

MEASURING THE PULSE OF PROSPERITY; AN INDEX OF ECONOMIC FREEDOM OF ANALYSIS

INTRODUCTION:

An index of economic freedom compares the jurisdictions against each other for various aspects, such as trade freedom, judicial effectiveness, and tax burden. These factors may be weighed for their influence on economic freedom and collated into a single score for ranking. The ranking can be assigned based on a country or can contract to smaller sub-national units like states. Using the Economic Freedom Index, users can discover innovative ways to use the index in science, public policy, enterprise, and advocacy. The index is an excellent analytical tool for evaluating 186 economies worldwide, and each country page is a platform for examining the political and economic trends of a nation in depth.

Overview:

The creation of the index is based around economist Adam Smith's theories in 'The Wealth of Nations'. One of them states that the "basic institutions that protect the liberty of individuals to pursue their own economic interests result in greater prosperity for the larger society".

As per the index, the score of economic freedom has increased by 2.6 points in 2008, a significant jump since its creation in 1995. In 2011, however, the score did reduce to 59.7 from its 2008 score of 60.2. Overall the Economic Freedom Score showed improvement for about 117 countries most of which were mainly developing and emerging market economies.

Purpose:

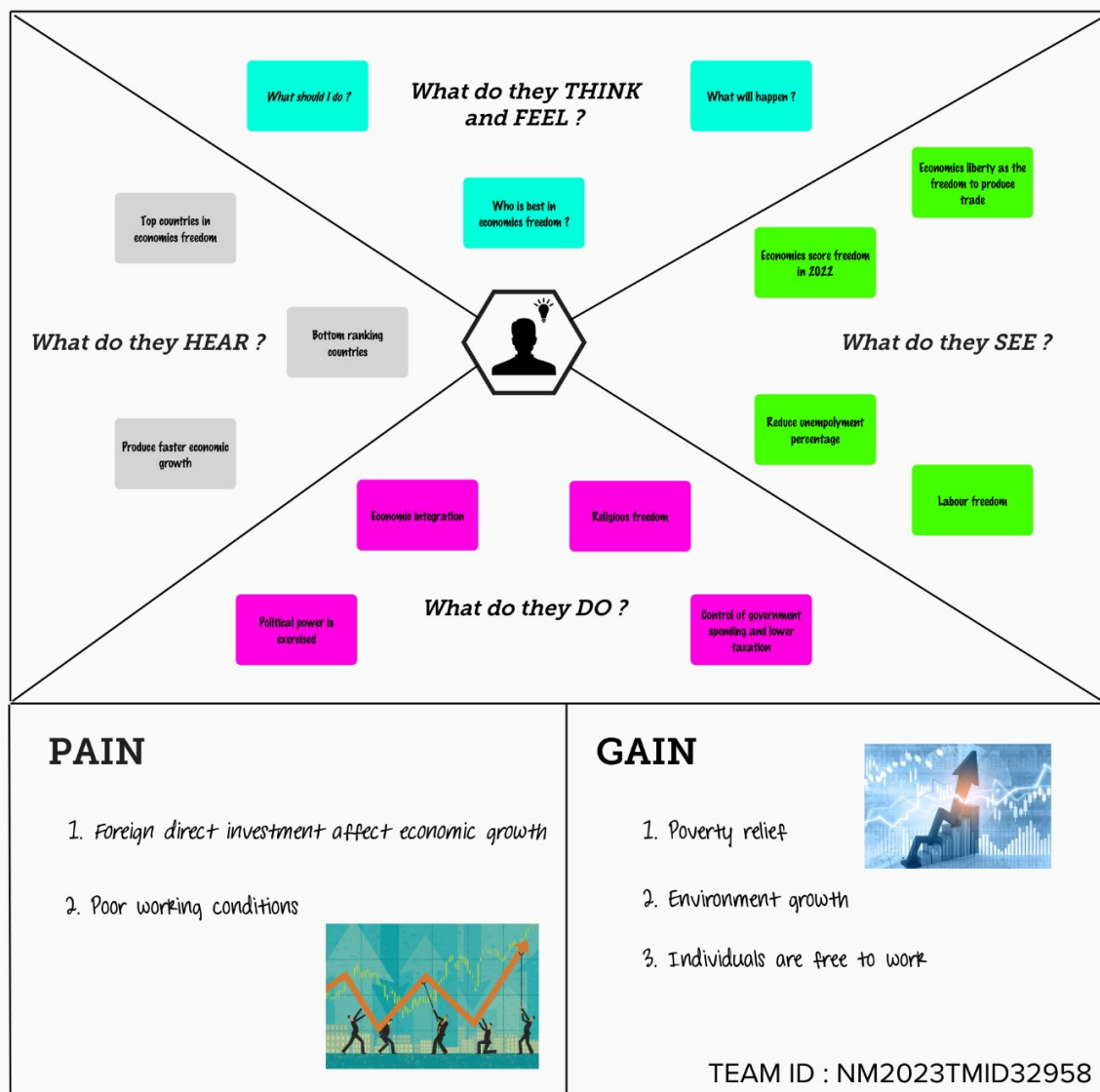
There are many benefits to economic growth. It translates into higher absolute levels of income for the poor, even when inequality rises. More production and income per capita helps individuals pursue the lifestyles they

want, each according to their own preferences, more materialistic for some, more spiritual for others. Some individuals may choose to enjoy more leisure and consume less.

