

TITLE:

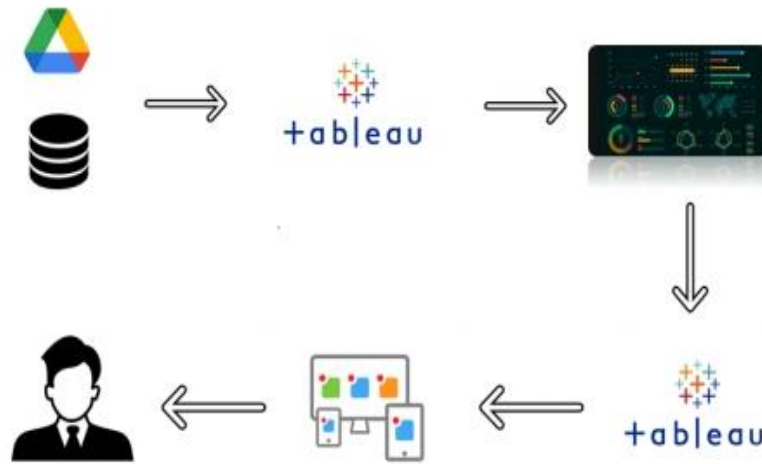
MEASURING THE PULSE

PROSPERITY: AN INDEX OF ECONOMIC
FREEDOM ANALYSIS

INTRODUCTION:

- 1. Economic freedom is the fundamental right of every human to control his or her own**
- 2. Labor and property. In an economically free society, individuals are free to work,**
- 3. Produce, consume, and invest in any way they please. In economically free**

TECHNICAL ARCHITECTURE:

