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FROM THE AMERICAN PEOPLE

# Uses and Abuses of Economic Indicators

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In-depth Trade and Investment Training  
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## Mandatory Index Page

- I hand out stuff
- You stare at it awhile and talk
- I ask riveting insightful questions
- I lecture endlessly from my deep knowledge until someone tells me I've run out of time
- You applaud wildly

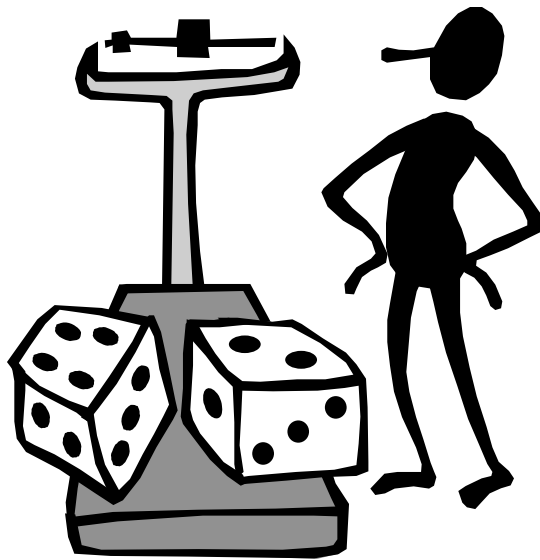
## Indicators: Huh?

- Odettia, a case study
  - What do the indicators tell us?
  - What programs would you recommend?
  - Would you invest here?



## What Good Are Indexes (*latin: indices*) & Indicators?




- Identify problem areas



# Impact on Business

## Business Balance



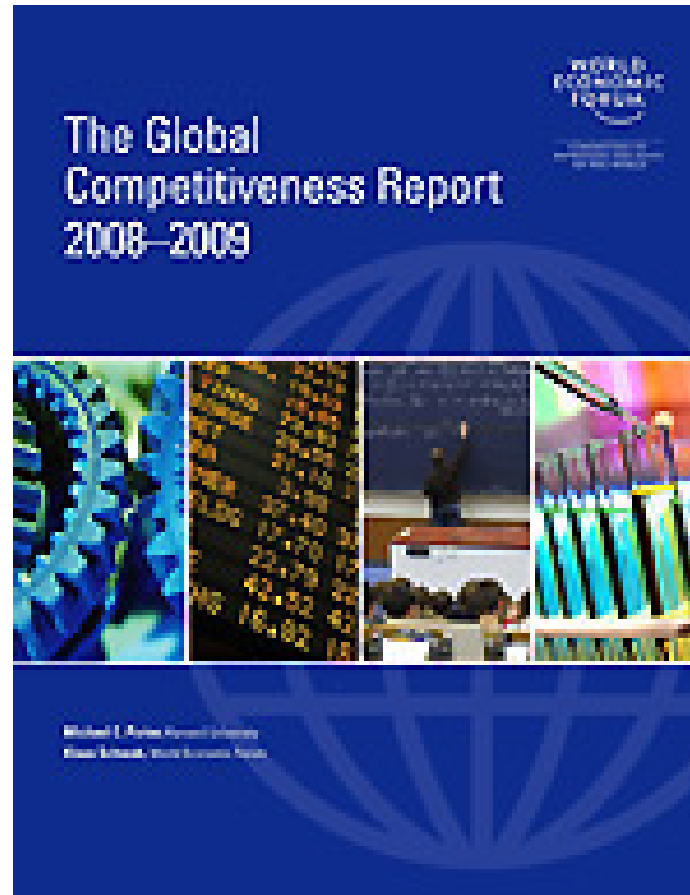
- |                        |   |             |
|------------------------|---|-------------|
| Revenues < Cost + Risk |  | Bankruptcy  |
| Revenues = Cost + Risk |  | Subsistence |
| Revenues > Cost + Risk |  | Prosperity  |

## What (other) Good Are Indexes & Indicators?

- Identify problem areas
- Promote competition
- Promote economic reforms
- Promote D&G reforms
  - Transparency
  - Accountability
  - Public Private Dialogue
- Provide outside assessment