PROBLEM DEFINITION & DESIGN THINKING:

Empathy Map:

MEASURING THE PULSE OF PROSPERITY ; AN INDEX OF ECONOMIC FREEDOM ANALYSIS



BRAINSTORMING MAP:

Brainstorm & idea prioritization

Use this template in your own brainstorming sessions as your team can unleash their imagination and start shaping concepts even if you're not sitting in the same room.

- 10 minutes to prepare
- 30 minutes to collaborate
- 2-8 people recommended

Before you collaborate

A little bit of preparation goes a long way with this session. Here's what you need to do to get going.

- 1. Team gathering: Gather your team participants at the session and send an invite. Share relevant information to go with about the brainstorming session.
- 2. Set the goal: Think about the problem you're focusing on solving in the brainstorming session.
- 3. Learn how to use the facilitator tools: Use our Facilitator Guidelines to run a happy and productive session.

Define your problem statement

What problem are you trying to solve? Frame your problem as a How Might We statement. This will be the focus of your brainstorm.

PROBLEM

What is economic freedom? What are the benefits of economic freedom? Which components of economic freedom are most important? How can I use the Index of Economic Freedom?

Key rules of brainstorming

To run an efficient and productive session

- Stay in topic
- Encourage wild ideas
- Defer judgement
- Listen to others
- Go for volume
- If possible, go silent

Brainstorm

Write down any ideas that come to mind that address your problem statement.

M.Linga Mareeswari

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Group ideas

Take turns sharing your ideas with clustering similar or related notes, as you go. Once all sticky notes have been grouped, give each cluster a subheader like 'this is a cluster' to label it. Try to use it if you and break it up into smaller sub-groups.

10 minutes

In economically free societies, governments allow labor, capital, and goods to move freely, and refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself.

The ideals of economic freedom are strongly associated with healthier societies, cleaner environments, greater per capita wealth, human development, democracy and poverty elimination.

Countries considering economic reforms may find significant opportunities for improving economic performance in these factors in which they score the lowest.

The 12 economic freedoms and accompanying historical data also provide a comprehensive set of principles and facts for those who wish to understand the fundamentals of economic growth and prosperity.

Prioritize

Your team should all be on the same page about what's important. Grouping ideas? Place your ideas on the grid to determine which ideas are important and which are feasible.

10 minutes

After you collaborate

You can expect the most as an image or pdf to share with members of your company who might find it helpful.

Quick actions

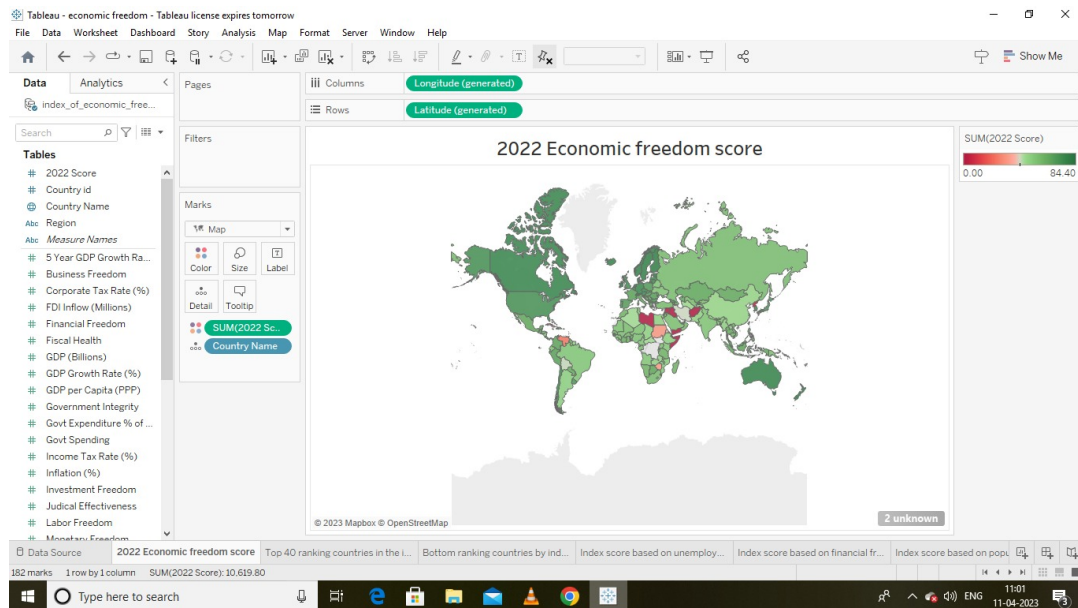
- Show the board: Share a viewable link to the board with stakeholders to keep them in the loop at all the outcomes of the session.
- Export the board: Export a copy of the board as a PNG or PDF to share to social media or use it as a poster.

