

The next two chapters deal with

Part IIB. The Transition of the Economic System

The chapters are

Chapter		Page
8.	Ownership Preferences: The <i>B</i>-index	95
9.	Economic Freedom: The <i>F</i>-index	111

Chapter 8 considers the *B*-index for *ownership preferences* from the World Values Survey, and Chapter 9 considers the *F*-index for *economic freedom* from Fraser Institute. The two indices are interpreted as measures for the preferences and the actual levels of capitalism vs feudalism/socialism. The indices are scaled to increase when capitalism rises, as it has done the last 50 years.

Table. New terms and variables used in Chapters 8 and 9

Variable	Definition and sources.
<i>New terms</i>	
	<i>Welfare goods</i> are goods with large positive externalities. The three big welfare goods are education, healthcare and social protection. Infrastructure, law and order and defense are other such goods.
	<i>A mixed system</i> has a large public part in the production of welfare goods, while private firms dominate trade, agriculture, industry, etc.
<i>Ownership preferences, B-index.</i> Chapter 8	
Source	Item E036 from World Values Survey: http://www.worldvaluessurvey.org/wvs.jsp .
B_{it}	<i>B</i> -index. Excess preferences for private ownership to business. In percentage points.
$\Pi^B(y_j)$	<i>Transition path</i> , estimated by $B = K(y, bw)$, with bandwidth bw , and slope $\lambda^B \geq 0$.
<i>Fraser Index of Economic Freedom, F-index.</i> Chapter 9	
Source	Fraser Institute: https://www.fraserinstitute.org/studies/economic-freedom .
F_{it}	<i>F</i> -index that measures the freedom to run a private business on a scale from 0 to 10.
$\Pi^F(y_j)$	<i>Transition path</i> , estimated by $F = K(y, bw)$, with bandwidth bw , and slope $\lambda^F \geq 0$.