

Hayek Global College

MBA Class

Why Business

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Essay #2: Your Country and the Indices of Economic Freedom

Check out the Index of Economic Freedom, and the Doing Business World Bank Report, find your country in them, and check out the constituent variables (Rule of Law, Government Size, Regulatory Efficiency etc.) that led to that score and rank positions.

Write a 750-word (or about that) (Essay about your perception, as a citizen of that country, whether the indices get it right, and suggest what you could do in your country to improve one or more of that variables.



As can be seen, Brazil currently ranks number #143 in the ranking of economic freedom, published by the Heritage Foundation, among the countries classified as "mostly unfree". A terrific position.

This position is unfortunately deserved, since, according to the standards and requirements presented by the Doing Business World Bank Report, Brazil is still far from offering good economic conditions.

First, it is necessary to understand the mentality that governs the regulations currently in force in the country.

There is no sense of continuity or long-term project, which means that Brazilian legislation is disconnected from each other and disconnected from reality.

I believe that the main example of this scenario is found in the Brazilian Tributary Code, which is the largest on the entire planet, and has contradictory, uncertain, inexact rules, which create enormous confusion and doubts about what the correct application should be, which not infrequently ends up being decided by the Supreme Court.

As Brazilian economist Marcos Lisboa once said in a lecture: "Brazil has a tax rule for cookies, another for peanuts and another for chocolates. But what do we do when we have a chocolate peanut cookie? We ask that the Supreme Court resolves!".

All this illustration demonstrates, even if only superficially, how Brazilian legislators act without any technique or at least common sense, and it is debatable even if such regulations are unintentionally bad, or even if there is hidden interest in the sense of that the state creates a problem so that bureaucrats can sell the solution. In short, in addition to bad laws, Brazil still provides an ideal environment for corrupt agents to act to obtain illicit advantages.

not enough, when we analyze the Brazilian regulations as a whole, and more specifically the rules of doing business, we find that many of our legislations are very old and outdated, and some are only approved after years of discussions, and are already born with several questions that no longer apply to current reality, and/or fail to appreciate several other issues that are in vogue or have been growing in recent times with great expectations for the future.

Thus, many bureaucracies and requirements required by law are highly counterproductive, which means that, unlike several other countries considered free such as New Zealand and Singapore, Brazil takes in some cases more than 30 days just to open a company, when unlike free countries that provide the same opening in 2 days or less.

Even when the legislation is simple and objective, the mentality is not always the most adequate, always prevailing in the country a false patriotic spirit to justify an unjustifiable economic protectionism, where there are distortions in high taxes, in products of which they are basic, or should be encouraged, in the face of much lower taxes on products that are less relevant, or even should be discouraged.

Still, Brazil has what we can call "warriors", who are entrepreneurs who even with all these difficulties and adversities risk to produce companies, products and services that improve people's lives and innovate the way of to live.

Thus, it is possible to believe in a prosperous future. Even though Brazil is known by some as "the country of the future that never arrives", it is possible that if it follows the examples of other countries, and through profound reforms, the country can reach levels of excellence, and can be ranked among the countries truly free