Keep reaching forward

- Bring it together: Define the components of a new idea or strategy.
- Customer experience journey map: Understand customer needs, motivations, and behaviors for an experience.
- Strength, weaknesses, opportunities & threats: Identify strengths, weaknesses, opportunities, and threats (SWOT) to develop a plan.

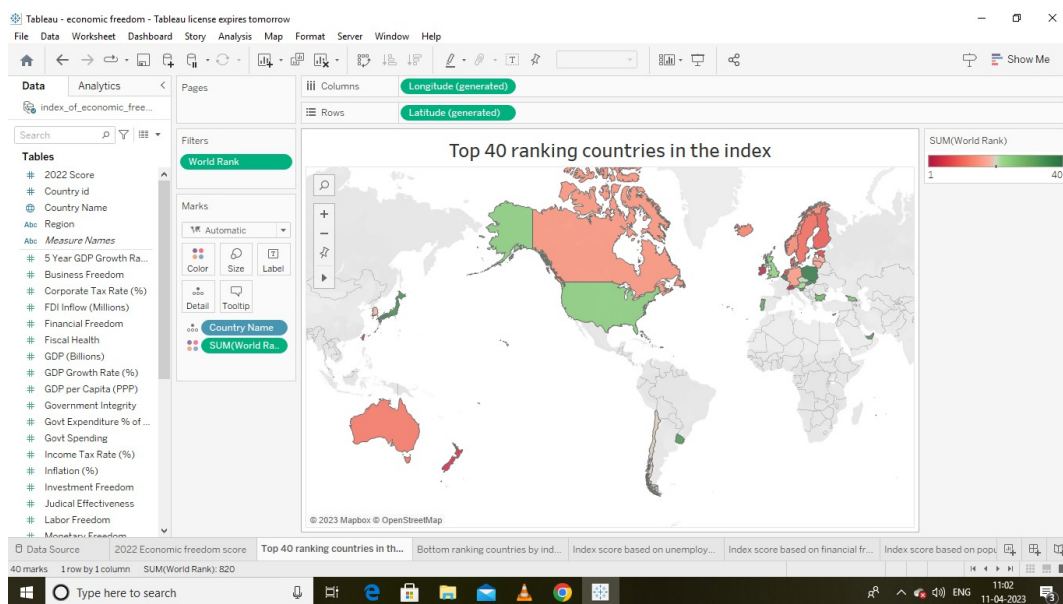
RESULT:

2022 ECONOMIC FREEDOM SCORE



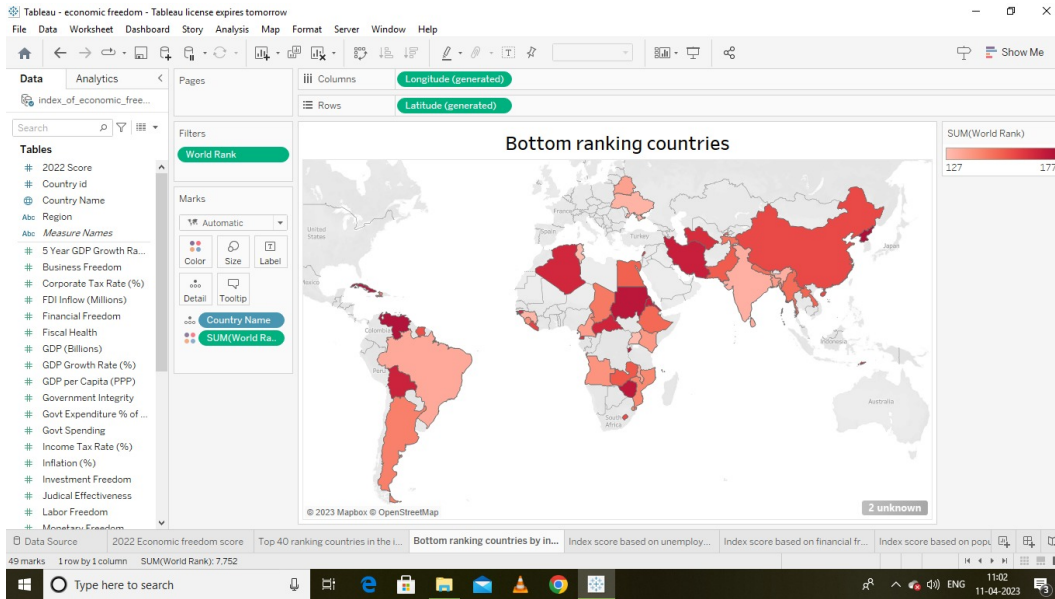
- ❖ From the above map chart, we visualizes the 2022 Economic freedom score. Singapore has the highest economic score. Afghanistan has the lowest economic score.

