

Measuring the Pulse of Prosperity: An Index of Economic Freedom Analysis

1. General Problem Statement

Despite widespread use of the Index of Economic Freedom as a measure of a country's economic environment, there is ongoing debate about how accurately it reflects actual prosperity, inclusive growth, and long-term economic development. The relationship between economic freedom scores and real economic outcomes such as GDP growth, employment levels, income inequality, and human development remains insufficiently examined in certain contexts.

2. Contextual Problem Statement

Many developing and emerging economies strive to improve prosperity through policy reforms aimed at increasing economic freedom. However, policymakers lack clear empirical evidence on which components of the Index of Economic Freedom (e.g., property rights, fiscal health, trade freedom, regulatory efficiency) have the strongest impact on economic growth and social welfare outcomes.

3. Comparative Analysis Problem Statement

Countries with similar economic freedom scores often display different levels of economic performance and social well-being. This raises questions about whether the Index of Economic Freedom adequately captures structural, institutional, and socio-political factors influencing prosperity.

4. Methodological Problem Statement

The construction of the Index of Economic Freedom involves weighted indicators and subjective assessments. There is a need to critically evaluate whether the methodology, weighting system, and data sources accurately measure economic freedom and whether alternative measurement approaches could provide more reliable insights.

5. Policy-Oriented Problem Statement

While economic freedom is often promoted as a pathway to prosperity, it is unclear which policy reforms yield the greatest returns in terms of sustainable economic development. Without detailed analysis, governments may implement reforms that improve index rankings without significantly improving citizens' living standards.