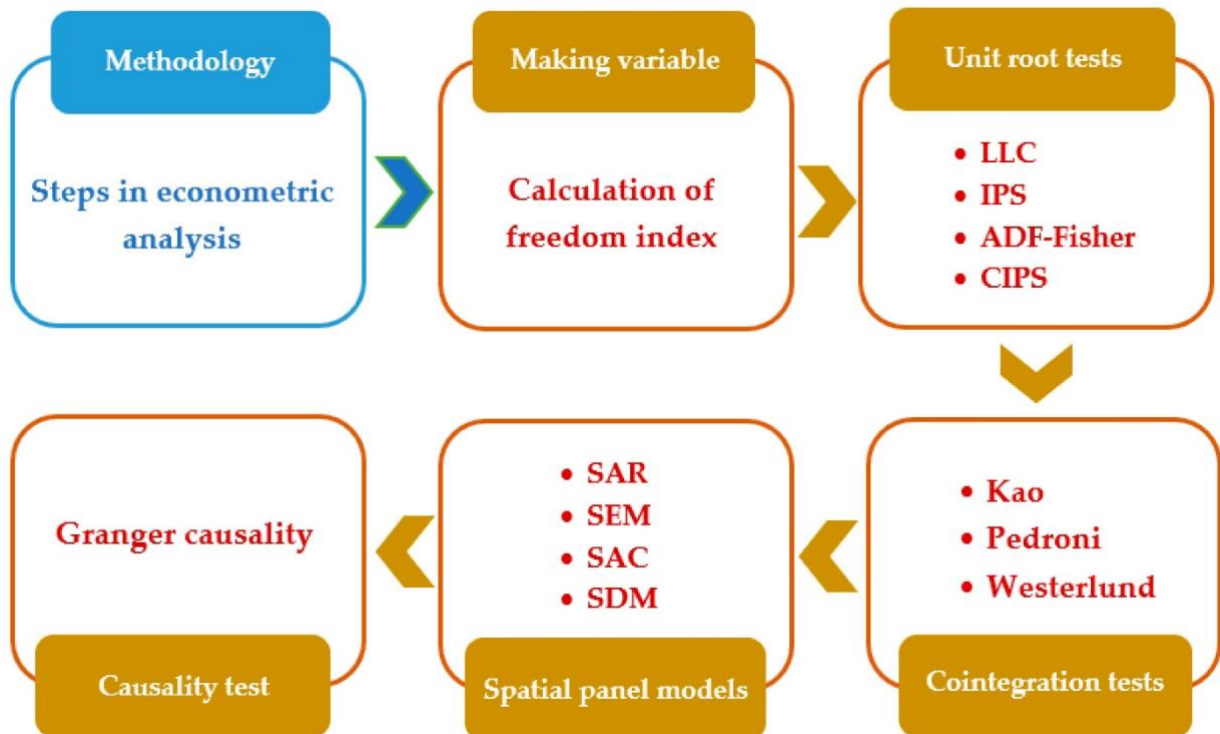


ANALYTICS

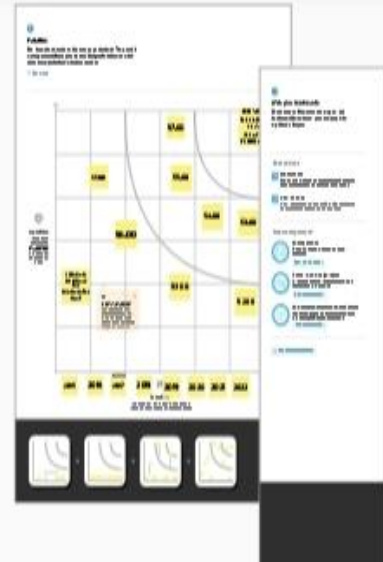
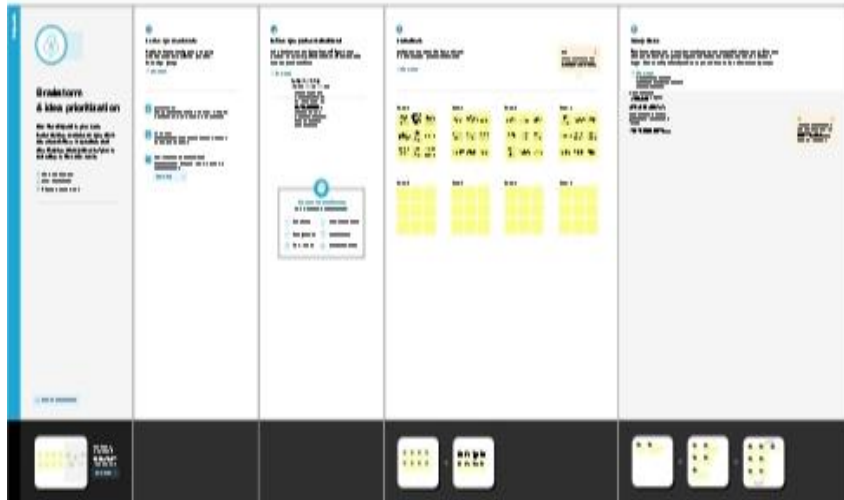
1. Rule of law property rights, government integrity, judicial effectiveness)
2. Government size (government spending, tax burden, fiscal health)
3. Regulatory efficiency (business freedom, labor freedom, monetary freedom

4. Open markets (trade freedom, investment freedom, financial freedom)
5. Human history, most individuals have lacked economic freedom analysis condemning them to poverty and deprivation.