TOP 40 RANKING COUNTRIES IN THE INDEX



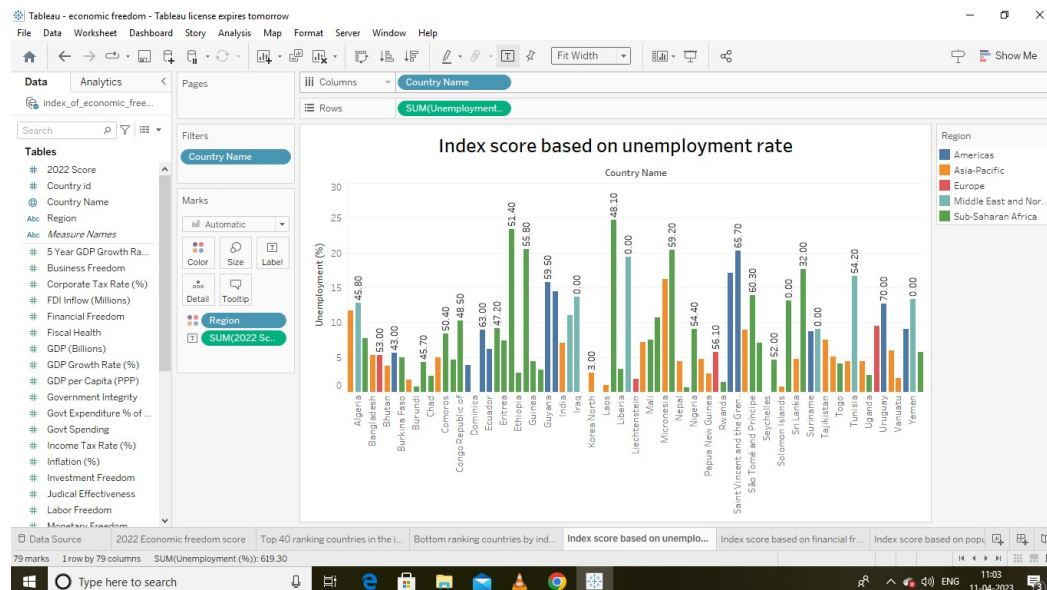
- ❖ In the above map Hong Kong remains in the top position. Singapore, once again, comes in second. The next highest-scoring nations are Switzerland, New Zealand, Denmark, Australia, United States, Estonia, Mauritius, and Ireland.

BOTTOM RANKING COUNTRIES



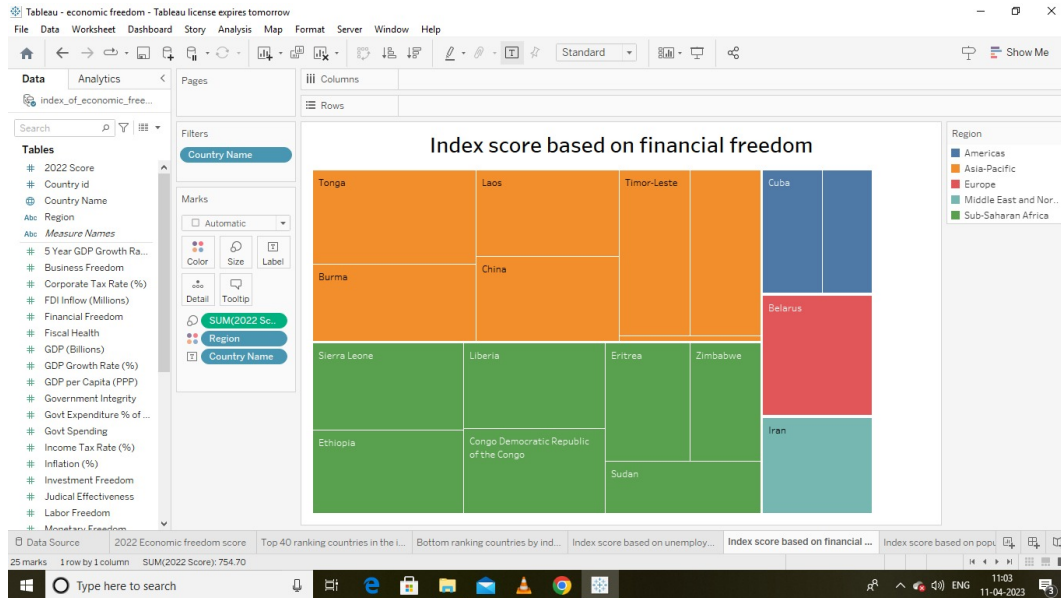
- ❖ In the above map, we see the lowest-rated countries Algeria, Republic of Congo, Iran, Libya, Argentina, Syria, Zimbabwe, Sudan, and lastly, Venezuela.