# Three Useful Indexes



# Similar Findings

## *The Best*

Doing Business	Global Competitiveness	Economic Freedom
Singapore	United States	Hong Kong
New Zealand	Switzerland	Singapore
United States	Denmark	Ireland
Hong Kong	Sweden	Australia
Denmark	Singapore	United States
United Kingdom	Finland	New Zealand
Ireland	Germany	Canada
Canada	Netherlands	Chile
Australia	Japan	Switzerland
Norway	Canada	United Kingdom



# Similar Findings

## *The Worst*

Doing Business	Global Competitiveness	Economic Freedom
D.R. Congo	Chad	Zimbabwe
Central African Republic	Zimbabwe	Burma
Guinea-Bissau	Burundi	Iran
Congo	Mauritania	Bangladesh
Burundi	Mozambique	Venezuela
Sao Tome & Principe	Venezuela	Guinea-Bissau
Chad	D.R. Congo	Congo
Venezuela	Guinea-Bissau	Burundi
Niger	Central African Republic	Syria
Guinea	Chad	Angola

# Indicators capture economic and regulatory health

## *Doing Business*

*World Bank*

Opening a Business  
Dealing with Licenses  
Employing Workers  
Registering Property  
Protecting Investors  
Getting Credit  
Paying Taxes  
Trading across Borders  
Enforcing Contracts  
Closing a Business

[www.doingbusiness.org](http://www.doingbusiness.org)

## *Index of Economic Freedom*

*Heritage Foundation/WSJ*

Business Freedom  
Trade Freedom  
Fiscal Freedom  
Government Size  
Monetary Freedom  
Investment Freedom  
Financial Freedom  
Property Rights  
Freedom from Corruption  
Labor Freedom

[www.heritage.com/index](http://www.heritage.com/index)

## *Global Competitiveness Report*

*World Economic Forum*

Institutions  
Infrastructure  
Macroeconomic Stability  
Health and Primary Education  
Higher Education and Training  
Goods Market Efficiency  
Labor Market Efficiency  
Financial Market Sophistication  
Technological Readiness  
Market Size  
Business Sophistication  
Innovation

[www.freetheworld.com](http://www.freetheworld.com)