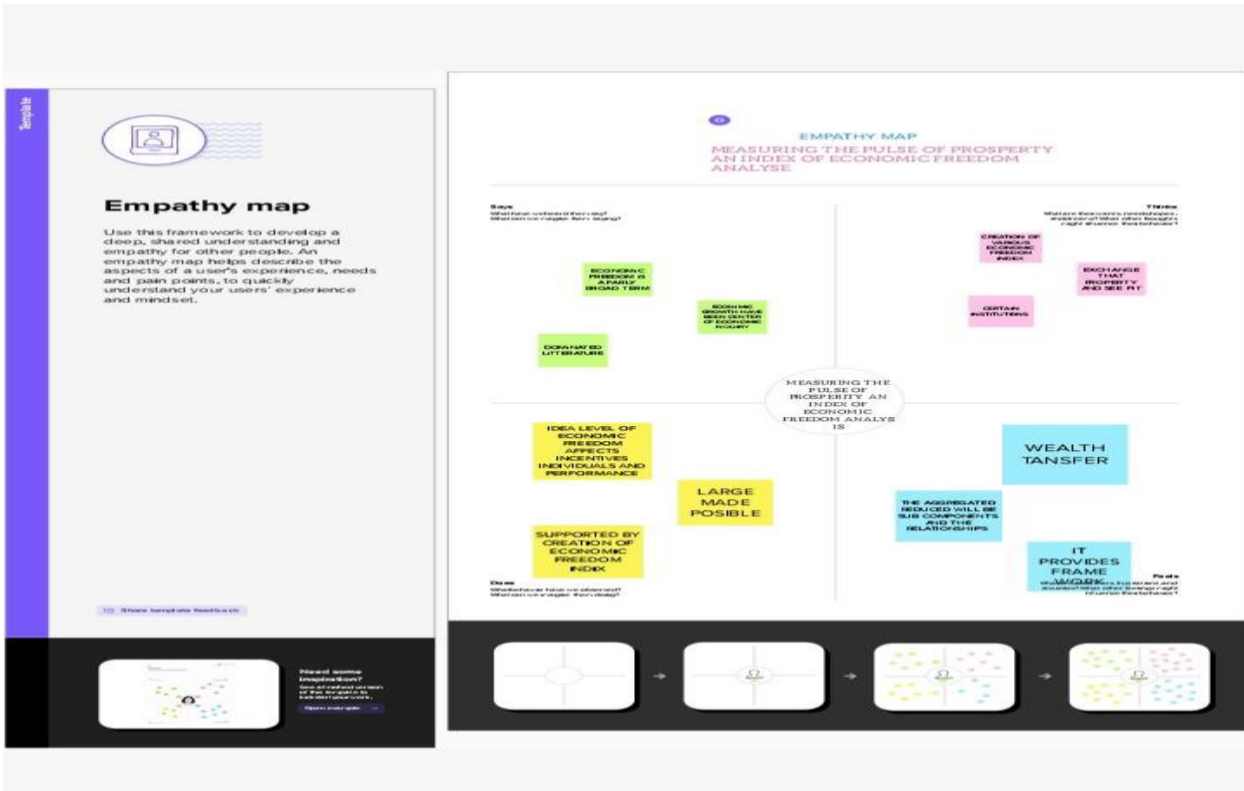
OVERVIEW



EMPATHY MAP



BRAINSTORM

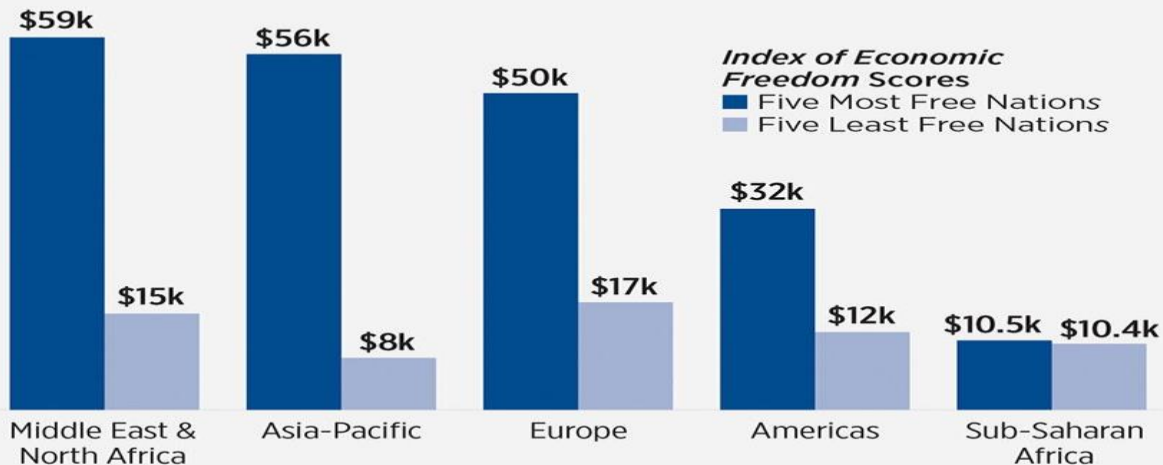


CONTENTS OF SUMMARY

- **An index of economic freedom measures jurisdictions against each other in terms of parameters such as trade freedom, tax burden, judicial effectiveness, and more.**
- **These factors may be weighted according to their influence on economic freedom and compiled into a single score that allows for a ranking.**
- **The ranking can be done on a country basis or can look at wider regions or smaller subnational units like states.**
- **An index of economic freedom is a composite measure of the quality of political-economic institutions across different jurisdictions.**
- **Scores and ranks in an index are based on criteria that the creators of the index judge as being relevant, which vary from one index to another.**