INDEX SCORE BASED ON UNEMPLOYMENT



- ❖ From the above bar chart, we visualizes the index score based on unemployment rate. South Africa has the highest unemployment rate. South Korea and Ecuador has the lowest unemployment rate.

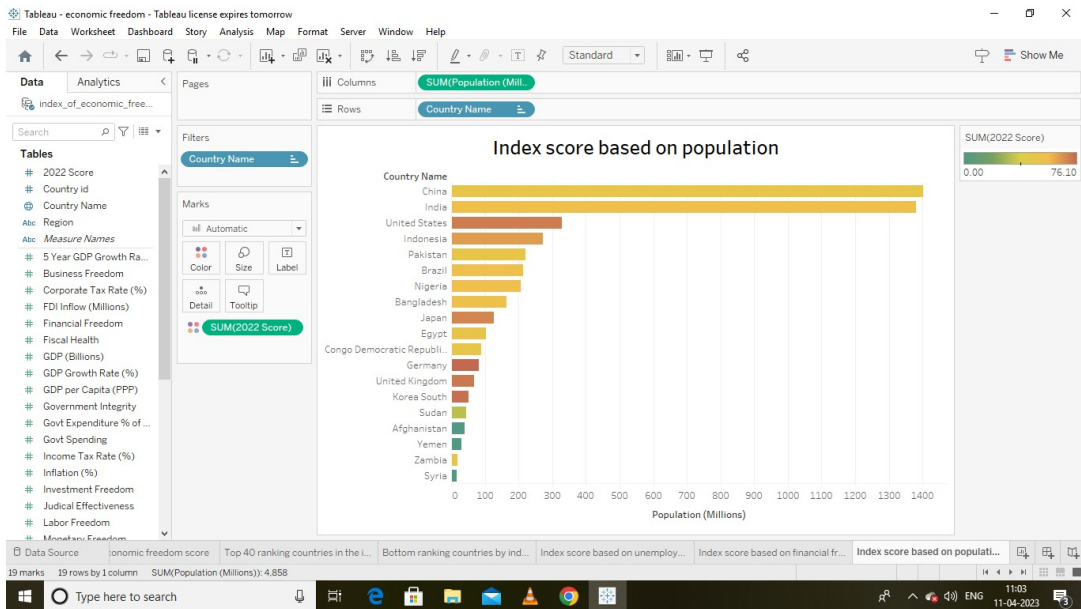
INDEX SCORE BASED ON FINANCIAL FREEDOM



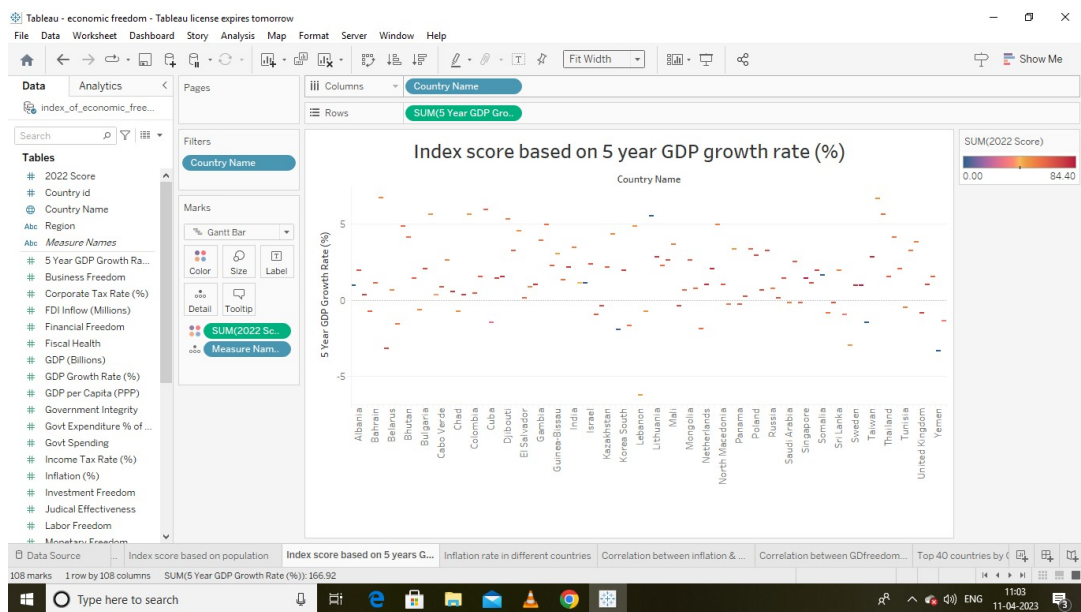
- ❖ From the above bar chart, we visualizes the Index score based on Financial Freedom. Sub-Saharan Africa has the most financial freedom index score. Asia-Pacific is the second highest score.

