial effectiveness, or fiscal policy, there is less clarity on whether weak Monetary Freedom scores systematically coincide with lower performance across other economic freedom dimensions. This gap is particularly relevant in an era where monetary policy is increasingly scrutinized in light of inflationary pressures, global financial...

The **problem this project addresses** is therefore twofold:

1. To determine whether Monetary Freedom can be considered a **leading indicator** of broader economic freedom, or whether it merely reflects underlying structural weaknesses in an economy.
2. To assess whether countries with persistently low Monetary Freedom scores also exhibit **weaker institutional and policy environments**, as captured by the Heritage Foundation's Index of Economic Freedom.

By leveraging the **Heritage Foundation's dataset (1995–2024)**, which includes the overall Index of Economic Freedom and its 12 sub-indices for around 180 countries annually, this project provides a systematic, data-driven investigation. The hypothesis guiding the analysis is that **countries with low Monetary Freedom scores tend to also rank lower in the overall Index of Economic Freedom**. To test this, the project employs regression analysis, data preprocessing, and visualization techniques to uncove...

The significance of this inquiry extends beyond academic curiosity. For **policymakers**, the findings can highlight how inflation control, stable currency, and limited government interference in pricing contribute not only to macroeconomic stability but also to fostering stronger institutions and regulatory environments. For **researchers and economists**, the project contributes to the ongoing debate about which components of economic freedom exert the strongest influence on long-term development outco...

In summary, this project addresses the pressing problem of understanding the **systemic role of Monetary Freedom within the broader landscape of economic freedom**. By exploring long-term data patterns and testing the hypothesis of interdependence, it aims to shed light on whether safeguarding monetary stability is not just one component among many, but a **cornerstone**