Nations With More Economic Freedom Have Stronger Economies

GDP PER CAPITA (PURCHASING POWER PARITY)



SOURCES: The Heritage Foundation's 2018 Index of Economic Freedom and International Monetary Fund.

heritage.org

Purpose

An index of economic freedom measures jurisdictions against each other in terms of parameters such as trade freedom, tax burden, judicial effectiveness, and more. These factors may be weighted according to

**their influence on economic freedom and
compiled into a single score that allows for a
ranking.**

These scores and ranks can then
be compared statistically with
metrics of economic
performance or other variables
by researchers. In general, these

studies have found that more economically free countries tend to also experience greater rates of investment, faster economic growth, and higher per capita incomes.

ADVANTAGES

The most obvious benefit of economic freedom is that, as a system, it is the most conducive to widespread prosperity, that is, to high or rising income and consumption for the bulk of the population.

History strongly suggests that countries with more economic freedom grow faster—and those with less economic freedom sometimes don't grow at all.

The real GDP per capita of the United Kingdom, the spearhead of the Industrial Revolution,

was multiplied by 16 in the
three centuries since 1700,
according to recent estimates
from economic historians. Over
the preceding 700 years, it had
only doubled. Other Western
countries, including Canada and

the United States, followed in
the U.K.'s footsteps.(2)

Economic growth is a matter of
good institutions (including
economic freedom), not a
matter of natural resources.(3)

Hong Kong, a semi-independent

territory of the United Kingdom
until 1997, provides a good
example. The Economic
Freedom of the World (EFW)
index, compiled by the Fraser
Institute since 1970, has
generally ranked the tiny,
resource-poor country as the

economically freest country in the world.(4) This freedom has paid off in terms of economic growth: While Hong Kong's GDP per capita amounted to 33% of the Canadian level in 1950, it had reached 108% in 1997.(5)

DISADVANTAGES

Lack of Competition Inhibits

Innovation

Critics argue that the inherent

lack of competition in command

economies hinders innovation

and keeps prices from resting at

an optimal level for consumers.

Although those who favor

government control criticize

private firms that esteem profit

above all else, it is undeniable

that profit is a motivator and

drives innovation. At least

partly, for this reason, many

advancements in medicine and technology have come from countries with free-market economies, such as the United States and Japan.

Inefficiency

Efficiency is also compromised when the government acts as a monolith, controlling every aspect of a country's economy.

The nature of competition forces private companies in a free market economy to minimize red tape and keep

operating and administrative costs to a minimum. If they get too bogged down with these expenses, they earn lower profits or need to raise prices to meet expenses.

Ultimately, they are driven out of the market by competitors capable of operating more efficiently. Production in command economies is notoriously inefficient as the government feels no pressure from competitors or price-

conscious consumers to cut costs or streamline operations. They also may be slower to respond—or are even completely non-responsive—to consumer needs or changing tastes.

APPLICATION

According to the Cato Institute, higher economic freedom promotes participation and collaboration.[8]

Also claimed is that higher economic freedom is extremely significant in preventing wars; according to their calculations, freedom is around 54 times more effective than democracy (as measured by Democracy Score) in diminishing violent conflict.[9]

Degree of a country's legal protection of private property rights and degree of enforcement of those laws. It is divided into the following sub-factors:

Physical property rights

Intellectual property rights

Strength of investor protection

Risk of expropriation

Quality of land administration

RESULT

In the 2021 Index, India came in around the middle of the pack among Asia-Pacific countries ranking 26th out of 40 countries, scoring 56.5 points. The report commented that: “The Indian economy remains in the

mid-range of the mostly unfree category. A move toward greater economic freedom would require substantial and broad-based reforms.

CONCLUSION

An index of economic freedom measures jurisdictions against each other in terms of

parameters such as trade freedom, tax burden, judicial effectiveness, and more. These factors may be weighted according to their influence on economic freedom and compiled into a single score that allows for a ranking.