INDEX SCORE BASED ON POPULATION

- ❖ From the below bar chart, we visualizes the Index score based on population. China is in the first place has an amount of 1400. India is in the second place has an amount of 1300.

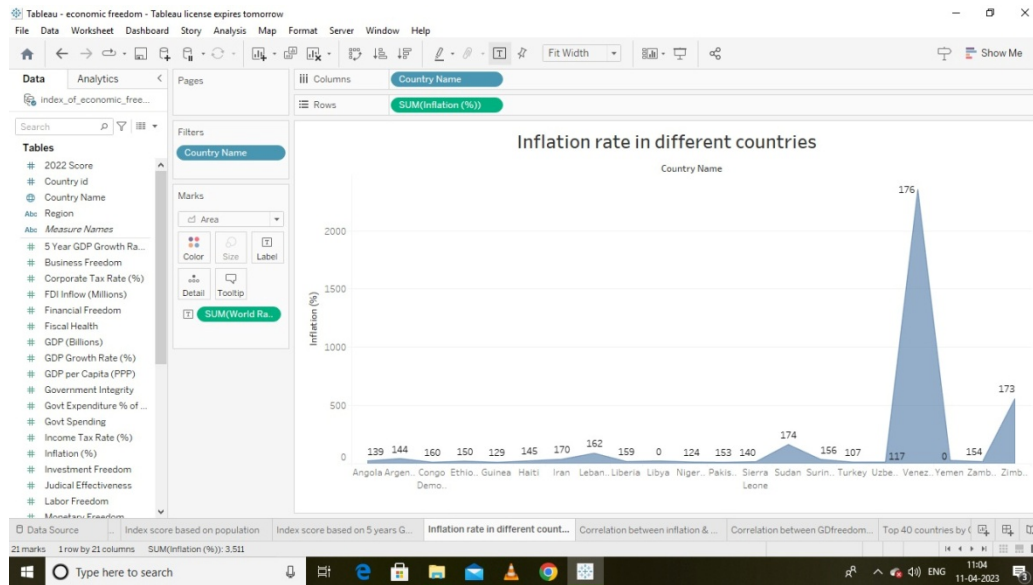


INDEX SCORE BASED ON 5 YEAR GDP GROWTH RATE (%)



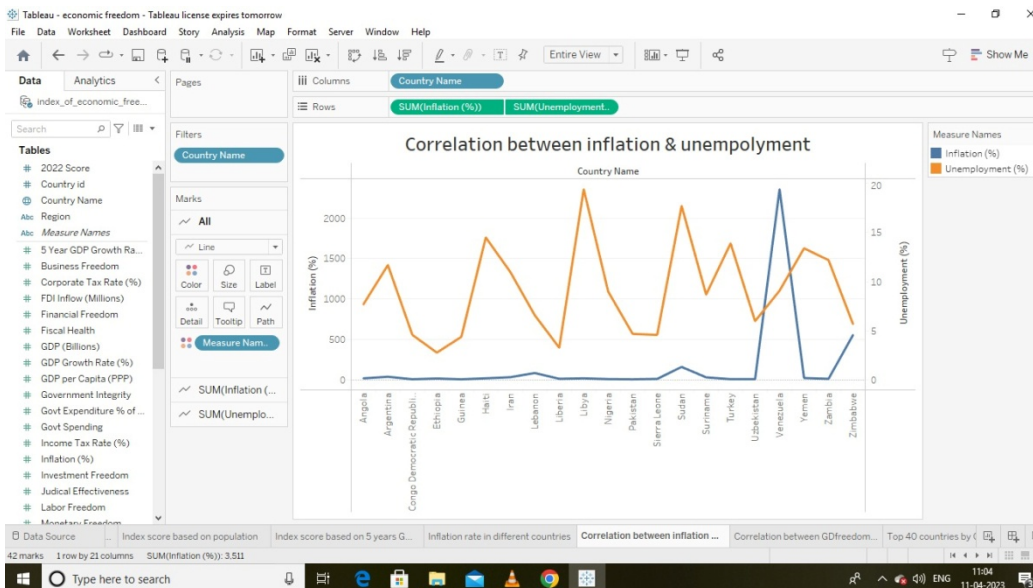
- ❖ From the above chart, we visualize the Index score based on 5 year GDP Growth rate in different regions. Vietnam is in the first position.