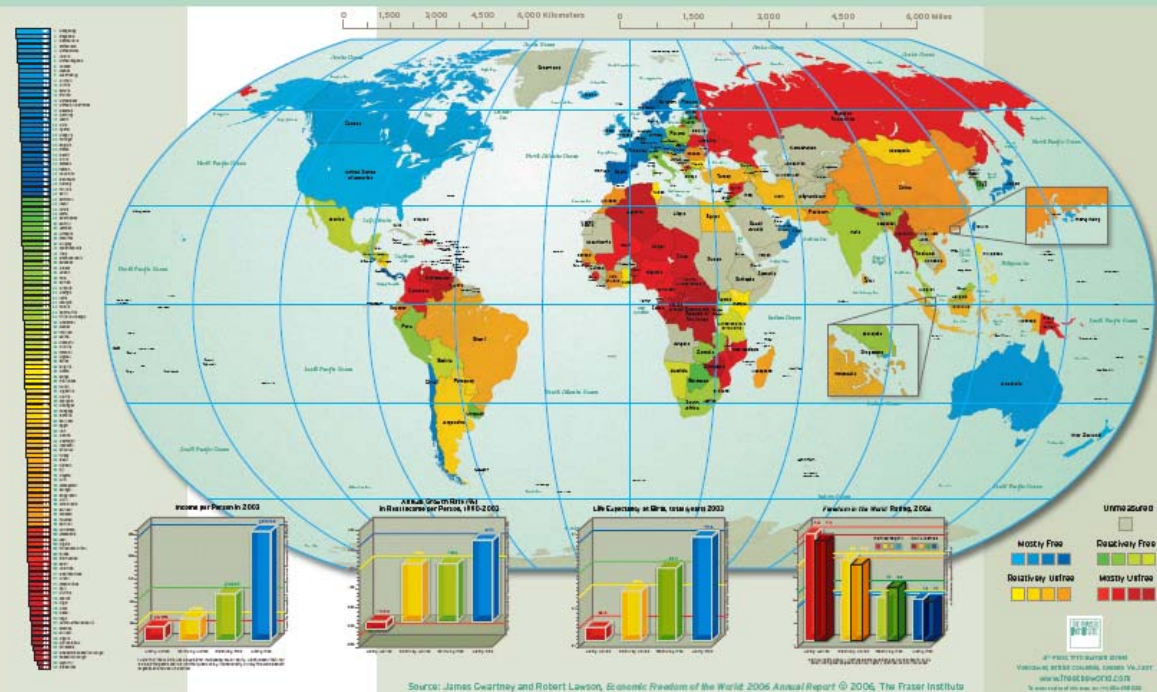
# One More

## Economic Freedom of the World Index Fraser Institute



### Economic Freedom of the World

Economic freedom means that people are free to trade with others, compete in markets, buy what they want, earn a living in a job they choose, keep what they earn, and own things privately. This index indicates the degree to which economic freedom can be found in various countries.



- Size of Government:  
Expenditures, Taxes and  
Enterprises
- Legal Structure and Security  
of Property Rights
- Access to Sound Money
- Freedom to Trade  
Internationally
- Regulation of Credit, Labor  
and Business

[www.freetheworld.com](http://www.freetheworld.com)

## Lessons Learned?

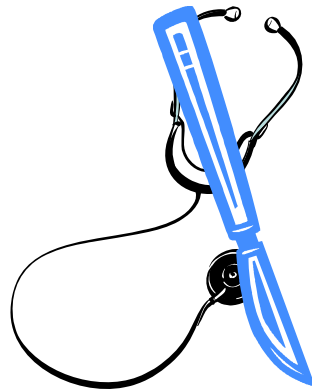


# MISTAKES

IT COULD BE THAT THE PURPOSE OF YOUR LIFE IS  
ONLY TO SERVE AS A WARNING TO OTHERS.

# Dissecting Confusion

Symptoms versus Disease  
Disease versus Cure



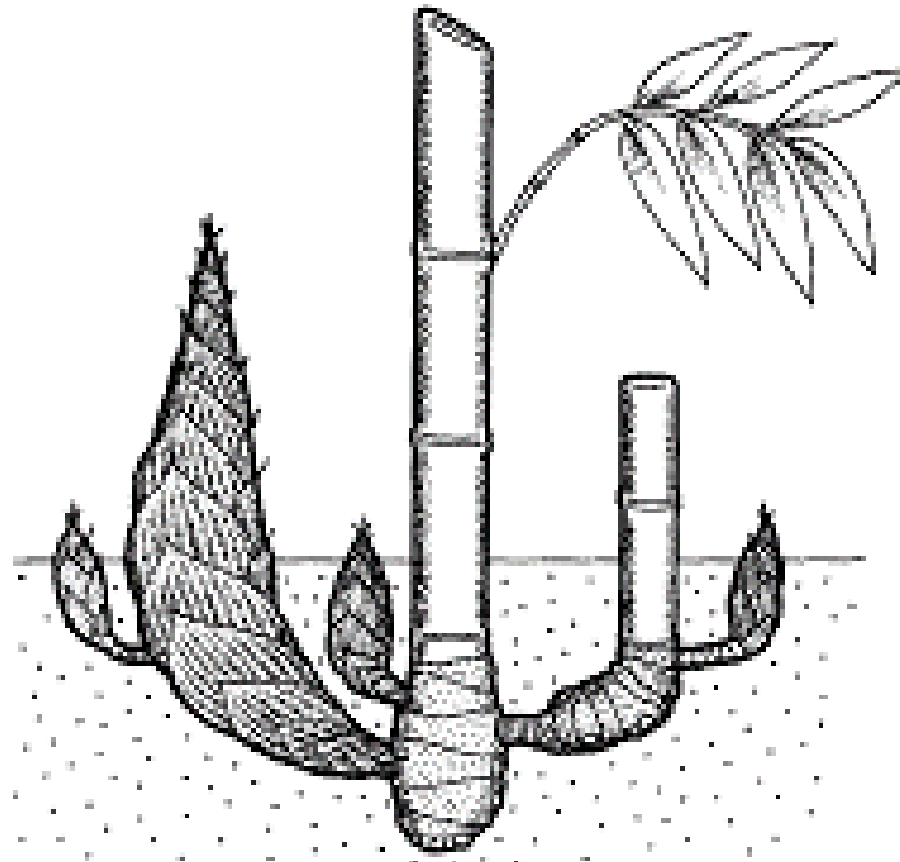
# Faster and Faster



# Only the Tip

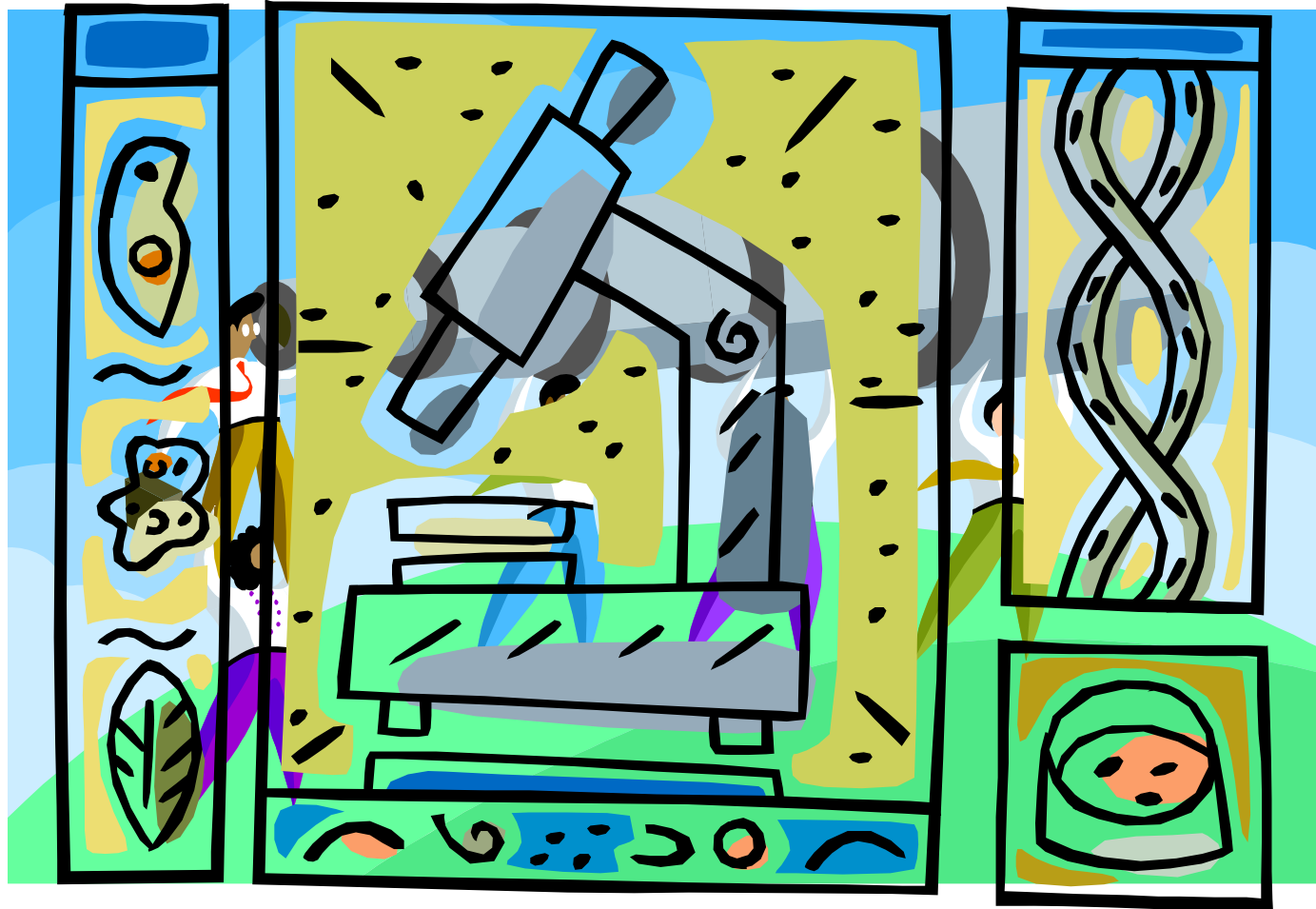


# Getting to the Root





# Perspective





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[www.weforum.org](http://www.weforum.org)

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