INFLATION RATE IN DIFFERENT COUNTRIES



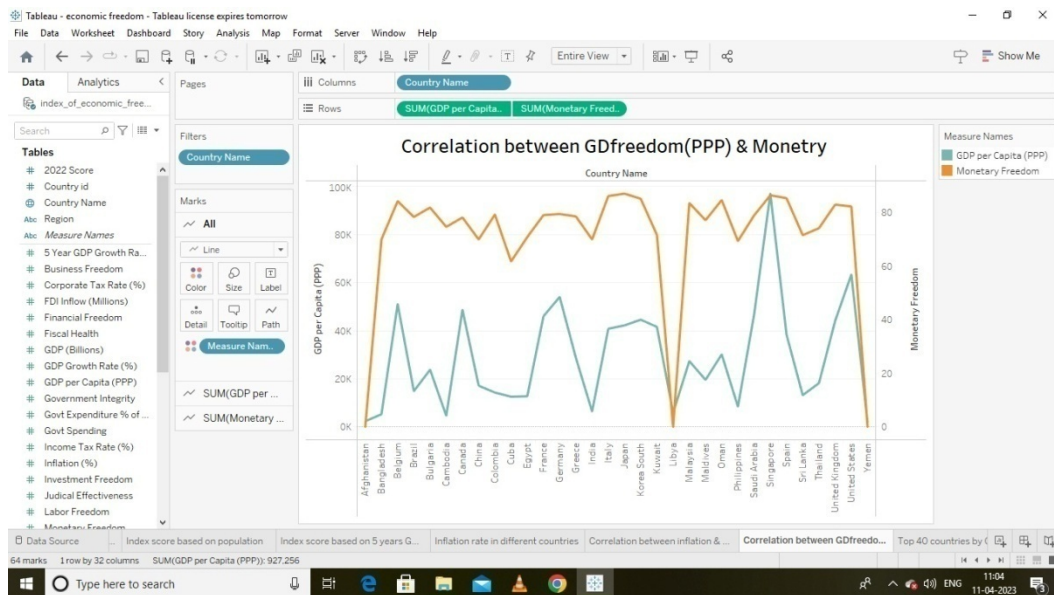
- ❖ From the above line graph, we visualize the inflation rate in different countries. Venezuela has the highest inflation rate. Libya and Yemen have the lowest inflation rate.

CORRELATION BETWEEN INFLATION & UNEMPLOYMENT



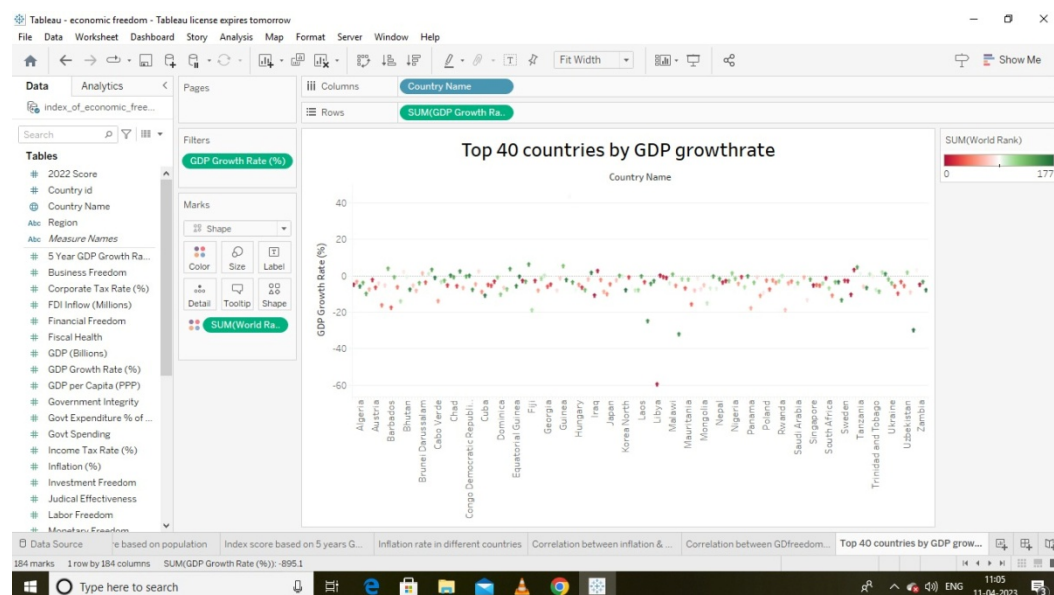
- ❖ From the above line graph, we visualize the correlation between inflation rate and unemployment in the different countries. Venezuela has the highest inflation rate. Libya has the highest unemployment.

CORRELATION BETWEEN GDP(PPP) & MONETARY FREEDOM



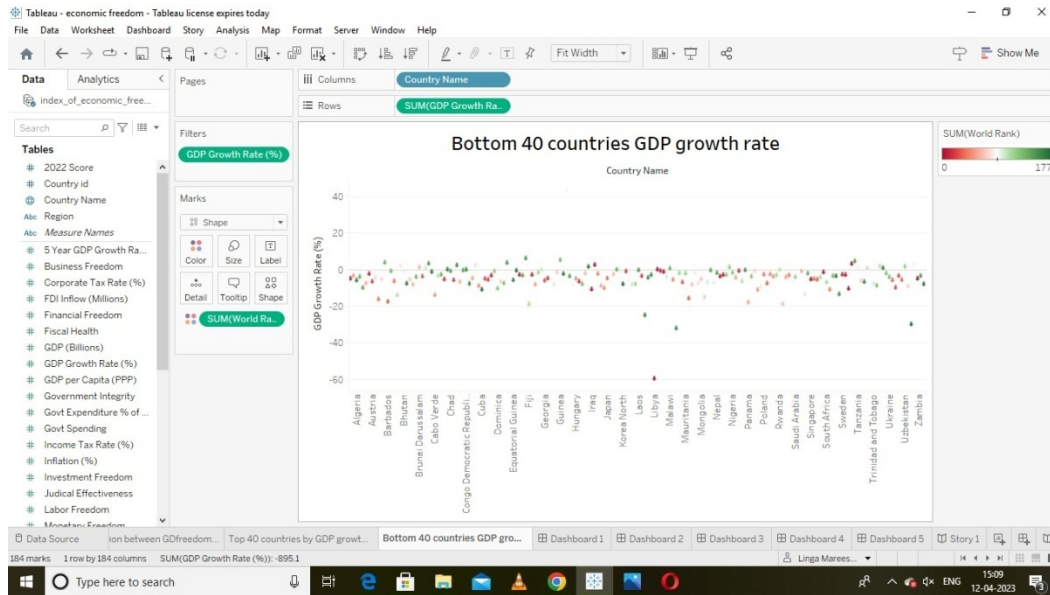
- ❖ From the above line graph, we visualizes the correlation between GDP(PPP) and Monetary freedom in the different countries. Japan and Singapore has the highest GDP. Singapore has the highest Monetary freedom.

TOP 40 COUNTRIES BY GDP GROWTH RATE



- ❖ From the above line graph, we visualize the Top 40 countries by GDP Growth rate in different countries. Ethiopia has the highest GDP Growth rate. Libya has the lowest GDP Growth rate in all the countries.

BOTTOM 40 COUNTRIES BY GDP GROWTH RATE



- ❖ From the above line graph, we visualize the Bottom 40 Countries by GDP Growth rate in different countries.

ADVANTAGES & DISADVANTAGES:

Advantages:

- Better education and health outcomes and cleaner natural environments.
- Increased prosperity, reduced conflict, or stronger human rights.
- Reduction in poverty.
- Increases state capacity and the supply of public goods.

Disadvantages:

- *High rates of unemployment or underemployment.*
- *Increasing inequality, with many not being included in the growth process.*
- *High rates of poverty and low growth.*
- *Volatile growth dependent on one source.*

APPLICATIONS:

- *As government spending, taxation, and government-controlled enterprises increase, government decision-making is substituted for individual choice and economic freedom is reduced.*
- *Protection of persons and their rightfully acquired property is a central element of both economic freedom and civil society. Indeed, it is the most important function of government.*
- *Inflation erodes the value of rightfully earned wages and savings. Sound money is thus essential to protect property rights. When inflation is not only high but also volatile, it becomes difficult for individuals to plan for the future and thus use economic freedom effectively.*

CONCLUSION:

This study looks at some non-conventional determinants of economic growth, with the help of the newly developed economic freedom index datasets. The cumulative economic freedom index show us how open and business friendly a country is. The sub-indices show us openness across different sector of the economy, for example, the financial sector or the trade sector etc. Traditional neo-classical economic theories have explained economic growth looking at the supply of labor, capital and state of technology, with little attention being paid to institutional factors. The study presents

evidence based on data-sets. The dataset consists 186 countries over the period 2022 that show institutional factors play a crucial role in economic growth.

FUTURE SCOPE:

We believe the path to recovery for the Indian economy will be lengthier with consumer spending moderating owing to pressures from inflation and higher borrowing rates. Investments will likely be the biggest growth drivers, primarily driven by the government sector capital spending, while the private sector may take some time to join the investment bandwagon. The private sector will, however, likely continue with focused spending on select projects in the meantime, as was observed last year.

The economy turned out to be weaker in 2022-23 than we had anticipated, we have revised down our outlook by 0.2 percentage points this financial year. The downside risks for the currency and the current account balance have also increased. Unfortunately, with each revision, the actual GDP gets further away from the no-COVID-19 GDP trend, indicating the extent of the damage that may be difficult to reverse.

APPENDIX:

Source code: <file:///C:/Users/ELCOT/Downloads/Arsha/Arsha/index.html>